

# ECONOMIC OPPORTUNITY.

## Strategic Goal - Grow the Region

### Strategic Objectives:

- Advocate for future job creating industries
- Incentivise investment in the region

### Key Activities:

#### International Zero Waste Study Tour 2018

Councillor Rick Hansen participated in the Peak Services - International Zero Waste Study Tour (24 August to 8 September 2018) with workshops in Denmark, Spain, United Kingdom and United States of America.

Following the Queensland Government's commitment to zero waste to landfill and waste strategy discussions with the Local Government Association of Queensland (LGAQ), Peak Services (a division of the LGAQ) organised for Councils to attend established and operational facilities researching energy from waste. Councils have committed through the LGAQ to ensure that Queensland is a world leader in waste management. This commitment has been brought about by the recycling crisis facing Australia.

The tour covered topics such as:

1. Zero Waste - Success principles, procurement and contract strategies, partnerships and share agreement examples, best practice facilities, high efficiency facilities, feedstock and upstream processing requirements, innovations and alternate technologies, strengths and weaknesses of countries globally, policy and market overview – comparison to Australia

2. Low emissions facilities
3. Technology overview.

The Study Tour was valuable in framing the principal objectives of the new GRC Waste Strategy that is dedicated to maximising and improving recycling and resource recovery rates, minimising landfill and reducing CO<sup>2</sup> emissions. The Gladstone Waste Strategy will seek to develop a realistic pathway to the zero waste to landfill strategy.

#### The Inland Rail Conference

Cr Rick Hansen attended the Australasian Railway Association and the Australian Logistics Council's Inland Rail Conference on 18-19 July 2018 in Parkes, NSW.

The Conference brought together attendees from Governments, Councils, Rail, Freight industries and farming communities to discuss the Inland Rail project. The Inland Rail project, a significant project, connecting regional Australia to domestic and international markets between Melbourne and Brisbane via regional Queensland, New South Wales and Victoria. This is the largest freight rail infrastructure project in Australia, with work operational by 2024. The two-day event covered the importance of the project, how it will transform the movement of freight in Australia and the Federal Government's National Freight and Supply Chain Strategy due for release later this year.

Rail networks are important to the Gladstone Region and critical to its industry, farming and the economy. The Gladstone Region is lobbying for the Inland Rail to be extended to the Port of Gladstone.

#### Sport And Recreation Regional Event Funding Program

The Regional Sport and Recreation Event Grant Program (the Program) assists sporting clubs, community groups and businesses to deliver quality sport and active recreational events for the Gladstone Region.

The objective of the program is to:

- Assist local organisations to deliver successful sport and active recreation events;
- Attract, promote and retain quality sport and active recreation events that enhance the reputation and economy of the Gladstone Region;
- Attract visitors from outside the region who contribute to the region's economic growth; and
- Develop opportunities to host and attract events in future years.

The Program has two rounds per year, opening in July and February. Round 1 opened 1 July 2018 and closed 31 July 2018.



Round 1 - Council approved 11 applications for funding totalling \$12,800.

Round 2 - 13 applications were recommended to receive total of \$26,200 funding.

Funds were available within Council's annual budget for its 2018/19 Sport and Recreation Grant Program.

### **Gladstone Economic Development Advisory Group**

This group was established during the year to provide strategic collaborative leadership and coordination for the development of the Gladstone Region as a world class location for large scale sustainable industrial development, including resource processing, manufacturing, tourism and agriculture product value adding. This is a strategic forum to share information and coordinate between stakeholders for the purpose of capturing and guiding potential developments into the region. The forum and functionality has been administered by GPC with the support and contribution of participants. This information sharing and coordination has received wonderful feedback from project proponents who attend to update on their activities. The Group includes stakeholder organisations vested in the economic prosperity of the Gladstone Region including the Department of State Development and the Co-ordinator General, GRC and industry participants. Council endorses the participation of the Mayor and Chief Executive Officer as active members of the Gladstone Economic Development Advisory Group.

The group continues to focus on the opportunities offered by establishing Gladstone as the Hydrogen Hub for Queensland as part of the Queensland Governments \$19M

Queensland Hydrogen Industry Strategy 2019–2024. Also, the significant development opportunities of the Bio Futures Industry and a vibrant tourist destination with a robust agriculture sector and a strong international trade sector.

Council approved the recruitment of an Economic Development Specialist in March 2019. The purpose of this new in-house position is to facilitate attraction of investment, generate enhanced infrastructure development and support business retention and development in the Gladstone Region. This role leads the implementation of Council's Economic Development Strategy, including promotion of the Gladstone Region economy and its products and services at a regional, state, national and international level, and provides a central point of contact for all economic development stakeholders.

### **Bio 2019 & Bio World Congress**

Council representatives Mayor Matt Burnett and Carly Quinn (General Manager Strategy and Transformation) attended the Bio International Convention (BIO) in Philadelphia USA, 3-6 June and the Bio World Congress – Iowa USA, 8-11 July 2019.

Gladstone Regional Council's Corporate Plan identifies a strong desire to actively promote and support the region and enable its growth and prosperity, particularly through Strategic Goal 8 - Grow the Region.

Key Activities identified in the Corporate Plan include:

- Advocate for future job creating industries e.g. bio-fuels
- Incentivise investment to the region

- Promote the region
- Increase diversity of industries and occupational groups across the region.

One specific action identified in the Operational Plan is the development of a Biofutures Strategy. Another is the continued investment in Economic Development to promote Gladstone as a destination to industries of the future. Two major Bio Industry conferences were identified as strategic opportunities to promote Gladstone to potential investors, the first of these being held during the 2018/19 year.

Bio International Convention (BIO) – Philadelphia USA, 3-6 June 2019. The Bio International Convention (BIO) attracts 16,000+ biotechnology and pharma leaders who come together for one week of intensive networking to discover new opportunities and promising partnerships. The event is supported as a priority event by the Queensland Government, and in particular, Queensland Premier Anastacia Palaszczuk who led a strong Queensland delegation. Gladstone Regional Council is a member of the Open Worldwide Innovation Network (OWIN) who hosted a Queensland VIP Reception and a full day of networking/introduction events the day before the conference commenced on 2 June 2019. Mayor Matt Burnett has attended this event in 2017 and 2018, resulting in the attraction of investment from international company Mercurius. Mercurius have now announced they will be proceeding with a Gladstone pilot plant biorefinery. During a trade mission to San Diego in 2017, Mercurius made it clear they recognised Queensland was committed to developing a biofuels industry. The Gladstone Region is committed to developing and innovating within the energy sectors, whether it be hydrogen,



*The Gladstone Region balances an enviable lifestyle within a strong and dynamic economy.*

LNG, bio-fuels, coal, solar or other forms for renewables. Projects such as this highlight the region's strategic advantages and provide an opportunity to attract future projects.

### Round Hill Creek Dredging

Gladstone Regional Council continued its commitment to investigate options to improve access to Round Hill Creek. At the Council's 19 February 2019 general meeting, the Round Hill Creek Channel Options report was presented for consideration. This report outlined the options to improve the navigation within the Creek would fall into two broad categories:

- hard structural options such as training walls with or without sand bypassing system at a significant capital cost; and
- soft options, one-off such as dredging at a lower repetitive capital cost.

It should be noted that within the Channel Options report, it is stated that significant work will be required in order to obtain the necessary environmental approvals. The current estimate to obtain these approvals are in the order of \$1 million.

Council resolved to accept the Round Hill Creek Channel Options Report for use in advocating for funding to deliver the project and called upon the State and Federal Governments to immediately fund the significant capital cost of the proposed project.

Work continues on gathering statistics and information to clearly demonstrate the access issues within the creek and the impact it is having on existing businesses, or the tourism opportunities that are being missed, as well as the community safety concerns because of the uncertain access.

### Tourism

Gladstone's reputation continues to grow as a safe and convenient destination for cruise ships during 2018/19 with the total number of cruise ships for the year at seven. Total number of passengers has been 15,242. Each passenger is estimated to have a daily spend of \$141, crew are estimated to spend \$66/day with the cruises estimated to inject \$200,000 per visit.

Council commenced work on their Visitor Economy Strategy in Q4, 2018/19. The strategy will provide a framework for future tourism activities and specific actions to be implemented. In addition, specific sub-

strategies were created for the RV market and business tourism. The strategy will align with GAPDL's Destination Tourism Plan review and the new KPI's presented to GAPDL for the 2019/20 financial year.

ScUber launched in the Gladstone Region and more than 4000 articles highlighted our Region as a result. In addition, the SGBR Guide was launched.

### Business Events and Tourism

Significant work has been done in the attraction of business events in the 2018/19 financial year. The introduction of a dedicated Business Development Officer has seen GRC exhibiting at expos across the nation including AIME and Convene Q, showcasing our local region and our conferencing capabilities and facilities. As a result of this focus, four new major clients have been secured over the next two years and negotiations are underway with a further six.

### Sports Events

Sports Marketing Australia (SMA) have been engaged to conduct an audit of the region's sporting facilities. SMA have actively pursued a number of sporting events on behalf of GRC with two having been secured. These types of events do not impact GRC resources heavily however have a positive economic impact.

### Festivals & Community Events

Gladstone Region continued to host a wide range of festivals and events with strong support and partnership of the Gladstone Regional Council. The list of events includes:

- Agnes Blues Roots and Rock festival
- Gladstone Harbour Festival
- Boyne Tannum Hook Up
- 1770 Festival
- Turkey Beach Tractor Bash
- Mount Larcom & District Show
- Botanic to Bridge
- Baffle Creek Car and Bike Muster
- Brisbane to Gladstone Yacht Race
- Gladstone Multicultural Festival Day
- Under the Trees Music & Arts Festival
- Mayor's Carols.

In addition, Gladstone Regional Council's newly developed Community Events Team continued to host, or developed and hosted, a number of events for the region. These included:

- Luminous
- Children's Festival
- Christmas Street Party
- Ecofest
- Australia Day
- Brisbane to Gladstone Village
- Major sporting events at Marley Brown Oval
- Mayor's Charity Ball
- SUNfest
- Moonlight Movies
- Live @ Library Square
- Christmas Street Party.

A total of 33 events has been delivered by this team in 2018/19.

GRC's five-year Regional Events Strategy has been adopted which identifies four priorities, four competitive advantages and a number of action items. This tool will be used as a lense for developing event calendars and assessing GRC's funding/support to an event to ensure maximum outcomes and benefit.

### 2019 Local Government Finance & Strategic Leadership Summit

Gladstone Regional Council hosted the Summit in Gladstone, from Tuesday 26 to Wednesday, 27 February 2019. Gladstone Entertainment Convention Centre (GECC) played host to hundreds of local government delegates from across Queensland for duration of the event.

Mayor Matt Burnett hosted LGA leaders from across the state at the 2019 Local Government Association of Queensland's (LGAQ) Finance and Strategic Leadership Summit with some of Council's senior leaders.

Hosting the Summit enabled Council to gain greater insight into important topics for local governments - leadership, culture and governance. The information delivered by industry experts had been specifically designed to assist local government leaders and provides valuable knowledge about strategy and governance; finance and reporting. The Summit had provided an important platform to share information, learn new skills and hear about approaches which could be applied at councils. As an added bonus, the summit provided a great opportunity to showcase the Gladstone Region, boost the regional visitor economy, attract future tourism to the area and to highlight the conference facilities on offer at the GECC.

## Sunrise in Gladstone

On 5 March 2019 Channel 7 program Sunrise broadcast their live weather crosses from Auckland Hill, Gladstone. This opportunity was used to launch the Easter in Gladstone campaign including promotion for the Gladstone Harbour Festival, the Brisbane to Gladstone Yacht Race and the addition of the Brisbane to Gladstone Village.

## Works for Queensland

The 2017/19 Works for Queensland (W4Q) program supports regional councils to undertake job-creating maintenance and minor infrastructure projects. Council's 2017/19 W4Q program allocation was \$5,990,000, delivered over two years ending in 2018/19. This funding allowed Council to deliver multiple community and infrastructure based projects, including:

- Harbour City BMX Club Track Upgrade
- Western Suburbs Swimming Pool Upgrade
- Calliope & District Multipurpose Facility
- Bunting Park Dog Agility Area
- Various Footpath Renewals and Upgrades
- Bray Park Pump Track & Skate Park
- Gladstone Kart Club Canteen
- Gladstone Rugby League Centre of Excellence
- Laydown Slab for Recycle Glass for Pipe Bedding at Benaraby Landfill.

Some other key projects completed which were enabled by external funding in the 2018/19 year included:

- Boyne Island Car Park at Beltana Drive - Building our Regions funding \$250,000 (\$500,000 total project cost)
- Red Rover Road Cycle Lanes - Cycle Network Local Government Grants \$120,500 (\$241,000 total project cost)
- Waste Levy Software and Infrastructure at the Benaraby Landfill - Local Government Levy Ready Grant Program \$99,875 (\$180,000 total project cost)
- Kirkwood Road & Lavender Boulevard Intersection Upgrade - Black Spot Program \$400,275 fully funded.



*Council was proud to open Bray Park Pump Track and Skate Park.*

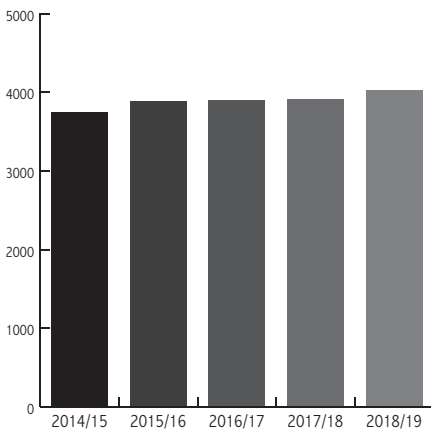
# PERFORMANCE SNAPSHOT.

Measuring organisational sustainability is a key management tool for Council to gauge a solid foundation for our community and to ensure that Council is in a position to meet the needs of the community into the future. To that end, our performance snapshot provides insight into a number of these sustainability measures, grouped according to themes. These include:

- our environmental footprint;
- our continuous improvement endeavours;
- the sustainability of our human resources; and
- our financial sustainability.

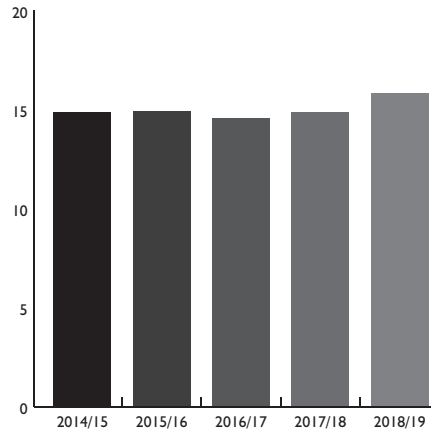
## Environmental footprint

**ENERGY CONSUMPTION (\$'000)**



The cost of Council's energy consumption has increased slightly as a result of increased energy demands across the organisation.

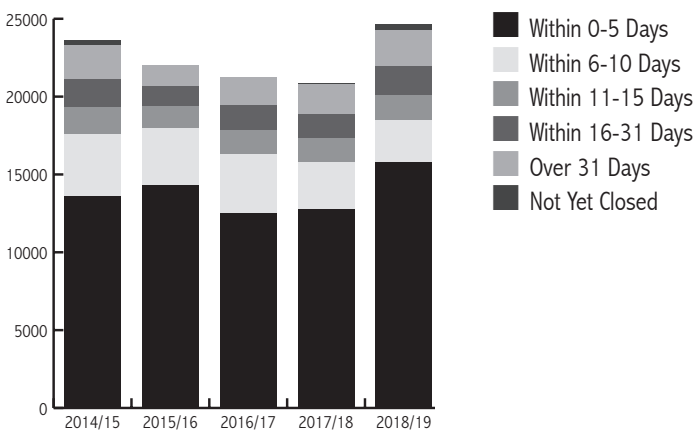
**ENERGY CONSUMPTION (kW)**



The number of kilowatts consumed has increased compared to the previous year. Council remains committed to reducing the number of kilowatts used for Council operations.

## Continuous improvement

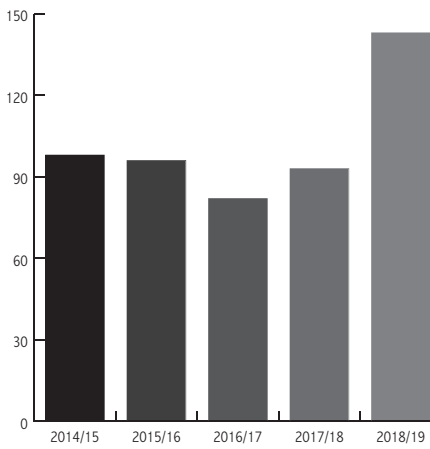
**Customer Service Request (CSR) CLOSEOUT RATE**



Council's Customer Service Charter specifies the timeframes in which customer service requests (CSR's) must be dealt with. The graph demonstrates an increase in the number of CSR's resolved in the minimum timeframe and our strong focus on the customer experience.

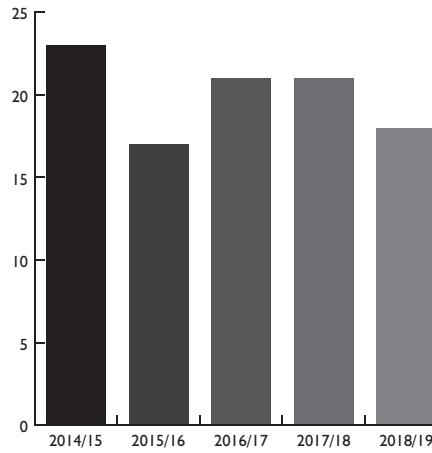
## Human resource sustainability

**EMPLOYEE TURNOVER** (Number)



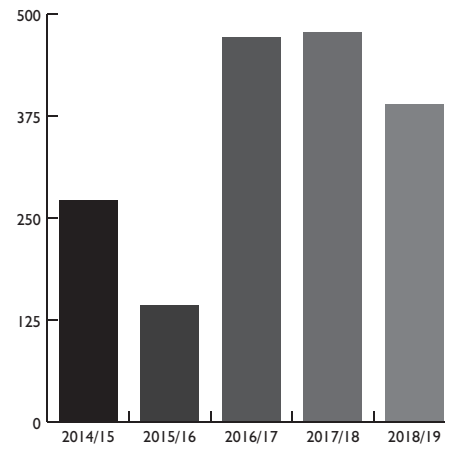
Council turnover has historically reflected changes within the Gladstone Region and been heavily influenced by movement in the industrial field. The increase in turnover in the 2018/19 year reflects the change to organisational structure and subsequent redundancies.

**LOST TIME INJURIES LTI CLAIMS** (Number)



There was a 14% improvement in the number of lost time injury claims in the 2018/19 financial year. Lost time injuries indicate the severity of the injuries that occurred and show that Council's work to increase the focus on health, safety and wellness has helped to drive this trend downwards.

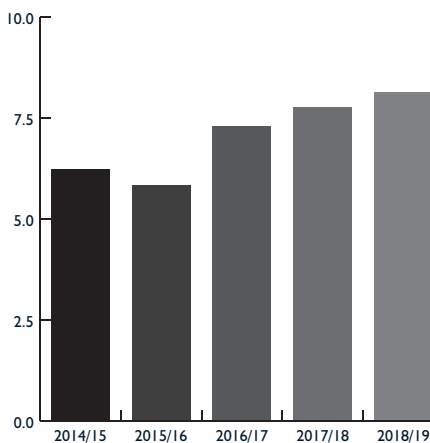
**LOST TIME INJURIES** (Number of Days Lost)



Total number of days lost through injury provides an indication of the severity of the injuries and shows an 18% improvement from the previous year. The average days lost per claim was 21.61 which compares favourably with the average of all Councils in the LGW scheme (average days lost 25.99).

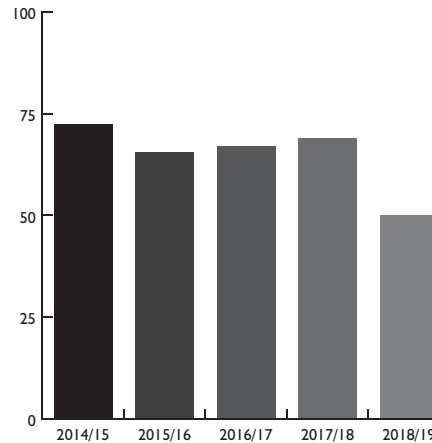
## Financial sustainability

**GOVERNMENT FUNDING** (\$ Million)



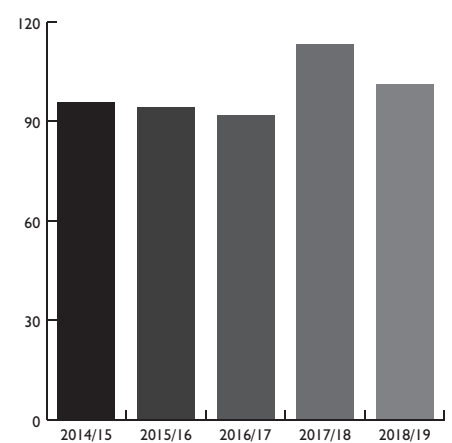
This indicator illustrates the pressures on Council's finances that must be borne through other sources of revenue. There has been a slight increase from 2017/18 to 2018/19 attributable to an increase in the Financial Assistance Grant.

**CAPITAL EXPENDITURE** (%)



This indicator illustrates Council's capital spending against the original budget set. As Council adapted to a new organisational structure, there were delays to the capital works program in 2018/19.

**OPERATIONAL EXPENDITURE** (%)



This indicator illustrates Council's operational spending against the original budget set. Council has continued to improve budgeting estimates and project management to ensure that operational budgets are not substantially exceeded. Progress has been made and is evident in a decrease in this measure from the 2017/18 year.

# COMMUNITY FINANCIAL REPORT.

This Community Financial Report is included as a key part of Council's Annual Report to provide members of the community, our business partners, our employees and all relevant stakeholders a better understanding of Council's financial position and financial performance throughout 2018/19.

Our goal in community financial reporting is to provide a report that is as comprehensive as it is comprehensible and offers an honest, transparent account of our financial performance.

We recognise that a crucial element of financial performance incorporates a blend of retrospective reporting and forecasting.

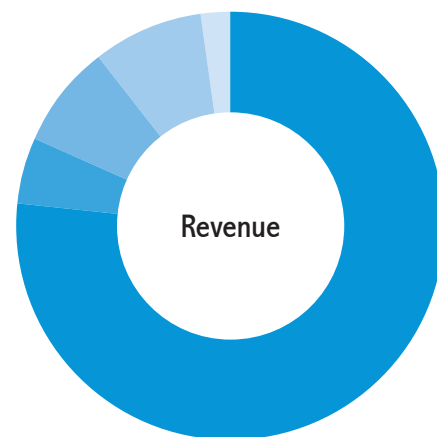
Information relating to our unconsolidated financial performance and budgeting (that is, Gladstone Regional Council's performance excluding the performance of the controlled entity Gladstone Airport Corporation) appears on pages 44 - 47. Pages 48 - 52 offer similar consolidated information.

## Council's Revenue and Expenses

A snapshot of Council's revenue and expenses is shown below.

### Where does Council revenue come from?

Recurrent Revenue	2014/15	2015/16	2016/17	2017/18	2018/19
General rates and service charges	74%	78%	75%	76%	77%
Fees and charges	7%	6%	6%	6%	5%
Other recurrent revenue	10%	7%	11%	8%	8%
Operating grants and contributions	6%	6%	6%	8%	8%
Interest	3%	3%	2%	2%	2%



The bulk of Council's operating revenue is generated through general rates and service charges. General rates are essentially a tax on property and are based on the value of land. Residential properties are assessed by the Valuer General on their 'site' value and rural property on their 'unimproved' value. Service charges are levied on properties that receive a specific service.

Services that Council provides and levies a charge on rates notices include:



#### Garbage collection

Includes kerbside wheelie bin collection



#### Water access charge

Maintenance, repair and upgrading of the water network



#### Water consumption charge

Per kilolitre charge for water consumed



#### Sewerage charge

Maintenance, repair and upgrading of the sewerage network

Other sources of income include:

#### Fees and charges

These are the fees and charges that Council imposes for providing other services to customers, such as development application fees, animal registration costs, licence fees, facility entrance charges and the like.

#### Grants and subsidies

This is generally funding from other sectors of government, both state and federal.

#### Recoverable works

These are the works that Council undertakes on behalf of others and recovers the costs. For example, the Department of Transport and Main Roads pays Council to perform maintenance work on some main roads in the region.

#### Interest

Interest earned on money invested.

#### Transfers from reserve funds

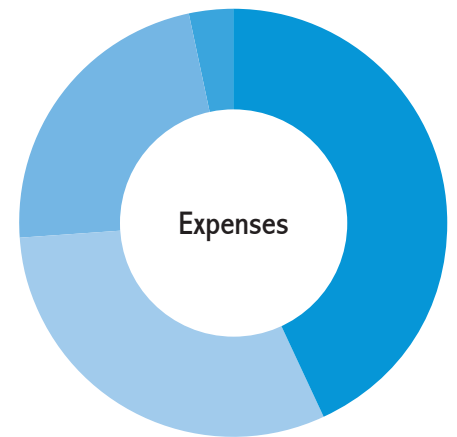
Money that has been put aside in previous years to fund new or replacement infrastructure.

#### Loan funding

Money borrowed from external parties.

## How are Council expenses allocated?

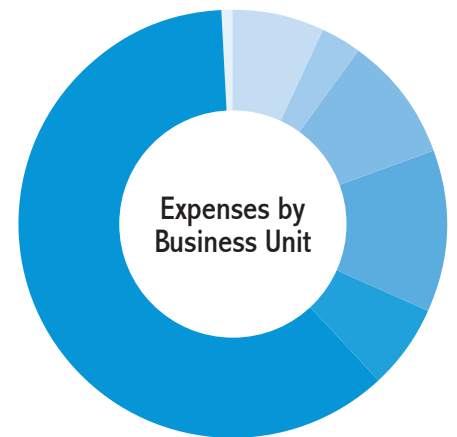
Recurrent Expenses	2014/15	2015/16	2016/17	2017/18	2018/19
■ Materials and services	42%	41%	41%	42%	43%
■ Employee costs	31%	29%	30%	31%	31%
■ Depreciation and amortisation	22%	25%	25%	24%	23%
■ Finance costs	5%	5%	4%	3%	3%



## Expenditure by Business Unit

Council's organisation is divided into Business Units and each unit is provided with a budget allocation to maintain and operate existing infrastructure and services, and for new capital projects. As Council redesigned its organisational structure in 2018, the below table contains only two years of comparative data.

Recurrent Expenses by Business Unit	2017/18	2018/19
■ Strategy & Transformation	4%	7%
■ Finance Governance & Risk	1%	3%
■ Community Developments & Events	10%	10%
■ Operations	24%	12%
■ Customer Experience	6%	6%
■ Strategic Asset Performance	53%	62%
■ People Culture & Safety	2%	-1%





# 2018/19 BUDGET.

---

Council's budget is informed by its Long Term Financial Plan. This ensures that the long term picture of service levels, rate increases, capital programs and borrowing levels are considered when developing the budget.

## Operating versus capital spending - what is the difference?

Council's budget is considered in two parts:

### The operating budget - \$233.7 million

The operating budget represents the monies required to operate and maintain existing services and infrastructure, such as roads, water, sewerage and parks.

This expenditure includes day-to-day running of the many community and recreation facilities, including Council's libraries, administration centres, art gallery, community engagement centre, pools and entertainment convention centre.

### The capital budget - \$103.7 million

The capital budget represents money allocated to providing new infrastructure, or adding new components to existing infrastructure. Examples of capital projects include building new parks, roads, bridges and transport facilities; new community centres; or adding new components to existing parks, buildings or water and sewerage networks.

Borrowings were not intended to be used to fund any of Council's 2018/19 capital works program.

Delivery of significant infrastructure across the region is being partly funded from direct corporate contributors, headworks receipts from developers, as well as partnerships between Council and state and federal governments.



*Waste services expenditure is contained within the operating budget.*

## Budget Funding Snapshot

### Connect

ARTS & CULTURE  
 **\$7.7M**

ROADS & DRAINAGE  
 **\$99.7M**

WATER  
 **\$47.8M**

RECYCLING & WASTE  
 **\$16.4M**

DISASTER MANAGEMENT  
 **\$1M**

PARKS & OPEN SPACES  
 **\$16M**

CONSERVATION  
 **\$4M**

SEWERAGE  
 **\$48.9M**

COMMUNITY DEVELOPMENT & EVENTS  
 **\$19.7M**

### Innovate

CURRENT ASSET VALUE  
 **\$2.3B**

### Diversify

ECONOMIC DEVELOPMENT  
 **\$835K**

MAJOR EVENTS FUNDING  
 **\$340K**

CAPITAL INVESTMENTS  
 **\$103.7M**

# FINANCIAL RATIO PERFORMANCE.

Financial ratios provide useful a snapshot of Council's financial status and trends (see pages 49 to 50 for graphical representations and commentary of Council's 2018/19 performance as informed by financial ratio analysis).

Council aims to operate in a manner that ensures that it is financially sustainable in both the short and long term. As part of monitoring this, Council utilises a series of sustainability ratios that act as a collective guide to the financial health of the organisation.

These indicators are reported monthly to Council as part of its monthly financial statements, ensuring that Council is fully informed and in a position to identify any corrective action necessary.

Individual ratios often do not provide sufficient information to form a comprehensive opinion of Council's financial position and performance.

However, when the right mix of ratios are considered together, they become an important tool in analysing Council's results for the

year. Ratios are also useful when comparing Gladstone Regional Council to other councils.

We use a mix of ratios, in combination with bottom line results and long-term financial planning to inform our financial decision making and to ensure sustainable use of finite financial resources now, and into the future.

The indicators that follow show the actual consolidated results for 2018/19 and the next three years' forecast financial information. Targets are in line with industry standards.

Each ratio has a target that is determined in line with best practice for local government with Council ratios reported to the Executive Leadership Team and Councillors monthly to provide Council's decision makers with an ongoing and current snapshot of Council's sustainability.

Overall, Council's financial performance remains solid and is currently trending positively. Council remains in a sound position to deal with any significant emergent financial impacts.

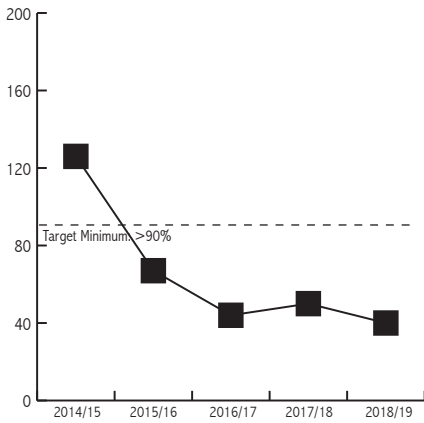
Ratio	Target Achieved	Target	Actual 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
<b>Infrastructure Capital Sustainability</b>						
Asset Sustainability Ratio	N	>90%	40%	66%	102%	94%
Net Interest Coverage Ratio	Y	0%-10%	1.43%	1.47%	1.46%	1.33%
Debt Service Coverage Ratio	Y	>2x	3.63	3.34	3.53	3.77
<b>Financial Capital Sustainability</b>						
Operating Surplus Ratio	Y	0%-15%	5.07%	0.96%	-0.42%	-0.29%
Working Capital Ratio	Y	>1:1	4.47	3.47	2.55	2.17
Net Financial Liabilities Ratio	Y	<60%	1%	36%	41%	40%



*Capital budget represents money allocated to providing new infrastructure, or developing existing infrastructure.*

# Infrastructure Capital Sustainability

## Asset Sustainability Ratio



### DEFINITION

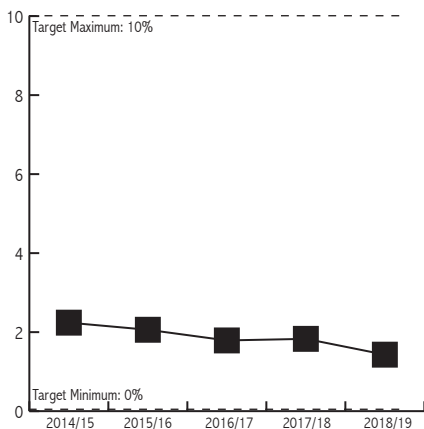
The asset sustainability ratio is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they come to the end of their useful lives. This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that the overall stock of assets is wearing out.

### COMMENTARY

Expenditure on asset replacement is anticipated to increase in the coming years from the 2018/19 result of 40%. The 2018/19 result is historically low due to delays in delivering Council's capital program following the organisational restructure in August 2018.

This ratio is expected to increase significantly in 2019/20 and 2020/21 as this expenditure normalises following completion of the deferred asset replacement works, and in line with the projected cyclical investment in the renewal of Council's asset base. This indicator is closely monitored, however due to the cyclical nature of asset maintenance and renewal, it is anticipated that the ratio will average closer to the benchmark in the longer term. When considering the renewal of Council's asset base it is expected that there will be periods of heavier investment. It is important to consider the long term trends when looking at this indicator as Council's infrastructure assets have lives up to, and in some cases exceeding, 100 years.

## Net Interest Coverage Ratio



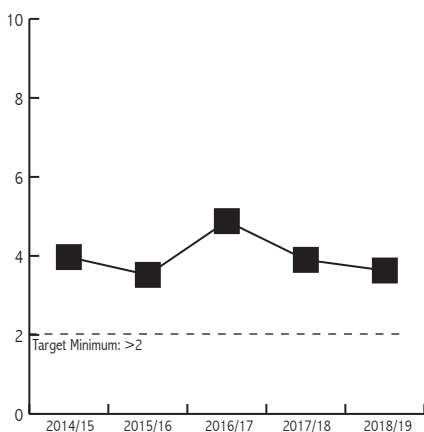
### DEFINITION

This ratio provides the share of operating revenue that is committed to covering the gap between interest earned and interest paid. The net interest coverage ratio is an indicator of Council's ability to meet its interest payments, with a low result being desirable.

### COMMENTARY

Council has currently committed 1.4% of operating revenue to cover interest expenses. This result is within the target range of 0-10% and has been reducing in line with interest expenditure over the past three years.

## Debt Service Coverage



### DEFINITION

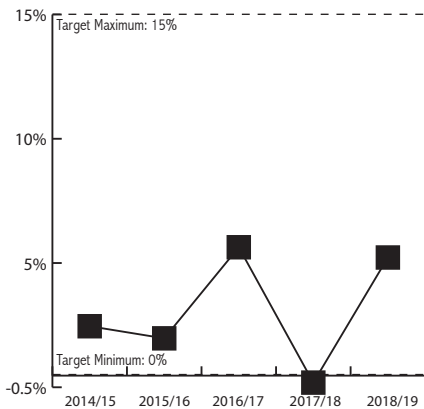
The debt service coverage ratio measures Council's ability to meet its debt servicing obligations from its operating position before depreciation and interest payments. It indicates the extent to which Council's operating resources are committed to meeting its debt obligations.

### COMMENTARY

At 3.63x, Council is currently well above the target for this indicator (2x) and is expected to remain in a solid position based on 2019/20 forecasts. This indicates Council is in a position to service its debt obligations 3.63 times from its operating result before depreciation. Council's consolidated income is utilised to meet debt obligations associated with the borrowings for long term assets such as sewerage treatment plants, trunk water infrastructure and airport infrastructure. No increases in borrowings were incurred and a reducing interest expense is anticipated during the forecast period.

# Financial Capital Sustainability

## Operating Surplus Ratio



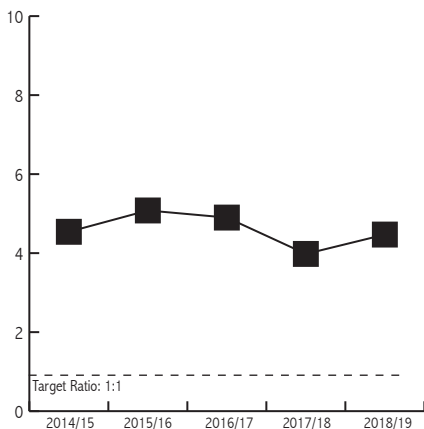
### DEFINITION

The operating surplus ratio measures the percentage by which Council's major income source and operating grants varies from our day-to-day expenses.

### COMMENTARY

Council made an operating surplus of \$10.2 million in 2018/19. This result is an increase from the previous financial year and is largely due to an increase in rating revenue as well as a decrease in recurrent expenditure, namely finance costs and depreciation.

## Working Capital Ratio



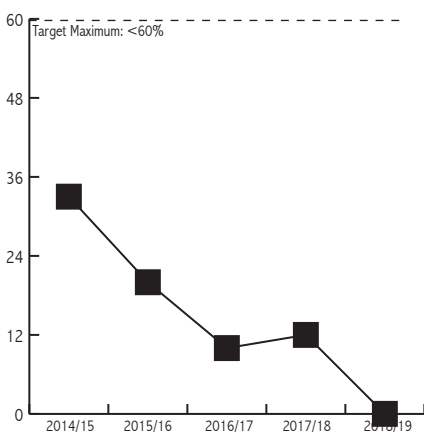
### DEFINITION

The working capital ratio, also commonly known as the liquidity ratio, measures Council's ability to pay off our current liabilities with current assets.

### COMMENTARY

Council is positioned to continue to fund its current obligations 4.47 times, well in excess of the target ratio of 1:1. These results are strengthened by a healthy cash balance. Council expects to remain above the target in the 2019/20 and 2020/21 years.

## Net Financial Liabilities Ratio



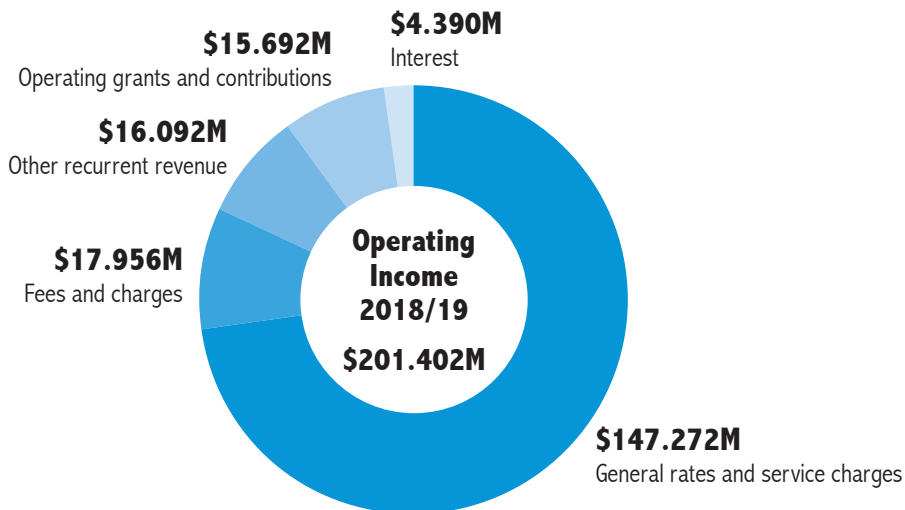
### DEFINITION

The net financial liabilities ratio indicates the extent to which net financial liabilities could be met by Council's operational income.

### COMMENTARY

A positive value of less than 60% indicates that Council has the capacity to fund liabilities as well as the capacity to increase its loan borrowings. A positive value greater than 60% indicates that Council has limited capacity to increase its loan borrowings. The 2018/19 position of 1% is within target levels and reflects an ability to service further debt, if necessary. The ratio result is expected to rise over 2019/20 and 2020/21 as the current asset base is reduced due to deferred project completion, however it is still expected to remain within the target range.

## What were the major sources of income to the consolidated Council?

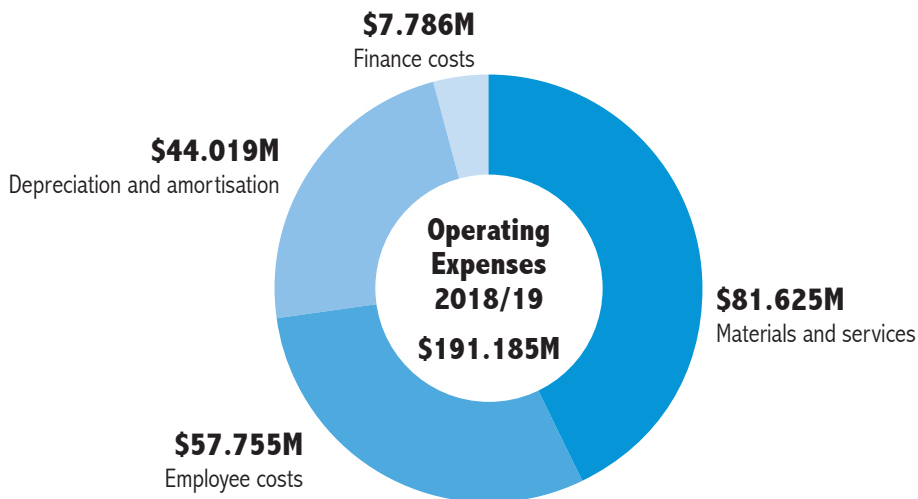


Council received \$201.4 million in recurrent revenue in the 2018/19 financial year inclusive of \$9.2 million received by the Gladstone Airport Corporation. The greatest contribution was provided by rates and utility charges (73%), followed by user fees and charges (9%) operating grants and subsidies (8%), and other recurrent revenue (8%). The graph depicted above shows the relevant breakdown.

Total operating revenue has increased by \$7.4 million (4%) over the previous year and is primarily attributed to an increase in rates and utility charges (5%). Interest received has also increased by \$0.1 million (3%).

This graph illustrates that 73% of Council's total operating revenue comes from rates and utility charges (that is, water, sewerage and cleansing charges). This demonstrates a clear reliance on general rates and service charges as the predominant income stream to Council. This percentage is considered normal for councils with a large urban centre. Generally, the larger the urban base of a local government, the higher the reliance on rating revenue as a source of income.

## What were the major expenses of the consolidated Council?



This chart provides a breakdown of Council's \$191.2 million total operating expenditure. The primary expense components include employee costs, materials and services, finance costs and depreciation. Total operating expenses decreased by \$3.4 million (2%) over the previous year with significant decreases across finance costs (7%), depreciation costs (5%) and employee benefits (4%). Other notable points include:

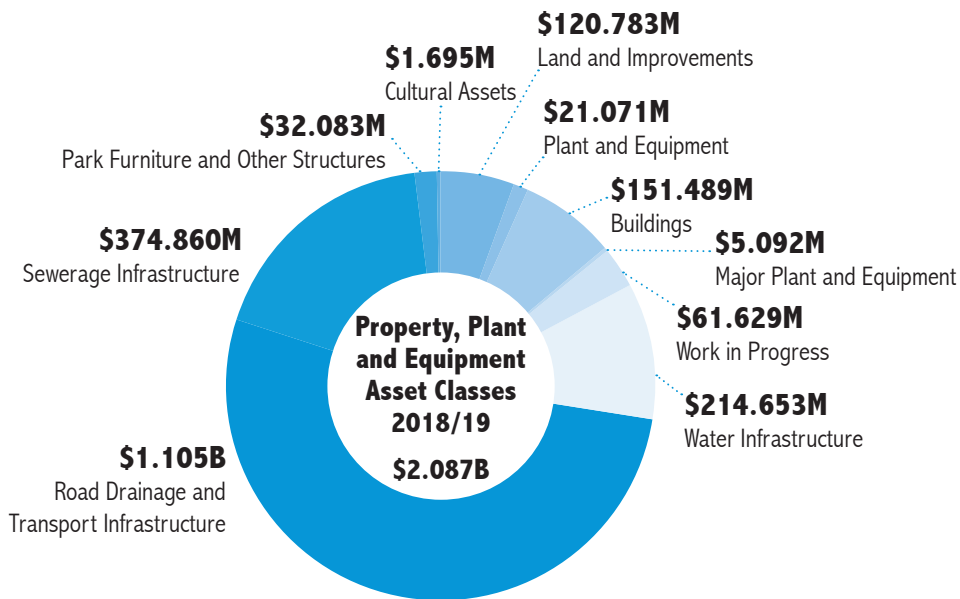
Materials and services totalled \$81.6 million, totalling 43% of operating expenses. The largest individual item was \$25.8 million on contractors performing works on behalf of Council, with bulk water purchases the next largest at \$17.4 million. Together these two line items accounted for 53% of the materials and services expenditure for the year. Other costs included in materials and services are payments to suppliers for the delivery of Council's vast range of services and projects to the community including roads, parks, water, sewerage, footpaths, bikeways, libraries, pools, airports, community halls and town planning. It also includes payments for bitumen materials, gravel, electricity, petrol and other operational costs.

Employee benefits accounted for \$57.8 million - 30% of operating expenditure. This includes employee salaries and wages, superannuation, leave entitlements and Councillor remuneration.

Council's depreciation expense was \$44.0 million - 23% of operating expenditure. While this does not represent cash spent, it recognises the value of our assets 'consumed' during the period. This depreciation charge shows that the community consumed approximately 2% of the asset base over the period.

Finance costs totalled \$7.8 million for the year - 4% of total operating expenditure. As Council continues to pay down its debts, it is anticipated that finance costs will continue to decrease.

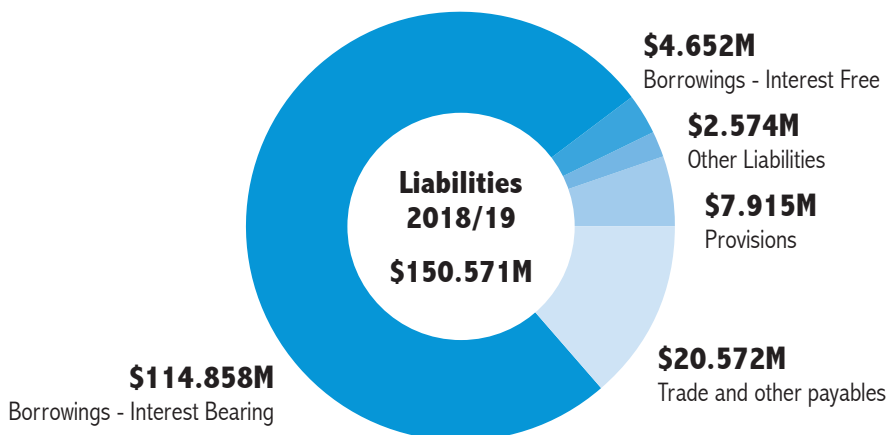
## What is the value of the community's assets?



The major components of assets are property, plant and equipment (land, buildings, road network, water and sewerage infrastructure, capital works in progress), which accounted for \$2.1 billion. Cash and deposits totalled \$116.7 million. A large proportion (\$84.1 million) of the cash held is earmarked as reserves for future capital expenditure. The breakup of the \$2.1 billion of property plant and equipment assets controlled by Council can be viewed in the graph.

Total Council controlled assets had a total value of \$2.2 billion as at 30 June 2019, which represented an increase in the community's assets during 2018/19 of \$6.1 million. This graph illustrates the breakdown of Council's property, plant and equipment asset and classes. In 2018/19 \$29.4 million worth of capital works were completed, compared to \$47.5 million in 2017/18.

## What is the value of our liabilities?



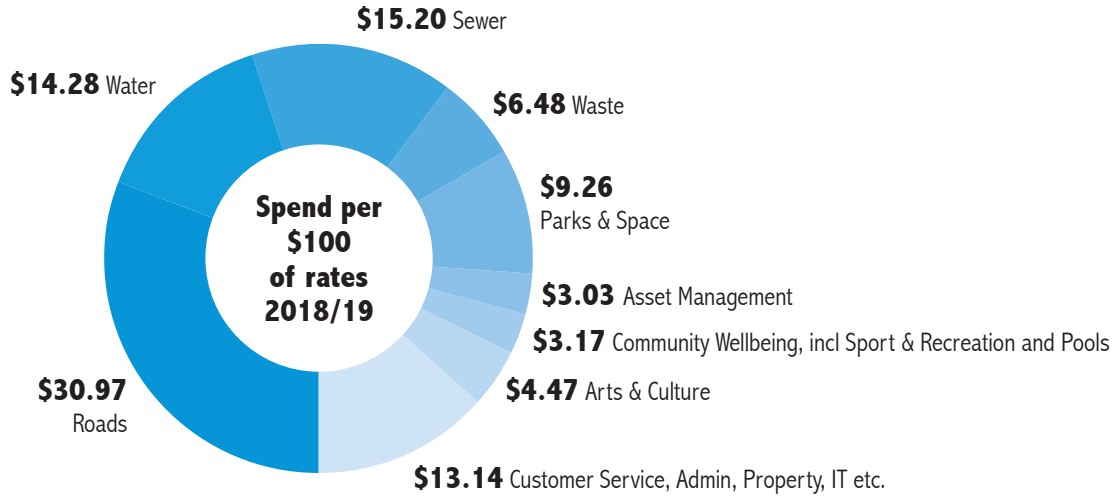
Council's liabilities include loans, amounts owed to suppliers, an advance payment to offset the Waste Levy and provisions for employee leave entitlements as well as the restoration of the Benaraby Landfill. The total liabilities at 30 June 2019 was \$150.6 million, a significant decrease from the 2017/18 balance of \$163.1 million.

Council's largest single liability is its interest bearing loans with Queensland Treasury Corporation at \$114.9 million as at 30 June 2019 (down \$8.8 million from 2018). Council did not borrow any funds in 2018/19 as was the case for the previous three years.

Other liabilities comprise of an advance payment of \$2.6 million which was received from the State Government to mitigate the direct impacts on households of the State Waste Levy, which came into effect from 1 July 2019.

# RATES IN ACTION.

Each year, Council embarks on a comprehensive budgeting process to meet the needs of our community and ensure that the organisation operates in a sustainable way, to continue to meet the needs of this generation and the next. For every \$100 of rates actually received, Council delivers a wide range of services, apportioned in 2018/19 as detailed below:



*Rates allow Council to provide services and facilities including our regional libraries.*



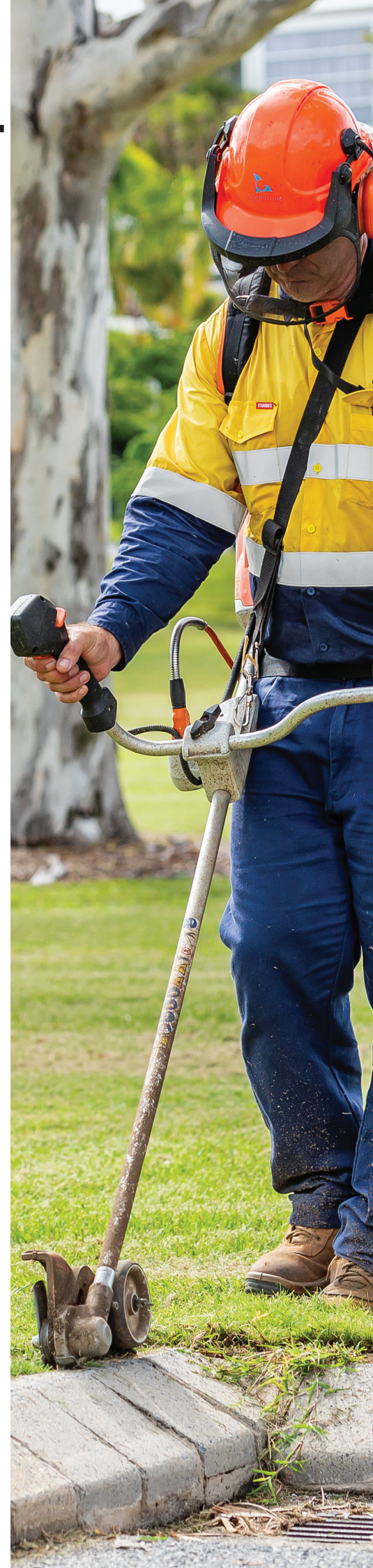
# FINANCIAL STATEMENTS.

Each year, Council's financial statements are audited by an external party to ensure that they are accurate, valid and transparent. An independent audit certificate was received from the Queensland Audit Office in October 2019.

## Financial Statements Table of Contents

<b>Statements of Comprehensive Income</b> .....	<b>54</b>
<b>Statements of Financial Position</b> .....	<b>55</b>
<b>Statements of Changes in Equity</b> .....	<b>56</b>
<b>Statements of Cash Flows</b> .....	<b>58</b>
Notes to the Financial Statements	
1 Significant accounting policies .....	59
2 Analysis of results by function .....	64
3 Revenue analysis .....	67
4 Grants, subsidies, contributions and donations .....	69
5 Employee benefits .....	70
6 Materials and services .....	72
7 Finance costs .....	72
8 Capital expenses .....	73
9 Cash and cash equivalents .....	73
10 Trade and other receivables .....	74
11 Land purchased for development and sale .....	76
12 Investment in controlled entity .....	76
13 Investment property .....	77
14 Property, plant and equipment .....	78
15 Trade and other payables .....	91
16 Other liabilities .....	91
17 Borrowings .....	92
18 Borrowings - interest bearing .....	93
19 Borrowings - interest free .....	93
20 Provisions .....	94
21 Asset revaluation surplus .....	95
22 Reserves .....	96
23 Commitments for expenditure .....	100
24 Contingent liabilities .....	101
25 Superannuation .....	102
26 Trust funds .....	103
27 Reconciliation of net result for the year to net cash inflow from operating activities .....	104
28 Reconciliation of liabilities arising from finance activities .....	105
29 Financial instruments .....	106
30 National competition policy .....	110
31 Transactions with related parties .....	112
<b>Management Certificate</b> .....	<b>116</b>
<b>Independent Audit Report</b> .....	<b>117</b>

*We are committed to the responsible  
management of funds to support our  
community and community assets.*



**Statements of Comprehensive Income**  
For the year ended 30 June 2019

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent revenue</b>					
Net rate and utility charges	3(a)	147,272	140,325	147,358	140,412
Fees and charges	3(b)	17,956	18,119	9,707	9,799
Interest received	3(c)	4,390	4,259	4,065	3,965
Other recurrent income	3(d)	16,092	16,230	15,373	15,119
Grants, subsidies, contributions and donations	4(a)	15,692	15,066	15,692	15,066
<b>Total recurrent revenue</b>		<b>201,402</b>	<b>193,999</b>	<b>192,195</b>	<b>184,361</b>
<b>Capital revenue</b>					
Grants, subsidies, contributions and donations	4(b)	14,801	14,478	14,801	14,478
<b>Total capital revenue</b>		<b>14,801</b>	<b>14,478</b>	<b>14,801</b>	<b>14,478</b>
<b>Total income</b>		<b>216,203</b>	<b>208,477</b>	<b>206,996</b>	<b>198,839</b>
<b>Expenses</b>					
<b>Recurrent expenses</b>					
Employee benefits	5	(57,755)	(60,221)	(56,047)	(56,674)
Materials and services	6	(81,625)	(79,625)	(78,418)	(77,994)
Finance costs	7	(7,786)	(8,335)	(5,620)	(6,228)
Depreciation and amortisation		(44,019)	(46,406)	(41,470)	(43,969)
<b>Total recurrent expenses</b>		<b>(191,185)</b>	<b>(194,587)</b>	<b>(181,555)</b>	<b>(184,865)</b>
<b>Capital expenses</b>					
	8	(4,721)	(8,962)	(4,731)	(8,784)
<b>Total expenses</b>		<b>(195,906)</b>	<b>(203,549)</b>	<b>(186,286)</b>	<b>(193,649)</b>
<b>Net recurrent result</b>		<b>10,217</b>	<b>(588)</b>	<b>10,640</b>	<b>(504)</b>
<b>Net result</b>		<b>20,297</b>	<b>4,929</b>	<b>20,710</b>	<b>5,190</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Increase/(decrease) in asset revaluation surplus	21	(1,665)	19,730	(1,111)	18,380
<b>Total other comprehensive income for the year</b>		<b>(1,665)</b>	<b>19,730</b>	<b>(1,111)</b>	<b>18,380</b>
<b>Total comprehensive income for the year</b>		<b>18,632</b>	<b>24,659</b>	<b>19,599</b>	<b>23,570</b>

**Statements of Financial Position**  
As at 30 June 2019

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Current assets</b>					
Cash and cash equivalents	9	116,743	112,103	103,412	99,605
Trade and other receivables	10	29,567	24,701	27,249	23,246
Inventories		1,912	3,116	1,912	3,116
Land purchased for development and sale	11	-	411	-	411
<b>Total current assets</b>		<b>148,222</b>	<b>140,331</b>	<b>132,573</b>	<b>126,378</b>
<b>Non-current assets</b>					
Investment property	13	3,334	4,056	3,334	4,056
Property, plant and equipment	14	2,087,985	2,089,223	2,001,492	1,999,887
Intangible assets		204	314	204	314
Investment in controlled entity	12	-	-	71,854	71,854
Trade and other receivables	10	-	-	33,716	33,716
Land purchased for development and sale	11	255	-	255	-
<b>Total non-current assets</b>		<b>2,091,778</b>	<b>2,093,593</b>	<b>2,110,855</b>	<b>2,109,827</b>
<b>Total assets</b>		<b>2,240,000</b>	<b>2,233,924</b>	<b>2,243,428</b>	<b>2,236,205</b>
<b>Current liabilities</b>					
Trade and other payables	15	20,572	25,836	19,933	25,004
Borrowings - interest bearing	17	9,607	9,081	9,607	9,081
Borrowings - interest free	17	393	374	393	374
Other liabilities	16	2,574	-	2,574	-
<b>Total current liabilities</b>		<b>33,146</b>	<b>35,291</b>	<b>32,507</b>	<b>34,459</b>
<b>Non-current liabilities</b>					
Borrowings - interest bearing	17	105,251	114,575	105,251	114,575
Borrowings - interest free	17	4,259	4,653	4,259	4,653
Provisions	20	7,915	8,611	7,897	8,606
<b>Total non-current liabilities</b>		<b>117,425</b>	<b>127,839</b>	<b>117,407</b>	<b>127,834</b>
<b>Total liabilities</b>		<b>150,571</b>	<b>163,130</b>	<b>149,914</b>	<b>162,293</b>
<b>Net community assets</b>		<b>2,089,429</b>	<b>2,070,794</b>	<b>2,093,514</b>	<b>2,073,912</b>
<b>Community equity</b>					
Retained surplus		1,454,630	1,436,438	1,445,559	1,426,954
Asset revaluation surplus	21	550,650	552,315	563,806	564,917
Reserves	22	84,149	82,041	84,149	82,041
<b>Total community equity</b>		<b>2,089,429</b>	<b>2,070,794</b>	<b>2,093,514</b>	<b>2,073,912</b>

## Statements of Changes in Equity

For the year ended 30 June 2019

### Consolidated

		Retained surplus	Asset revaluation surplus	Reserves	Total
	Note	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2018</b>		1,436,438	552,315	82,041	2,070,794
Found assets first recognised	14	3	-	-	3
<b>Restated balance as at 1 July 2018</b>		<b>1,436,441</b>	<b>552,315</b>	<b>82,041</b>	<b>2,070,797</b>
Net operating result		20,297	-	-	20,297
<b>Other comprehensive income for the year</b>					
Increase / (decrease) in asset revaluation surplus	21	-	(1,665)	-	(1,665)
<b>Total comprehensive income for the year</b>		<b>20,297</b>	<b>(1,665)</b>	<b>-</b>	<b>18,632</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	22	(11,910)	-	11,910	-
Transfers to / (from) reserves	22	9,802	-	(9,802)	-
<b>Total transfers to / (from) reserves</b>		<b>(2,108)</b>	<b>-</b>	<b>2,108</b>	<b>-</b>
<b>Balance as at 30 June 2019</b>		<b>1,454,630</b>	<b>550,650</b>	<b>84,149</b>	<b>2,089,429</b>
<b>Balance as at 1 July 2017</b>		1,419,895	532,585	90,835	2,043,315
Adjustment to reserve balance as at 30 June 2016		9	-	(9)	-
Adjustment relating to prior year overstatement		(29)	-	-	(29)
Found assets first recognised	14	2,849	-	-	2,849
<b>Restated balance as at 1 July 2017</b>		<b>1,422,724</b>	<b>532,585</b>	<b>90,826</b>	<b>2,046,135</b>
Net operating result		4,929	-	-	4,929
<b>Other comprehensive income for the year:</b>					
Increase / (decrease) in asset revaluation surplus	21	-	19,730	-	19,730
<b>Total comprehensive income for the year</b>		<b>4,929</b>	<b>19,730</b>	<b>-</b>	<b>24,659</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	22	(10,745)	-	10,745	-
Transfers to / (from) reserves	22	19,530	-	(19,530)	-
<b>Total transfers to / (from) reserves</b>		<b>8,785</b>	<b>-</b>	<b>(8,785)</b>	<b>-</b>
<b>Restated Balance as at 30 June 2018</b>		<b>1,436,438</b>	<b>552,315</b>	<b>82,041</b>	<b>2,070,794</b>

## Statements of Changes in Equity

For the year ended 30 June 2019

### Council

		Retained surplus	Asset revaluation surplus	Reserves	Total
	Note	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2018</b>		1,426,954	564,917	82,041	2,073,912
Found assets first recognised	14	3	-	-	3
<b>Restated balance as at 1 July 2018</b>		<b>1,426,957</b>	<b>564,917</b>	<b>82,041</b>	<b>2,073,915</b>
Net operating result		20,710	-	-	20,710
<b>Other comprehensive income for the year</b>					
Increase / (decrease) in asset revaluation surplus	21	-	(1,111)	-	(1,111)
<b>Total comprehensive income for the year</b>		<b>20,710</b>	<b>(1,111)</b>	<b>-</b>	<b>19,599</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	22	(11,910)	-	11,910	-
Transfers to / (from) reserves	22	9,802	-	(9,802)	-
<b>Total transfers to / (from) reserves</b>		<b>(2,108)</b>	<b>-</b>	<b>2,108</b>	<b>-</b>
<b>Balance as at 30 June 2019</b>		<b>1,445,559</b>	<b>563,806</b>	<b>84,149</b>	<b>2,093,514</b>
<b>Balance as at 1 July 2017</b>		1,410,150	546,537	90,835	2,047,522
Adjustment to reserve balance as at 30 June 2016		9	-	(9)	-
Adjustment relating to prior year overstatement		(29)	-	-	(29)
Found assets first recognised	14	2,849	-	-	2,849
<b>Restated balance as at 1 July 2017</b>		<b>1,412,979</b>	<b>546,537</b>	<b>90,826</b>	<b>2,050,342</b>
Net operating result		5,190	-	-	5,190
<b>Other comprehensive income for the year</b>					
Increase / (decrease) in asset revaluation surplus	21	-	18,380	-	18,380
<b>Total comprehensive income for the year</b>		<b>5,190</b>	<b>18,380</b>	<b>-</b>	<b>23,570</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	22	(10,745)	-	10,745	-
Transfers to / (from) reserves	22	19,530	-	(19,530)	-
<b>Total transfers to / (from) reserves</b>		<b>8,785</b>	<b>-</b>	<b>(8,785)</b>	<b>-</b>
<b>Restated Balance as at 30 June 2018</b>		<b>1,426,954</b>	<b>564,917</b>	<b>82,041</b>	<b>2,073,912</b>

**Statements of Cash Flows**  
For the year ended 30 June 2019

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		181,377	181,027	171,372	171,218
Payments to suppliers and employees		(150,470)	(143,427)	(144,280)	(137,135)
		<b>30,907</b>	<b>37,600</b>	<b>27,092</b>	<b>34,083</b>
Interest received	3(c)	4,390	4,259	4,065	3,965
Rental income	3(d)	631	647	631	647
Non capital grants and contributions	4(a)	15,692	15,066	15,692	15,066
<b>Net cash inflow from operating activities</b>	27	<b>51,620</b>	<b>57,572</b>	<b>47,480</b>	<b>53,761</b>
<b>Cash flow from investing activities</b>					
Payments for property, plant and equipment		(52,275)	(69,231)	(51,937)	(68,874)
Grants, subsidies, contributions and donations	4(b)	14,305	14,421	14,305	14,421
Controlled entity dividend	3(d)	-	-	325	216
Income tax equivalents	3(d)	6,350	5,056	7,039	5,609
Proceeds from sale of property, plant and equipment	8	1,310	828	1,222	828
Payments for intangible assets		-	(91)	-	(91)
<b>Net cash outflow from investing activities</b>		<b>(30,310)</b>	<b>(49,017)</b>	<b>(29,046)</b>	<b>(47,891)</b>
<b>Cash flow from financing activities</b>					
Borrowing costs	7	(7,266)	(7,811)	(5,223)	(5,729)
Repayment of borrowings	18,19	(9,404)	(9,016)	(9,404)	(9,015)
<b>Net cash outflow from financing activities</b>		<b>(16,670)</b>	<b>(16,827)</b>	<b>(14,627)</b>	<b>(14,744)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>4,640</b>	<b>(8,272)</b>	<b>3,807</b>	<b>(8,874)</b>
Cash and cash equivalents at the beginning of the financial year		112,103	120,375	99,605	108,479
<b>Cash and cash equivalents at end of the financial year</b>	9	<b>116,743</b>	<b>112,103</b>	<b>103,412</b>	<b>99,605</b>

## 1 Significant Accounting Policies

### 1.01 Basis of Preparation

These general purpose financial statements for the period 1 July 2018 to 30 June 2019 have been prepared in accordance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because 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.

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

#### Recurrent/Capital Classification

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

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

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

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

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

### 1.02 Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Gladstone Regional Council as at 30 June 2019 and the results of all controlled entities for the year then ended, where material. The Gladstone Regional Council and its controlled entity together form the economic entity which is referred to in these financial statements as the consolidated entity.

In the process of reporting the Gladstone Regional Council as a consolidated entity, all transactions with entities controlled by Council have been eliminated. In addition, the accounting policies of all controlled entities have been adjusted, where necessary, on consolidation to ensure that the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Gladstone Regional Council. Information on controlled entities is included in Note 12.

### 1.03 Constitution

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

### 1.04 Date of Authorisation

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

## 1 Significant Accounting Policies (cont'd)

### 1.05 Currency

Council uses the Australian Dollar as its functional currency and its presentation currency.

### 1.06 Adoption of New and Revised Accounting Standards

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. AASB 9 introduced a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Council has not restated comparative figures. This means that the new impairment rules are reflected in the receivables balance as at 30 June 2019, but not 30 June 2018. The impact of AASB9 in 2018-19 is immaterial.

At the date of authorisation of the financial report, some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a potential impact upon Council's future financial statements are:

#### Standard and impact

#### Date Council will apply the standard

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

AASB 15 will replace AASB 18 *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.

01-Jul-19

Council has reviewed the way that revenue is measured and recognised to identify whether AASB 15 will have a material impact. To date potential identifiable impacts as at reporting date are as follows:

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable & sufficiently specific.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations - these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).



## 1 Significant Accounting Policies (cont'd)

### 1.06 Adoption of New and Revised Accounting Standards (cont'd)

#### Standard and impact (cont'd)

Date Council will  
apply the standard

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

- Council currently recognises amounts received for pre-paid rates as revenue in the year in which it is received. Under AASB 1058, rates received in advance will be required to be recognised as a liability until the rates levy is calculated.
- Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:
  - Revenue decrease of \$11,838,757.59 due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).
  - There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
  - Net result would be lower on initial application as a result of decreased revenue.

#### Transition method

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the cumulative effect method. Using this method, Council will recognise the cumulative effect of initially applying the standards by adjusting the opening balance to retained surplus.

Additional disclosures will be made in the 2019-20 financial statements to compare the revenue recognised under the new standards, with the revenue that would have been recognised if the new standards were not applied. This will provide the users of the financial statements with the information needed to compare the revenue between the consecutive reporting periods.

#### AASB 16 Leases

Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until Council presents its first financial statements that include the date of initial application.

01-Jul-19

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Council has some leases that are currently not recognised within the Statement of Financial Position and may need to be included when this standard comes into effect.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- Lease assets and financial liabilities on the balance sheet will increase by \$325,567 and \$338,071 respectively as at 30 June 2020 (based on the facts available to Council at the date of assessment).
- There will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- Net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

## 1 Significant Accounting Policies (cont'd)

### 1.06 Adoption of New and Revised Accounting Standards (cont'd)

Standard and impact (cont'd)

Date Council will  
apply the standard

#### AASB 16 Leases (cont'd)

##### Peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council intends to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

##### Transition method

Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

At the date of authorisation of the financial report, the remaining new or amended Australian Accounting Standards with future commencement dates are not likely to have a material impact on the financial statements.

### 1.07 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

- Investment property (Note 13)
- Valuation and depreciation of property, plant and equipment (Note 14)
- Impairment of non-current assets (Note 14)
- Provisions (Note 20)
- Contingent liabilities (Note 24)
- Financial Instruments (Note 29)

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.08 Inventories

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

Inventories held for distribution are:

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

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

## 1 Significant Accounting Policies (cont'd)

### 1.09 Financial Assets and Financial Liabilities

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

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

#### Financial assets

- Cash and cash equivalents - measured at amortised cost (Note 9)
- Receivables - measured at amortised cost (Note 10)

#### Financial liabilities

- Payables - measured at amortised cost (Note 15)
- Borrowings - measured at amortised cost (Note 18 and Note 19)

The application of AASB9 has not resulted in any change to the categories listed.

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

The fair value of financial instruments is determined as follows:

- The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.
- The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if Council repaid it in full at balance date. As it is the intention of Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.
- The fair value of trade receivables approximates the amortised cost less any impairment.
- The fair value of payables approximates the amortised cost.
- Council does not recognise financial assets or financial liabilities at fair value in the Statements of Financial Position.
- All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 29.

### 1.10 Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

### 1.11 Taxation

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

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

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

Council pays payroll tax to the Queensland Government in relation to the following activities:

- cemeteries
- water supply
- sewerage
- quarries

---

## **2 Analysis of Results by Function**

### **2(a) Component Functions of Council**

The activities relating to Council's functions reported on in Note 2 (b) - Analysis of Results by Function are as follows:

#### **Strategy and Transformation**

Strategy and Transformation fulfils the role of developing Council's business strategy, process, innovation and technology agenda and delivering change initiatives that enable Council to execute on plans with a clear focus, sense of shared purpose and agreed-upon priorities, and a basis for measuring progress and impact both organisationally wide and within the wider community. This business unit includes the Mayor, Executive Services, CEO, Elected Members, Strategy and Planning, Strategic Information and Technology, Transformation Program Management, Economic Development and Strategic Funding and Grants.

#### **Strategic Asset Performance**

Strategic Asset Performance fulfils the Asset Manager role, through strategically managing Council's assets and level of service to optimise the life cycle costs of our assets. This team ensures that services to the community are sustainable, efficient, and affordable and that assets are appropriately planned, built, acquired, used, maintained and disposed of. This business unit includes Asset Governance, Asset Planning, Design and Innovation, Asset Performance and Monitoring, and Environment and Conservation.

#### **Operations**

The Operations business unit objective is that of a service provider to the asset owner of Council, through ensuring that the right mix of internal and external resources is consistently used to safely deliver the program of work on time, on budget and to the required quality, and the safe and efficient response to disaster and emergency events. This business unit includes Works Planning, Support Services, Works Delivery Teams, Contract and Procurement (Program of Work), and Disaster Management and Response.

#### **Community Development and Events**

For Community Development and Events the objective is to develop strength in Council's brand, positioning Council as an accountable, transparent business that delivers on its promises. A genuine connection is created between the wider community and Council through a variety of mediums by creating experiences that engage and deliver outcomes for the community and Council, and empower the community, embrace diversity and enhance the social landscape. This business unit includes Events and Entertainment, Brand and Communications, Community Engagement and Partnerships, and Arts and Culture.

#### **Customer Experience**

For Customer Experience the objective is to transform Council's customer experience, liveability and sustainable development by delivering high quality, low effort, cost effective customer planning and regulatory services. This business unit includes Customer Contact, Customer Experience Insights and Innovation, Biosecurity and Environmental Health, Local Laws and Animal Management, and Planning, Building and Plumbing Services.

---

## **2 Analysis of Results by Function (cont'd)**

### **2(a) Component Functions of Council (cont'd)**

#### **Finance Governance and Risk**

The objective of the Finance Governance & Risk business unit as part of the corporate function of Council is to provide the governance, financial, compliance and risk management to build a sustainable business through reporting accurate financial and compliance results, preserving company assets, and supporting the highest standards of Integrity. This business unit includes Financial Management, Revenue Management, Cost Accounting, Governance Risk and Compliance, Ethics Integrity and Audit, Strategic Procurement, Records, and Legal.

#### **People Culture and Safety**

The objective of the People Culture & Safety business unit as part of the corporate function of Council is to build a safe, healthy, high performance culture across Council that reflects the community and its spirit, organisational values and internal diversity. Council's success is enabled by partnering with people to continually develop their capability, talent and performance. This business unit is made up of Industrial Relations, Talent Management, Health Safety and Wellbeing, Remuneration and Benefits, and Performance Framework.

## Notes to the Financial Statements

For the year ended 30 June 2019

### 2 Analysis of Results by Function

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

Year ended 30 June 2019

Function	Gross program income			Total income	Gross program expenses			Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital	Total expenses				
Strategy & Transformation	9,041	\$'000	\$'000	43	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Strategic Asset Performance	4,380	74,498	14,738	93,616	(12,847)	(24)	(12,871)	81,276	81,295	34,827	
Operations	529	12,538	-	13,067	(112,603)	(4,695)	(117,298)	(33,725)	(23,682)	1,849,461	
Customer Experience	495	2,768	-	3,263	(22,626)	16	(22,610)	(9,560)	(9,543)	61,667	
Community Developments & Events	1,031	1,127	20	2,178	(11,501)	-	(11,501)	(8,238)	(8,238)	3,466	
People Culture & Safety	216	87	-	303	(17,294)	(29)	(17,323)	(15,135)	(15,145)	86,533	
Finance Governance & Risk	-	402	-	402	1,352	-	1,352	1,655	1,655	28	
<b>Total Council</b>	<b>15,692</b>	<b>176,503</b>	<b>14,801</b>	<b>206,996</b>	<b>(181,555)</b>	<b>(4,731)</b>	<b>(186,286)</b>	<b>10,640</b>	<b>20,710</b>	<b>2,243,428</b>	
<b>Controlled entity net of eliminations</b>	<b>-</b>	<b>9,207</b>	<b>-</b>	<b>9,208</b>	<b>(9,630)</b>	<b>10</b>	<b>(9,620)</b>	<b>(423)</b>	<b>(413)</b>	<b>(3,428)</b>	
<b>Total consolidated</b>	<b>15,692</b>	<b>185,710</b>	<b>14,801</b>	<b>216,203</b>	<b>(191,185)</b>	<b>(4,721)</b>	<b>(195,906)</b>	<b>10,217</b>	<b>20,297</b>	<b>2,240,000</b>	

Year ended 30 June 2018

Function	Gross program income			Total income	Gross program expenses			Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Other	Capital		Recurring	Capital	Total expenses				
Strategy & Transformation	7,292	\$'000	\$'000	-	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Strategic Asset Performance	2,901	81,156	13,005	88,448	(7,320)	-	(7,320)	81,128	81,128	36,065	
Operations	2,016	64,638	1,466	80,544	(97,174)	(8,111)	(105,285)	(29,634)	(24,740)	1,741,960	
Customer Experience	108	18,100	-	21,582	(44,073)	(616)	(44,688)	(23,957)	(23,106)	170,781	
Community Developments & Events	2,545	2,803	8	2,911	(11,319)	-	(11,320)	(8,409)	(8,409)	3,972	
People Culture & Safety	142	1,766	-	4,319	(18,832)	(57)	(18,889)	(14,521)	(14,570)	86,422	
Finance Governance & Risk	63	136	-	278	(3,951)	-	(3,951)	(3,674)	(3,674)	27	
<b>Total Council</b>	<b>15,066</b>	<b>169,295</b>	<b>14,478</b>	<b>198,839</b>	<b>(184,865)</b>	<b>(8,784)</b>	<b>(193,649)</b>	<b>(504)</b>	<b>5,190</b>	<b>2,236,205</b>	
<b>Controlled entity net of eliminations</b>	<b>-</b>	<b>9,638</b>	<b>-</b>	<b>9,638</b>	<b>(9,722)</b>	<b>(178)</b>	<b>(9,900)</b>	<b>(84)</b>	<b>(261)</b>	<b>(2,281)</b>	
<b>Total consolidated</b>	<b>15,066</b>	<b>178,933</b>	<b>14,478</b>	<b>208,477</b>	<b>(194,587)</b>	<b>(8,962)</b>	<b>(203,549)</b>	<b>(588)</b>	<b>4,929</b>	<b>2,233,924</b>	

**Notes to the Financial Statements**  
For the year ended 30 June 2019

### 3 Revenue analysis

#### (a) Rate and utility charges

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

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Rate and utility charges</b>				
General rates	86,995	83,478	87,081	83,565
Water	15,699	15,964	15,699	15,964
Water consumption, rental and sundries	16,894	15,141	16,894	15,141
Sewerage	31,416	29,729	31,416	29,729
Waste management	8,932	8,066	8,932	8,066
<b>Total rates and utility charge revenue</b>	<b>159,936</b>	<b>152,377</b>	<b>160,022</b>	<b>152,465</b>
Less: Discounts	(11,839)	(11,275)	(11,839)	(11,275)
Less: Concessions and pensioner remissions	(793)	(747)	(793)	(747)
Less: Concealed water concessions	(32)	(31)	(32)	(31)
	<b>147,272</b>	<b>140,325</b>	<b>147,358</b>	<b>140,412</b>

#### (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.

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Fees and charges</b>				
Building and development fees	1,603	1,861	1,603	1,861
Fees and charges	1,147	1,433	1,147	1,433
Licences and registration	759	728	759	728
Waste management fees - tipping fees	6,198	5,777	6,198	5,777
Airport fees and charges	8,249	8,320	-	-
	<b>17,956</b>	<b>18,119</b>	<b>9,707</b>	<b>9,799</b>

#### (c) Interest received

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

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Interest received</b>				
Interest received from investments	3,423	3,450	3,098	3,156
Interest from overdue rates and utility charges	967	809	967	809
	<b>4,390</b>	<b>4,259</b>	<b>4,065</b>	<b>3,965</b>

### 3 Revenue analysis (cont'd)

#### (d) Other recurrent income

##### Dividends

Dividends are recognised once they are formally declared by the directors of the controlled entity. A dividend was declared to be paid to Council to the value of at least 50% of the after tax net profit for the preceding year, in accordance with the Statement of Corporate Intent.

##### Rental Income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

##### Sales Revenue

Sales of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

Council generates revenue from a number of services including contracts with the Queensland State Government for road and earthworks, and operation of Council owned facilities.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for the 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.

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Other recurrent income</u></b>				
Entertainment Centre income	1,100	1,572	1,105	1,572
Fines and penalties	216	92	216	92
Commissions	219	188	219	188
Controlled entity dividend	-	-	325	216
Income tax equivalent - state government entity	6,350	5,056	6,350	5,056
Income tax equivalent - controlled entity	-	-	689	553
Rental income	631	647	631	647
Sales revenue	4,370	4,115	4,423	4,115
Other	3,206	4,560	1,415	2,680
	<b>16,092</b>	<b>16,230</b>	<b>15,373</b>	<b>15,119</b>



**Notes to the Financial Statements**  
For the year ended 30 June 2019

**4 Grants, subsidies, contributions and donations**

Grants and Subsidies

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

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not have any reciprocal grants.

Non-Cash Contributions

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

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Cash Contributions

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

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Recurrent</b>				
General purpose grants	7,724	7,282	7,724	7,282
State Government subsidies and grants	2,343	3,653	2,343	3,653
Commonwealth subsidies and grants	5,580	3,912	5,580	3,912
Contributions	1	2	1	2
Non-government subsidies and grants	44	217	44	217
	<b>15,692</b>	<b>15,066</b>	<b>15,692</b>	<b>15,066</b>
<b>(b) Capital</b>				
<b>(i) Monetary revenue received:</b>				
State government grants and subsidies	8,294	8,459	8,294	8,459
Commonwealth subsidies and grants	5,393	5,492	5,393	5,492
Developer contributions	238	132	238	132
Other contributions	380	338	380	338
	<b>14,305</b>	<b>14,421</b>	<b>14,305</b>	<b>14,421</b>
<b>(ii) Non-monetary revenue received:</b>				
Donated assets contributed by developers at fair value	14 496	-	496	-
Other donated assets	14 -	57	-	57
	<b>14,801</b>	<b>14,478</b>	<b>14,801</b>	<b>14,478</b>

## **5 Employee benefits**

### Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

### Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and include related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

### Sick Leave

Council has an obligation to pay 16% on sick leave balances accrued in accordance with the Gladstone Regional Council Enterprise Bargaining Agreement adopted on the 17 January 2019. Some former Calliope Shire Council employees are entitled to a 25% payout on sick leave accrued from 10 May 2006 to 8 September 2008. These liabilities represent an accrued expense and is reported in Note 15 as a payable. Apart from the payout options, Council is not required to payout the sick leave balances as these are not payable upon termination.

### Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 25.

### Long Service Leave

A liability for long service leave is measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 20 as a provision.

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

### Service Entitlement

Certain former Gladstone City Council employees are entitled to a service entitlement payment upon departure from employment within Council. This liability is reported in Note 15 as a payable.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**5 Employee benefits (cont'd)**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Employee benefits</b>				
Total staff wages and salaries	47,207	47,467	45,686	44,263
Councillors' remuneration	973	931	973	931
Employee leave entitlements	6,961	7,099	7,080	7,268
Redundancy benefits	313	3,728	254	3,555
Superannuation	5,799	5,858	5,650	5,657
	<b>61,253</b>	<b>65,083</b>	<b>59,643</b>	<b>61,674</b>
Other employee related expenses	426	607	328	469
	<b>61,679</b>	<b>65,690</b>	<b>59,971</b>	<b>62,143</b>
Less: Capitalised employee expenses	(3,924)	(5,469)	(3,924)	(5,469)
<b>Total employee benefits</b>	<b>57,755</b>	<b>60,221</b>	<b>56,047</b>	<b>56,674</b>

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

**Total Council employees and elected members at the reporting date:**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Elected members	9	9	9	9
Office of the CEO	4	3	4	3
Community Developments and Events	90	67	90	94
Customer Experience	100	91	100	89
Finance Governance and Risk	39	30	39	32
Operations	302	324	302	297
People Culture and Safety	20	22	20	22
Strategic Asset Performance	55	29	55	29
Strategy and Transformation	14	19	14	19
Controlled Entity - Airport Operations	16	21	-	-
Controlled Entity Board members	6	6	-	-
<b>Total full time equivalent employees</b>	<b>655</b>	<b>621</b>	<b>633</b>	<b>594</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**6 Materials and services**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Audit by the Auditor-General of Queensland	223	208	195	184
Consultants	3,418	2,341	3,234	2,123
Contractors	25,769	21,110	24,198	20,896
Donations and sponsorships	3,118	4,640	3,118	4,640
Equipment and software expenses	4,835	7,436	4,415	7,082
Fuel	2,109	2,061	2,095	2,049
Insurance	2,237	2,276	2,060	2,124
Motor vehicle expenses	1,937	2,298	1,913	2,269
Other material and services	6,138	7,268	5,960	7,237
Property expenses	2,949	3,199	2,805	3,042
Repairs and maintenance	823	729	823	729
Staff and Councillor associated expenses	2,307	1,671	2,216	1,641
Utility expenses	5,027	4,840	4,701	4,491
Waste disposal and tipping fees	3,310	2,961	3,260	2,900
Water purchases	17,425	16,587	17,425	16,587
	<b>81,625</b>	<b>79,625</b>	<b>78,418</b>	<b>77,994</b>

**7 Finance costs**

	Note	<b>Consolidated</b>		<b>Council</b>	
		<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Finance costs charged by the Queensland Treasury Corporation		7,266	7,811	5,223	5,729
Fair value adjustment	19	232	250	232	250
Other		288	274	165	249
		<b>7,786</b>	<b>8,335</b>	<b>5,620</b>	<b>6,228</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**8 Capital expenses**

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Loss on disposal of non-current assets</b>					
Proceeds from sale of property, plant and equipment		(1,310)	(828)	(1,222)	(828)
Less Book value of property, plant and equipment disposed:					
Plant and equipment		948	952	870	959
Buildings		29	167	29	167
Investment property		384	-	384	-
Parks furniture and other structures		270	87	270	87
Roads, drainage and transport infrastructure		3,838	6,411	3,838	6,411
Sewerage infrastructure		196	988	196	988
Water infrastructure		4	167	4	167
		<b>4,359</b>	<b>7,944</b>	<b>4,369</b>	<b>7,950</b>
<b>Loss on write-off of non-current assets</b>		<b>24</b>	<b>544</b>	<b>24</b>	<b>359</b>
Revaluation down of investment property	13	<b>338</b>	<b>474</b>	<b>338</b>	<b>474</b>
<b>Total capital expenses</b>		<b>4,721</b>	<b>8,962</b>	<b>4,731</b>	<b>8,784</b>

**9 Cash and cash equivalents**

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

Cash, deposits at call, and term deposits are held at a variety of Australian Banks and Credit Unions and the Queensland Treasury Corporation (QTC) with credit ratings ranging from AAA to BBB- or unrated. All Gladstone Airport Corporation investments are held in the QTC cash management account bearing variable interest rates.

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

Deposits with the QTC Cash Fund are capital guaranteed.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**9 Cash and cash equivalents (cont'd)**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash and cash equivalents</b>				
Cash at bank and on hand	2,955	2,037	1,986	1,849
Deposits at call	46,218	36,442	33,856	24,132
Term deposits	67,570	73,624	67,570	73,624
<b>Balance per Statements of Cash Flows</b>	<b>116,743</b>	<b>112,103</b>	<b>103,412</b>	<b>99,605</b>
<b>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b>				
Unspent government grants and subsidies	8,501	10,822	8,501	10,822
Waste levy refund received in advance	2,574	-	2,574	-
<b>Total unspent restricted cash for capital projects</b>	<b>11,075</b>	<b>10,822</b>	<b>11,075</b>	<b>10,822</b>

Cash at bank and on hand at 30 June 2019 includes \$2,573,883 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's Levy expense in the year ended 30 June 2020.

**10 Trade and other receivables**

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

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

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.

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

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

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

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**10 Trade and other receivables (cont'd)**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>				
Rateable revenue and utility charges	11,250	9,480	11,250	9,480
Water charges not yet levied	8,839	7,485	8,839	7,485
Other debtors	4,636	2,975	2,525	1,778
Less: Impairment	(246)	(219)	(150)	(219)
GST recoverable	1,672	1,466	1,672	1,530
Interest receivable	317	560	317	560
Accrued revenue	1,443	1,174	1,354	1,088
Prepayments	1,656	1,780	1,514	1,656
Gladstone Airport Corporation	-	-	(72)	(114)
	<b>29,567</b>	<b>24,701</b>	<b>27,249</b>	<b>23,246</b>
<b>Non-current</b>				
Shareholder loan - Gladstone Airport Corporation	-	-	33,716	33,716
	<b>-</b>	<b>-</b>	<b>33,716</b>	<b>33,716</b>

On the 1 July 2012 Gladstone Airport Corporation came into existence under the Local Government (Beneficial Enterprises and Business Activities (Repealed)) Regulation 2010. The Statement of Corporate Intent outlines the acknowledgement of debt which Council currently holds as a QTC liability and controlled entity receivable.

**Shareholder loan**

The loan is secured by a fixed and floating charge over the Gladstone Airport Corporation's assets and undertakings.

For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band.

A competitive neutrality margin of 1.5% on the outstanding loan balance is also payable by the Gladstone Airport Corporation to Council, in accordance with the requirements of the Local Government (Beneficial Enterprises & Business Activities (Repealed)) Regulation 2010.

Loans to the Gladstone Airport Corporation are at a fixed rate with an interest rate of 6.06%, together with an administration fee of 0.1% per annum. The facility is an amortising loan with principal repayments commencing from 30 June 2030.

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 11 Land purchased for development and sale

Land held for development and sale is classified as inventory. This is valued at the lower of cost and net realisable value.

Land approved by Council for resale is classified and recognised as a current asset where steps have been taken to ready the property for market and it is expected that the property will be sold within a 12 month period. Land for resale is classified as a non-current asset where it is expected that the asset will not be sold within a 12 month period. Costs incurred in preparing land for sale are capitalised at cost and are included in the value of land held for resale.

Profit arising upon resale of land is recognised in the Statements of Comprehensive Income on the signing of a valid unconditional contract of sale.

Note	Consolidated		Council	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018	411	300	411	300
Disposals	(156)	-	(156)	-
Transfers from investment land	13	182	-	182
Impairment adjustment in period	-	(71)	-	(71)
<b>Closing balance as at 30 June 2019</b>	<b>255</b>	<b>411</b>	<b>255</b>	<b>411</b>
<b>Classified as:</b>				
Current	-	411	-	411
Non-current	255	-	255	-
	<b>255</b>	<b>411</b>	<b>255</b>	<b>411</b>

This land is freehold land Council has decided to sell to address the market demand for residential allotments. The land is not expected to be sold within the next twelve months. The land is valued at the lower of cost and selling price less cost to sell.

#### 12 Investment in controlled entity - Gladstone Airport Corporation

These consolidated financial statements incorporate the assets, liabilities and result of the Gladstone Airport Corporation in accordance with AASB 10 and the accounting policy described in Note 1 (1.02).

Gladstone Airport Corporation is a Local Government owned Corporation wholly owned by Gladstone Regional Council.

Gladstone Airport Corporation became a corporatized entity on 1 July 2012 in the State of Queensland under Local Government (Beneficial Enterprises and Business Activities(Repealed)) Regulation 2010 to administer the for-profit airport activities.

Gladstone Airport Corporation carries out its business at its registered address at Aerodrome Road, Gladstone.

Council's investment in the controlled entity, Gladstone Airport Corporation, is accounted for at cost in Council's separate financial statements. This investment is eliminated in the financial statements of the economic entity upon consolidation.

Gladstone Regional Council holds 100% of the investment in the controlled entity.

The investment is measured at cost as fair value cannot be reliably measured.

	Consolidated		Council	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018	-	-	71,854	71,854
<b>Closing balance as at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>71,854</b>	<b>71,854</b>



**Notes to the Financial Statements**  
For the year ended 30 June 2019

**13 Investment property**

Investment property is property held for the primary purpose of earning rental and/or capital appreciation. This includes property held by Council without any specific purpose (such as land no longer required for its original purpose).

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. All investment property is subsequently revalued annually at the balance date. Gains or losses arising from changes in the fair value of investment property are included in the Statements of Comprehensive Income in the period in which they arise. Investment property is not depreciated and is not tested for impairment.

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land - at independent valuation	1,423	1,423	1,423	1,423
Buildings - at independent valuation	1,911	2,633	1,911	2,633
	<b>3,334</b>	<b>4,056</b>	<b>3,334</b>	<b>4,056</b>
<b>Investment property reconciliation</b>				
Fair value at beginning of financial year	4,056	4,712	4,056	4,712
Transfer to land held for resale	11	(182)	-	(182)
Sale of investment property	8	(384)	(384)	-
Revaluation of investment property	8	(474)	(338)	(474)
Fair value at end of financial year	<b>3,334</b>	<b>4,056</b>	<b>3,334</b>	<b>4,056</b>

Investment property comprises of commercial properties which are rented out. The income derived from these properties is shown at note 3d.

These properties were valued at fair value by APV Valuers and Asset Management, an independent professionally qualified valuation firm, with a desktop valuation effective as at 30 June 2019. Fair value was determined by reference to market based evidence including observable historical sales data in the relevant market for properties of similar nature and specification.

At reporting date there was no property being constructed or developed for future use as investment property.

No contingent rentals were recognised during the current or prior reporting periods.

## 14 Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Buildings, parks and office structures with a total value of less than \$10,000, plant and equipment with a total value of less than \$5,000 and land with a total value of less than \$1 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

- Land and improvements
- Buildings
- Major plant and equipment
- Plant and equipment
- Cultural assets
- Park furniture and other structures
- Roads, drainage and transport infrastructure
- Water infrastructure
- Sewerage infrastructure
- Work in progress

### Acquisition of Assets

Acquisition 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, survey fees, design fees and all other establishment costs.

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

### Capital and Operating Expenditure

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

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

### Valuation

Land and improvements, buildings, major plant and equipment and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index.

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 relating to that asset class.

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

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

## **14 Property, Plant and Equipment (cont'd)**

### Major Plant and Equipment

Council has determined that plant which has an individual cost in excess of \$350,000 is of high value to Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment.

### Capital Work in Progress

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

Investment property under construction is classified as investment property. Refer to Note 13 for further information.

### Depreciation

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

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

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

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

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

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

### Impairment of Non-Current Assets

Each non-current physical and intangible asset and group of assets are assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

#### **14 Property, Plant and Equipment (cont'd)**

##### Impairment of Non-Current Assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an asset revaluation surplus increase.

##### Land Under Roads

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

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 14 Property, plant and equipment (Cont'd)

#### Consolidated - 30 June 2019

Basis of measurement	Fair Value		Cost		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Cost		Total	
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019		
Asset values	Note																							
Opening gross value at 1 July 2018		125,192	174,602	44,999	6,904	1,426	36,512	1,559,986	481,903	287,997	45,738	2,741,259												
Opening balance adjustment		-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Found assets first recognised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additions during period		-	67	4,488	-	3	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets	4 (b)	-	-	-	-	20	-	476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals*	8	-	(29)	(2,513)	(726)	-	(302)	(7,695)	(425)	-	(17)	(14,533)	-	-	-	-	-	-	-	-	-	-	-	
Write-offs	8	-	-	(174)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to the asset revaluation surplus	21	(554)	-	-	(174)	812	-	20,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment due to landfill provisions	20	(775)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Assets transferred to inventory		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internal transfers between WIP and other classes		19	1,169	123	-	-	-	1,475	-	-	-	23,921	1,176	1,560	(2,336)	(29,443)	-	-	-	-	-	-	-	
Closing gross value as at 30 June 2019		123,882	175,899	46,924	6,990	1,766	37,699	1,573,025	482,654	286,731	47,542	2,797,199												

#### Accumulated depreciation

Opening balance as at 1 July 2018	3,473	22,040	24,478	1,729	58	5,001	421,574	102,562	71,131	-	-	652,006
Found assets first recognised	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	4 (b)	-	-	-	-	-	-	-	-	-	-	-
Depreciation provided in period	(374)	2,286	3,246	486	12	673	28,353	5,471	3,768	-	-	43,921
Depreciation on disposals	8	-	(1,714)	(669)	-	(32)	(3,857)	(229)	(2,821)	-	-	(9,222)
Depreciation on write-offs	8	-	-	(163)	-	-	-	-	-	-	-	(163)
Revaluation adjustment to the asset revaluation surplus	21	-	-	252	-	-	22,300	-	-	-	-	22,552
Internal transfers between classes		-	(6)	6	-	(26)	26	-	-	-	-	-
Accumulated depreciation as at 30 June 2019	3,099	24,320	25,853	1,898	70	5,616	468,396	107,794	72,073	-	-	709,124
Consolidated book value at 30 June 2019	120,783	151,499	21,071	5,092	1,696	32,083	1,104,629	374,860	214,653	61,629	-	2,087,985
Range of estimated useful life in years	Land: Not depreciated Improvements: 7	6-150	2-52	7-16 Excl. Public Artwork : 35	5-150	15-100	10-200	5-200	Not Depreciated	-	-	-
* Expensed WIP included in opening balance, included in disposals line												

#### Additions comprise:

Renewals	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other additions	-	67	4,257	-	-	-	-	-	-	-	16,294	20,608
Total additions	-	-	231	4,488	24	14	-	-	-	-	31,258	31,527
		67	4,488	-	24	14	-	-	-	-	47,542	52,135

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**14 Property, plant and equipment (Cont'd)**

**Council - 30 June 2019**

	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total
	Fair Value \$'000	2019	Fair Value \$'000	2019	Cost \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Cost \$'000	2019	
<b>Basis of measurement</b>																					
<b>Assets values</b>																					
Opening gross value at 1 July 2018	117,283																				
Opening balance adjustment	-																				
Found assets first recognised	-																				
Additions during period	-																				
Contributed assets	-																				
Disposals*	4 (b)	-																			
Write-offs	8	-																			
Revaluation adjustment to the asset revaluation surplus	21	-																			
Revaluation adjustment due to landfill provisions	20	(775)																			
Assets transferred to inventory		-																			
Internal transfers between WIP and other classes		19																			
<b>Closing gross value as at 30 June 2019</b>		<b>116,527</b>																			<b>2,691,851</b>
<b>Accumulated depreciation</b>																					
Opening balance as at 1 July 2018		3,474																			
Found assets first recognised		-																			
Contributed assets	4 (b)	-																			
Depreciation provided in period		(374)																			
Depreciation on disposals	8	-																			
Depreciation on write-offs	8	-																			
Revaluation adjustment to the asset revaluation surplus	21	-																			
<b>Accumulated depreciation as at 30 June 2019</b>		<b>3,100</b>																			
<b>Consolidated book value at 30 June 2019</b>		<b>113,427</b>																			<b>2,001,492</b>
Range of estimated useful life in years																					
* Expensed WIP included in opening balance, included in disposals line																					

	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total
	Fair Value \$'000	2019	Fair Value \$'000	2019	Cost \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Fair Value \$'000	2019	Cost \$'000	2019	
<b>Assets values</b>																					
Opening gross value at 1 July 2018	117,283																				
Opening balance adjustment	-																				
Found assets first recognised	-																				
Additions during period	-																				
Contributed assets	-																				
Disposals*	4 (b)	-																			
Write-offs	8	-																			
Revaluation adjustment to the asset revaluation surplus	21	-																			
Revaluation adjustment due to landfill provisions	20	(775)																			
Assets transferred to inventory		-																			
Internal transfers between WIP and other classes		19																			
<b>Closing gross value as at 30 June 2019</b>		<b>116,527</b>																			<b>2,691,851</b>
<b>Accumulated depreciation</b>																					
Opening balance as at 1 July 2018		3,474																			
Found assets first recognised		-																			
Contributed assets	4 (b)	-																			
Depreciation provided in period		(374)																			
Depreciation on disposals	8	-																			
Depreciation on write-offs	8	-																			
Revaluation adjustment to the asset revaluation surplus	21	-																			
<b>Accumulated depreciation as at 30 June 2019</b>		<b>3,100</b>																			
<b>Consolidated book value at 30 June 2019</b>		<b>113,427</b>																			<b>2,001,492</b>
Range of estimated useful life in years																					
* Expensed WIP included in opening balance, included in disposals line																					

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 14 Property, plant and equipment (Cont'd)

##### Consolidated - 30 June 2018

	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
<b>Basis of measurement</b>	Note																					
<b>Asset values</b>																						
Opening gross value at 1 July 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening balance adjustment	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	
Found assets first recognised	130,530	168,902	44,690	44,690	1,081	1,081	3,665	3,665	1,081	1,081	36,523	36,523	1,498,502	1,498,502	462,033	462,033	277,675	277,675	36,051	36,051	2,658,632	
Found assets during period	46	23	41	41	173	173	-	-	49	49	50	50	4,687	4,687	4	4	121	121	-	-	5,094	
Contributed assets	70	212	2,680	2,680	57	57	3,509	3,509	-	-	-	-	-	-	15	15	8	8	62,495	62,495	69,288	
Disposals*	4 (b)	-	(203)	(203)	(421)	(421)	-	-	-	-	(102)	(102)	(10,675)	(10,675)	(1,977)	(1,977)	(1,030)	(1,030)	(1,633)	(1,633)	(18,490)	
Write-offs	8	-	-	-	(156)	(156)	-	-	-	-	(41)	(41)	-	-	(388)	(388)	-	-	-	-	(625)	
Revaluation adjustment to the asset revaluation surplus	21	(6,889)	4,229	4,229	154	154	-	-	123	123	580	580	18,899	18,899	8,336	8,336	5,337	5,337	-	-	30,589	
Revaluation adjustment due to landfill provisions	-	(636)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(636)
Assets transferred to inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Internal transfers between WIP and other classes	-	851	1,438	1,438	-	-	-	-	-	-	(478)	(478)	26,572	26,572	13,292	13,292	5,889	5,889	(2,593)	(2,593)	(2,593)	
<b>Closing gross value as at 30 June 2018</b>	<b>125,192</b>	<b>174,602</b>	<b>44,999</b>	<b>44,999</b>	<b>6,904</b>	<b>6,904</b>	<b>1,426</b>	<b>1,426</b>	<b>1,426</b>	<b>1,426</b>	<b>36,512</b>	<b>36,512</b>	<b>1,532,986</b>	<b>1,532,986</b>	<b>481,903</b>	<b>481,903</b>	<b>287,997</b>	<b>287,997</b>	<b>45,738</b>	<b>45,738</b>	<b>2,741,259</b>	

	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total	
	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost		
<b>Accumulated depreciation</b>																						
Opening balance as at 1 July 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening balance adjustment	1,575	22,549	22,608	22,608	1,289	1,289	1	1	-	-	5,550	5,550	384,488	384,488	96,336	96,336	66,510	66,510	-	-	600,886	
Found assets first recognised	(1)	-	-	-	-	-	-	-	-	-	-	-	2,201	2,201	(1)	(1)	1	1	-	-	2,245	
Contributed assets	4 (b)	5	5	5	-	-	-	-	31	31	-	-	-	-	-	-	-	-	-	-	-	
Depreciation provided in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation on disposals	8	1,899	2,274	2,274	690	690	(259)	(259)	-	-	589	589	27,402	27,402	(989)	(989)	(863)	(863)	-	-	(8,085)	
Depreciation on write-offs	8	-	(37)	(37)	(16)	(16)	-	-	-	-	(2)	(2)	(4,265)	(4,265)	(63)	(63)	-	-	-	-	(81)	
Revaluation adjustment to the asset revaluation surplus	21	-	(2,764)	(2,764)	28	28	-	-	27	27	(511)	(511)	2,889	2,889	1,902	1,902	1,319	1,319	-	-	2,800	
Impairment adjustment to asset revaluation surplus	21	-	-	-	-	-	-	-	-	-	-	-	7,949	7,949	-	-	-	-	-	-	7,949	
Internal transfers between classes	-	-	13	13	(313)	(313)	-	-	-	-	(609)	(609)	909	909	-	-	-	-	-	-	-	
Accumulated depreciation as at 30 June 2018	3,473	22,040	24,478	24,478	1,729	1,729	58	58	58	58	5,001	5,001	421,574	421,574	102,552	102,552	71,131	71,131	-	-	652,036	
Consolidated book value at 30 June 2018	121,719	152,562	20,521	20,521	5,175	5,175	1,368	1,368	1,368	1,368	31,511	31,511	1,114,412	1,114,412	379,351	379,351	216,866	216,866	45,738	45,738	2,089,223	
Range of estimated useful life in years	Land: Not depreciated	6-150	6-150	6-150	7-16	7-16	Not Depreciated	Not Depreciated	35	35	5-150	5-150	15-100	15-100	10-200	10-200	5-200	5-200	Not Depreciated	Not Depreciated		
* Expensed WIP included in opening balance, included in disposals line																						
<b>Additions comprise:</b>																						
Renewals	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other additions	70	212	1,493	1,493	1,995	1,995	49	49	49	49	50	50	-	-	-	-	-	-	-	-	19,900	23,388
Total additions	70	212	1,493	1,493	1,995	1,995	49	49	49	49	50	50	-	-	-	-	-	-	-	-	42,595	45,900
	70	212	2,880	2,880	3,509	3,509	49	49	49	49	50	50	-	-	-	-	-	-	-	-	62,495	69,288

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 14 Property, plant and equipment (Cont'd)

#### Council - 30 June 2018

Basis of measurement	Note	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
Assets values																							
Opening gross value at 1 July 2017		120,630	142,370	41,296	3,665	1,061	31,667	1,437,613	462,033	277,675	34,566	2,552,595											
Opening balance adjustment		-	-	1	-	-	-	1	(1)	(2)	1	1											
Found assets first recognised		46	23	41	-	173	-	4,687	4	121	-	5,094											
Additions during period		70	212	2,880	3,509	49	50	-	15	8	62,138												
Contributed assets	4 (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57	
Disposals*	8	-	(203)	(2,446)	(424)	-	(102)	(10,675)	(1,977)	(1,030)	(1,575)											(18,433)	
Write-offs	8	-	-	-	-	-	(41)	-	(398)	-	(440)											(440)	
Revaluation adjustment to the asset revaluation surplus	21	-	-	-	154	-	560	16,899	8,936	5,337	-	31,086										(636)	
Revaluation adjustment due to landfill provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67)	
Assets transferred to intangibles		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)	
Assets transferred to inventory		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,593)	
Internal transfers between WIP and other classes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,593)	
Closing gross value as at 30 June 2018		117,283	146,335	41,845	6,904	1,426	35,608	1,470,627	481,903	287,997	45,659	2,535,615											2,535,615

Accumulated depreciation	Note	Land and Improvements		Buildings		Plant and Equipment		Major Plant & Equipment		Cultural Assets		Park Furniture & Other Structures		Road, Drainage & Transport Infrastructure		Sewerage Infrastructure		Water Infrastructure		Work in Progress		Total
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Opening balance as at 1 July 2017		15,776	15,370	20,568	1,270	-	4,799	376,710	96,336	66,511	-	585,131										
Opening balance adjustment		(1)	2	-	-	-	-	-	31	-	-	-	-	-	-	-	-	-	-	-	-	1
Found assets first recognised		-	5	-	-	-	-	2,201	-	8	-	2,245										
Contributed assets	4 (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation provided in period		1,899	1,571	3,651	690	-	541	25,922	5,366	4,155	-	43,796										
Depreciation on disposals	8	-	(37)	(1,632)	(259)	-	(15)	(4,265)	(989)	(83)	-	(8,079)										
Depreciation on write-offs	8	-	-	(16)	-	-	(2)	-	(63)	-	-	(81)										
Revaluation adjustment to the asset revaluation surplus	21	-	(887)	-	28	-	(511)	2,888	1,902	1,319	-	4,767										
Impairment adjustment to asset revaluation surplus	21	-	-	-	-	-	-	7,949	-	-	-	7,949										
Internal transfers between classes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2018		3,474	16,024	22,551	1,729	58	4,802	413,407	102,562	71,131	-	635,728										
Consolidated book value at 30 June 2018		113,809	130,311	19,295	5,175	1,368	30,806	1,057,220	379,350	216,866	45,659	1,999,887										
Range of estimated useful life in years			6-150	2-52	7-16	Not Depreciated Excl. Public Artwork : 35	5-150	15-100	10-200	5-200	Not Depreciated											
* Expensed WIP included in opening balance, included in disposals line																						
Additions comprise:		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Renewals		-	-	1,493	1,995	-	38	-	-	8	-	23,434										
Other additions		70	212	1,387	1,513	49	12	-	15	-	-	42,238										
Total additions		70	212	2,880	3,509	49	50	-	15	8	-	62,138										



## 14 Property, plant and equipment (cont'd)

### Recognised fair value measurements

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

#### Investment Property

- Investment land
- Investment buildings

#### Property, Plant and Equipment

- Land and improvements
- Buildings
- Major plant and equipment
- Cultural assets
- Parks, furniture, and other structures
- Road, drainage and transport infrastructure
- Sewerage infrastructure
- Water infrastructure

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 17 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

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

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

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

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**14 Property, plant and equipment (cont'd)**

**Recognised fair value measurements (cont'd)**

The table presents Council's assets and liabilities measured and recognised at fair value at 30 June 2019

Consolidated		Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000		\$'000		\$'000	
<b>Recurring fair value measurements</b>							
	<b>Note</b>						
<u>Investment property</u>							
Investment land	13	1,423	1,423	-	-	1,423	1,423
Investment buildings	13	1,911	2,633	-	-	1,911	2,633
						-	
<u>Property, plant and equipment</u>							
Land and improvements	14	120,783	121,719	-	-	120,783	121,719
Buildings	14	-	-	151,489	152,562	151,489	152,562
Major plant and equipment	14	5,092	5,175	-	-	5,092	5,175
Cultural assets	14	1,695	1,368	-	-	1,695	1,368
Parks, furniture, and other structures	14	-	-	32,083	31,511	32,083	31,511
Road, drainage and transport infrastructure	14	-	-	1,104,629	1,114,412	1,104,629	1,114,412
Sewerage infrastructure	14	-	-	374,860	379,351	374,860	379,351
Water infrastructure	14	-	-	214,653	216,866	214,653	216,866
		<b>130,904</b>	<b>132,318</b>	<b>1,877,714</b>	<b>1,894,701</b>	<b>2,008,618</b>	<b>2,027,019</b>
<b>Council</b>							
		Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000		\$'000		\$'000	
<b>Recurring fair value measurements</b>							
	<b>Note</b>						
<u>Investment property</u>							
Investment land	13	1,423	1,423	-	-	1,423	1,423
Investment buildings	13	1,911	2,633	-	-	1,911	2,633
<u>Property, plant and equipment</u>							
Land and improvements	14	113,427	113,809	-	-	113,427	113,809
Buildings	14	-	-	129,988	130,311	129,988	130,311
Major plant and equipment	14	5,092	5,175	-	-	5,092	5,175
Cultural assets	14	1,695	1,368	-	-	1,695	1,368
Parks, furniture, and other structures	14	-	-	31,512	30,806	31,512	30,806
Road, drainage and transport infrastructure	14	-	-	1,048,959	1,057,220	1,048,959	1,057,220
Sewerage infrastructure	14	-	-	374,860	379,350	374,860	379,350
Water infrastructure	14	-	-	214,653	216,866	214,653	216,866
		<b>123,548</b>	<b>124,408</b>	<b>1,799,972</b>	<b>1,814,553</b>	<b>1,923,520</b>	<b>1,938,961</b>

## 14 Property, plant and equipment (cont'd)

### Recognised fair value measurements (cont'd)

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

#### Specific valuation techniques used to value Council assets comprise:

##### Land and improvements (level 2)

Land fair values were reviewed by independent valuer, APV Valuers and Asset Management with a desktop valuation effective 30 June 2019. Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land is determined using the sales comparison approach outlined above.

An assessment of the valuation movement has been deemed immaterial and therefore, no increment/decrement has been recorded for 30 June 2019.

##### Buildings, parks and other structures (level 3)

The fair value of buildings was reviewed by independent valuer, APV Valuers and Asset Management with a desktop valuation effective 30 June 2019. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Specialised buildings were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and may impact the final determination of fair value. These assets are classified using level 3 valuation inputs.

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

An assessment of the valuation movement has been deemed immaterial and therefore, no increment/decrement has been recorded for 30 June 2019.

##### Major plant and equipment (Level 2)

The fair value of major plant is measured at current market value as at 30 June 2019. This was determined by management on a condition audit and market-based evidence using comparable replacement costs from the most recent price catalogues for specialised earth moving equipment. The key assumptions used in assessing the conditions included site condition, type of usage, major mechanical component condition, and machine hours. The fair value takes into account transport costs to transport the plant to market, but does not include transaction costs.

##### Infrastructure assets (level 3)

The fair value of all Council infrastructure was determined by Council professional officers applying a desktop valuation review. Water and sewerage infrastructure assets were comprehensively valued by APV Valuers and Asset Management effective 30 June 2016. Roads, drainage, and transport infrastructure were fair valued comprehensively by Assetic Pty Ltd effective 30 June 2016. The 2019 desktop revaluation review took into account changes of condition as a result of capital expenditures and expected deterioration.

## 14 Property, plant and equipment (cont'd)

### Valuation techniques used to derive fair values for level 2 and level 3 valuations (cont'd)

#### Infrastructure assets (level 3) (cont'd)

All assets were 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 Council's planning horizon.

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

#### **Road, drainage and transport infrastructure (RDTI) - calculation of current replacement cost**

##### Roads

###### *Current replacement cost*

Given the majority of Council's works occur on existing roads and renewals result in similar carriageway widths, Council has utilised a methodology based on the replacement of road pavement and surfaces to current pavement design standards with the same carriageway details. This financial year Council's stereotyping of road type assets has considered high order (collector and above) and low order (access streets and places) roads separately. Council considered that replacement pavements are constructed to a depth standard consistent with Council's Roads and Transport Standards 2005.

The reconstruction approach considers additional resources associated with constructing within constrained 'Brownfield' sites when compared to a 'Greenfield site'. These inputs include the need to dispose existing infrastructure, work in tight conditions, ensure access requirements are met and meet additional safety and traffic control requirements. The reconstruction approach produces a valuation that better represents the current replacement cost of Council's road assets.

###### *Accumulated depreciation*

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

As part of the comprehensive revaluation undertaken for the financial year ended 30 June 2016, a condition assessment was undertaken on sealed road assets and a sample of unsealed road assets including a number of metrics. These metrics were utilised, along with other information, to determine the consumption of the component's service potential. For the desktop revaluation review undertaken, the amount of service potential consumed was determined based on the useful lives of components and adjusted to take account for capital expenditure in the financial year.

##### Bridges

###### *Current replacement cost*

The fair value of bridge assets was determined by Council's professional officers applying a desktop valuation review effective 30 June 2019. CRC was calculated as part of the comprehensive valuation undertaken for the financial year ended 30 June 2016, by reference to asset linear and area specifications, estimated labour and material inputs, service costs and overhead allocations. This included consideration of material type used for construction, the deck area and size.

## 14 Property, plant and equipment (cont'd)

### Road, drainage and transport infrastructure - calculation of current replacement cost (cont'd)

#### Bridges (cont'd)

##### *Accumulated depreciation*

The remaining useful lives of the bridge asset components were reviewed in the financial year ended 30 June 2016. These metrics were utilised, along with other information, to determine the accumulated consumption of the component's service potential. Through this assessment the remaining useful lives were determined and aligned with actual condition. For the desktop revaluation review undertaken, the amount of service potential consumed was determined based on the useful lives of components and adjusted to take account for capital expenditure in the financial year.

#### Drainage infrastructure

##### *Current replacement cost*

The fair value of drainage infrastructure was reviewed by Council's professional officers applying a desktop valuation effective 30 June 2019.

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

##### *Accumulated depreciation*

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

As part of the comprehensive revaluation undertaken for the financial year ended 30 June 2016, estimates of expired service potential and remaining useful lives were determined on a sample of assets which had condition assessments. The service potential and remaining useful life were assumed to be in proportion with the sampled assets for all other assets. For the desktop revaluation review undertaken, the amount of service potential consumed was determined based on the useful lives of components and adjusted to take account for capital expenditure in the financial year.

### Water and sewerage infrastructure – calculation of current replacement cost

#### Water and Sewerage

##### *Current replacement cost*

The valuation approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and may impact the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

##### *Accumulated depreciation*

As part of the comprehensive revaluation undertaken in the financial year ended 30 June 2016, in determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a consumption score of between 0 and 5, which was used as an input in estimating the remaining service potential. The higher the condition rating, the lower the fair value. The estimate of the remaining service potential included asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. Where site inspections were not conducted (i.e. for passive assets and active assets), the consumption score was calculated on information contained within Council's asset management system and sampled assets.

For the desktop revaluation review undertaken, the amount of service potential consumed during the financial year was determined based on the useful lives of components and adjusted to take account for capital expenditure in the financial year.

An assessment of the desktop valuation movement has been deemed immaterial and therefore, no increment/decrement has been recorded for 30 June 2019.

---

**14 Property, plant and equipment (cont'd)**

**(iii) Valuation processes**

Council's valuation policies and procedures are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in Notes 14 and 13 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

**(iv) Found assets first recognised**

As part of ongoing asset data improvements, additional assets not previously recognised were identified and brought to account. This resulted in a net adjustment of \$2,500 (2018 - \$2,849,201) which is considered immaterial against Council capital and property, plant and equipment balances, hence no adjustment has been made against comparative figures or disclosed as a prior period error as required under AASB108 Accounting Policies, Changes in Accounting Estimates and Errors.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**15 Trade and other payables**

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

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Trade and other payables</b>				
<b>Current - Trade</b>				
Creditors and accruals	13,344	13,565	12,897	13,059
	<b>13,344</b>	<b>13,565</b>	<b>12,897</b>	<b>13,059</b>
<b>Current - Employee</b>				
Accrued RDO and leave in lieu	437	372	437	364
Annual leave	4,783	4,762	4,698	4,647
Service entitlement	352	512	352	490
Sick leave	254	553	246	553
Long service leave	1,402	2,571	1,303	2,391
Paid parental leave	-	3	-	2
Redundancy benefits	-	3,498	-	3,498
	<b>7,228</b>	<b>12,271</b>	<b>7,036</b>	<b>11,944</b>
<b>Total current trade and other payables</b>	<b>20,572</b>	<b>25,836</b>	<b>19,933</b>	<b>25,004</b>

**16 Other liabilities**

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Current</b>				
Waste levy refund received in advance	2,574	-	2,574	-
	<b>2,574</b>	<b>-</b>	<b>2,574</b>	<b>-</b>

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households in relation to the State Waste Levy (the Levy), which takes effect from 1 July 2019. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's Levy expense for the year ended 30 June 2020, the full amount has been recognised as a liability at 30 June 2019.

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**17 Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

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

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b><u>Borrowings</u></b>					
<b>Current</b>					
Loans - Queensland Treasury Corporation	18	9,607	9,081	9,607	9,081
Loans - Interest Free - DIP	19	393	374	393	374
		<b>10,000</b>	<b>9,455</b>	<b>10,000</b>	<b>9,455</b>
<b>Non-current</b>					
Loans - Queensland Treasury Corporation	18	105,251	114,575	105,251	114,575
Loans - Interest Free - DIP	19	4,259	4,653	4,259	4,653
		<b>109,510</b>	<b>119,228</b>	<b>109,510</b>	<b>119,228</b>
<b>Total borrowings</b>		<b>119,510</b>	<b>128,683</b>	<b>119,510</b>	<b>128,683</b>

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

All borrowings are in \$AUD denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 September 2020 to 15 December 2032.

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

Principal and interest repayments are made quarterly and in arrears.



**Notes to the Financial Statements**  
**For the year ended 30 June 2019**



**18 Borrowings - interest bearing**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Queensland Treasury Corporation</b>				
Opening balance as at 1 July 2018	123,655	131,936	123,655	131,936
Principal repayments	(8,797)	(8,281)	(8,797)	(8,281)
<b>Closing balance as at 30 June 2019</b>	<b>114,858</b>	<b>123,655</b>	<b>114,858</b>	<b>123,655</b>

The loan market value at the reporting date was \$140,753,970. 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. Principal repayments represent the net payments before interest and administration costs.

**19 Borrowings - interest free**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Department of Infrastructure, Local Government and Planning</b>				
Opening balance as at 1 July 2018	5,027	5,511	5,027	5,511
Fair value adjustment	232	250	232	250
Principal repayments	(607)	(734)	(607)	(734)
<b>Closing balance as at 30 June 2019</b>	<b>4,652</b>	<b>5,027</b>	<b>4,652</b>	<b>5,027</b>

This loan is guaranteed by the Queensland State Government.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**20 Provisions**

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Non-current</b>				
Long service leave	5,707	5,663	5,689	5,658
Landfill remediation	2,208	2,948	2,208	2,948
	<b>7,915</b>	<b>8,611</b>	<b>7,897</b>	<b>8,606</b>

**Details of movements in provisions:**

**Long Service Leave (current and non-current)**

<b>Opening balance as at 1 July 2018</b>	8,233	8,461	8,049	8,216
Long service entitlement arising	1,086	1,433	1,099	1,275
Long service entitlement extinguished	(95)	(110)	(42)	(8)
Long service entitlement paid	(2,114)	(1,551)	(2,114)	(1,434)
<b>Closing balance as at 30 June 2019</b>	<b>7,110</b>	<b>8,233</b>	<b>6,992</b>	<b>8,049</b>

**Landfill remediation**

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

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

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

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Opening balance as at 1 July 2018</b>	2,948	2,885	2,948	2,885
Increase in provision - finance cost	35	61	35	61
Increase in provision due to change in discount rate	196	-	196	-
Decrease in provision due to change in projected costs	(971)	2	(971)	2
<b>Closing balance as at 30 June 2019</b>	<b>2,208</b>	<b>2,948</b>	<b>2,208</b>	<b>2,948</b>

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$2,173,012 with \$1,844,908 expected to be incurred in 2021. The remaining costs will be incurred over the next 30 years for monitoring works.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**21 Asset revaluation surplus**

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

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

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

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

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Movements in the asset revaluation surplus were as follows:</b>				
Opening balance as at 1 July	552,315	532,585	564,917	546,537
<b>Net adjustment to non-current assets at end of period to reflect a change in fair value:</b>				
Land and improvements	(554)	(5,669)	-	(3,678)
Buildings	-	6,994	-	3,653
Major plant and equipment	560	126	560	126
Parks furniture and other structures	-	1,071	-	1,071
Cultural	292	96	292	96
Roads, drainage and transport infrastructure	(1,963)	14,010	(1,963)	14,010
Sewerage infrastructure	-	7,034	-	7,034
Water infrastructure	-	4,017	-	4,017
<u>Impairment:</u>	-	-	-	-
Roads, drainage and transport infrastructure	-	(7,949)	-	(7,949)
<b>Total movement for period</b>	<b>(1,665)</b>	<b>19,730</b>	<b>(1,111)</b>	<b>18,380</b>
<b>Closing balance as at 30 June</b>	<b>550,650</b>	<b>552,315</b>	<b>563,806</b>	<b>564,917</b>

**Asset revaluation surplus analysis**

	Consolidated		Council	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>The closing balance of the asset revaluation surplus is comprised of the following asset categories:</b>				
Land and improvements	41,762	42,316	63,890	63,890
Buildings	51,341	51,341	46,374	46,374
Major plant and equipment	993	433	993	433
Parks furniture and other structures	10,366	10,366	6,946	6,946
Cultural	623	331	623	331
Roads, drainage and transport infrastructure	255,459	257,422	254,832	256,795
Sewerage infrastructure	118,071	118,071	118,113	118,113
Water infrastructure	72,035	72,035	72,035	72,035
	<b>550,650</b>	<b>552,315</b>	<b>563,806</b>	<b>564,917</b>

## 22 Reserves

The following reserves are cash backed reserves and represent funds that are accumulated within Council to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

### Emergency Services Reserve

Council resolved to establish an emergency services reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside from surplus funding for emergency services activities to be used in the future for capital purposes. Surplus funds are transferred from retained surplus to the emergency services reserve at the end of the financial year. When the capital funds are expended on the respective projects, an equivalent amount is transferred out of the emergency services reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

### Future Capital Works Reserve

Council resolved to establish a future capital reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside from operating funds for future capital acquisitions and infrastructure development. The amount transferred from retained surplus to the future capital reserve will be assessed at the end of the year depending on the operating surplus available and capital funding sources utilised. When the funds are expended on the respective projects, an equivalent amount is transferred out of the future capital reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve for any other purpose.

### Plant Asset Replacement Reserve

Council resolved to establish a plant asset replacement reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside from surplus funds generated by fleet operations to fund the replacement of Council's plant and fleet systems. Surplus funds are transferred from retained surplus to the plant asset replacement reserve at the end of the financial year. When the capital funds are expended on the respective projects, an equivalent amount is transferred out of the plant asset replacement-reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

### Regional Waste Management Reserve

Council resolved to establish a regional waste management reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside to fund waste management infrastructure and remediation of existing infrastructure and sites. It also provides a contingency amount to offset any major unforeseen waste management works which are required. Funds are transferred from retained surplus to the regional waste management reserve as determined by the budget. When the funds are expended on the respective projects, an equivalent amount is transferred out of the regional waste management reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose. This reserve also represents any unspent monetary funds on behalf of waste operations.

### Parks Constrained Works Reserve

Council resolved to establish a parks constrained works reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside for the purpose of funding specific park infrastructure. It also provides a contingency amount to offset any major unforeseen park works which are required. Funds are transferred from retained surplus to the parks constrained works reserve as determined by the budget. When the funds are expended on the respective projects, an equivalent amount is transferred out of the parks constrained works reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**22 Reserves (cont'd)**

Roads Constrained Works Reserve

Council resolved to establish a roads constrained works reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside for the purpose of funding specific road infrastructure. It also provides a contingency amount to offset any major unforeseen road works which are required. Funds are transferred from retained surplus to the roads constrained works reserve as determined by the budget. When the funds are expended on the respective projects, an equivalent amount is transferred out of the roads constrained works reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Water Constrained Works Reserve

Council resolved to establish a water constrained works reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside to provide funds for the future construction and replacement of Council's water and supply infrastructure. It also provides a contingency amount to offset any major unforeseen water supply works which are required. Funds are transferred from retained surplus to the water constrained works reserve as determined by the budget. When the funds are expended on the respective projects, an equivalent amount is transferred out of the water constrained works reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Sewerage Constrained Works Reserve

Council resolved to establish a sewerage constrained works reserve at 15 March 2008. The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) set aside to provide funds for the future construction and replacement of Council's sewerage infrastructure. It also provides a contingency amount to offset any major unforeseen sewerage works which are required. Funds are transferred from retained surplus to the sewerage constrained works reserve as determined by the budget. When the funds are expended on the respective projects, an equivalent amount is transferred out of the sewerage constrained works reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

Recurrent Grant Funding Reserve

Council resolved to establish a recurrent grant funding reserve at 15 March 2008. This reserve represents unexpended non-capital operational grant and subsidy funding. When the funds are expended on the respective projects, an equivalent amount is transferred out of the recurrent grant funding reserve to retained surplus. Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of reserves held for funding future capital expenditure:</b>				
Emergency services reserve	1,321	765	1,321	765
Future capital works reserve	24,905	23,371	24,905	23,371
Plant asset replacement reserve	22,320	23,092	22,320	23,092
Regional waste management reserve	9,517	7,104	9,517	7,104
Parks constrained works reserve	1,339	1,105	1,339	1,105
Roads constrained works reserve	20,121	19,861	20,121	19,861
Water constrained works reserve	716	219	716	219
Sewerage constrained works reserve	3,434	6,251	3,434	6,251
	<b>83,673</b>	<b>81,768</b>	<b>83,673</b>	<b>81,768</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**22 Reserves (cont'd)**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of reserves held for funding future recurrent expenditure:</b>				
Recurrent grant funding reserve	476	273	476	273
	<b>476</b>	<b>273</b>	<b>476</b>	<b>273</b>
<b>Total reserves</b>	<b>84,149</b>	<b>82,041</b>	<b>84,149</b>	<b>82,041</b>
<b>Movements in capital reserves:</b>				
<u>Emergency services reserve</u>				
Opening balance as at 1 July	765	461	765	461
Transfer from retained earnings for future expenditure	556	304	556	304
Transfer to capital for funds expended in the period	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>1,321</b>	<b>765</b>	<b>1,321</b>	<b>765</b>
<u>Future capital works reserve</u>				
Opening balance as at 1 July	23,371	20,741	23,371	20,741
Transfer from retained earnings for future expenditure	4,390	4,263	4,390	4,263
Transfer to capital for funds expended in the period	(2,856)	(1,633)	(2,856)	(1,633)
<b>Closing balance as at 30 June</b>	<b>24,905</b>	<b>23,371</b>	<b>24,905</b>	<b>23,371</b>
<u>Plant asset replacement reserve</u>				
Opening balance as at 1 July	23,092	20,989	23,092	20,989
Transfer from retained earnings for future expenditure	1,228	3,903	1,228	3,903
Transfer to capital for funds expended in the period	(2,000)	(1,800)	(2,000)	(1,800)
<b>Closing balance as at 30 June</b>	<b>22,320</b>	<b>23,092</b>	<b>22,320</b>	<b>23,092</b>
<u>Regional waste management reserve</u>				
Opening balance as at 1 July	7,104	8,313	7,104	8,313
Transfer from retained earnings for future expenditure	2,413	-	2,413	-
Transfer to capital for funds expended in the period	-	(1,209)	-	(1,209)
<b>Closing balance as at 30 June</b>	<b>9,517</b>	<b>7,104</b>	<b>9,517</b>	<b>7,104</b>
<u>Parks constrained works reserve</u>				
Opening balance as at 1 July	1,105	968	1,105	968
Transfer from retained earnings for future expenditure	381	389	381	389
Transfer to capital for funds expended in the period	(147)	(252)	(147)	(252)
<b>Closing balance as at 30 June</b>	<b>1,339</b>	<b>1,105</b>	<b>1,339</b>	<b>1,105</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**22 Reserves (cont'd)**

**Movements in capital reserves (cont'd):**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Roads constrained works reserve</u>				
Opening balance as at 1 July	19,861	20,351	19,861	20,351
Transfer from retained earnings for future expenditure	260	155	260	155
Transfer to capital for funds expended in the period	-	(645)	-	(645)
<b>Closing balance as at 30 June</b>	<b>20,121</b>	<b>19,861</b>	<b>20,121</b>	<b>19,861</b>
<u>Water constrained works reserve</u>				
Opening balance as at 1 July	219	10,427	219	10,427
Transfer from retained earnings for future expenditure	497	110	497	110
Transfer to capital for funds expended in the period	-	(10,318)	-	(10,318)
<b>Closing balance as at 30 June</b>	<b>716</b>	<b>219</b>	<b>716</b>	<b>219</b>
<u>Sewerage constrained works reserve</u>				
Opening balance as at 1 July	6,251	8,332	6,251	8,332
Transfer from retained earnings for future expenditure	1,709	1,339	1,709	1,339
Transfer to capital for funds expended in the period	(4,526)	(3,420)	(4,526)	(3,420)
<b>Closing balance as at 30 June</b>	<b>3,434</b>	<b>6,251</b>	<b>3,434</b>	<b>6,251</b>
<b>Movements in recurrent reserves:</b>				
<u>Recurrent grant funding reserve</u>				
Opening balance as at 1 July	273	252	273	252
Transfer from retained earnings for future expenditure	476	273	476	273
Transfer to retained earnings for funds expended in the period	(273)	(252)	(273)	(252)
<b>Closing balance as at 30 June</b>	<b>476</b>	<b>273</b>	<b>476</b>	<b>273</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**23 Commitments for expenditure**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual commitments at balance date but not recognised in the financial report are as follows:</b>				
Airport capital expenditure	6	-	-	-
Fleet purchases	349	3,285	349	3,285
Parks and regulatory services projects	265	912	265	912
Road, drainage and transport infrastructure projects	3,019	15,958	3,019	15,958
Water and sewerage projects	6,774	13,331	6,774	13,331
Waste projects	1,340	15	1,340	15
Strategic projects	525	1,010	525	1,010
Other projects	66	-	66	-
	<b>12,344</b>	<b>34,511</b>	<b>12,338</b>	<b>34,511</b>
<b>Operating contractual commitments</b>				
• Not later than one year	4,025	3,858	3,710	3,706
• Later than one year and not later than five years	4,197	7,141	3,931	6,774
• Later than five years	-	-	-	-
	<b>8,222</b>	<b>10,999</b>	<b>7,641</b>	<b>10,480</b>



## 24 Contingent liabilities

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

### Local Government Mutual

The Gladstone Regional 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.

The latest audited financial statements for LGM Queensland are as at 30 June 2018 and report accumulated member funds (equity) of \$75,834,341 and it is not anticipated any liability will arise.

### Local Government Workcare

The Gladstone Regional Council is a member of the Queensland local government workers' compensation self-insurance scheme, Local Government Workcare. Under this scheme 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. Council's maximum exposure (indemnity amount) to the bank guarantee is \$1,552,547.

The latest audited financial statements for Local Government Workcare are as at 30 June 2018 and report accumulated member funds (equity) of \$49,693,198 and it is not anticipated any liability will arise.

### Bank Guarantees

The Gladstone Regional Council has provided a bank guarantee to Queensland Rail Ltd valued at \$15,000 as a bond over two blocks of land [LEASE: LOT 40 ON SP129336 AND LEASE B: LOT 8 ON SP121498] being utilised by Gladstone Regional Council. The guarantee expires in 29 February 2028.

The Gladstone Regional Council has provided a bank guarantee to Great Barrier Reef Marine Park Authority valued at \$274,353 as an obligation under contract for the Permit G37713.1 - Agnes Water Desalination Plant. The guarantee expires on 30 September 2028.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

## 25 Superannuation

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

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2021.

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 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Gladstone Regional Council made less than 4% of the total contributions to the plan in the 2018/19 financial year.

	Note	Consolidated		Council										
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000									
Superannuation contributions made to the Regional Defined Benefits Fund		266	438	266	438									
Other superannuation contributions for employees		5,533	5,420	5,384	5,219									
Total superannuation contributions paid by Council for employees	5	<b>5,799</b>	<b>5,858</b>	<b>5,650</b>	<b>5,657</b>									
<table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th></th> <th>Consolidated</th> <th>Council</th> </tr> <tr> <th></th> <th>30 June 2019 \$'000</th> <th>30 June 2018 \$'000</th> </tr> </thead> <tbody> <tr> <td>Contributions Council expects to make to the Regional Defined Benefits Fund for the year ended 30 June 2020</td> <td>273</td> <td>273</td> </tr> </tbody> </table>							Consolidated	Council		30 June 2019 \$'000	30 June 2018 \$'000	Contributions Council expects to make to the Regional Defined Benefits Fund for the year ended 30 June 2020	273	273
	Consolidated	Council												
	30 June 2019 \$'000	30 June 2018 \$'000												
Contributions Council expects to make to the Regional Defined Benefits Fund for the year ended 30 June 2020	273	273												

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**26 Trust funds**

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies paid into the trust account by Council. 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.

The monies are disclosed for information purposes only.

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Trust funds held for outside parties</b>				
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	466	496	466	496
Security deposits	3,223	3,250	3,223	3,250
	<b>3,689</b>	<b>3,746</b>	<b>3,689</b>	<b>3,746</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**27 Reconciliation of net result for the year to net cash inflow from operating activities**

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Net result</b>		<b>20,297</b>	<b>4,929</b>	<b>20,710</b>	<b>5,190</b>
<b>Non-cash operating items:</b>					
Non-cash contributions included in fixed assets	4(b)	(496)	(57)	(496)	(57)
Revaluation adjustments	8	338	474	338	474
Change in future rehabilitation costs	20	35	61	35	61
Finance costs		27	1	(69)	(23)
Fair value adjustment	7	232	250	232	250
Depreciation and amortisation		44,019	46,406	41,470	43,969
		<b>44,155</b>	<b>47,135</b>	<b>41,510</b>	<b>44,674</b>
<b>Financing activities</b>					
Borrowing costs	7	<b>7,266</b>	<b>7,811</b>	<b>5,223</b>	<b>5,729</b>
<b>Investing and development activities:</b>					
Capital grants and contributions	4(b)	(14,305)	(14,421)	(14,305)	(14,421)
Controlled entity dividend	3(d)	-	-	(325)	(216)
Income tax equivalents	3(d)	(6,350)	(5,056)	(7,039)	(5,609)
Net loss on disposal of non current assets	8	4,359	7,944	4,369	7,950
Net loss on write-off of non-current assets	8	24	544	24	360
Capital work in progress write off	14	17	1,633	17	1,575
		<b>(16,255)</b>	<b>(9,356)</b>	<b>(17,259)</b>	<b>(10,361)</b>
<b>Changes in operating assets and liabilities:</b>					
(Increase)/decrease in trade and other receivables		(4,799)	1,356	(3,935)	2,706
(Increase)/decrease in inventories		3,697	2,027	3,697	2,027
Increase/(decrease) in payables		(4,095)	3,285	(3,984)	3,326
Increase/(decrease) in provisions		(1,220)	386	(1,056)	470
Increase/(decrease) in other liabilities		2,574	-	2,574	-
		<b>(3,843)</b>	<b>7,054</b>	<b>(2,704)</b>	<b>8,529</b>
<b>Net cash inflow from operating activities</b>		<b>51,620</b>	<b>57,572</b>	<b>47,480</b>	<b>53,761</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**28 Reconciliation of liabilities arising from  
finance activities**

	As at 30 June 2018	Cash Flows	Non-cash changes (fair value adjustment)	As at 30 June 2019
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>				
<b>Consolidated</b>				
Loans	128,682	(9,404)	232	119,510
<b>Council</b>				
Loans	128,682	(9,404)	232	119,510
<b>30 June 2018</b>				
<b>Consolidated</b>				
Loans	137,448	(9,016)	250	128,682
<b>Council</b>				
Loans	137,448	(9,016)	250	128,682

## 29 Financial instruments

Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

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

### Financial risk management

Exposure to financial risk is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of Council. Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or another financial institution in Australia. Council does not invest in derivatives or other high risk investments.

When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by Council is regulated by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Gladstone Regional Council measures risk exposure using a variety of methods as follows:

### Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from 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 Council.

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:

	Note	Consolidated		Council	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
<b>Financial assets</b>					
Cash and cash equivalents	9	116,743	112,103	103,412	99,605
Receivables - rates	10	20,089	16,965	20,089	16,965
Receivables - other	10	9,478	7,736	7,160	6,281
Guarantees	24	289	589	289	589
Local Government Workcare	24	1,553	1,550	1,553	1,550
<b>Total financial assets</b>		<b>148,152</b>	<b>138,943</b>	<b>132,503</b>	<b>124,990</b>

## **29 Financial instruments (cont'd)**

### Other financial assets

Other investments are held with financial institutions, which are rated from AAA to BBB- or unrated are based on rating agency Standards and Poor ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

### Trade and other receivables

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

In other cases, 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 Council's operations, there is a geographical concentration of risk in Council's area. As the area is largely commercial, there is also a concentration in the commercial sector.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

### **Liquidity risk**

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation.

Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation and the Queensland Government 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 Borrowings Note 18 and Note 19.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**29 Financial instruments (cont'd)**

**Liquidity risk (cont'd)**

The following table sets out the liquidity risk of financial liabilities held by 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:

Consolidated	Note	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Discounted to present day
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>						
Trade and other payables	15,16	23,146	-	-	23,146	23,146
Loans - QTC	18	16,063	60,591	78,360	155,014	114,858
Loans - other	19	606	2,424	2,727	5,757	4,653
		<b>39,815</b>	<b>63,015</b>	<b>81,087</b>	<b>183,917</b>	<b>142,657</b>
<b>30 June 2018</b>						
Trade and other payables	15,16	25,836	-	-	25,836	25,836
Loans - QTC	18	16,063	62,200	92,814	171,077	123,655
Loans - other	19	606	2,424	3,333	6,363	5,027
		<b>42,505</b>	<b>64,624</b>	<b>96,147</b>	<b>203,276</b>	<b>154,518</b>
<b>Council</b>						
		0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Discounted to present day
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>						
Trade and other payables	15,16	22,507	-	-	22,507	22,507
Loans - QTC	18	16,063	60,591	78,360	155,014	114,858
Loans - other	19	606	2,424	2,727	5,757	4,653
		<b>39,176</b>	<b>63,015</b>	<b>81,087</b>	<b>183,278</b>	<b>142,018</b>
<b>30 June 2018</b>						
Trade and other payables	15,16	25,004	-	-	25,004	25,004
Loans - QTC	18	16,063	62,200	92,814	171,077	123,655
Loans - other	19	606	2,424	3,333	6,363	5,027
		<b>41,673</b>	<b>64,624</b>	<b>96,147</b>	<b>202,444</b>	<b>153,686</b>

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

**Market risk**

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



**Notes to the Financial Statements**  
For the year ended 30 June 2019

**29 Financial instruments (cont'd)**

**Market risk (cont'd)**

Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation (QTC), the Department of Infrastructure and Planning and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing mainly from the QTC and having access to a mix of floating and fixed funding sources so that the interest rate risk exposure can be minimised. Interest rate risk in other areas is minimal.

Council does not undertake any hedging of interest rate risk.

Sensitivity

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

Council does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the Statements of Comprehensive Income.

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.

	Note	Net carrying amount	Effect on Net Result		Effect on Equity	
		\$'000	1% Increase	1% Decrease	1% Increase	1% Decrease
			\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>						
<b>30 June 2019</b>						
Cash assets	9	116,743	1,167	(1,167)	1,167	(1,167)
Interest-bearing loans	18	(114,858)	(1,149)	1,149	(1,149)	1,149
<b>Net total</b>		<b>1,885</b>	<b>18</b>	<b>(18)</b>	<b>18</b>	<b>(18)</b>
<b>30 June 2018</b>						
Cash assets	9	112,103	1,121	(1,121)	1,121	(1,121)
Interest-bearing loans	18	(123,655)	(1,237)	1,237	(1,237)	1,237
<b>Net total</b>		<b>(11,552)</b>	<b>(116)</b>	<b>116</b>	<b>(116)</b>	<b>116</b>
<b>Council</b>						
<b>30 June 2019</b>						
Cash assets	9	103,412	1,034	(1,034)	1,034	(1,034)
Interest-bearing loans	18	(114,858)	(1,149)	1,149	(1,149)	1,149
<b>Net total</b>		<b>(11,446)</b>	<b>(115)</b>	<b>115</b>	<b>(115)</b>	<b>115</b>
<b>30 June 2018</b>						
Cash assets	9	99,605	996	(996)	996	(996)
Interest-bearing loans	18	(123,655)	(1,237)	1,237	(1,237)	1,237
<b>Net total</b>		<b>(24,050)</b>	<b>(241)</b>	<b>241</b>	<b>(241)</b>	<b>241</b>

## 29 Financial instruments (cont'd)

### Market risk (cont'd)

#### Sensitivity (cont'd)

In relation to the QTC loans held by Council, the following has been applied:

- QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.
- QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

#### Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 18.

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

## 30 National Competition Policy

### a) Activities to which the code of competitive conduct is applied

A "business activity" of a local government is divided into two categories:

#### (a) Roads business activity

- The construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- Submission of a competitive tender for construction of road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

#### (b) Other business activities

- Trading in goods and services to clients in competition with the private sector, or
- The submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself.

Excluded activities are;

- (i) library services, and
- (ii) an activity or part thereof prescribed by legislation

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 30 National Competition Policy (cont'd)

##### a) Activities to which the code of competitive conduct is applied (cont'd)

Local government may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

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

Council applies full cost pricing to its business activities which involves the recognition of both community service obligations and competitive neutrality adjustments.

Gladstone Regional Council has identified business activities in the following areas:

- Gladstone Entertainment Convention Centre
- Building Certification
- Roads
- Waste management
- Water
- Sewerage

Details of Council's performance for these business activities are summarised in Note 30 (b).

##### (b) The following activity statements are for activities subject to the competitive code of conduct

	Gladstone Entertainment & Convention Centre	Building Certification	Roads	Waste Management	Water	Sewerage
	30 June 2019	30 June 2019	30 June 2019	30 June 2019	30 June 2019	30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
Revenue for services provided to Council	-	866	40,667	-	29,138	17,340
CSO activities funded by Council*	200	-	-	-	-	-
Revenue for services provided to external clients	1,105	-	3,989	14,933	37,910	30,455
	<b>1,305</b>	<b>866</b>	<b>44,656</b>	<b>14,933</b>	<b>67,048</b>	<b>47,795</b>
<b>Expenditure</b>						
Operating expenditure	4,889	668	42,727	11,947	29,145	17,587
Competitive neutrality adjustments applied	96	8	123	288	68	209
	<b>4,985</b>	<b>676</b>	<b>42,850</b>	<b>12,235</b>	<b>29,213</b>	<b>17,796</b>
<b>Return/(deficit) for the financial year</b>	<b>(3,680)</b>	<b>190</b>	<b>1,806</b>	<b>2,698</b>	<b>37,835</b>	<b>29,999</b>

\* CSO funded activities for the Gladstone Entertainment and Convention Centre included booking fees, venue hire and plant and equipment hire.

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**31 Transactions with related parties**

**(a) Subsidiaries**

The group consists of Gladstone Regional Council and one subsidiary. The subsidiary, Gladstone Airport Corporation, is consolidated (Note 12).

The following transactions occurred with subsidiaries:

Subsidiary	Controlled Entity Receipts						Goods and services supplied by council, on normal terms and conditions					
	Dividends		Income Tax Equivalent / Competitive Neutrality Margin		Interest Received		Administration Fees		IT and Phone Charges		Rates and Water	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gladstone Airport Corporation	325	216	689	533	2,043	2,043	39	39	71	98	86	83

In accordance with the Statement of Corporate Intent, a dividend was deemed to be payable to Council to the value of up to 50% of the net after tax profit for the financial year ended 30 June 2018.

**(b) Transactions with joint ventures**

	30 June 2019	30 June 2018
	\$'000	\$'000
Gladstone Economic Futures Group	(89)	300
	<b>(89)</b>	<b>300</b>

This joint venture was disbanded on 31 December 2018 with Council's share of the remaining funds returned.

**(c) Transactions with key management personnel (KMP)**

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2018/19 comprises:

	30 June 2019	30 June 2018
	\$'000	\$'000
Short-term employee benefits	3,005	2,817
Post-employment benefits	342	276
Long-term benefits	18	22
Termination benefits	535	595
<b>Total</b>	<b>3,900</b>	<b>3,710</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 31 Transactions with related parties (cont'd)

##### (d) Transactions with other related parties

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

Details of transactions between Council and other related parties are disclosed below:

Details of Transaction	Additional information	30 June 2019 \$'000	30 June 2018 \$'000
Fees and charges charged to entities controlled by key management personnel	31(d)(i)	59	68
Employee expenses for close family members of key management personnel	31(d)(ii)	285	99
Purchase of materials and services from entities controlled by key management personnel	31(d)(iii)	33	3

(i) The fees and charges charged to entities controlled by key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by Council.

The total disclosed includes the following:

Fees and charges charged to entities controlled by key management personnel	Details of related party transactions	30 June 2019 \$'000	30 June 2018 \$'000
Search fees	Fees relating to enquiries for outstanding rates & water charges	49	54
Application fees & charges	Building, development, infrastructure fees	10	14
<b>Total</b>		<b>59</b>	<b>68</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2019

**31 Transactions with related parties (cont'd)**

**(d) Transactions with other related parties (cont'd)**

(ii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

Council employs 633 staff of which only 3 are close family members of key management personnel. The total employee expenses disclosed includes the following:

	30 June 2019 \$'000	30 June 2018 \$'000
Short-term employee benefits	251	85
Post-employment benefits	29	11
Long-term benefits	5	3
<b>Total</b>	<b>285</b>	<b>99</b>

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

	30 June 2019 \$'000	30 June 2018 \$'000
<b>Materials and services purchased from entities controlled by key management personnel</b>		
Funding awarded - Regional Arts Development Fund	7	-
Provision of services for community events	4	-
Construction/ improvements to assets	21	1
Provision of other services	1	2
<b>Total</b>	<b>33</b>	<b>3</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 31 Transactions with related parties (cont'd)

##### (e) Outstanding balances

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

	Receivables		Payables	
	Amounts owed by Controlled Entities \$'000	Amounts owed by entities controlled by key management personnel \$'000	Amounts owed to Controlled Entities \$'000	Amounts owed to entities controlled by key management personnel \$'000
Past due 31-60 days		7	-	-
Past due 61-90 days		-	-	-
More than 90 days overdue		-	-	-
<b>Total Owing</b>		<b>7</b>	<b>-</b>	<b>-</b>

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

The following balances for Controlled Entity transactions are reported separately in note 10:

	30 June 2019 \$'000	30 June 2018 \$'000
Trade receivables - current	Note 10 \$'000	(72)
Trade receivables - non-current	10	(114)
	33,716	33,716

##### (f) Loans and guarantees to/from related parties

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

##### (g) 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 Gladstone region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties.

Some examples include:

- Payment of rates
- Use of the swimming pool
- Dog registration
- Borrowing books from a Council library

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

**Management Certificate**  
**For the year ended 30 June 2019**

The 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 compiled with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 63, present a true and fair view, in accordance with Australian Accounting Standards, of Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.



Acting Mayor  
Chris Trevor



Chief Executive Officer  
Leisa Dowling

Date: 14 / 10 / 19.

Date: 14 / 10 / 19.



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Gladstone Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Gladstone Regional Council (the council) and its controlled entity (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and group's financial position as at 30 June 2019, and of their 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 statements of financial position as at 30 June 2019, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Acting Mayor and the Chief Executive Officer.

#### Basis for opinion

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

I am independent of the council and the group 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 Gladstone Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the financial report**

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

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

### **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 or the group'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 and the group'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 or the group'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 or the group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- 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.



Melissa Read  
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office  
Brisbane

## Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets:

Measures of Financial Sustainability	How the Measure is calculated	Actual - Consolidated	Actual - Council	Target
Operating Surplus Ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	5%	6%	Between 0% and 10%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets divided by depreciation expense.	40%	43%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	1%	9%	Not greater than 60%

### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's audited general purpose financial statements for the year ended 30 June 2019.

**Certificate of Accuracy**  
**For the year ended 30 June 2019**

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.



Acting Mayor  
Chris Trevor



Chief Executive Officer  
Leisa Dowling

Date: 14 / 10 / 19

Date: 14 / 10 / 19

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Gladstone Regional Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year statement of financial sustainability of Gladstone Regional Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Acting 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 Gladstone Regional Council for the year ended 30 June 2019 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 Gladstone Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

### **Responsibilities of the council for the current year financial sustainability statement**

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

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

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

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

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

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

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



Melissa Read  
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office  
Brisbane



# Long-Term Financial Sustainability Statement

Prepared as at 30 June 2019



Projected for the years ended

Measures of Financial Sustainability Consolidated	Measure	Target	Actuals at 30 June 2019	Projected for the years ended											
				30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028			
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	5%	0.90%	(0.42%)	(0.29%)	0.48%	(0.15%)	1.45%	3.03%	4.66%	5.16%			
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	40%	66%	102%	94%	79%	80%	62%	59%	49%	85%			
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 50%	1%	35%	42%	40%	38%	40%	36%	32%	19%	13%			
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	6%	0.91%	(0.62%)	(0.51%)	0.24%	(0.49%)	1.16%	2.79%	4.45%	4.94%			
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	43%	70%	103%	98%	80%	83%	62%	54%	51%	84%			
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 50%	9%	27%	33%	33%	31%	35%	31%	28%	15%	11%			

## Gladstone Regional Council's Financial Management Strategy

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.

### Certificate of Accuracy For the long-term financial sustainability statement prepared as at 30 June 2019

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.

Acting Mayor  
Chris Trevor  
Date: 14, 10, 19

Chief Executive Officer  
Lelisa Dowling  
Date: 14, 10, 19

# STATUTORY INFORMATION.

**State legislation requires Council to include specific information in its annual report. This section provides Council's response to those requirements in accordance with the relevant Act and legislation.**

## LOCAL GOVERNMENT ACT 2009

### BENEFICIAL ENTERPRISES

Section 41 requires that local governments list all beneficial enterprises conducted during the financial year.

Council conducted the following beneficial enterprises in 2018/19:

- Gladstone Development Board
- Gladstone Area Promotion and Development Limited

### SIGNIFICANT BUSINESS ACTIVITIES

Section 45 requires that local governments list all business activities that have been conducted during the financial year and to identify any of its significant business activities.

In accordance with the definitions of the *Local Government Regulation 2012*, Council held the following significant business activities in 2018/19:

- Water
- Sewerage
- Waste Management
- Plant Operations.

The code of competitive conduct was applied to these activities.

No new significant activities were undertaken in 2018/19.

### PUBLIC BENEFIT

Section 46 (1) requires Councils to report on public benefit assessment of new significant business activities. No public benefit assessments were conducted in 2018/19 as there was no new significant business activities.

### SENIOR EXECUTIVE REMUNERATION

Section 201 requires that certain details of senior executive remuneration packages are disclosed, including the total remuneration for senior executives of the local government.

The total senior executive remuneration is \$2,078,942

Remuneration Band	Number of Senior Executives
\$300,000-399,999	1
\$200,000-299,999	7

### EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

Section 189 requires Council to provide a summary of the expenditure on grants to community organisations and expenditure from Councillor discretionary funds.

## Mayor's Discretionary Fund

Date	Organisation Name	Purpose	Amount
1/03/19	Gladstone Engineering Alliance Inc	Gladstone Globe - Interactive Visual Walkway	\$9,091
4/09/18	Gladstone Municipal Band	Assistance for operational expenses and continued services to the Gladstone regional community at Council events	\$6,000
12/02/19	Gladstone Bowls Club Inc	Open 2 Bowl - Triples Carnival	\$5,000
12/02/19	Gladstone Thistle Pipe Band	Assistance for purchase of new percussion drums	\$5,000
16/04/19	Gladstone Amateur Basketball Association	2019 Season Launch - Gladstone Port City Power	\$5,000
4/09/18	Gladstone Thistle Pipe Band	Assistance for operational expenses to continue to provide its services to the Gladstone regional community	\$2,500
13/05/19	Gladstone Junior Touch Football Association	Cowboy's NRL Touch Football Premiership Coaching Clinic/ Training Camp	\$2,500
7/12/18	Discovery Coast Bushfire Fund	Discovery Coast Bushfire Benefit Bronze Sponsor	\$2,000
12/07/19	Gladstone Hospital Fundraising Ball	Retro Revival - Gladstone Hospital Fundraising Ball	\$1,818
2/07/18	Roseberry Community Services Limited	Driver Awareness Course	\$1,794
22/11/18	Evenglow Inc	Residents from New Auckland Place, Edenvale, and Sundale Bindaree Care Centre, are invited to attend social days organised by Evenglow which is run by a dedicated group of volunteers	\$1,200
20/11/18	Rotary Club of Calliope	Drought Appeal Fundraiser - City V Country Football Match	\$1,000
12/02/19	Purple Turtle Short Film Festival	Purple Turtle Short Film Festival	\$1,000
28/05/19	Gladstone Area Group Apprentices Ltd	Col Brown Memorial Award	\$1,000

12/07/19	Central Queensland University	Tech Girls - National Representation	\$1,000
21/06/19	Lowmead School	School Sporting equipment	\$595
20/02/19	Variety - the Children's Charity of Queensland	Variety event, 4WD adventure fundraiser 2019	\$500
25/06/19	Mount Larcom State School	Livestock to support Accredited School of Excellence in Agriculture	\$500
30/05/19	Rockhampton Lions Club	Circus Quirkus - invitation only event for special needs children in our area	\$420
16/05/19	Wartburg School - prep to year 6	Sporting Supplies	\$405
23/01/19	South Rockhampton Rotary Club	Special Children's Christmas Film Festival - Gladstone Cinemas	\$360
5/03/19	Special Children's Christmas Party	Rockhampton - Special Children's Christmas Party Ronald McDonald House	\$227
9/10/18	Boyne Tannum Men's Shed Inc	Purchase of an automatic emergency defibrillator	\$200
22/10/18	Australian Red Cross Society	Trauma Teddies Project	\$200
15/04/19	Gladstone Multicultural Association	Restore More - to assist women in rural areas receive treatment for breast cancer	\$200
17/04/19	MDC Foundation Ltd	Mother's Day Classic Fun Run - Tannum Sands	\$200
21/06/19	Ambrose School	School Sporting equipment	\$177

## Donations

Category	Amount
Category 1 - School/College Bursaries & Awards	\$14,100
Category 2 - Heritage Museums	\$22,100
Category 3 - Regional Events Support - Australia Day	\$10,000
Category 4 - Recreational Event Support	\$1,200
Category 5 - Regulatory Fee Reimbursement	\$8,707
Category 6 - Use of Council Plant & Equipment	\$1,440
Category 7 - Community Hall Subsidy	\$31,500
Category 8 - Tidy Towns Entry Fees	-
Category 9 - Waste Tipping Fees	-
Category 10 - Education/Guidance	\$47,000
Category 11 - Performing Arts	\$5,000
Category 12 - Mayor's Discretionary Fund	\$49,888
Category 13 - Community Services Obligations	\$83,350
Works 4 Queensland - Calliope & District Multi Purpose Facility	\$773,803
Works 4 Queensland - Harbour City BMX Club	\$191,507
Works 4 Queensland - Gladstone Kart Club	\$39,833
Works 4 Queensland - Marley Brown Oval Multi Purpose Facility	\$27,713
Works 4 Queensland - Western Suburbs Swimming Pool	\$21,820

Sporting Body Subsidies	\$529,400
Major Events Advisory Panel	\$336,690
Surf Life Saving	\$217,334
Rural Fire Brigade	\$197,000
Grants	\$181,900
Other Donations and Sponsorships	\$88,459
Regional Arts Development Fund	\$113,757
Annual Prizes	\$39,500
Planning Institute of Australia Sponsorship	\$29,091
Capricorn Helicopter Rescue	\$20,000
RSPCA Operation Wanted 2018-19	\$15,000
Captain Cook Festival	\$10,000
Gladstone Engineering Alliance Sponsorship	\$9,455
Sponsorship of CQ Environmental Health Conference	\$1,200

## Grants

Type of Grant	Amount
Facility Assistance Grant Program - Community Projects	\$65,430
Facility Assistance Grant Program - Strategic Projects	\$58,000
Event Sponsorship Program Round 1	\$10,800
Event Sponsorship Program Round 2	\$26,100
Club Development Grant Round 1	\$9,692
Club Development Grant Round 2	\$11,878

## MEAP Funding

Organisation Name	Purpose	Amount
Gladstone Festival & Events Association	Harbour Festival 2019	\$63,000
Queensland Cruising Yacht Club Inc.	Brisbane to Gladstone Yacht Race Live Stream 2019	\$60,000
Events Queensland	Brisbane to Gladstone Yacht Race	\$50,000
Discovery Coast Tourism and Commerce Inc.	90% Funding pledge 1770 Festival 2019	\$36,000
Boyne Tannum Arts Business & Community Association	Under the Trees Music Festival	\$32,500
Boyne Tannum Hookup Association	Boyne Hook Up 2019	\$30,000
Sports Marketing Australia	Capacity & Capability Assessment for Major Sporting Events	\$29,500
Rotary Club of Gladstone Midday Inc.	Funding	\$11,800
Mount Larcom & District Show Society Inc.	Mt Larcom & District Show 2019	\$9,000
Turkey Beach Progress Association Inc.	Turkey Beach Tractor Bash 2019	\$8,820
Gladstone Multicultural Association Inc.	Multicultural Festival 2019	\$2,700
Baffle Creek Men's Shed	Baffle Creek Car & Bike Muster	\$2,250
Gladstone Entertainment Convention Centre	Bootcamp held July 2018	\$1,120

## LOCAL GOVERNMENT REGULATION 2012

### COUNCILLOR REMUNERATION

Section 186 (a) requires the disclosure of Councillor remuneration and expenses incurred by, and facilities provided to, Councillors.

Total Councillor remuneration is \$973,236.

Councillor	Salary	Superannuation	Total
Burnett, Matthew	\$151,786	\$18,214	\$170,000
Bush, Cindi	\$21,446	\$2,573	\$24,019
Churchill, Glenn	\$87,876	\$10,545	\$98,421
Goodluck, Kahn	\$87,876	\$20,789	\$108,665
Hansen, Rick	\$87,876	\$10,545	\$98,421
Masters, Peter	\$87,876	\$21,442	\$109,318
Muszkat, Natalia	\$50,487	\$5,219	\$55,706
O'Grady, Desley	\$87,876	\$10,545	\$98,421
Sobhanian, Poya	\$87,876	\$10,545	\$98,421
Trevor, Chris	\$99,861	\$11,983	\$111,844

Total expenses incurred by, and facilities provided to, Councillors is \$183,257.50.

### Councillor Expenses and Provision of Facilities

Councillor	Travel & Accommodation	Hospitality	Seminars & Conferences	ICT	Vehicle	Total
Burnett, Matthew	32,310.52*	3,527.36	1,127.27	959.28	9,760.55	47,684.98
Bush, Cindi	-	-	-	151.63	848.69	1,000.32
Churchill, Glenn	3,451.95	256.64	2,286.36	869.86	11,004.69	17,869.50
Goodluck, Kahn	1,571.34	14.09	1,754.09	699.60	8,355.41	12,394.53
Hansen, Rick	30,171.22*	-	2,771.81	1,107.47	7,982.36	42,032.86
Masters, Peter	2,481.98	-	2,654.09	635.16	10,109.83	15,881.06
Muszkat, Natalia	1,181.97	85.50	1,000.00	449.39	4,381.05	7,097.91
O'Grady, Desley	2,585.16	297.12	1,950.00	720.21	14,036.09	19,588.58
Sobhanian, Poya	-	-	873.91	698.16	7,131.89	8,703.96
Trevor, Chris	-	127.72	-	857.37	10,018.71	11,003.80

\* includes overseas travel reported separately in annual report.

Section 185 (a) states that the annual report must contain a copy of the resolutions made during the financial year under section 250 (1) adoption of an expenses reimbursement policy.

### Elected Member Expenses Reimbursement and Provision of Facilities

On 6 November 2018, Council adopted (viz Resolution G/19/3567) a revised Councillor Expenses Reimbursement and Provision of Facilities Policy which included the following content.

#### 1.0 PURPOSE:

To ensure accountability and transparency in the reimbursement of expenses and the provision of facilities provided or incurred by Councillors in the conduct of Council business.

This policy is deemed to be a procedure for the purposes of section 176(4)(a) of the *Local Government Act 2009*.

This policy does not provide for salaries or other form of Councillor remuneration. Councillor remuneration is in accordance with the determination of the Local Government Remuneration Commission.

#### 6.0 POLICY STATEMENT:

##### 6.1 PAYMENT OF EXPENSES

Expenses will be paid to a Councillor through administrative processes approved by Council's Chief Executive Officer subject to the limits outlined in this policy.

##### 6.2 CONFERENCES, PROFESSIONAL DEVELOPMENT AND TRAINING

Council will meet or reimburse expenses incurred in relation to the attendance of conferences, professional development and training of Councillors that have been approved by resolution of the Council, or in accord with the criteria contained in this section.

Councillor attendance at a conference or seminar is approved where the following criteria are satisfied:

1. The Councillor has attended no more than three conferences/seminars in the current financial year; and
2. The registration cost of this conference/seminar is no more than \$2000; and
3. The seminar/conference is to be held in Queensland.

Where any of the above criteria are not satisfied, Council approval is required in order to attend.

##### 6.3 TRAVEL AS REQUIRED TO REPRESENT COUNCIL

###### 6.3.1 Travel Outside the Gladstone Regional Council Area

Council will meet or reimburse local, interstate and in special cases, 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 travel is approved by the Mayor and Chief Executive Officer.

###### 6.3.2 Travel within the Gladstone Regional Council Area

Councillors are provided with a Council vehicle for travel within the region. Where a Councillor is required to attend a meeting within the Gladstone Regional Council area and:-

- a. the meeting does not conclude before 8.30pm, or it commences prior to 7am; and
- b. the Councillor's place of residence is more than 60 kilometres from the meeting venue;

Council will meet reasonable accommodation costs for the night.

###### 6.3.3 Guidelines

The following guidelines to apply:

- Councillors are to travel via the most practical and direct route, using the most economical and efficient mode of transport.
- Council will pay for reasonable expenses incurred for overnight

accommodation. Where possible the maximum standard for Councillors' accommodation should be four-star rating however 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.

- 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.
- Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed. For example: trains, taxis, buses and ferry fares.
- In the unusual circumstance that a Councillor cannot access their Council provided vehicle or another fleet vehicle, they may claim for mileage by submitting a claim based on the rate prescribed by Directive issued by the Minister for Industrial Relations in pursuance of Section 34 (2) of the *Public Service Act 1996* for an automobile 2601cc and over (currently 75c/km).
- Council will reimburse the actual costs of meals for a Councillor (on the production of receipts) when the Councillor incurs the cost personally and the meal was not provided within the registration costs of the approved activity/event or during a flight. Council will also reimburse any actual incidental costs incurred when a Councillor is away from home overnight. The maximum daily amounts for reimbursement are identified in Table 1 below. These limits are not to be used as an accumulative total (i.e. if the full cost of a particular meal is not spent, it cannot be added to the next meal to increase the amount).

Table 1

Expense Item	Maximum Daily Limit
Breakfast	\$25
Lunch	\$27
Dinner	\$45
Incidentals (where attendee is away from home overnight)	\$17

- Generally, **no alcohol will be reimbursed by Council**, however the Mayor may exercise discretion and allow on occasions the purchase of limited alcohol where it is deemed appropriate and in the best interest of Councils' ratepayers.
- Corporate Credit Cards cannot be used to bypass compliance with the reimbursement of expenses set out in this policy. All purchases made by the use of a Council Corporate Credit Card are still subject to compliance with this policy and all related procurement policies.

#### 6.4 ENTERTAINMENT OR HOSPITALITY

It is recognised that on occasions Councillors may host people in the course of their official duties.

Council will reimburse Councillors' Entertainment or Hospitality expenses (for example: food and refreshments) for the Councillor and others where the meeting directly relates to Council business and:

- it appears appropriate and reasonable;
- can withstand the "public defensibility test"; and
- is in the best interest of Council ratepayers.

Circumstances where it may be appropriate and reasonable for expenses to be reimbursed include:

- Hosting visiting Ministers, Dignitaries and Public Representatives;
- Meeting with members of the public who wish to meet outside of

Council facilities to discuss matters relating to Council's current, past or future services and facilities;

- Hosting others during the course of travel for official Council business.

All **alcohol**, whether part of a meal or not, will be deemed personal use, and not eligible for reimbursement; however, the Mayor may exercise discretion and allow the purchase of limited alcohol where it is deemed appropriate.

Councillors must submit a claim for reimbursement as follows:

1. Complete a brief precis of the circumstances where the hospitality expenses were incurred including the following details:
  - (a) Date and time of meeting, function, event or forum;
  - (b) Attendees hosted;
  - (c) Purpose of the meeting, function, event or forum;
  - (d) Any key outcomes/actions discussed;
  - (e) How the topics discussed link to Council's Corporate or Operational Plan objectives;
  - (f) Name and Signature of the Councillor making the claim.
2. Attach a copy of the tax receipt for the expenses incurred.

Councillors must forward all claims to the Chief Executive Officer for authorisation and processing.

#### 6.5 LEGAL EXPENSES

Council will provide reimbursement of legal expenses incurred individually by a Councillor subject to the following guidelines:

- Expenses will only be reimbursed where the legal advice is related to conflicts between official duties as a Councillor and duties associated with Council resolved appointments to separate committees and boards;
- Notification is to be provided to the Chief Executive Officer of the intended external legal firm prior to engagement to ensure relevant procurement processes are met;
- Reimbursement will not be authorised where the content of the advice has been provided previously (i.e. reimbursement will only occur once for the same subject matter).

#### 6.6 PROVISION OF FACILITIES

All facilities provided to Councillors remain the property of Council and must be returned to Council when a Councillor resigns or their term expires.

#### 6.7 PROVISION OF A FULLY SERVICED VEHICLE

Council will provide each Councillor with a fully serviced mid-sized SUV (sports utility vehicle) or utility for use on Council business.

Councillors who wish to avail themselves of the opportunity for private use of the vehicle can do so, on the basis that they reimburse Council for 25% of the total running costs of the vehicle. The contribution is calculated based on the annualised whole of life owning and operating cost of the vehicle. While the actual cost will vary depending on the type of vehicle, usage patterns, fuel price and other assumptions, past comparisons have shown the cost to be in the order of \$3500 per annum.

Addendum 1 shows typical cost vehicle comparisons.

All Councillors are duly authorised officers for the purposes of motor vehicle insurance under Council's Motor Vehicle Insurance Policy, and where the Councillor has elected to avail themselves of private use, the

Councillor can nominate to the Chief Executive Officer members of the persons immediate family who will be eligible to use the vehicle in line with the private use entitlement provided to the Councillor.

## 6.8 ADMINISTRATIVE TOOLS

Administrative tools will be provided to Councillors as required to assist them in their role.

Secretariat support may also be provided for Councillors.

Council may provide Councillors with a corporate credit card on the basis that the Councillor will reimburse all expenses not covered by this policy.

## 6.9 INSURANCE COVER

Council will indemnify or insure Councillors in the event of injury sustained while discharging their civic duties.

For clarity, where there is an excess payable with respect to any insurance claim, Council will pay such excess.

## 6.10 UNIFORM

Council will supply each Councillor with one jacket and polo shirt from the Corporate Uniform range, which will be replaced on a fair wear and tear basis.

In the interests of presenting a unified corporate image, Councillors are to also have access to other corporate attire on an as required basis.

## COUNCIL MEETINGS

Section 186(c) requires Council to disclose the number of government meetings that each Councillor attended during the financial year.

Councillors	Total
Burnett, Matthew (Mayor)	19
Bush, Cindi	4
Churchill, Glenn	18
Goodluck, Kahn	21
Hansen, Rick	21
Masters, Peter	23
Muzkat, Natalia	12
O'Grady, Desley	21
Sobhanian, Poya	21
Trevor, Chris	21

## ORDERS AND RECOMMENDATIONS

Section 186(d) requires Council to disclose the number of orders and recommendations made during the financial year. Section 186(e) requires Council to particularise details of any orders or recommendations made. There were no orders made against Councillors in 2018/19.

## COUNCILLOR COMPLAINTS AND MISCONDUCT

Section 186(f) requires Council to disclose the total number of complaints received against Councillors. No complaints were received and assessed by the Chief Executive Officer from July 2018 - December 2018. Legislative changes were enacted on 3 December 2018 whereby the Office of Independent Assessor (OIA) became responsible for the assessment and investigation of Councillor complaints. Two complaints were assessed by the OIA between December 2018 - June 2019. Both complaints were dismissed by the OIA.

## ADMINISTRATIVE ACTION COMPLAINTS

Council views complaints handling processes as a valuable tool to identify avenues for continuous improvement. In 2018, Council reviewed its Complaints Management Policy and Corporate Standard to streamline all types of complaints into one process including Administrative Action Complaints (AAC).

An AAC is lodged when Council receives an expression of dissatisfaction by a person who is directly affected by an administrative action of Council or a Council employee, including a failure to take action. Staff are kept informed and updated about the Policy, corporate standard and processes through regular training, emails and reporting.

The tables below offer a snapshot of data for the number of complaints received and the basis of the complaints. In 2018/19, 87.5% of complaints were completed and resolved.

Number Of Complaints	Resolved	Not Resolved
112	98	14

Basis Of Complaint	Percentage
Unhappy with decision / outcome	53.57%
Quality of service / work delivered	9.82%
Inadequate communication	9.82%
Safety risk / concern	5.36%
Policy or procedure not followed	3.57%
Conduct of staff	12.50%
Not noted	5.36%

## RIGHT TO INFORMATION / INFORMATION PRIVACY APPLICATIONS

Council adhered to all statutory timeframes as delineated by the *Right to Information Act 2009*. In 2018/19, Council received 13 Right to Information applications and 0 Information Privacy Applications compared to 2017/18 which saw 10 and 0 number of applications respectively.

## OVERSEAS TRAVEL

Section 188 requires Council to disclose information about the overseas travel of staff or Councillors during the financial year.

Councillor	Destination	Purpose	Cost
Cr Rick Hansen	Denmark, Spain, United Kingdom & USA	International Zero Waste Tour	\$27,805.46
Mayor Matt Burnett	Philadelphia	BIO 2019 Philadelphia	\$11,014.19

Employee	Destination	Purpose	Cost
Carly Quinn - General Manager Strategy & Transformation	Philadelphia & Los Angeles	BIO 2019 Philadelphia Meeting with TerViva - Biofutures opportunities	\$10,875.69

## COMMERCIAL BUSINESS UNIT

Section 190(1)(c) requires Council to disclose information in relation to any commercial business unit for the financial year. No commercial business units were undertaken in 2018/19.

## **JOINT GOVERNMENT ACTIVITY**

Section 190(1)(d) requires Council to detail information supplied by another local government under a joint government activity agreement. Council has not undertaken any joint local government activities in 2018/19.

## **INVITATION TO CHANGE TENDERS**

Section 190(1)(e) requires Council to advise the number of invitations to change tenders under section 228(7). In 2018/19, there was one invitation to change a tender:

Tender 104-19 Condition Monitoring for Pump Stations.

## **REGISTERS**

Section 190(1)(f) requires Council to provide a list of all the registers kept by the local government.

Register of Roads  
Register of Assets  
Register of Pre-Qualified Suppliers  
Register of Cost Recovery Fees  
Register of Local Laws  
Register of Contact with lobbyists  
Register of Delegations of Authority – Council to CEO and CEO to officers and/or contractors  
Register of Financial Delegations  
Register of Interests for CEO and Senior Executive Employees  
Register of Interests for Councillors  
Register of Councillors related persons  
Register of Councillor Complaints

## **CONCESSIONS FOR RATES AND CHARGES**

Section 190(1)(g) requires Council to provide a summary of all concessions for rates and charges granted during the financial year. In 2018/19, Council granted concessions in the following categories:

Pensioner Remissions - \$793,041.02  
Water and Sewerage Concessions - \$529,399.90  
Concealed Water Leak Concessions - \$32,349.28  
General Rates Discounts - \$11,838,542.80  
Out of Policy Concessions - \$5,474.31

## **COMPETITIVE NEUTRALITY COMPLAINTS**

Section 190(1)(i) & (j) requires Council to provide a summary of investigation notices for competitive neutrality complaints during the financial year. No competitive neutrality complaints were received in 2018/19.

## LIST OF ACRONYMS AND ABBREVIATIONS

AAC	Administrative action complaint
B	Billion
CBD	Central business district
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Cr	Councillor
CQ	Central Queensland
CSR	Customer service request
EEO	Equal employment opportunity
GAWB	Gladstone Area Water Board
GCCI	Gladstone Chamber of Commerce and Industry
GECC	Gladstone Entertainment Convention Centre
GIS	Graphical information services
GLNG	Gladstone Liquefied Natural Gas
GPC	Gladstone Ports Corporation
GRAGM	Gladstone Regional Art Gallery and Museum
GRC	Gladstone Regional Council
GRP	Gross regional product
HRIS	Human resource information system
ICT	Information community technology
IIA	Institute of Internal Auditors
IPP	Internal project planning
IPWEA	Institute of Public Works Engineering Australia
IPWEAQ	Institute of Public Works Engineering Australia Queensland
LDMG	Local Disaster Management Group
LGAQ	Local Government Association of Queensland
LGIP	Local Government Infrastructure Plan
LGMA	Local Government Managers' Association
LGW	Local Government Workcare
LNG	Liquefied natural gas
LRRS	Local roads of regional significance
LTFP	Long term financial plan
LTI	Lost time injury
M	Million
MCU	Material change of use
MEAP	Major Events Advisory Panel
MOU	Memorandum of understanding
PCYC	Police Citizens Youth Club
PIP	Priority Infrastructure Plan
QES	Queensland Employment Standards
SCADA	Supervisory Control and Data Acquisition
SES	State Emergency Service
SMA	Sports Marketing Australia
SME	Small to medium sized enterprise
SWIM	State wide water information management
TEQ	Tourism and Events Queensland
WHS	Workplace health and safety
WWTP	Waste water treatment plant

## LIST OF GRAPHS AND TABLES

Population	6
Operational Plan Review	20
Operational Plan Action Items	21
Strategic Goal 1	21
Strategic Goal 2	21
Strategic Goal 3	22
Strategic Goal 4	22
Strategic Goal 5	24
Strategic Goal 6	24
Strategic Goal 7	25
Strategic Goal 8	26
Strategic Goal 9	26
Workforce distribution by classification and gender	31
Workforce distribution - age group across tenure	31
Energy consumption \$ and kW	42
Customer Service Request closeout rate	42
Employee Turnover	43
Lost time injuries LTI claims	43
Lost time injuries number of days lost	43
Government Funding	43
Capital Expenditure	43
Operational Expenditure	43
Where does Council revenue come from?	44
How are Council expenses allocated?	45
Expenditure by Business Unit	45
Financial Ratio Performance	48
Asset Sustainability Ratio	49
Net Interest Coverage Ratio	49
Debt Service Coverage	49
Operating Surplus Ratio	50
Working Capital Ratio	50
Net Financial Liabilities Ratio	50
Operating Income 2018/19	51
Operating Expenses 2018/19	51
Property, Plant and Equipment Asset Classes 2018/19	52
Liabilities 2018/19	52
Spend per \$100 of rates	53
Senior Executive Remuneration	127
Mayor's Discretionary Fund	127
Donations	128
Grants	128
MEAP Funding	128
Councillor Remuneration	129
Elected Member Expenses Reimbursement	130
Council Meetings	131
Administrative Action Complaints	131
Overseas Travel	131

## LIST OF DIAGRAMS AND FIGURES

Community Snapshot	7
By The Numbers	8
Planning Framework	18
Organisational Structure	27
Council Employees	31
Friends in Numbers	37
Community Financial Report	44
Budget Funding Snapshot	47



## GLOSSARY OF TERMS

Advocacy	The act of supporting or arguing in favour of something, such as a cause, project or initiative.
Assessment	Evaluation activities undertaken to determine level of performance.
Audit	This is a business improvement function established by Council to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Best practice	A method or procedure of accomplishing a business function process or outcome/result that is considered as being correct or most effective to all other known methods.
Budget	An estimate of costs, revenues and resources over a specific period, reflecting a reading of future financial conditions and goals for the organisation.
Chief Executive Officer	The CEO is Council's highest ranking executive.
Community engagement	The process of connecting council, citizens and communities on a wide range of policy, program and service issues. It can be formal or informal and operates on the premise that the best decisions are made if those involved in the outcomes are considered.
Community financial report	A report that is produced annually that offers commentary on Council's financial results.
Corporate Plan	A document that sets out the goals and strategies over the medium term (five years). The Corporate Plan will define how Council will meet its responsibilities to the Community and is a legislative requirement.
Culture	Defines who we are as an organisation, our ethics, our institutions, our behaviours and our routines.
Financial year	The financial year we are reporting on in this report is the period from 1 July 2018 to 30 June 2019.
Framework	A structure that shows the linkages between various processes in order to achieve an outcome.
Initiatives	Specific projects or programs undertaken to achieve objectives within a measurable time frame.
Key Performance Indicators	Quantifiable measurements that help an organisation define and measure progress towards organisational goals/outcomes.
Mission	A declaration of an organisation's core purpose.
Operational Plan	A 12-month document that sets out how to achieve the desired outcomes set out in the Corporate Plan and is a legislative requirement.
Outcomes	Determination and evaluation of the results of an activity, plan, process or program and their comparison with the intended or projected results.
Policy	A set of principles and associated guidelines formulated and enforced at the highest level, to direct and limit an organisation's actions in pursuit of long-term goals.
Service	A group of related activities contributing to a common outcome.
Vision	An aspirational statement that describes what the organisation is working towards.

## **CONTACTS**

### **Customer Contact Points**

Gladstone, 101 Goondoon Street  
Calliope, 5 Don Cameron Drive  
Miriam Vale, 36 Roe Street

### **Rural Transaction Centres**

Agnes Water, 71 Springs Road  
Mount Larcom, Raglan Street

### **Community Centres**

Agnes Water, 71 Springs Road  
Boyne Tannum, Cnr Wyndham & Hayes Avenue, Boyne Island  
Calliope, 5 Don Cameron Drive  
Miriam Vale, 36 Roe Street

### **General Information**

Phone 07 4970 0700  
Fax 07 4975 8500  
Email [info@gladstone.qld.gov.au](mailto:info@gladstone.qld.gov.au)  
Website [www.gladstone.qld.gov.au](http://www.gladstone.qld.gov.au)

### **Further Copies**

For additional copies of Gladstone Regional Council's 2018/19 Annual Report please call Council on 07 4970 0700 or visit [www.gladstone.qld.gov.au](http://www.gladstone.qld.gov.au)

### **Feedback**

Feedback on this document is welcome.

Please write to:

The Chief Executive Officer  
Gladstone Regional Council  
PO Box 29  
Gladstone DC QLD 4680

email [info@gladstone.qld.gov.au](mailto:info@gladstone.qld.gov.au)

or fill out and return the form inside back cover.

### **Acknowledgements**

Council would like to thank all those who contributed to the development of the 2018/19 Annual Report.

# Gladstone Regional Council Annual Report 2018/19 Feedback Form

## Return by mail to:

The Chief Executive Officer  
PO Box 29  
Gladstone DC QLD 4680  
Email: [info@gladstone.qld.gov.au](mailto:info@gladstone.qld.gov.au)  
Or drop it into any Council Contact Point

## My main interest in the report is as a:

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> government body (State)     | <input type="checkbox"/> member of a community group      | <input type="checkbox"/> student             |
| <input type="checkbox"/> government body (Federal)   | <input type="checkbox"/> member of a sporting group       | <input type="checkbox"/> contractor/supplier |
| <input type="checkbox"/> government body (Local)     | <input type="checkbox"/> member of an environmental group | <input type="checkbox"/> local business      |
| <input type="checkbox"/> member of a financial group | <input type="checkbox"/> developer                        | <input type="checkbox"/> business investor   |
| <input type="checkbox"/> customer                    | <input type="checkbox"/> local resident                   | <input type="checkbox"/> other               |

## Was the report structure:

- |  |                                      |   |
|--|--------------------------------------|---|
| <input type="checkbox"/> easy to follow? | <input type="checkbox"/> acceptable? | <input type="checkbox"/> difficult to follow? |
|--|--------------------------------------|---|

What did you enjoy most about the report?

Was there anything else you would have liked included in the report?

Do you have any other comments or suggested improvements for the report?







GLADSTONE  
REGIONAL COUNCIL