

Goondiwindi
REGIONAL
COUNCIL



ANNUAL REPORT 2016-2017

For the period 1 July 2016 to 30 June 2017

Goondiwindi Regional Council Annual Report 2016/17

1 July 2016 to 30 June 2017



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Distribution

Goondiwindi Regional Council's Annual Report is available in hard copy or electronic format. Printed copies of the report may be obtained for a fee by writing to the Chief Executive Officer, Goondiwindi Regional Council, Locked Mail Bag 7, Inglewood Qld 4387, or by telephoning Council's Corporate Services Section on (07) 4671 7400 during normal business hours. Alternatively, you can visit Council's website at www.grc.qld.gov.au to download a free copy.

Copies are also distributed to the:

- Department of Infrastructure, Local Government and Planning;
- State Library of Queensland;
- Queensland Parliamentary Library; and
- National Library of Australia.

Feedback

In the interest of continuous improvement Council welcomes your feedback. Please forward your commentary in writing to the Chief Executive Officer, Goondiwindi Regional Council, Locked Mail Bag 7, Inglewood Qld 4387 or email Council at mail@grc.qld.gov.au.

Local Service

To contact the Goondiwindi Regional Council telephone (07) 4671 7400, or visit in person at your local Customer Service Centre:

| | | | |
|--|---------------------|--------------------|---------------------|
| Council Chambers | 4 McLean Street | Ph: (07) 4671 7400 | Fax: (07) 4671 7433 |
| Goondiwindi Regional Civic Centre | 100 Marshall | Ph: (07) 4671 7400 | Fax: (07) 4671 7433 |
| Inglewood Customer Service Centre | 18 Elizabeth Street | Ph: (07) 4652 0200 | Fax: (07) 4671 7433 |
| Texas Customer Service Centre | High Street | Ph: (07) 4653 2600 | Fax: (07) 4671 7433 |

Address All Correspondence To:

The Chief Executive Officer
Goondiwindi Regional Council
Locked Mail Bag 7
INGLEWOOD QLD 4387

Email: mail@grc.qld.gov.au

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Regional Profile

Goondiwindi Regional Council services a growing population of approximately 10,837 and covers an area of approximately 19,294 square kilometres. The southern boundary of the region, defined predominantly by the Macintyre, Dumaresq and Barwon Rivers, provides a major gateway from New South Wales to Queensland with the region a popular stopover destination for travelers.

The Goondiwindi Region is a very attractive place to live and work and offers many opportunities for residents. There are also many attractions for visitors to the region.



| | |
|---------------------|---|
| Location | <ul style="list-style-type: none">• South-West Queensland |
| Size | <ul style="list-style-type: none">• Total Area: 19,294 sq.km• Total urban area: (approximately) 44.9 sq.km• Total rural area: (approximately) 19,249.1 sq.km |
| Towns | <ul style="list-style-type: none">• Goondiwindi, Inglewood, Texas, Yelarbon, Toobeah, Bungunya and Talwood |
| Population | <ul style="list-style-type: none">• Total Population: 10,837• Average annual growth rate: (2006-2016) 0.4% |
| Demographics | <ul style="list-style-type: none">• People of indigenous origin: 574 (5.4%)• Birthplace of respondents: 82.9% Australian born• Unemployment rate: 2.7% |
| Industries | <p>Top five industry subdivisions of employment:</p> <ol style="list-style-type: none">1. Agriculture (23.3%)2. Preschool and School Education (6.1%)3. Other Store-Based Retailing (4.3%)4. Food and Beverage Services (4.2%)5. Professional, Scientific & Technical Services (3.5%) |

(Information sourced from the Office of Economic & Statistical Research)

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Executive Message

It is with great pleasure that we present the 2016-17 Annual Report for the Goondiwindi Regional Council. This year has been a year of notable achievements, and our Annual Report provides Council with a mechanism to summarise the steps Council has taken towards the implementation of the Corporate Plan and long term aspirations for the Goondiwindi Regional Council area.

Achievements

Council continues to be customer focused to ensure the community is well served into the future. We are proud to say that Goondiwindi Regional Council provides strong benchmarks for other Councils in Queensland. Both Federal and State Governments are complimentary on the performance of Goondiwindi Regional Council.

We continue to focus strategically on a number of key functions particularly those relating to essential infrastructure namely water and sewerage, waste management and the road network. Over the past 12 months projects funded by the Federal Government (in response to the Murray Darling Basin Plan) namely the Coolmunda Dam Camping Area, Texas Rabbit Works and the soon to be completed Goondiwindi Customs House redevelopment have provided well-regarded economic and social benefits for the region.

Council continues to be diligent on spending particularly as the sustainability of the Local Government Industry is being questioned again. As long as Council remains fiscally focused we are confident that services will continue to be maintained into the future.

Future Developments

The proposed redevelopment of the Goondiwindi Memorial Swimming pool has generated strong community interest. The challenge for Council will be to manage community expectations against the aspect of affordability and the predicted lengthy timeframes. Very importantly, deliberations have commenced with State and Federal Governments regarding funding for the project.

Town Planning and Building Applications are reaching record levels. Council's new Planning Scheme will also add value by streamlining development processes and acting as a catalyst for new and innovative industry.

There continues to be substantial agricultural investment opportunities for the region and we thank the Queensland State Development for the continued support to help bring these opportunities to fruition.

Employees and Councillors have been very diligent and we thank them for their continued commitment throughout the year. Both parties work cohesively and such co-operation is exemplified by the quality of decisions and achievements, and Council's ability to maintain existing service delivery levels.

We would like to thank all of our employees and Councillors and the community for its ongoing support and look forward 2017/18 with great enthusiasm.



Graeme Scheu
Mayor



Carl Manton
Chief Executive Officer

Mission and Values

The Vision Statement outlines the direction for the future of Goondiwindi Regional Council and has a time horizon beyond the current term of Council.

Our Vision

“A vibrant, well planned and welcoming community with opportunity and lifestyle.”

Our Mission

“To deliver the region’s vision in partnership with the community and other stakeholders through committed leadership and the efficient delivering of quality services and facilities that support the economic, environmental and social needs of our communities.”

Guiding Principles

Goondiwindi Regional Council recognises that the role of Local Government has evolved beyond the traditional responsibilities of roads, rates and rubbish.

Although these activities are still fundamental to Local Government, Council understands that the community now seeks a more comprehensive and sustainable approach to management and development of our local area. Social, Economic and Environmental sustainability are now issues that deeply concern local communities.

To assist Council in providing the best response to these community needs, Goondiwindi Regional Council has adopted the “Quadruple Bottom Line” as the best practice management model.

Background: Quadruple Bottom Line

The Quadruple Bottom Line (QBL) is recommended by the International Council for Local Environment Initiatives (ICLEI) as the most appropriate planning and reporting format for local governments. QBL has its origins in the 1992 United Nations Local Agenda 21, a program aimed at implementing sustainable development at a local level.

This approach means that development must be sustainable and managed in a way that achieves social and economic sustainability. The QBL also takes into account the growing focus on “Corporate Governance”. Source: Plan & Deliver 2nd Edition DLGPS&R 2006.



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Elected Representatives

Goondiwindi Regional Council comprises of a Mayor and 6 Councillors elected by the community to represent the interests of everyone in the region. Council meets at the Goondiwindi Customer Service Office on the fourth Wednesday of each month commencing at 9:30am, unless otherwise altered by resolution. Meetings are open to the public, unless it is otherwise resolved by Council that a meeting be closed under the *Local Government Act 2009*.



Back Row: (L to R) Cr Rick McDougall, Cr Lachlan Brennan, Cr David Turner, Cr Rob Mackenzie

Front Row: (L to R) Cr Rick Kearney, Mayor Graeme Scheu, Cr Joan White

The designated portfolio holders for the particular areas are identified as follows:

- **Transport and Roads** – Cr Rick Kearney
- **Water and Sewerage** – Cr Rick McDougall
- **Waste and Regulatory Services** – Councillor Rob Mackenzie
- **Culture, Health, Ageing and Economic Development** – Councillor David Turner
- **Sport, Recreation & Parks and Gardens, Youth & Education, Technology** – Councillor Lachlan Brennan
- **Rural Services and Community Facilities (other than sport and recreation)** – Councillor Joan White

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Councillor Remuneration and Meetings

Under Section 186(a)-(c) of the *Local Government Regulation 2012* Council is required to report on details relating to the total remuneration paid to each Councillor during the year. This includes the total superannuation contributions paid during the year for each Councillor, and the expenses incurred by Councillors, and the facilities provided to each Councillor during the year under Council's reimbursement and expenses policy.

| Councillors | Meeting Attendance (days) | Remuneration | Travel | Phone / Other | Total Remuneration inc. Travel | Superannuation | Insurance & Sundry |
|---------------|---------------------------|---------------------|--------------------|-------------------|--------------------------------|--------------------|--------------------|
| GS Scheu | 13 | \$99,638.04 | - | \$961.92 | \$100,599.96 | \$11,956.56 | \$5,997.28 |
| WP Kearney | 15 | \$57,483.00 | - | \$961.92 | \$58,444.92 | \$6,897.96 | \$5,997.28 |
| RJ Mackenzie | 13 | \$49,818.96 | - | \$961.92 | \$50,780.88 | \$5,978.28 | \$5,997.28 |
| RJ McDougall | 12 | \$49,818.96 | \$5,528.26 | \$961.92 | \$56,309.14 | \$5,978.28 | \$5,997.28 |
| EJ White | 14 | \$49,818.96 | \$12,174.28 | \$961.92 | \$62,955.16 | \$5,978.28 | \$5,997.28 |
| LG Brennan | 14 | \$49,818.96 | - | \$961.92 | \$50,780.88 | \$5,978.28 | \$5,997.28 |
| DW Turner | 15 | \$49,818.96 | \$1,145.04 | \$961.92 | \$51,925.92 | \$5,978.28 | \$5,997.28 |
| Totals | 96 | \$406,215.84 | \$18,847.58 | \$6,733.44 | \$431,796.86 | \$48,745.92 | \$41,980.93 |

Councillor Remuneration and Expenses Policy

Section 186(b) of the *Local Government Regulation 2012* requires Council to include in its annual report the expenses incurred by, and the facilities provided to, each Councillor during the financial year pursuant to Council's Expenses Reimbursement Policy. A copy of Council's Remuneration and Expenses Policy is attached as Annexure A. The Policy was amended at Council's Ordinary Meeting held on 28 June 2017. Details of the resolution are as follows:

RESOLUTION OM-112/17

Moved: Cr EJ White

Seconded: Cr RJ Mackenzie

That Council resolves to adopt the following policies as reviewed and amended:

- 1. Councillor Remuneration and Expenses Policy, identified as Policy Number GRC 0003;*
- 2. Councillor Contact with Lobbyists, Developers and Submitters Policy, identified as Policy Number GRC 0001;*
- 3. Entertainment and Hospitality Policy, identified as Policy Number GRC 0039; and*
- 4. Advertising Spending Policy, identified as Policy Number GRC 0040.*

Carried

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Councillors Conduct

| | |
|---|-----|
| Total number of orders and recommendations made under section 180(2) or (4) of the <i>Local Government Act 2009</i> | Nil |
| Total number of orders made under section 181 of the <i>Local Government Act 2009</i> | Nil |
| The name of the each Councillor for whom an order or recommendation was made under section 180 of the <i>Local Government Act 2009</i> or an order made under section 181 of the <i>Local Government Act 2009</i> | N/A |
| A description of the misconduct or inappropriate conduct engaged in by each of the Councillors | N/A |
| A summary of the order or recommendation made for each Councillor | N/A |
| The number of complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 176C(2) of the <i>Local Government Act 2009</i> | Nil |
| The number of complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the <i>Local Government Act 2009</i> | Nil |
| The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the <i>Local Government Act 2009</i> | Nil |
| The number of complaints referred to the department's Chief Executive under section 176C(4)(a) of the <i>Local Government Act 2009</i> | Nil |
| The number of complaints assessed by the Chief Executive Officer as being corrupt under the <i>Crime and Corruption Act</i> | Nil |
| The number of complaints heard by a regional conduct review panel | Nil |
| The number of complaints heard by the tribunal | Nil |
| The number of complaints dealt with by the Chief Executive Officer under section 176C(6) of the <i>Local Government Act 2009</i> | Nil |

Department Reports

Department of Community & Corporate Services

Highlights 2016-2017

- Completion of Stage 3 of the Goondiwindi Civic Theatre.
- Installation of wi-fi and portable digital devices in all Council libraries.
- Installation of new IT system for asset management that has been integrated into Council's operating practices.
- Continuation of implementing the Public Awareness Plan for the SES services.

Department of Engineering Services

Highlights 2016-2017

- Continuation of the renewal of the irrigation system at Gilbert Oval.
- Extension of parking facilities at Gilbert Oval and Riddle Oval.
- Continuation of footpath and bikeway improvements and extensions on Old Cunningham Highway, Avon Street and Inglewood Riverwalk.
- Continuation of streetscape works, including centre median improvements at Goondiwindi and Inglewood.
- Replacement of water filters at Talwood and Yelarbon, and upgrades at Goondiwindi.
- Safety improvements initiatives undertaken on Kildonan Road, Kioma Road, Greenup Limevale Road, Riverton Road, Kondar Road and Mt Carmel Road.
- Completion of the annual resheet program (R2R) and reseal program on various roads throughout the regional area.
- Continuation of water main upgrade and augmentation works with Council's water supply areas.
- Continuation of the installation of telemetry systems for all water & sewerage treatment plants and pump stations.

Statutory Information

Business Activities and Complaints & Investigations

As required under Sections 41 and 45 of the *Local Government Act 2009*, listed in the following schedule is business activities conducted during the year. None of these activities were deemed "significant" according to the *Local Government Regulation 2012*. All activities were subject to the "competitive neutrality principal" whereby the Council did not use its position as a public entity to obtain an advantage over the private sector. There were no complaints about, or investigations into, any Council nominated business activities, nor any investigation notices for competitive neutrality complaints received.

| List of Business Activities | Significant Business Activity (Sect 43) | Competitive Neutrality Principle Applied (Sect 43) | New Business Activity (Sect 46) | Code of Competitive Conduct Applied (Sect 47) |
|-----------------------------|---|--|---------------------------------|---|
| Aquatic Centres | No | No | No | No |
| Aerodromes | No | No | No | No |
| Animal Control | No | No | No | No |
| Cemeteries | No | No | No | No |
| Cinema Operations | No | No | Yes | No |
| Disaster Management | No | No | No | No |
| Emergency Services | No | No | No | No |
| Health | No | No | No | No |
| Museums | No | No | No | No |
| Parks & Gardens | No | No | No | No |
| Planning & Development | No | No | No | No |
| Plant Operations | No | No | No | No |
| Public Halls | No | No | No | No |
| Regulated Parking | No | No | No | No |
| Roads | No | No | No | No |
| Rural Services | No | No | No | No |
| Sport & Recreation | No | No | No | No |
| Visitor Information Centre | No | No | No | No |
| Waste Management | No | No | No | No |
| Water & Sewerage | No | No | No | No |

Goondiwindi Regional Council did not have any responses in the 2015-16 financial year on the QCA's recommendations on any competitive neutrality complaints under Section 52(3) of the *Local Government Regulation 2012*.

Remuneration Packages

Section 201 of the *Local Government Act 2009* requires Council to report on the total remuneration packages payable to senior contract employees. These details are as follows:

| Number of senior contracted employees | Total remuneration range* |
|---------------------------------------|---------------------------|
| 1 | \$100,000 - \$200,000 |
| 2 | \$200,000 - \$300,000 |

Administrative Action Complaints

Council is committed to dealing fairly with administrative action complaints and has an Administrative Actions Complaints Process to deal with any such complaints. There were four (4) Administrative Action Complaints requiring reporting pursuant to Section 187 of the *Local Government Regulation 2012* for this financial year.

| | |
|---|---|
| The number of administrative action complaints made to Council | 4 |
| The number of administrative action complaints resolved by Council under the complaints management process | 1 |
| The number of administrative action complaints not resolved by the local government under the complaints management process | 3 |
| The number of administrative action complaints not resolved that were made in a previous financial year | 0 |

Overseas Travel

In accordance with reporting requirements under Section 188 of the *Local Government Regulation 2012*, no Councillors or employees undertook overseas travel during the financial year at Council's expense.

Long Term Financial Sustainability

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 seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have 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. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

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Performance Indicators

1. Operating Surplus Ratio

| | | | | | | | | | | | | |
|---|---------|-------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Result (excluding capital items) | 0 - 10% | 9.78% | -10.80% | -0.78% | -0.92% | -1.07% | -0.54% | -0.93% | -1.32% | -1.71% | -1.38% | -0.98% |
| 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) | > 90% | 90.80% | 100.12% | 90.26% | 91.89% | 102.45% | 107.74% | 107.43% | 106.68% | 106.42% | 105.82% | 97.80% |
| Depreciation Expense | | | | | | | | | | | | |

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 | < 60% | -72.82% | -82.42% | -74.38% | -74.75% | -74.52% | -73.80% | -72.83% | -71.59% | -69.98% | -67.77% | -65.91% |
| Total Operating Revenue (excluding capital items) | | | | | | | | | | | | |

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

The table above summarises how we performed against set targets for the three key financial performance indicators established in our financial strategy. In summary, Council achieved all of the financial targets and met all financial commitments in the financial year, whilst keeping debt to a conservative and manageable level. This was achieved while maintaining community services and making ongoing investment in community infrastructure. This result was distorted by the advance payment of the 2017/18 Financial Assistance Grant received from the Federal Government amounting to \$2,979,692.

Separate and Special Rates and Charges

Section 190(1)(d) of the *Local Government Regulation 2012* requires Council to report details of action taken in relation to, and expenditure on, a service, facility or activity:

- Supplied by another local government under an agreement for conducting a joint government activity; and
- For which the local government made and levied a special rate or charge for the financial year.

Council made and levied special charges to be known as Rural Fire Levy A Special Charge and Rural Fire Levy B Special Charge. Rural Fire Levy A Special Charge of \$22.50 per annum applied to rateable land contained within the Rural Fire Brigade Area of Bracker Creek and Omanama to fund the operations of the respective Rural Fire Brigade. Rural Fire Levy B Special Charge of \$27.50 per annum applied to rateable land contained within the Rural Fire Brigade Area of Glenarbon-Beebo to fund the operations of the Rural Fire Brigade.

These levies generated total revenue of **\$6,112.50** for the 2016/17 financial year. Payments totalling **\$5,470.00** were distributed to brigades during the 2016/17 financial year.

Contracts and Tendering

Section 190(1)(e) of the *Local Government Regulation 2012* requires Council to list the number of invitations to change tenders under Section 228(7). There were no actions taken during the 2016/17 year relating to changes to tenders.

Registers & Public Documents

Council is required under Section 190(1)(f) of the *Local Government Regulation 2012* to report a list of registers kept by it and open to public inspection. In some cases, charges may apply for copies or extracts if these are allowable.

- | | |
|---|---|
| • Register of Interests (Councillors) | • Code of Conduct |
| • Road Register | • Financial Statements |
| • Policy Register | • Budget (Adopted annually) |
| • Regulatory Fees and Charges | • Customer Service Standards |
| • Publication Scheme (Right to Information) | • Revenue Statement (Adopted annually) |
| • Council Minutes and Agendas | • Disclosure Log |
| • Local Laws and Subordinate Local Law Register | • Register of Delegations (by Council and by CEO) |

Council also makes available other information which can be downloaded electronically from Council's website. This information includes:

- | | |
|-------------------------------------|------------------------------------|
| • Operation Plan (adopted annually) | • Corporate Plan 2014-2019 |
| • Waggamba Shire Planning Scheme | • Annual Report (adopted annually) |
| • Goondiwindi Town Planning Scheme | |
| • Inglewood Shire Planning Scheme | |

Concessions for Rates & Charges

Section 190(1)(g) of the *Local Government Regulation 2012* requires Council to include a summary of all concessions for rates and charges granted by the local government. Council's Revenue Policy (attached as Annexure B), adopted 25 May 2016, sets out the principles employed by Goondiwindi Regional Council in 2016/17 for:

- The making and levying of rates and charges;
- The granting of rebates and concessions;
- The recovery of rates and charges; and
- Concessions for rates and charges.

Goondiwindi Regional Council exempts religious, charitable and other organisations from general rating in accordance with the *Local Government Act* and regulations.

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Concessions to Classes of Land Owners

Council gives consideration to granting a class concession in the event the State Government declares all or part of the local government area a natural disaster area.

Discount for Prompt Payment

To encourage the prompt payment of rates and charges a discount is allowed in levied rates and charges if paid within 30 clear days after the issue date of the rate notice, provided all overdue rates and charges are also paid. The discount amount is the lesser of the amount prescribed by regulation of 15%.

Rebates

A pensioner subsidy for Council's rates and charges is available through the State Government's Pensioner Rate Subsidy Scheme. The current eligibility of each applicant to receive a benefit from either the Centrelink or the Department of Veterans' Affairs has to be verified, within the last twelve (12) months, with or by the relevant Commonwealth Department. The subsidy available is for 20% of rates to a maximum of \$200 per annum.

Other Remissions and Deferrals

Other remission requests, or rate deferral requests, are assessed on a case by case basis upon application in writing to Council.

Internal Audit Committee

Section 190(1)(h) of the *Local Government Regulation 2012* requires Council to report on the internal audit for the financial year. Council established an Internal Audit Committee during the 2012/13 financial year. The Internal Audit Committee assists Council in fulfilling its corporate governance role and oversight responsibilities in relation to accounting and reporting practices. Council's Internal Audit Committee includes two external members and two Councillors.

During 2016/17, the Committee focussed on Fraud and Corruption and Risk Management.

Equal Employment Opportunity

Council is required under Section 190(1)(i) of the *Local Government Regulation 2012* to provide a statement about Council's activities for equal opportunity in employment. Goondiwindi Regional Council strives to provide a workplace free of discrimination where all people are treated equally in relation to employment and access. As such, Council adopted an equal Employment Opportunity (EEO) Policy in November 2009 and it remains current. This policy is adopted as a value and practice of Council and to recognise that they directly contribute to the effectiveness of Council.

The EEO Policy consists of clear responsibilities with adequate resources having been allocated to ensure Council's policies and programs are aligned with EEO principles.

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Shareholder Delegates

In accordance with reporting requirements under the *Local Government Regulation 2012*, Council did not operate any corporate entities during the 2015/16 period.

Code of Conduct

Goondiwindi Regional Council has implemented a Code of Conduct in line with the *Public Sector Ethics Act 1994* ethics, principles and values. The Code of Conduct provides common guiding principles and standards of ethical behaviour and conduct expected of employees and elected representatives as they perform their official duties. Contractors and consultants are also bound by this code whilst undertaking work for Council. All Council employees are given access to appropriate education and training on the code and its content, as well as their rights and obligations in relation to contraventions of the code. Council's Code of Conduct is available on Council's website, intranet and in hardcopy at all Customer Service Centres.

Grants to Community Organisations

Council supports the local community by granting financial assistance to various community organisations and is required by Section 189 of the *Local Government Regulation 2012* to report such contributions. These contributions assisted in the ongoing improvement of services and facilities for the community. During 2016/17, Goondiwindi Regional Council provided financial assistance to local community organisations as follows:

| Description | Amount |
|------------------------------------|---------------------|
| Community Contributions | \$153,335.77 |
| Economic Development Contributions | \$48,241.39 |
| Sport Related Contributions | \$73,733.83 |
| Aged Care Contributions | - |
| Cultural Activities Contributions | \$59,734.89 |
| Total Contributions | \$335,045.88 |

Details of the grants provided to community groups are available on Council's website. Please note that Councillors do not have their own discretionary funds.

Implementation of Long-Term Plans

Council has continued to report periodically on the implementation of its Corporate Plan and Operational Plan. Built on a quadruple bottom line approach, Council's Corporate Plan and the annual Operational Plan ensures that Council's strategies are actioned at an operational level.

Community Financial Report

For the period 1 July 2016 to 30 June 2017

The community financial report is designed to give the end user a better understanding of the financial performance and financial position of Council. It also seeks to explain in plain English, key financial information in a way that readers without a non-financial background can easily understand.

This report focuses on:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows
- Financial Ratios

The Statement of Comprehensive Income

The Statement of Comprehensive Income is often referred to as the profit and loss statement and shows how Council has performed throughout the period. This statement conveys what Council has earned (revenue) and what Council has spent (expenses) throughout the year. The net result of these two figures represents the money that is available for Council to renew, upgrade or build new community assets or to allocate to a reserve to allow for future expenditure for the community.

In summary, Council's result for the reporting period was:

| What we have earned (Revenue) | |
|---|---------------|
| Recurrent Revenue | 38,123 |
| Capital Revenue | 5,548 |
| Total Revenue | 43,671 |
| | |
| What we have spent (Expenses) | |
| Recurrent Expenses | 34,394 |
| Capital Expenses | 1,260 |
| Total Expenses | 35,654 |
| | |
| Net Result | 8,017 |
| | |
| The Net Result does not necessarily represent surplus cash funds available for general use as certain income items are restricted to specific use, for example, capital grants are generally allocated to maintain or expand the Council's infrastructure. Another example relating to the 2016/17 financial year was the advance recurrent grant paid in June 2017 but related to the first two quarters of 2017/18. The recast operating results is as follows: | |
| | |
| Net Result as reported 30 June 2017 | 8,017 |

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| | |
|---|------------|
| Less Capital Revenue allocated for Infrastructure Assets | - 5,548 |
| Plus Capital Expenses allocated for Infrastructure Assets | 1,260 |
| Less Recurrent Grants paid in advance | - 2,980 |
| Restated Operating Result | 749 |

Council delivered an operating surplus above the original budgeted result. Goondiwindi Regional Council is in a sound financial position to deliver its budgeted projects and services for the 2017 financial year and beyond.

What We Have Earned

There are two main categories of revenue for the financial year: recurrent revenue and capital revenue.

Councils' recurrent revenue is money raised that is used to fund the operations of Council. Council raises recurrent revenue from income sources such as rates, levies and charges, grants, subsidies, contributions and donations, sales revenue (i.e. contract works), interest and other fees and charges.

Councils' capital revenue is sourced for the purpose of constructing Council's assets now and into the future. Council's capital revenue consists of grants, subsidies, contributions and donations, as well as gains/losses on the disposal of assets.

Total recurrent income increased by \$6.6M from the previous year as a result of increases in sales revenue of \$3.7m and the advance payment of \$3m from the Federal Assistance Grant commission (FAGS). The main source of Council income for 2017 was Rates, levies and charges, which equated to 47% of the total recurrent income. Grants, Subsidies and Contributions were the next highest source of income.

Items to note in relation to this year's results are as follows:

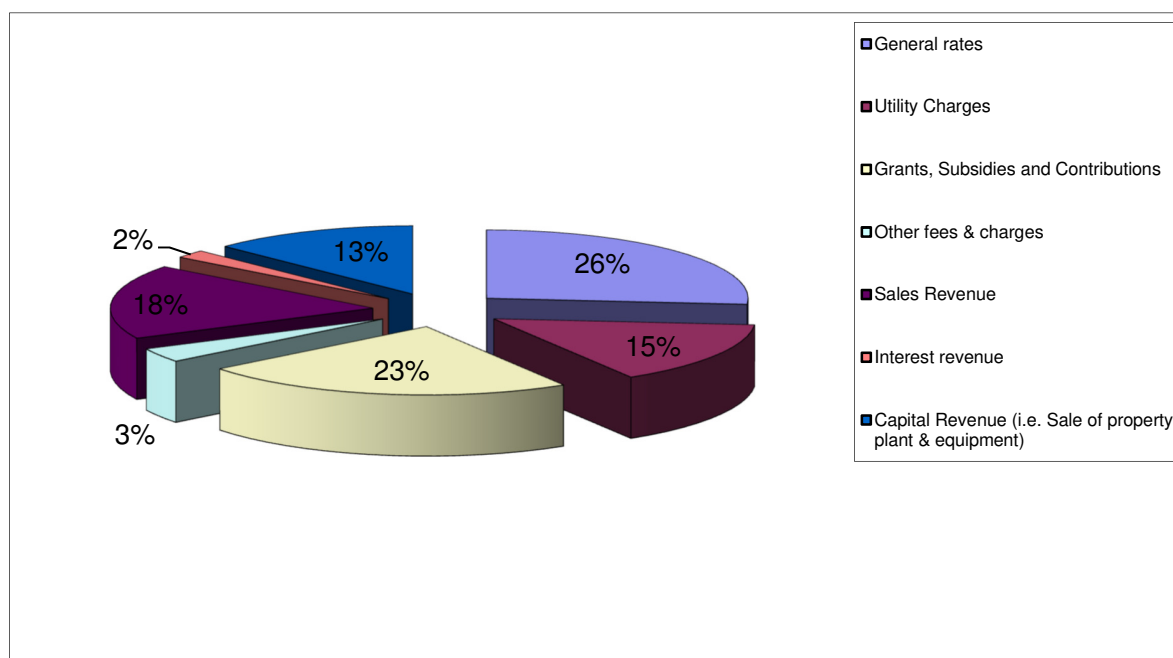
- An average increase in rates, levies and charges of 1.55% was applied if the discount was taken up by the ratepayer.
- FAGS advance payments for the first two quarters of 2017/18.
- Increases in Sales income.

| REVENUE | | \$'000 | |
|-----------------------------------|---------------|---------------|--|
| Recurrent Income | 2017 | 2016 | |
| General Rates | 11,533 | 11,372 | |
| Utility Charges | 6,495 | 6,765 | |
| Grants, Subsidies & Contributions | 10,090 | 7,013 | |
| Other Fees & Charges | 1,470 | 1,367 | |
| Sales Revenue | 7,699 | 3,967 | |
| Interest Revenue | 836 | 1,093 | |
| Total Recurrent Revenue | 38,123 | 31,577 | |
| Capital Revenue | 5,548 | 4,469 | |
| TOTAL REVENUE | 43,671 | 36,046 | |

Goondiwindi Regional Council Annual Report 2016/17

1 July 2016 to 30 June 2017

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What We Have Spent

Council's recurrent expenses include employee benefits, materials and services, finance costs and depreciation and amortisation. These line items represent the cost to Council of providing services, operating facilities and maintaining assets.

| EXPENSES | \$'000 | |
|------------------------------------|---------------|---------------|
| Operating Expenses | 2017 | 2016 |
| Employee Benefits | 12,459 | 12,053 |
| Materials and Services | 12,999 | 9,898 |
| Finance Costs | 128 | 125 |
| Depreciation and Amortisation | 8,808 | 8,812 |
| Total Recurrent Expenditure | 34,394 | 30,888 |
| Capital Expenses | 1,260 | 1,410 |
| TOTAL EXPENSES | 35,654 | 32,298 |

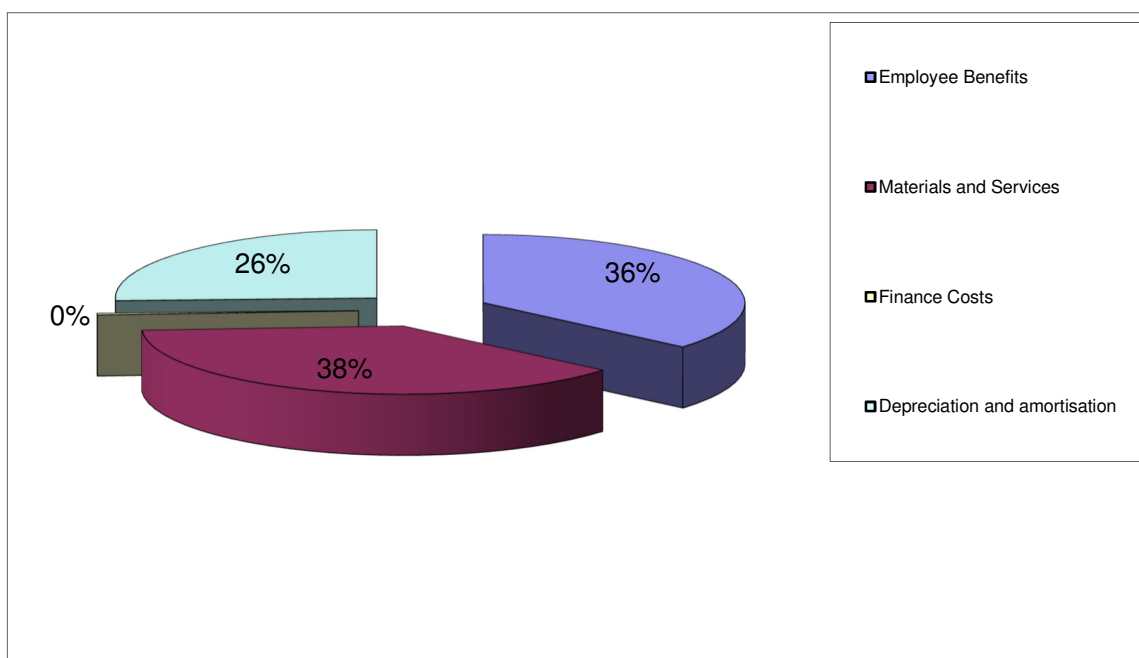
Total recurrent expenditure increased \$3.5M from the previous year. The main expenditure was Materials and Services (38%) followed by Employee Benefits (36%).

The reason for the increases in materials and services was due to the increase in Sales Revenue.

Goondiwindi Regional Council Annual Report 2016/17

1 July 2016 to 30 June 2017

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The Statement of Financial Position

This statement is often referred to as the balance sheet and summarises the financial position of the Council at the end of the financial year. The statement measures what Council owns (assets) and what Council owes (liabilities) at the end of the financial year with the difference between these two components being the net community wealth (equity) of Council.

| Assets | 2017 | 2016 |
|---------------------------------|----------------|----------------|
| Current Assets | | |
| Cash and Cash Equivalents | 16,360 | 8,698 |
| Receivables | 3,247 | 2,619 |
| Investments | 18,000 | 20,000 |
| Inventories | 156 | 137 |
| Total Current Assets | 37,763 | 31,454 |
| Non-Current Assets | | |
| Property, Plant & Equipment | 401,088 | 384,167 |
| Intangibles | 3,913 | 3,608 |
| Total Non-Current Assets | 405,001 | 387,775 |
| TOTAL ASSETS | 442,764 | 419,229 |

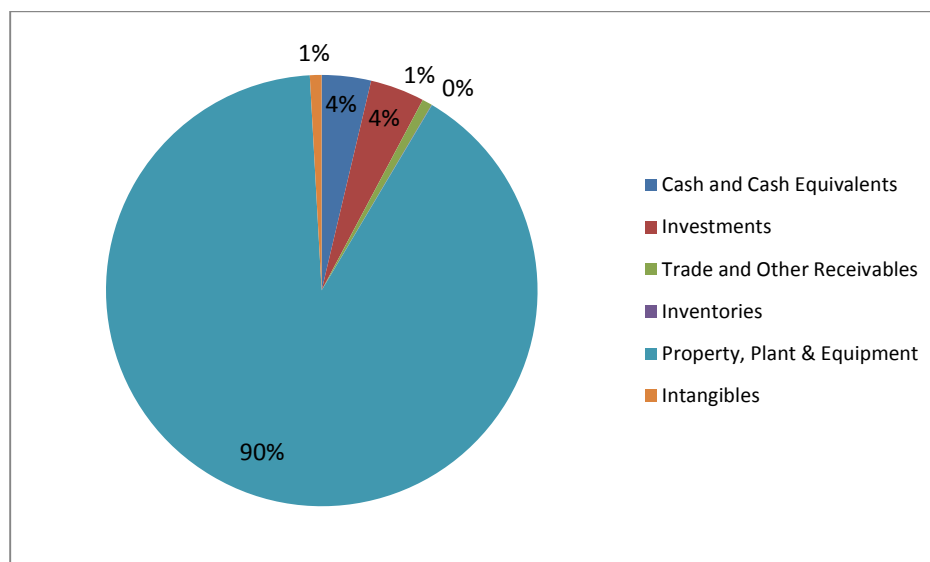
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Assets

Council's current assets increased by \$6.3M. This increase was mainly due to the advance payment of \$3m from FAGS and not delivering all of the Capital Expenditure programs.



The written down value of Council's property, plant and equipment assets was \$401.088M at 30 June 2017. The majority of Council's non-current assets are in the form of property, plant and equipment. These assets make up 90% of the assets on Council's Statement of Financial Position. Infrastructure assets such as roads, bridges and footpaths, drainage, water and sewerage comprise the bulk of this line item.

Incorporated as part of this figure (\$5.3M) relates to works in progress not completed by year-end.

Liabilities

Council's liabilities comprise amounts owing for employee entitlements such as recreation leave, provisions for future costs such as long service leave and restoration, trade creditors (suppliers) and borrowings.

The Statement of Changes in Equity

Community equity represented by Council's net worth. This is calculated by what we own, minus what we owe:

Total Assets \$442.8M – Total Liabilities \$10.00M = Community Equity \$432.8M.

Community equity increased by \$23.78M for the following reasons;

1. A reduction in the Asset Revaluation Reserve of \$15.76M was due to an assessment of Council's Property, Plant & Equipment as conducted by an independent valuer.
2. An increase in the overall surplus of \$8.017M.

Goondiwindi Regional Council Annual Report 2016/17

1 July 2016 to 30 June 2017



Council's retained surplus represents amounts which have been invested into assets to provide services. The asset revaluation surplus comprises amounts representing the asset retained capital & other change in the value of Council's assets over time.

The Statement of Cash Flows

The Statement of Cash Flows identifies the cash received and cash spent throughout the year. The statement shows Council's ability to cover its expenditures and where those funds are derived. Council's cash balance increased by \$7.7M. Council spent \$11.9M from its operating activities, (\$4.2M) from its investing activities \$0.072M from financing activities (i.e. borrowings). Capital grants amounted to \$5.3M with an investment of \$12.2M in property, plant and equipment. Council's cash is wisely invested so the interest earned contributes to the funding of operational expenses.

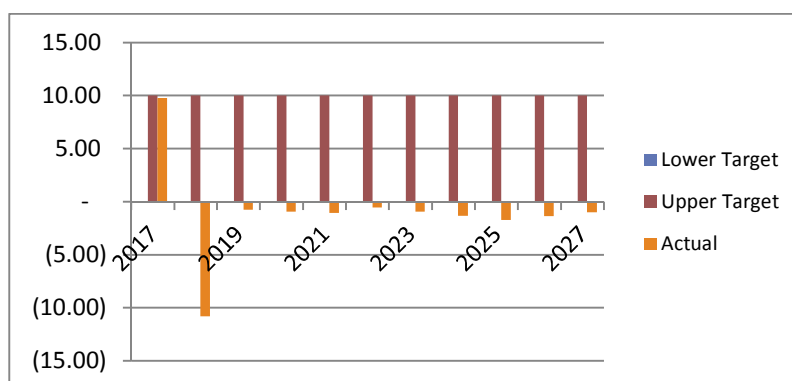
Financial Ratios

Section 169 of the *Local Government Regulation 2012* requires the inclusion of the relevant measures of financial sustainability. These ratios are also included in Council's Long Term Financial Plan with reviews conducted on a regular basis. The targets have been set by the Department of Local Government and Planning.

Operating Surplus Ratio

The operating surplus ratio measures the extent to which revenue raised (i.e. excluding capital grants and contributions) covers operational expenses. As at 30 June 2017, Council's Operating Surplus Ratio was a positive 9.78%.

Under the present assumptions used in the long-term plan, Council will return breakeven results for the next ten-year Long-Term financial range to 2017. Council will also continue with service level reviews to ensure that operational expenses are going to be sustainable in the longer term.



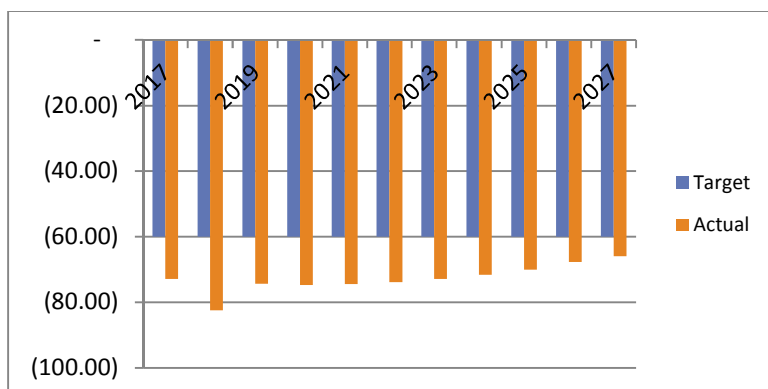
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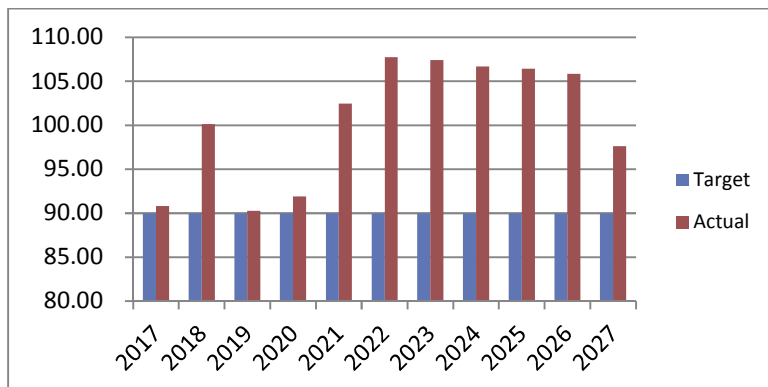
Net Financial Liabilities Ratio

This ratio measures the extent to which Council can fund its liabilities through its operating revenues. A ratio of less than 60% indicates that the Council can comfortably fund its liabilities. At 30 June 2017, Council's Net Financial Liabilities Ratio was -72.82%.



Asset Sustainability Ratio

This ratio measures the amount of capital expenditure on renewal of existing assets compared to the depreciation expense. Ratios of less than the target amount of 90% shows that Council may not be keeping its existing assets up to date. Generally, spending renewal works will be within the sustainability target for the life of the plan. At 30 June 2017, Council's Asset Sustainability Ratio was 90.80%.



Council's Financial Management Strategy

During 2017, Council continued reviewing their financial operations by challenging current staffing levels, plant needs, depreciation estimates, overtime, insurance risk appetites and other measures to identify opportunities for efficiencies or cost reductions. As a result of upholding these past and current strategies, the general rate and user charge for 2018 was able to be in line with the Consumer Price Index (CPI). 1.55%. This news was well received by the ratepayers of Goondiwindi.

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Summary

The 2017 financial year ended with an operating surplus amounting to \$3.7M, mainly due to the advance payment of \$3M from FAGS for the first two quarters of 2018. The underlying surplus was \$.75M. The results for 2018 will be distorted by the 2017 advance payment but the future years beyond this will mostly remain within the prescribed targets as published by Queensland Treasury Corporation. Council also has sufficient money to cover its present and future obligations into the foreseeable future. Goondiwindi Regional Council will continue a commitment of sound financial management through long-term financial planning to ensure the success and stability of the region.

Annexure A – Councillor Remuneration & Expenses Policy



COUNCILLOR REMUNERATION AND EXPENSES POLICY

Adopted Date: 14 April 2008
 Policy Number: GRC 0003
 Policy Type: Statutory
 Responsible Officer: Chief Executive Officer
 Department: Executive Office

| Version | Decision Number or CEO Approval | Decision Date | Status / History |
|---------|---------------------------------|------------------------|--------------------------|
| 1 | GRC 0003 | 14 April 2008 | Model adopted by Council |
| 2 | GRC 0003 | Amended 18 August 2010 | |
| 3 | GRC 0003 | 22 May 2013 | Review June 2017 |
| 4 | | Amended 23 July 2014 | Review June 2017 |
| 5 | OM-112/17 | 28 June 2017 | Review June 2020 |

1. BACKGROUND

Councillor remuneration is determined on an annual basis by the Local Government Remuneration Tribunal ("the Tribunal"). The Tribunal determines local government categories based on criteria including population, size of the local government area and services provided. Goondiwindi Regional Council has been classified as a Category 3 local government. Details of the remuneration and expenses payable to Councillors are detailed in this policy.

2. POLICY STATEMENT

The policy complies with the Statement of Principles, set out in the guidelines:

- Reasonable expenses reimbursement to councillors
- Public accountability and transparency
- Public perceptions and community expectations
- No private benefit to be derived
- Equity and participation

1. PAYMENT OF EXPENSES

Expenses will be paid to a councillor through administrative processes approved by a councils' Chief Executive Officer subject to:

- the limits outlined in this policy and
- council endorsement by resolution.

2. EXPENSE CATEGORIES

2.1. Professional development

A local government will reimburse expenses incurred for:

- mandatory professional development and
- discretionary professional development deemed essential for the councillor's role.

2.2. Travel as required to represent council

A local government may reimburse local and in some cases interstate and overseas travel expenses (e.g. flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of council where:

- a councillor is an official representative of council and
- the activity/event and travel have been endorsed by resolution of council.

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation when a councillor is required to stay outside the local governments region.

Any fines incurred while travelling in council-owned vehicles or privately owned vehicles when attending to council business, will be the responsibility of the councillor incurring the fine.

2.3. Travel Bookings

All councillor travel approved by council will be booked and paid for by council.

Economy class is to be used where possible although council may approve business class in certain circumstances.

Airline tickets are not transferable and can only be procured for the councillor's travel on council business. They cannot be used to offset other unapproved expenses. (e.g. cost of partner or spouse accompanying the councillor.)

2.4. Travel Transfer Costs

Any travel transfer expenses associated with councillors travelling for council approved business will be reimbursed.

Example: Trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by council where councillors are required to undertake duties relating to the business of council.

2.5. Private Vehicle Usage

Councillors private vehicle usage may be reimbursed by council if the:

- travel has been endorsed by council resolution
- claim for mileage is substantiated with log book details and
- total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

2.6. Accommodation

All councillor accommodation for council business will be booked and paid for by council. Council will pay for the most economical deal available. Where possible, the minimum standards for councillors accommodation should be three or four star rating.

Where particular accommodation is recommended by conference organisers, council will take advantage of the package deal that is the most economical and convenient to the event.

2.7. Meals

A local government will reimburse costs of meals for a councillor when:

- the councillor incurs the cost personally and
- the meal was not provided:
 - within the registration costs of the approved activity/event
 - during an approved flight.

The following limits apply to the amount councils will reimburse for meals:

- Breakfast \$25.00
- Lunch \$25.00
- Dinner \$35.00

2.8. Incidental Allowance

Up to \$20 per day may be paid by a local government to cover any incidental costs incurred by councillors required to travel, and who are away from home overnight, for official council business.

2.9. Additional Expenses for Mayor Hospitality

Local governments may reimburse mayors up to \$1,000 per annum for hospitality expenses deemed necessary in the conduct of council business.

2.10 Provision of Facilities

All facilities provided to councillors remain the property of council and must be returned to council when a councillor's term expires.

2.11 Private use of council owned facilities

Based on the principle that *no private benefit is to be gained* the facilities provided to councillors by local governments are to be used only for council business unless prior approval has been granted by resolution of council.

The council resolution authorising private use of council owned facilities will set out the terms under which the councillor will reimburse council for the percentage of private use. This would apply when councillors have private use of council owned motor vehicles and / or mobile telecommunication devices.

3 FACILITIES CATEGORIES

3.1 Administrative tools

Administrative tools should be provided to councillors as required to assist councillors in their role. Administrative tools include:

- office space and meeting rooms
- computers
- stationery
- access to photocopiers
- printers
- facsimile machines
- publications
- use of council landline telephones and internet access in council offices.

Secretarial support may also be provided for mayors and councillors.

Council may provide a councillor with home office equipment including computer, internet access if necessary.

3.2 Maintenance Costs of Council Owned Equipment

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of council-owned equipment that is supplied to councillors for official business use.

This includes the replacement of any facilities which fall under council's asset replacement program.

3.3 Name Badge

A local government may provide councillors with a name badge

3.4 Safety Equipment for Councillors

A local government may provide councillors with the necessary safety equipment for use on official business. e.g. safety helmet /boots.

3.5 Use of Council Vehicles on Council Business

Councillors may have access to a council vehicle for official business.

3.6 Private Use of Vehicles

Private use of council owned vehicles is permitted if prior approval has been granted by resolution of council. Council will, in its resolution authorise private use, set out the terms for the councillor to reimburse council for the private use.

3.7 Telecommunication Needs - Mobile Devices

Mobile telecommunication devices previously owned by a local government may be used by councillors for official council business use during the transitional period.

Additionally, where council deems it necessary to acquire new mobile devices due to the new local government structure, extra facilities may be approved by council resolution.

Example: Mobile telephones or hand-held personal digital assistants (i.e. 'Blackberry')

Hand-held personal digital assistants such as Blackberry, Mobile Phones or similar, are available for all Councillors on the basis that Councillors enter into individual contracts with the relevant communication providers. A monthly reimbursement of \$80 will be claimable by participating Councillors.

3.8 Insurance Cover

A local government will indemnify or insure councillors in the event of injury sustained while discharging their civic duties.

The local government will pay the excess for injury claims made by a councillor resulting from conducting official council business.

3.9 Fuel Costs

Fuel for a council-owned vehicle used for official council business, will be provided or paid for by council.

3.10 Car Parking Amenities

Councils are to provide councillors with:

- car parking at the local government office premises and / or
- reimbursement of parking costs paid by councillors while attending to official council business.

4. PAYMENT OF REMUNERATION

From 1 July 2014, the Tribunal determined that for Category 3 Councillors, remuneration will be paid at a base salary rate of 50% of the remuneration figure determined by the Tribunal for each financial year. The remaining 50% remuneration will be paid to Councillors monthly, after certification of the Councillor's attendance at each mandated monthly meeting.

4.1. Payment of base rate of remuneration

The base rate of remuneration will be paid monthly to Councillors after the submission of a tax invoice to Council.

4.2. Payment of meeting fee for attendance at meetings

Each local government is responsible for determining how and when it will pay meeting fees to its councillors. Meeting fees are only payable when Councillors attend the mandated monthly meetings unless one of the following exceptions apply. Councillors will still receive the monthly meeting fee in the following situations:

1. Being absent from a mandated monthly meeting to attend to official Council Business (such as attendance at a conference or meeting to represent Council), where prior approval has been obtained from the Mayor;
2. Being absent from a mandated monthly meeting due to illness/accidents;
3. Being absent from a mandated monthly meeting whilst on annual leave;
4. Being absent from a portion or whole of a mandated monthly meeting where prior approval has been granted by the Mayor based on individual circumstances.

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The Mayor or Chief Executive Officer will certify the attendance of Councillors at each monthly meeting and note any exemptions for Councillors. Once certified, the payment of the monthly meeting fee will be included in the monthly tax invoice submitted to Council for payment after the meeting.

4 PURPOSE

The purpose of the policy is to ensure that councillors (including mayors) can receive reimbursement of reasonable expenses and be provided with necessary facilities in performance of their role.

5. POLICY OBJECTIVE

The objectives of this policy are to provide clear guidelines for Councillors and staff when dealing with the reimbursement of expenses.

6. NECESSITY TO COMPLY WITH THIS POLICY

If a Councillor fails to comply with this policy, such failure may constitute inappropriate conduct or misconduct pursuant to the *Local Government Act 2009* and will be dealt with accordingly.

7. REVIEW DATE

June 2020

Annexure B – Revenue Policy 2016/17



REVENUE POLICY 2016/17

TITLE: Revenue Policy 2016/17

POLICY TYPE: Statutory

POLICY NUMBER: GRC 0012

RESPONSIBLE OFFICER: Director Community & Corporate

DEPARTMENT: Community & Corporate Services

| Version | Decision Number or CEO Approval | Decision Date | History |
|---------|---|----------------|-----------------------|
| 1 | Reviewed | 27 August 2008 | Revised for 2009/10 |
| 2 | Ordinary Meeting Minutes (ref. CS-89) | 29 June 2009 | Adopted by Resolution |
| 3 | Reviewed | 17 May 2010 | Revised for 2010/11 |
| 4 | Ordinary Meeting Minutes (ref. OM-097/10) | 26 May 2010 | Adopted by Resolution |
| 5 | Reviewed | 04 May 2011 | Revised for 2011/12 |
| 6 | Ordinary Meeting Minutes (ref. OM-092/11) | 25 May 2011 | Adopted by Resolution |
| 7 | Reviewed | 07 May 2012 | Revised for 2012/13 |
| 8 | Ordinary Meeting Minutes (ref. OM-120/12) | 27 June 2012 | Adopted by Resolution |
| 9 | Reviewed | 10 May 2013 | Revised for 2013/14 |
| 10 | Ordinary Meeting Minutes (ref. OM-073/13) | 22 May 2013 | Adopted by Resolution |
| 11 | Ordinary Meeting Minutes (ref. OM-019/14) | 28 May 2014 | Adopted by Resolution |
| 12 | Ordinary Meeting Minutes (ref. OM-076/15) | 27 May 2015 | Adopted by Resolution |
| 13 | Ordinary Meeting Minutes (ref. OM-065/16) | 25 May 2016 | Adopted by Resolution |

1. LEGISLATIVE AUTHORITY

- *Local Government Act 2009* - section 104(5)(a)(iii)
- *Local Government Regulation 2012* - section 193

2. POLICY OBJECTIVE

The objective of this Revenue Policy is to set out the principles used by Council for:-

- The levying of rates and charges; and
- The granting of concessions for rates and charges; and
- The recovery of overdue rates and charges; and
- Cost recovery fees.

3. POLICY PRINCIPLES

3.1 The levying of rates and charges

Council levies rates and charges to fund the provision of valuable services to our community. When adopting its annual budget, Council will set rates and charges at a level that will provide for both current and future community requirements. Council will apply the principle of transparency in making rates and charges.

In general, Council will be guided by the principle of user pays in the making of rates and charges so as to minimise the impact of rating on the efficiency of the local economy.

Council will also have regard to the following principles in the making of rates and charges:-

- Transparency in the making of rates and charges; and
- Administering a simple and inexpensive rating regime; and Equity by taking into account the different levels of revenue-producing potential of the land within the local government area; and
- Flexibility to take account of changes in the local economy, extraordinary circumstances and impacts that different industries may have on Council infrastructure.

In levying rates Council will be guided by the following principles of:-

- Making clear what is the Council's and each ratepayers' responsibility to the rating system; and
- Making the levying system simple and inexpensive to administer; and
- Timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- Equity through flexible payment arrangements for ratepayers with a lower capacity to pay; and
- Communication by advising ratepayers about rate notice issue dates and discount dates; and
- Clarity by providing meaningful information on rate notices to enable ratepayers to clearly understand their responsibilities.

3.2 The Purpose and of Granting Concessions for rates and charges

Council has determined that pensioners as defined in Schedule 7 (Dictionary) of the *Local Government Regulation 2012* are entitled to receive concessions on rates and various other services that Council provides to the community. The purpose of the concessions for pensioners is to assist pensioner property owners to remain in their own home by reducing the financial impact of rates and charges.

In considering the application of concessions, Council will be guided by the principles of:-

- Transparency by making clear the requirements necessary to receive concessions;

- Communication by raising the awareness of target groups that may qualify for these concessions; and
- Equity by ensuring that all applicants of the same type receive the same concession.

Council may give consideration to granting a class concession in the event the State Government declares all or part of the local government area a natural disaster area.

3.3 Recovery of rates and charges

Council requires payment of rates and charges within the specified period and it is Council policy to pursue the collection of outstanding rates and charges diligently, but with due concern for the financial hardship faced by some members of the community.

Council will exercise its rate recovery powers pursuant to the provisions of Chapter 4 Part 12 of the *Local Government Regulation 2012* in order to reduce the overall rate burden on ratepayers, and will be guided by the principles of:

- equity by treating all ratepayers in similar circumstances in the same manner and by having regard to their capacity to pay;
- transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations; and
- flexibility by accommodating ratepayers' needs through short-term payment arrangements.
- making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective;

3.4 Cost-Recovery Fees

Section 97 of the *Local Government Act 2009* allows Council to set cost-recovery fees.

The Council recognises the validity of fully imposing the user pays principle for its cost-recovery fees, unless the imposition of the fee is contrary to its express social, economic, environmental and other corporate goals. This is considered to be the most equitable and effective revenue approach, and is founded on the basis that the Council's rating base cannot subsidise the specific users or clients of Council's regulatory products and services.

However, in setting its cost-recovery fees, Council will be cognisant of the requirement that such a fee must not be more than the cost to Council of providing the service or taking the action to which the fee applies.

3.5 Funding of Physical and Social Infrastructure Costs

Council requires developers to pay reasonable and relevant contributions towards the cost of infrastructure required to support the development. Specific charges are detailed in the policies and other material supporting Council's town planning schemes.

These policies are based on normal anticipated growth rates. Where a new development is of sufficient magnitude to accelerate the growth rate of a specific community within the Region, it may be necessary to bring forward social infrastructure projects. Where this occurs, Council expects developers to meet

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1 July 2016 to 30 June 2017

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sufficient costs so that the availability of facilities are not adversely affected and so that existing ratepayers are not burdened with the cost of providing the additional infrastructure.

4. REVIEW DATE

May 2017

5. RELATED DOCUMENTS

- Budget 2016/17
- Revenue Statement 2016/17

6. ATTACHMENT

Nil



Annexure C – Audited Financial Statements (including Financial Sustainability Statements)

For the period 1 July 2016 to 30 June 2017



Goondiwindi Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Goondiwindi Regional Council.....building the future together



Goondiwindi Regional Council

General Purpose Financial Statements

for the year ended 30 June 2017

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Goondiwindi Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2017

| | Notes | 2017 \$'000 | Restated 2016 \$'000 |
|--|-------|----------------|----------------------------|
| Income | | | |
| <i>Recurrent Revenue</i> | | | |
| Rates, Levies and Charges | 3a | 18,028 | 18,138 |
| Fees and Charges | | 680 | 555 |
| Interest Revenue | 3b | 836 | 1,093 |
| Sales Revenue | | 7,699 | 3,967 |
| Other Income | | 790 | 811 |
| Grants, Subsidies and Contributions | 4a | 10,090 | 7,013 |
| <i>Total Recurrent Revenue</i> | | 38,123 | 31,577 |
| <i>Capital Revenue</i> | | | |
| Grants, Subsidies and Contributions | 4b | 5,340 | 4,469 |
| Capital Income | 5 | 208 | - |
| <i>Total Capital Revenue</i> | | 5,548 | 4,469 |
| Total Income | | 43,671 | 36,046 |
| Expenses | | | |
| <i>Recurrent Expenses</i> | | | |
| Employee Benefits | 6 | 12,459 | 12,053 |
| Materials and Services | 7 | 12,999 | 9,898 |
| Finance Costs | | 128 | 125 |
| Depreciation and Amortisation | 11 | 8,808 | 8,812 |
| <i>Total Recurrent Expenses</i> | | 34,394 | 30,888 |
| Capital Expenses | 8 | 1,260 | 1,410 |
| Total Expenses | | 35,654 | 32,298 |
| Net Result | | 8,017 | 3,748 |
| Other Comprehensive Income | | | |
| <i>Amounts which will not be reclassified to the Net Result</i> | | | |
| Increase/(Decrease) on Asset Revaluation Surplus | 17 | 15,764 | (22,144) |
| Total Other Comprehensive Income | | 15,764 | (22,144) |
| Total Comprehensive Income | | 23,781 | (18,396) |

Goondiwindi Regional Council

Statement of Financial Position

as at 30 June 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--------------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 9 | 16,360 | 8,698 |
| Investments | 1j | 18,000 | 20,000 |
| Receivables | 10 | 3,247 | 2,619 |
| Inventories | | 156 | 137 |
| Total Current Assets | | 37,763 | 31,454 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 11 | 401,088 | 384,167 |
| Intangible Assets | 13 | 3,913 | 3,608 |
| Total Non-Current Assets | | 405,001 | 387,775 |
| TOTAL ASSETS | | 442,764 | 419,229 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 14 | 4,037 | 4,008 |
| Borrowings | 15 | 76 | 74 |
| Provisions | 16 | 2,093 | 2,020 |
| Total Current Liabilities | | 6,206 | 6,102 |
| Non-Current Liabilities | | | |
| Borrowings | 15 | 1,785 | 1,859 |
| Provisions | 16 | 2,013 | 2,289 |
| Total Non-Current Liabilities | | 3,798 | 4,148 |
| TOTAL LIABILITIES | | 10,004 | 10,250 |
| Net Community Assets | | 432,760 | 408,979 |
| COMMUNITY EQUITY | | | |
| Asset Revaluation Surplus | 17 | 132,947 | 117,183 |
| Retained Surplus/(Deficiency) | | 299,813 | 291,796 |
| Total Community Equity | | 432,760 | 408,979 |

Goondiwindi Regional Council

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

| | Notes | Asset Revaluation Surplus \$'000 | Retained Surplus \$'000 | Total Community Equity \$'000 |
|---|-------|---|-------------------------------|--|
| 2017 | | | | |
| Opening Balance | | 117,183 | 291,796 | 408,979 |
| a. Net Result | | - | 8,017 | 8,017 |
| b. Other Comprehensive Income | | | | |
| - Revaluations: Asset Revaluation Surplus | 17 | 15,764 | - | 15,764 |
| Other Comprehensive Income | | 15,764 | - | 15,764 |
| Total Comprehensive Income | | 15,764 | 8,017 | 23,781 |
| Balance as at 30 June 2017 | | 132,947 | 299,813 | 432,760 |

| | Notes | Asset Revaluation Surplus \$'000 | Retained Surplus \$'000 | Total Community Equity \$'000 |
|--|-------|---|-------------------------------|--|
| Restated 2016 | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 139,327 | 288,048 | 427,375 |
| a. Net Result | | - | 3,748 | 3,748 |
| b. Other Comprehensive Income | | | | |
| - Revaluations: Asset Revaluation Surplus | 17 | (22,144) | - | (22,144) |
| Other Comprehensive Income | | (22,144) | - | (22,144) |
| Total Comprehensive Income | | (22,144) | 3,748 | (18,396) |
| Balance as at 30 June 2016 | | 117,183 | 291,796 | 408,979 |

Goondiwindi Regional Council

Statement of Cash Flows

for the year ended 30 June 2017

| | Notes | 2017 \$'000 | Restated 2016 \$'000 |
|--|-------|----------------|----------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers | | 25,615 | 22,447 |
| Payments to Suppliers and Employees | | (25,439) | (22,126) |
| | | 176 | 321 |
| Receipts: | | | |
| Interest Revenue | | 995 | 1,105 |
| Recurrent Grants, Subsidies and Contributions | | 10,090 | 7,013 |
| Other | | 790 | 819 |
| Payments: | | | |
| Borrowing Costs | | (128) | (125) |
| Net Cash - Operating Activities | 21 | 11,923 | 9,133 |
| Cash Flows from Investing Activities | | | |
| Receipts: | | | |
| Sale of Property, Plant and Equipment | | 1,048 | 545 |
| Capital Grants, Subsidies and Contributions | | 5,340 | 4,469 |
| Other Investing Activity Receipts | | 2,000 | - |
| Payments: | | | |
| Purchase of Investments | | - | (20,000) |
| Purchase of Property, Plant and Equipment | | (12,264) | (15,998) |
| Purchase for Intangible Assets | | (313) | - |
| Net Cash - Investing Activities | | (4,189) | (30,984) |
| Cash Flows from Financing Activities | | | |
| Payments: | | | |
| Repayment of Borrowings | | (72) | (68) |
| Net Cash Flow - Financing Activities | | (72) | (68) |
| Net Increase/(Decrease) for the year | | 7,662 | (21,919) |
| plus: Cash and Cash Equivalents - beginning | | 8,698 | 30,617 |
| Cash and Cash Equivalents - closing | 9 | 16,360 | 8,698 |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

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

Rounding

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.b) Statement of Compliance

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

(1.c) Constitution

Goondiwindi Regional Council (Council) is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

(1.d) Date of Authorisation

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

(1.e) Currency

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

(1.f) New and Revised Accounting Standards

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

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

AASB 9 Financial Instruments (1 July 2018)

This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets.

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities (1 July 2019)

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards.

AASB 16 Leases (1 July 2019)

Council has some leases that are not on its balance sheet. These will need to be included on the balance sheet when this standard comes into effect. A lease liability will initially be measured at the present value

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. The impact upon Council's future financial statements is still to be determined.

(1.g) Estimates and Judgments

Where necessary judgments, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect or risk of causing an adjustment to Council's assets or liabilities relate to:

- Valuation and depreciation of Property, Plant & Equipment - Note 1.l and Note 11
- Provisions - Note 1.o and 1.q and Note 16
- Contingent Liabilities - Note 19.

(1.h) Revenue

Rates, levies and charges

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, subsidies and contributions

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

Sales revenue

The Council generates sales revenue solely from contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

Fees and Charges

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

(1.i) Cash and Cash Equivalents

Cash and cash equivalents, includes cash on hand, 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.

(1.j) Investments

Term deposits in excess of three months are reported as investments. As at 30 June 2017, Council had the following term deposits in excess of three months:

- Westpac Banking Corporation \$ 18,000,000

(1.k) Receivables

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 carrying amounts of receivables are assumed to approximate their fair values due to their short-term nature.

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.

Council had no known bad debts as at 30 June 2017.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

property to recover outstanding rate debts, Council does not impair any rate receivables.

(1.1) Property, Plant & 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 property, plant and equipment over the thresholds listed below are capitalised in the financial year. Asset thresholds are as follows:

| | |
|--------------------------|-----------|
| Land | \$ 1 |
| Buildings and Structures | \$ 25,000 |
| Plant and Equipment | \$ 10,000 |
| Infrastructure | \$ 25,000 |

Any items below the thresholds are treated as a capital expense in the year of acquisition.

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

| Category | Years |
|------------------------|-----------------|
| Land | Indefinite |
| Buildings & Structures | 3 – 200 |
| Plant and Equipment | 3 – 42 |
| Infrastructure | |
| - Drainage | 50 – 100 |
| - Roads | 10 – 200 |
| - Water | 5 – 125 |
| - Sewerage | 10 – 195 |
| - 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, 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 where that value exceeds the recognition thresholds for the respective asset class.

Valuation

Land, buildings and structures, and all infrastructure assets are measured on the revaluation basis, at fair

value, in accordance with AASB 116 *Property, Plant & 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 comprehensively revaluing these assets at least once every 5 years. Desktop valuations, using a suitable index, are performed in the intervening years. Any material variations (positive or negative) are recorded in the financial statements.

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.

Details of valuers and methods of valuations are disclosed in Note 12.

Depreciation

Land is not depreciated as it has an indefinite useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Road formation and earthworks are considered to be a non-depreciable asset.

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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

(1.m) Intangible Assets

Intangible assets with a cost or other value exceeding \$50,000 are recognised as intangible, items with a lesser value being expensed.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 13.

(1.n) Payables

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.

The carrying amounts of payables are assumed to approximate their fair values due to their short-term nature.

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.

Annual and sick leave

Amounts are calculated on current wage and salary levels and includes related employee on-costs.

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

As Council does not have an unconditional right to defer annual and sick liability beyond 12 months, leave is classified as a current liability. This liability represents an accrued expense and is reported in Note 14 as a payable.

(1.o) Liabilities - Employee Benefits

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 16 as a provision.

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

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

(1.p) 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.

All borrowing costs are expensed in the period in which they are incurred.

(1.q) Restoration Provision

A provision is made for the cost of restoration in respect of refuse dumps 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.

Refuse dump restoration

The provision represents the present value of the anticipated future costs associated with the closure of the dump 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.

| Sites | Year of Closure | Estimated Restoration Period |
|-------------------------|-----------------|------------------------------|
| Goondiwindi Refuse Site | 2040 | 2041 to 2070 |
| Inglewood Refuse Site | 2040 | 2041 to 2060 |
| Yelarbon Refuse Site | 2019 | 2020 to 2034 |
| Talwood Refuse Site | 2018 | 2019 to 2033 |
| Toobeah Refuse Site | 2018 | 2019 to 2033 |
| Bungunya Refuse Site | 2022 | 2023 to 2038 |

(1.r) Asset Revaluation Surplus

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

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

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

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

(1.s) Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include security deposits lodged to guarantee performance. The Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

(1.t) 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 Council does not pay payroll tax to the Queensland Government as it is below the prescribed threshold.

Goondiwindi Regional Council

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

Note 2. Analysis of Results by Function

(a). Components of Council Functions

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

EXECUTIVE OFFICE

This comprises the support functions for the Mayor and Councillors, Council and Committee Meetings, Statutory Requirements, Human Resources, Media and Public Relations, Planning, Economic Development, Work, Health and Safety.

COMMUNITY AND CORPORATE

The Community and Corporate function provides support to libraries, emergency services, aged care services, disaster management, sporting and recreation venues, animal control, rural services and community and cultural activities. This function also incorporates administration, building, health, finance, information, technology and communication services of Council.

ENGINEERING

Provides Engineering Development and Design for Transport, Water and Sewerage infrastructure, and the Management and Approval Process of Development of the Region.

TRANSPORT INFRASTRUCTURE

The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network. The function provides and maintains transport infrastructure, including the maintenance and provision of the roads, drainage, footpath and bikeway network.

WASTE MANAGEMENT

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. The function provides refuse collection and disposal services.

WATER INFRASTRUCTURE

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water including flood and waterways management.

SEWERAGE INFRASTRUCTURE

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

Goondiwindi Regional Council

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

Note 2. Analysis of Results by Function (continued)

(b). Income and expenses defined between recurring and capital are attributed to the following functions

| Functions | Gross Program Income | | | | | | Total Income | Gross Program Expenses | | Total Expenses | Net Result from Recurring Operations | Net Result | Total Assets |
|--------------------------|----------------------|--------|-------|---------|-------|--|--------------|------------------------|---------|----------------|--------------------------------------|------------|--------------|
| | Recurring | | | Capital | | | | Recurring | Capital | | | | |
| | Grants | Other | | Grants | Other | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| Executive Office | 143 | 126 | - | | | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Community and Corporate | 7,257 | 13,483 | 723 | 228 | | | | (2,108) | - | (2,108) | (1,839) | (1,839) | - |
| Engineering | 161 | 7,771 | 132 | - | | | | (10,738) | (536) | (11,274) | 10,002 | 10,417 | 70,724 |
| Transport Infrastructure | 2,468 | 1 | 3,925 | - | | | | (7,862) | (53) | (7,915) | 70 | 149 | 15,981 |
| Waste Management | - | 1,380 | 244 | 207 | | | | (8,193) | (335) | (8,528) | (5,724) | (2,134) | 279,132 |
| Water Infrastructure | 61 | 4,008 | 89 | - | | | | (1,604) | - | (1,604) | (224) | 227 | 2,736 |
| Sewerage Infrastructure | - | 1,926 | - | - | | | | (2,965) | (239) | (3,204) | 1,104 | 954 | 45,925 |
| Total | 10,090 | 28,695 | 5,113 | 435 | | | | (1,534) | (97) | (1,631) | 392 | 295 | 28,318 |
| Eliminations | - | (662) | - | - | | | | (35,004) | (1,260) | (36,264) | 3,781 | 8,069 | 442,816 |
| Total Consolidated | 10,090 | 28,033 | 5,113 | 435 | | | | 610 | - | 610 | (52) | (52) | (52) |
| | | | | | | | | (34,394) | (1,260) | (35,654) | 3,729 | 8,017 | 442,764 |

| Functions | Gross Program Income | | | | | | Total Income | Gross Program Expenses | | Total Expenses | Net Result from Recurring Operations | Net Result | Total Assets |
|---------------------------|----------------------|---------------|---|--------------|----------|--|-----------------|------------------------|-----------------|----------------|--------------------------------------|----------------|----------------|
| | Recurring | | | Capital | | | | Recurring | Capital | | | | |
| | Grants | Other | | Grants | Other | | | | | | | | |
| Restated 2016 | \$'000 | \$'000 | | \$'000 | \$'000 | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Executive Office | 364 | 71 | - | - | - | | (2,211) | - | (2,211) | (1,776) | (1,776) | - | - |
| Community and Corporate | 5,030 | 13,452 | | 307 | - | | (10,907) | (258) | (11,165) | 7,575 | 7,624 | 64,679 | 64,679 |
| Engineering | 135 | 4,099 | | 22 | - | | (4,145) | (90) | (4,235) | 89 | 21 | 19,671 | 19,671 |
| Transport Infrastructure | 1,484 | 3 | | 4,006 | - | | (8,552) | (479) | (9,031) | (7,065) | (3,538) | 277,433 | 277,433 |
| Waste Management | - | 1,377 | | 84 | - | | (1,304) | (389) | (1,693) | 73 | (232) | 2,839 | 2,839 |
| Water Infrastructure | - | 4,109 | | - | - | | (2,712) | (57) | (2,769) | 1,397 | 1,340 | 35,539 | 35,539 |
| Sewerage Infrastructure | - | 1,893 | | 50 | - | | (1,497) | (137) | (1,634) | 396 | 309 | 19,068 | 19,068 |
| Total | 7,013 | 25,004 | | 4,469 | - | | (31,328) | (1,410) | (32,738) | 689 | 3,748 | 419,229 | 419,229 |
| Eliminations | - | (440) | | - | - | | 440 | - | 440 | - | - | - | - |
| Total Consolidated | 7,013 | 24,564 | | 4,469 | - | | (30,888) | (1,410) | (32,298) | 689 | 3,748 | 419,229 | 419,229 |

Goondiwindi Regional Council

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

Note 3. Revenue Analysis

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------------|----------------------|
| (a). Rates, Levies and Charges | | | |
| General Rates | | 13,395 | 13,188 |
| Water | | 1,585 | 1,939 |
| Water Consumption | | 1,763 | 2,001 |
| Sewerage | | 2,100 | 2,059 |
| Waste Management | | 1,539 | 1,509 |
| Total rates and utility charge revenue | | 20,382 | 20,696 |
| Less: Discounts | | (2,354) | (2,558) |
| <u>TOTAL RATES, LEVIES AND CHARGES</u> | | <u>18,028</u> | <u>18,138</u> |

(b). Interest Revenue

| | | | |
|---|--|-------------------|---------------------|
| Interest Received from Term Deposits | | 773 | 1,028 |
| Interest from Overdue Rates and Utility Charges | | 63 | 65 |
| <u>TOTAL INTEREST REVENUE</u> | | <u>836</u> | <u>1,093</u> |

Note 4. Grants, Subsidies and Contributions

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------------|---------------------|
| (a) Recurrent | | | |
| General Purpose Grants | | 8,747 | 5,853 |
| State Government Subsidies and Grants | | 988 | 852 |
| Commonwealth Government Subsidies and Grants | | 241 | 273 |
| Contributions | | 114 | 35 |
| <u>TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS</u> | | <u>10,090</u> | <u>7,013</u> |

Goondiwindi Regional Council

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

Note 4. Grants, Subsidies and Contributions (continued)

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|---------------------|---------------------|
| (b) Capital | | | |
| State Government Subsidies and Grants | | 3,211 | 1,871 |
| Commonwealth Government Subsidies and Grants | | 1,814 | 2,244 |
| Contributions | | 315 | 354 |
| <u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u> | | <u>5,340</u> | <u>4,469</u> |

Note 5. Capital Income

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|-------------------|-----------------|
| (a) Gain on disposal of non-current assets | | | |
| Proceeds from Disposal of Land | | 267 | - |
| Less: Book Value of Land Disposed | 11 | (266) | - |
| | | <u>1</u> | <u>-</u> |
| (b) Provision for Restoration of Land | | | |
| Discount Rate Adj. - Refuse Restoration | 16 | 207 | - |
| | | <u>207</u> | <u>-</u> |
| <u>TOTAL CAPITAL INCOME</u> | | <u>208</u> | <u>-</u> |

Goondiwindi Regional Council

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

Note 6. Employee Benefits

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|----------------------|----------------------|
| Wages and Salaries | | 11,409 | 11,155 |
| Annual, Sick and Long Service Leave Entitlements | | 1,437 | 1,451 |
| Superannuation | 20 | 1,187 | 1,208 |
| Councillors' Remuneration | | 486 | 473 |
| | | <u>14,519</u> | <u>14,287</u> |
| Other Employee Related Expenses | | 155 | 171 |
| | | <u>14,674</u> | <u>14,458</u> |
| Less: Capitalised Employee Expenses | | (2,215) | (2,405) |
| <u>TOTAL EMPLOYEE BENEFITS</u> | | <u><u>12,459</u></u> | <u><u>12,053</u></u> |
| Additional information: | | | |
| Total Employees at year end: | | | |
| Administration Staff | | 55 | 59 |
| Depot and Outdoor Staff | | 101 | 98 |
| Total full time equivalent employees | | <u>156</u> | <u>157</u> |
| Total Elected members | | <u>7</u> | <u>7</u> |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Materials and Services

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------------|---------------------|
| Advertising | | 32 | 40 |
| Administration | | 157 | 226 |
| Audit of Annual Financial Statements by the Auditor-General of Queensland | | 60 | 55 |
| Information, Technology and Communications | | 324 | 293 |
| Consultancy Services | | 496 | 424 |
| Contract Services | | 3,303 | 1,372 |
| Donations Paid | | 313 | 368 |
| Insurance | | 209 | 185 |
| Motor Vehicle Expenses | | 1,455 | 1,130 |
| Parks and Gardens | | 429 | 355 |
| Refuse Collection and Site Maintenance | | 958 | 665 |
| Repairs and Maintenance - Roads, Bridges and Footpaths | | 1,635 | 1,413 |
| Operations and Maintenance - Water Services | | 962 | 730 |
| Operations and Maintenance - Sewerage Services | | 318 | 297 |
| Rural Services | | 511 | 488 |
| Community Facilities | | 602 | 422 |
| Sport and Recreation | | 462 | 444 |
| Other Materials and Services | | 773 | 991 |
| <u>TOTAL MATERIALS AND SERVICES</u> | | <u>12,999</u> | <u>9,898</u> |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Capital Expenses

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|--------|---------------------|---------------------|
| (a) Loss on disposal of non-current assets | | | |
| Proceeds from the Disposal of Property, Plant and Equipment | | 411 | 545 |
| Less: Book Value of Property, Plant and Equipment Disposed | 11 | (414) | (597) |
| | | <u>3</u> | <u>52</u> |
| Proceeds from Buildings and Structures | | 370 | - |
| Less: Book Value of Buildings and Structures Disposed | 11 | (373) | - |
| | | <u>3</u> | <u>-</u> |
| Loss on disposal of non-current assets | | <u>6</u> | <u>52</u> |
| (b) Provision for restoration of land | | | |
| Discount Rate Adjustment - Refuse Restoration | 16 | - | 389 |
| | | <u>-</u> | <u>389</u> |
| (c) Loss on write off of non-current assets | | | |
| Land | | - | 178 |
| Buildings and Structures | | 526 | 80 |
| Plant and Equipment | | 49 | 38 |
| Roads | | 312 | 479 |
| Water | | 239 | 57 |
| Sewerage | | 97 | 137 |
| Intangibles | | 8 | - |
| Drainage | | 23 | - |
| | 11, 13 | <u>1,254</u> | <u>969</u> |
| <u>TOTAL CAPITAL EXPENSES</u> | | <u>1,260</u> | <u>1,410</u> |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9. Cash and Cash Equivalents

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------------|---------------------|
| Cash at Bank and on Hand | | 12,699 | 5,127 |
| Cash Equivalent Assets | | | |
| - Short Term Deposits | | 3,661 | 3,571 |
| <u>TOTAL CASH AND CASH EQUIVALENTS</u> | | <u>16,360</u> | <u>8,698</u> |

Cash and deposits at call are held in the Queensland Treasury Corporation (QTC) and National Australia Bank (NAB) in normal term deposits and business cheque accounts. Council's Investment Policy stipulates that the financial institutions must have a minimum long term credit rating of A-. There are no restrictions on cash and cash equivalents.

Note 10. Receivables

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|---------------------|---------------------|
| Current | | | |
| Rateable Revenue and Utility Charges | | 700 | 685 |
| Water Charges not yet Levied | | 373 | 487 |
| Other Debtors | | 2,077 | 1,120 |
| GST Recoverable | | 59 | 125 |
| Accrued Interest | | 38 | 197 |
| Prepayments | | - | 5 |
| Total | | <u>3,247</u> | <u>2,619</u> |
| <u>TOTAL CURRENT RECEIVABLES</u> | | <u>3,247</u> | <u>2,619</u> |

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.

Goondiwindi Regional Council

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

Note 11. Property, Plant and Equipment

| 30 June 2017 | | Capital Work in Progress | Land | Buildings and Structures | Plant and Equipment | Roads | Drainage | Water | Sewerage | Total |
|--|------|--------------------------|--------|--------------------------|---------------------|---------|----------|--------|----------|---------|
| Measurement Basis | Note | | | | | | | | | |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening Gross Balance - at Cost | | 8,022 | - | - | 15,606 | - | - | - | - | 23,628 |
| Opening Gross Balance - at Fair Value | | - | 6,485 | 64,098 | - | 357,128 | 17,151 | 59,598 | 42,322 | 546,782 |
| Opening Gross Balance | | 8,022 | 6,485 | 64,098 | 15,606 | 357,128 | 17,151 | 59,598 | 42,322 | 570,410 |
| Additions* | | 12,039 | - | - | - | - | - | - | - | 12,039 |
| Contributed Assets | | - | - | 228 | - | - | - | - | - | 228 |
| Disposals | 5, 8 | - | - | (558) | (1,126) | - | - | - | - | (1,950) |
| Write-offs | 8 | - | (266) | (693) | (49) | (377) | (23) | (374) | (121) | (1,637) |
| Revaluation Increments to Equity | 17 | - | - | - | - | - | - | 5,651 | 7,106 | 12,757 |
| Work in Progress Transfers | | - | 438 | 3,127 | 1,542 | 7,857 | 23 | 1,026 | 715 | - |
| Internal transfers between asset classes | | (14,728) | - | 13 | (13) | - | - | - | - | - |
| Total Gross Value of Property, Plant and Equipment - at Cost | | 5,333 | - | - | 15,959 | - | - | - | - | 21,292 |
| Total Gross Value of Property, Plant and Equipment - at Fair Value | | - | 6,657 | 66,214 | - | 364,608 | 17,151 | 65,901 | 50,021 | 570,552 |
| Total Gross Value of Property, Plant and Equipment | | 5,333 | 6,657 | 66,214 | 15,959 | 364,608 | 17,151 | 65,901 | 50,021 | 591,844 |
| Opening Accumulated Depreciation | | - | - | 30,182 | 6,433 | 95,935 | 5,211 | 24,788 | 23,692 | 186,241 |
| Depreciation Expense | | - | - | 1,147 | 1,218 | 4,678 | 166 | 990 | 609 | 8,808 |
| Disposals | 5, 8 | - | - | (185) | (712) | - | - | - | - | (897) |
| Write-offs | 8 | - | - | (167) | - | (65) | - | (135) | (24) | (391) |
| Revaluation Decrements to Equity | 17 | - | - | - | - | - | - | (647) | (2,360) | (3,007) |
| Internal transfers between asset classes | | - | - | 12 | (12) | - | - | - | - | - |
| Total Accumulated Depreciation of Property, Plant and Equipment | | - | - | 30,989 | 6,927 | 100,548 | 5,377 | 24,997 | 21,918 | 190,756 |
| Total Net Book Value of Property, Plant and Equipment | | 5,333 | 6,657 | 35,225 | 9,032 | 264,060 | 11,774 | 40,904 | 28,103 | 401,088 |
| Other Information | | | | | | | | | | |
| Residual Value | | - | - | - | 4,639 | - | - | - | - | 4,639 |
| *Asset Additions Comprise | | | | | | | | | | |
| Asset Renewals | | - | - | 756 | 1,402 | 4,785 | 171 | 764 | 416 | 8,294 |
| Other Additions | | - | 433 | 876 | 45 | 2,099 | - | 217 | 75 | 3,745 |
| Total Asset Additions | | - | 433 | 1,632 | 1,447 | 6,884 | 171 | 981 | 491 | 12,039 |

Goondiwindi Regional Council

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

Note 11. Property, Plant and Equipment

| 30 June 2016 | | Capital Work in Progress | Land | Buildings and Structures | Other Structures | Plant and Equipment | Roads | Drainage | Water | Sewerage | Total |
|--|------|--------------------------|------------|--------------------------|------------------|---------------------|------------|------------|------------|------------|----------|
| Measurement Basis | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| | Note | Cost | Fair Value | Fair Value | Fair Value | Cost | Fair Value | Fair Value | Fair Value | Fair Value | |
| Opening Gross Balance - at Cost | | 5,347 | - | - | - | 15,689 | - | - | - | - | 21,036 |
| Opening Gross Balance - at Fair Value | | - | 13,068 | 38,270 | 15,747 | - | 366,475 | 18,375 | 65,037 | 46,679 | 563,651 |
| Opening Gross Balance | | 5,347 | 13,068 | 38,270 | 15,747 | 15,689 | 366,475 | 18,375 | 65,037 | 46,679 | 584,687 |
| Additions* | | 15,996 | - | - | - | - | - | - | - | - | 15,996 |
| Disposals | 8 | - | - | - | - | (1,707) | - | - | - | - | (1,707) |
| Write-offs | 8 | - | (178) | (80) | - | (160) | (800) | - | (101) | (139) | (1,707) |
| Revaluation Decrements to Equity (ARR) | | - | (483) | (916) | - | - | (13,861) | (349) | (6,664) | (4,840) | (1,458) |
| Work in Progress Transfers | 17 | - | - | 5,154 | - | 1,783 | 4,180 | 258 | 1,325 | 620 | (27,113) |
| Internal transfers between asset classes | | (13,320) | - | 21,669 | (15,747) | - | 1,133 | (1,133) | - | - | - |
| Total Gross Value of Property, Plant and Equipment - at Cost | | 8,022 | - | - | - | 15,606 | - | - | - | - | 23,628 |
| Total Gross Value of Property, Plant and Equipment - at Fair Value | | - | 6,485 | 64,098 | - | - | 357,128 | 17,151 | 59,598 | 42,322 | 546,782 |
| Total Gross Value of Property, Plant and Equipment | | 8,022 | 6,485 | 64,098 | - | 15,606 | 357,128 | 17,151 | 59,598 | 42,322 | 570,410 |
| Opening Accumulated Depreciation | | - | 2,400 | 18,647 | 7,995 | 6,444 | 86,188 | 6,012 | 29,218 | 27,098 | 184,002 |
| Depreciation Expense | | - | - | 1,140 | - | 1,221 | 4,710 | 165 | 958 | 612 | 8,806 |
| Disposals | 8 | - | - | - | - | (1,110) | - | - | - | - | (1,110) |
| Write-offs | 8 | - | - | - | - | (122) | (320) | - | (44) | (2) | (488) |
| Revaluation Decrements to Equity | | - | - | - | - | - | - | (695) | (5,344) | (4,016) | (10,055) |
| Revaluation Increments to Equity | 17 | - | - | - | - | - | 5,086 | - | - | - | 5,086 |
| Internal transfers between asset classes | 17 | - | (2,400) | 10,395 | (7,995) | - | 271 | (271) | - | - | - |
| Total Accumulated Depreciation of Property, Plant and Equipment | | - | - | 30,183 | - | 6,434 | 95,935 | 5,211 | 24,788 | 23,692 | 186,243 |
| Total Net Book Value of Property, Plant and Equipment | | 8,022 | 6,485 | 33,915 | - | 9,172 | 261,193 | 11,940 | 34,810 | 18,630 | 384,167 |
| Other Information | | | | | | | | | | | |
| Residual Value | | - | - | - | - | 4,779 | - | - | - | - | 4,779 |
| *Asset Additions Comprise | | | | | | | | | | | |
| Asset Renewals | | - | - | 4,270 | - | 1,747 | 2,855 | - | 1,325 | 384 | 10,581 |
| Other Additions | | - | - | 884 | - | 36 | 1,325 | 258 | - | 236 | 2,739 |
| Total Asset Additions | | - | - | 5,154 | - | 1,783 | 4,180 | 258 | 1,325 | 620 | 13,320 |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Fair Value Measurement

(i) Recognised fair value measurements

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

Property, plant and equipment

- Land
- Buildings and structures
- Roads
- Water
- Sewerage
- Intangibles

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)

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

Land, buildings and structures (level 2 and 3)

The following table presents the Council's non-infrastructure assets that have been measured and recognised at fair values:

| | | Level 2 Significant observable inputs \$'000 | Level 3 Significant unobservable inputs \$'000 | Total \$'000 |
|--|------|--|--|-----------------|
| 2017 | | | | |
| Recurring fair value measurements | Note | | | |
| Land - marketable | 11 | 3,235 | - | 3,235 |
| Land - non-marketable | 11 | - | 3,422 | 3,422 |
| Buildings and structures - marketable | 11 | 6,908 | - | 6,908 |
| Buildings and structures - non-marketable | 11 | - | 28,318 | 28,318 |
| Total Property, Plant and Equipment | | 10,143 | 31,740 | 41,883 |
| 2016 | | | | |
| Recurring fair value measurements | | | | |
| Land - marketable | 11 | 3,062 | - | 3,062 |
| Land - non-marketable | 11 | - | 3,423 | 3,423 |
| Buildings - marketable | 11 | 5,618 | - | 5,618 |
| Buildings - non-marketable | 11 | - | 28,297 | 28,297 |
| Total Property, Plant and Equipment | | 8,680 | 31,720 | 40,400 |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Fair Value Measurement (continued)

Land, buildings and structures (level 2 and 3) (continued)

Land, building and structures assets are reported at fair value for the year ended 30 June 2017 based on a informal valuation.

Land, buildings and structures fair values were last formally determined by independent valuer, Macintyre Valuation Services for the year ended 30 June 2016.

Where there were no restrictions on land assets and an active market was present, level 2 observable inputs were used to determine fair value measurement. Values were based on analysis of recent comparable sales evidence in the region. Where there were restrictions on land assets and an active market could not be identified, level 3 unobservable inputs were used to determine fair value measurement. The independent valuers gave consideration to the restrictions on land use, and the impact these restrictions would have on the valuation of the land by market participants. Consideration was also given to other restrictions such freehold land and the intended use of land where this had a significant impact on market value.

During the informal valuation the valuer assessed vacant land sales in the Goondiwindi and surrounding areas as well as the smaller villages. The results proved to be immaterial and were not booked into Council's Asset Management system.

Where there was a market for Council building and structures assets, fair value has been derived on a market basis from the observed 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 for individual buildings and structures.

Council buildings and structures are typically of a specialised nature such that there is no active market for these assets. Fair value for these assets has been determined on the basis of replacement with a new asset having similar service potential. As there is no depth of market for specialised buildings and structures, fair value has been derived using a cost approach; current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the building and structures assets (level 3). Current replacement cost is derived from reference to market data for recent projects and costing guides issued by the Rawlinson's (Australian Construction Handbook). Depreciation is calculated at the individual component level on a straight line basis.

In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit different patterns of consumption and/or useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit, 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.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Goondiwindi Regional Council

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

Note 12. Fair Value Measurement (continued)

During the informal valuation the valuer assessed published building cost indicators. The results proved to be immaterial and were not booked into Council's Asset Management system.

Additions of land, buildings and structures during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed 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 CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Roads and drainage network - calculation of current replacement cost

Roads and Drainage

Current replacement cost

Valuation of roads and drainage networks was undertaken by independent valuers, Shepherd Services Pty Ltd, Registered Valuers, effective 30 June 2017 using indices. The results of the road and drainage networks informal valuation proved to be immaterial and were not booked into Council's Asset Management system.

Roads and drainage networks fair values were last formally determined by Jeff Roorda and Associates, Registered Valuers, for the year ended 30 June 2016.

Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. Urban roads are segmented generally from intersection to intersection. Rural roads are segmented to about 5 kilometre length sometimes longer where there is no logical cut off point. In some cases where they are shorter, there is a change in ages or dimensions with/or other attributes. Urban roads are segmented generally from intersection to intersection. Sometimes shorter if there is a significant change in construction ages or dimensions and sometimes longer where intersections are close together. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Goondiwindi Regional Council

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

Note 12. Fair Value Measurement (continued)

Roads and drainage network - calculation of current replacement cost (continued)

Roads and Drainage

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council is spread over a wide area but there are a number of local deposits of gravels available for its use with varying haulage distances to the jobsites. A uniform rate has been adopted for construction of similar road types.

Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives. A condition assessment of 1 indicates an asset with a very high level of remaining service potential, with 6 representing an asset at the end of its useful life.

Additions of road and drainage network assets during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

Estimated useful lives are disclosed in Note 1.I.

Water and sewerage – Calculation of written down current replacement cost

Water and Sewerage

Current replacement cost

A formal valuation of water and sewerage was undertaken by independent valuers, Shepherd Services Pty Ltd, Registered Valuers, effective 30 April 2017. The gross current values have been derived from reference to market data for recent projects and costing guides such as NSW Reference Rates Manual - Valuation of water supply, sewerage and stormwater assets. 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 results of the Water and Sewerage formal valuation proved to be material and were booked into Council's Asset Management system.

Factors taken into account in determining replacement costs included:

- Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).
- Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/trench cage which increases costs and slows production).

Goondiwindi Regional Council

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

Note 12. Fair Value Measurement (continued)

Water and sewerage – Calculation of written down current replacement cost (continued)

Water and Sewerage (continued)

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. A condition assessment of 1 indicates an asset with a very high level of remaining service potential, with 6 representing an asset at the end of its useful life.

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

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- The relining of pipes was valued at reline rates and depreciated over the reline life (65 years). The reline fair value was based on age.

Additions of water and sewerage assets during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

Estimated useful lives are disclosed in Note 1.I.

Intangibles (level 2)

Council has two water licences: one was acquired during the financial year and the other was reviewed by Macintyre Valuation Services registered valuers using an appropriate index. The reviewed result was immaterial in nature and not recorded in the financial statements.

(iii) Valuation processes

Council's valuation policies and procedures are outlined in the Non-Current Assets Statement of Accounting Policy. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in Note 1.I.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Intangible Assets

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|---------------------|---------------------|
| Software | | | |
| Opening Gross Carrying Value | | 69 | 69 |
| Gross Book Value written off | 8 | (69) | - |
| Closing Gross Carrying Value | | - | 69 |
| Opening Accumulated Amortisation | | (61) | (55) |
| Amortisation charges | | - | (6) |
| Accumulated Amortisation charges written off | 8 | 61 | - |
| Closing Accumulated Amortisation | | - | (61) |
| Net Book Value | | - | 8 |
| Water Licence | | | |
| Opening Gross Carrying Value | | 3,600 | 3,600 |
| Additions | | 313 | - |
| Closing Gross Carrying Value | | 3,913 | 3,600 |
| <u>TOTAL INTANGIBLE ASSETS</u> | | <u>3,913</u> | <u>3,608</u> |

Water licences can be sold at any point in time and are assessed as having an indefinite life and therefore are not amortised.

Note 14. Payables

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--------------------------------------|-------|---------------------|---------------------|
| Current | | | |
| Creditors and Accruals | | 2,438 | 2,362 |
| Annual Leave | | 1,044 | 1,100 |
| Sick Leave | | 345 | 344 |
| Other Entitlements | | 210 | 202 |
| <u>TOTAL CURRENT PAYABLES</u> | | <u>4,037</u> | <u>4,008</u> |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Borrowings

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|---------------------|---------------------|
| Current | | | |
| Loans - Queensland Treasury Corporation (QTC) | | 76 | 74 |
| <u>TOTAL CURRENT BORROWINGS</u> | | <u>76</u> | <u>74</u> |
| Non-current | | | |
| Loans - Queensland Treasury Corporation (QTC) | | 1,785 | 1,859 |
| <u>TOTAL NON-CURRENT BORROWINGS</u> | | <u>1,785</u> | <u>1,859</u> |

The QTC loan market value at the reporting date was \$1,942,539.31. 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 date is 15 March 2035.

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

Goondiwindi Regional Council

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

Note 16. Provisions

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|---------------------|---------------------|
| Current | | | |
| Long Service Leave | | 2,093 | 2,020 |
| <u>TOTAL CURRENT PROVISIONS</u> | | <u>2,093</u> | <u>2,020</u> |
| Non-current | | | |
| Long Service Leave | | 121 | 190 |
| Refuse Restoration | | 1,892 | 2,099 |
| <u>TOTAL NON-CURRENT PROVISIONS</u> | | <u>2,013</u> | <u>2,289</u> |

Details of movements in Provisions:

| Class of Provision | Opening Balance as at 01/07/2016 | Additional Provision | Decrease due to Payments | Remeasure - ment due to Discounting | Unused Amounts Reversed | Closing Balance as at 30/06/2017 |
|--------------------|---|-------------------------|--------------------------------|--|-------------------------------|---|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Long Service Leave | 2,210 | 256 | (220) | - | (32) | 2,214 |
| Refuse Restoration | 2,099 | - | - | (207) | - | 1,892 |
| TOTAL | 4,309 | 256 | (220) | (207) | (32) | 4,106 |

Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life.

Goondiwindi Regional Council

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

Note 17. Asset Revaluation Surplus

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| Movements in the asset revaluation surplus: | | | |
| Balance at beginning of financial year | | 117,183 | 139,327 |
| Net adjustment to non-current assets at end of period to reflect a change in current fair value: | | | |
| Land | | - | (483) |
| Buildings and Structures | | - | (916) |
| Roads | | - | (18,947) |
| Drainage | | - | 346 |
| Water | | 6,298 | (1,320) |
| Sewerage | | 9,466 | (824) |
| | 11 | 15,764 | (22,144) |
| Balance at end of financial year | | <u>132,947</u> | <u>117,183</u> |

Asset revaluation surplus analysis

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

| | | |
|----------------------------------|----------------|----------------|
| Land | 53 | 53 |
| Buildings and Structures | 1,117 | 1,117 |
| Roads | 99,063 | 99,063 |
| Drainage | 1,552 | 1,552 |
| Water | 20,958 | 14,659 |
| Sewerage | 10,204 | 739 |
| Balance at end of financial year | <u>132,947</u> | <u>117,183</u> |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Commitments for Expenditure

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| Contractual commitments | | | |
| Contractual commitments for capital expenditure at end of financial year but not recognised in the financial statements are as follows: | | | |
| Infrastructure | | 725 | 1,308 |
| Non-Infrastructure | | 1,155 | 435 |
| | | <u>1,880</u> | <u>1,743</u> |

These commitments are expected to be realised in the next financial year.

Note 19. Contingent Liabilities

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

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 2016 the financial statements reported an accumulated surplus of \$60,234,042 and it is not anticipated any liability will arise.

Goondiwindi Regional Council

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

Note 19. Contingent Liabilities (continued)

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 \$298,551.54.

As at 30 June 2016 the financial statements reported an accumulated surplus of \$42,676,161.

Note 20. Superannuation

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 two elements referred to as:

- 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*.

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.

Goondiwindi Regional Council

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

Note 20. Superannuation (continued)

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

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

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

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

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

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

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

| | Notes | 2017 \$'000 | 2016 \$'000 |
|---|-------|----------------|----------------|
| The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was: | 6 | 1,187 | 1,208 |

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|----------------|----------------|
| Net operating result from Income Statement | | 8,017 | 3,748 |
| Adjust for non-cash items | | | |
| Depreciation and Amortisation | | 8,808 | 8,812 |
| Remeasurement due to Discounting | | (207) | 388 |
| | | <u>8,601</u> | <u>9,200</u> |
| Investing and development activities | | | |
| Net Losses/(Gains) on Disposal of Assets | | 5 | 52 |
| Net Loss on Write-Offs of Non-Current Assets | | 1,254 | 969 |
| Capital Grants, Subsidies and Contributions | | (5,340) | (4,469) |
| | | <u>(4,081)</u> | <u>(3,448)</u> |
| | | <u>4,520</u> | <u>5,752</u> |
| Changes in operating assets and liabilities: | | | |
| (Increase)/Decrease in Receivables | | (628) | (190) |
| (Increase)/Decrease in Inventories | | (19) | 26 |
| Increase/(Decrease) in Payables | | 76 | (236) |
| Increase/(Decrease) in Other Liabilities | | (47) | (22) |
| Increase/(Decrease) in Employee Leave Entitlements | | 4 | 55 |
| | | <u>(614)</u> | <u>(367)</u> |
| Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows | | <u>11,923</u> | <u>9,133</u> |

Note 22. Correction of Error

| | Notes | Previous 30 June 2016 \$'000 | Correction | Restated 30 June 2016 \$'000 |
|---|-------|------------------------------------|------------|------------------------------------|
| Reconciliation of Restated Comparatives | | | | |
| Financial Report Line Item / Balance affected | | | | |
| Statement of Comprehensive Income | | | | |
| Rates, Levies and Charges | | 18,578 | (440) | 18,138 |
| Materials and Services | | 10,338 | (440) | 9,898 |
| Net Result | | <u>-</u> | <u>-</u> | <u>-</u> |

Notes:

In previous years, Council has been recording revenue and expenditure for Council owned properties pertaining to cleansing, water and sewerage. Whilst this information is used for internal reporting purposes, these transactions are internal charges and should not be included in the Statement of Comprehensive Income.

In accordance with the requirements of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the overstating entries relating to recurrent revenue and recurrent expenditure have been removed and comparative figures have been restated.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Financial Instruments

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

Financial Risk Management

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

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

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

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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Financial Instruments (continued)

| | Notes | 2017 \$'000 | 2016 \$'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: | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 9 | 16,360 | 8,698 |
| Investments | | 18,000 | 20,000 |
| Receivables - Rates | 10 | 700 | 685 |
| Receivables - Other | 10 | 2,547 | 1,934 |
| | | <u>37,607</u> | <u>31,317</u> |
| Other Credit Exposures | | | |
| Guarantee | 19 | 299 | 362 |
| | | <u>299</u> | <u>362</u> |
| Total | | <u><u>37,906</u></u> | <u><u>31,679</u></u> |

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.

Investments

Investments are held with financial institutions, which are rated A- based on rating agency Standard and Poors ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

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 a concentration in this sector.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Financial Instruments (continued)

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|----------------|----------------|
| Ageing of past due receivables and the amount of any impairment is disclosed in the following table: | | | |
| Receivables | | | |
| Fully Performing | | 2,595 | 1,928 |
| Past due: | | | |
| - Less than 30 days overdue | | - | - |
| - 31 to 60 days overdue | | - | - |
| - 61 to 90 days overdue | | 4 | 6 |
| - Greater than 90 days overdue | | 700 | 685 |
| Total | 10 | 3,299 | 2,619 |

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 QTC for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 9.

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 |
|-------------|-----------------------|------------------------|------------------------|--|------------------------------|
| 2017 | | | | | |
| Payables | 2,438 | - | - | 2,438 | 2,438 |
| Loans - QTC | 147 | 589 | 1,877 | 2,613 | 1,861 |
| | 2,585 | 589 | 1,877 | 5,051 | 4,299 |
| 2016 | | | | | |
| Payables | 2,362 | - | - | 2,362 | 2,362 |
| Loans - QTC | 147 | 589 | 2,024 | 2,760 | 1,933 |
| | 2,509 | 589 | 2,024 | 5,122 | 4,295 |

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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

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 QTC and other financial institutions.

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.

| | Net Carrying Amount \$'000 | Net Result | | Equity | |
|-------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 1% increase \$'000 | 1% decrease \$'000 | 1% increase \$'000 | 1% decrease \$'000 |
| 2017 | | | | | |
| QTC Cash Fund | 3,661 | 37 | (37) | 37 | (37) |
| Other Investments | 30,699 | 307 | (307) | 307 | (307) |
| Loans - QTC | 1,862 | (19) | 19 | (19) | 19 |
| Net | 36,222 | 325 | (325) | 325 | (325) |
| 2016 | | | | | |
| QTC Cash Fund | 3,571 | 36 | (36) | 36 | (36) |
| Other Investments | 25,126 | 251 | (251) | 251 | (251) |
| Loans - QTC | (1,933) | (19) | 19 | (19) | 19 |
| Net | 26,764 | 268 | (268) | 268 | (268) |

Goondiwindi Regional Council

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

Note 24. Transactions with Related Parties

Key Management Personnel

Transactions with Key Management Personnel

Key Management Personnel include the Mayor, Councillors, Council's Chief Executive Officer and Executive Management.

The compensation paid to Key Management Personnel for comprises:

| | 2017 \$000 |
|------------------------------|---------------|
| Short-Term Employee Benefits | 995 |
| Post-Employment Benefits | 109 |
| Long-Term Benefits | 12 |
| Total | 1,116 |

Goondiwindi Regional Council

General Purpose Financial Statements for the year ended 30 June 2017

Management Certificate for the year ended 30 June 2017

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 38, 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.



Cr Graeme Scheu

MAYOR

Date: 25 August 2017



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 25 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Goondiwindi Regional Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Goondiwindi Regional Council

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other Information

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

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

In connection with my audit of the financial report, my responsibility is to read the other information approved by the Councillors and, in doing so, consider whether the other information is materially

inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

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

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



D A STOLZ
as Delegate of the Auditor-General



Queensland Audit Office
Brisbane

Goondiwindi Regional Council

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

| | Actual 2017 | Target 2017 |
|--|----------------|----------------|
|--|----------------|----------------|

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

| | | |
|---|--------------|----------------|
| <u>Net Result (excluding capital items)</u> | 9.78% | 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

| | | |
|--|---------------|--------------------------|
| <u>Capital Expenditure on the Replacement of Assets (renewals)</u> | 90.80% | more than 90% |
| Depreciation Expense | | |

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

| | | |
|---|----------------|--------------------------|
| <u>Total Liabilities less Current Assets</u> | -72.82% | less than 60% |
| Total Operating Revenue (excluding capital items) | | |

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

Note 1 - Basis of Preparation

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

Goondiwindi Regional Council

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

Certificate of Accuracy for the year ended 30 June 2017

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

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



Cr Graeme Scheu

MAYOR

Date: 25 August 2017



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 25 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Goondiwindi Regional Council

Opinion

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

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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

D. Stolz

D A STOLZ
as Delegate of the Auditor-General



Queensland Audit Office
Brisbane

Goondiwindi Regional Council

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

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

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

| | | | | | | | | | | | | |
|---|---------|-------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Operating Revenue (excluding capital items) | 0 - 10% | 9.78% | -10.80% | -0.76% | -0.92% | -1.07% | -0.54% | -0.93% | -1.32% | -1.71% | -1.36% | -0.98% |
|---|---------|-------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

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)

| | | | | | | | | | | | | |
|----------------------|-------|--------|---------|--------|--------|---------|---------|---------|---------|---------|---------|--------|
| Depreciation Expense | > 90% | 90.80% | 100.12% | 90.26% | 91.89% | 102.45% | 107.74% | 107.43% | 106.68% | 106.42% | 105.82% | 97.60% |
|----------------------|-------|--------|---------|--------|--------|---------|---------|---------|---------|---------|---------|--------|

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) | < 60% | -72.82% | -82.42% | -74.38% | -74.75% | -74.52% | -73.80% | -72.83% | -71.59% | -69.98% | -67.77% | -65.91% |
|---|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

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

Goondiwindi Regional Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2017

Goondiwindi 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 seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have 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. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table above summarises how we performed against set targets for the three key financial performance indicators established in our financial strategy. In summary, Council achieved all of the financial targets and met all financial commitments in the financial year, whilst keeping debt to a conservative and manageable level. This was achieved while maintaining community services and making ongoing investment in community infrastructure. This result was distorted by the advance payment of the 2017/18 Financial Assistance Grant received from the Federal Government amounting to \$2,979,692.

Goondiwindi Regional Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

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

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

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



Cr Graeme Scheu

MAYOR

Date: 25 August 2017



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 25 August 2017