

# Annual Report

## 2015–2016



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The purpose of the Annual Report 2015–2016 is to highlight a range of achievements and progress made across the period in furthering Council's vision, goals, strategies and outcomes as identified in the Corporate Plan 2014–2019 and associated planning documents.

The annual report is aligned to five key strategic themes that form the basis of Council's corporate and operational plans.

The key strategic themes are:

- infrastructure
- economic development
- governance
- environment
- social wellbeing.

# Welcome from the Mayor



Cr Mick Curran

This Annual Report details the Region's achievements in 2015-2016 and outlines many examples of Council working with and within our community to provide significant results. The Council has a leadership role in providing services and facilities that enable our region to meet the needs of our community now and in the future. We are ready to take the region to the next level and we want to motivate and energise our whole community to work together to achieve this.

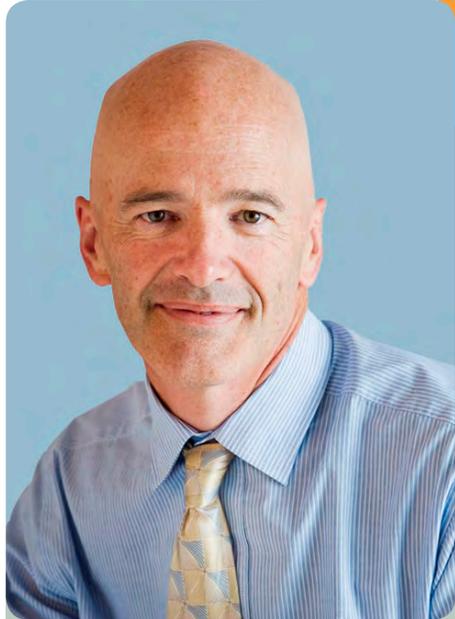
The past year we have begun significant infrastructure projects such as Smithfield Street, focusing on activating the economy in our Town Centre, the Aquatic and Recreation Centre and a number of key roads projects. I take this opportunity to recognise our team of Councillors and Council staff who continue work together in order to do their very best for this community.

Our council is now focused on where we want to go as a region and we are laying the foundations that will support our community over the next 20 years and well into the future. The Council has accepted the challenges caused by the growth that is currently taking place in our region and we are focused on providing the right services and facilities in the most efficient and effective way possible in order to serve our community.

We are focused on driving Council's strategies, policies and decision-making to ensure growth and prosperity for our region.

*Cr Mick Curran, Mayor*

# Chief Executive Officer's overview



Bernard Smith

Local government has continued to operate in an ever more challenging environment and the performance of Gympie Regional Council over the last 12 months has continued to reflect this.

We operate in a dynamic and growing region which provides us with some of those challenges but also gives us much reward as an organisation and a community.

Council's commitment to building the liveability of the community has been demonstrated through projects such as the Aquatic and Recreation Centre, the Our Towns program and the ongoing commitment to infrastructure.

The community deserves to be served by a high performing organisation and progress continues to be made through a range of initiatives however much remains to be achieved.

Good governance and administrative practice provides assurance to the community and actions such as an increased emphasis on fraud and corruption prevention and a significant enhancement of the effectiveness of the Audit and Risk Management Committee have reinforced our commitment to the principles of accountability and integrity.

This annual report is yet another step in Council meeting its ultimate responsibility which is to serve all of community in all of its diversity.

*Bernard Smith, CEO*

# Your Councillors



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# Our region

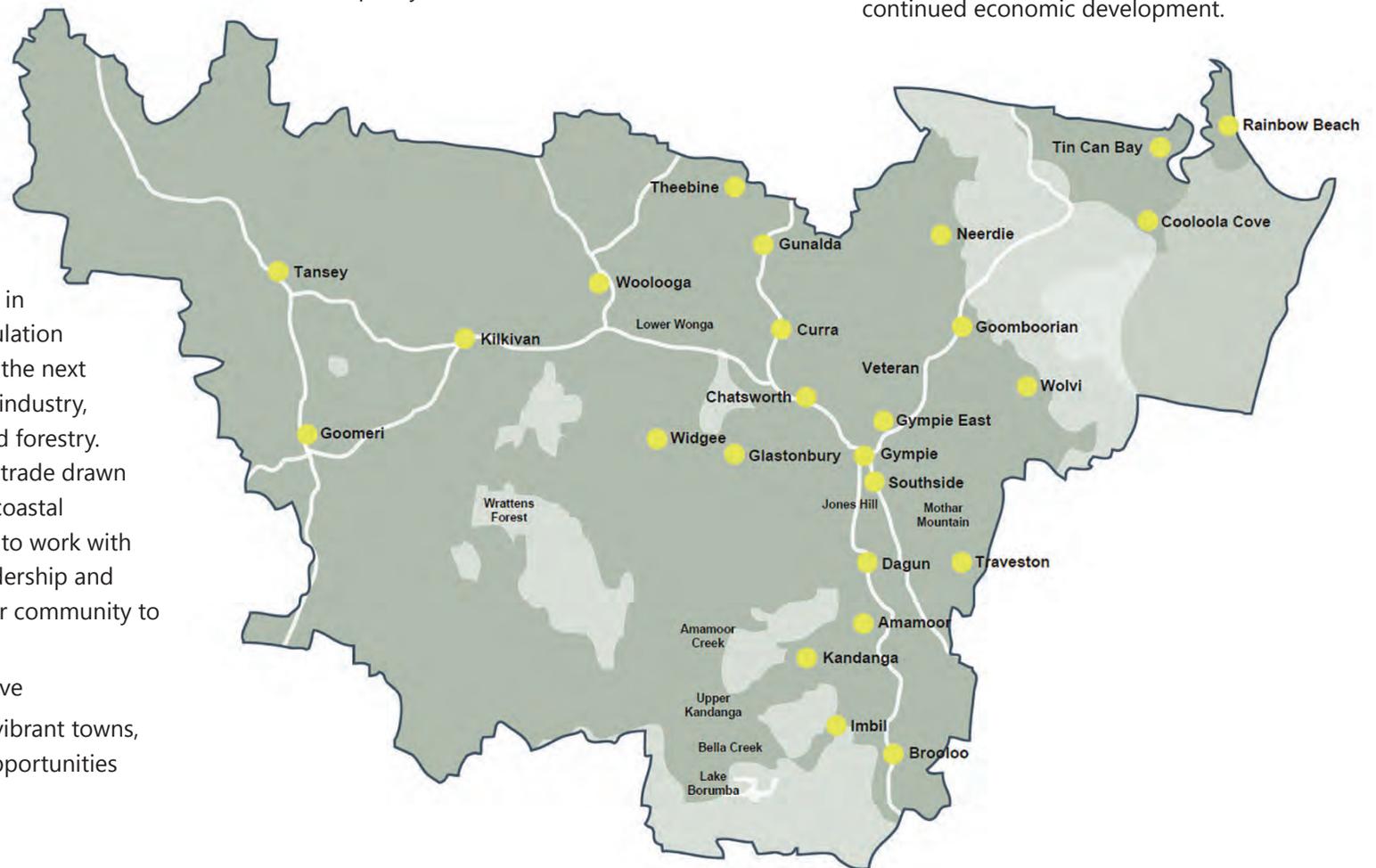
Located in South-East Queensland, the Gympie region includes a combination of rural, urban and coastal areas across 6900 square kilometres. Gympie is the main population centre but a considerable proportion of the population live in many smaller communities. These include Amamoor, Cooloola Cove, Curra, Goomeri, Gunalda, Imbil, Kandanga, Kilkivan, Kybong, Miva, Rainbow Beach, Tin Can Bay, Traveston and Woolooga.

Approximately 50,000 residents live in the region, with an increase in population of more than 15,000 expected over the next 20 years. Agriculture remains a key industry, with a focus on beef production and forestry. The region has maintained tourism trade drawn to the unique heritage, scenic and coastal attractions of the area. Our focus is to work with our community, provide strong leadership and certainty, and be accountable to our community to ensure our region:

- is friendly and a great place to live
- provides people with access to vibrant towns, and rural and coastal lifestyle opportunities
- is family oriented

- maintains a strong culture and history
- values and protects its natural environment
- capitalises on its geographical location
- enables quality infrastructure

- supports established businesses and industry while developing opportunities for emerging industries
- experiences planned growth through continued economic development.



# Our vision and corporate values

“ *Our vision for the region is to be the natural choice to live, work and play.* ”

“ *Our purpose is to actively serve our community and plan for the future of the region.* ”



# Infrastructure ... *planned, connected and safe*

*Planned infrastructure that meets the needs of the community*



## Road maintenance



Road maintenance is managed through a process of inspection and prioritisation. Road maintenance staff are involved in more than 30 different types of activities across the region. These activities are not only roadway specific but include other structures and roadside furniture assets.

These include:

- Bus Shelters/Stops
- Timber Bridges
- Timber Walkways
- Gross Pollutant Traps
- Traffic Signals.

Council is responsible for the maintenance of over 60 school bus shelters spread across the rural region in addition to 77 bus stops in the urban area; more than 50 of which also have shelters.

## Timber bridge maintenance

Eight-eight timber bridges spread across the region make up a considerable portion of Council's road assets. Council has a dedicated bridge maintenance crew whose responsibility is inspecting and undertaking the maintenance and reconstruction of timber bridges. These bridges are inspected regularly with maintenance prioritised accordingly.

## Disaster reconstruction

Council completed the design and construction of infrastructure damaged or lost as a result of the 2011 and 2013 flooding events in accordance with the requirements of the Natural Disaster Relief and Recovery Arrangements.

# Infrastructure ... *planned, connected and safe*

The value of these works totalled approximately \$8.8 million.

A further flooding event occurred in February 2015 with approximately \$700,000 in emergent works and \$200,000 in restoration works undertaken. Further restoration work in the order of \$1 million is expected in coming years as a consequence of the 2015 flood event.

## Disaster management

Fortunately the region was not impacted by any declared disaster events this year.

Although the Gympie's Local Disaster Coordination Centre was not required to be activated for an event the centre, its staff and the liaison officers from the various agencies participated in a major exercise in November 2015. Operation Firestorm tested our disaster response capabilities to a simulated major bushfire which impacted on both the Gympie and Sunshine Coast Districts. Exercises like this are vital in ensuring that our people and systems are well prepared to keep our community safe in the event of a disaster.

Council directly supports our local State Emergency Service (SES) groups through the supply and maintenance of their buildings, vehicles and equipment.

In early 2016 Council gifted four emergency management vehicles to the SES. These customised dual cab utilities will assist the SES to carry out the valuable work they do on behalf of the community more safely and efficiently. This has brought the total number of vehicles donated by Council to the SES fleet to ten.

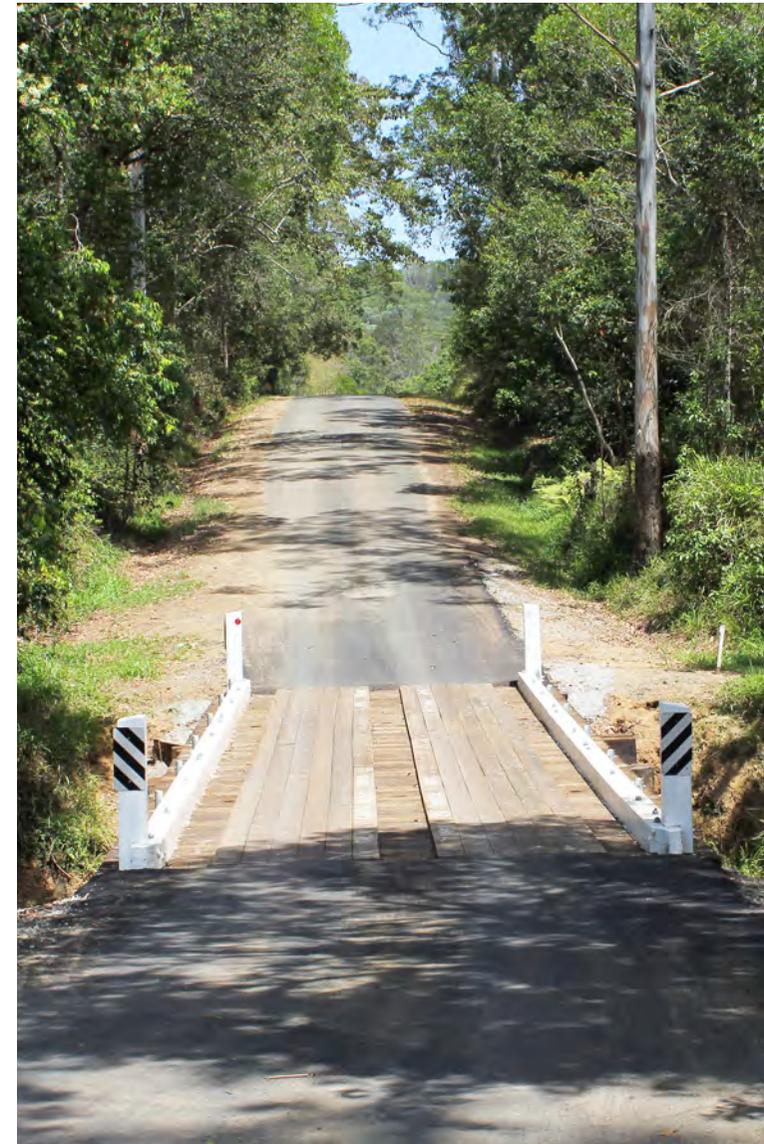
## Backflow prevention audit program

This program commenced in late 2013 with Council's plumbing inspectors conducting an audit of all Council owned properties, identifying and tagging the location of backflow prevention devices.

As part of the program, inspectors identified 77 new devices that were required to be installed in order to bring Council infrastructure into compliance with the requirements of the *Plumbing and Drainage Act 2002*.

The installation of these new devices was completed during the period.

The second phase of the audit program is in process with Council plumbing inspectors commencing an audit of the private sector, namely commercial, industrial and multi-residential sites.



# Infrastructure ... *planned, connected and safe*



The program has focused firstly on high risk buildings such as shopping centres, industrial sites and medical facilities. To date, inspectors have audited 90 sites and identified 230 backflow devices that require installation. It is envisaged that this phase of the audit program will take approximately two years to complete.

## Plumbing applications

The Plumbing Services team assessed a total of 404 applications consisting of:

- Class 1 & 10 (dwellings and sheds) sewered sites 132;
- Class 1 & 10 (dwellings and sheds) non-sewered sites 202;
- Class 2–9 (commercial buildings) sewered sites 51;
- Class 2–9 (commercial buildings) non-sewered sites 17; and
- connect to sewer 2.

## Notifiable work inspections

A total of 482 Form 4 (Notifiable Work) applications were lodged with the Queensland Building and Construction Commission by plumbers operating in the region. Council plumbing inspectors audited 33 of the sites or seven percent of the work.

## Plumbing educational programmes

The Plumbing Services Team continued to arrange training/information nights for plumbers and other professionals working in the industry across the period.

Guest speakers from Building Codes Queensland and the Queensland Building and Construction Commission presented at all the events, as did Council staff. The events were well attended.

## Building statistics 2015/2016

Since 2012, building activity within the Gympie region has been steadily increasing.

Data from the Australia Bureau of Statistics (ABS) for Queensland confirms this trend with a 16 per cent increase in building activity over the period compared to the prior 12 months.

The Building Services team has been working hard to increase its market share of the certification business within the Gympie region. This has been demonstrated in the recent monthly building statistics with the team increasing its market share to over 40 per cent.

The team has also been diversifying its core business to provide building consultancy services.

# Infrastructure ... *planned, connected and safe*

## *Community focused facilities and service*



### **Imbil playground and park development**

\$660,000 was invested in the redevelopment of the old Imbil Caravan Park into a District level playground and park. The area, now named the Yabba Creek Parklands, includes new public amenities with accessible toilets with family room, a large playground with a separate toddler play area with shade, swings, sand play, and a fire truck themed multi-play item. A larger area of playground, targeting 5–12 year olds has swings, a slide, a multi-activity structure and additional items that will be inviting to that age group. The park also has barbecue, picnic facilities and disabled car parking.

### **Road side verge and intersection improvements**

Improvement to our streetscapes is part of pride in the presentation of our region for our community as well as visitors. Some \$70,000 was spent in upgrading median strips in the Rainbow Beach business area with new trees and garden beds. To beautify the area and address traffic safety issues, hard landscaping was undertaken at the Sorensen/Groundwater Road roundabout which has improved its presentation and reduced ongoing maintenance needs.

### **Lake Alford Management Plan and off-leash dog park**

Delivery of appropriate Parks' infrastructure requires strategic planning. In July 2015 Council adopted the Lake Alford Development Plan. The development plan includes a new off-leash dog park, installation of exercise equipment, new public amenities and extensive tree plantings. The draft plan had been open for community consultation and residents contributed to the planned improvements. Lake Alford is a great community asset for residents and visitors alike and it's vital that we have a vision for how it will be improved and upgraded over time.

The inclusion of a second off leash dog area for Gympie was welcomed during community consultation for Lake Alford. This new park was opened to the community in February 2016 and allows dog owners to exercise their pets without a leash legally, and in a controlled environment. The park provides seats and shelter for owners plus an open grassed area for the dogs as well as a water point. Adjacent to other open space and playgrounds, the dog park provides an additional healthy activity that the community can undertake in the one location.

# Infrastructure ... *planned, connected and safe*

## *Comprehensive community and corporate asset management*

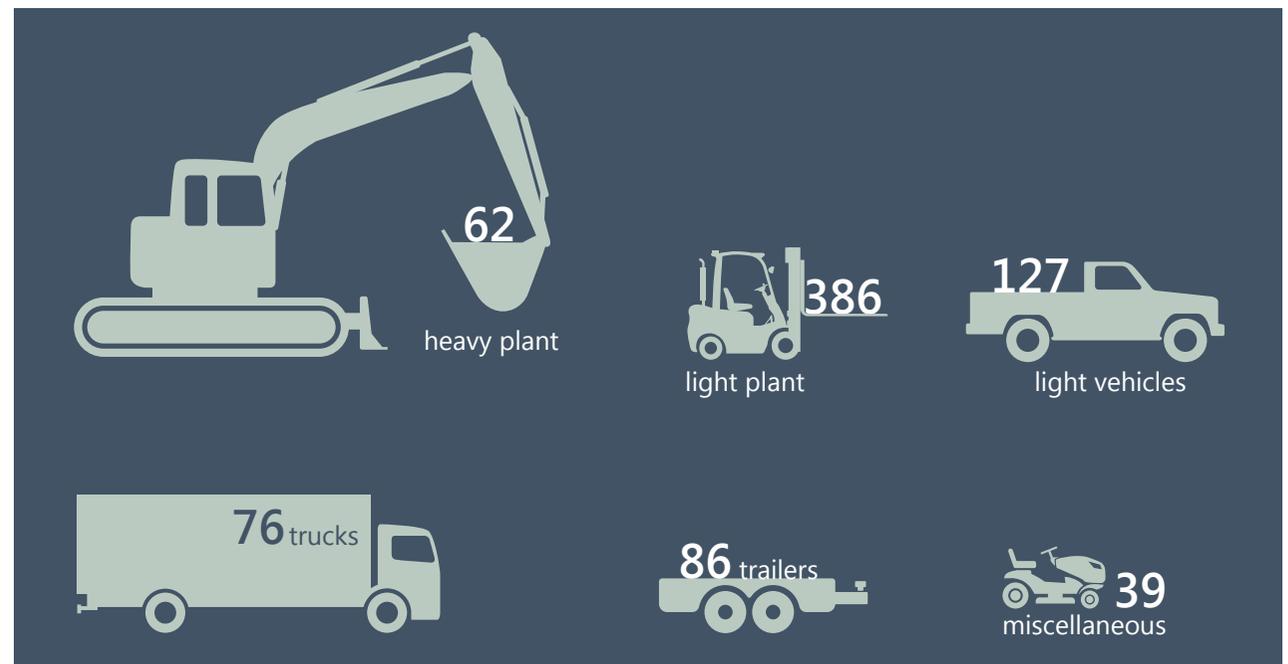


### Fleet management

Council's operations including its maintenance and construction program requires a reliable fleet of vehicles, plant and equipment. The current fleet has a wide variety of items and illustrates the breadth of works that Council undertakes. Council's fleet of plant and equipment is currently valued at approximately \$28 million. The 2015/16 plant replacement budget was in the order of \$2.8 million, with an operational budget of \$3.9 million. There are over 800 significant plant items including:

Major plant replacements during the period included:

- Komatsu GD655-5 Grader at over \$360,000
- Iveco Acco K Front Load Waste Compactor at a \$465,000
- Komatsu PC88MR-8 tonne excavator \$160,000; and several large trucks.



# Economic development ... *vibrant, strong and resilient*

## *Diverse regional business and industry development*

### Major achievements

Council provided support to regional industry, businesses and entrepreneurs through the delivery of a wide variety of projects focused on industry growth and development.

The 2015/16 financial year saw a focus on industry development activities and implementing recommendations and actions from the Economic Development Strategy.

## *Business development – targeted at providing information and identifying opportunities for growth*

17 Forums/workshops/seminars were held with over 290 participants from the business community, including a Business 4 Breakfast series, small business startup information sessions and a Manufacturing and Export Readiness Forum.

14 forums/workshops/seminars where Council partnered with other government and business organisations were held including Tendering for Government Business and Capability Statement workshops, an NBN For Business forum held at USC Gympie Campus, and various NBN information drop-in sessions.

Information sharing through various media to keep the business community of the region updated including via Social Media and E-news. Council's Business and Industry Development Facebook page has received a 68 percent



increase in followers during the period with monthly subscribers to the Business and Industry newsletter increasing by 16 percent. Subscription to the quarterly Gympie Gold Regional Produce newsletter has increased by more than 35 percent.

# Economic development ... *vibrant, strong and resilient*

## *Industry development – partnerships in action*



Activities saw a focus on the development of partnerships between Council and industry leaders, neighbouring councils and government agencies, to promote, develop and deliver initiatives aimed at industry growth and development.

### Export Development

- Council hosted representatives from a number of Chinese provinces to investigate opportunities in agriculture, business investment and medical development. Delegates met with 30 local business operators and toured major agricultural and manufacturing businesses. This visit provided the opportunity to showcase our region's industries and develop potential trade links.
- Tourism, manufacturing and food industry businesses attended two workshops hosted on the Sunshine Coast and in Gympie to learn about opportunities and trends in their particular industry sector and to take advantage of networking opportunities.

### Manufacturing Industry Development

- Council partnered with the Queensland Government to host a Manufacturing and Export Readiness Forum at Suncoast Gold Macadamias, featuring presenters from the Australian and Queensland Governments and regional industry leaders.

- The second in this workshop series "Connect, Collaborate, Innovate" was hosted by Performax International. Industry attendees had the opportunity to learn about assistance available to help develop innovation in business and also promote networking opportunities.
- A survey of our regional manufacturing industry highlighted issues and opportunities facing that sector and provided valuable information to help develop industry development action plans for the future.

Gympie Gold Regional Produce (Agricultural value-adding and food processing industry development)

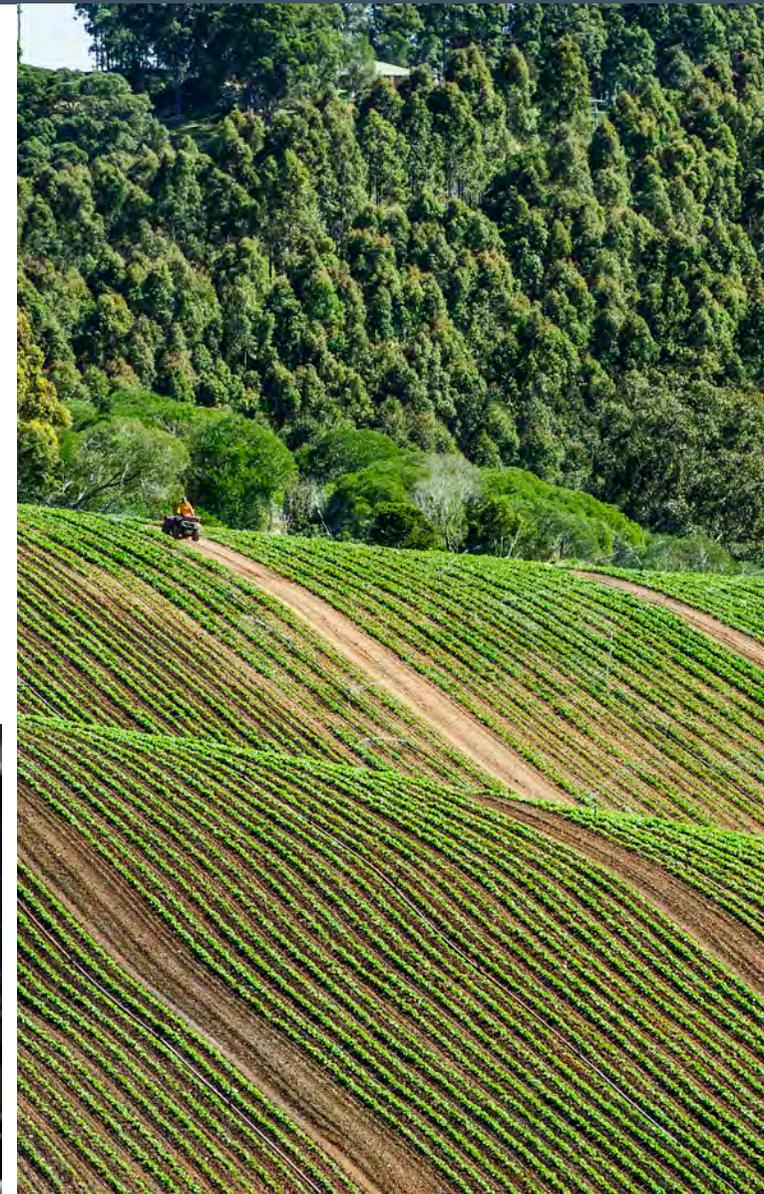
- Established in 2010 by Council with the support of industry, this initiative has a focus on enabling the region's producers and processors in the food industry through promotion and marketing the region's food and agribusiness industry and development and delivery of programs and initiatives.
- Renowned chef, Matt Golinski's role as the Gympie Region Food and Food Tourism Ambassador was continued.

# Economic development ... *vibrant, strong and resilient*

In addition to public appearances and promotion of the region, Matt cooked a VIP lunch for Prime Minister Malcom Turnbull in Brisbane featuring Gympie region produce and continues to work with restaurants in south east Queensland to encourage them to use Gympie produce.

- Eat Local Month – Gympie Region GourMAY continued in May 2016 with an expanded calendar of events including the launch of the Gympie Gold Regional Produce precinct at the Gympie District Show. Over 63 events were included in the event Directory and many were organised especially for GourMAY this year.
- The Gympie region Farm to Business Directory was reviewed. The booklet is in its second year of print and is circulated to food service and hospitality businesses throughout the Gympie region and Sunshine Coast.
- Two food and agritourism industry forums were organised to provide information, support and networking for the region's producers.
- Gympie Region Unearthed was again a successful event which aims to introduce the region's producers to the food service and hospitality industry, creating direct business to business relationships.

- Our region and our region's food industry were showcased at events including:
  - The Tin Can Bay Seafood Festival
  - The 2016 Gympie Show – Council partnered with the Gympie Show Society to host a regional food precinct of which cooking demonstrations by Matt Golinski were a highlight
  - The Goomeri Pumpkin Festival featured a pop up café by Matt Golinski with a menu featuring our Gympie region produce
  - Good Food & Wine Show at Brisbane Convention & Exhibition Centre featured a dedicated Gympie Region display supported by our regional food producers. The event was attended by some 40,000 people.



# Economic development ... *vibrant, strong and resilient*



## Regional Economic Development

Council is part of the Wide Bay Burnett Regional Economic Development Advisory Committee and has been part of the development and delivery of projects targeted at growing our regional economy, diversifying and adding value to our regional business and refining the way we work together across our region:

- Wide Bay Burnett Regional Economic Development Growth Forum, annual event held in Maryborough each year. The 2015 forum included a presentation by Gympie business Aus-Tac Engineering to showcase regional opportunities and successes.
- Business Confidence Survey – this biannual survey provides accurate and important information about our regional business health and identifies issues and opportunities impacting on the development of our region. The June 2016 Survey sought feedback about regional infrastructure needs of our business community.

## Digital Economy – Digital Gympie Region Action Plan

- Nomination of five success candidates in the Advance Queensland Digital Community Champion program who were recognised in a launch event in Brisbane in June.

As part of the role, Champions are to share their knowledge with the community to encourage participation in the digital economy.

- Council has provided leadership in raising the priority of the digital economy in the region, working with NBN to develop an NBN awareness and uptake program, advocated for improved mobile coverage and facilitated programs designed to help business increase their use of online tools and technologies.
- Detailed independent mobile network testing identified additional mobile telephone blackspots in the region. This testing and community feedback assisted with successful lobbying for infrastructure upgrades by telecommunications carriers

## University of Sunshine Coast

- Council continued to work closely with the University to provide feedback and input to help students and businesses gain the highest outcomes from courses and projects.
- The University also provided invaluable assistance in the development of the Trade and Investment Qld Study in the Wide Bay Burnett information paper.

# Economic development ... *vibrant, strong and resilient*

## Regional projects

### Gympie Town Centre Project

This project focuses on the implementation of the Gympie Town Centre Action Plan and is showcasing and building pride in community assets by promoting and revitalising Gympie's Town Centre:

- Monthly Gympie Town Centre fresh and local produce markets are successfully filling a gap in the Town Centre's offer attracting up to 1,000 people. These markets also help promote 'market day specials' for Town Centre retailers, highlight local food producers and connect them with local businesses and residents.
- Mary Street traders have taken the lead on a program of seasonal late night shopping and entertainment events: Easter on Mary, Winter on Mary, Muster on Mary and Mary Christmas. These events have involved linked competitions, local wine tasting, horse and carriage rides and on-street entertainment.
- Council will continue to monitor progressive changes to Town Centre vacancy, to prioritise and drive actions that specifically target vacant premises through the implementation of the Gympie Town Centre Project.

### National Disability Insurance Scheme

- Meeting convened with regional service providers to identify opportunities to leverage from the Scheme's rollout in the Gympie region. This is a first for the Gympie region, with our region being one of the few to have this project listed in our Economic Development Strategy.

Support of business organisations and regional Chamber of Commerce's to showcase the successes of our regional businesses. This includes:

- The re-launch of the Gympie Women in Business organisation and awards
- The launch of the Gympie Rural and Regional Women's Network and bimonthly events
- Gympie Action Network's Speed Dating for Business events
- Gympie Chamber of Commerce Awards.



# Governance ... *cohesive, responsible and transparent*

## *Transparent and accountable service delivery*



### Customer Contact Centre

Gympie Regional Council's Customer Contact division was established to build and enhance Council's relationship with customers and the community. Everyone in the community benefits when Local Government gets their commitment to service excellence right. Customer Contact acts as Council's front line to reinforce Council's purpose to actively serve our community and plan for the future.

During the period of 2015/2016, Council's Customer Contact received 49,180 calls with 76.4 per cent of calls answered in less than 30 seconds. The Contact Centre has seen an increase in their first contact resolution rate over the past year from 39 per cent of all calls received in July 2015 to 76 per cent in June 2016.

Customer Contact continues to work toward becoming a "one-stop" shop for the community to deal with Council, with calls, online requests and counter enquiries to be dealt with by a dedicated team who are specially trained to resolve queries at first point of contact. This will enable Council to streamline customer's interactions and communicate with a 'unified voice'.

### Information Communication Technology

Council's ICT department continues to explore opportunities to enable business process improvement enabled through appropriate investment in ICT solutions.

With Council recognising the increasing importance and reliance of Information and Communication Technology, a Chief Information Officer was appointed in December 2015.

During the financial year, Council implemented Microsoft Outlook and Skype for Business, replacing a legacy Groupwise solution. In addition to the major benefit of Council now using a mainstream email communications tool, staff are utilising other features including video conferencing with suppliers and between the Council sites, reducing the need to travel for meetings.

A new corporate filing system was developed and will continued to be implemented throughout Council. This new filing system provides structure around where Council records should be captured, reducing the search time to locate records, and also enabling Council to meet legislative requirements regarding the disposal of records.

# Governance ... *cohesive, responsible and transparent*

## *An organisational culture of continuous improvement*



### Continuous improvement

Rapid growth in technology, the need for financial stability, and the desire for renewable energies are some of the many catalysts increasing community expectations. Local government will change more in the next five to 10 years than it has in the past 50 years in order to meet these expectations. To achieve this in a relatively fast-changing environment, Council is working from the ground up to position our people for rapid change. Council is striving to empower staff to improve operational efficiency by eliminating waste, by focusing on business value, by increasing customer engagement, and by bringing expertise and experience together.

Council's people work collaboratively on a range of continuous improvement initiatives to help shape the council in which they work. These projects identify operational waste and determine solutions to eliminate it. Reducing the cost of printing internally is a current continuous improvement project. Council is also working to further maximise the utilisation of our heavy duty plant, and to deliver a sustained reduction in our energy costs over a twelve month period. A Project Management Framework has been developed which will significantly improve the planning, prioritisation and implementation of Council projects.

### Business planning

Business managers have engaged with their teams in a business planning process to ensure they have an understanding of their customers' expectations, a clear value proposition, and a strategic focus that aligns with the overall organisational vision. Each business unit has been working hard over the financial year to implement a number of goals and actions and achieve their 12 month vision.

### Risk management

It has always been Council's policy to minimise risk while maximising opportunity. Regulatory requirements recently strengthened these processes to ensure consistency and transparency of decision making. Changes in the *Local Government Act 2009* (Act) strengthened reporting requirements in this area with the need for a formal Risk Management Plan and Risk Register. These address significant strategic risks, assigning roles and responsibilities for the tasks associated with risk management.

Lower level operational risk will continue to be managed within operational teams and management. Progress on risk management and emerging significant risks are reported to the Audit and Risk Management Committee.

# Governance ... *cohesive, responsible and transparent*

## *Responsible employer*



### Human resources

Council strives to provide best practice HR strategies, frameworks and advice to the whole of the organisation. A consultative approach is key to being successful in this regard. This year has seen numerous policies and procedures introduced which provide further clarity concerning the organisation's responsibilities to our people, and our people's responsibilities to the community and the organisation. The employee benefit programs has established further positive engagement with our workers and local businesses throughout the Gympie region.

### Work, Health and Safety

Council strives to achieve a number of positive work health and safety indicators annually; fortnightly team meetings with field staff, monthly team meetings with office staff, and 500 safety conversations across the organisation among other action planning strategies.

Council also tracks indicators such as days lost due to injury and lost time claims.

### Recruitment

Council is now providing improved service to job applicants following the successful implementation of our recruitment software, SCOUT. Being an online platform with simple workflows, SCOUT provides Council with better reach to jobseekers, and provides jobseekers with a more accessible and easy to use application process. It also gives us the ability to inform candidates and give feedback throughout the recruitment process.

### Payroll

Payroll continues to achieve administrative efficiency with increased numbers of employees receiving their payslips via email. The challenge remains aiming for a paperless office and electronic timesheets.

# Environment ... *sustainable, managed and healthy*

## *Responsibly managed environmental practices*



### Animal de-sexing program

The animal de-sexing program is conducted as a joint venture between Council and the RSPCA, who negotiate with local veterinarians to provide a subsidised de-sexing program for cats and dogs.

### Pets and People Education Program (PET PEP)

The Pets and People Education Program (PET PEP) is an initiative of Australian Veterinary Association and supported by Council and the RSPCA. This is a national community education program aimed at school children to aid understanding and appreciation regarding responsibilities towards pets. Council officers visit primary schools and present to school children aged four to twelve years. In 2014/2015, seven schools were visited with 642 students provided with information.

### Waste management

Council continues to provide many waste related services including household waste collection, commercial waste collection and recycling services.

Key projects this year included:

- Council has taken action and prepared Landfill Rehabilitation Plans for its active and closed landfills in the Gympie region, taking responsibility for waste disposed by our community in the past. In 2016 Council commenced the rehabilitation of the Rainbow Beach Landfill.
- A detailed rehabilitation and aftercare plan was developed for the ongoing management and protection of the sensitive coastal environment.
- In November 2015 Council held its first household chemicals and hazardous waste, free drop off day. Council coordinated the free service for the safe disposal of a range of common household chemicals which if not disposed of correctly could cause harm to human health and the environment.

### Lands protection

Council's Lands Protection Team continued to deliver programs aimed at reducing the impact of high priority pest plants on the local economy including parthenium, giant rat's tail grass (GRT), fireweed and groundsel bush.

# Environment ... *sustainable, managed and healthy*



The team provided an extensive inspection and best practice advice service for local landholders and included GRT information days in April 2016 at the Woolooga Hall, with in field presentations at the Woolooga Saleyards. The days were extremely successful and attended by approximately 300 landholders. Information packs were sent to a further 60 people who were unable to be accommodated.

Assistance with animal control for the community also included the continuation of the very successful Wild Dog and Pest Animal Workshops which were held in September 2015 in Tansey, Wolvi and Kandanga.

Council further delivered Wild Dog and Feral Pig Control Programs with the assistance of the State Government funded Drought Assistance Program.

In addition a wild dog and feral pig baiting program was delivered. The project involved approximately 3.6 tonnes of bait material being prepared and supplied to over 100 lots, thus reducing the costs and logistics for the landholders.

The period further saw the commencement of wild dog impact mitigation on koala populations being supported by the Department of Transport and Main Roads. This wild dog control work was designed to provide a level of risk mitigation to known koala populations that may be impacted by the construction of the new Bruce Highway, Section C, while complementing Council's existing wild dog control works. The 'Nil-Tenure' approach, which includes private and state land, covered some 190 km<sup>2</sup> of the Gympie region between Tuchekoi and Kandanga to the south, through to East Deep Creek and Southside to the north.

# Social wellbeing ... *active, diverse, creative and empowered*

## *An active community for all ages*



### **Community Participation**

Community participation was encouraged in a range of areas culminating in a holistic approach to community participation across the region. Holiday Fun continued as one of Council's most popular family friendly programs offering a range of cultural, sporting and recreational activities across the region. Movies in the Park continued to activate local parks, providing a sense of place and an opportunity to gather as a community in smaller towns across the region.

Community recognition events were held, in collaboration with other agencies to highlight identified social issues. These events included a White Ribbon Day morning tea that provided an opportunity to recognise the valuable work local service providers undertake to address violence against women and the broader issues surrounding violence in our community. A range of community celebrations were held to celebrate the contribution of distinct demographic groups to our region. Senior's Week and Youth Week were actively supported by Council.

### **Community Partnerships**

Partnerships were developed with the Gympie Region Volunteer Centre, Brisbane Bronco's, Queensland Government Sport and Recreation Services and the Early Years Voice Gympie Region, local schools, community organisations and businesses to improve outcomes for specific target audiences including, children, young people, volunteers and community organisations.

### **Community Events**

In excess of 100 community events were supported by Council's Event Coordinator, including major events such as the Goomeri Pumpkin Festival, Gympie Show, Heart of Gold Film Festival and Rainbow Beach Fishing Classic, and regional events including Career's Expo, Mary River Festival, Tin Can Bay Seafood Festival and Goldrush.

The inaugural RUSH Festival was held in October 2015 to celebrate the unique Community, Culture and Heritage of the Gympie Region. Council in partnership with 19 community based organisations held 27 events during the month, attracting participation numbers of 24,000 people and generating an estimated \$2.6 million in economic impact.

# Social wellbeing ... *active, diverse, creative and empowered*



## Community Facilities

Council supports the ongoing provision, operation and maintenance of a vast number of community facilities including Community Halls, Sport and Recreation grounds, Showgrounds and public amenities, often working with community organisations to ensure that well maintained public spaces are available for community use across the region.

## Gympie Town Centre urban design projects

A number of Town Centre Urban Design projects were endorsed in the 2014/15 financial year as part of an overall Town Centre Revitalisation Strategy aimed at supporting the Town Centre's strategic future as the heart of the Gympie region. The plans will deliver significant infrastructure, including a future transit facility, a pedestrian plaza for Mary Street and more pedestrian friendly streetscapes in Mary Street and Smithfield Street.

2015/16 saw the commencement of the next stage of detailed design for Smithfield Street streetscape revitalisation works and also a successful funding bid for 50 per cent of project costs (\$1.36 million) from the Department of State Development through the Building Our Regions program.

With construction set to commence in September 2016 this project will make Smithfield Street a more pedestrian friendly environment with a sophisticated palette of substantial street trees, landscaping, paving treatments, street furniture and lighting components, that tell the story of the Smithfield Mine and Smithfield gold reef.

Council successfully delivered a street tree lighting design to support Mary Street taking another step towards being the focal point for retail, dining, entertainment and social interaction for the Gympie region. Bud lights were used to light up six mature trees at the Gold City Centre Stage, two at the Fiveways intersection and one at the intersection of Mary and Monkland Streets. The street tree lighting outcome has created a unique night time atmosphere, enhanced visual appeal and fostered increased interest in the Mary Street experience for both residents and visitors

The 2016/17 financial year will see Council continuing to progress with the development of concept design and subsequent detailed design for a future Town Centre Transit Facility, Mary Street Pedestrian Plaza and Youth Precinct in Nelson Reserve.

# Social wellbeing ... *active, diverse, creative and empowered*

## *A vital community*



### **Amamoor and Gunalda 'Our Towns' Projects**

Part of the region-wide “Our Towns Sustainable Centres Program”, these projects are aimed at developing an overall direction to guide future streetscape and public realm improvements, and to enhance the existing character and amenity of the townships.

Following extensive public consultation, the final Concept Master Plans and priority actions for the townships of Amamoor and Gunalda have been endorsed for progressive implementation.

Council has committed funding of \$400,000 to undertake detailed design and construction of a first round of implementation projects within both townships in the 2015/16 financial year. Amamoor will benefit from an enhanced hub around the General Store and integration with the Mary Valley Heritage Railway Station and the commercial area at Gunalda will be improved with streetscaping, footpath upgrading and formalised car parking.

### **Gympie Region Tracks and Trails Plan**

Council has completed a whole-of-region plan for maximising opportunities for providing a network of off-road tracks and trails for walking, mountain biking and horse riding, aimed at maximising nature-based recreation and tourism opportunities in the Gympie region.

The plan incorporates a 10 year prioritised program of trail development activities.

Detailed trail development planning has occurred in liaison with South Burnett Regional Council and funding provided by the Department of State development to deliver the Kilkivan to Kingaroy Rail Trail, a recreational trail for walkers, mountain bikers and horse riders. Construction has commenced with the trail expected to be officially opened in 2017.

# Social wellbeing ... *active, diverse, creative and empowered*

*A region of education  
and learning*



## **Libraries**

Gympie Regional Libraries are transforming the way that library services are offered to the community. Libraries celebrate knowledge, diversity and imagination and preserve information for future generations. Clients visit the library to read, learn, relax, study, work, play, connect with others, enhance their digital literacy skills, discover new worlds of inspiration and become empowered through knowledge. Across the period the library service received 262,816 visits with 418,805 items being borrowed.

Libraries everywhere are now managing an increasing demand for on-site and online material. Gympie Regional Libraries receives financial assistance from the Queensland Government through State Library of Queensland and this year used this funding to further diversify the library collection by purchasing an extensive range of physical and electronic items. Library members can currently download eBooks and eAudiobooks through OverDrive, eMagazines through Zinio and eMusic through Freegal, with plans to expand the service to include access to content via Bolinda Digital in 2016/2017.

Following community consultation, Tin Can Bay Library adopted extended operating hours. The earlier opening time is proving to be popular with a 7 per cent increase in visitation compared to the previous year. Clients at Tin Can Bay Library have also been embracing the self-check option, which has helped to remove service bottle-necks with 46 per cent of library materials being loaned via the self-check option at Tin Can Bay Library.

Gympie region residents now have access to the latest, state-of-the-art technology for preserving historic documents and photographs. The Bookeye 4 scanner, obtained by Gympie Regional Libraries with the assistance of a Queensland Government grant through the State Library of Queensland, ensures that future generations share in the region's rich cultural heritage and in the treasures handed down by local families and individuals. The scanner is designed to save images from large size documents and photographs for historical purposes. It scans up to A2 size and can scan open books and create flat images. The library service also promotes the heritage of our region through social media, oral history interviews, school visits, liaising with other local history organisations and people who have a strong interest in our local heritage.

# Social wellbeing ... *active, diverse, creative and empowered*

The Friends of Gympie Regional Libraries Inc. currently have over 90 members who contributed 2,549 volunteer hours during the last financial year. Friends also assisted in research and organisation of the materials in the Local History room and supported the Home Library Service, selecting and delivering books to people in the community.

The First Five Forever Program has provided funding to enable the library service to expand its programming to all branches of Gympie Regional Libraries this year. Storytime sessions are now held at all six branch libraries, with additional storytime sessions at the Gympie Library and increased outreach to regional playgroups, kindergartens and schools. This expansion of services to the wider community has enabled the library service to make a meaningful contribution to help improve early literacy and emerging language in 0 to 5 year olds, with program attendance growing by 200 per cent from February 2016 to June 2016 compared to the same period in the previous year. Early year's staff members have also been involved in the planning and implementation of community-driven family fun days (Little Kids Day Out), the local Growers Market, local home-schooling groups and visits to Maternal and Child Health and the Southside Indigenous Group.

The library is moving into a new role of teaching the community about coding and robotics with Ozobots events being rolled out over the last six months and plans to introduce new robotic platforms early in the coming year. The new "Saturdays Just For Kids" event at Gympie Library was trialled in 15/16 and is set to continue in 16/17, following significant event attendance and an increase in library visitation and borrowing on these days.

The library service has worked with other Council departments, the Queensland Department of Education, community organisations and institutions and neighbouring regional areas to provide a wide range of workshops and activities in 2015/2016 including:

- First Five Forever (Early Literacy and Emerging Language) Professional Development session
- School holiday activities
- Author visits and cartoon workshops
- Ozobot and coding workshops
- QANZAC local history workshop in conjunction with the State Library of Queensland
- Arts and Crafts workshops
- Museum Kit activities
- Ancestry Workshops
- Book Launches

- Author Visits
- Writers Groups
- Book Clubs
- Educational Workshops
- Gympie Region Literary Awards proudly sponsored by Bendigo Bank
- History Pin workshops
- Community Garden Talks.

Number of Loans across Gympie Regional Libraries	
2012/2013	407,236
2013/2014	407,382
2014/2015	409,335
2015/2016	418,805

Visits to Gympie Regional Libraries	
2012/2013	236,586
2013/2014	243,616
2014/2015	264,789
2015/2016	262,806

Website traffic	
2012/2013	55,311
2013/2014	80,209
2014/2015	95,415
2015/2016	98,172

# Social wellbeing ... *active, diverse, creative and empowered*

*A valued heritage and creative community*



## Gallery

The Gympie Regional Gallery continued to deliver a variety of experiences for the local, regional and touring visitors during 2015-16.

## Studio Trails

The first concentrated effort to create Studio Trails of artists' studios in the Gympie Region was pursued. Some 24 artists/cultural groups were involved from Tin Can Bay, Rainbow Beach, northern Gympie, Gympie and the Mary Valley on designated weekends. Funding was further obtained for the production of a professional promotional booklet.

## Suitcase Markets

The Gallery started the Suitcase Markets in June 2012 as a strategy to attract new audiences to the Gallery. The Suitcase Markets (supporting local quality art and craft) are held three times a year in and around the Gallery building, with two being Twilight Markets.

The November 2015 markets were enhanced with large digital art projected onto the back walls of the Gallery. These markets have had the unexpected benefit of drawing creatives out of the community who may never have been to the Gallery before, facilitating the formation of new networks and friendships. The Gallery has supported these micro businesses to help them expand and grow and test their markets.

# Councillor reporting requirements

## Remuneration

In accordance with s 186 of the *Local Government Regulation 2012* (Regulation) annual reports for a financial year must contain particulars of the total remuneration, including superannuation contributions, paid to each Councillor during the financial year as well as expenses incurred by, and the facilities provided to, each Councillor during the financial year under the local government's expenses reimbursement policy.

It is noted that this annual reporting period coincided with a quadrennial local government election which was held in March 2016. Former Councillors Petersen and Friske retired at that election. Six first term Councillors were elected into office, i.e. Councillors Hartwig, Gear, Dodt, Stewart, Smerdon and Cochrane joining Councillors Leitch and MacDonald who were returned to office. Cr Curran was re-elected as Mayor with Councillor Leitch appointed as Deputy Mayor by resolution of Council at its Post-election Meeting. Former Councillors Currie, Gâté, Sachs and Walker were not returned to office at the March 2016 election.

Councillors are provided with access to appropriate information technology and communications equipment, use of a Council

supplied vehicle, and reimbursement of relevant travel and accommodation related expenses incurred while performing their duties on behalf of the Council. Full details of the basis of expenses reimbursement including the facilities and equipment provided to Councillors are contained within the Councillor Expenses Reimbursement Policy which is available from Council's website.

From the commencement of the current term of Council, Councillors could nominate to use their own privately supplied vehicle in lieu of a Council supplied vehicle for all Council business. The payment of an annual vehicle allowance applies under such circumstances. Cr Hartwig has taken up this option as indicated in the table below.

Remuneration for the period 1 July 2015 to 30 June 2016					
COUNCILLOR	REMUNERATION	VEHICLE ALLOWANCE	SUPER	REIMBURSEMENTS	GROSS TOTAL
CURRAN	\$120,226.00		\$14,427.12	\$1,508.33	\$136,161.45
LEITCH	\$66,192.32		\$7,943.08	\$564.72	\$74,700.12
COCHRANE	\$14,739.23		\$1,768.71		\$16,507.94
DODT	\$14,739.23		\$1,768.71		\$16,507.94
GEAR	\$14,739.23		\$1,768.71		\$16,507.94
HARTWIG	\$14,739.23	\$1,912.07	\$1,768.71		\$18,420.01
McDONALD	\$63,870.00		\$7,664.40	\$1,052.07	\$72,586.47
SMERDON	\$14,739.23		\$1,768.71		\$16,507.94
STEWART	\$14,739.23		\$1,768.71		\$16,507.94
CURRIE	\$49,130.77		\$5,895.69	\$199.10	\$55,225.56
FRISKE	\$57,800.77		\$6,936.09	\$942.67	\$65,679.53
GÂTÉ	\$49,130.77		\$5,895.69	\$1,956.78	\$56,983.24
PETERSEN	\$49,130.77		\$5,895.69	\$718.57	\$55,745.03
SACHS	\$49,130.77		\$5,895.69	\$734.58	\$55,761.04
WALKER	\$49,130.77		\$5,895.69	\$1,064.55	\$56,091.01

# Organisational reporting requirements

## Meetings attended

The number of local government meetings that each Councillor attended during the financial year is recorded in accordance with s 186(c) of the Regulation. The Ordinary Meetings include the Post-election Meeting held on 13 April 2016. A Standing Committee was created for the purpose outlined in Minute M40/11/15. This Committee comprised of four Councillors and achieved its objective via a single meeting held on 27 November 2015.

COUNCILLOR	ORDINARY MEETINGS	STANDING COMMITTEE MEETINGS	TOTAL MEETINGS
CURRAN	14	1	15
LEITCH	14		14
COCHRANE	4		4
DODT	4		4
GEAR	4		4
HARTWIG	4		4
McDONALD	11	1	12
SMERDON	4		4
STEWART	4		4
CURRIE	10		10
FRISKE	9	1	10
GÂTÉ	10	1	11
PETERSEN	10		10
SACHS	10		10
WALKER	10		10

## Complaints about Councillors

The table below provides information about complaints received regarding the performance or conduct of Councillors in accordance with the requirements of s186 (d), (e) and (f) of the Regulation.

(i)	The number of orders and recommendations made under s 180(2) or (4) of the Act	NIL
(ii)	The number of orders made under s 181 of the Act	NIL
(iii)	The number of complaints made about the conduct or performance of a Councillor for which no further action was taken under s 176C(2) of the Act	ONE
(iv)	The number of complaints referred by the Council CEO to the department's chief executive under s 176C(3)(a)(i) of the Act	NIL
(v)	The number of complaints referred to the Mayor under s 176C(3)(a)(ii) or (b)(i) of the Act	NIL
(vi)	The number of complaints referred to the department's chief executive under s 176C(4)(a) of the Act	NIL
(vii)	The number of complaints assessed by the Council CEO as being about corrupt conduct under the Crime and Corruption Act	NIL
(viii)	The number of complaints heard by a regional conduct review panel	NIL
(ix)	The number of complaints heard by the tribunal	NIL
(x)	The number of complaints to which s 176C(6) of the Act applied	NIL

# Organisational reporting requirements

## Executive remuneration

In accordance with s 201 of the Act, the total of remuneration packages payable to senior management during the period was \$1,223,950.

REMUNERATION BAND	NO. SENIOR MANAGEMENT EMPLOYEES IN REMUNERATION BAND
\$130,000-\$229,999	3
\$230,000-\$329,999	2

For the purposes of s 201 of the Act, senior management refers to Council's CEO and Directors only.

## Particular resolutions

As required by s 185 of the Regulation, please see Appendix A.

## Administrative action complaints

Gympie Regional Council is committed to providing a level of customer service that does not attract complaints. Council acknowledges the public's right to provide feedback on our services, both positive and negative, including the right to lodge a complaint about a decision or other action Council has taken, or failed to take, where considered appropriate to do so.

In response to s 187 of the Regulation, an Administrative Action Complaints Process has been developed and implemented which is designed to assist Council manage complaints efficiently, effectively, objectively and fairly. Significant work has commenced toward the development and adoption of a Customer Service Charter with an associated Customer Service Standard. In addition, Council's overall Complaint Management System was externally audited by the Queensland Ombudsman during the period with a number of recommendations stemming from that review in the process of being considered and implemented.

In combination with a major ongoing review of ICT systems and a corporate focus on customer service, initiatives are being established that will better help Council identify, manage, monitor and respond to customer service issues. This includes dealing promptly and appropriately with all complaint related matters.

During the period 29 Administrative Action Complaints were received with 25 of those complaints being fully resolved.

Four complaints received during the period remained outstanding as at 30 June 2016. It is noted that three of these outstanding complaints were received in either May or June 2016.

There were no complaints received in a prior financial year that were left unresolved.

The above statistics highlight that Council's Administration Action Complaints Process is proving effective in having the vast majority of complaint matters formally considered, investigated and resolved within the financial year period.

Further detailed information in relation to Council's complaints management processes is available from our website.

## Overseas travel

During the period 12 – 15 June 2016, Mayor Mick Curran and Council CEO Bernard Smith travelled to Auckland, New Zealand to participate in the Sunshine Coast Leaders Tour sponsored by Tourism and Events Queensland. As a fully sponsored event the total cost payable by Council for the overseas travel was \$89.70 being for travel insurance. (Refer s 188 of the Regulation).

# Organisational reporting requirements

## Registers

In accordance with s 190(1)(f) of the Regulation, below is a list of the registers kept by Council:

- Asset Register
- Building Statistics of Monthly Approvals
- Contact with Lobbyists Register
- Contracts Register
- Councillor Complaints Register
- Cost Recovery Fees Register
- Delegations Register
- Fees and Charges Register
- Gifts/Hospitality Register
- Local Heritage Register
- Local Laws Register
- Register of Development Applications
- Register of Environmentally Relevant Activities
- Register of Impounded Dogs
- Register of Interests (Councillor and senior executive employees)
- Register of Pre-Qualified Suppliers
- Restricted Dogs Register
- Road Register.



# Organisational reporting requirements

## Expenditure on grants to community organisations

As stipulated by s 189 of the Regulation, the following tables outline a summary of the funds supplied through community grants in accordance with Council's Community Assistance Grants Policy. There were no Councillor discretionary funds established during the period in accordance with s 109 of the Act.

CAPACITY BUILDING GRANT	
Cooloola Human Services Network Inc	\$3750
Early Childhood Teachers Association Inc	\$2000
Gympie Riding for Disabled Inc	\$4417
Gympie Community Garden	\$4232
Gympie Gold Fins Swimming Club	\$5000
Kilkivan Show and Campdraft Association	\$5000
Gympie Bowls Club Inc	\$4820
Tin Can Bay Resource and Referral Centre	\$5000
Compass Institute Inc	\$2000
Endeavour Foundation	\$1500
Gympie Bowls Club Inc	\$1000
Gympie Cricket Association Inc	\$1500
Gympie Gliding Club Inc	\$2000
Gympie Mens Shed	\$3200
Gympie Roller Sports Club Inc	\$4500
Hope Reins Inc	\$2250
Kandanga Creek Community Hall Inc	\$1000
Kia Ora and District Sports & Progress Assoc Inc	\$770
Little Haven Palliative Care Inc	\$4500
Mary Valley Pony Club Inc	\$1588
Tin Can Bay Girl Guides	\$2196
<b>TOTAL</b>	<b>\$62,223</b>

COMMUNITY EQUIPMENT GRANTS	
Gympie Girl Guides	\$1000
Gympie Gymnastics Club Inc	\$1000
Gympie Speedway Drivers Association Inc	\$1000
Kilkivan Rural Fire Brigade	\$830
Gympie Small Bore Rifle and Silhouette Club	\$1000
<b>TOTAL</b>	<b>\$4830</b>

COMMUNITY FACILITIES GRANT	
Cedar Pocket School of Arts Inc	\$10,000
Cooloola Trail Care Alliance Inc	\$5784
Cooloola Wesleyan Methodist Church Veterans and Community Hall	\$7755
Gympie and District Hockey Association Inc	\$10,000
Gympie and District Woodworkers Club Inc	\$10,000
Gympie Senior Citizens Centre	\$5000
Kandanga Creek Community Hall Inc	\$2276
Kia Ora and District Sports & Progress Assoc Inc	\$4300
Langshaw Hall Association Inc	\$908
Lower Wonga Hall and Recreation Association Inc	\$10,000
One Mile Sports Association Inc	\$10,000
<b>Pie Creek Community Hall</b>	<b>\$10,000</b>
<b>Tin Can Bay Fishing Club</b>	<b>\$10,000</b>
<b>TOTAL</b>	<b>\$96,023</b>

COMMUNITY EVENT GRANTS	
Far-A-Way Riders Association Inc	\$750
Gympie & District Indoor Bowls Association	\$250
Gympie Municipal Horticultural Society Inc	\$1000
Hope Reins Inc	\$1000
Tin Can Bay Chamber of Commerce and Tourism	\$1900
<b>Tin Can Bay Yacht Club Inc</b>	<b>\$800</b>
<b>Widgee District Hall and Recreation Assoc Inc</b>	<b>\$450</b>
<b>Cooloola Coast Bowls Club Inc</b>	<b>\$500</b>
<b>Widgee District Hall and Recreation Assoc Inc</b>	<b>\$2180</b>
<b>Mary Valley Show Society Inc</b>	<b>\$1400</b>
<b>TOTAL</b>	<b>\$10,230</b>

REGIONAL ARTS DEVELOPMENT FUND GRANTS	
Early Childhood Teachers Association	\$5750
Gympie Regional Council – Events	\$6620
Gympie Regional Gallery	\$6000
Thursday PM FOG Group	\$4230
Chatsworth African Drumming Group	\$1330
Friends of Heritage Theatre Inc	\$1770
Gympie and District Historical Society Inc	\$1400
Heart of Gold International Film Festival Inc	\$3500
Kia Ora and District Sports & Progress Assoc Inc	\$3750
Mary River Festival	\$3750
Mary Valley Show Society Inc	\$2600
<b>Sue Flower</b>	<b>\$3750</b>
<b>Wood N Music Festival</b>	<b>\$3000</b>
<b>Mary Allen</b>	<b>\$1425</b>
<b>TOTAL</b>	<b>\$48,875</b>

<b>TOTAL OF COMMUNITY ASSISTANCE GRANTS</b>	<b>\$222,181</b>
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# Organisational reporting requirements

The tables below include details of event sponsorship and grants made under Council's Distribution of the Environment Levy for Community Group Grants Policy.

EVENT SPONSORSHIP	
Apex Santa Fair	\$5000
Ministers Network	\$4000
Goldrush	\$6000
Tin Can Bay Seafood Festival	\$8850
Kilkivan Great Horse Ride	\$5000
Mary Valley Tomato Festival	\$1500
New Year's Eve Celebrations Gympie	\$12,000
Gympie District Show	\$24,500
Gympie and District Eisteddfod	\$5000
Goomeri Pumpkin Festival	\$10,500
Mary River Festival	\$4000
Rainbow Beach Fishing Classic	\$10,000
Rainbow Beach Surf Lifesaving Nippers Carnival	\$1800
Tin Can Bay Bowling Club	\$500
Heart of Gold Film Festival	\$35,000
Relay for Life	\$3000
NAIDOC Week Celebrations	\$700
Historic Auto Club Swap Meet	\$3000
<b>TOTAL</b>	<b>\$140,350</b>

COMMUNITY SUPPORT PAYMENTS	
Community Halls	\$29,000
Senior Citizens Centre	\$15,000
Gympie Showgrounds	\$65,000
Kilkivan Museum	\$15,000
Woodworks Museum	\$10,000
Helicopter Rescue	\$20,000
<b>TOTAL</b>	<b>\$154,000</b>
COMMUNITY GROUP GRANTS (Environment Levy Distribution)	
Gympie Landcare	\$60,263
Gympie Landcare (special funding round)	\$35,880
Coolooloa Coastcare	\$14,000
Coolooloa City Farm	\$20,248
Coolooloa City Farm (special funding round)	\$11,000
MRCCC	\$29,000
MRCCC (special funding round)	\$19,900
Australian Native Animal Rescue	\$2600
Australian Native Animal Rescue (special funding round)	\$8559
Coolooloa Nature	\$1711
Surfrider foundation	\$1000
Koala Action Group (special funding round)	\$4187
Private Forestry Southern Queensland (special funding round)	\$35,020
<b>TOTAL</b>	<b>\$243,367</b>
<b>TOTAL OF COMMUNITY ORGANISATION GRANTS/SUPPORT AND EVENT SPONSORSHIP FOR 2015-16</b>	<b>\$759,898</b>



# Organisational reporting requirements

## Annual strategic review

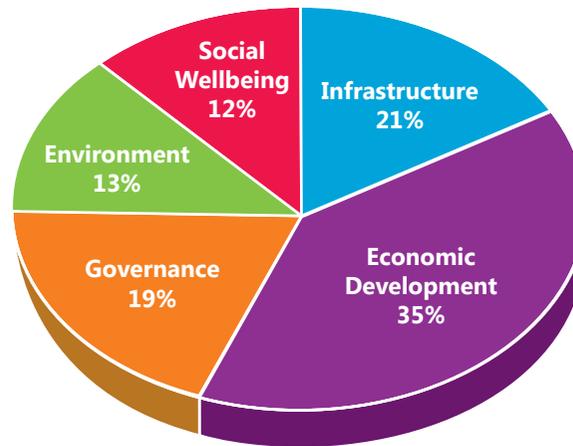
In accordance with s 190(1)(a) of the Regulation, the Chief Executive Officer must provide an assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan.

Council's corporate and operational plans are structured around a framework based on the following five key strategic themes:

- infrastructure
- economic development
- social wellbeing
- governance
- environment.

The Corporate Plan 2014–2019 articulates 31 strategic 5-year actions that the organisation used to guide the delivery of 97 targeted service activities and projects across the period as identified in the Operational Plan 2015–2016.

The following diagram displays the percentage breakdown of these activities grouped into the core strategic themes.

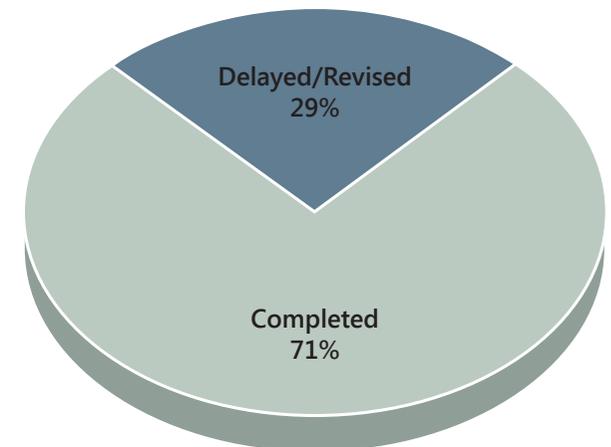


As at 30 June 2016, 71 per cent of planned operational activities and projects were categorised as 'completed'. The remaining twenty nine per cent of activities were categorised as 'delayed/revised' due to a range of factors such as budgetary constraints, resource limitations, and changes in priorities or ownership of the activities.

In the interests of improved transparency in reporting, no activity was allowed to be considered as being 'on track' or 'to be commenced' for the purpose of this end of period review. Ongoing reviews of Council's ICT systems and governance of ICT projects were undertaken during the period resulting in a major commitment to improving Council's overall ICT capacity and status proposed to commence within the 2016-2017 period.

The proposed ICT Foundation Build Program has seen a number of 2015-2016 operational plan activities rightly delayed or revised to form part of a larger, coordinated review of Council's ICT systems as noted in the Activities Update Report for the Fourth Quarter presented to Council.

The move to an action based corporate plan and an associated focus on non-business as usual activities in the operational plan has resulted in more transparent public reporting of true progress being made toward the implementation of Council's 5-year corporate plan. Overall Council has largely achieved its planned operational activities across the period which are designed to progress the vision and key strategic objectives of the corporate plan.



# Organisational reporting requirements

## Local government operations

Aligned with the requirements of s 190(1)(b) of the Regulation, the welcome message from the Mayor and the Chief Executive Officer's overview at the beginning of this document incorporate an informed assessment of the local government's operations and performance across the period.

In addition, the annual strategic review featured earlier in the report articulates Council's strong operational performance and the progress made toward achieving our core objectives.

A number of initiatives have been established from a technology, systems and customer service perspective to better enable the organisation to respond to the changing expectations of our residents and customers.

Council's ongoing commitment to an organisation wide continuous improvement approach has helped us strive to do our work in the best way possible.

## Beneficial enterprises

Further to the requirements of s 41 of the Act, Council's involvement with the following companies has been noted as conducting a beneficial enterprise.

- Mary Valley Community Holdings Ltd
- Rattler Railway Company Ltd.

## List of business activities

Section 45(a) of the Act requires that the annual report contain a list of all the business activities the local government conducted during the financial year. This list is presented in Appendix B of the report. Council did not undertake any 'significant business activities' during this period in accordance with the legislative definition of same.

## Commercial business units

In line with s 190(1)(c) of the Regulation and the threshold limits set for significant business activities, Council did not operate any commercial business units during the period. The 2015-2016 Financial Statements include a specific note to the accounts on National Competition Policy. Please refer to the audited Financial Statements.

## Details of special rates and charges

Further to s 190(1)(d) of the Regulation, Council does not have any agreement in place for conducting a joint government activity for which special rates or charges were levied during the period.

A Rural Fire Brigade Levy—as authorised under s 94(1)(b) of Act and ss 106 and 128A of the *Fire and Emergency Services Act 1990*—in the amount of \$25 applies to all rateable properties not situated in an urban fire brigade area (as defined by the Queensland Fire and Rescue Service).

Moy Pocket Road Maintenance Charge in the amount of \$129,145 applies to rateable land described as Lot 4 on Registered Plan 159242, Lot 2 on Registered Plan 187563 and Lot 1 on Survey Plan 221900, Parish of Brooloo, County of March to fund the cost of road maintenance on Moy Pocket Road.

# Organisational reporting requirements

## Summary of rate rebates and concessions

As required by s 190(1)(g) of the Regulation, the following concessions were applied.

### Pensioner remissions

Council's pensioner rate remission to eligible pensioners was allowed under s 120(1)(a) of the Regulation. The pensioner remission is \$160 per annum. Total expenditure for 2015-2016 was \$631,378.

### Deferment of liability

No such expenditure was incurred in 2015-2016. In accordance with s 125 of the Regulation, Council may grant a deferral of the time in which to make payments of overdue rates in respect of:

- A dwelling in which the applicant resides as his/her principal place of residence; or;
- All other land, where it can be substantiated in writing to the Chief Executive Officer's satisfaction that the applicant will not be able to pay all rates and charges within the prescribed period. The Chief Executive Officer shall be authorised to request further evidence that may be necessary in order to substantiate any such claim.

## Early payment discount

Discounts for prompt payments were allowed on the rates and charges stipulated in Council's Revenue Statement, as such discounts were allowed pursuant to s 130 of the Regulation.

The following discount applied if all rates and charges are paid within 30 days of the issue date:

- First rate notice – 5 per cent
- Second rate notice – 10 per cent.

Total expenditure for 2015-2016 was \$3,984,652.

## Contracts

As stipulated by s 190(1)(e) of the Regulation, the number of invitations to change tenders under s 228(7) during the financial year was nil.

## Competitive neutrality

In accordance with s 190(1)(i) and (j) of the Regulation, there were no investigation notices for competitive neutrality complaints nor any required response to the Queensland Competition Authority.

## Internal audit report

Section 105 of the Local Government Act 2009 requires that each local government must establish an internal audit function.

The functions and responsibilities of the internal audit function and of the audit committee are set out in Chapter 5, Part 11 of the Local Government Regulation 2012.

Internal Audit operates as an independent function within Council, reporting directly to the Chief Executive Officer and the Audit and Risk Management Committee with respect to audit and investigation findings.

The primary role of the internal audit function is to assist the Local Government, Chief Executive Officer, management team and the Audit and Risk Management Committee to meet their obligations relating to corporate governance, the system of internal controls and to identify more efficient, effective and economical processes. The system of internal control includes all methods and procedures adopted by management and includes management policies for the safeguarding of assets, the prevention and detection of fraud or error, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

# Organisational reporting requirements

The majority of internal audit's effort is directed towards providing assurance that the Gympie Regional Council's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner that ensures:

- risks are appropriately identified and managed
- interaction with the various governance groups occurs as needed
- significant financial, managerial and operating information is accurate, reliable and timely
- activities and actions are in compliance with policies, standards, procedures and applicable laws and regulations
- resources are economically acquired, efficiently used and adequately protected
- quality and continuous improvements are fostered in Council's control processes
- significant legislative or regulatory issues impacting Council are recognised and addressed properly
- opportunities for improving management control, sound resource management, and the Council's image are communicated to the appropriate level of management.

The Queensland Audit Office released its report on Fraud Management in Local Government in June 2015. Council adopted a Fraud and Corruption Prevention and Control Policy at its Ordinary Meeting held in June 2016. This policy is supported by an associated Control Plan which sets out a range of actions, responsibilities and time frames aimed at effectively implementing the intent of the policy on an ongoing basis. Quarterly updates on progress being achieved with the implementation of the Control Plan are being reported to the Audit and Risk Management Committee for additional oversight and input as required.

Council adopted a number of changes to the Committee's Charter from the commencement of the new term of Council the most notable being the appointment of an independent Chair to the Committee. This is considered to be in line with current best practice and provides maximum transparency to the Committee's important oversight role.

During the 2015-2016 financial year several key internal audits were conducted in line with Council's annual Internal Audit Plan. These included significant audits by qualified external auditors on Council's Payroll and Plant and Equipment areas of operation.

Recommendations stemming from internal audits are actioned as appropriate with any unresolved or identified issues monitored by Internal Audit, the Chief Executive Officer and the Audit and Risk Management Committee as required.



# Community financial report

The Community Financial Report is presented in accordance with the *Local Government Regulation 2012*, s179, which requires that this report accompany the Financial Statements in the Annual Report.

The Community Financial Report is intended to simplify complex financial information, assisting readers to evaluate Council's financial performance and financial position in a form which is easily understood by the community.

The General Purpose Financial Statements are a record of Council's financial performance for the year ended 30 June 2016.

The report highlights areas of importance to allow interested stakeholders the opportunity to make their own informed decisions. The four key financial statements for 2015-2016 and the key performance indicators are described as follows:

- **Statement of Comprehensive Income** - shows revenue, expenses and asset revaluation adjustments for the 2015-2016 year.
- **Statement of Financial Position** - shows the assets and liabilities which make up the community equity as at 30 June 2016.
- **Statement of Changes in Equity** - shows the movement in total community equity.

- **Statement of Cash Flows** - shows the nature and amount of Council's cash inflows and outflows from all activities.
- **Financial Sustainability Ratios** – for reviewing Council performance and sustainability.

## Statement of Comprehensive Income

This statement shows Council's financial performance for the year. It reflects how the money received from council operations is spent providing services to the community.

The Statement of Comprehensive Income includes both operating revenue and expenses, and capital revenue and expenses.

Operating revenue is income from Council's day-to-day operations, such as rates, fees and charges, rentals, interest, sales of contract and recoverable works, grants, subsidies, contributions and donations, etc. Operating expenses are the day-to-day costs of running the organisation, such as wages, maintenance, materials, depreciation and finance costs.

Capital revenue includes grants and developer contributions for funding capital construction projects. Capital expenditure is monies spent on assets and infrastructure, such as parks, roads, water and sewerage, land, buildings, plant and equipment.

Asset Revaluations are changes to the fair value of Council's property, plant and equipment as a result of market and cost movements.

Revenue in - Expenses out = Result for the year			
	2015-2016	2014-2015	2013-2014
Operating Revenue	\$79,891,000	\$81,162,000	\$79,229,000
Operating Expenses	-\$85,066,000	-\$77,401,000	-\$76,750,000
<b>Operating Result</b>	<b>-\$5,175,000</b>	<b>\$3,761,000</b>	<b>\$2,479,000</b>
Net Capital Revenue and Expenses	\$7,451,000	-\$4,649,000	\$13,792,000
<b>Net result</b>	<b>\$2,276,000</b>	<b>-\$888,000</b>	<b>\$16,271,000</b>
Asset Revaluation in period	\$21,976,000	-\$9,475,000	\$14,271,000
<b>Total comprehensive income for the period</b>	<b>\$24,252,000</b>	<b>-\$10,363,000</b>	<b>\$30,542,000</b>

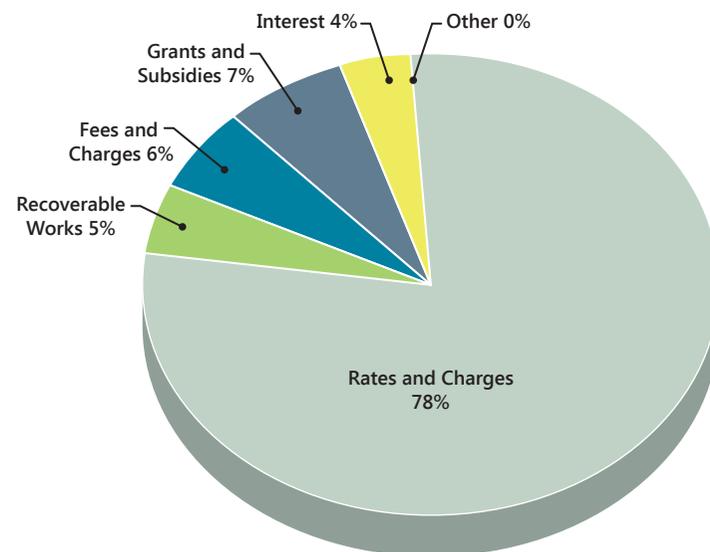
# Community financial report

## Council's revenue

Operating Revenue	2015-2016	2014-2015	2013-2014
Rates and charges	\$62,212,000	\$62,552,000	\$61,726,000
Fees and other income	\$9,016,000	\$9,199,000	\$8,232,000
Interest received	\$2,986,000	\$3,649,000	\$3,908,000
Grants and subsidies	\$5,677,000	\$5,762,000	\$5,363,000
<b>Total</b>	<b>\$79,891,000</b>	<b>\$81,162,000</b>	<b>\$79,229,000</b>

Total income (revenue) for 2015-2016 was \$94.3 million, being \$79.9 million from operations and \$14.4 million from capital sources. The major source of operating revenue was rates and utility charges of \$62 million or around 78 per cent of the total. The number of rateable properties in the Region was 24,754 (2014-2015 was 24,688).

As rates and charges make up 78 per cent of operating revenue, Council has a low reliance on external funding – this provides Council with financial flexibility and assists in determining its rates and charges income and not have significant reliance on grants and subsidies which is out of its control.



Operating Revenue 2015-2016



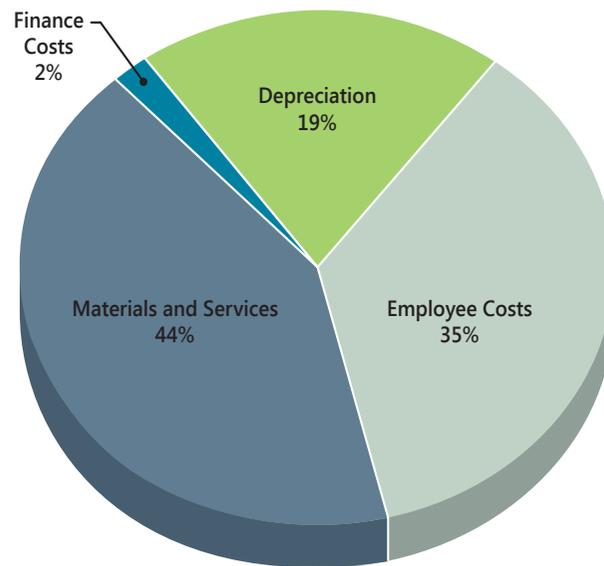
# Community financial report

## Council's Expenses

Operating Expenses	2015-2016	2014-2015	2013-2014
Employee costs	\$29,742,000	\$29,114,000	\$29,475,000
Materials and services	\$37,402,000	\$30,938,000	\$30,454,000
Depreciation	\$16,252,000	\$15,779,000	\$15,114,000
Finance costs and other	\$1,670,000	\$1,570,000	\$1,707,000
<b>Total</b>	<b>\$85,066,000</b>	<b>\$77,401,000</b>	<b>\$76,750,000</b>

Council provides a wide range of more than 100 different services to the community. Work is completed by Council staff and contractors. Council policy is to encourage the use of local suppliers, where possible, so that the money stays within our community and boosts the local economy. Services provided by Council include planning and development, economic development, tourism, recreation and sport, airport, saleyards, community and culture, health and environment, waste management, water and sewerage, and roads infrastructure.

Depreciation is the annual consumption of assets or the decline in value of the assets controlled by Council. Council needs to raise sufficient revenue each year to cover the amount of depreciation so that the future replacement of those assets can be funded. Council has achieved this through the reporting of an operating surplus.



Operating Expenses 2015-2016



# Community financial report

## Statement of Financial Position

The Statement of Financial Position shows what council owns (assets), what council owes (liabilities) and our net community wealth (equity).

### Council's Assets

The total value of assets was \$1,188 million (2014-2015 \$1,168m). Council's assets include land and buildings, roads, water and sewerage infrastructure, other infrastructure, plant and equipment and intangibles. In addition, Council holds other short term assets including cash held in bank accounts and investments of approximately \$71 million to assist with the funding of future operations of Council including the provision of infrastructure projects.

The value of community assets has increased due to revaluations, replacements and assets being provided to support the growing population. Council's funding of these assets is provided through cash resources, grants, contributions and where appropriate, loan funding.

### Council's Liabilities

The total liabilities of Council were \$55 million (2014-2015 \$58.7m). Council's liabilities include amounts owing to employees for annual leave, long service leave and sick leave entitlements of \$12 million (2014-2015 \$12m), amounts payable to suppliers and contractors \$4 million (2014-2015 \$7.9m), monies paid in advance to Council \$2 million (2014-2015 \$0.6m) and loans \$21.7 million (2014-2015 \$22.9m). Affordability indicators show that Council is well placed to service its debt position.

### Council's Community Equity

Council's Community Equity is the wealth of the region (what our community owns). It is the result of Council's assets less Council's liabilities.

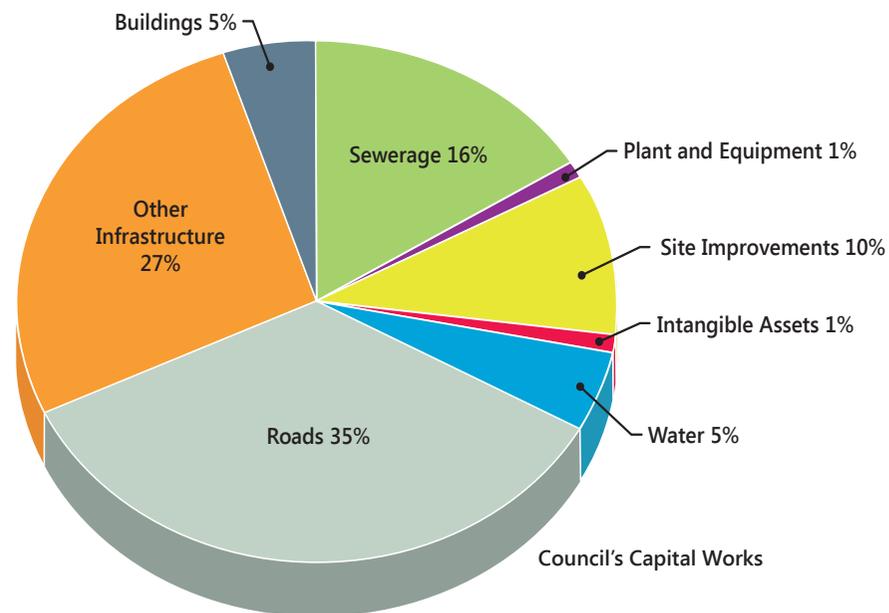
In 2015-2016, our Community Equity was \$1,133 million (2014-2015 \$1,109 m).

	2015-2016	2014-2015	2013-2014
Assets	\$1,188,018,000	\$1,167,535,000	\$1,158,992,000
Less Liabilities	-\$54,977,000	-\$58,746,000	-\$39,841,000
<b>Equity</b>	<b>\$1,133,041,000</b>	<b>\$1,108,789,000</b>	<b>\$1,119,151,000</b>
<b>Represented by:</b>			
Retained Surplus/Deficit	\$0	\$0	\$681,000
Council Capital	\$702,941,000	\$632,934,000	\$615,990,000
Asset Revaluation Surplus	\$430,100,000	\$408,124,000	\$417,598,000
General Reserves	\$0	\$67,731,000	\$84,882,000
	<b>\$1,133,041,000</b>	<b>\$1,108,789,000</b>	<b>\$1,119,151,000</b>

# Community financial report

## Council's Capital Works

Council's investment in community infrastructure or completed Capital Works was \$32 million (2014-2015 \$36m).



## Statement of Cash Flows

The Statement of Cash Flows shows how Council receives and spends money during the year. Council's cash held at the end of the reporting period was \$71.3 million (2014-2015 \$84.4m). Cash on hand consists of:

- working capital cash to meet the day-to-day funding requirements; and
- restricted cash; funds set aside by Council to meet grant and contribution obligations as well as its own requirements for future identified capital and operating projects.

	2015-2016	2014-2015	2013-2014
Cash Opening Balance	\$84,357,000	\$88,251,000	\$93,526,000
Plus Cash Received	\$97,416,000	\$96,020,000	\$103,902,000
Less Cash Spent	-\$110,431,000	-\$99,914,000	-\$109,177,000
<b>Cash Closing Balance</b>	<b>\$71,342,000</b>	<b>\$84,357,000</b>	<b>\$88,251,000</b>

# Community financial report

## Council's Financial Sustainability

### Relevant Measures

Council's key measure of sustainability revolves around the maintenance of its capital value and capacity.

Council's Financial Statements and Long Term Financial Forecast are prepared on the consistent basis of identifying its capital value and monitoring the maintenance of that value. The main indicator that capital capacity is being maintained is the achievement of an operating surplus for the reporting period. The Financial Statements for the year to June 2016 show the net operating result, which is prior to capital grants and contributions being included, as a deficit of \$5.17 million.

For the year ended June 2015, the net operating result was a surplus of \$3.76 million. Council's capital value at June 2016 was \$1,099 million compared to \$1,067 million at June 2015, with further increases expected over the next 10 years.

### Financial Management Strategy

Council's financial management strategy is focused on the maintenance of the capital value required to deliver community services at a sustainable level into the future.

The asset management plans forecast replacement and renewal costs over the next 10 years. Funds required to cover this expenditure are compared to the funds provided from the funding of depreciation expense on existing assets. If a shortfall (gap) is identified, then alternative strategies are investigated to bridge this funding gap. These include:

1. surplus funds that may exist from current operating surpluses;
2. increasing pricing for services rendered;
3. rescheduling of maintenance and capital works;
4. long term borrowing;
5. evaluating the level of service that is affordable.

These strategies are applied within individual business units, e.g. water and sewerage and the rest of Council programs.



# Community financial report

## Council's Financial Sustainability Ratios

<b>Asset Sustainability Ratio</b>	<i>Capital expenditure on replacement assets divided by depreciation expense</i>	<ul style="list-style-type: none"> <li>Indicator suggests percentage should be &gt;90%</li> <li>This indicator should be averaged over at least 10 years. Not an annual expectation.</li> <li>Shows the amount spent on replacement/renewal assets compared to the annual depreciation of those assets.</li> </ul>
<b>Operating Surplus Ratio</b>	<i>Net operating result divided by total operating revenue</i>	<ul style="list-style-type: none"> <li>Guidance range is 0% to 10%.</li> <li>Indicates ability to maintain and expand council's capital value and services from own resources.</li> </ul>
<b>Net Financial Liability Ratio</b>	<i>Total liabilities less current assets divided by total operating revenue</i>	<ul style="list-style-type: none"> <li>Guidance range is – not greater than 60%.</li> <li>Gympie Regional Council has a negative percentage because current assets exceed total liabilities. This indicates a very strong financial position.</li> </ul>

		Actual Results		Long Term Financial Plan Projections - Budget Years									
Ratio	Target	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2023-2024	2024-2025
Asset Sustainability	>90%	170.15%	107.19%	91.9%	73.0%	81.7%	65.7%	48.8%	48.7%	50.6%	53.7%	55.5%	46.83%
Operating Surplus	0% - 10%	4.63%	-6.48%	1.5%	2.1%	3.7%	5.4%	7.3%	9.3%	11.4%	13.5%	15.6%	4.99%
Net Financial Liability	<60%	-51.78%	-42.44%	-23.4%	-15.6%	-22.0%	-33.3%	-45.4%	-62.7%	-80.8%	-99.3%	-118.4%	-68.24%

# Appendix A: Minutes extract

## Councillor Expenses Reimbursement Policy

The Councillor Expenses Reimbursement Policy (GRC011) was last amended by Council at its Ordinary Meeting held on 16 June 2016 via minute M07/06/16.

A full copy of the Councillor Expenses Reimbursement Policy is available from Council's website under the Publication Scheme and also as the attachment document to minute M07/06/16 available from the Minutes section of our website.

## Valuation of non-current physical assets

No resolutions were passed during the period in relation to s 206(2) of the Regulation which deals with setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.

# Appendix B: List of business activities

Further to the requirements of s45(a) of the Act the following list of business activities is presented as aligned to the key strategic themes of Council's Corporate Plan 2014-2019.

<b>Infrastructure ... planned, connected and safe</b>	Aerodromes Asset construction Caravan parks Community facilities Depot and workshop operations Design Disaster management Engineering operations and administration	Fleet/plant operations Footpaths, verges and non-developed land Foreshores Main roads (contract work) Other recoverable works Parks Public amenities Quarry strategy and operations	Saleyards Sewerage administration, planning and design Sewerage maintenance Sewerage operations Swimming pools Water administration, planning and design Water maintenance Water operations
<b>Economic development ... vibrant, strong and resilient</b>	Development assessment and compliance Destination Gympie Region	Economic development Events	Industry development Strategic and regional planning
<b>Governance ... cohesive, responsible and transparent</b>	Asset Management System Business continuity Capital works Change management Community/regional engagement Council business operations Council executive management Councillor support services Customer contact Election services	Financial accounting Geographical Information Systems Governance – Legal Information and communication technology system Insurance Internal audit Internal systems Management accounting Media and public relations	People and organisational development Procurement management and stores Property management Rating Records management Right to Information and Privacy related Risk management Work health and safety
<b>Environment ... sustainable, managed and healthy</b>	Animal control services Energy efficiency Environmental health regulation Building regulatory services	Cemetery management Environmental planning Environmental protection Environmental services	Lands protection Local Law services Plumbing regulatory services Waste management
<b>Social wellbeing ... active, diverse, creative and empowered</b>	Art Gallery Arts and culture Community development	Gympie Aquatic Recreation Centre Heritage facilities and museums Heritage planning and awareness	Libraries Open space and recreation

# Appendix C: Report on water and sewerage services 2015-16

## Introduction

The *Water Supply (Safety and Reliability) Act 2008* requires registered service providers to prepare an annual report on their Customer Service Standard (CSS). This annual report provides a comparison of actual performance against targets set in the CSS.

## Overview of services

Council operates and maintains water supply schemes in Gympie, Imbil, Kandanga, Amamoor, Kilkivan, Goomeri, Rainbow Beach and Tin Can Bay/Cooloola Cove. Summaries of scheme statistics are shown in the following tables.

**Table 1: Water Supply Summary**

No of properties connected to water supply system	13,327
Total water used (ML)	3701
Average metered yearly water use per connected property (kL)	277
Total length of water mains (km)	422

**Table 2: Sewerage Summary**

Number of assessments	11,530
Total waste water stream (ML)	2500
Average yearly flow per assessment (kL)	217
Total length of sewer mains (km)	416

## Performance assessment

A summary of performance indicators, targets, actual performance and confidence levels for Council's water supply and sewerage schemes are presented in Table 3.

The confidence levels (reliability and accuracy bands) used in our annual report are based on those in the Department of Environment and Resource Management's Guidelines for Preparing Strategic Asset Management Plans. An excerpt explaining the application of these confidence levels is included at the end of this report.

## Improvements in 2015-2016

Improvements to service performance compared to 2014/15 include:

- The sewage pump stations refurbishment program has continued.
- An ongoing CCTV program has identified areas where preventative and remedial action would be beneficial
- A sewer main relining program has continued in Gympie and towns on the Cooloola Coast. This program has reduced intrusion of saline groundwater to collection systems and
- given extended life to infrastructure which has reached the end of its useful life.
- The Southside Sewerage Program has progressed.
- Work has commenced on the upgrading of the water treatment plants at Imbil, Kandanga and Amamoor.
- Improvements have been commenced on Council's telemetry and alarm systems.

# Appendix C: Report on water and sewerage services 2015-16

Table 3: Water services performance assessment

Performance Indicator	Target	Actual	Target Reached Yes/No	Confidence Reliability	Grading Accuracy
<b>Continuity of your water supply</b>					
Planned interruptions per 100km of water main/year (incidents)	<10	8.0	Yes	B	3
Unplanned interruptions per 100km of water main/year (incidents)	<10	6.5	Y	B	3
Unplanned interruptions per 1000 connections/year	<5	2.0	Y	B	3
Response/reaction time to all incidents	<90 min	35	Y	C	5
<b>Adequacy and quality of normal supply</b>					
Minimum water pressure expectation at boundary: - Demand Flow - Constant Flow	<12m head <12m head	100per cent	Y	A	1
Minimum flow: - Demand Flow - Constant Flow	20L/minute 1L/minute	100per cent	Y	A	1
Compliance with NHMRC Guidelines (physical, chemical, microbiological)	>98 per cent	99 per cent *(1)	Y	A	2
Drinking water quality complaints per 1000 connections/year	<10	1	Y	B	5
<b>Continuity of sewerage</b>					
Number of sewer main breaks and chokes per 100km mains/year	<25	5	Y	B	3
Total sewage overflow incidents per year	<10	3	Y	B	3
Restoration of services	90 per cent within 5 hours	120	Y	C	5
Response time to all incidents	<90 minutes	60	Y	C	5
Total water and sewerage complaints per 1000 properties	<100	4	Y	C	5

\*(1) Some water supplies have hardness which is slightly above the Aesthetic Guideline Limit. All results complied with the guidelines for health based physical and chemical parameters.

Further information in relation to Water and Sewerage performance is published annually on Council's website [gympie.qld.gov.au/water-and-sewerage](http://gympie.qld.gov.au/water-and-sewerage).

# Appendix C: Report on water and sewerage services 2015-16

## Confidence gradings for levels of service data

A service provider should assign a “confidence rating” when reporting the actual level of service achieved against the level of service standards.

The “confidence grading” should identify a “reliability band” and an “accuracy band” for each item of data.

Reliability Bands		
A	Highly reliable	Data is based on sound records, procedures, investigations or analyses that are properly documented and recognised as the best available assessment methods.
B	Reliable	Generally as in “A”, but with minor shortcomings e.g. some of the documentation is missing, the assessment is old, or some reliance on unconfirmed reports, or there is some extrapolation are made (e.g. extrapolations from records that cover more than 50 per cent of the service provider’s system).
C	Unreliable	Generally as in “A” or “B”, but data is based on extrapolations from records that cover more than 30 per cent (but less than 50 per cent) of the service provider’s system.
D	Highly unreliable	Data is based on unconfirmed verbal reports and/or cursory inspections or analysis, including extrapolations from such reports/inspections/analysis.

Accuracy Bands	
1	+/- 1 per cent
2	+/- 5 per cent
3	+/- 10 per cent
4	+/- 25 per cent
5	+/- 50 per cent
6	+/- 100 per cent

*For example:* In reporting on achievement against the level of service target for the number of interruptions per ‘000’ connections, the confidence grading assigned was A2. That is, the data was based on sound records (Highly reliable – band A) estimated to be within +/- 5 per cent (Accuracy Band -2). The grading assigned depends on the type and sophistication of monitoring systems that are in place. For example, system water loss could be measured by comprehensive metering (higher grading) or simply by a drop test (lesser grading). The feasibility and efficacy of employing different measurement tools will vary between service providers depending on the size, nature and complexity of the system and available resources.



# Appendix D: Financial statements

## General Purpose Financial Statements

for the year ended 30 June 2016

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Certificate of Accuracy - Current Year Financial Sustainability Statement

Independent Auditor's Report - Current Year Financial Sustainability Statement

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Certificate of Accuracy - Long Term Financial Sustainability Statement

# Appendix D: Financial statements

## Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Income</b>			
<i>Revenue</i>			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	62,212	62,552
Fees and Charges	3b	4,958	4,002
Rental Income		284	340
Interest and Investment Revenue	3c	2,986	3,649
Sales Revenue	3d	3,356	4,669
Other Income		418	188
Grants, Subsidies, Contributions and Donations	4a	5,677	5,762
<b>Total Recurrent Revenue</b>		<b>79,891</b>	<b>81,162</b>
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	14,394	10,994
<b>Total Income</b>		<b>94,285</b>	<b>92,156</b>
<b>Expenses</b>			
<i>Recurrent Expenses</i>			
Employee Benefits	5	29,742	29,114
Materials and Services	6	37,402	30,938
Finance Costs		1,670	1,570
Depreciation and Amortisation	11	16,252	15,779
<b>Total Recurrent Expenses</b>		<b>85,066</b>	<b>77,401</b>
Capital Expenses	7	6,943	15,643
<b>Total Expenses</b>		<b>92,009</b>	<b>93,044</b>
<b>Net Result</b>		<b>2,276</b>	<b>(888)</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to the Net Result</i>			
Increase/(decrease) in asset revaluation surplus	16	21,976	(9,475)
<b>Total Other Comprehensive Income</b>		<b>21,976</b>	<b>(9,475)</b>
<b>Total Comprehensive Income</b>		<b>24,252</b>	<b>(10,363)</b>

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

# Appendix D: Financial statements

## Statement of Financial Position for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	71,342	84,357
Trade and Other Receivables	9	13,297	13,690
Inventories	10	4,242	2,729
<b>Total Current Assets</b>		<b>88,881</b>	<b>100,776</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables	9	240	289
Property, Plant and Equipment	11	1,098,897	1,066,470
<b>Total Non-Current Assets</b>		<b>1,099,137</b>	<b>1,066,759</b>
<b>TOTAL ASSETS</b>		<b>1,188,018</b>	<b>1,167,535</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	10,177	14,234
Borrowings	14	1,251	1,236
Provisions	15	7,178	7,028
Other Liabilities – Unearned Revenue		2,003	606
<b>Total Current Liabilities</b>		<b>20,609</b>	<b>23,104</b>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	13	122	116
Borrowings	14	20,478	21,714
Provisions	15	13,768	13,812
<b>Total Non-Current Liabilities</b>		<b>34,368</b>	<b>35,642</b>
<b>TOTAL LIABILITIES</b>		<b>54,977</b>	<b>58,746</b>
<b>Net Community Assets</b>		<b>1,133,041</b>	<b>1,108,789</b>
<b>COMMUNITY EQUITY</b>			
Asset Revaluation Surplus	16	430,100	408,124
Retained Surplus		702,941	632,934
Reserves		-	67,731
<b>Total Community Equity</b>		<b>1,133,041</b>	<b>1,108,789</b>

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

# Appendix D: Financial statements

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

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
<b>2016</b>					
<b>Opening Balance</b>		408,124	632,933	67,732	1,108,789
<b>Net Operating Surplus for the Year</b>		-	2,276	-	2,276
Other Comprehensive Income					
- Increase in Asset Revaluation Surplus	16	21,976	-	-	21,976
<b>Other Comprehensive Income</b>		21,976	-	-	21,976
<b>Total Comprehensive Income</b>		<u>21,976</u>	<u>2,276</u>		<u>24,252</u>
Transfers to Reserves		-	(214)	214	-
Transfers from Reserves (1)		-	67,946	(67,946)	-
<b>Equity Balance as at 30 June 2016</b>		<u>430,100</u>	<u>702,941</u>	<u>-</u>	<u>1,133,041</u>

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Other Reserves \$'000	Total Equity \$'000
<b>2015</b>					
<b>Opening Balance</b>		417,599	616,670	84,883	1,119,152
<b>Net Operating Surplus for the Year</b>		-	(888)	-	(888)
Other Comprehensive Income					
- Increase in Asset Revaluation Surplus	16	(9,475)	-	-	(9,475)
<b>Other Comprehensive Income</b>		<u>(9,475)</u>	<u>-</u>	<u>-</u>	<u>(9,475)</u>
<b>Total Comprehensive Income</b>		<u>(9,475)</u>	<u>(888)</u>	<u>-</u>	<u>(10,363)</u>
Transfers to/(from) Reserves		-	17,151	(17,151)	-
<b>Equity Balance as at 30 June 2015</b>		<u>408,124</u>	<u>632,933</u>	<u>67,732</u>	<u>1,108,789</u>

(1) Transfers from Reserves

The Council's Cash and Cash Equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years the Council accounted for these restrictions using a system of Reserves.

On 16 June 2016 the Council passed a resolution to close all existing Reserves and account for these Restrictions using an internal management accounting system.

All existing Reserve balances were transferred to Retained Surplus on that date.

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

# Appendix D: Financial statements

## Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		73,404	76,491
Payments to Suppliers and Employees		(72,305)	(65,788)
		1,099	10,703
<b>Receipts:</b>			
Investment and Interest Revenue Received		3,006	3,737
Non Capital Grants and Contributions		4,988	5,762
Other		-	-
<b>Payments:</b>			
Borrowing Costs		(1,670)	(1,525)
<b>Net Cash Inflow from Operating Activities</b>	21	<u>7,423</u>	<u>18,677</u>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts:</b>			
Sale of Investment Securities		-	4,000
Sale of Property, Plant and Equipment		1,137	883
Grants, Subsidies, Contributions and Donations		14,881	9,147
<b>Payments:</b>			
Purchase of Real Estate Assets		-	-
Purchase of Property, Plant and Equipment		(35,235)	(35,426)
<b>Net Cash Outflow from Investing Activities</b>		<u>(19,217)</u>	<u>(21,396)</u>
<b>Cash Flows from Financing Activities</b>			
<b>Payments:</b>			
Repayment of Borrowings and Advances		(1,221)	(1,175)
<b>Net Cash Outflow from Financing Activities</b>		<u>(1,221)</u>	<u>(1,175)</u>
<b>Net Increase/(Decrease) for the year</b>		(13,015)	(3,894)
Cash and Cash Equivalents at beginning of the financial year		84,357	88,251
<b>Cash and Cash Equivalents at end of financial year</b>	8	<u><u>71,342</u></u>	<u><u>84,357</u></u>

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

# Appendix D: Financial statements

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

### Note 1. Summary of Significant Accounting Policies

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#### (1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- Financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value;
- Assets held for sale which are measured at fair value less cost of disposal.

#### Recurrent/capital classification

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

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

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

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

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

The Gympie Regional Council is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

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

The Council has an interest in two controlled entities during the year being:

- Mary Valley Community Holding Limited;
- Rattler Railway Company Limited

These controlled entities have not been consolidated because they are not considered material.

Details are provided in Note 25.

#### (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) 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.d) Adoption of New and Revised Accounting Standards

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

# Appendix D: Financial statements

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

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

#### (1.e) Critical accounting judgements and key sources of estimation uncertainty

In the application of the 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 1.j and Note 12
- Provisions - Note 1.p and Note 15
- Contingencies - Note 18.

#### (1.f) Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

##### Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

##### Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which the Council obtains control over them.

##### Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to the Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the

Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

##### Cash contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

##### Interest

Interest received from term deposits is accrued over the term of the investment.

##### Fees and Charges

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

#### (1.g) Financial assets and Financial liabilities

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

Gympie Regional Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

##### Financial assets

- Cash and cash equivalents (Note h)
- Receivables - measured at amortised cost (Note 1(i))

##### Financial liabilities

- Payables - measured at amortised cost (Note 1.m)
- Borrowings - measured at amortised cost (Note 1.o)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 23.

# Appendix D: Financial statements

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

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

#### (1.h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, 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.

##### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans and Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

#### (1.i) Trade and Other Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. 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.

Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

#### (1.j) Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment, buildings and infrastructure assets with a total value of less than \$5,000, and intangible assets with a total value of less than \$50,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes and the range of useful lives of property, plant and equipment recognised by the Council are:

Category	Years
Land and Improvements	Land not depreciated
- Improvements	6 - 210
Buildings	12 - 200
Plant and Equipment	
- Major Plant	5 - 20
- Other Plant and Equipment	1 - 25
Infrastructure	
- Roads, Bridges and Drainage	20 - 180
- Water	10 - 100
- Sewerage	5 - 100
- Other Infrastructure Assets	17 - 120
Work in Progress	Not Depreciated

##### Acquisition of assets

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

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

# Appendix D: Financial statements

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

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

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#### Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of 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.

#### Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 -Property, Plant and Equipment and AASB 13 - Fair Value measurement. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, the Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination

with indexes provided by our valuers. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 12.

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

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

Separately identified components of assets are measured on the same basis as the assets to which they relate.

#### Heavy Plant

The Council has determined that plant in the following categories is recognised as heavy plant:

- Trucks
- Tractors
- Loaders
- Rollers
- Graders
- Forklifts
- Excavators
- Backhoes
- Compactors

# Appendix D: Financial statements

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

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

Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment.

#### Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

#### Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

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.

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

cost are used to estimate the useful lives of these assets at each reporting date.

#### **(1.k) Impairment of Non-Current Assets**

Each non-current physical asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the assets'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 as an expense 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 expense.

#### **(1.l) Inventories**

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

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

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

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

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#### (1.m) Payables

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

#### (1.n) Liabilities - Employee Benefits

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. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

##### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 13 as a payable.

##### Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 13 as a payable. As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

##### Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 13 as a payable.

##### Superannuation

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 19.

##### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 15 as a provision.

Where employees have met the prerequisite length of service and the Council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

#### (1.o) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the Local Government Regulation 2012 the council adopts an annual debt policy that sets out the council's planned borrowings for the next nine years. The council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. The Council also complies with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

# Appendix D: Financial statements

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

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

#### (1.p) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense/finance cost.

#### Restoration Provisions

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

#### *Landfill sites restoration*

The provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as 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 dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2017 and that the restoration will occur progressively over the subsequent four years.

As landfill sites are on state reserves which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

#### *Quarry Rehabilitation*

The provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as 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 quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2050.

Quarries are situated on Council controlled land and are classified as land and improvement assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life of the quarry. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any). Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

# Appendix D: Financial statements

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

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

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#### (1.q) National Competition Policy

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 24.

#### (1.r) Rounding and Comparatives

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

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

#### (1.s) 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.

The controlled entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the Local Government Act 2009.

Where an activity of the controlled entity of the Council is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

The Council pays payroll tax to the Queensland Government on certain activities.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

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

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

#### OFFICE OF THE CEO

The Office of the CEO ensures Council is open, accountable and transparent by setting goals and objectives to benefit the citizens of the Gympie Region. Providing direction, support, co-ordination and a sound resource management policy, it allows for effective and efficient management of Council's assets and resources.

The branches within the Office of the CEO are: Audit and Risk, Governance, People and Development, Media Communications, Destination Gympie and Economic Development. Elected members are also part of the Office of the CEO.

#### DIRECTORATE OF CORPORATE AND COMMUNITY SERVICES

To enhance and preserve the lifestyle of all the Gympie Region's residents and visitors by providing services and facilities for recreation, leisure, sport and cultural enrichment and preserving the entire Region's heritage. Additionally, this Directorate provides sound resource management policy through effective and efficient management of Council's assets and resources.

The branches within the Directorate of Corporate and Community Services are: Finance, Procurement, Information and Communication Technology, Library Services, Property Management, Customer Service, Community Facilities, Art Gallery, Records and Branch Services.

#### DIRECTORATE OF ENGINEERING

To provide and preserve a safe and attractive natural and built environment by preservation, protection, maintenance and development of the Region's open spaces and foreshores in accordance with community needs. To provide opportunities for the Region's residents and visitors to access information that will enhance quality of life and facilitate life-long learning.

The branches within the Directorate of Engineering are: Design Services, Water and Sewerage.

#### DIRECTORATE OF INFRASTRUCTURE

To provide well-constructed safe efficient infrastructure networks and engineering services that will meet community needs.

The branches within the Directorate of Infrastructure are: Lands Protection, Depot Operations, Disaster Management, Parks, Waste and Construction and Maintenance.

#### DIRECTORATE OF PLANNING AND DEVELOPMENT

To provide a planning framework that stimulates and co-ordinates investments in the Region while respecting the environmental values, community values and infrastructure needs to enhance the lifestyles of residents.

The branches within the Directorate of Planning and Development are: Strategic Planning, Environmental Planning, Building and Plumbing, Local Laws, Regulatory Services and Compliance.

#### WATER PROGRAM

To meet the community needs for potable water by efficient purchase, treatment, storage and distribution of water to consumers.

#### SEWERAGE PROGRAM

To protect public health, safety and the environment by the provision of an efficient system for safe collection, transportation, treatment and disposal of sewerage waste.

#### WASTE

To protect and support our community and natural environment by sustainably managing refuse which includes collection, recycling and disposal of domestic, commercial and industrial solid waste, planning for and delivering solid waste infrastructure and maintenance of the community's solid waste infrastructure.

# Appendix D: Financial statements

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

## Note 2(b). Analysis of Results by Function

Functions	Gross Program Income				Total Income	Gross Program Expenses			Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Grants	Other	Grants	Other		Recurring	Capital					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2016</b>												
Office of the CEO	94	76	-	-	170	6,410	-	6,410	(6,240)	(6,240)	251	
Directorate Corporate and Community Services	356	35,139	5	14	35,514	19,815	450	20,265	15,680	15,249	215,532	
Directorate Engineering	5,119	76	6,891	932	13,018	10,272	5,428	15,700	(5,077)	(2,682)	12,365	
Directorate Infrastructure	94	4,085	5,357	104	9,640	18,334	101	18,435	(14,155)	(8,795)	707,958	
Directorate Planning and Development	-	3,239	98	-	3,337	7,188	-	7,188	(3,949)	(3,851)	5,072	
Water Program	-	9,991	-	436	10,427	6,260	324	6,584	3,731	3,843	93,339	
Sewerage Program	-	11,242	556	--	11,798	7,623	640	8,263	3,619	3,535	143,523	
Waste	-	10,381	-	-	10,381	9,164	-	9,164	1,217	1,217	9,978	
<b>Total</b>	<b>5,663</b>	<b>74,229</b>	<b>12,907</b>	<b>1,486</b>	<b>94,285</b>	<b>85,066</b>	<b>6,943</b>	<b>92,009</b>	<b>(5,174)</b>	<b>2,276</b>	<b>1,188,018</b>	
<b>Functions</b>												
	Gross Program Income				Total Income	Gross Program Expenses			Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Grants	Other	Grants	Other	Income	Recurring	Capital		Expenses	Operations		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015</b>												
Office of the CEO	29	96	-	-	125	(6,612)	-	(6,612)	(6,487)	(6,487)	81	
Directorate Corporate and Community Services	3,801	34,141	68	-	38,010	(15,635)	(99)	(15,734)	22,307	22,276	219,014	
Directorate Engineering	-	13	5,243	1,913	7,169	(2,931)	-	(2,931)	(2,918)	4,238	19,090	
Directorate Infrastructure	1,902	7,865	2,082	322	12,171	(26,826)	(4,237)	(31,063)	(17,059)	(18,892)	704,786	
Directorate Planning and Development	-	2,678	115	-	2,793	(5,955)	-	(5,955)	(3,277)	(3,161)	4,907	
Water Program	-	9,868	-	528	10,396	(5,096)	-	(5,096)	4,772	5,301	87,993	
Sewerage Program	-	10,483	-	722	11,205	(7,081)	-	(7,081)	3,401	4,123	122,049	
Waste	-	10,286	-	-	10,286	(7,265)	(11,306)	(18,571)	3,021	(8,285)	9,615	
<b>Total</b>	<b>5,732</b>	<b>75,430</b>	<b>7,508</b>	<b>3,485</b>	<b>92,155</b>	<b>(77,401)</b>	<b>(15,642)</b>	<b>(93,043)</b>	<b>3,760</b>	<b>(887)</b>	<b>1,167,535</b>	

# Appendix D: Financial statements

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

### Note 3. Revenue Analysis

Notes	2016 \$'000	2015 \$'000
<b>(a). Rates, Levies and Charges</b>		
General Rates	33,177	32,208
Separate Rates	5,684	5,625
Special Levies	401	291
Water	8,835	8,964
Water Consumption, Rental and Sundries	733	641
Sewerage	10,572	10,073
Sewerage Trade Waste	-	-
Garbage Charges	7,425	7,858
<b>Total rates and utility charge revenue</b>	<b>66,827</b>	<b>65,660</b>
Less: Discounts	(3,984)	(2,483)
Less: Pensioner remissions	(631)	(625)
<b>TOTAL RATES, LEVIES AND CHARGES</b>	<b>62,212</b>	<b>62,552</b>
<b>(b). Fees and Charges</b>		
Search Fees	339	313
Building Fees and Charges	385	291
Development Fees	284	138
Animal Registrations	114	101
Inspection Fees	743	473
Fines and Infringements	12	3
Licences and Permits	20	85
Parking Fees and Fines	123	87
Other Statutory Fees	689	589
User Fees and Charges	2,249	1,922
<b>TOTAL FEES AND CHARGES</b>	<b>4,958</b>	<b>4,002</b>
<b>(c). Interest and Investment Revenue</b>		
Interest Received from Investments	2,674	3,000
Interest from Overdue Rates and Utility Charges	312	649
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>2,986</b>	<b>3,649</b>

# Appendix D: Financial statements

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

### Note 3. Revenue Analysis (continued)

	Notes	2016 \$'000	2015 \$'000
<b>(d). Sales Revenue</b>			
Transport and Main Roads		3,058	4,540
Other		298	129
<b>TOTAL SALES REVENUE</b>		<b>3,356</b>	<b>4,669</b>

### Note 4. Grants, Subsidies, Contributions and Donations

#### (a) Recurrent

General Purpose Grants		5,119	5,226
State Government Subsidies and Grants		544	506
Donations		-	28
Contributions		14	2
<b>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</b>		<b>5,677</b>	<b>5,762</b>

#### (b) Capital

State Government Subsidies and Grants		1,543	6,914
Commonwealth Government Subsidies and Grants		10,179	594
Donated Assets		608	-
Contributions		2,064	3,486
<b>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</b>		<b>14,394</b>	<b>10,994</b>

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 4. Grants, Subsidies, Contributions and Donations (Continued)

Notes	2016 \$'000	2015 \$'000
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#### Conditions over Contributions

Contributions 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:

Developer Contributions for Infrastructure	1,998	3,486
	1,998	3,486

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

Non-Reciprocal Grants for Expenditure on Infrastructure	5,215	4,643
Developer Contributions Expended on Infrastructure	1,026	1,634
	6,241	6,277

### Note 5. Employee Benefits

Wages and Salaries	21,121	20,298
Annual, Sick and Long Service Leave Entitlements	5,970	5,080
Superannuation	3,992	3,363
Councillors Remuneration	642	579

19

31,725      29,320

Other Employee Related Expenses	819	845
	32,544	30,165

Less: Capitalised Employee Expenses	(2,802)	(1,051)
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#### TOTAL EMPLOYEE BENEFITS

29,742      29,114

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

Additional information:

Total Employees at year end:		
Administration Staff	243	242
Depot and Outdoors Staff	220	204
Total full time equivalent employees	463	446

Total Elected members	9	9
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# Appendix D: Financial statements

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

### Note 6. Materials and Services

	Notes	2016 \$'000	2015 \$'000
Audit of Annual Financial Statements by the Auditor-General of Queensland		70	84
Office of the CEO		2,773	2,375
Directorate of Corporate and Community Services		10,807	6,431
Directorate of Engineering		1,500	894
Directorate of Infrastructure		7,215	10,709
Directorate of Planning and Development		3,110	1,810
Water Program		2,324	1,869
Sewerage Program		2,604	2,007
Waste		6,999	4,759
<b>TOTAL MATERIALS AND SERVICES</b>		<b>37,402</b>	<b>30,938</b>

### Note 7. Capital Expenses

#### (a) Loss on disposal of non-current assets

Proceeds from the Disposal of Property, Plant and Equipment		660	579
Less: Book Value of Property, Plant and Equipment Disposed	11	(590)	(624)
		(70)	45
Proceeds from Other Assets - Other Non-Current Assets		632	304
Less: Book Value of Other Non-Current Assets Disposed	11	(1,139)	(832)
		507	528
<b>Loss on disposal of non-current assets</b>		<b>437</b>	<b>573</b>

#### (b) Other capital expenses

Loss on Write-Off of Assets		6,506	1,902
Recognition of the Rehabilitation Provision requiring future expenditure		-	13,167
		6,506	15,069
<b>TOTAL CAPITAL EXPENSES</b>		<b>6,943</b>	<b>15,642</b>

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 8. Cash, Cash Equivalents and Investments

Notes	2016 \$'000	2015 \$'000
<b>Cash and Cash Equivalents</b>		
Cash at Bank and on Hand	983	1,948
Cash Equivalent Assets <sup>1</sup>		
- Deposits at Call	65,359	77,409
- Short Term Deposits	5,000	5,000
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>71,342</b>	<b>84,357</b>

1 Those Investments where time to maturity (from date of purchase) is < 3 mths.

### Restricted Cash, Cash Equivalents and Investments

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

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

Unspent Government Grants and Subsidies	1,735	1,698
Unspent Developer Contributions	10,632	14,150
<b>Total External Restrictions</b>	<b>12,367</b>	<b>15,848</b>

Internally imposed Expenditure Restrictions at the reporting date:

Future Capital Works	47,551	51,883
<b>Total Internal Restrictions</b>	<b>47,551</b>	<b>51,883</b>

### **Total Unspent Restricted Cash, Cash Equivalents And Investments**

<b>59,918</b>	<b>67,731</b>
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Note: Restricted cash was previously allocated to Reserves

Cash is held with the Commonwealth Bank in a business cheque account and in short term investment deposits with the Queensland Treasury Corporation and various financial institutions.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 9. Trade and Other Receivables

	2016	2015
Notes	\$'000	\$'000
<b>Current</b>		
Rateable Revenue and Utility Charges	7,515	7,365
Fees and Charges	364	912
Other Debtors	2,106	2,005
GST Recoverable	962	726
Loans and Advances to Controlled Entities and Associates	30	11
Accrued Revenues		
- Interest on Investments	185	205
Govt. Grants, Subsidies, Contributions and Donations	2,260	2,058
Prepayments	(6)	408
Less impairment provision	(119)	-
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>13,297</b>	<b>13,690</b>
<b>Non-Current</b>		
Loans and Advances to Controlled Entities and Associates	240	289
<b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>240</b>	<b>289</b>
<b>Movement in Provision for Impairment of Receivables</b>		
Opening balance at 1 July	-	50
<i>Less</i>		
Impairment debts written off during the year	(119)	(50)
<b>Balance at the end of the year</b>	<b>(119)</b>	<b>-</b>

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

Loans relate to an advance made to the Gympie Muster Group. Loans to various community groups and sporting bodies arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 10. Inventories

	2016	2015
Notes	\$'000	\$'000
<b>Current Inventories</b>		
<b>(a) Inventories held for distribution</b>		
Quarry and Road Materials	3,360	1,889
Stores and Materials	821	779
	<u>4,181</u>	<u>2,668</u>
<b>(b) Land purchased for development and sale</b>	<u>61</u>	<u>61</u>
<b>TOTAL CURRENT INVENTORIES</b>	<u>4,242</u>	<u>2,729</u>

# Appendix D: Financial statements

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

### Note 11. Property, Plant and Equipment

Measurement Basis	30-Jun-16	Note	Land and Site	Buildings	Plant and	Heavy Plant	Road, Bridge	Water	Sewerage	Other	Intangible	Works in	Total
			Improvements	Equipment	Plant	and Drainage	Value	Value	Value	Value	Value	Value	Progress
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Gross Balance	73,103		119,439	7,814	21,695	779,263	146,427	153,522	11,937	0	30,588	1,343,788	
Correction to Opening Balance	-43		-43	0	0	-2,288	-269	-2,247	0	0	0	-4,847	
Additions*	0		0	1,388	1,778	548	0	45	0	0	31,546	35,305	
Disposals	-518	7	0	-1,087	-1,494	0	0	0	0	0	0	-3,099	
Write-Offs	0	7	-167	0	0	-9,154	-330	-656	0	0	0	-10,307	
Revaluation Decrements to Equity (ARR)	0	16	0	0	-12,722	-20,506	-	-	-	-	-	-33,228	
Revaluation Increments to Equity (ARR)	787	16	3,045	0	0	0	9,201	31,313	763	0	0	45,109	
Work in Progress Transfers	2,682		1,666	1,040	0	28,969	1,012	3,805	219	1,098	-40,491	0	
Adjustments and Other Transfers	93		0	57	-57	-16	-78	0	0	0	0	-	
<b>Total Gross Value of Property, Plant and Equipment</b>	<b>76,147</b>		<b>123,940</b>	<b>9,212</b>	<b>9,200</b>	<b>776,816</b>	<b>155,963</b>	<b>185,782</b>	<b>12,919</b>	<b>1,098</b>	<b>21,643</b>	<b>1,372,720</b>	
Opening Accumulated Depreciation	1,430		24,484	3,000	7,702	136,335	63,545	39,841	980	0	-	277,317	
Correction to Opening Balance	0		-43	0	0	-2,288	-269	-2,247	0	0	0	-4,847	
Depreciation Expense	176		1,815	966	1,963	6,587	2,188	2,305	199	52	0	16,251	
Disposals	0	7	0	-497	-874	0	0	0	0	0	0	-1,371	
Write-offs	0	7	-52	0	0	-3,727	-6	-16	0	0	0	-3,801	
Revaluation Decrements to Equity (ARR)	0	16	0	0	-8,755	-14,870	0	0	0	0	0	-23,625	
Revaluation Increments to Equity (ARR)	414	16	-181	0	0	0	1,874	11,390	400	0	0	13,897	
Adjustments and Other Transfers	0	16	0	34	-34	0	0	0	0	0	0	0	
<b>Total Accumulated Depreciation and Impairment Property, Plant and Equipment</b>	<b>2,020</b>		<b>26,023</b>	<b>3,503</b>	<b>2</b>	<b>122,037</b>	<b>67,332</b>	<b>51,273</b>	<b>1,579</b>	<b>52</b>	<b>0</b>	<b>273,821</b>	
<b>Total Net Book Value of Property, Plant &amp; Equipment</b>	<b>74,127</b>		<b>97,917</b>	<b>5,709</b>	<b>9,198</b>	<b>654,779</b>	<b>88,631</b>	<b>134,509</b>	<b>11,340</b>	<b>1,046</b>	<b>21,643</b>	<b>1,098,899</b>	
*Asset Additions Comprise													
Asset Renewals	-		-	1,388	1,778	-	-	-	-	-	-	14,254	17,420
Other Additions	-		-	-	-	548	-	45	-	-	-	17,292	17,885
<b>Total Asset Additions</b>	<b>-</b>		<b>-</b>	<b>1,388</b>	<b>1,778</b>	<b>548</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,546</b>	<b>35,305</b>

# Appendix D: Financial statements

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

### Note 11. Property, Plant and Equipment

Measurement Basis	Note	30-Jun-15													Total \$'000
		Land and Site Improvements \$'000	Buildings \$'000	Plant and Equipment \$'000	Heavy Plant \$'000	Road, Bridge and Drainage \$'000	Water \$'000	Sewerage \$'000	Other Infrastructure \$'000	Intangible \$'000	Works in Progress \$'000	Cost/FAV			
Opening Gross Balance		71,430	114,233	7,289	21,088	749,051	144,528	153,932	11,285	0	36,438	1,309,274			
Correction to Opening Balance		0	0	0	0	0	0	0	0	0	0	0	0		
Additions*	7	0	0	1,489	1,826	0	0	0	0	0	35,638	38,953			
Disposals	7	0	0	-1,149	-1,991	0	0	0	0	0	0	-3,140			
Write-Offs	7	0	-103	0	0	-2,670	0	0	-142	0	0	-2,915			
Revaluation Decrements to Equity (ARR)	16	0	-2,312	0	0	0	0	0	0	0	0	-2,312			
Revaluation Increments to Equity (ARR)	16	458	0	0	762	163	0	0	493	0	0	1,876			
Work in Progress Transfers		1,215	1,591	150	10	25,530	4,526	2,993	5,473	0	0	-41,488			
Adjustments and Other Transfers		0	6,030	35	0	7,189	-2,627	-3,403	-7,224	0	0	0			
Recognition/changes of future rehabilitation costs		0	0	0	0	0	0	0	2,052	0	0	2,052			
<b>Total Gross Value of Property, Plant and Equipment</b>		<b>73,103</b>	<b>119,439</b>	<b>7,814</b>	<b>21,695</b>	<b>779,263</b>	<b>146,427</b>	<b>153,522</b>	<b>11,937</b>	<b>0</b>	<b>30,588</b>	<b>1,343,788</b>			
Opening Accumulated Depreciation		1,423	13,332	2,654	6,578	129,228	62,538	37,669	1,776	0	0	255,198			
Correction to Opening Balance		0	0	0	0	0	0	0	0	0	0	0			
Depreciation Expense		165	1,100	871	1,860	7,210	2,097	2,326	150	0	0	15,779			
Disposals	7	0	0	-525	-1,159	0	0	0	0	0	0	-1,684			
Write-offs	7	0	-4	0	0	-1,007	0	0	-3	0	0	-1,014			
Revaluation Decrements to Equity (ARR)	16	-158	0	0	0	0	0	0	-39	0	0	8,812			
Revaluation Increments to Equity (ARR)	16	0	0	0	423	0	0	0	-904	0	0	226			
Adjustments and Other Transfers	16	0	1,244	0	0	904	-1,090	-154	980	0	0	0			
<b>Total Accumulated Depreciation and Impairment Property, Plant and Equipment</b>		<b>1,430</b>	<b>24,484</b>	<b>3,000</b>	<b>7,702</b>	<b>136,335</b>	<b>63,545</b>	<b>39,841</b>	<b>980</b>	<b>0</b>	<b>0</b>	<b>277,317</b>			
<b>Total Net Book Value of Property, Plant &amp; Equipment</b>		<b>71,673</b>	<b>94,955</b>	<b>4,814</b>	<b>13,993</b>	<b>642,928</b>	<b>82,882</b>	<b>113,681</b>	<b>10,957</b>	<b>0</b>	<b>30,588</b>	<b>1,066,471</b>			
<b>* Asset Additions Comprise</b>															
Asset Renewals		0	0	1,470	1,826	0	0	0	0	0	23,553	26,849			
Other Additions		0	0	19	0	0	0	0	0	0	12,085	12,104			
<b>Total Asset Additions</b>		<b>0</b>	<b>0</b>	<b>1,489</b>	<b>1,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,638</b>	<b>38,953</b>			

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements

	2016	2015
Notes	\$'000	\$'000

#### (1) Recognised fair value measurements

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

Property, Plant and Equipment:

- Land and Site Improvements
- Buildings
- Heavy plant
- Roads, bridges and drainage
- Water
- Sewerage
- Other Infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 14 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise land previously used as a depot as disclosed in note 10. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (Level 2)".

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 categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

#### (1) Recognised fair value measurements (continued)

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 assets, 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 following table presents all assets and liabilities that have been measured and recognised at fair value:

	Fair Value Measurement using:		Total
	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
	\$'000	\$'000	\$'000
<b>2016</b>			
<b>Property, Plant and Equipment</b>			
- Land and Site Improvements	63,500	10,627	74,127
- Buildings - Pensioner Units	375	3,025	3,400
- Buildings – Other	165	94,352	94,517
- Heavy Plant	9,197	-	9,197
- Roads, Bridges and Drainage	-	654,779	654,779
- Water	-	88,632	88,632
- Sewerage	-	134,508	134,508
- Other Infrastructure	-	11,339	11,339
<b>Total Property, Plant and Equipment</b>	<b>73,237</b>	<b>997,262</b>	<b>1,070,499</b>
<b>2015</b>			
<b>Property, Plant and Equipment</b>			
- Land and Site Improvements	62,417	9,256	71,673
- Buildings - Pensioner Units	354	-	354
- Buildings – Other	-	94,600	94,600
- Heavy Plant	437	13,557	13,994
- Road, Bridge and Drainage	-	642,928	642,928
- Water	-	82,882	82,882
- Sewerage	-	113,681	113,681
- Other Infrastructure	-	10,957	10,957
<b>Total Property, Plant and Equipment</b>	<b>63,208</b>	<b>967,861</b>	<b>1,031,069</b>

There were no transfers between Level 2 and Level 3 during the year.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

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

##### Land and Site Improvements (Level 2)

Land fair values were determined by independent valuer, APV Valuers & Asset Management effective 30 June 2016. The assets in this class were physically inspected in October 2014.

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

##### Land and Site Improvements (Level 3)

Site Improvements fair values were generated using the cost approach by APV Valuers & Asset Management effective 30 June 2016. This included a full physical inspect in April 2016.

The approach estimated the replacement cost for each structure by componentising the site improvement where applicable into significant parts with different useful lives and taking into account a range of factors. These include: actual construction or purchase prices for recent projects paid by the specific entity; reference to appropriate APV database where actual costs from recent projects are sourced directly from clients with preference to nearby locations; Rawlinson's Construction Guide or similar guides such as Cordells, and; benchmarking against other valuations.

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 changes in land and site improvements (level 3) are detailed in note 11 (property, plant and equipment).

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

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

##### Land and Site Improvements (Level 3) (continued)

Significant Unobservable Input	Range of inputs	Relationship of unobservable inputs to fair value
Asset condition	0 lowest to 5 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Remaining useful lives	2 - 210 years	The higher the assessment of remaining life, the higher the fair value of the asset.

##### Buildings (Level 2 and 3)

Fair values were determined by an independent valuer, APV Valuers & Asset Management effective 30 June 2016 via desktop valuation. The assets in this class were physically inspected in October 2014. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. Refer to the condition rating table in site improvements for remaining service potential relating to each condition score for each of the patterns of consumption utilised.

While the unit rates based on square metres can be supported by market evidence (level 2), specialised buildings were valued by estimating 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. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

# Appendix D: Financial statements

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

### Note 12. Fair Value Measurements (continued)

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#### Heavy Plant (Level 2 )

The fair value of heavy plant is measured at current market value as at 30 June 2016 as independently determined by APV Valuers & Asset Management. The assets in this class were physically inspected in April 2016.

Major plant assets have generally been derived from comparable sales and relevant industry market price reference guides and have been classified as being valued at level 2. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition. Evidence of market value was obtained from sales evidence of similar or reference assets. This may include reference to relevant industry guides such as Glasses. The asset was assessed in terms of the factors relevant to a market participant and a value determined after adjusting for the difference in these factors embodied within the asset and the reference assets.

Some items of plant however are unique in design or there was insufficient observable market evidence to support the valuation. As a result the valuation was performed using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) 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. Refer to the condition rating table in site improvements for remaining service potential relating to each condition score for each of the patterns of consumption utilised.

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#### Infrastructure assets (Level 3)

All Council infrastructure assets were fair valued by AssetVal Pty Ltd at 30 June 2016 using written down current replacement cost (CRC). A sample inspection was completed as part of this process in December 2015. This valuation comprises the asset's gross replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

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

##### Infrastructure assets (Level 3) (continued)

Specific valuation techniques used to value Council infrastructure assets comprise:

##### Roads

###### *Current replacement cost:*

The Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 200m, while rural roads are managed in 2km segments. Roads are split into segments which vary in length depending on the attributes of each segment and the previous construction history – as described below. The Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

A new road segment is recorded whenever a change occurs in any one of the following:

- Surface type (chip sealed, asphalt, concrete, gravel, formed)
- Pavement type (flexible, semi-rigid, concrete, gravel, formed)
- Pavement/seal widths
- Pavement depths (base, sub-base, semi-rigid, concrete, gravel)
- Construction/Rehabilitation/Reseal date
- Traffic carrying assessment
- Hierarchy classification

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Segment lengths and widths and pavement depths are actual where known from design plans and/or construction records, or are confirmed by field measure. Unconfirmed pavement depths are assumed constructed to 200mm for sealed roads and 50mm for unsealed roads. Council also assumes that all raw materials can be sourced from local quarries. For internal constructions estimates, material and services prices were based on existing supplier contract rates and supplier price lists while labour wage rates were based on Council's Certified Agreement (CA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

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

##### Infrastructure assets (Level 3) (continued)

###### *Accumulated depreciation:*

In determining the level of accumulated depreciation, roads are summarised into one lump sum item. Useful lives are an estimate of the total service capacity in years for that type of asset. The remaining useful life of the asset is then calculated based purely on the time elapsed since the previous valuation, which indicates the remaining service capacity of the asset, and is determined using the useful lives adopted by council. The amount of life that has expired is applied in the calculation of accumulated depreciation representing the expired service potential of the asset using industry standard practices and past experience, supported by maintenance programs. Regular inspections are performed as part of the maintenance program to identify road infrastructure that varies from the expected consumption pattern. These inspections are performed by the same officer on a quarterly cycle and contribute to the annual maintenance program.

##### **Bridges**

###### *Current replacement cost:*

Each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

###### *Accumulated depreciation:*

In determining the level of accumulated depreciation, bridges are summarised into one lump sum item. Useful lives are an estimate of the total service capacity in years for that type of asset. The remaining useful life of the asset is then calculated based purely on the time elapsed since the previous valuation, which indicates the remaining service capacity of the asset, and is determined using the useful lives adopted by council. The amount of life that has expired is applied in the calculation of accumulated depreciation representing the expired service potential of the asset using industry standard practices and past experience. This is also supported by a yearly visual bridge condition inspections using a 1-5 rating scale and further supported by a more detailed criteria analysis rating system between 1-100 every 2-3 years with consideration given to a number of factors affecting the bridge including, physical environmental features, bridge structure and load deflections.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 12. Fair Value Measurements (continued)

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

##### Infrastructure assets (Level 3) (continued)

###### Drainage

###### *Current replacement cost:*

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 materials, 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 structures were disaggregated into significant components which exhibited different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset. The remaining useful life of the asset is then calculated based purely on the time elapsed since the previous valuation, which indicates the remaining service capacity of the asset, and is determined using the useful lives adopted by council. The amount of life that has expired is applied in the calculation of accumulated depreciation representing the expired service potential of the asset using industry standard practices and past experience, supported by maintenance programs.

All pipes have been valued at replacement pipe rates and lives as no relining of pipes has commenced on the network.

###### Water and Sewerage Infrastructure

###### *Current replacement cost:*

Water and sewerage infrastructure fair values were reviewed with no indexation required for this asset class. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

The Council region is split into 4 distinct areas based on geographic (Gympie/Cooloola Coast/Mary Valley/Kilkivan and Goomeri) and environmental factors (sand; acid sulphate soil; soft rock; and hard rock). Council assumes that these factors are consistent across each of the 4 regions and that costs of labour are consistent within each of these regions, depending on the materials used.

###### *Accumulated depreciation:*

In determining the level of accumulated depreciation, both water and sewerage assets were disaggregated into significant components which exhibited different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset. Where site inspections were not conducted (passive assets) the remaining useful life of the asset is then calculated based purely on the time elapsed since the previous valuation, which indicates the remaining service capacity of the asset, and is determined using the useful lives adopted by council. The amount of life that has expired is applied in the calculation of accumulated depreciation representing the expired service potential of the asset using industry standard practices and past experience, supported by maintenance programs. These calculations are also evaluated against required repairs (breakages) to ascertain if any variances are present that would require different values being applied.

# Appendix D: Financial statements

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

### Note 12. Fair Value Measurements (continued)

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

##### Infrastructure assets (Level 3) (continued)

The following tables present the changes in Level 3 Fair Value Asset Classes.

	Heavy Plant \$'000	Buildings \$'000	Land and Site Imp'mts \$'000	Total \$'000
<b>Opening Balance - 1/7/14</b>	14,014	100,541	8,612	123,167
Transfers from/(to) Level 21 FV hierarchy	-	4,785	-	4,785
Additions	1,826	1,591	583	4,000
Disposals and Write-Offs (WDV)	(778)	(99)	-	(877)
Depreciation and Impairment	(1,822)	(1,095)	(165)	(3,082)
Revaluation adjustment in period	318	(11,124)	225	(10,581)
<b>Closing Balance - 30/6/15</b>	<b>13,558</b>	<b>94,599</b>	<b>9,255</b>	<b>117,412</b>
Transfers from/(to) Level 2 FV hierarchy	(13,558)	(115)	-	(13,673)
Purchases (GBV)-	-	1,666	2,187	3,853
Disposals and Write-Offs (WDV)	-	(158)	-	(158)
Depreciation and Impairment	-	(1,805)	(176)	(1,981)
Revaluation adjustment in period	-	3,190	(639)	2,551
<b>Closing Balance - 30/6/16</b>	<b>-</b>	<b>97,377</b>	<b>10,627</b>	<b>108,004</b>

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 13. Trade and Other Payables

	Notes	2016 \$'000	2015 \$'000
<b>Current</b>			
Creditors and Accruals		4,056	7,913
Employee Related Accruals		502	215
Superannuation Defined Contributions		(476)	101
Annual Leave		3,311	3,161
Sick Leave		2,450	2,388
Other Entitlements		334	456
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>		<b>10,177</b>	<b>14,234</b>
<b>Non-current</b>			
Sick Leave		122	116
<b>TOTAL NON-CURRENT TRADE AND OTHER PAYABLES</b>		<b>122</b>	<b>116</b>

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

The non-current portion of long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1(n).

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 14. Borrowings

	2016	2015
Notes	\$'000	\$'000
<b>Current</b>		
Loans - Queensland Treasury Corporation	1,251	1,236
<b>TOTAL CURRENT BORROWINGS</b>	<b>1,251</b>	<b>1,236</b>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	20,478	21,714
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>20,478</b>	<b>21,714</b>
<b>Reconciliation of Loan Movements for the year</b>		
<b>Loans - Queensland Treasury Corporation</b>		
Opening Balance at Beginning of Financial Year	22,950	24,125
Loans Raised	-	-
Principal Repayments	(1,221)	(1,175)
<b>Book value at end of financial year</b>	<b>21,729</b>	<b>22,950</b>

The QTC loan market value at the reporting date was \$27,913,045.84. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

#### Loan Disclosures

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

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 December 2016 to 15 June 2030 (Available from QTC Maturity Analysis).

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

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 15. Provisions

	Notes	2016 \$'000	2015 \$'000
<b>Current</b>			
Long Service Leave		4,383	4,183
Quarry Sites		100	150
Landfill Sites		2,695	2,695
<b>TOTAL CURRENT PROVISIONS</b>		<b>7,178</b>	<b>7,028</b>
<b>Non-current</b>			
Long Service Leave		1,402	1,438
Quarry Sites		1,841	1,850
Landfill Sites		10,525	10,525
<b>TOTAL NON-CURRENT PROVISIONS</b>		<b>13,768</b>	<b>13,813</b>
<b>Details of movements in Provisions:</b>			
<b>Long Service Leave</b>			
Balance at Beginning of Financial Year		5,620	5,437
Additional Provision		881	723
Decrease due to Payments		(716)	(540)
Balance at End of Financial Year		5,785	5,620
<b>Quarry Sites</b>			
Balance at Beginning of Financial Year		2,000	2,000
NPV Provision decrease		(59)	-
Decrease due to Payments		-	-
Balance at End of Financial Year		1,941	2,000
<b>Landfill Sites</b>			
Balance at Beginning of Financial Year		13,220	-
Additional Provision		-	13,220
Decrease due to Payments		-	-
Balance at End of Financial Year		13,220	13,220

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 16. Asset Revaluation Reserve

	2016	2015
Notes	\$'000	\$'000
<b>Movements in the asset revaluation reserve:</b>		
Balance at beginning of financial year	408,124	417,599
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and Site Improvements	372	615
Buildings	3,226	(11,124)
Heavy Plant	(3,601)	339
Road, Bridge and Drainage	(5,634)	163
Water	7,327	
Sewerage	19,923	
Other Infrastructure	363	532
	<u>21,976</u>	<u>(9,475)</u>
Balance at end of financial year	<u>430,100</u>	<u>408,124</u>

### Asset revaluation reserve analysis

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

Land and Site Improvements	30,306	29,934
Buildings	50,551	47,335
Heavy Plant	-	3,601
Road, Bridge and Drainage	264,305	269,939
Water	35,164	27,837
Sewerage	46,395	26,462
Other Infrastructure	3,379	3,016
Balance at end of financial year	<u>430,100</u>	<u>408,124</u>

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 17. Commitments for Expenditure

	Notes	2016 \$'000	2015 \$'000
<b>Contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Refuse Disposal per year (expiry June 2021)		3,271	3,271
Engineering Building Lease per year		413	-
		<u>3,684</u>	<u>3,271</u>
Capital Infrastructure		12,562	-

### Note 18. Contingent Liabilities

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

There are various claims pending against the Council. In the opinion of the Council's solicitor the potential loss on all claims at 30 June 2016 should not exceed:

24	60
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The Council has disclaimed liability and no provision has been made within the financial statements pertaining to these claims.

#### Local Government Mutual

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

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 18. Contingent Liabilities (Continued)

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#### Local Government Workcare

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

The Council's maximum exposure to the bank guarantee is:	948	1,023
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### Note 19. Superannuation

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

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

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

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

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

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 19. Superannuation (Continued)

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 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Gympie Regional Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

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

		2016	2015
	Notes	\$'000	\$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	5	3,992	3,363

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 20. Trust Funds

	2016	2015
Notes	\$'000	\$'000
<b>Trust funds held for outside parties</b>		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	289	264
Security Deposits	1,515	1,546
	<u>1,804</u>	<u>1,810</u>

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

### Note 21. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	2,276	(888)
<b>Non-cash items</b>		
Impairment of Property, Plant and Equipment	367	-
Depreciation and Amortisation	16,252	15,780
	<u>16,619</u>	<u>15,780</u>
<b>Investing and development activities</b>		
Non Cash Capital Grants and Contributions	(14,394)	(10,994)
Capital Expenses	6,576	15,643
	<u>(7,818)</u>	<u>4,649</u>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/Decrease in Receivables	442	(1,294)
(Increase)/Decrease in Inventories	(1,513)	(966)
Increase/(Decrease) in Payables and Accruals	(4,086)	835
Increase/(Decrease) in Other Liabilities	1,397	378
Increase/(Decrease) in Other Provisions	106	183
	<u>(3,654)</u>	<u>(864)</u>
<b>Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows</b>	<u>7,423</u>	<u>18,677</u>

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### **Note 22. Events Occurring After Balance Sheet Date**

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Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Date represent one of two types:

#### **(i) Events that have provided evidence of conditions that existed at the Reporting Date**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2016.

#### **(ii) Events that have provided evidence of conditions that arose after the Reporting Date**

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

The Council is unaware of any material or significant "non adjusting events" that should be disclosed.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Financial Instruments

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The Council has exposure to the following risks arising from financial instruments; (i) interest rate risk, (ii) credit risk, and (iii) liquidity 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 the Council manages these exposures.

#### Financial Risk Management

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

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

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

Council does not enter into derivatives.

#### Credit Risk Exposure

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 the Council.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Financial Instruments (continued)

	Notes	2016 \$'000	2015 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
<b>Financial Assets</b>			
Cash and Cash Equivalents	8	71,342	84,357
Receivables - Rates	9	7,515	7,365
Receivables - Other	9	6,022	6,206
		<u>84,879</u>	<u>97,928</u>

### Other Credit Exposures

Guarantee		948	1,023
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#### Cash and Cash Equivalents

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

#### Trade and Other Receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Financial Instruments (continued)

	Notes	2016 \$'000	2015 \$'000
Ageing of past due receivables and the amount of any impairment is disclosed in the following table:			
Fully Performing		5,271	4,159
Past due:			
- Less than 30 days overdue			
- 31 to 60 days overdue		39	555
- 61 to 90 days overdue		25	9
- Greater than 90 days overdue		8,083	8,848
- Impaired		119	-
<b>Total</b>	<b>9</b>	<b>13,537</b>	<b>13,571</b>

### Liquidity Risk

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

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 14.

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

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
<b>2016</b>					
Trade and Other Payables	4,082	-	-	4,082	4,082
Loans - QTC	2,633	9,772	20,840	33,245	21,729
<b>Total</b>	<b>6,715</b>	<b>9,772</b>	<b>20,840</b>	<b>37,327</b>	<b>25,811</b>
<b>2015</b>					
Trade and Other Payables	8,228	-	-	8,228	8,228
Loans - QTC	2,724	9,813	22,788	35,325	22,950
<b>Total</b>	<b>10,952</b>	<b>9,813</b>	<b>22,788</b>	<b>43,553</b>	<b>31,178</b>

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.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Financial Instruments (continued)

#### Market Risk

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

#### Interest Rate Risk

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and/or other financial institutions (if applicable).

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

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based 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.

	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
<b>2016</b>					
QTC Cash Fund	65,359	654	654	654	654
Loans - QTC	(21,729)	-	-	-	-
<b>Net</b>	<b>43,630</b>	<b>654</b>	<b>654</b>	<b>654</b>	<b>654</b>
<b>2015</b>					
QTC Cash Fund	77,409	774	(774)	774	(774)
Loans - QTC	(22,950)	-	-	-	-
<b>Net</b>	<b>54,459</b>	<b>774</b>	<b>(774)</b>	<b>774</b>	<b>(774)</b>

In relation to the QTC loans held by the Council, the following has been applied: (include as applicable)

QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.  
QTC Client Specific Pool - client specific pool products are often rebalanced to a target benchmark duration.

This partially exposes clients to the level of interest rates at the time of rebalancing. Sensitivity on these products is provided by QTC through calculating the interest effect over the period.

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Financial Instruments (continued)

#### 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.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 14.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

	Notes	Carrying Value		Fair Value	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial Assets</b>					
Cash and Cash Equivalents	8	71,342	84,357	-	-
Receivables	9	<u>13,537</u>	<u>13,979</u>	<u>-</u>	<u>-</u>
<b>Total Financial Assets</b>		<b>84,879</b>	<b>98,336</b>	-	-
<b>Financial Liabilities</b>					
Payables	13	10,299	14,349	-	-
Borrowings	14	<u>21,729</u>	<u>22,950</u>	<u>-</u>	<u>-</u>
<b>Total Financial Liabilities</b>		<b>32,028</b>	<b>37,299</b>	-	-

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 24. National Competition Policy

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

Gympie Regional Council applies the competitive code of conduct to the following activities:

Building Certification    Water and Sewerage    Refuse Management

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

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

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

	Building Certification \$'000	Water and Sewerage \$'000	Refuse Management \$'000
\$'000			
Revenue for services provided to the Council	-	-	-
Revenue for services provided to external clients	282	19,972	9,768
Community service obligations	-	526	119
	282	20,498	9,887
Less : Expenditure	(359)	(13,519)	(8,443)
<b>Surplus/(Deficit)</b>	<b>(77)</b>	<b>6,979</b>	<b>1,444</b>

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

Activities	CSO Description	Actual \$'000
Water and sewerage	Council services	526
Refuse Management	Cleaning and refuse collection services	119

# Appendix D: Financial statements

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 25. Controlled Entities that have not been Consolidated

Council has a number of controlled entities that are not consolidated because their size and nature means that they are not material to Council's operations.

A summary of those entities, their net assets and results for the year ended 30 June 2016 and 2015 follows:

#### Controlled Entities - Financial Results:

##### Controlled Entity

2016	Details	Interest in Ownership %	Revenue \$'000	Expenses \$'000	Profit \$'000	Assets \$'000	Liabilities \$'000
Mary Valley Community Holding Limited	1	100	-	24	(24)	194	-
Rattler Railway Company Limited	2	100	40	26	14	18	-
			<u>40</u>	<u>50</u>	<u>(10)</u>	<u>212</u>	<u>-</u>

##### Controlled Entity

2015	Details	Interest in Ownership %	Revenue \$'000	Expenses \$'000	Profit \$'000	Assets \$'000	Liabilities \$'000
Mary Valley Community Holding Limited	1	100	240	22	218	218	-
Rattler Railway Company Limited	2	100	41	37	4	4	-
			<u>281</u>	<u>59</u>	<u>222</u>	<u>222</u>	<u>-</u>

- 1 Mary Valley Community Holding Limited owns the rolling stock assets and controls the leases for the Mary Valley Rattler Steam Train Tourism Venture and wholly owns the Rattler Railway Company Limited.
- 2 The Rattler Railway Company Limited operates the Mary Valley Rattler Steam Train Tourism Venture and is wholly owned by the Mary Valley Community Holding Limited

The Mary Valley Rattler Steam Train Tourism Venture did not operate during the year. Future operations are dependent upon the provision of State and Council funding.

# Appendix D: Financial statements

## General Purpose Financial Statements

for the year ended 30 June 2016

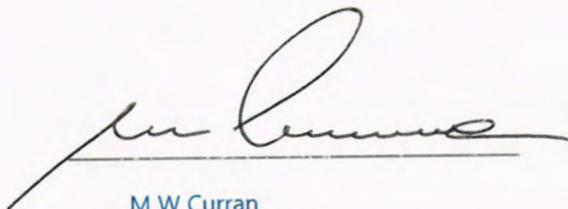
### Management Certificate

for the year ended 30 June 2016

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the Local Government Regulation 2012 (the Regulations) 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 Regulations 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 herewith, 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.



M W Curran

**MAYOR**

17 October 2016



B J Smith

**CHIEF EXECUTIVE OFFICER**

17 October 2016

# Appendix D: Financial statements

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Gympie Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Gympie Regional Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

# Appendix D: Financial statements

## *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

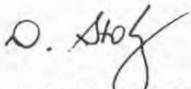
## *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Gympie Regional Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

## **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

  
D A STOLZ FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

# Appendix D: Financial statements

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

	Actual 2016	Target 2016
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### Measures of Financial Sustainability

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

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items)	-6.48%	0 - 10%
Total Operating Revenue (excluding capital items)		

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

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	107.19%	more than
Depreciation Expense		90%

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

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-42.44%	less than
Total Operating Revenue (excluding capital items)		60%

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

#### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2016.

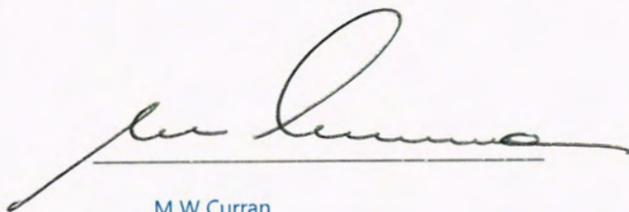
# Appendix D: Financial statements

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

### Certificate of Accuracy for the year ended 30 June 2016

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

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



M W Curran

**MAYOR**

17 October 2016



B J Smith

**CHIEF EXECUTIVE OFFICER**

17 October 2016

# Appendix D: Financial statements

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Gympie Regional Council

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

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Gympie Regional Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

# Appendix D: Financial statements

## *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## *Opinion*

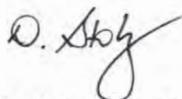
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement for Gympie Regional Council, for the year ended 30 June 2016, has been accurately calculated.

## *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

## **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D A STOLZ FCPA  
(as delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

# Appendix D: Financial statements

## Long-Term Financial Sustainability Statement prepared as at 30 June 2016

### Measures of Financial Sustainability

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

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items) (1)

Total Operating Revenue (excluding capital items) (2)

Target	Actual																			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026									
0 - 10%	-6.48%	2.2%	1.84%	3.58%	3.34%	2.40%	1.43%	3.27%	3.22%	4.34%	4.99%									

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

##### 2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) (3)

Depreciation Expense

> 90%	107.19%	158.94%	90.56%	75.27%	78.21%	70.25%	59.32%	61.92%	60.23%	64.98%	46.83%									
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

##### 3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items) (2)

< 60%	-42.44%	-71.21%	-62.45%	-56.08%	-35.24%	-38.11%	-42.80%	-42.73%	-45.80%	-52.16%	-68.2%									
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

# Appendix D: Financial statements

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

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### Measures of Financial Sustainability

#### **Gympie Regional Council Financial Management Strategy**

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

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. In summary, we achieved or bettered two of the three financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

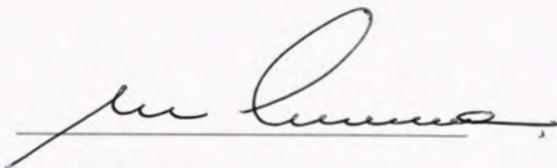
# Appendix D: Financial statements

## Long-Term Financial Sustainability Statement prepared as at 30 June 2016

### Certificate of Accuracy for the long-term financial sustainability statement prepared as at 30 June 2016

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

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



M W Curran

**MAYOR**

17 October 2016



B J Smith

**CHIEF EXECUTIVE OFFICER**

17 October 2016

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