



ANNUAL REPORT 2017-2018

For the period 1 July 2017 to 30 June 2018

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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 Local Government, Racing and Multicultural Affairs;
- 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:

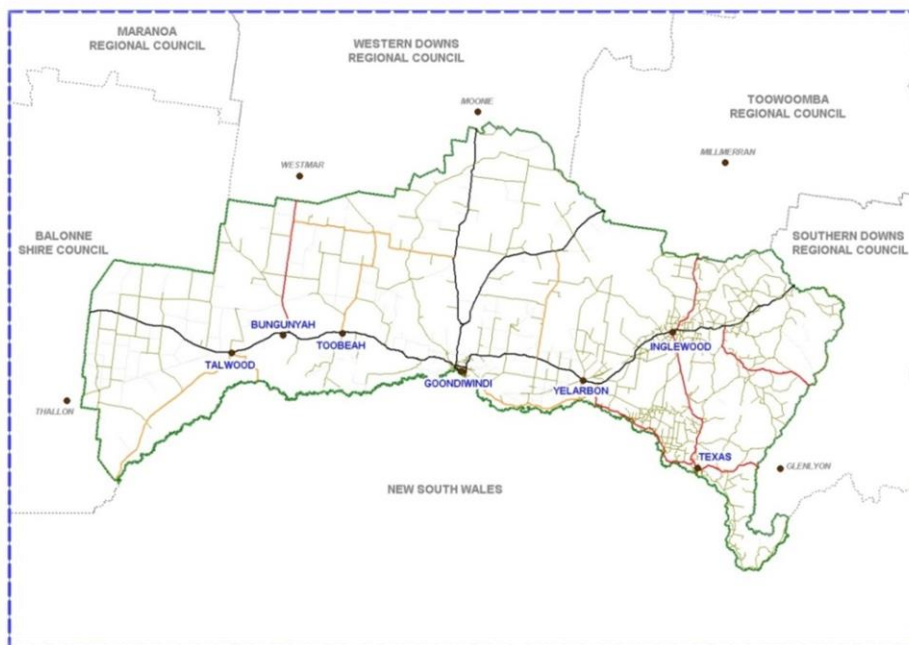
The Chief Executive Officer
Goondiwindi Regional Council
Locked Mail Bag 7
INGLEWOOD QLD 4387

Email: mail@grc.qld.gov.au

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	Top five industry subdivisions of employment: <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%)
<i>(Information sourced from the Office of Economic & Statistical Research)</i>	

Executive Message

It is with great pleasure that we present the 2017-18 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 Council's 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. Council endorsed a new Planning Scheme, Goondiwindi Region Planning Scheme, with the expectation it will be a catalyst for continued economic development for the region.

A new tourism branding strategy that will market the region as 'Regional Australia at its Best' has been endorsed by Council. The strategy aims to position the region as a destination in the visitor economy and to offer a clear, strong marketing brand. Local businesses will be encouraged to use this brand to promote our region to the community and investors.

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.

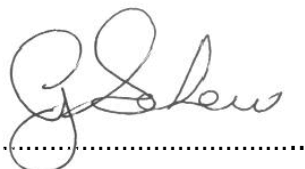
Future Developments

Town Planning and Building Applications continue to exceed record levels. There continues to be substantial agricultural investment opportunities throughout the region and we thank the Queensland Department of State Development for the continued support to help bring these opportunities to fruition.

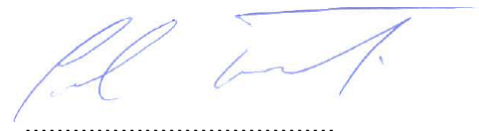
As the region grows, there will be an increased demand on services and workforce requirements. Preliminary workforce planning is underway in an effort to meet these challenges.

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, Councillors and the community for the ongoing support and look forward to 2018/19 with great enthusiasm.

A handwritten signature in blue ink, reading 'Graeme Scheu'.

Graeme Scheu
Mayor

A handwritten signature in blue ink, reading 'Carl Manton'.

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.



Elected Representatives

Goondiwindi Regional Council comprises of a Mayor and six 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

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	17	\$101,631.00	\$1,000.00	\$961.92	\$101,592.92	\$12,195.74	\$4,896.92
WP Kearney	16	\$58,769.32	-	\$961.92	\$59,731.24	\$7,035.96	\$4,896.92
RJ Mackenzie	16	\$46,874.83	-	\$900.46	\$47,775.29	\$5,624.98	\$4,896.92
RJ McDougall	13	\$50,137.44	\$4,612.56	\$961.92	\$55,711.92	\$6,016.50	\$4,896.92
EJ White	17	\$50,814.96	\$9,173.99	\$961.92	\$60,950.87	\$6,097.80	\$4,896.92
LG Brennan	15	\$52,364.96	-	\$961.92	\$53,326.88	\$6,097.80	\$4,896.92
DW Turner	17	\$52,364.96	-	\$961.92	\$53,326.88	\$6,097.80	\$4,896.92
Totals	111	\$412,957.47	\$12,786.55	\$6,671.98	\$432,416.00	\$49,166.57	\$34,278.47

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 February 2018. Details of the resolution are as follows:

RESOLUTION OM-028/18

Moved: Cr RJ Mackenzie

Seconded: Cr EJ White

That Council resolves to adopt the amended Councillor Remuneration and Expenses Policy, identified as GRC 003, as tabled.

Carried.

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 2017-2018

- Installation of community message boards and commencement of communications strategy with assistance from Natural Disaster Resilience Program
- Completion of refurbishments to Goondiwindi Customs House, Texas Rabbit Works and Coolmunda Dam Camping Area.
- Refurbishment of Inglewood Pool amenities and commencement of Texas Pool refurbishments using Works for Queensland Funding.
- Rolled out Round 2 of Qld Feral Pest Initiative Funding for exclusion fencing.
- Completed upgrades to Goondiwindi Cultural Centre and Texas Hall using Works for Queensland Funding.
- In the first four Councils in Queensland to complete Annual Financial Statements and audit.
- Manager of Disaster Management Teresa Pfingst received a Queensland Inspector General of Emergency Management Champion of Change Award.

Department of Engineering Services

Highlights 2017-2018

- Continuation of the renewal of the irrigation system at Gilbert Oval.
- Upgrade and renewal of non-compliant playground equipment.
- Continuation of footpath and kerb improvements in Goondiwindi, Inglewood and Texas with assistance from W4Q funding.
- Extensions to the footpath and bikeway networks in Callandoon Street and Old Cunningham Highway in Goondiwindi.
- Conversion of Talwood, Texas and Yelarbon water treatment plants to chlorine gas with funding from the W4Q program.
- Safety improvements initiatives undertaken on Racecourse Road, Phipps Street, Goodar Road, Kildonan Road, Greenup Limevale Road, Riverton Road and Kondar Road with funding provided by the Roads to Recovery (R2R) program and the Transport Infrastructure Development Scheme.
- New floodways and floodway replacements on Talwood Mungindi, Kioma, Greenup Limevale and Molinda Roads.
- 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)	Code of Competitive Conduct Applied (Sect 47)
Aerodromes	No	No	No
Building Certification	No	No	No
Cinema	No	No	No
Cultural Centres	No	No	No
Museum	No	No	No
Private Works	No	No	No
Roads	No	No	No
Waste Management	No	No	No
Water Supply and Sewerage	No	No	No

Goondiwindi Regional Council did not have any responses in the 2017/18 financial year on the QCA's recommendations on any competitive neutrality complaints under Section 52(3) of the *Local Government Regulation 2012*.

Pursuant to section 47 of the *Local Government Act 2009*, Council will not apply the Code of Competitive Conduct to its prescribed business activities, water supply, sewerage and waste management for the 2018/19 financial year for the following reasons.

These activities are comprised of separate operations in several centres across the Council area. The nature of the operations and the limited populations in these centres makes it impossible to achieve economies of scale that would allow for full cost recovery without placing an undue financial burden on the users. These activities are not in competition with other providers and the cost of provision of the service makes competition in the future very unlikely.

Therefore, there is no benefit to Council or the community through the application of the code of competitive conduct to these activities.

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. The following table summarises the 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	2
The number of administrative action complaints resolved by Council under the complaints management process	2
The number of administrative action complaints not resolved by the local government under the complaints management process	0
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 guideposts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted 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.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	0.99%	-0.60%	0.05%	0.07%	-0.24%	-0.06%	0.16%	0.25%	0.35%	-0.23%	-0.44%
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%	125.71%	107.65%	106.37%	94.62%	94.67%	91.26%	93.50%	98.20%	91.49%	92.16%	91.55%
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%	-79.61%	-79.78%	-75.80%	-78.28%	-78.31%	-79.01%	-80.30%	-76.44%	-77.59%	-78.66%	-80.16%
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.

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 **\$6,135.00** for the 2017/18 financial year. Payments totalling **\$5,490.00** were distributed to brigades during the 2017/18 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 2017/18 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)
- Road Register
- Policy Register
- Regulatory Fees and Charges
- Publication Scheme (Right to Information)
- Council Minutes and Agendas
- Local Laws and Subordinate Local Law Register
- Code of Conduct
- Financial Statements
- Budget (Adopted annually)
- Customer Service Standards
- Revenue Statement (Adopted annually)
- Disclosure Log
- Register of Delegations (by Council and by CEO)

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

- Operational Plan (adopted annually)
- Goondiwindi Region Planning Scheme
- Corporate Plan 2014-2019
- Annual Report (adopted annually)

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 26 April 2017, sets out the principles employed by Goondiwindi Regional Council in 2017/18 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.

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 a discount is allowed on levied rates 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 or 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. Section 105 of the *Local Government Act 2009* and section 207 of the *Local Government Regulation 2012* cover the need to establish and maintain an Internal Audit function. Council's Internal Audit Policy covers the Internal Audit function and associated activities. Specific audit activities for 2017-2018 have focused on compliance with Council's procurement process concerning requests for quotations.

Shareholder Delegates

In accordance with reporting requirements under the *Local Government Regulation 2012*, Council did not operate any corporate entities during the 2017/18 period.

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 2017/18, Goondiwindi Regional Council provided financial assistance to local community organisations as follows:

Description	Amount
Community Contributions	\$326,229.47
Cultural Activities Contributions	\$55,890.57
Total Contributions	\$382,120.04

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 2017 to 30 June 2018

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)		\$'000
Recurrent Revenue		36,830
Capital Revenue		6,285
Total Revenue		43,115
What we have spent (Expenses)		
Recurrent Expenses		36,465
Capital Expenses		1,343
Total Expenses		37,808
Net Result		5,307
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. The recast operating results is as follows:		
Net Result as reported 30 June 2018		5,307
Less Capital Revenue allocated for Infrastructure Assets		6,285
Plus Capital Expenses allocated for Infrastructure Assets		1,343
Restated Operating Result		365

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 2018 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 and contributions, as well as gains/losses on the disposal of assets.

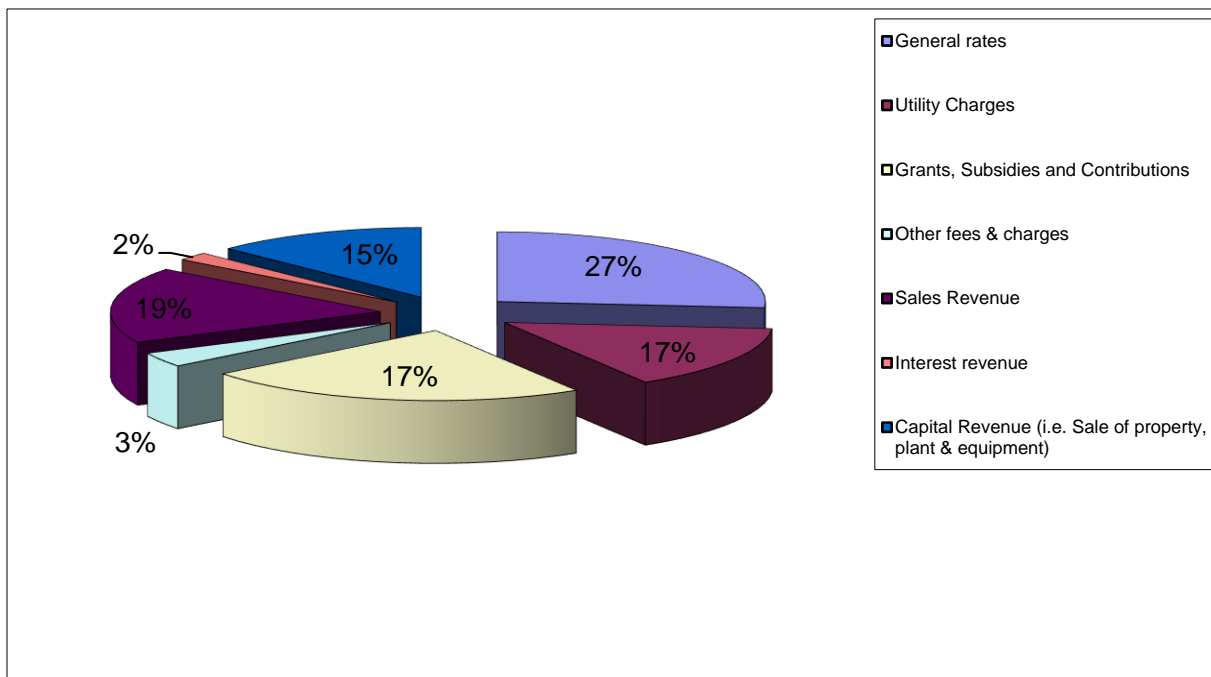
Total recurrent income decreased by \$1.3M from the previous year, primarily due to the fact Council received an advance Grant payment from the Federal Assistance Grant commission (FAG) in June 2017 but it related to the 2018 financial year. The accounting standards mandate that this type of income must be receipted as received.

The main source of Council income for 2018 was for Rates, levies and charges that equated to 52% of the total recurrent income. Grants, Subsidies, Contributions and Donations 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.
- Increases in Sales income.

REVENUE		\$'000	
Recurrent Income	2018	2017	
General Rates	11,889	11,041	
Utility Charges	7,223	6,987	
Grants, Subsidies & Contributions	7,235	10,090	
Other Fees & Charges	1,522	1,470	
Sales Revenue	8,033	7,699	
Interest Revenue	928	836	
Total Recurrent Revenue	36,830	38,123	
Capital Revenue	6,285	5,547	
TOTAL REVENUE	43,115	43,670	



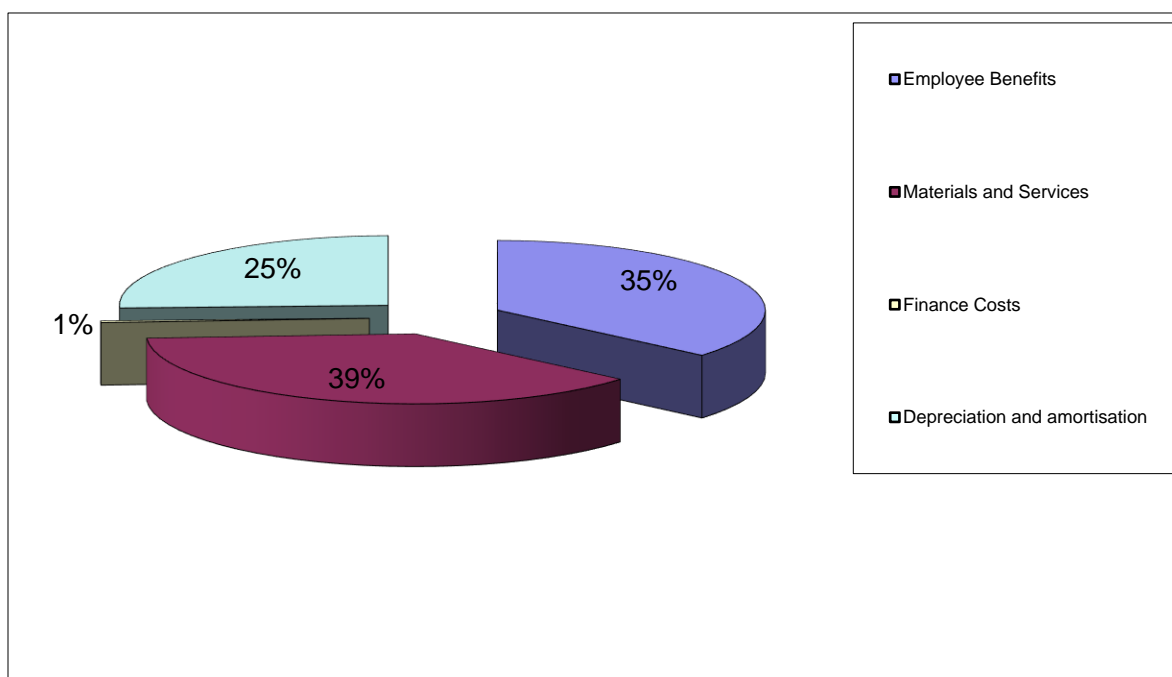
What We Have Spent

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	2018	2017
Employee Benefits	12,897	12,459
Materials and Services	14,125	12,999
Finance Costs	229	128
Depreciation and Amortisation	9,214	8,808
Total Recurrent Expenditure	36,465	34,394
Capital Expenses	1,343	1,259
TOTAL EXPENSES	37,808	35,653

Total recurrent expenditure increased \$2.1M from the previous year. The main expenditure was Materials and Services (39%) followed by Employee Benefits (35%).

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



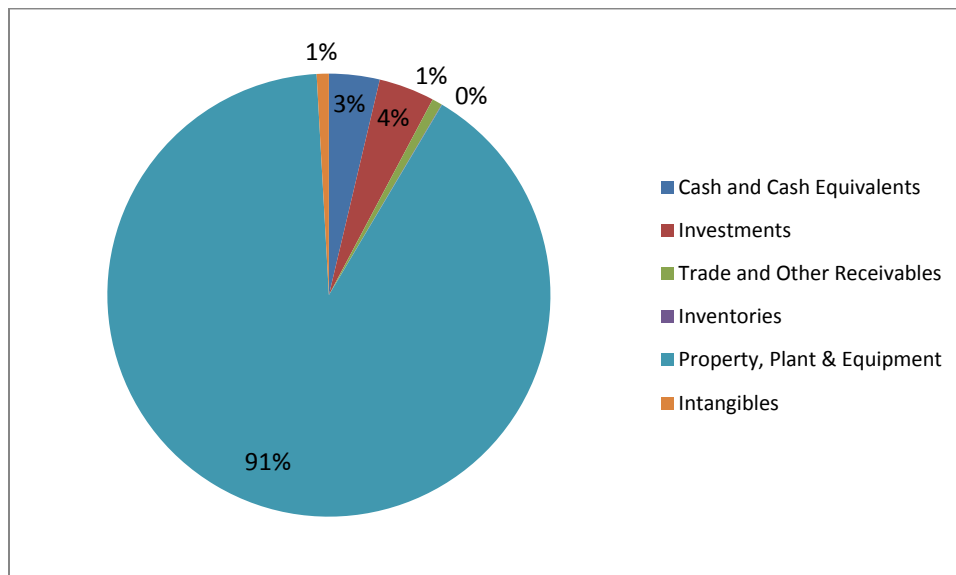
The Statement of Financial Position

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	2018	2017
Current Assets		
Cash and Cash Equivalents	13,520	16,360
Receivables	4,092	3,247
Investments	22,000	18,000
Inventories	157	156
Total Current Assets	39,769	37,763
Non-Current Assets		
Property, Plant & Equipment	432,575	401,088
Intangibles	3,963	3,913
Total Non-Current Assets	436,538	405,001
TOTAL ASSETS	476,307	442,764

Assets

Council's current assets increased by \$2.01M. This increase was mainly due to the timing of completing the Capital Expenditure Programs.



The written down value of Council's property, plant and equipment assets was \$432.575M at 30 June 2018. The majority of Council's non-current assets are in the form of property, plant and equipment. These assets make up 91% 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 (\$5.0M) 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, payables (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 **\$476.3M** – Total Liabilities **\$10.4M** = Community Equity **\$465.9M**.

Community equity increased by \$33.1M for the following reasons;

1. An increase in the Asset Revaluation Reserve of \$27.8M 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 \$5.30M.

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 and 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 decreased by \$2.8M. Council spent \$8.80M from its operating activities, (\$11.6M) from its investing activities (\$0.07M) from financing activities (i.e. borrowings). Capital grants amounted to \$6.2M with an investment of \$14.0M in property, plant and equipment. Council’s cash is wisely invested so the interest earned contributes to the funding of operational expenses.

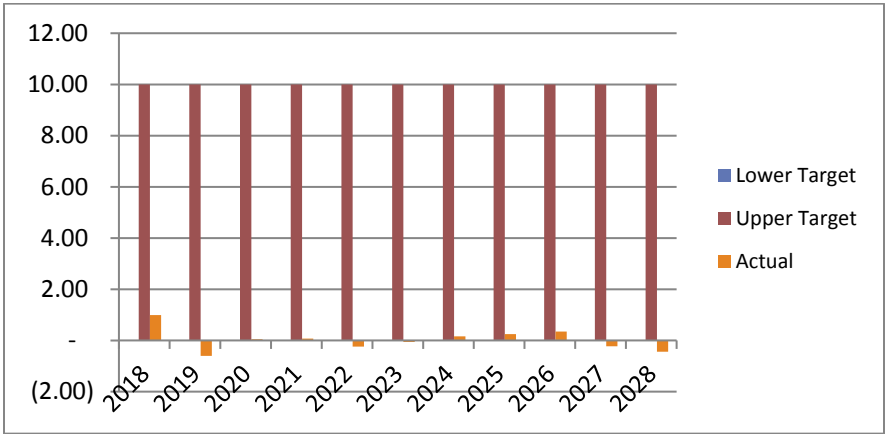
Financial Ratios

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, Racing and Multicultural Affairs.

Operating Surplus Ratio

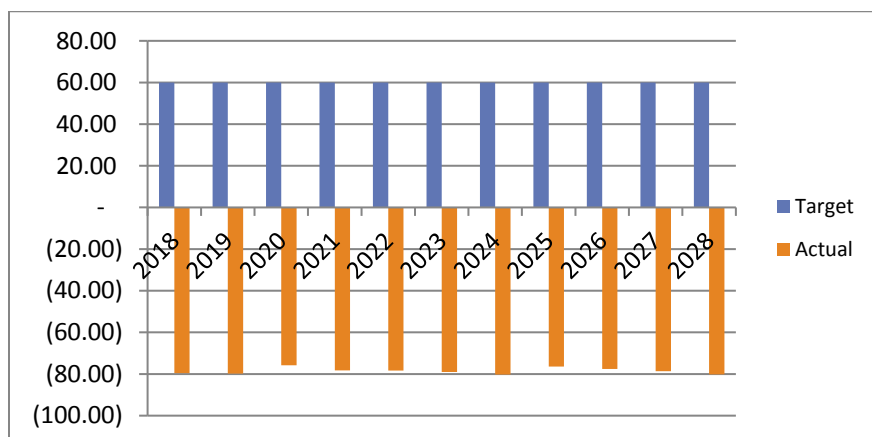
The operating surplus ratio measures the extent to which revenue raised (i.e. excluding capital grants and contributions) covers operational expenses. As at 30 June 2018, Council’s Operating Surplus Ratio was a positive .99%.

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 2028. Council will also continue with service level reviews to ensure that operational expenses are going to be sustainable in the longer term.



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 2018, Council's Net Financial Liabilities Ratio was – 79.61%.



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 2018, Council's Asset Sustainability Ratio was 125.71%.



Council's Financial Management Strategy

During 2018, 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 2019 was able to be in line with the Consumer Price Index (CPI). 2.55%.

Summary

The 2017 financial year ended with an operating surplus amounting to \$.37M. Future years beyond 2018 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



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
6.	OM-028/18	28 February 2018	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 1 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

Remuneration will be paid at a base salary rate of two thirds of the remuneration figure determined by the Tribunal for each financial year. The remaining one third remuneration will be paid to Councillors monthly, after certification of the Councillor's attendance at meetings.

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 all 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 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 meeting due to illness/accidents;
3. Being absent from a meeting whilst on annual leave;
4. Being absent from a portion or whole of a meeting where prior approval has been granted by the Mayor based on individual circumstances.

The Mayor or Chief Executive Officer will certify the attendance of Councillors at each 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



REVENUE POLICY 2017/18

TITLE: Revenue Policy 2017/18

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
14	Ordinary Meeting Minutes (ref. OM-081/17)	26 April 2017	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 the 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 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 2018

5. RELATED DOCUMENTS

- Budget 2017/18
- Revenue Statement 2017/18

6. ATTACHMENT

Nil

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

For the period 1 July 2017 to 30 June 2018



Goondiwindi Regional Council

FINANCIAL STATEMENTS
for the year ended 30 June 2018

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



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Goondiwindi Regional Council

Financial Statements

for the year ended 30 June 2018

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6. Long Term Financial Sustainability Statement

Unaudited Certificate of Accuracy - Long Term Financial Sustainability Statement

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Goondiwindi Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income			
Recurrent Revenue			
Rates, Levies and Charges	3a	19,112	18,028
Fees and Charges	3b	658	680
Interest Revenue		928	836
Sales Revenue	3c	8,033	7,699
Other Income		864	790
Grants, Subsidies and Contributions	4a	7,235	10,090
Total Recurrent Revenue		36,830	38,123
Capital Revenue			
Grants, Subsidies and Contributions	4b	6,203	5,340
Capital Income	5	82	207
Total Capital Revenue		6,285	5,547
Total Income		43,115	43,670
Expenses			
Recurrent Expenses			
Employee Benefits	6	12,897	12,459
Materials and Services	7	14,125	12,999
Finance Costs		229	128
Depreciation and Amortisation	11	9,214	8,808
Total Recurrent Expenses		36,465	34,394
Capital Expenses	8	1,343	1,259
Total Expenses		37,808	35,653
Net Result		5,307	8,017
Other Comprehensive Income			
Amounts which will not be reclassified to the Net Result			
Increase/(Decrease) on Asset Revaluation Surplus	15	27,793	15,764
Total Other Comprehensive Income		27,793	15,764
Total Comprehensive Income		33,100	23,781

Goondiwindi Regional Council

Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	13,520	16,360
Investments		22,000	18,000
Receivables	10	4,092	3,247
Inventories		157	156
Total Current Assets		39,769	37,763
Non-Current Assets			
Property, Plant and Equipment	11	432,575	401,088
Intangible Assets	1g	3,963	3,913
Total Non-Current Assets		436,538	405,001
TOTAL ASSETS		476,307	442,764
LIABILITIES			
Current Liabilities			
Payables	12	4,169	4,037
Borrowings	13	79	76
Provisions	14	2,080	2,093
Total Current Liabilities		6,328	6,206
Non-Current Liabilities			
Borrowings	13	1,709	1,785
Provisions	14	2,411	2,013
Total Non-Current Liabilities		4,120	3,798
TOTAL LIABILITIES		10,448	10,004
Net Community Assets		465,859	432,760
COMMUNITY EQUITY			
Asset Revaluation Surplus	15	160,740	132,947
Retained Surplus/(Deficiency)		305,120	299,813
Total Community Equity		465,860	432,760

Goondiwindi Regional Council

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

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Community Equity \$'000
2018				
Balance as at 1 July 2017		132,947	299,813	432,760
Net Result		-	5,307	5,307
Other Comprehensive Income				
- Revaluations: Asset Revaluation Surplus	15	27,793	-	27,793
		27,793	-	27,793
Total Comprehensive Income		27,793	5,307	33,100
Balance as at 30 June 2018		160,740	305,120	465,860

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Community Equity \$'000
2017				
Balance as at 1 July 2016		117,183	291,796	408,979
Net Result		-	8,017	8,017
Other Comprehensive Income				
- Revaluations: Asset Revaluation Surplus	15	15,764	-	15,764
		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

Goondiwindi Regional Council

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		27,073	25,615
Payments to Suppliers and Employees		(26,624)	(25,439)
		449	176
<u>Receipts:</u>			
Interest Revenue		843	995
Recurrent Grants, Subsidies and Contributions		7,235	10,090
Other		384	790
<u>Payments:</u>			
Borrowing Costs		(128)	(128)
Net Cash - Operating Activities	19	8,783	11,923
Cash Flows from Investing Activities			
<u>Receipts:</u>			
Sale of Property, Plant and Equipment		322	1,048
Capital Grants, Subsidies and Contributions		6,203	5,340
Other Investing Activity Receipts		-	2,000
<u>Payments:</u>			
Purchase of Investments		(4,000)	-
Purchase of Property, Plant and Equipment		(14,024)	(12,264)
Purchase of Intangible Assets		(51)	(313)
Net Cash - Investing Activities		(11,550)	(4,189)
Cash Flows from Financing Activities			
<u>Payments:</u>			
Repayment of Borrowings		(73)	(72)
Net Cash Flow - Financing Activities		(73)	(72)
Net Increase/(Decrease) in Cash and Cash Equivalents		(2,840)	7,662
plus: Cash and Cash Equivalents - beginning		16,360	8,698
Cash and Cash Equivalents - closing	9	13,520	16,360

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. 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).

These financial statements have been prepared under the historical cost convention except where stated.

(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.

(c) Constitution

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

(d) Rounding and Comparatives

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

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

(e) New and Revised Accounting Standards

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

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 20.

AASB 9 Financial Instruments (1 July 2018)

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

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

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 in the Statement of Financial Position. These leases have been assessed and are expected to have no material impact on the financial statements.

(f) 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 11
- Provisions - Note 14
- Contingent Liabilities - Note 17.

(g) Intangible Assets

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

Intangible assets comprise of three water licences, which can be sold at any point in time and are assessed as having an indefinite life and therefore are not amortised.

(h) Taxation

The 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 2018

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

The objective of the Executive Office is for Council to be open, accountable, transparent and deliver value for money community outcomes. 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 objective of Community and Corporate services is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements together with ensuring Goondiwindi is a healthy, vibrant and connected community. 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

The goal of Engineering is to provide 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 2018

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						Gross Program Expenses		Total Income	Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital			Recurring	Capital					
	Grants	Other		Grants	Other								
2018	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Office	225	95		-	-		(2,432)	-	320	(2,432)	(2,112)	(2,112)	-
Community and Corporate	5,172	14,015		1,330	-		(10,948)	(504)	20,517	(11,452)	8,239	9,065	74,380
Engineering	153	8,111		128	-		(8,538)	(111)	8,392	(8,649)	(274)	(257)	15,348
Transport Infrastructure	1,626	1		4,326	-		(8,591)	(336)	5,953	(8,927)	(6,964)	(2,974)	309,900
Waste Management	-	1,430		-	82		(1,908)	-	1,512	(1,908)	(478)	(396)	2,869
Water Infrastructure	59	4,670		291	-		(3,075)	(312)	5,020	(3,387)	1,654	1,633	45,921
Sewerage Infrastructure	-	1,974		128	-		(1,674)	(80)	2,102	(1,754)	300	348	27,889
Total	7,235	30,296		6,203	82		(37,166)	(1,343)	43,816	(38,509)	365	5,307	476,307
Eliminations	-	(701)		-	-		701	-	(701)	701	-	-	-
Total	7,235	29,595		6,203	82		(36,465)	(1,343)	43,115	(37,808)	365	5,307	476,307

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	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Executive Office	143	126		-	-		(2,108)	-	269	(2,108)	(1,839)	(1,839)	-
Community and Corporate	7,257	13,483		950	-		(10,738)	(535)	21,690	(11,273)	10,002	10,417	70,724
Engineering	161	7,771		132	-		(7,862)	(53)	8,064	(7,915)	70	149	15,981
Transport Infrastructure	2,468	1		3,925	-		(8,193)	(335)	6,394	(8,528)	(5,724)	(2,134)	279,132
Waste Management	-	1,380		244	207		(1,604)	-	1,831	(1,604)	(224)	227	2,736
Water Infrastructure	61	4,008		89	-		(2,965)	(239)	4,158	(3,204)	1,104	954	45,925
Sewerage Infrastructure	-	1,926		-	-		(1,534)	(97)	1,926	(1,631)	392	295	28,318
Total	10,090	28,695		5,340	207		(35,004)	(1,259)	44,332	(36,263)	3,781	8,069	442,816
Eliminations	-	(662)		-	-		610	-	(662)	610	(52)	(52)	(52)
Total	10,090	28,033		5,340	207		(34,394)	(1,259)	43,670	(35,653)	3,729	8,017	442,764

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Revenue

	Notes	2018 \$'000	2017 \$'000
(a) Rates, Levies and Charges			
General Rates		13,808	13,395
Water		1,625	1,585
Water Consumption		2,413	1,763
Sewerage		2,140	2,100
Waste Management		1,544	1,539
Total rates and utility charge revenue		21,530	20,382
Less: Discounts		(2,418)	(2,354)
<u>TOTAL RATES, LEVIES AND CHARGES</u>		<u>19,112</u>	<u>18,028</u>

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.

(b) 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.

(c) 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.

Note 4. Grants, Subsidies and Contributions

	Notes	2018 \$'000	2017 \$'000
(a) Recurrent			
General Purpose Grants		6,100	8,747
State Government Subsidies and Grants		739	988
Commonwealth Government Subsidies and Grants		243	241
Contributions		153	114
<u>TOTAL RECURRENT GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>		<u>7,235</u>	<u>10,090</u>

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Grants, Subsidies and Contributions (continued)

	Notes	2018 \$'000	2017 \$'000
(b) Capital			
State Government Subsidies and Grants		4,524	3,211
Commonwealth Government Subsidies and Grants		1,620	1,814
Contributions		59	315
<u>TOTAL CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS</u>		<u>6,203</u>	<u>5,340</u>

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

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

Note 5. Capital Income

	Notes	2018 \$'000	2017 \$'000
Provision for Restoration of Land			
Remeasurement due to discounting of landfill	14	82	207
		<u>82</u>	<u>207</u>
<u>TOTAL CAPITAL INCOME</u>		<u>82</u>	<u>207</u>

Note 6. Employee Benefits

	Notes	2018 \$'000	2017 \$'000
Wages and Salaries		11,557	11,409
Annual, Sick and Long Service Leave Entitlements		1,521	1,437
Superannuation	18	1,231	1,187
Councillors' Remuneration		482	486
		<u>14,791</u>	<u>14,519</u>
Other Employee Related Expenses		184	155
		<u>14,975</u>	<u>14,674</u>
Less: Capitalised Employee Expenses		(2,078)	(2,215)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u>12,897</u>	<u>12,459</u>

Goondiwindi Regional Council

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

Note 7. Materials and Services

	Notes	2018 \$'000	2017 \$'000
Advertising		24	32
Administration		159	157
Audit of Annual Financial Statements by the Auditor-General of Queensland		60	60
Information, Technology and Communications		348	324
Consultancy Services		738	496
Contract Services		3,772	3,303
Donations Paid		369	313
Insurance		197	209
Motor Vehicle Expenses		1,500	1,455
Parks and Gardens		416	429
Refuse Collection and Site Maintenance		1,095	958
Repairs and Maintenance - Roads, Bridges and Footpaths		1,807	1,635
Operations and Maintenance - Water Services		934	962
Operations and Maintenance - Sewerage Services		348	318
Rural Services		486	511
Community Facilities		722	602
Sport and Recreation		349	462
Other Materials and Services		801	773
<u>TOTAL MATERIALS AND SERVICES</u>		<u>14,125</u>	<u>12,999</u>

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Capital Expenses

	Notes	2018 \$'000	2017 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		322	1,048
Less: Book Value of Property, Plant and Equipment Disposed	11	(363)	(1,053)
		<u>41</u>	<u>5</u>
Loss on disposal of non-current assets		<u>41</u>	<u>5</u>
(b) Contingent Liability			
Payment of contingent liability		200	-
		<u>200</u>	<u>-</u>
The contingent liability was solely due to Council's withdrawal from the Department of Housing and Public Works social housing system for properties located at 10 St John Street and 3 Wilson Street, Texas.			
(c) Loss on write off of non-current assets			
Land		1	-
Buildings and Structures		304	526
Plant and Equipment		70	49
Roads		246	312
Water		312	239
Sewerage		80	97
Intangibles		-	8
Drainage		89	23
	11	<u>1,102</u>	<u>1,254</u>
<u>TOTAL CAPITAL EXPENSES</u>		<u>1,343</u>	<u>1,259</u>

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Cash and Cash Equivalents

	Notes	2018 \$'000	2017 \$'000
Cash at Bank and on Hand		9,762	12,699
Term Deposits		3,758	3,661
<u>TOTAL CASH AND CASH EQUIVALENTS</u>		<u>13,520</u>	<u>16,360</u>

Cash and cash equivalents consists of 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 cash and which are subject to an insignificant risk of changes in value. There are no restrictions on cash and cash equivalents.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from security deposits lodged to guarantee performance. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. Council holds \$468,903.05 in trust monies at 30 June 2018 (2017: \$547,959.51).

Note 10. Receivables

	Notes	2018 \$'000	2017 \$'000
Current			
Rateable Revenue and Utility Charges		757	700
Water Charges not yet Levied		596	373
Other Debtors		2,616	2,077
GST Recoverable		-	59
Accrued Interest		123	38
Total		4,092	3,247
<u>TOTAL CURRENT RECEIVABLES</u>		<u>4,092</u>	<u>3,247</u>

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

Receivables

Not yet due	596	373
Past due:		
- Less than 30 days overdue	2,674	2,198
- 31 to 60 days overdue	7	18
- 61 to 90 days overdue	23	-
- Greater than 90 days overdue	792	658
Total	4,092	3,247

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Receivables (continued)

Receivables are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

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

Council had no known bad debts as at 30 June 2018.

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

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.

Note 11. Property, Plant and Equipment

(a) Recognition

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 & Equipment	\$	10,000
Infrastructure	\$	25,000

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

Expenditure necessarily incurred in either maintaining the operational capacity or useful life of assets is considered maintenance and is treated as an expense as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

(b) Measurement

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.

Direct labour, materials and an appropriate portion of overheads expenditure incurred in the purchase or construction of assets are treated as capital expenditure.

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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Property, Plant and Equipment (continued)

(c) Depreciation

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.

Land is not depreciated as it has an indefinite useful life. Depreciation on all 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.

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.

(d) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(e) Valuation

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every 5 years. Desktop valuations, using suitable indicies, 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.

Goondiwindi Regional Council

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

Note 11. Property, Plant and Equipment (continued)

11 (f) Movements

30 June 2018		Capital Work in Progress	Land	Buildings and Structures	Plant and Equipment	Roads	Drainage	Water	Sewerage	Total
Measurement Basis	Note	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Cost	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000 Fair Value	\$'000
Opening Gross Balance		5,333	6,657	66,214	15,959	364,608	17,151	65,901	50,021	591,844
Additions*	8a	12,384	3	-	1,638	-	-	-	-	14,025
Disposals	8c	-	-	-	(1,035)	-	-	-	-	(1,035)
Write-offs		-	(1)	(633)	(375)	(1,549)	(127)	(773)	(301)	(3,759)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	15	-	-	-	-	(28,009)	-	-	-	(28,009)
Work in Progress Transfers		(12,732)	-	2,815	-	8,004	145	1,622	146	-
Internal transfers between asset classes		-	-	-	-	(148)	148	-	-	-
Total Gross Value of Property, Plant and Equipment		4,984	6,660	68,396	16,187	342,906	17,317	66,750	49,866	573,066
Opening Accumulated Depreciation		-	-	30,989	6,927	100,548	5,377	24,997	21,918	190,756
Depreciation Expense		-	-	1,162	1,218	4,833	167	1,128	706	9,214
Disposals	8a	-	-	-	(672)	-	-	-	-	(672)
Write-offs	8c	-	-	(329)	(305)	(1,303)	(38)	(461)	(221)	(2,657)
Revaluation adjustment to asset revaluation surplus	15	-	-	-	-	(56,152)	-	-	-	(56,152)
Internal transfers between asset classes		-	-	-	-	(45)	45	-	-	-
Total Accumulated Depreciation of Property, Plant and Equipment		-	-	31,821	7,169	47,883	5,551	25,665	22,402	140,491
Total written down value as at 30 June 2018		4,984	6,660	36,575	9,018	295,023	11,766	41,085	27,464	432,575
Other Information										
Residual Value		-	-	-	4,694	-	-	-	-	4,694
*Asset Additions Comprise										
Asset Renewals		-	-	1,580	1,321	6,099	148	1,868	357	11,373
Other Additions		-	3	521	276	1,852	-	-	-	2,652
Total Asset Additions		-	3	2,101	1,597	7,951	148	1,868	357	14,025

Goondiwindi Regional Council

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

Note 11. Property, Plant and Equipment (continued)

11 (f) Movements (continued)

30 June 2017		Note	Capital Work in Progress	Land	Buildings and Structures	Plant and Equipment	Roads	Drainage	Water	Sewerage	Total
Measurement Basis											
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	
Opening Gross Balance			8,022	6,485	64,098	15,606	357,128	17,151	59,598	42,322	570,410
Additions*			10,059	438	-	1,542	-	-	-	-	12,039
Contributed Assets			-	-	228	-	-	-	-	-	228
Disposals	8a		-	(266)	(558)	(1,126)	-	-	-	-	(1,950)
Write-offs	8c		-	-	(693)	(49)	(377)	(23)	(374)	(121)	(1,637)
Revaluation adjustment to other comprehensive income (asset revaluation surplus)	15		-	-	-	-	-	-	-	-	-
Work in Progress Transfers			(12,748)	-	3,127	-	7,857	23	5,651	7,106	12,757
Internal transfers between asset classes			-	-	13	(13)	-	-	1,026	715	-
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	8a		-	-	(185)	(712)	-	-	-	-	(897)
Write-offs	8c		-	-	(167)	-	(65)	-	(135)	(24)	(391)
Revaluation adjustment to asset revaluation surplus	15		-	-	-	-	-	-	(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 written down value as at 30 June 2017			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 2018

Note 11. Property, Plant and Equipment (continued)

(g) Fair Value measurement

The methods used to estimate fair values comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following tables show assets as at 30 June as either level 2 or level 3 in accordance with AASB 13 *Fair Value Measurement*.

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
2018			
Recurring fair value measurements			
Land	3,238	3,422	6,660
Buildings & Structures	7,169	29,406	36,575
Infrastructure			
- Road	-	295,023	295,023
- Drainage	-	11,766	11,766
- Water	-	41,085	41,085
- Sewerage	-	27,464	27,464
Total Property, Plant and Equipment	10,407	408,166	418,573
2017			
Recurring fair value measurements			
Land	3,235	3,422	6,657
Buildings & Structures	6,908	28,316	35,224
Infrastructure			
- Road	-	264,060	264,060
- Drainage	-	11,774	11,774
- Water	-	40,904	40,904
- Sewerage	-	28,103	28,103
Total Property, Plant and Equipment	10,143	376,579	386,722

Land

Fair value of land is measured at current market value, which is derived by reference to market based evidence including observable historical sales data for properties of similar nature and specification in the same localities. Where there is a lack of appropriate comparable sales evidence, the valuation is based on the closest comparable sales in terms of the characteristics of the parcel and sales evidence.

Independent revaluations are undertaken on a rolling five year basis. An informal valuation of Land assets were undertaken by independent valuers, Macintyre Valuation Services effective 28 February 2018. The results of the land informal valuation proved to be immaterial and were not booked into Council's Asset Management system.

Council's fair value measurement has been either a level 2 or 3, depending on the assumptions as to whether the land is subject to restriction as to use and/or sale, and whether there is an active market.

Goondiwindi Regional Council

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

Note 11. Property, Plant and Equipment (continued)

(g) Fair Value measurement (continued)

Buildings & 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

Independent revaluations are undertaken on a rolling five year basis. An informal valuation of Building & Structure assets were undertaken by independent valuers, Macintyre Valuation Services effective 28 February 2018. The results of the building and structures informal valuation proved to be immaterial and were not booked into Council's Asset Management system.

Infrastructure assets

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.

Roads

A comprehensive revaluation of roads infrastructure network was undertaken by independent valuers, Shepherd Services Pty Ltd, Registered Valuers, effective 31 March 2018.

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. 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 2018

Note 11. Property, Plant and Equipment (continued)

(g) Fair Value measurement (continued)

Drainage

An informal valuation of drainage assets was undertaken by independent valuers, Shepherd Services Pty Ltd, Registered Valuers, effective 31 March 2018 using indicies. The results of the drainage network informal valuation proved to be immaterial and were not booked into Council's Asset Management system

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 practices are used to determine useful life and estimated remaining life. Unit rates are calculated on a bill of quantities basis for different size pipes and for different depths. The unit cost rate per linear metre is multiplied by the length of the pipe to calculate the current replacement cost (CRC).

Water and Sewerage

An informal valuation of water and sewerage was undertaken by independent valuers, Shepherd Services Pty Ltd, Registered Valuers, effective 31 March 2018 using indicies. 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 informal valuation proved to be immaterial and were not booked into Council's Asset Management system.

(h) Useful lives

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

Category	Years
Land	Indefinite
Buildings & Structures	3 - 200
Plant & Equipment	3 - 42
Infrastructure	
- Road	10 - 200
- Drainage	50 - 100
- Water	5 - 200
- Sewerage	10 - 195
Works in progress	Not Depreciated

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables

	Notes	2018 \$'000	2017 \$'000
Current			
Creditors and Accruals		2,464	2,438
Annual Leave		1,117	1,044
Sick Leave		368	345
Other Entitlements		220	210
<u>TOTAL CURRENT PAYABLES</u>		<u>4,169</u>	<u>4,037</u>

Creditors are recognised upon receipt of the goods or services ordered and are measured at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries and annual leave in respect of services provided by the employees up to the reporting date.

Employee benefits include annual leave, sick leave and leave in lieu 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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Borrowings

	Notes	2018 \$'000	2017 \$'000
Current			
Loans - Queensland Treasury Corporation (QTC)		79	76
<u>TOTAL CURRENT BORROWINGS</u>		<u>79</u>	<u>76</u>
Non-current			
Loans - Queensland Treasury Corporation (QTC)		1,709	1,785
<u>TOTAL NON-CURRENT BORROWINGS</u>		<u>1,709</u>	<u>1,785</u>

The QTC loan market value at the reporting date was \$1,881,621.22. 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 2018

Note 14. Provisions

	Notes	2018 \$'000	2017 \$'000
Current			
Long Service Leave		2,080	2,093
<u>TOTAL CURRENT PROVISIONS</u>		<u>2,080</u>	<u>2,093</u>
Non-current			
Long Service Leave		151	121
Refuse Restoration		2,260	1,892
<u>TOTAL NON-CURRENT PROVISIONS</u>		<u>2,411</u>	<u>2,013</u>

Details of movements in Provisions:

Class of Provision	Opening Balance as at 01/07/2017 \$'000	Additional Provision \$'000	Decrease due to Payments \$'000	Remeasur e -ment due to change in discount rate \$'000	Remeasur e -ment due to discounting of landfill \$'000	Unused Amounts Reversed \$'000	Closing Balance as at 30/06/2018 \$'000
Long Service Leave	2,214	32	(233)	-	-	(15)	2,231
Refuse Restoration	1,892	349	-	101	(82)	-	2,260
TOTAL	4,106	381	(233)	101	(82)	(15)	4,491

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.

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.

Refuse restoration

Obligations for future remediation work are determined annually, with the nature and extent of work required dependent on condition assessments of the land and any proposed use of that land. Where Council has a present obligation, it is probable that the work will be undertaken and a reliable estimate of the amount can be made, it is recognised as a provision.

Restorations works are expected to commence at Talwood and Bungunya landfill sites in the financial year ending 30 June 2020.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Asset Revaluation Surplus

	Notes	2018 \$'000	2017 \$'000
Movements in the asset revaluation surplus:			
Balance at beginning of financial year		132,947	117,183
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings and Structures		(350)	-
Roads	11	28,143	-
Water		-	6,298
Sewerage		-	9,466
		<u>27,793</u>	<u>15,764</u>
Balance at end of financial year		<u>160,740</u>	<u>132,947</u>

Reduction in the asset revaluation surplus for buildings and structures was due to a revaluation of Council's landfill sites.

Asset revaluation surplus analysis

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

Land	53	53
Buildings and Structures	768	1,117
Roads	127,205	99,063
Drainage	1,552	1,552
Water	20,958	20,958
Sewerage	10,204	10,204
Balance at end of financial year	<u>160,740</u>	<u>132,947</u>

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.

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.

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for Expenditure

	Notes	2018 \$'000	2017 \$'000
Contractual commitments			
Contractual commitments for capital expenditure at end of financial year but not recognised in the financial statements are as follows:			
Infrastructure		930	725
Non-Infrastructure		965	1,155
		<u>1,895</u>	<u>1,880</u>

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

Note 17. 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 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

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 \$290,686.42.

Note 18. Superannuation

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

Goondiwindi Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Superannuation (continued)

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

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

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

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

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

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

	Notes	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		156	163
Other superannuation contributions for employees		1,075	1,024
Total superannuation contributions paid by Council for employees	6	<u>1,231</u>	<u>1,187</u>
			2019 \$'000
Contributions Council expects to make to the Regional Defined Benefits Fund for 2018-19			<u>154</u>

Goondiwindi Regional Council

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

Note 19. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

	Notes	2018 \$'000	2017 \$'000
Net operating result from Income Statement		5,307	8,017
Adjust for non-cash items			
Depreciation and Amortisation		9,214	8,808
Remeasurement due to discounting of landfill		(82)	(207)
Discount Rate Adjustment - Refuse Restoration		101	-
		<u>9,233</u>	<u>8,601</u>
Investing and development activities			
Net Losses/(Gains) on Disposal of Assets		41	5
Net Loss on Write-Offs of Non-Current Assets		1,102	1,254
Capital Grants, Subsidies and Contributions		(6,203)	(5,340)
		<u>(5,060)</u>	<u>(4,081)</u>
		<u>4,173</u>	<u>4,520</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		(845)	(628)
(Increase)/Decrease in Inventories		(1)	(19)
Increase/(Decrease) in Payables		132	29
Increase/(Decrease) in Employee Leave Entitlements		17	4
		<u>(697)</u>	<u>(614)</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows		<u>8,783</u>	<u>11,923</u>

Note 20. Reconciliation of Liabilities arising from Finance Activities

	As at 30-Jun-17 \$'000	Cashflows \$'000	Non-Cash Changes (New Leases) \$'000	As at 30-Jun-18 \$'000
Loans	<u>1,861</u>	<u>(73)</u>	-	<u>1,788</u>
	<u>1,861</u>	<u>(73)</u>	-	<u>1,788</u>

Goondiwindi Regional Council

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

Note 21. Financial Instruments

Council has exposure to the following risks arising from financial instruments; **(i)** credit risk, **(ii)** liquidity risk, and **(iii)** market 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 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 2018

Note 21. Financial Instruments (continued)

	Notes	2018 \$'000	2017 \$'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	13,520	16,360
Investments		22,000	18,000
Receivables - Rates	10	757	700
Receivables - Other	10	3,335	2,547
		<u>39,612</u>	<u>37,607</u>
Other Credit Exposures			
Guarantee	17	291	299
		<u>291</u>	<u>299</u>
Total		<u><u>39,903</u></u>	<u><u>37,906</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 2018

Note 21. Financial Instruments (continued)

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
2018					
Payables	2,464			2,464	2,464
Loans - QTC	147	589	1,730	2,466	1,788
	<u>2,611</u>	<u>589</u>	<u>1,730</u>	<u>4,930</u>	<u>4,252</u>
2017					
Payables	2,438	-	-	2,438	2,438
Loans - QTC	147	589	1,877	2,613	1,861
	<u>2,585</u>	<u>589</u>	<u>1,877</u>	<u>5,051</u>	<u>4,299</u>

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 2018

Note 21. 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
2018					
QTC Cash Fund	3,758	38	(38)	38	(38)
Other Investments	31,762	318	(318)	318	(318)
Loans - QTC	(1,788)	(18)	18	(18)	18
Net	33,732	337	(337)	337	(337)
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	32,498	325	(325)	325	(325)

Goondiwindi Regional Council

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

Note 22. Transactions with Related Parties

(a) Other Related Parties

Transactions with Other Related Parties

Other related parties include the close family members of key management personnel (KMP) and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

		Amount of transactions during year	Outstanding Balance (incl. Commitments)
	Notes	\$'000	\$'000
2018			
Purchase of materials and services from KMP controlled entities		9	-
Purchase of materials and services from other related party controlled entities	22(a)(i)	210	7
		<u>219</u>	<u>7</u>

Transactions that are individually significant, either because of their amount or nature, are included in the aggregate disclosure contained in this table and are also disclosed separately below.

(i) Significant Items

As part of the tender process for the provision of trade services Council entered into the following contracts with Laser Plumbing Goondiwindi, a company controlled by an other related party

- RFQ 17-04 Install new water main Russell Street, Goondiwindi \$ 86,800
- RFQ 17-05 Install new water main Donald Street, Goondiwindi \$ 106,900

The contracts were awarded in accordance with Council's normal purchasing policies, procedures and Local Government legislative requirements.

All purchases were at arm's length and on normal terms and conditions in the normal course of Council operations.

		Amount of transactions during year	Outstanding Balance (incl. Commitments)
	Notes	\$'000	\$'000
2017			
Purchase of materials and services from other related party controlled entities		48	-
		<u>48</u>	<u>-</u>

Transactions that are individually significant, either because of their amount or nature, are included in the aggregate disclosure contained in this table and are also disclosed separately below.

All purchases were at arm's length and on normal terms and conditions in the normal course of Council operations.

Goondiwindi Regional Council

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

Note 22. Transactions with Related Parties (continued)

(b) 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:

	2018 \$000	2017 \$000
Short-Term Employee Benefits	1,015	995
Post-Employment Benefits	113	109
Long-Term Benefits	9	12
Total	1,137	1,116

(c) Transactions with Related Parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Goondiwindi Regional Council. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates and utility charges
- Fees and charges included in Council's Cost Recovery Fees & Commercial Charges

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

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Goondiwindi Regional Council

Financial Statements

for the year ended 30 June 2018

Management Certificate

for the year ended 30 June 2018

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 34, 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: 27 August 2018



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 27 August 2018

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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 2018, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the 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 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

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.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



31 August 2018

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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Goondiwindi Regional Council

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

	Actual 2018	Target 2018
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	0.99%	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>	125.71%	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>	-79.61%	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 2018.

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Goondiwindi Regional Council

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

Certificate of Accuracy for the year ended 30 June 2018

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

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



Cr Graeme Scheu

MAYOR

Date: 27 August 2018



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 27 August 2018

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Goondiwindi Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Goondiwindi Regional Council for the year ended 30 June 2018, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Goondiwindi Regional Council for the year ended 30 June 2018 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Goondiwindi Regional Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



Melissa Read
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane

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Goondiwindi Regional Council

Long-Term Financial Sustainability Statement prepared as at 30 June 2018

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

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)

Total Operating Revenue (excluding capital items)

0 - 10%	0.99%	-0.60%	0.05%	0.07%	-0.24%	-0.06%	0.16%	0.25%	0.35%	-0.23%	-0.44%
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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%	125.71%	107.65%	106.37%	94.62%	94.67%	91.26%	93.50%	98.20%	91.49%	92.16%	91.55%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)

< 60%	-79.61%	-79.78%	-75.80%	-78.28%	-78.31%	-79.01%	-80.30%	-76.44%	-77.59%	-78.66%	-80.16%
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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 2018

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.

Goondiwindi Regional Council

Long-Term Financial Sustainability Statement

Unaudited Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2018

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

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



Cr Graeme Scheu

MAYOR

Date: 27 August 2018



Carl Manton

CHIEF EXECUTIVE OFFICER

Date: 27 August 2018

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