



**GLADSTONE**  
REGIONAL COUNCIL

## **GENERAL MEETING MINUTES**

**HELD AT THE COUNCIL CHAMBERS - CIVIC CENTRE  
101 GOONDOON STREET, GLADSTONE**

**On 2 April 2019**

**Commencing at 9.00am**

**Mark Holmes  
ACTING CHIEF EXECUTIVE OFFICER**

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**Elected Members**

Councillor G G Churchill  
Councillor R A Hansen  
Councillor P J Masters  
Councillor N Muszkat  
Councillor D V O'Grady  
Councillor P J Sobhanian  
Councillor C A Trevor - Acting Mayor

**Officers**

Mr M Holmes (Acting Chief Executive Officer)  
Ms L Hendrick (Executive Assistant)

## **G/0.3.2. APOLOGIES AND LEAVE OF ABSENCE**

### **APOLOGIES AND LEAVE OF ABSENCE**

#### **G/19 / 3702 Council Resolution:**

Moved Cr O'Grady

Seconded Cr Sobhanian

That apologies for Mayor Burnett and Cr Goodluck be received.

**CARRIED**

**G/0.3.3. MESSAGES OF CONDOLENCE**

Nil.

## **G/0.3.4. DISCLOSURE OF INTERESTS**

### **MATERIAL PERSONAL INTERESTS**

Pursuant to section 175(C) of the Local Government Act 2009, where a Councillor declares a Material Personal Interest in an agenda item, the Councillor must leave the room for the agenda item.

#### **G/3.5.1. ASSESSMENT OF SPONSORSHIP FUNDING - OUT OF ROUND**

##### **Cr Trevor**

Cr Trevor declared a Material Personal Interest in Item G/3.5.1. ASSESSMENT OF SPONSORSHIP FUNDING - OUT OF ROUND - Mount Larcom and District Show, as he is a financial sponsor of the Mount Larcom and District Show and may gain or suffer a loss in relation to this matter. Cr Trevor advised he will leave the room for this part of the consideration of Item G/3.5.1.

### **CONFLICTS OF INTEREST**

Pursuant to section 175(E) of the Local Government Act 2009, where a Councillor declares a Conflict of Interest and elects to leave the room for an agenda item, a resolution of Council is not required.

#### **G/3.5.1. ASSESSMENT OF SPONSORSHIP FUNDING - OUT OF ROUND**

##### **Cr Muszkat**

Cr Muszkat declared a perceived Conflict of Interest in Item G/3.5.1. ASSESSMENT OF SPONSORSHIP FUNDING - OUT OF ROUND - Turkey Beach Tractor Bash, as she has assisted the Turkey Beach Progress Association in the writing of the application (as a volunteer). Cr Muszkat is not a member of the association and she has not received any payments or gifts for assisting with the application.

Cr Muszkat advised that she wishes to remain in the room during the consideration of Item G/3.5.1.

##### **G/19 / 3703 Council Resolution:**

Moved Cr Masters  
Seconded Cr Sobhanian

Council has determined that Cr Muszkat has a perceived Conflict of Interest in Item G/3.5.1.

**CARRIED**

**G/19 / 3704 Council Resolution:**

Moved Cr Masters  
Seconded Cr Hansen

Council has determined that Cr Muszkat will leave the room for this part of the consideration of Item G/3.5.1.

**CARRIED**

**G/1. MAYORAL STATEMENT OF CURRENT ISSUES**

Nil.



**G/2. CONFIRMATION OF MINUTES**

**G/2.1. CONFIRMATION OF GENERAL MEETING MINUTES FOR  
19 MARCH 2019**

**File Ref:** CM7.2

**Purpose:**

Confirmation of the minutes of the General Meeting held on 19 March 2019.

**Officer's Recommendation:**

That the minutes of the General Meeting of Council held on 19 March 2019 be confirmed with a clerical error in the subsequent wording from the Minutes of Item G/3.2.1 Boyne Burnett Inland Rail Trail that the declared Material Personal Interest from Cr O'Grady on page 13 be altered to reflect this was a declared real Conflict of Interest.

**G/19 / 3705 Council Resolution:**

Moved Cr Hansen  
Seconded Cr Muszkat

That the Officer's Recommendation be adopted.

**CARRIED**

### **G/3. OFFICERS' REPORTS**

#### **G/3.1. OFFICE OF THE CEO**

##### **G/3.1.1. LEAVE OF ABSENCE FOR MARCH 2019**

**File Ref:** CM7.2

**Purpose:**

Reporting on Councillors' leave of absences proposed as at March 2019 as required under section 6.1.1 of the Council Meetings Procedures Policy (P-2018-27).

**Officer's Recommendation:**

That Council grant Cr Muszkat a leave of absence from 2 – 16 July 2019 (inclusive).

**G/19 / 3706 Council Resolution:**

Moved Cr Sobhanian  
Seconded Cr Hansen

That the Officer's Recommendation be adopted.

**CARRIED**

**G/3.2. STRATEGY AND TRANSFORMATION**

Nil.

**G/3.3. STRATEGIC ASSET PERFORMANCE**

Nil.

**G/3.4. OPERATIONS**

Nil.

## **G/3.5. COMMUNITY DEVELOPMENT AND EVENTS**

### **G/3.5.1. ASSESSMENT OF SPONSORSHIP FUNDING - OUT OF ROUND**

**File Ref:** GS3.1

**Purpose:**

The purpose of this report is to seek approval for recommendations made under Council's grant and sponsorship objectives.

**Officer's Recommendation:**

That Council fund the five (5) events below subject to conditions being met:

- 1. Turkey Beach Tractor Bash** (Turkey Beach Progress Association Inc)  
A one (1) year sponsorship agreement developed between the parties that provides for \$9,800 (ex GST) sponsorship towards the 2019 event.
- 2. Mount Larcom & District Show** (Mt Larcom and District Show Society Inc)  
A one (1) year sponsorship agreement developed between the parties that provides for \$10,000 (ex GST) sponsorship towards the 2019 event and \$5,000 towards developing and implementing a five (5) year strategic plan specifically for the Mt Larcom and District Show.
- 3. Botanic to Bridge** (Gladstone Ports Corporation)
  - a. A one (1) year sponsorship agreement developed between the parties that provides for \$15,607.27 (ex GST) sponsorship towards the 2019 event; and
  - b. Allocate this amount in Council's 2019/20 budget.
- 4. Baffle Creek Car and Bike Muster** (Baffle Creek Men's Shed Inc)  
A one (1) year sponsorship agreement developed between the parties that provides for \$2,500 (ex GST) sponsorship towards the 2019 event.
- 5. Brisbane to Gladstone Yacht Race**  
A one (1) year sponsorship agreement developed between the parties that provides for \$60,000 (ex GST) sponsorship for live streaming, promotion, and marketing of the 2019 event.

Item 1 and Item 2 of the Officer's Recommendation were separated for consideration from the remaining Items 3, 4 and 5 of the Officer's Recommendation due to a declared Material Personal Interest and a perceived Conflict of Interest, as noted below. Recommendations 3, 4 and 5 were considered by all first.

That the Officer's Recommendation be adopted.

- 3. Botanic to Bridge** (Gladstone Ports Corporation)
  - a. A one (1) year sponsorship agreement developed between the parties that provides for \$15,607.27 (ex GST) sponsorship towards the 2019 event; and
  - b. Allocate this amount in Council's 2019/20 budget.
- 4. Baffle Creek Car and Bike Muster** (Baffle Creek Men's Shed Inc)  
A one (1) year sponsorship agreement developed between the parties that provides for \$2,500 (ex GST) sponsorship towards the 2019 event.

**5. Brisbane to Gladstone Yacht Race**

A one (1) year sponsorship agreement developed between the parties that provides for \$60,000 (ex GST) sponsorship for live streaming, promotion, and marketing of the 2019 event.

**G/19 / 3707 Council Resolution:**

Moved Cr Churchill  
Seconded Cr Hansen

That the Officer's Recommendation be adopted.

**CARRIED**

**Cr Muszkat (perceived Conflict of Interest)  
left the room during part of the consideration and voting of Item G/3.5.1.**  
(refer G/0.3.4. Disclosure of Interest section of the minutes, pages 6 – 7)

**1. Turkey Beach Tractor Bash** (Turkey Beach Progress Association Inc)

A one (1) year sponsorship agreement developed between the parties that provides for \$9,800 (ex GST) sponsorship towards the 2019 event.

**G/19 / 3708 Council Resolution:**

Moved Cr O'Grady  
Seconded Cr Masters

That the Officer's Recommendation be adopted.

**CARRIED**

**Acting Mayor Trevor (declared Material Personal Interest)  
left the room during part of the consideration and voting of Item G/3.5.1**  
(refer G/0.3.4. Disclosure of Interest section of the minutes, pages 6 – 7)

Acting Mayor Trevor delegated Cr Hansen to chair the meeting for Item 2 of the Officer's Recommendation, as he left the room for consideration of this Item.

**2. Mount Larcom and District Show** (Mt Larcom and District Show Society Inc)

A one (1) year sponsorship agreement developed between the parties that provides for \$10,000 (ex GST) sponsorship towards the 2019 event and \$5,000 towards developing and implementing a five (5) year strategic plan specifically for the Mt Larcom and District Show.

**G/19 / 3709 Council Resolution:**

Moved Cr Churchill  
Seconded Cr Sobhanian

That the Officer's Recommendation be adopted.

**CARRIED**

**G/3.6. CUSTOMER EXPERIENCE**

Nil.



**G/3.7. PEOPLE CULTURE AND SAFETY**

Nil.

## **G/3.8. FINANCE GOVERNANCE AND RISK**

### **G/3.8.1. ANNUAL REPORT**

**File Ref:** CM18.1

**Purpose:**

Presenting the 2017-2018 Gladstone Regional Council Annual Report for adoption.

**Officer's Recommendation:**

That the 2017-2018 Gladstone Regional Council Annual Report be adopted in accordance with Section 182 of the *Local Government Regulation 2012*.

**G/19 / 3710 Council Resolution:**

Moved Cr Churchill  
Seconded Cr Hansen

That the 2017-2018 Gladstone Regional Council Annual Report, attached as Addendum 1 be adopted in accordance with Section 182 of the *Local Government Regulation 2012*.

**CARRIED**

The Gladstone Regional Council 2018/19 Annual Report was tabled at this meeting and attached as **Addendum 1**.

## **G/4. DEPUTATIONS**

Nil.

**G/5. COUNCILLORS REPORT**

Nil.

## **G/6. URGENT BUSINESS**

Cr O'Grady raised an urgent business item regarding the Harbour City BMX Club's Expression of Interest.

Cr O'Grady moved the following recommendation:

That Gladstone Regional Council support and appoint an officer to assist the Harbour City BMX Club to compile and submit the official "Expression of Interest" for the BMX Queensland 2020 State Championships to be held at the Harbour City BMX track in September 2020, the EOI due to be submitted on Friday 5<sup>th</sup> April 2019 by 5pm.

This recommendation was seconded by Cr Trevor before debate on the item occurred.

During debate on this item, Mr Bruce Crow, President of the Harbour City BMX Club was invited to address the meeting by the Chair.

### **G/19 / 3711 Council Resolution:**

Moved Cr O'Grady  
Seconded Cr Trevor

That Gladstone Regional Council support and allocate resources to assist the Harbour City BMX Club to compile and submit the official Expression of Interest (EOI) for the BMX Queensland 2020 State Championships to be held at the Harbour City BMX track in September 2020, the EOI due to be submitted on Friday 5 April 2019 by 5pm.

**CARRIED UNANIMOUSLY**

**The meeting adjourned for morning tea at 11.06 am  
and reconvened at 11.33 am.**

**G/7. NOTICE OF MOTION**

Nil.

## **G/8. CONFIDENTIAL ITEMS**

### **G/19 / 3712 Procedural Motion:**

Moved by Cr Hansen  
Seconded Cr Churchill

That in accordance with Section 275 (1) of the Local Government Regulation 2012, the meeting be closed to the public to discuss business relating to the following: -

- c) the local government's budget.
- e) contracts proposed to be made by it.

**CARRIED**

### **G/19 / 3713 Procedural Motion:**

Moved by Cr Masters  
Seconded Cr Sobhanian

That Council re-open the meeting to the public.

**CARRIED**

## **G/8.1. SCHNEIDER ELECTRIC SOLE SUPPLIER**

**File Ref:** PE1.1

That Council:

1. Resolves, in accordance with Section 235(a) of the Local Government Regulation 2012, that it is satisfied Schneider Electric (Australia) Pty Ltd as the original equipment manufacturer (OEM) is the only supplier reasonably available to license Council's ClearSCADA software; and
2. Authorises the Chief Executive Officer to enter into a five (5) year contract with Schneider Electric (Australia) Pty Ltd for Schneider Electric ClearSCADA software licensing.

### **G/19 / 3714 Council Resolution:**

Moved Cr Hansen  
Seconded Cr Churchill

**CARRIED**

**G/8.2. PROPOSED ENVIRONMENTAL HEALTH LICENSING FEES AND CHARGES 2019/2020**

**File Ref:** FM7.1

That Council adopt Option One of the proposed Environmental Health Licensing Fees and Charges as presented for the 2019/2020 financial year and include within the adopted schedule of fees and charges.

**G/19 / 3715 Council Resolution:**

Moved Cr Churchill  
Seconded Cr Hansen

**CARRIED**



There being no further business the Deputy Mayor formally closed the meeting.

**THE MEETING CLOSED AT 11:57 am**

**CERTIFICATION**

I hereby confirm that I have read the minutes and they are a true and correct record of the proceedings of the meeting. I certify that these 184 pages form the official copy of Gladstone Regional Council General Meeting Minutes of the 2 April 2019.

.....  
Mayor Matt Burnett

...../...../.....  
Date

**ATTACHMENTS**

**ADDENDUM 1**

# Further.

Gladstone Regional Council 2017/18 Annual Report



# Our Charter

Our charter defines who we are, what we do and guides how we work.

# Our Vision

Our vision is to be the best local government in Queensland.

# Our Mission

Our mission is to do the everyday things well, every day.

*Seventeen Seventy Beach*



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# Welcome

Welcome to the 2017/18 Annual Report of Gladstone Regional Council. This report details our performance in meeting the strategic priorities outlined in our Corporate Plan 2013-2017, our challenges, our aspirations for the future and provides an analysis of our financial performance.

The objectives of this Annual Report are to:

- Report on our performance in delivering the Corporate Plan;
- Provide financial results for the year;
- Share Council's vision, 'To be the best local government in Queensland';
- Promote to local, state, national and international stakeholders our vibrant region as a great place to live, work, play and invest;
- Recognise the significant achievements of our staff; and,
- Meet statutory requirements under the *Local Government Act 2009*.

## Annual report theme

Our 2017/18 Annual Report is centred around the theme, 'Further'.

The use of the word 'Further' is defined as meaning **“at or to a greater distance”, “at or to a more advanced point; to a greater extent” and “in addition, moreover”**. It calls upon the concepts of distance, time, progress and the notion of continuance, which can be aligned and related to our next five-year Corporate Plan. Essentially 'Further' in this respect draws parallels to the ideas of closing gaps, future-thinking and thinking further ahead; extending and furthering of diversification; smart thinking towards stretching and furthering our rate dollars; developing and furthering our people and our safety; taking a leadership role in protecting the environment and efficiently using resources. While the 2017/18 report will be reporting against the 2013-2017 Corporate Plan and the year that was, the report represents a good opportunity for some scene-setting by weaving in the essence of the strategic direction set by the new corporate and operating plans that were developed during the 2017/18 reporting period.

## Feedback

To provide feedback, for further information on any of the content or to obtain a copy of the report, please email [info@gladstone.qld.gov.au](mailto:info@gladstone.qld.gov.au) or contact Council on 07 4970 0700.

Hard copies of the report are available for viewing at all Council administration centres and venues (contact details are listed on page 153). The report can also be viewed online on Council's website, [www.gladstone.qld.gov.au](http://www.gladstone.qld.gov.au)



## Planning framework

Our planning framework ensures that strategies and financial resources are aligned to achieve Council's vision, 'To be the best local government in Queensland'. The framework includes long, medium and short term plans which set direction for what we do and what we aim to achieve as an organisation for our community.



These plans and reports can be viewed by following the 'Corporate Publications & Reports' link under the 'Your Council' tab on Council's website, [www.gladstone.qld.gov.au](http://www.gladstone.qld.gov.au)

## Stakeholders

The Annual Report is produced as a multi-purpose report to the benefit of each of our stakeholders through the provision of comprehensive, accurate reporting on our strategic, operational and financial performance.

Our stakeholders include:

- Our community, those who call the Gladstone Region home and those who visit us;
- Ratepayers;
- Community groups and organisations;
- Local service providers;
- Investors, both current and future;
- Industry and commerce; and,
- Local, State and Federal Government bodies.

## Our Annual Report

This report is essentially divided into four key sections:

1. General information
2. Discussion about Council's performance
3. Detailed financial performance (Community Financial Report and Statements)
4. Statutory information.





Millennium Esplanade,  
Tannum Sands

## Mayor & CEO's report

In September 2017 Council undertook an organisational transformation project to ensure Council was positioned to deliver sustainable and quality services, diversify its income sources, and continue to meet the expectations and values of our regional community.

The review resulted in a organisational restructure to better serve the community now and into the future.

Our organisation has been designed to ensure that we are efficient, effective and create a better environment for our people. This will ultimately improve the way we service our customers and community.

The traditional role of Councils has been to focus on the basics of roads, rates and rubbish but the role of Gladstone Regional Council has become so much more and local governments are in a unique position of being influenced by the needs of its people, businesses, industry and the greater benefits for the region.

This has led to the focus areas in Council of:

- Strategy and Transformation
- Strategic Asset Performance
- Operations
- Customer Experience
- Community Development and Events

Gladstone Regional Council 2017/18 Annual Report

- People Culture and Safety; and
- Finance Governance and Risk.

This is also how the organisation has been structured.

Gladstone Regional Council is moving with the times and can see that through the changes in service delivery it can look strategically to the future and investigate options of energy, hydrogen, biofuels and waste management strategies that will reduce our environmental footprint and diversify our income sources reducing reliance on rate income.

We can also see the many opportunities that our region can offer with Council continuing to improve spaces for our communities through our parks, libraries, gardens, community centres and entertainment facilities.

These improvements boost the local economy, encourage a healthy lifestyle, improve trade for local retailers and the local economy in general.

As the Gladstone Region economy is ever changing we will continue to look forward and find the answers to meet our region's needs, learning from our residents, working with the Federal and State

Government, continuing to review our service delivery and making headway in the areas of energy, strategy, environment and technology.

The future looks bright.

**Cr Matt Burnett**  
Mayor Gladstone Region

**Leisa Dowling**  
Chief Executive Officer





# Mayor's Memorable Moments

Reflecting on the year that was, Mayor Matt Burnett pinpointed some of the most memorable moments for the Gladstone Region from 2017/18:

- Supporting the inaugural Under The Trees Festival at Boyne Island
- Shifting 10,000m<sup>3</sup> of sand at Wild Cattle Creek for beach re-profiling
- Hosting the 121<sup>st</sup> annual Local Government Association of Queensland (LGAQ) Conference at Gladstone Entertainment Convention Centre
- Queensland Premier Anastacia Palaszczuk announced continuation of our Works for Queensland program at the LGAQ Conference
- Successfully lobbying for Gladstone's first ever NRL match to be held at Gladstone Coal Exporters' Sports Complex (Marley Brown Oval) contested by the Gold Coast Titans and Manly-Warringah Sea Eagles
- Hosting the Gold Coast 2018 Commonwealth Games Queen's Baton Relay as it travelled through Gladstone, Miriam Vale and Agnes Water
- Supported the QantasLink 70<sup>th</sup> Brisbane to Gladstone Yacht Race
- Completing the Harvey Road upgrade
- Supporting and hosting a Civic Reception for our 2018 Special Olympic participants
- Presenting the Queensland Symphony Orchestra's 'Symphony Under the Stars' free outdoor concert
- Welcoming cruise ship passengers upon arrival and supporting the growing cruise ship industry
- Launching Council's inaugural Reconciliation Action Plan.



# Our Performance

## Sustainability

is woven into the charter, be it explicitly or assumed, and most notably in the key performance indicators linked to the strategic goals of our Vision.



Agnes Water

Gladstone Regional Council 2017/18 Annual Report

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# Sustainability statement

Gladstone Regional Council is committed to operating in a sustainable way, with an equal emphasis on the present and on the future. Specifically, we recognise that it is imperative to manage our operations and provide services and opportunities to the community in a manner that meets the needs of the current generation, without compromising the ability of future generations to meet their needs.

We operate within the realms of finite financial constraints and as a local government organisation, the bounds of our financial constraints can be rigid, being driven largely by our rate-base (see page 10 for more details on financial sustainability and performance). Through our operations we seek to minimise our detrimental environmental footprint and maximise our positive contribution to the region's environment and conservation values through the efficient and effective use of resources available to the organisation.

The linkages between our approach to sustainability and our new Corporate Plan 2018-2023 can be comfortably drawn, with particular emphasis on our newly adopted charter which defines who we are and guides how we work. This is achieved through our Vision, our Mission and our Values.

Sustainability is weaved into the charter, be it explicitly or assumed, and most notably in the key performance indicators linked to the strategic goals of our Vision.

Our Values also incorporate our commitment to sustainability, particularly how we value the community. We care about each other and our environment and we recognise that community is the core of our business.



○ *Canoe Point Wetlands,  
Tannum Sands*

# Performance snapshot

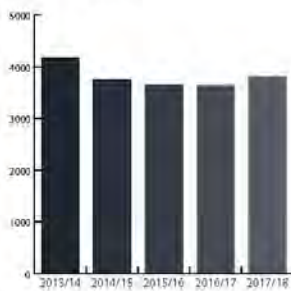
Measuring organisational sustainability is a key management tool for Council to gauge a solid foundation for our community and to ensure that Council is in a position to meet the needs of the community into the future. To that end, our performance snapshot maintains a focus on 'big picture' sustainability measures that are grouped according to what we consider to be our key sustainability theme areas as a local government organisation. These include:

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

Our performance against the detailed shorter-term operational-based measures can be found on pages 52-66.

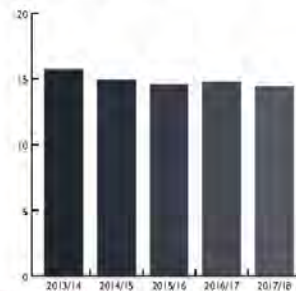
## Environmental footprint

### ENERGY CONSUMPTION \$



The total cost of Council's energy consumption has remained relatively consistent, with a slight increase in 2017/18.

### ENERGY CONSUMPTION kW



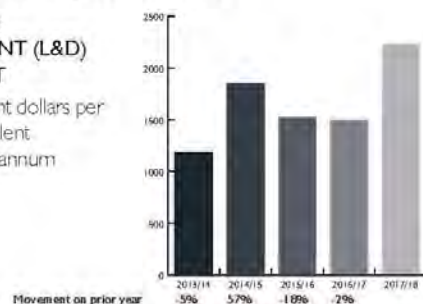
Movement on prior year

2015/16 was the first year of monitoring Council's energy consumption with an active intention to reduce the number of kilowatts used in Council operations. In 2017/18 Council continued to decrease its usage to record its lowest kW use since monitoring.

## Continuous improvement

### LEARNING & DEVELOPMENT (L&D) INVESTMENT

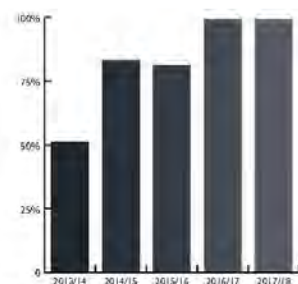
L&D investment dollars per full time equivalent employee per annum



Movement on prior year

Council views the development of our people as an important part of our business continuity. In 2017/18 Council put its learning and development program on hold during its organisational restructure, recommending investment in June 2018.

### CUSTOMER SERVICE REQUEST CLOSEOUT RATE AT YEAR END

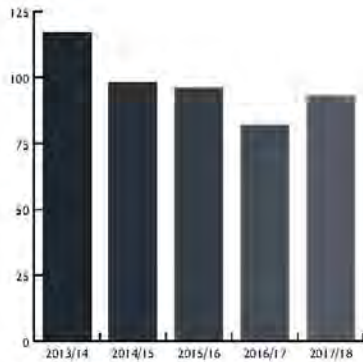


Movement on prior year

Council's Customer Service Charter specifies the timeframes in which customer service requests must be dealt with. Historically the target has been 80 per cent of requests responded to within 10 working days. The target was increased to 100 per cent to align with Council's strong focus on the customer experience.

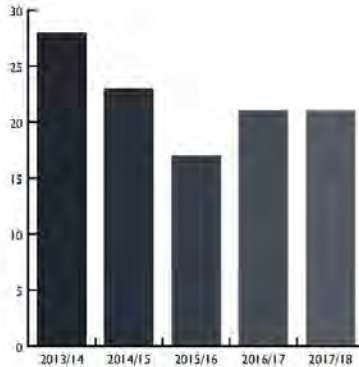
### Human resource sustainability

#### EMPLOYEE TURNOVER



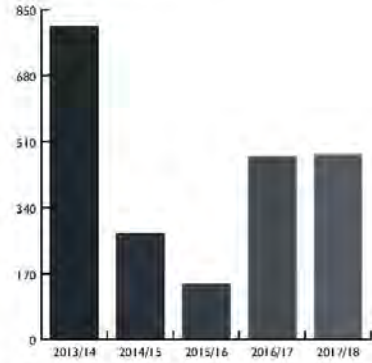
Council's employee turnover rates continue to reflect changes within the Gladstone Region, heavily influenced by industrial field movement.

#### LOST TIME INJURIES LTI CLAIMS



There was no improvement in the number of lost time injury claims in the 2017/2018 financial year. Lost time injuries indicate the severity of the injuries that occurred and show that Council needs to significantly increase the focus on health, safety and wellness to drive this trend downwards.

#### LOST TIME INJURIES Number of Days Lost

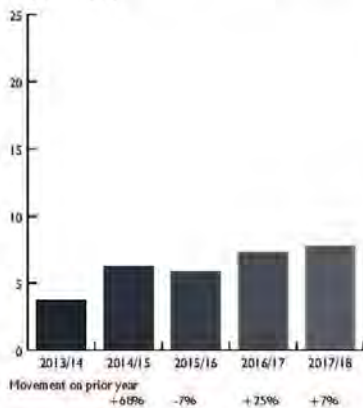


Total number of days lost for lost time injuries was similar to the previous financial year and provides an indication of the severity of the injuries that continue to occur. The average days lost per claim was 22.7 and this compares favourably with the average for all Councils in the LGW scheme (average days lost 30.1). This suggests that workers at Gladstone Regional Council are either having less severe injuries or are returning to work earlier than other Councils in the scheme.

### Financial sustainability

#### GOVERNMENT FUNDING

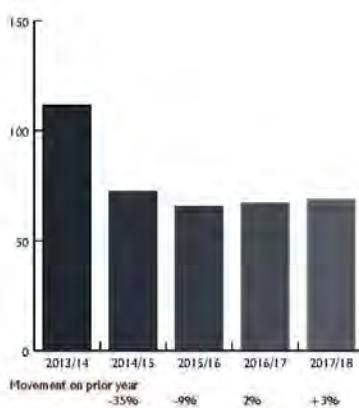
Percentage operating revenue that is grants & subsidies received from State & Federal Government



This indicator illustrates the fluctuating pressures on Council's finances that must be borne through other sources of revenue. A slight increase can be seen in 2016/17 and 2017/18, attributable to the timing of the receipt of the coming year's Federal Assistance Grants.

#### CAPITAL EXPENDITURE

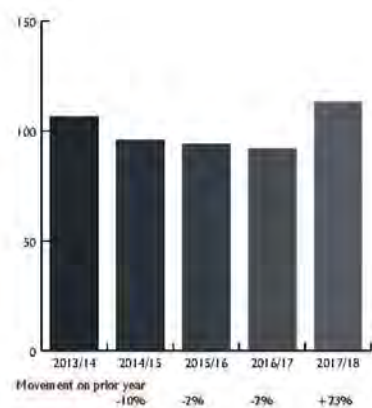
Actual capital expenditure to original capital budget



Managing Council's expenditure is a vital element to the sustainable management of our finances. Expenditure that is greater than that which was budgeted may result from a need to improve initial budgeting estimates; improve project management; or, may result from unforeseeable emergent issues that arise throughout the year. Council strives to ensure the continual improvement of budgeting processes and subsequent financial management through regular budget reports and reviews.

#### OPERATIONAL EXPENDITURE

Actual operational expenditure to original budget



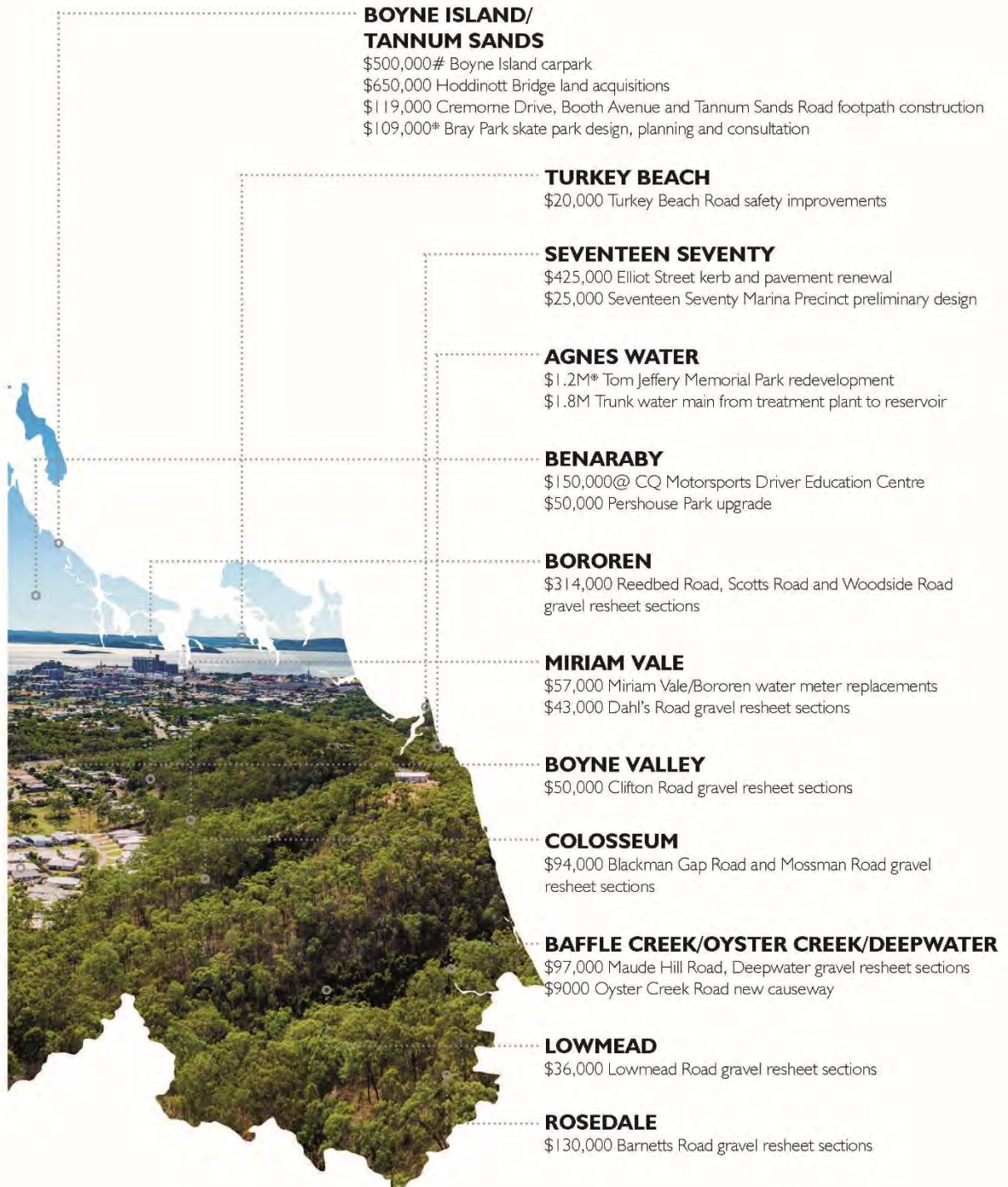
For the complete suite of our financial sustainability measures see page 140.

# Regional funding snapshot

This map of the Gladstone Region depicts a snapshot of key projects that were approved in the 2017/18 budget. It illustrates Council's region-wide approach to planning and budgeting and our commitment to improving our community.



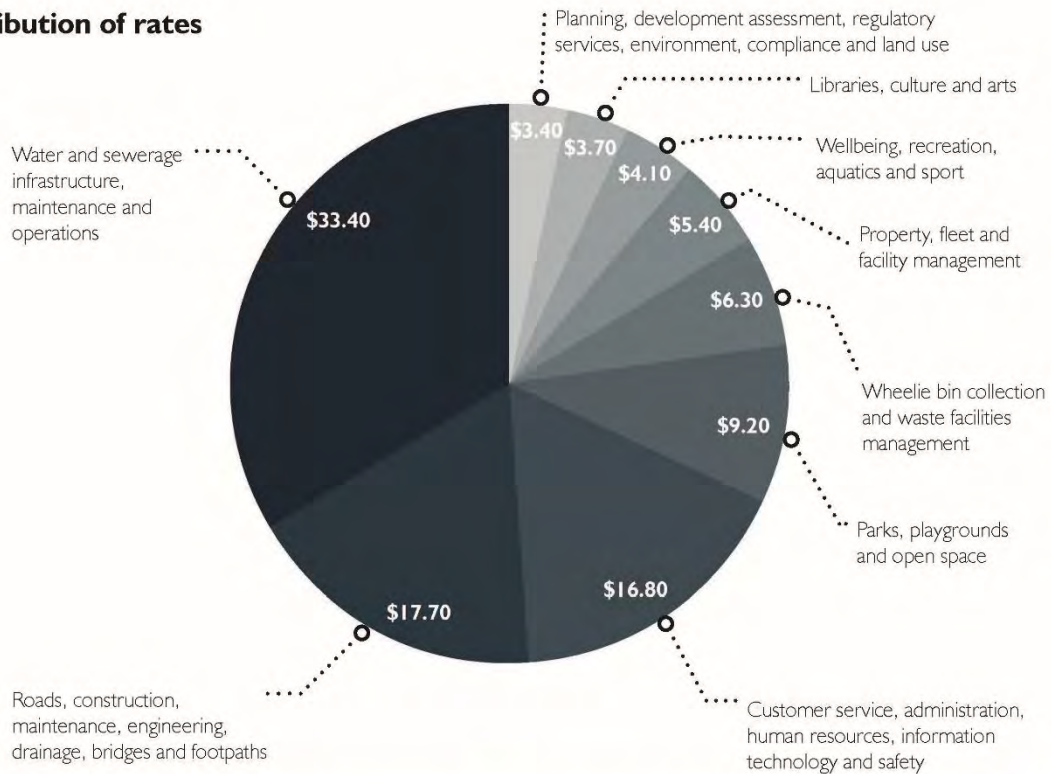
# Building Our Regions – Department of State Development  
 \* Works For Queensland – Department of Local Government, Racing and Multicultural Affairs  
 ^ Transport Infrastructure Development Scheme – Department of Transport and Main Roads  
 + Road to Recovery Funding – Department of Infrastructure, Regional Development and Cities  
 @ National Stronger Regions Funding - Department of Infrastructure and Regional Development



# Rates in action

Each year, Council embarks on a comprehensive budgeting process to meet the needs of our community and to 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 received, Council delivers a wide range of services, apportioned in 2017/18 as detailed below:

## Distribution of rates



Gladstone Regional Council 2017/18 Annual Report



# Our Philosophy

Underpinning our value for rates philosophy is the 2013-2017 Corporate Plan which supports four pillars of sustainability for Council and our region – a strong, resilient community; a prosperous, diverse economy; an environment that supports our needs and lifestyle; and rigorous Council processes.

## People

A strong community

Our vision is for the Gladstone Region to have community spirit and pride that stems from being a resilient, creative, healthy and inclusive community.

## Place

Supporting our needs, preserving our lifestyle

Our vision is that the Gladstone Region enjoys a natural and built environment that supports the needs and lifestyle of our unique communities for this generation and the next.

## Prosperity

Resilient, diverse economy

Our mission is the Gladstone Region enjoys a diverse, resilient economy that provides for sustainable, responsible growth.

## Process

Transparency, fairness, partnership, prediction

We aim to be a collaborative organisation that anticipates and meets community needs and is guided by informed decision making, transparent and fair processes and a spirit of partnership between the community and Council.



# Financial sustainability

Council's snapshot of financial ratios show two primary areas of focus to measure financial sustainability. One area looks at the sustainability of our infrastructure capital and the other, our financial capital.

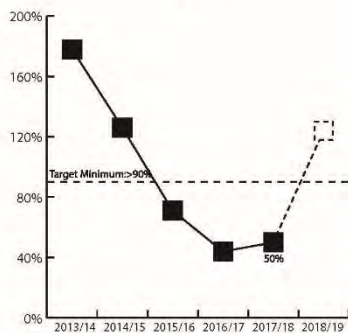
Each ratio has a target that is determined in line with best practice for local government and all are reported to the Executive Leadership Team and Councillors monthly to provide Council's decision makers with an ongoing and current snapshot of Council's financial sustainability.

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.

To view Council's complete financial performance report, see the Community Financial Report on page 68.

## 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.

### CFO COMMENTARY

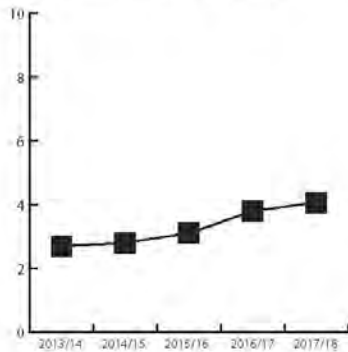
The expenditure on asset replacement is anticipated to increase in the coming years from the 2017/18 result of 50 per cent, which was historically low due to the delay in some renewal expenditure as a result of programming issues with major renewal projects. This ratio is expected

to increase significantly in 2018/19 and 2019/20 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, such as that which Council has experienced. 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.



Alf Larson Park  
Miriam Vale

**Debt Service Coverage Ratio**



**DEFINITION**

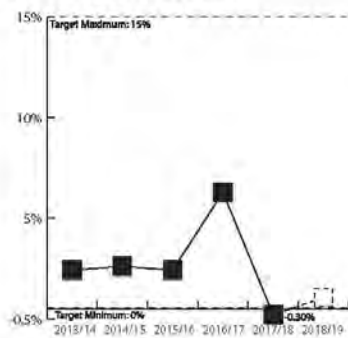
The debt service coverage ratio measures Council's ability to meet its debt servicing obligations from its operating position before depreciation and interest payments. It indicates the extent to which Council's operating resources are committed to meeting its debt obligations.

**CFO COMMENTARY**

At 4.07 times, Council is currently well above the target floor for this indicator of two times and is expected to remain in a solid position at based on 2018/19 forecasts. In 2017/18, Council was in a

position to service its debt obligations 4.07 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.

**Operating Surplus Ratio**



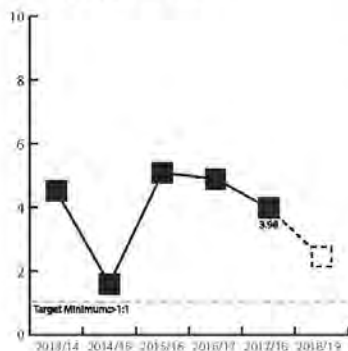
**DEFINITION**

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

**CFO COMMENTARY**

Council made an operating loss of \$0.6m in 2017/18. This result is a decrease from the previous financial year and is largely due to the cost of redundancies resulting from the organisational restructure undertaken in August 2018. It is recognised that the long term operating surplus is projected at 0.59 per cent for 2018/19 and 3.53 per cent for 2019/20.

**Working Capital Ratio**



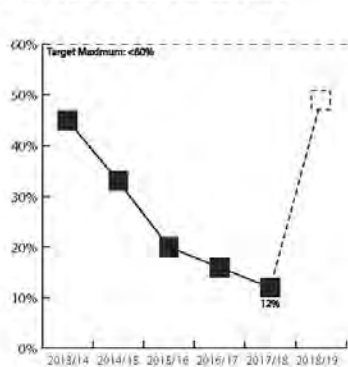
**DEFINITION**

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

**CFO COMMENTARY**

Council is positioned to continue to fund its current obligations 3.98 times over, falling slightly from the prior year result of 4.9 times, but above the target of 3 times. This position is expected to reduce to 2.44 times as part of the budget projection for 2018/19.

**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.

**CFO COMMENTARY**

A positive value of less than 60 per cent indicates that Council has the capacity to fund liabilities and appears to have the capacity to increase its loan borrowings. A positive value greater than 60 per cent indicates that Council has limited capacity to increase its loan borrowings. The 2017/18 position of 12 per cent is within target levels and reflects an ability to service further debt, if necessary. This indicator is expected to increase to 49 per cent in 2018/19 resulting from reduced forecast cash levels and reduced interest income.

# Council 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 budget - what's the difference?

Council's budget is best considered in two parts:

### The operating budget - \$177 million

The operating budget is the money required for operating and maintaining existing services and infrastructure, such as roads, water, sewerage and parks.

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

### The capital budget - \$101 million

The capital budget is the 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 capital works program.

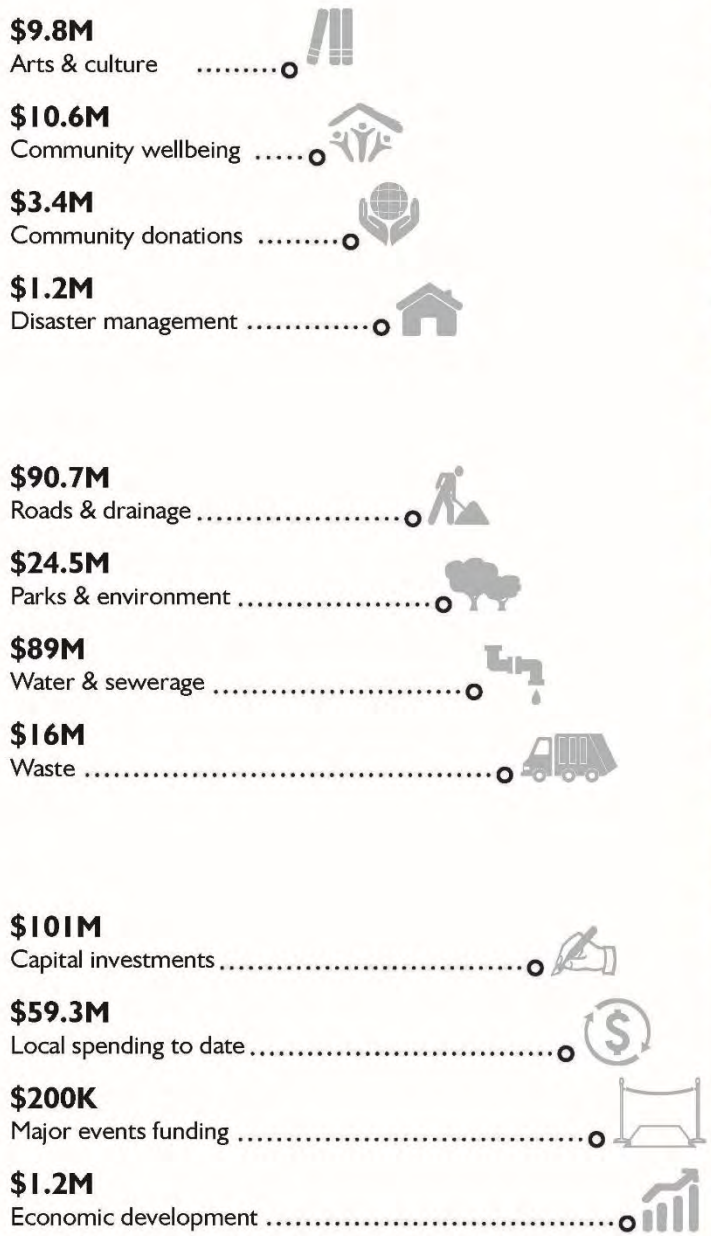
Delivery of significant infrastructure across the region is being partly funded from direct corporate contributors, headworks receipts from developers, as well as partnerships between Council and State and Federal Governments.

- Operating budget is money required for operating and maintaining existing services and infrastructure while capital budget refers to money allocated to providing new infrastructure or adding new components to existing infrastructure.

Want to learn more!

See page 69 for Council's  
Community Financial Report

# Key funding snapshot



Boardwalk, Seventeen Seventy

# Revenue and expenses

A snapshot of Council's revenue and expenses is shown below. See page 68 for our Community Financial Report, which provides more details on Council's consolidated financial performance (including controlled entity Gladstone Airport Corporation).

## Where does our revenue come from?



	2017/18	2016/17	2015/16	2014/15
1 General rates and service charges <b>\$140.3m</b>	72%	71%	78%	78%
2 Fees and charges <b>\$18.1M</b>	9%	10%	7%	8%
3 Other recurrent revenue <b>\$16.2M</b>	8%	10%	7%	5%
4 Operating grants and contributions <b>\$15.1M</b>	8%	7%	6%	6%
5 Interest <b>\$4.3M</b>	2%	2%	2%	3%

The bulk of Council's operating budget 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 works that Council undertakes on behalf of others and recovers the costs. For example, the Department of Transport and Main Roads pays Council to do 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 our expenses allocated?**



	2017/18	2016/17	2015/16	2014/15
1 Materials and services <b>\$79.62M</b>	41%	36%	39%	40%
2 Employee costs <b>\$60.22M</b>	31%	28%	28%	30%
3 Depreciation and amortisation <b>\$46.40M</b>	24%	22%	24%	22%
4 Finance costs <b>\$8.33M</b>	4%	4%	5%	5%

**Expenditure by directorate**

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 graph best represents each area in comparison to previous years.



Expenses by directorate	2017/18	2016/17	2015/16	2014/15
1 Strategy & Transformation <b>\$7.3M</b>	4%	3%	3%	1%
2 Finance Governance & Risk <b>\$11.9M</b>	6%	38%	3%	2%
3 Community Developments & Events <b>\$18.8M</b>	10%	14%	15%	17%
4 Operations <b>\$44.1M</b>	23%	33%	67%	66%
5 Customer Experience <b>\$11.3M</b>	6%	12%	12%	14%
6 Strategic Asset Performance <b>\$97.2M</b>	50%			
7 People Culture & Safety <b>\$4M</b>	2%			



## Significant events

### July 2017

- 250 trees planted around the region by Conservation Volunteers Australia (CVA) volunteers and school students as part of National Tree Day
- \$600,000 Agnes Water Waste Water Treatment Plant Inlet Works Upgrade completed in a joint initiative between Council and the Queensland Government
- Capital Works 2017/18 Information Session to inform businesses on Council's tender process and local procurement plan

### August 2017

- Thousands of Gladstone Region residents took part in more than 70 activities for Seniors Week
- Commencement of new Chief Executive Officer, Roslyn Baker
- Completion of Goondoon Street beautification project as part of the Jumpstart our City Heart Urban Renewal Strategy
- Free funding, governance and sustainability workshop, Events Bootcamp, hosted by Council's Major Events Advisory Panel
- For the first time, rates notices distributed with water access and sewerage charges split into two six-monthly bills to assist ratepayers to manage payments and meet early payment discount deadlines

Gladstone Regional Council 2017/18 Annual Report

### September 2017

- Completion of 10,000m<sup>3</sup> sand push and revegetation at Wild Cattle Creek in partnership between Council, Gladstone Engineering Alliance (GEA) and CVA
- Nine Network's TODAY show broadcast live from the historic town of Seventeen Seventy as part of its "We Love Australia" tour
- Launch of first Reconciliation Action Plan, documenting Council's commitment to reconciliation, including concrete actions

### October 2017

- Garage Sale Trail event, with 81 registered participants, up from 80 in 2016
- Creation of new volunteer group, Friends of Bonsai (see page 54 for more)
- 121\* Local Government Association of Queensland (LGAQ) State Conference hosted at Gladstone Entertainment Convention Centre, officially opened by the Honourable Paul de Jersey AC, Governor of Queensland. More than 500 delegates attended with the conference injecting an estimate \$3M into the Gladstone business community

### November 2017

- First use of drones in Council to track project progress, and inspect road conditions and Council assets during flood events and other types of disaster
- Council's General Meeting held at Ubobo as part of a series of regional meetings to honour Council's commitment to make public meetings more accessible to the whole community
- Recreation Hub opened at Golding Park, Mount Larcom with modern playgrounds, barbecues and fitness equipment in a joint initiative between Council and the Queensland Government

### December 2017

- Completion of the redeveloped Gladstone Lions Park (see page 55 for more)
- 377 entries were received from around the nation for the 42<sup>nd</sup> Rio Tinto Martin Hanson Memorial Art Awards at the Gladstone Regional Art Gallery & Museum
- Council resolved to offer extended 10-year leases to regional sporting clubs to offer clubs greater scope to work towards the future and implement strategic planning models

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**January 2018**

- Gladstone Tondoon Botanic Gardens announced in Australian Geographic magazine as one of the top 10 regional botanic gardens in Australia
- 45 new Australian citizens welcomed to the Gladstone Region in a public citizenship ceremony
- Council endorsed an Aboriginal and Torres Strait Islander Cultural Protocol Events Policy
- SUNfest 2018 youth holiday program, supported by more than 500 ticket sales

**February 2018**

- At the end of the three month toad busting season, 286 volunteers recorded a catch of 4820 toads, weighing 488.5kgs. Toads were added to the Tondoon Botanic Gardens' compost heap
- First of the new monthly initiative, Library Sideshow held as part of the program of community events
- Gladstone Region Art on Fleet enabled innovative installation of 17 artworks created by 15 local artists on Council vehicles, supported by Gladstone Region Regional Arts Development Fund

**March 2018**

- Completion of \$3.4M Stage One Harvey Road upgrade project to improve traffic flow and pedestrian safety
- The 20<sup>th</sup> Gladstone Combined School Musical, Shrek was performed at eight shows, with involvement from 15 local schools after 14 weeks of rehearsal
- World Science Festival held at Gladstone Entertainment Convention Centre

**April 2018**

- More than 5000 NRL fans attended Marley Brown Oval to spectate the region's first NRL fixture match, between Gold Coast Titans and Manly-Warringah Sea Eagles
- Civic reception held for Gladstone Gold Coast Commonwealth Games gold medallist athlete, Tia-Clair Toomey
- Special Olympics Civic reception
- 71 nominated Gladstone Region youth attended the annual Mayor's Youth Breakfast in recognition of their achievements and community contributions

**May 2018**

- Gladstone Children's Festival offered free and paid events, activities and workshops designed for children aged 12 and under and their families
- Installation of Gladstone CBD's first gross pollutant trap in Gladstone Harbour to reduce rubbish entering the harbour
- Opening of Central Queensland Driver Education Centre at Benaraby, funded through a partnership with Australian Government, Council and the Calloope and District Community Bank Branch of Bendigo Bank

**June 2018**

- Queensland's largest World Environment Day event, Ecofest attracted thousands of attendees, centred around the theme, "Turn a new leaf, love our reef"
- Online local cemeteries search functionality made available to family history enthusiasts as part of a project to develop a new cemetery management system
- Council adopted a new organisational structure to save an estimated \$14.4M over three years and better serve the community now and into the future

# Awards and recognition

## **Australasian Reporting Award**

Gold award for GRC's 2015/16 Annual Report

## **Queensland Training Awards**

Equity Vocational Education Training (VET) Student of the Year Award

Central Queensland Regional Finals

David Ostrofski, GRC Parks Labourer for successful completion of Certificate III in Parks and Gardens

## **Institute of Public Works Engineering Australasia Queensland (IPWEAQ)**

Asset Management Excellence Award

CCTV Wastewater Data Management Project Awards and recognition

## **Australian Geographic**

Gladstone Tondoon Botanic Gardens named in regional Australia's top 10

## **Parks and Leisure Australia (PLA) Regional Awards for Queensland**

Lions Park in Gladstone awarded Park of the Year and Highly Commended in the Playspace Award for project costing greater than \$500,000

## **Queensland Water Directorate**

Operator of the Year (Civil/Allrounder)

Glenn Cook, GRC Water Services Division Overseer for the pursuit of water service delivery excellence

## **Defence Reserve Support Council of Qld**

Public Sector Employer Support State Award

For supporting Council employees in the Australian Defence Force



○ Barney Point Park,  
Gladstone

## By the numbers

**27** Number of our sports reserves covering 423 hectares.

**29** Number of our environmental reserves across 36,364 hectares.

**59** Number of our open spaces covering 785 hectares.

**115** Number of new Australian Citizens sworn into the Gladstone Region.

**169** Number of our parks and reserves covering 680 hectares.

**397** Number of animals released to owners out of 1108 impounded. 100% of rehomable animals are released to RSPCA to find new homes.

**2276** Number of kilometres of Council maintained roads. Laid out end to end, travelling at an average speed of 60 kilometres per hour, it would take more than 42 hours to drive Council's road network in its entirety.

**4310** Number of job applications received by Council, representing an average of 18 applications per vacancy. A freeze on recruitment was in place from December 2017 to June 2018 until the new organisational structure was in place. Read page 49 to read more about Council's workforce.

**65,075** Number of people engaged through shows, functions and community events hosted by, or at, the Gladstone Entertainment Convention Centre.

**234,297** Number of visitors to Tondoon Botanic Gardens.

**784,771** Number of views of Council's website.

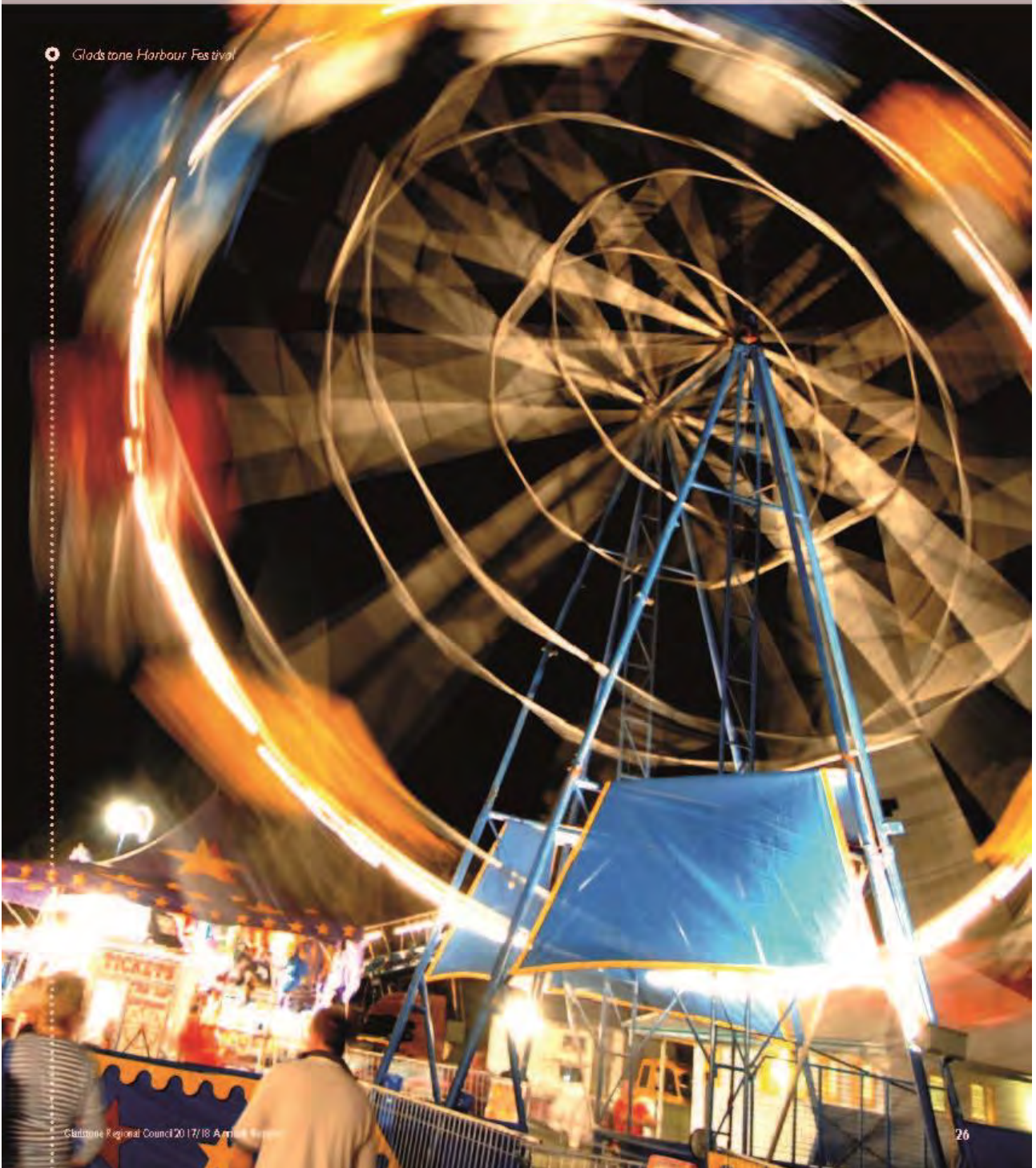
**1,306,446** Number of domestic red-top wheelie bins of 240L and 6711 domestic red-top wheelie bins of 140L collected generating 15,093 tonne of general waste, an average of 11.5kg per standard wheelie bins of 240L.

**1,307,685** domestic recycling (yellow-top) wheelie bins of 240L and 1821 domestic recycling (yellow-top) wheelie bins of 340L were collected.



# Our Region

Glads tone Harbour Festival



Glads tone Regional Council 2017/18 Annual Report

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# The Gladstone Region

From the majestic heights of Kroombit Tops in the west through to the deep coral lagoons of the Great Barrier Reef, the Gladstone Region provides the population of more than 63,000 people with an enviable lifestyle within a strong and dynamic economy.

The Gladstone Regional Council local government area is located in Central Queensland, about 550 kilometres north of Brisbane. It is bounded by the Coral Sea in the north-east and east, the Bundaberg and North Burnett Regional Council areas in the south, the Banana Shire in the west and the Rockhampton Regional Council area in the north-west.

The region is a rapidly growing residential hotspot, with significant rural, residential and industrial development. With a population of 63,052 and encompassing a total land area of 10,489 square kilometres, the region comprises national parks, state forests, pristine coastline, beaches, islands and major industry, including two of the world's largest alumina refineries, an aluminium smelter, a power station, cement and chemical manufacturers and Queensland's largest multi-commodity port, based on volume.

In addition, the Gladstone State Development Area continues to attract large industry to the region, including three Liquefied Natural Gas (LNG) plants on Curtis Island.

The Gladstone Region is as diverse as it is attractive, providing its population with an enviable lifestyle within a strong and dynamic economy. A strong retail and service sector within the modern urbanised city of Gladstone, together with major industry, tourism and primary production, provide abundant choice for workers and opportunities for business people.

Balanced with large areas of green open space, including several national parks, historical sites, bush walks, trails and marine and recreational opportunities, residents have a wide choice to explore and experience the great outdoors.

The region boasts an ideal tropical climate; with average temperatures ranging from a moderate 18-20 degrees Celsius in winter and up to 27-29 degrees Celsius in summer, it makes for the perfect holiday destination. On average it receives 967mm of rainfall annually.

Well developed infrastructure and services, including a modern and recently upgraded award-winning regional airport, continue to support the localised identity of the communities across the region.

The Gladstone Region comprises the urban centres of Gladstone, Calliope, Boyne Island/Tannum Sands plus the small towns of Agnes Water, Ambrose, Baffle Creek, Benaraby, Bororen, Bullyan,

Lowmead, Miriam Vale, Mount Larcom, Many Peaks, Nagoorin, Raglan, Rosedale, Seventeen Seventy, Targinnie, Turkey Beach, Ubobo and Yarwun. Many small localities also exist in between.

The region is the gateway to the majestic Southern Great Barrier Reef, with access points for the iconic Heron and Wilson Islands. Day trips also depart from the Seventeen Seventy marina, allowing residents and visitors to visit some of the best parts of the Great Barrier Reef.

The beach at Agnes Water is enticing for surfers, as it is the most northern surf beach on the east coast of Australia. One of Australia's premier freshwater fishing locations, Lake Awoonga, is also located within the region. Famous for its elusive barramundi, Lake Awoonga's world-class barramundi fishing draws many fishing enthusiasts to the region.

Like many other local government areas in Queensland, a challenge ahead will be to maintain the standard of our current environment whilst balancing lifestyle and opportunity.



# Community snapshot

## People

The Gladstone Region's people were represented by 48.7 per cent female, 51.3 per cent male and comprised of 16,125 families at the time of the 2016 Census. This equates to 1.9 children per family.

## Cultural diversity

The 2016 Census revealed 77.5 per cent of the region's population were born in Australia, compared to the state-wide rate of 71.1 per cent.

The most common countries of birth outside of Australia were:

New Zealand	2316
South Africa	720
England	1456
India	472
Philippines	880

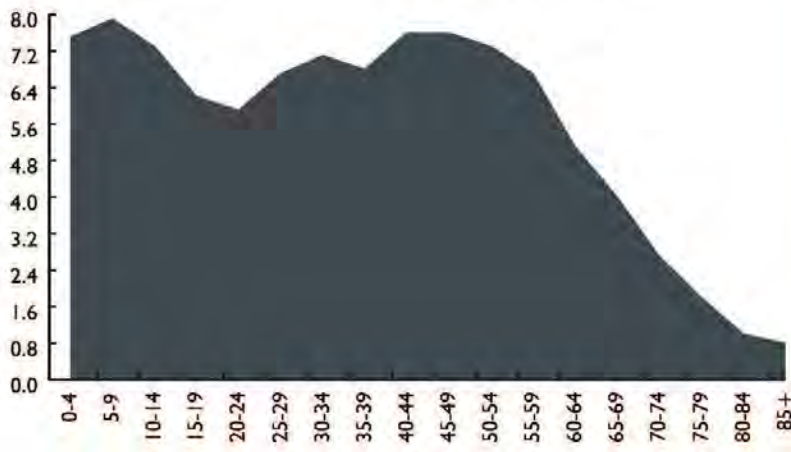
## Population

The estimated residential population for the Gladstone Region in 2017 was 63,052 per ABS estimated regional population. This represents an increase of 36 per cent from 2006. The population density of the Gladstone Region is 0.06 persons per hectare. For comparison, Brisbane has a population density of 1.52 persons per hectare.

According to the Queensland Government Statistician's Office, the non-resident population is projected to fall by 92 per cent by 2022 (460 people compared to 5430 people in 2015).

## POPULATION (AGE)

The median age is 35.3 years, compared to 37.2 years Australia-wide.



Gladstone Regional Council 2017/18 Annual Report

The Gladstone Region has a population of 63,052 and spans a total land area of 10,489.1 square kilometres.

**Dwellings**

According to the 2016 Census, the Gladstone Region is home to 28,989 private dwellings with an average household size of 2.6 people.

**Volunteering**

One fifth (20.3 per cent) of the region's residents aged 15 years and over identified as having been volunteers in the region, compared to the state-wide response of 18.8 per cent (2016 Census results).

**Education and employment**

At the time of the 2016 Census, 30 per cent of people residing in the Gladstone Region were attending an educational institution. Of these, 33 per cent were in primary school, 23 per cent were in secondary school and 12 per cent in a tertiary or technical institution.

Per the 2016 Census, the top five reported occupations of a labour force on 30,442 (up from 29,617 in 2011) were:

Technicians and trades	21.4%
Machinery operators and drivers	12.4%
Professionals	13.6%
Clerical and administrative	10.8%
Labourers	12.9%
Managers	9.5%

The unemployment rate in 2016 was 11.1 per cent, up from 4.5 per cent in 2011.



Alf Larson Park,  
Miriam Vale

# Councillors

The Gladstone Region is served by nine elected representatives who represent the entire region, without divisions. They are responsible for the stewardship and democratic governance of the organisation. Councillors were elected for a four-year term following an election on 19 March 2016.



L-R Cr Desley O'Grady, Cr Glenn Churchill,  
Cr Peter Masters, Cr Matt Burnett,  
Cr Kahn Goodluck, Cr PJ Sobhanian,  
Cr Cadi Bush, Cr Chris Trevor and Cr Rick Hansen



# Councillor profiles



**Cr Matt Burnett, Mayor**

**First elected** 2000, Mayor 2016 - present

**Email** [mayor@gladstone.qld.gov.au](mailto:mayor@gladstone.qld.gov.au)

**Committee Membership**

Central Queensland Region of Councils

Gladstone Foundation Board

Local Disaster Management Group (Chair)

Local Government Association of Queensland CQ Division 6

Gladstone Region Mayor Matt Burnett is a born and bred resident and his family's connection with the region extends to five generations. He is a former small business operator and qualified journalist, having started his own newspaper, The Port Curtis Post, at the age of 19. He has since served in Local Government since 2000, including five years as Deputy Mayor prior to his election as Mayor. During his time in Local Government, Cr Burnett served as Chairman of Technical Services with Gladstone City Council and as portfolio representative in both Infrastructure

and Technical Services with Gladstone Regional Council after amalgamation in 2008. Cr Burnett has always had the best interests of the community at heart and, as Mayor, he draws upon the experience he has gathered over his years in Council to ensure those interests remain a key consideration even as the region continues to grow and develop. Cr Burnett brings an inclusive style of leadership to Council, making sure the thoughts and views of his fellow Councillors, Council officers, business and industry leaders, community groups and organisations, and members

of the community are all heard and taken into consideration. Cr Burnett has learnt much from the three Mayors who he has worked with since being elected to Council and will look to put what he has learned to good use during his tenure as Mayor, in order to provide the strong leadership needed to enable the Gladstone Region to shine at its best. Cr Burnett also represents Central Queensland on the Local Government Association of Queensland Policy Executive and is an alternate Board member of the Australian Local Government Association.



Mount Larcom  
Tennis Courts

**Cr Chris Trevor, Deputy Mayor**

First elected 2016

Email [chris.trevor@gladstone.qld.gov.au](mailto:chris.trevor@gladstone.qld.gov.au)

**Committee Membership**

Capricorn Pest Management Group  
Gladstone and District Sports Foundation Trust  
GRC SES Management Group (Chair)  
GRC Rural Fire Finance Committee (Chair)  
Local Disaster Management Group (Deputy Chair)



Councillor Chris Trevor has lived in the Gladstone Region for over 50 years and grew up in Auckland Street, South Gladstone. He went to Central State School and completed his high school education at Gladstone State High School. He completed his law degree externally through Queensland Institute of Technology while articled to solicitors, Tony Goodwin and John Kenny. Cr Trevor has worked in the Gladstone Region for 38 years as a solicitor, as a Gladstone City Councillor and Federal Member of Parliament. Public service is an extension of what Cr Trevor has been doing his whole life – helping people – and he is determined to use his position in public office to continue that pursuit.

**Cr Cindi Bush**

First elected 2016

Email [cindi.bush@gladstone.qld.gov.au](mailto:cindi.bush@gladstone.qld.gov.au)

**Committee Membership**

Capricorn Pest Management Group  
Gladstone Region Community Development Committee  
Major Events and Advisory Panel (Chair)  
Regional Arts Development Fund Committee



Councillor Cindi Bush has lived in the Gladstone Region since the late 60s, apart from a few years away for travel and study. She has been involved in the community as a volunteer, board member or founding member for many not-for-profit groups. Cr Bush is the Vice Chair of the Women's Health Centre, founding member of the Creative Recycling Centre, Director of Community Services with Gladstone Midday Rotary and a member of the Gladstone Medical Bus working party. Her professional training is in healthcare, however Cr Bush has worked in the building industry, creative industries and as a company director and was a highly successful political lobbyist. In the past, she has established the first palliative care ward at the hospital, produced a ballet concert that featured local, national and international stars and self-funded a needle stick action campaign that resulted in \$26M from the Federal Government for research, development and implementation of retractable needles.

**Cr Glenn Churchill**

First elected 2016

Email [glenn.churchill@gladstone.qld.gov.au](mailto:glenn.churchill@gladstone.qld.gov.au)

**Committee Membership**

Gladstone PCYC Management Committee



Councillor Glenn Churchill has been a resident of the greater Gladstone Region and Central Queensland for 25 years. Cr Churchill is the current Chairman of the Gladstone PCYC Management Committee and recently spent seven years advocating for the region as CEO of GAPDL. Prior to this he served 11 years as both Councillor and Mayor at Banana Shire Council and worked as a Queensland Police Officer for 26 years. Cr Churchill will continue to be a strong advocate for the Gladstone Region, ensuring and enhancing the well being, spirit and balanced lifestyle of its residents. Contracts and tenders, local and rural roads, flood proofing, aged care facilities, families, youths and support for small and medium businesses are his key areas of interest.

**Cr Kahn Goodluck**

First elected 2016

Email [kahn.goodluck@gladstone.qld.gov.au](mailto:kahn.goodluck@gladstone.qld.gov.au)

**Committee Membership**

Gladstone Region Community Development Committee (Chair)



Councillor Kahn Goodluck has been living in Boyne/Tannum for almost seven years and has lived in Queensland his whole life. Cr Goodluck grew up in Kilkivan and later moved to the Gold Coast, the city in which he was born. Having lived in both a city and a country town, he believes the Gladstone Region is the perfect combination of both. It offers the services of a city with the benefits of a country lifestyle like a safe community and the great outdoors. He has been heavily involved in the community as Coordinator of the Australian Manufacturing Workers' Union's Community Hub. Cr Goodluck is motivated to engage with working people and make sure everyone in the community gets a fair go.

**Cr Rick Hansen**

First elected 2006

Email [rick.hansen@gladstone.qld.gov.au](mailto:rick.hansen@gladstone.qld.gov.au)

**Committee Membership**

Business Improvement Committee  
Education Qld Industry Partnership Board of Management  
Traffic and Advisory Committee



Councillor Rick Hansen moved to Gladstone 39 years ago, relocating from Maryborough for work. Cr Hansen is proud of the region with its blend of industry, opportunity and environmental commitment. Cr Hansen has been involved in the community extensively, worked in major industry for 19 years and owned and managed a small business for 20 years. He has represented the community in Council since being first elected in 2006. Cr Hansen has held the Engineering Services and Corporate and Governance portfolios and is a member of Council's Business Improvement Committee as well as many other committees. He is the President of the Gladstone Chamber of Commerce and Industry, President of the Port Curtis Day Respite (Aged Care), life member of Gladstone Basketball and has been involved in Rugby League.

**Cr Peter Masters**

First elected 2016

Email [peter.masters@gladstone.qld.gov.au](mailto:peter.masters@gladstone.qld.gov.au)

**Committee Membership**

Capricorn Pest Management Group  
Traffic and Advisory Committee



Councillor Peter Masters has been a Gladstone Region resident since 1974. Cr Masters places great value on family and on the importance of community. He has always been actively involved in the community through association in various sporting groups and organisations. Cr Masters worked for Calliope Shire Council in various departments, predominantly in finance and procurement working with contracts and tenders. He has Workplace Health and Safety qualifications extending to training and assessment, rehabilitation and return to work credentials. During his term as Councillor he will respect the wants and needs of the Gladstone Region people and strive to ensure a sense of pride returns to the community.

**Cr Desley O'Grady**

First elected 2016

Email [desley.ograde@gladstone.qld.gov.au](mailto:desley.ograde@gladstone.qld.gov.au)

**Committee Membership**

Gladstone Area Promotion and Development Ltd  
Gladstone Healthy Harbour Partnership  
Gladstone Local Marine Advisory Committee  
Gladstone Regional Environmental Advisory Network (Chair)



Councillor Desley O'Grady has lived in the Gladstone Region for more than 25 years. She has worked, run successful businesses and been heavily involved in the communities of Seventeen Seventy, Calliope and Gladstone. Cr O'Grady has a passion to assist in the ventures of community organisations and is a financial member of many community organisations. Cr O'Grady was part of the Calliope Rodeo Association team that raised \$80,000 for the Boyne Valley community through the 2013 Bulls and Bands Flood Appeal. She was a committee member for the Gladstone Region 20 year Vision panel. Cr O'Grady is dedicated to participating in the continued growth of the Gladstone Region.

**Cr PJ Sobhanian**

First elected 2015

Email [pj.sobhanian@gladstone.qld.gov.au](mailto:pj.sobhanian@gladstone.qld.gov.au)

**Committee Membership**

Business Improvement Committee  
Gladstone Area Water Board  
Major Events and Advisory Panel  
Safe Night Gladstone CBD Precinct Inc.



Councillor PJ Sobhanian's love of the Gladstone Region environment is one of the reasons he moved to Gladstone to help reduce the public dental waiting list at the Gladstone Hospital. After serving at the hospital, he moved to private practice in 2011. Cr Sobhanian is motivated by providing leadership that is driven by community service and creating and maintaining respectful community partnerships. He has served as a Gladstone Region Councillor from 2015 including the representation of the Rural Services Portfolio and service on the Business Improvement Committee. Cr Sobhanian has extensive knowledge and experience gained from serving on various government, non-government and community committees and boards including for the Australian Dental Association and University of Queensland, and on the Capricorn Pest Management Group and Gladstone Safe Night Precinct Committee. He has also served as Director of Community Services for the Rotary Club of South Gladstone.

# Our Governance

Gladstone Regional Council  
Civic Centre

## What is good governance?

Good governance in local government involves the effective management and coordination of a multitude of responsibilities, in the best interest of our community, not only now, but into the future.

We believe that good governance is achieved when there exists a synergy within the operations, activities, structures and employees of our organisation. This is attained through operating in accordance with the domains of transparency; accountability; legal compliance; and respect for our community, our employees and all relevant stakeholders.

Effective leadership is key to inspiring good governance. Not only does this include establishing the relevant systems and processes to ensure that the organisational backbone for good governance is firmly in place, it extends to instilling an organisational culture that embraces and executes the concepts of good governance as part of our everyday approach to how we do business.

# Accountability

## INTERNAL AUDIT

### Business Improvement Committee Report

#### Background

Gladstone Regional Council's Business Improvement Committee provides an independent forum where representatives of Council, independent members and management work together to fulfil specific governance responsibilities that contribute to compliance responsibilities and improved performance of the organisation.

The Business Improvement Committee was established in accordance with Section 157 of the *Local Government Regulation 2012* and Section 105 of the *Local Government Act 2009* and operates within the scope of Council's Business Improvement Policies.

The Business Improvement Committee has a key role in assisting Council to fulfil its governance and oversight responsibilities in relation to a number of areas including, financial reporting, legal and regulatory compliance, internal control systems, risk management and audit functions.

The Committee meets quarterly and this report covers the activities of the Committee for the 2017/18 financial year.

#### Membership

The Committee is bound by legislation to consist of at least three, but no more than six members, one of whom is a designated financial expert. One, but no more than two, of whom shall be Elected Representatives of Gladstone Regional Council.

The Committee currently has five members.

They are:

- Ross Cook, External Member, Chairperson;
- Carolyn Eagle, External Member, Committee's designated Financial Expert;
- Kerry Phillips, External Member, Financial Expert to replace Carolyn Eagle from 2019;
- Cr Rick Hansen, Councillor; and
- Cr Poya John (PJ) Sobhanian, Councillor.

Each member of the Business Improvement Committee brings specific skill sets and experience to their role and actively contributes to Committee business.

In early 2018, Council appointed Kerry Phillips as an external representative to the Committee in anticipation of Carolyn Eagle completing her tenure at the end of 2018. Kerry's appointment followed an expressions of interest process to recruit a Member with financial expertise and Kerry comes to the Committee with considerable financial experience in both the public and private sector. The Committee extends the warmest welcome to Kerry in this role.

In late 2017, Council also appointed Cr Kahn Goodluck as proxy delegate to the Committee to fill any absences of the two nominated Councillor representatives on the Committee. The Committee welcomes the appointment and is looking forward to working with Cr Goodluck in this capacity.

Council personnel including the Chief Executive Officer, General Manager Finance Governance and Risk, Senior Internal Auditor and other select officers attend the Business Improvement

Committee Meetings as observers to provide relevant information pertaining to the Committee's Terms of Reference. Council's External Auditors are also invited to attend each meeting in person or by teleconference. This financial year, the Committee has again welcomed the participation of the Queensland Audit Office who have been observers at the Committee's meetings.

The Committee was delighted to welcome broader Councillor and Officer attendance at meetings during the year with a number of Councillors and staff members attending as observers. The Committee will continue to find ways to engage with Council about its needs and to investigate opportunities to improve.

The Committee continues to meet privately with internal and external auditors at each meeting to allow discussion on any significant issues or areas of interest within the scope of the Committee's or Auditor's areas of responsibility.

#### Summary of Committee Activities

The Business Improvement Committee maintains an active monitoring and oversight role over the following and provides direction to management where appropriate and as requested.

#### Financial Statement Preparation and Disclosure Compliance

The Committee reviewed the draft 2017 statutory financial statements, making appropriate enquiries of management to satisfy itself that the Committee's duties under the *Local Government Act 2009* and the *Local Government Regulation 2012* had been complied with.

Council achieved the deadline of 31 October, 2017 for the compilation, approval and presentation of the statutory financial statements to the external auditor.



ROSS COOK  
External Member  
Chairperson



CAROLYN EAGLE  
External Member  
Designated Financial Expert



CR RICK HANSEN  
Councillor



CR PJ SOBHANIAN  
Councillor



KERRY PHILLIPS  
External Member

Council received an unmodified audit opinion on its statutory financial statements from the Queensland Audit Office. This signifies that the contents of the financial statements represented a materially true and fair view of Council's financial position as at 30 June 2017. An unmodified audit opinion is the best outcome achievable for an audit of financial statements.

**External Audit**

The Queensland Audit Office's appointed external auditors, William Buck continued in the external audit role during 2017/18.

The Committee met, and convened teleconferences, with Council's external auditors as part of its quarterly meeting agenda. General matters of interest and Audit's findings from the work they conducted to gain assurance over the accuracy of the financial statements for the year ended 30 June 2017 were discussed.

The Committee monitored the implementation of external audit recommendations as part of its quarterly agenda reports.

**Internal Audit**

Internal Audit reports to both the Chief Executive Officer (via Manager People and Performance/General Manager Finance Governance and Risk) and the Business Improvement Committee. The current reporting arrangement has continued to work well during 2017/18 and has not led to any impairment of Internal Audit independence or objectivity. The Business Improvement Committee continues to monitor the independence and objectivity of Internal Audit.

The planned Audit Program for 2017/18 was as follows:

Year 2017/18 Specific Audit Activity	Type of Audit	Duration (weeks)	Department
Adherence to project plans focussing on the areas of project completion on time, and within budget.	Compliance	1	Engineering
Sample – confirm mandatory requirements of position descriptions are complied with by the appointed officer to that position.	Compliance	1	Office of the CEO
Sample – new and amended legislation, regulations, and Council related by-laws and directives are operational across the applicable areas of Council.	Compliance	1	Office of the CEO
Review implementation on new asset management system and internal controls.	Compliance	8	Engineering
Review the "strategies" adopted, identifying the strategies that have been adopted, reviewing compliance with the adopted strategy, the business case for the strategy and the legislative compliance of the strategies. (e.g. Pest management strategy).	Compliance	5	Planning and Environment
Essential services Business Continuity Planning (water, waste, roads) readiness, recovery and/or compliance with Disaster Act Requirements. Review ICT BCP Processes.	Compliance	5	Engineering/ Corporate and Community Services
Accounts Receivable processes (debtors).	Compliance	4	Chief Financial Officer
Depot management practices.	Compliance	4	Corporate and Community Services
Review reporting and conformance to Statement of Corporate Intent for Gladstone Airport Corporation.	Compliance	4	Corporate and Community Services
Review of previous Internal Audit Recommendation implementation.	Compliance	1	People and Performance
Unplanned audit activities		1	People and Performance
<b>Total</b>		<b>35 weeks</b>	

The Business Improvement Committee has a key role in assisting Council to fulfil its governance and oversight responsibilities in relation to a number of areas including, financial reporting, legal and regulatory compliance, internal control systems, risk management and audit functions.

Members raised concerns at the March 2018 meeting regarding the lack of progress with the 2017/18 Internal Audit Program and questioned if there is sufficient resourcing being made available to the internal audit function.

The Committee was satisfied with advice that the 2017/18 year has been unusual in terms of the need to redeploy the internal audit resource to backfill some other key positions in the People and Performance Unit and then to the Organisation Redesign Project. Members were prepared to accept that it has been an extraordinary set of circumstances in the current financial year but suggests that Council may wish to carefully consider its redeployment and/or contract options in respect to internal audit in future years so that the full audit program can be delivered.

The quality of the internal audits continue to be of a high standard, yielding benefits to the organisation through the implementation of controls in response to identified weaknesses and the implementation of business improvement opportunities.

Council seconded a temporary replacement for the Senior Internal Auditor in late 2017 and adopted a revised audit program for the first half of 2018 as follows:

Year 2017/18 Specific Audit Activity	Type of Audit	Duration (weeks)	GM Group
Adherence to project plans focussing on the areas of project completion on time, and within budget.	Compliance	1	Operations
Sample – confirm mandatory requirements of position descriptions are complied with by the appointed officer to that position.	Compliance	1	People, Culture & Safety
Review the “strategies” adopted, identifying the strategies that have been adopted, reviewing compliance with the adopted strategy, the business case for the strategy and the legislative compliance of the strategies. (e.g. Pest management strategy).	Compliance	5	Customer Experience/ Strategy & Transformation
Review of Tendering Process – Bio Solids	Compliance	1.5	Operations/ Strategic Asset Performance
Review of GRC’s investigation process	Compliance	2.5	Customer Experience
Depot management practices	Compliance	4	Operations
Review of previous Internal Audit Recommendation implementation:		1	
Review of Fuel Audit Recommendations	Compliance	1	Operations/ Finance Governance & Risk
Unplanned audit activities.		1	
<b>Total</b>		<b>18 weeks</b>	



The Committee continues to monitor the implementation of internal audit recommendations on a quarterly basis and has focussed its attention on those audit issues that remain outstanding past accepted due dates and those that have longer due dates for completion. On balance, the Committee is satisfied with management's attention to the implementation of audit recommendations.

**Risk Management**

Whilst it is Management's responsibility to actively manage the organisation's risks, the Business Improvement Committee provides the additional oversight in this area to challenge the reasonableness of management's assumptions.

The reporting system for organisational risks has been further improved during the 2017/18 financial year with the quarterly progress reports to the Committee now only containing the high level oversights on strategic and fraud risks in line with Council's directives.

Whilst risk management continues to mature within the organisation the Committee encourages Council to continue to develop in this area. The organisation has recognised that the next step in the risk management journey is to improve its risk management culture ensuring that there is organisation-wide acceptance that risk management is everyone's responsibility and it is considered and integrated into everyday operations. It will be a challenge for the organisation over the coming period to achieve that cultural shift.

Council may also wish to consider how audit can be further aligned with risk management. One indicator of a mature risk management system is its integration with audit so that the organisation has a more 'assurance' based risk management system through a program of regular testing by audit, of risk control measures.

**Business Improvement Committee Self-Assessment / Councillor Survey**

The Business Improvement Committee Charter requires that members assess the Committee's performance in meeting its objectives.

This year the Committee resolved to change the self-assessment survey and Councillor survey period out to two yearly reviews given that past survey results from 2011, 2013, 2014, 2015 and 2016 have been very consistent with positive results.

The next self-assessment and Councillor surveys will be conducted in the second half of 2018.

The Committee did conduct an assessment of its work plan and activities against its responsibilities as defined in Council's policy. Members considered that the work plan is meeting all delegated responsibilities under the policy.

**Legal, Legislative and Confidential Matters**

The Business Improvement Committee sought and received at each meeting, a briefing from the Chief Executive Officer on significant matters facing Council at that time and the actions taken by management in response.

The Executive Management Team has been asked to provide the Business Improvement Committee with formal representations to certify their Directorate's compliance with relevant legislative requirements and Council's policies. Each member of the Executive Management Team provided the Business Improvement Committee with the appropriate attestations covering the financial years end 30 June 2013, 2014, 2015, 2016 and 2017.

**Business Improvement Committee Policies**

Council did not review its Business Improvement Policies this financial year therefore the Committee continued to operate under the existing direction.

**Asset Management**

The Committee continued to focus increased attention on asset management this financial year through quarterly reports.

Council's transition to its new Asset Management software in the 2015/16 financial year identified issues and challenges associated with obtaining accurate valuation data for the purposes of financial reporting. The Committee is of the view that there is still considerable work to be done in this area.

This financial year some issues have been identified with some road asset values as reported in the March 2018 Asset Management Valuation Methodology Report to the Committee and which will be corrected through revaluation in the 2017/18 financial statements.

The Committee was pleased to note the Chief Executive Officer's advice that the development of effective asset management practices is one of the highest priorities of the organisation in the short term and it will be resourced accordingly. The goal being to not only achieve compliance with the Asset Management International Standard, but to also ensure the development of a system that efficiently and effectively informs Council's decision-making.

It is positive that the organisation has recognised that there are issues that need to be addressed and it is prepared to make the changes required to facilitate improvements. The Committee is pleased to see the new direction and approach being taken.

Members would again like to acknowledge and extend their appreciation to the staff involved in asset management who remain strongly committed to ongoing improvements and best practice.

**Procurement and Contracting Practices**

The Committee requested quarterly reports on procurement and contracting practices during the financial year as the organisation implements a more rigorous framework around its procurement activities to ensure compliance with the *Local Government Act 2009* and *Local Government Regulation 2012*. It is pleasing to see continued improvement and the Committee looks forward to monitoring further progress in this area.

**Organisation Redesign**

The Committee has been briefed on the organisation's proposed restructure which will be finalised by the end of the current financial year. The Committee has noted that the primary driver for the restructure is to develop a more sustainable operating model for the organisation that focuses its resources towards sustainable management of its considerable infrastructure base and in ensuring the long-term financial sustainability of the organisation for current and future residents.

It is acknowledged that there is an element of risk in restructuring any organisation and members will be interested in learning more about the operating model options considered and the final adopted structure.



**Compliance Management**

The Committee remains concerned that Council does not have a fully effective 'Compliance Management System' by which the Council and Officers can be totally confident that all necessary requirements applicable to relevant legislation, local laws, policies, corporate standards, directives, and conditions are reviewed, understood and communicated. The Committee understands and appreciates that there are some formal and informal compliance management processes in place, but it recommends that consideration be given to a more comprehensive, structured and centralised compliance management system to enable improved risk mitigation in this area.

**Conclusion**

Statutorily, the Business Improvement Committee in its current form is fulfilling the legislative requirements set out in the *Local Government Regulation 2012*. The Committee is also performing many of the requirements advocated in Better Practice Audit Committees Guidelines and has considered the perspectives of the Queensland Audit Office about Audit Committee effectiveness.

The Committee continued to develop in its role for Council and acquit its responsibilities under its Terms of Reference. Member and observer contributions are valued and are demonstrated through effective, collegiate working relationships supported by appropriate accountability structures.

As Chairman, I would like to express my gratitude to both Committee members and observers for their contribution, transparency and engagement with this important governance process. Without this, the effectiveness of the Committee would be significantly diminished.

**Report Prepared by:** Ross Cook, Business Improvement Committee Chairperson

**Report Prepared:** 18 June 2018

**Controlled Entities**

On 1 July 2012 Council established the Gladstone Airport Corporation. A board of directors operates the Gladstone Airport in line with both a Memorandum of Understanding that outlines the guiding principles that the corporation is to operate under a statement of corporate intent to manage the performance of the enterprise. Council has not appointed any shareholder delegates.

**General Complaints Process**

Council views complaints handling processes as a valuable tool to identify avenues for continuous improvement. Accordingly, Council supports a comprehensive complaints process to handle all administrative action complaints (AAC) received by Council.

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. This definition forms the platform upon which our general complaints process is built.

Council operates within the bounds of our AAC Management Policy, Corporate Standard and associated reporting processes. Staff are kept informed and updated about the Policy, corporate standard and strategies through regular training, emails and reporting.

The table below offers a snapshot of the number of complaints received and the attendant resolution timeframes for each:

Completion Timeframe	Number of Complaints	Percentage of Total
5 days	34	55%
10 days	18	29%
11-31 days	10	16%
Incomplete	0	0
<b>TOTAL</b>	<b>62</b>	<b>100%</b>

The originating reason for each complaint is categorised as a tool to assist in the analysis of complaints and provide scope for continuous improvement. AACs received in 2017/18 are summarised as follows:

BASIS OF COMPLAINT	%
Unhappy with decision / outcome	39%
Quality of service / work delivered	16%
Inadequate communication	15%
Safety risk / concern	11%
Policy or procedure not followed	5%
Conduct of staff	10%
Not noted.	4%

In addition to seeking a resolution to AAC's wherever necessary, Council also seeks to identify and implement business improvements as a result of AAC lodgements. Twelve (12) AAC's in 2017/18 resulted in an identified business improvement.

An internal Complaint Review Panel (CRP) exists to review complaints that have escalated and have not been resolved at department levels or have been referred to the Queensland Ombudsman. The panel is lead by the People and Performance team with members rotated through senior management positions as needed. The panel continued to make business improvement recommendations as a result of its detailed investigations.

**Ombudsman's Investigations**

When an issue cannot be resolved using Council's internal processes the matter can be escalated to the Queensland Ombudsman or other relevant external body for an independent review. The Complaints Review Panel will liaise with the Queensland Ombudsman should a complainant refer their matter to this agency.

Three matters were referred in 2017/18.

**Right to Information**

Council adhered to all statutory timeframes as delineated by the *Right to Information Act 2009*.

In 2017/18, Council received 10 Right To Information applications and 0 Information Privacy Applications compared to 2016/17 which saw 10 and 1 number of applications respectively.

# Corporate Governance

## FINANCIAL MANAGEMENT

The 2016/17 comments referred to the Operational Plan but this was not a reported item for the 2017/18 year in terms of improvements, hence no data is available.

### Long term financial planning

A robust long-term plan is considered an invaluable mechanism to ensure the sustainability of resources held by both our community and organisation. To that end, Council's long-term financial planning process continued to undergo refinement throughout 2017/18.

Annual adoption of a long-term financial plan is required under legislation in conjunction with budget approval. However, in the spirit of continuing good governance and rigorous planning, Council remains committed to six-monthly reviews.

Involvement from across all areas of the organisation continued to ensure not only that the content of the plan is current, comprehensive and accurate, but also that there exists a commitment throughout the organisation to meet the targets set.

## RISK MANAGEMENT

### Risk Workshop

An independent risk management assessment of our position in time

was undertaken in 2016/17. Another assessment has been scheduled for the second quarter of 2018/19. These assessments will be utilised in 2018/19 to further develop the integration of risk management into our operations, across all levels.

### Managing our Risk

Council recognises risk management as an inherent part of our daily activities and processes, allowing us to achieve an appropriate balance between realising opportunities for development whilst minimising losses. Council is committed to an effective program of risk management and recognises its importance as an ongoing process underpinning all our activities.

Council's Risk Management Policy and Corporate Standard identify the way in which we will manage our strategic, operational, fraud, and environmental risks.

Risks are captured and managed proactively. Risk treatment plans have been developed for each risk, which set out the actions to be taken to reduce the likelihood or negative consequence (or both) of each risk to bring them into alignment with Council's risk appetite.

Quarterly reviews are undertaken to ensure that there is an ongoing focus on

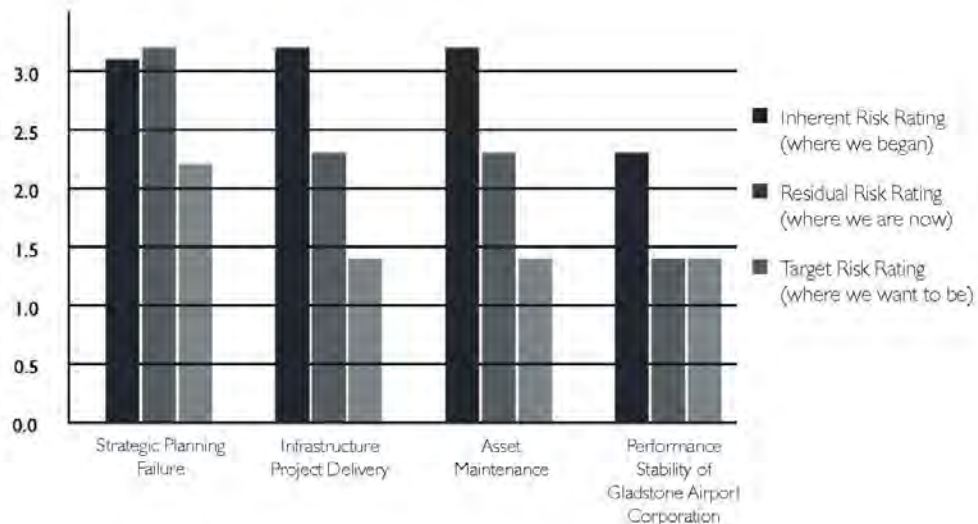
reducing the gap between the inherent risk rating (where we began) and the residual risk rating (where we are now) in comparison to the target risk rating (where we want to be).

Risk management continues to progress as the organisation continues to mature in this area.

Council has identified four strategic risks as follows:

- Strategic Planning Failure – Absence of adequate and timely strategic planning resulting in community infrastructure not meeting expectations and/or failure to implement agreed strategic plans cost effectively and within agreed timeframes.
- Infrastructure Project Delivery - Inability to deliver major infrastructure projects within an acceptable time frame, cost and quality parameters resulting in delayed benefits realisations.
- Asset Maintenance - Inability to maintain key assets to a minimum standard expected by the community.
- Performance Stability of Gladstone Airport Corporation.

This graph depicts the progress in reducing our strategic risks:



**Crisis Simulation Exercise**

In the 2017/18 financial year, an exercise was undertaken utilising the Guardian Disaster Management System. This involved simulating a storm event to ensure that Council can effectively coordinate the response and recovery of a disaster. During this exercise any required updates to details within the disaster management system were also completed.

In 2018/19 a simulated exercise will be undertaken, with the aim to involve other agencies that have key roles and accountabilities in a disaster response.

**CORPORATE ASSET MANAGEMENT**

**Asset Management Framework**

This year Council undertook an independent review of its Asset Management System maturity utilising international standards (ISO55001) and frameworks. As a result of this maturity assessment a number of actions have been identified to improve Council's asset management and align it with international good practice.

This review highlighted the importance of customer centric asset management which will need to be incorporated into the Asset Management Policy, Strategic Asset Management Plan and Asset Management Frameworks.

The importance of asset management has been highlighted in Council's newly adopted Corporate Plan which will assist in the implementation of these improvement actions. Council's new operating model also supports good practice asset management by enabling a focus on planning and developing a performance-based culture.

**Looking ahead**

A program to take Council's asset management to compliance with international good practice within two years has been developed and will be rolled out including adopting a new Asset Management Policy and development of a Strategic Asset Management Plan aligned with international standards.

**PROJECT MANAGEMENT**

Council's project delivery team was responsible for managing the delivery of close to \$75M of capital projects in 2017/18.

Initially developed in 2015/16, Council's project methodology framework grew from an identified need to standardise project management processes and documentation across Council to deliver greater efficiencies. This framework was further refined in 2017/18 through continual improvement and updates in consultation with project officers. These improvements sought to build upon the lessons learned in previous projects, align Council's procurement documentation with its revised policies and broaden the available suite of contract notice templates to assist project managers in implementing a consistent approach to their project activities.

Going forward, Council will progressively review its project management framework and expand the implementation to projects in the wider organisation under its combined project delivery team.

**INFORMATION AND KNOWLEDGE MANAGEMENT**

**Water Program Delivery - Smart Mobile Inspections**

Council's Program Delivery team receives on average 110 Customer Service Requests (CSRs) weekly and most of these require a physical paper-based job sheet to be printed. Information is collected and recorded on the job sheet by field officers then manually data-entered into Council's electronic systems by administrative staff. The inefficiencies of this process include:

1. Resource waste - almost 57.5 hours per week spent on administration of these 110 CSRs (more than one-person full time);
2. Loss of job sheets - completed job sheets sometimes became lost or damaged and field staff would have to re-do the inspection and record the data a second time;
3. Information integrity - hand written field notes can be sometimes difficult to read delaying or extending the timeframe required to enter the job sheets electronically.

Through the implementation of Smart Mobile Inspection technology, field staff can now electronically complete their inspections or requests directly from a mobile device. The benefits of this technology include:

1. A CSR start to end process takes only 18 minutes instead of 32 minutes compared to previous data collection methods;
2. Duplication of work eliminated, and administration staff no longer need to transpose data from physical to electronic;
3. Better job tracking using electronic dashboards; and
4. Environmentally friendly by saving paper.

Inspections for many more Council functions are progressively moving from a paper-based system of recording and re-entering the inspection results into to using smart devices for real time updates of the inspection activity in the field. Innovative use of mobile inspections has transformed the traditional Customer Service Request paper job sheet to a digital inspection questionnaire. Ongoing reduced cost and improved customer service are anticipated outcomes.

**Cemeteries Online & Family History Research**

Family history enthusiasts with links to the Gladstone Region are now able to search local cemeteries online, via Council's website.

Council has provided this facility as part of a significant project to develop a new cemetery management system and map all known graves. The new system allows for lodging and managing cemetery applications online for Funeral Directors and the public as well as allowing families to research their loved ones that have been interred in a cemetery within the region.

A total of 11,333 plots were mapped in less than six months of the project and there are just under 12,000 deceased person records in the new system.

Through Council's Online Services Gateway, customers can look forward to efficient service, increased access to cemetery information and gain access to information such as:

- Searching deceased persons and plot details;
- Viewing plots on an online mapping system;
- Lodging applications online;

- Monitoring the status and keeping track of outstanding applications;
- Make changes and upload documentation online (no more emails);
- Automated invoicing (account holders only); and
- Monitoring accounts and making payments online.

The above services are available anytime, anywhere and on any device.

**INTERNAL SERVICES**

**Purchasing Local Goods And Services**

The purchase of all goods and services made by Council was governed in 2017/18 by the Procurement and Local Preference Policy.

While the development of local business and industry forms one of the contracting principles, the adoption of a Local

Preference Policy in June 2016 prioritised the support of the local contractors and suppliers under Local Procurement Plans.

Local purchasing in 2017/18 was awarded to local suppliers at a value of \$21,786,584 representing 50 per cent of the value of Council's contracts via a formal tendering process.

**People Management**

Council's success continues to be built on a foundation of safe, engaged, high performing teams. With community engagement at the forefront, our leaders are visible and accessible providing clear direction and purpose.

We ensure we are all accountable, inclusive and collaborative. Council continues to establish programs for learning and development.

Our recruitment process has continually improved over the period with our time

to fill positions decreasing by over 25 per cent or, on average, 10 days.

This contributes to replacing employees sooner reducing the impact on project and customer delivery.

We continue to roll out the functionality of our Human Resources Information System and payroll system Aurion.

Through the system we have increased our people reporting capability providing further insight into our people management practices.

We will continue to use this technology to roll out online performance management, utilise career management and ensure where possible integration with external and internal systems to drive efficiency and performance.

CHIEF EXECUTIVE OFFICER						
STRATEGY AND TRANSFORMATION	STRATEGIC ASSET PERFORMANCE	OPERATIONS	CUSTOMER EXPERIENCE	COMMUNITY DEVELOPMENT & EVENTS	FINANCE GOVERNANCE AND RISK	PEOPLE CULTURE AND SAFETY
FUNCTIONAL GROUPINGS						
Strategy & Business Planning	Asset Governance	Works Planning	Customer Contact	Events & Entertainment	Financial Management	Industrial Relations/ HR
Strategy & Research	Asset Planning	Organisation Shared Services	Insights & Innovation	Brand & Communications	Governance, Risk & Compliance	Talent Management
Strategic Information & Technology	Design & Investigation	Regional/Functional Teams	Regulatory Services	Community Development & Partnerships	Ethics, Integrity & Audit	Health, Safety & Wellbeing
Change Management	Asset Performance & Monitoring	Disaster Management & Response	Development Services	Arts & Culture	Strategic Procurement	Remuneration & Benefits
Economic Development	Asset Centre of Excellence			Operations Maintenance & Planning		Reporting & Analytics
Strategic Investment & Grants						

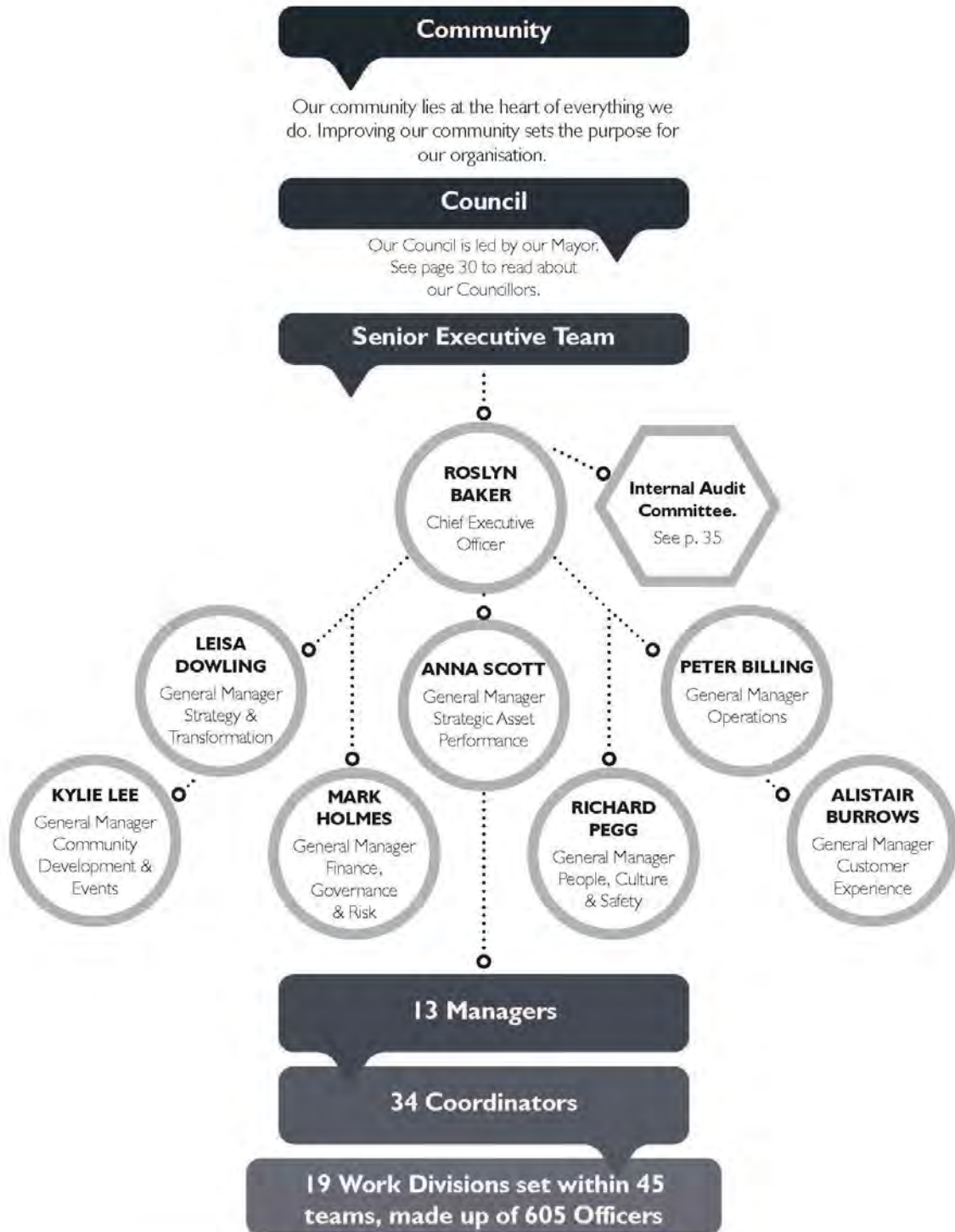
# Our People & Community



○ Gladstone City Library

Key to our success is an organisational culture that genuinely lives within all tiers of the organisation. Culture is the collection of values, attitudes and practices that characterise how our organisation operates and guides all employees toward a common organisational intent. Expectations are defined in our organisational charter and instilled in our employees through a clear, credible, comprehensive and consistent approach.

# Organisational structure



# Senior leadership team

**Roslyn Baker**  
Chief Executive Officer



Roslyn was appointed as Chief Executive Officer in August 2017. Her extensive experience includes CEO

and senior executive positions across a range of industries covering electricity, petroleum, dairy, education and consulting services. Roslyn moved from Townsville to Gladstone when she accepted the role with Council.

The CEO is ultimately responsible for the strategic management of the organisation.

**Qualifications and memberships:**

BComm, MBA, DipFM (Electricity), Graduate of the Australian Institute of Company Directors

**Alistair Burrows**  
General Manager Customer Experience



Alistair has 15 years international experience specialising in customer

experience transformation and customer solutions modelling in the private sector, predominantly in airlines and finance.

**Directorship responsibilities include:**

- Customer contact
- Customer experience insights and innovation
- Biosecurity and environmental health
- Local laws/animal management
- Planning, building and plumbing services

**Qualifications and memberships:**

BA

**Mark Holmes**  
General Manager Finance, Governance & Risk



Mark has served local government for more than 20 years, commencing with a traineeship at

Dalrymple Shire Council. Mark worked at the former Calliope Shire Council for eight years, serving in the role of Manager of Finance and Director of Corporate & Community Services. Mark was appointed General Manager Finance Risk and Governance in January 2018.

**Directorship responsibilities include:**

- Financial management
- Revenue management
- Cost accounting
- Governance, risk and compliance
- Ethics, integrity and audit
- Strategic procurement
- Records
- Legal

**Qualifications and memberships:**

BBus (Acc), GDip (Acc), GDip Local Government Australia, CPA

**Peter Billing**  
General Manager Operations



Peter joined Gladstone Regional Council in March 2018 as General Manager Operations after more than

30 years in the utilities sector. Peter has extensive executive leadership experience in Operations, Customer Service and Asset Management.

**Directorship responsibilities include:**

- Works planning
- Support services
- Works delivery teams for Roads, Water, Waste and Parks
- Contract and procurement
- Disaster management and response

**Qualifications and memberships:**

Graduate Diploma in Management, Graduate of London Business School Senior Executive Program Member Australian Institute of Company Directors

**Leisa Dowling**  
General Manager Strategy & Transformation



Leisa's local government career commenced with Gladstone Regional Council in

September 2010 as Director Environment & Recreation. Prior to joining Council, Leisa had a lengthy career in State Government, including senior roles in the Department of Local Government. Leisa was appointed General Manager Strategy and Transformation in January 2018.

**Directorship responsibilities include:**

- Strategy and planning
- Strategic information and technology
- Transformation program management
- Economic development
- Strategic funding and grants

**Qualifications and memberships:**

BLS, GradCert Public Sector Management Member, Local Government Managers Australia

**Kylie Lee**  
General Manager Community Development & Events



Kylie has 20 years' experience in community relations, communications,

events and investment. Prior to joining Council, Kylie has held leadership roles in a range of industries including ports, construction, mining, casinos and local government, including eight years at the former Calliope Shire Council.

**Directorship responsibilities include:**

- Events and entertainment
- Communications and brand
- Community development and partnerships
- Arts and culture

**Qualifications and memberships:**

Graduate Diploma (Public Relations) Member - Local Government Managers Australia

**Richard Pegg**  
General Manager  
People, Culture & Safety



Richard commenced with Gladstone Regional Council in February 2018. Prior to joining Council, he had extensive experience in HR leadership roles in construction, mining and service industries.

**Directorship responsibilities include:**

- Industrial relations
- Talent management
- Health, safety and wellbeing
- Remuneration and benefits
- Performance framework

**Qualifications and memberships:**

BCom (Industrial relations and Human Resources)

**Anna Scott**  
General Manager  
Strategic Asset Performance



Anna joined Council in 2015 as Manager Water Services before moving into this role in February 2018. Prior to joining local government Anna had spent over 20 years in the asset infrastructure space carrying out a variety of roles in the consulting, utilities and construction sectors.

**Directorship responsibilities include:**

- Asset governance
- Asset planning
- Design and investigation
- Asset performance and monitoring
- Environment and conservation
- Property acquisition and disposal

**Qualifications and memberships:**

M. Eng Sc (Water Care),  
B Eng (Environment),  
Cert IV Safety Leadership,  
Member Australian Water Association,  
Member IPWEA

Our community lies at the heart of everything we do. Improving our community sets the purpose for our organisation.



Gladstone Regional Council 2017/18 Annual Report



# Staff Development

Council provides employment opportunities and long-term employment stability for the Gladstone Region. Council values development opportunities that encourage staff to build the capability and confidence to deliver excellence in how we operate. Council supports training of apprentices and trainees and work experience opportunities for high school students. Our goal is to provide a safe and productive environment and offer employment that is lawful and rewarding where employees can take pride in the work that they do for the Gladstone Region.

## Learning and Development

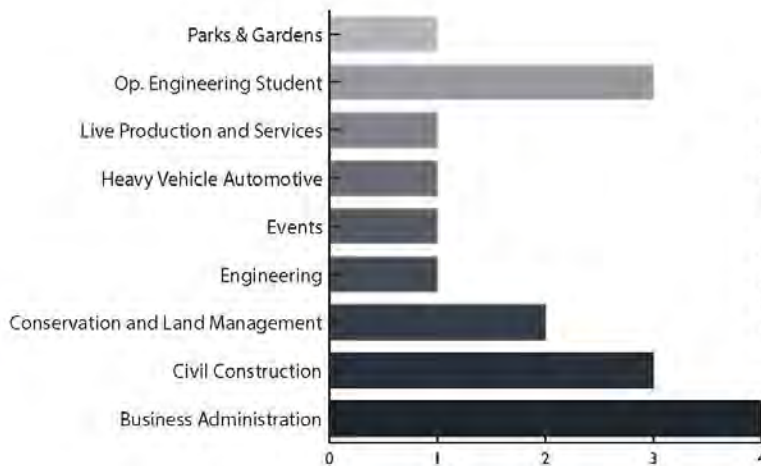
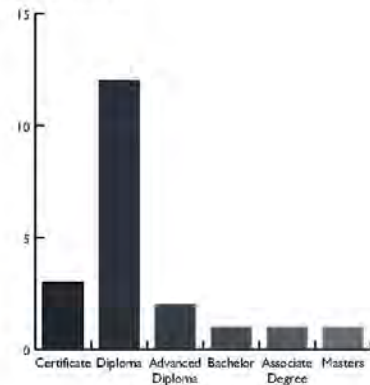
Learning and development plays an important role in ensuring the sustainability of our workforce and accordingly is a priority for our management team.

Council recognises that developing a capable workforce facilitates the delivery of operational and corporate goals to our community. Investment in skill development supports Council's vision of creating the workforce of the future.

Council acknowledges that investing in the personal and professional development of employees enhances morale, fosters a sense of loyalty and inspires employees to achieve their best. Strategic planning of development opportunities has the potential to reduce organisational risks and improve the quality of organisational performance.

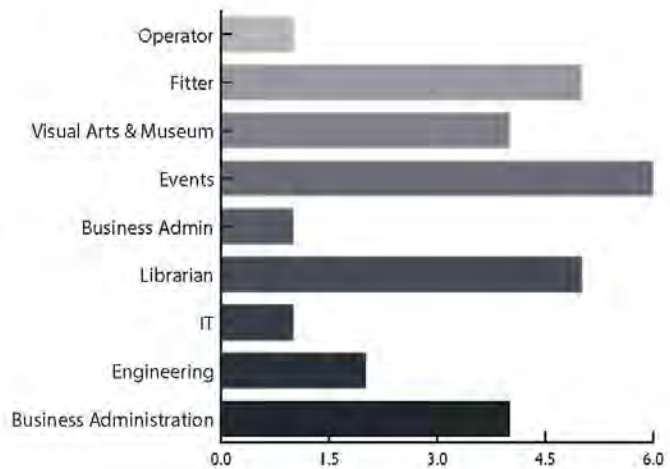
In 2017/18 Council was proud to support 17 employees undertaking tertiary studies and three employees undertaking vocational education.

This includes employees provided with educational assistance. Areas of study included management, leadership, business, project management, and local government.



Council is committed to providing learning opportunities through focused apprenticeships and traineeships. In 2017/18, Council employed 17 apprentices and trainees in various operational and business areas. This includes students in a co-operative arrangement. As at 30 June, three trainees completed their traineeship and 14 are at various stages of their apprenticeship or traineeship.

Skill development opportunities for high school students allow Council to support the alternative education of our next generation workforce. During 2017/18, Council provided 25 work experience placements across eight vocations.



Council emphasis on capturing mandatory, corporate and developmental training components and skills within the organisation continues. This information, combined with the position description provides the opportunity for Council to undertake a gap analysis for each employee, team and division; essentially matching mandatory training requirements in accordance with position description requirements. Council's e-learning platform enables the delivery of all mandatory training requirements and some developmental training via a self-service platform, providing the benefit of 24/7 access to e-learning courses. Overall, there were 3821 attendances recorded at training sessions across Council in 2017/18, made up of corporate, development and mandatory training.

### Providing a safe working environment

Our highest priority is the safety of our community, including our employees, with safety at the core of all that we do.

Safe and engaged people ensures we have a safety culture that underlies how we operate our business.

During the reporting period Council undertook an external safety audit. Results of the audit provided Council additional focus on key areas for improvement.

As a result, Council developed a Safety Management Plan.

The plan provided clear responsibilities and accountabilities for our leaders, clear and concise safety targets and identification of critical risks and associated systems to minimise these risks.

All executive team members now receive notification of incidents when lodged and safety monthly reporting has been introduced, which continues to be refined by the executive team.

Data will continue to be cascaded to the business with the upgrading on the safety management application allowing greater access to data and dashboards relevant to the business.

During the period Council continues to support employees to return to work from non-work related injuries, recognising the are benefits to Council, the individual and their team members.

For instance, having a smaller pool of employees available to complete work increases the stress and strain on those individuals available to work, and may increase their risk injury.

The upside of employing such a strategy is it encourages open and honest communication between employees and Council about their non-work related injuries.

Encouraging a collaborative, supportive and health conscious culture in the workplace is important.

Allowing employees to gradually return to work after non-work related injury and illness is one way to foster a positive culture.

Council did see a reduction in the Average Days Lost per Claim, Total Hours Lost on Claim and Lost Time Frequency Rate through the implementation of this strategy.

For the first time, Council also introduced measuring safety performance through Total Injury Frequency Rate, which provides a holistic approach to the measurement of safety performance as it takes into consideration all reportable injuries based on one million man hours worked.

Property damage continues to have a high rate of incidents.

During the next reporting period Council will be rolling out focused programs to employees to target the reduction in property damage.

In the new reporting period safety behaviour programs will continue to be rolled out focusing on a culture of care, coaching and consultation to improve our safety performance.



# Our Workforce

Our approach to all that we do at Gladstone Regional Council is grounded in our core value of respect. We pride ourselves in showing respect for our community, for our environment and for each other. We believe that this approach is key to ensuring that our people start each working day with a sense of purpose and finish each working day with a sense of accomplishment. See page 44 to view Council's organisational structure.

Number of Employees

**627**



**333**



**294**

Average Age

**46**

Turnover Rate

**14.62%**

Average Years

**9**

Percentage of service less than one year: 10.21%

# Community Engagement

Council continued to deliver strategic and tailored community engagement activities in 2017/18 in our pursuit of continuous improvement and to deliver on our purpose to improve our community.

2017/18 has been an important year of reflection for Council on how it can foster greater innovation in its community development approach.

The Community Advisory Service (CAS) had over 50,000 interactions across all matters including concerning human and social support, social inclusion, youth, seniors, culturally and linguistically diverse, disabilities and sporting club development.

Council is also proud of its long standing and successful interagency forums attracting participation from community services leaders locally as well as the broader Central Queensland, to engage, share knowledge and build connections amongst peers.

The Communities and Family Precinct (Philip Street) has secured further funding of over \$3M from the Australian Government through the Regional Jobs and Investment Package.

This project continues to move closer to fruition to materialise Council, vision for a leading social infrastructure and integrated human and social precinct to service our community for generations to come.

Focus for the project will now be on stakeholder engagement.

Council has listened to its residents and acknowledge that building greater community engagement across all business is key to our future success.

With this in mind, we will seek innovations in ways to improve how we include and

involve our community in the decision-making process on decisions that affect them, and to help residents have their say on what they want for their community.

In an effort to become a Council that is truly engaged with its community, a return to building partnerships, capacity building, problem solving, behavioural change and connectedness with our community, can only lead to greater empowerment of our residents, Councillors and management to make sustainable and well-informed decisions.

## VOLUNTEERISM

### GLADSTONE REGIONAL LIBRARIES

Gladstone Regional Libraries are fortunate to have a steady influx of interested volunteers to assist in delivering our library services across the region. Volunteers perform a myriad of different tasks at our libraries all of which are valuable to us.

FOGL (Friends of Gladstone Library) are volunteers at Gladstone Library. They assist with shelving of items, preparation of craft materials, unpacking deliveries, assisting at events, regular book sales and many other duties. Money raised from the book sales is used to purchase resources for Gladstone Library.

The volunteers at Calliope Library run the coffee cart, Book-a-latte on a roster basis. Each volunteer is given basic barista training. Volunteers also assist with craft preparation.

Volunteers at Boyne Island Library assist at events such as the yearly Christmas Extravaganza and help with craft preparation.

Statistics for the year:

- Volunteer hours = 3515

- Volunteer visits = 1431
- Number of volunteers = 45

### GLADSTONE ENTERTAINMENT CONVENTION CENTRE

Gladstone Entertainment Convention Centre's Friends of the Theatre (FOTT) are an invaluable resource to the operations of the venue. They provide ushering services at every theatre show and 'meet and greet' our patrons - they are often the first point of contact for GECC.

GECC have introduced a FOTT training program that sees us offering training sessions four times per year that cover ushering basics, centre updates, fire and safety and general feedback from our Friends.

The Venue Leader is in attendance at monthly committee meetings and regularly engage with members outside of this. This year, GECC has assisted our FOTT in implementing an online application form and putting together some information in an attempt to help increase volunteer numbers. The GECC team have also developed a volunteer engagement strategy and is currently rolling this out in consultation with our Friends.

Statistics for the year:

- Volunteer hours = 3583
- Total number of volunteers = 62
- FOTT = 52
- Little Day Out volunteers = 10

### GLADSTONE TONDOON BOTANIC GARDENS

Tondoon's volunteers are an integral part of multiple facets of activities in the Botanic Gardens.



Victoria Street Park  
Gladstone

Gladstone Regional Council

We have created four streams for volunteers to participate: Herbarium, Visitor Services, Bonsai and Conservation. Our Herbarium Volunteers manage close to four thousand pressed plant specimens and with their expertise Tondoon has become the first Herbarium that can communicate digitally with the Queensland State Herbarium.

Our Visitors Services Volunteers conduct tours, holiday program activities and other events.

The Bonsai Volunteers look after the plants which in future will become part of the Tondoon Bonsai collection, conduct Bonsai workshops for children and adults and the new yearly Bonsai Exhibition.

The Conservation Volunteers help with collection and propagation of plants in Council's Tannum Sands Nursery and community planting days.

The Bonsai and Conservation Groups were formed in the last 12 months and have attracted a lot of new volunteers to become involved with Tondoon and Conservation.

Statistics for the year:

- Volunteer hours: 2994
- Total Volunteers: 54

#### GLADSTONE REGIONAL ART GALLERY & MUSEUM

Volunteering at the Gallery & Museum continues to provide valuable operational support.

Adding vital economic dimension as conduit for sponsorship, including the annual Rio Tinto Martin Hanson Memorial Art Awards and Golding Bursary, the Gallery & Museum Society provides MC services to official occasions.

The team of Gallery & Museum volunteers discover more about local arts and history, gain work experience, make new friends and experience enhanced wellbeing as they participate in meaningful

work, supported by a professional team, at a prestigious cultural institution. The Gallery & Museum owes its success to the devotion of the many volunteers who generously give their time and energies.

From administration to research, installation to demount, civic presentations to community workshops, volunteers are included and valued. They are provided specialised training through practical hands on opportunities, procedural documents and regular team meetings.

This year, the dedicated volunteer coordinator has developed the program to commence a new initiative incorporating New Start Allowance volunteers, who provide 15 hours per week to the Gallery & Museum. These individuals are undertaking project responsibility and achieving great results in areas such as local media documentation, establishing a new library and archival filing.

The incorporation of volunteers at the Gallery & Museum is essential to the business unit and broadens the capacity to connect to the ever-changing Gladstone Region community.

Statistics for the year:

- Volunteer hours: 2961
- Total volunteers: 44
- Staff volunteer hours: 518
- Staff volunteering: 7

#### YOUTH VOLUNTEERING

Senior Week:

- 10 EQIP Business, Industry and Tourism Skills Centre (EBITS) students facilitated a Tech Seniors week event at Boyne Island

Youth Council

- One Youth Council member sits on the Gladstone Region LNG Community Consultative Committee (RCCC) meeting.

Crime Stoppers attended and consulted Youth Council about recruiting young

people to be involve with Crime Stoppers from 15yrs and over:

Recommendations provided:

1. Visit youth groups in Gladstone;
2. Visit school parades and speak with Year 10, 11 and 12 students; and
3. Market the benefits: skills learnt can be put on a resume.

#### DISASTER MANAGEMENT

'The Gladstone Region won't be beaten by cyclones or floods'; that was the anthem our Gladstone Region community sang loud and clear in a music video that encouraged disaster preparedness.

The video, funded through the Queensland Government 'Get Ready' campaign involved filming in eight towns across the region and featured students, teachers and parents from 10 schools, local musicians, emergency services personnel, Council staff and councillors, and interested community members.

The production aired on television and radio stations and was viewed almost 76,000 times on social media channels.

The musicvideo, which will be utilised in the upcoming months, sent a powerful message that if everyone prepares for severe weather, when it hits, our community will come out stronger than before.

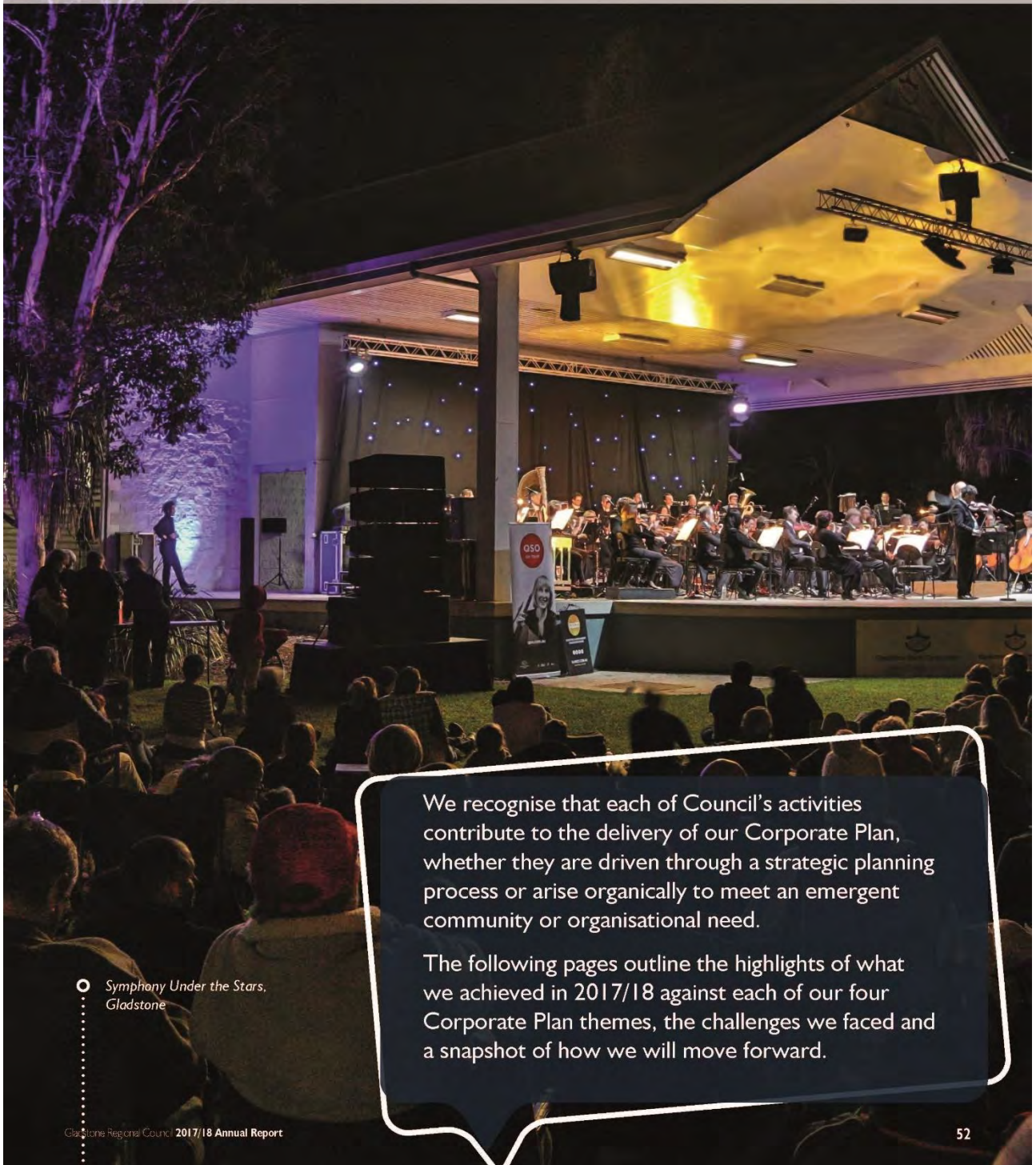
Council has continued to collaborate with the external agencies involved in disaster management to ensure there is a collaborative approach to disaster planning and response for the Gladstone Region.

The restructure has seen an expansion of Council's disaster and risk management areas, particularly in planning and preparedness. This will also ensure that safety and fatigue management of those responding to a disaster are a key focus.

Building the communities resilience and preparedness for disasters will also be a key focus in the 2018/19 financial year.



# Our Key Objectives



○ *Symphony Under the Stars,  
Gladstone*

We recognise that each of Council's activities contribute to the delivery of our Corporate Plan, whether they are driven through a strategic planning process or arise organically to meet an emergent community or organisational need.

The following pages outline the highlights of what we achieved in 2017/18 against each of our four Corporate Plan themes, the challenges we faced and a snapshot of how we will move forward.

# People

A community spirit and pride that stems from being a resilient, creative, healthy and inclusive community that lives and ages well means that, by 2021 we will have:

- Resilient community groups
- A transport network that connects communities
- Increased volunteerism (see page 54)
- Inclusive multi-purpose sporting and recreational facilities
- Inclusive creative arts and culture activities and venues
- A reconciliation action plan (see page 56)
- Improved community health services
- Improved preparedness for natural disasters

**We will work alongside community groups (including arts and cultural groups and sport and recreation groups) by assisting them to develop skills including governance, volunteerism, securing funding and business management.**

Decrease in number of incorporated associations "breaches" of Office of Fair Trading (OFT) requirements for Gladstone Region ■  
*In collaboration with the Department of National Parks, Sport and Racing, Council delivered a Building Active Community Workshop on Strategic Planning in June. Council also partnered with State Member for Gladstone to deliver a Community Grant Information Workshop in May 2018.*

**We will lead by example to increase volunteerism throughout the Gladstone Region and recognise the contribution of volunteers.**

Corporate volunteering program or equivalent for Council ■  
*This action was put on hold in line with Enterprise Bargaining Agreement negotiations.*

Increase in the aggregate number of external volunteer head count and hours served across Council programs: ■  
*Across all Council departments and programs, the aggregate volunteering rate has increased substantially from 0.07 hours per capita in 2016/17 to 0.11 hours per capita in 2017/18.*

**We will provide sporting and recreational facilities that meet the active and recreational needs of all ages and abilities and are strategically-planned and developed to meet the needs of future generations.**

Sporting Needs Assessment for the Gladstone central city (Memorial Park/Showgrounds) area ■

100% acquittal of Council funding programs that deliver improved sporting infrastructure ■

Sporting club audit completed with a view to developing a path forward to attract regional sporting events ■

**We will provide arts, culture and creative opportunities, activities and venues that cater for the diverse nature of our community and provide opportunities for everyone to take part.**

Programming Policy for Gladstone Library, Gladstone Entertainment Convention Centre and Gladstone Regional Art Gallery & Museum to guide investment and priorities at these arts/culture facilities ■  
*This action was not initiated in 2017/18 so as to be reinvestigated to ensure alignment with Council's new vision and strategy. Gladstone Entertainment Convention Centre did produce a Programming Policy that was endorsed by Council.*

**We will support and resource the delivery of commitments under the Indigenous Land Use Agreement (ILUA).**

Adopt and deliver on relevant obligations detailed in the Reconciliation Action Plan ■

**We will lobby State and Federal Governments for improved access to, and quality of community services, health facilities and education opportunities for Gladstone Region.**

Delivery to the Gladstone Region of funding, either to Council or third parties, of infrastructure that supports improved community and health services ■  
*Funding was secured from the Federal Government for the Philip Street Community Precinct Project.*

# Creative volunteerism

## Friends of Bonsai

Free Beginner Bonsai workshops commenced at Gladstone Tondoon Botanic Gardens in August 2017 and were a basis to 'recruit' people interested in growing Bonsai.

The group officially started in October 2017, on the opening day of volunteers' month.

Initially, nine members signed up on the opening day with this number quickly growing to 19 participants, making them the largest volunteer group at Tondoon.

The group was established to allow experienced Bonsai growers time to teach people interested in Bonsai growing.

The initiative supports future plans with two Bonsai houses being built as part of the Demonstration Gardens development at Tondoon and Friends of Bonsai developing volunteers to help look after Tondoon's own Bonsai collection in the future.

Currently, the focus is on education, with three experienced Bonsai growers in the group in addition to the Manager of Gladstone Tondoon Botanic Gardens who are educating the other 16 people.

Monthly workshops are held to work through a range of items to do with Bonsai.

The working partnership held Tondoon's first Bonsai exhibition in December 2017, which was very successful and attracted attendance from visitors outside of our Region.

The group attended Council's environment festival, Ecofest, and manned their own marque, as part of the Tondoon area, generating a lot of interest from people with a 10 minute talk on Bonsai presented in the main tent.

A new workshop was formulated (replacing the free beginner's workshop) with volunteer John Holzapel undertaking all the formulation of the extensive workbook (approximately 250 hours of work).

The inaugural Fundamentals Bonsai Class was held in March 2018, with a 2.5 hour theory section, followed by lunch at the gardens' café and a 2.5 hour practical session after lunch.

There is now a cost of \$50 per participant that includes the workbook, lunch and a tree to take home.

The Fundamentals Bonsai has become a favoured class of the region, with the first of many workshops booked out.

Projects being worked on include:

1. Continually improving exhibitions with inclusions such as registered Bonsai demonstrators and additional trees to purchase at the event. It is also envisaged that the event will grow to a two-day event with classes with registered demonstrators to grow community skill in this practice.
2. Further, more detailed education, as the groups skill increases.
3. Formulating an Intermediate Bonsai Class, which will be run as night classes in Tondoon's newly constructed workshop/volunteer room.
4. Setting up a portfolio for each of the plants the gardens' currently has that will become part of the Tondoon collection.

Friends of Bonsai was established in August 2017 and doubled in size within weeks.

○ Friends of Bonsai Volunteer







## A national first

### Lions Park, Gladstone

Gladstone Regional Council's Lions Park claimed the coveted Park of the Year award at the Parks and Leisure Australia (PLA) Regional Awards for Queensland.

The honour was announced at the Awards of Excellence Presentation Dinner in Redcliffe, held in conjunction with the 2018 PLA Queensland State Conference on 24 May, 2018.

Lions Park, Australia's first seven sensory park, also earned highly commended status in the Playspace Award for projects costing greater than \$500,000.

The award and high commendation were welcome recognition for Council's ground-breaking venue which was redeveloped with financial assistance through the State Government's Works for Queensland program.

Consultation completed prior to the park's redevelopment showed that residents wanted an all ages, all abilities play and recreational space that would serve them now and well into the future.

Ideas gained at the 2015 Parks and Leisure Australia Conference led directly to the decision to implement a design incorporating the seven human senses and the importance of including these sensory elements in the park design.

This resulted in a brilliant community play and recreation space that caters for people of all ages, ability, cultural background and gender.

Lions Park's design incorporates sensory features accommodating children and adults with disabilities including sensory processing disorder; auditory processing disorder; visual impairment, Down Syndrome, autism, cerebral palsy,

muscular dystrophy and spina bifida.

It is important for everyone to have a variety of sensory experiences for healthy development and these experienced should include movement (vestibular system), climbing (proprioceptive system) and a mix of tactile, visual and auditory experiences.

Lions Park incorporates these elements while also being a fun and engaging recreation space during the day and under lights at night.

Since the official opening of the redeveloped Lions Park in December 2017, the venue has experienced a significant increase in visitors with families enjoying the barbecue facilities while children play under the amazing water mister and motion activated lights.

Not only is it an Australian first facility but it is a place the entire community can enjoy.



## Furthering relationships

### **Council launches its first Reconciliation Action Plan**

Council launched its first Reconciliation Action Plan (RAP) as part of its National Reconciliation Week celebrations in May 2018.

The plan formally documents Council's commitment to reconciliation and the planned actions that will help to build lasting and meaningful relationships with Aboriginal and Torres Strait Islander people across the Gladstone Region.

The Reflect RAP is a 12-month plan that focuses on four key areas, relationships, respect, opportunities and accountability.

To ensure the RAP's success and implementation, Council employed a dedicated Reconciliation Action

Plan Officer to deliver the program both within Council and the regional community. In addition, Council appointed the role to an experienced professional within the organisation, and from the Traditional Owner Group of the Gurang peoples.

### **Combined agreement to recognise first Australian connection to country**

In November 2016, the Gladstone, Bundaberg and North Burnett regional councils, in partnership with the Port Curtis Coral Coast Native Title Claim Group, executed its first Indigenous Land Use Agreement (ILUA).

The landmark agreement includes processes to advance matters of mutual interest and to ensure better care for

country; to protect the interests of Traditional Owners; look after the needs of all local people; and support each other for the benefit of the community.

Gladstone Regional Council, together with Bundaberg and North Burnett, have formed an ILUA Committee with representatives from the respective Council's and the Traditional Owner groups, Byellee, Gooreng Gooreng, Gurang, and Taribelang Bunda.

Over the past 18 months, the group has been focusing on relationship development and cultural awareness, building framework and governance to support the Committee, and planning to develop tangible outcomes of mutual benefit addressing key areas such as employment and connection to country.

# Place

A natural and built environment that supports the needs and lifestyle of our unique communities for this generation and the next means that, by 2021 we will have:

- A road hierarchy that suits the evolving needs of the community
- Signature parks (see page 55)
- Identified landscaped green space reverted to natural environment
- Significant progress in implementing a Renewable Energy Strategy
- Alliances with community members and groups with an environmental focus
- Safe footpaths and bikeways that connect communities

---

**We will provide a safe transport network, including bikeways, footpaths and roads that enable connectedness between and within communities.**

100% of identified actions of infrastructure strategies and asset management plans for transport networks of all modes implemented and funded in the long term financial plan. 

---

**We will provide strategically-planned public places, open space and parkland that provides for diverse activity and strengthening of social connections.**

Year end delivery of two major public open-space projects 

See page 55 for details on the award winning Lions Park, Gladstone project.

---

**We will recognise and retain the diverse individual characteristics of the harbour, city, rural and coastal communities and their attractions.**

100% of development approvals that include individual characteristics assessment. 

---


**We will be custodians for our natural and built environment.**

Facilitate and support the Gladstone Region Environmental Advisory Network (GREAN) 

While no GREAN meetings were held since the first quarter of 2017/18, Council continued to meet its commitments in supporting GREAN.

---

**We will work with the community and partners to instil personal responsibility for, and the practical and reasonable management of public health and safety.**

Reduction in number of reported neighbour disputes compared to 2016/17 

3765 disputes were reported in 2017/18 compared to 3904 for the same period last year. Looking ahead, there are strategies being prepared to be proactive rather than reactive through the use of quantitative measuring tools, rather than Customer Service Requests.

# Environmental Innovation

## Innovation in composting

A nutritious aquatic weed makes perfect compost.

A thick green ruffled carpet across Lake Tondoon one moment then part of a nutritious compost the next.

That was how the aquatic weed, *Salvinia*, was used after it was harvested from Lake Tondoon at Gladstone's Botanic Gardens in October.

The 'weed turned compost' approach is part of the Gardens' strategy to be more sustainable with onsite resources, by using them as mulch where possible.

*Salvinia* is a free floating weed that appears on still or slow moving water and can grow to cover the entire surface with a thick mat of vegetation. The tendrils below the water are very nutritious; perfect for compost.

A special machine removed the weed from the lake then unloaded it on to a truck for drying, before it was mixed into the Gardens' compost heap.

A floating boom built by the Conservation Team was used to contain sections of future infestation.

An immediate impact of the harvesting was various birds and the Krefft's Freshwater Turtle returned to enjoy the weed free water.

Now the Gardens themselves will enjoy a healthy boost from the *Salvinia*'s tendrils in a process that has come full circle.



# Prosperity

A diverse, resilient regional economy that provides for sustainable, responsible growth means that, by 2021 we will have:

- Maximised community benefit when external authorities approve large scale industry development
- A more diverse local economy (see page 62)
- Major events in the Gladstone Region with economic or tourism potential (see page 63)
- More efficient development assessment processes
- Road train access in the Gladstone Region
- Delivery of identified priorities in the economic development strategy
- Increased diversity in educational opportunities

**We will be open for business.**

Percentage of positive feedback from business sentiment survey ■

*GCCI Boom Bust Reset Survey was completed to initiate the benchmark for business sentiment in the Gladstone Region.*

**We will vigorously advocate for and lobby government for our fair share for the Gladstone Region when external authorities approve large scale industry development.**

Gauge feedback from Councillors ■

*Sound relationships were developed with multiple parties regarding hydrogen and solar energy developments.*

**We will actively pursue stakeholders for the development and diversification of future industries with an emphasis on small to medium enterprise.**

Year end nett gain in numbers of SMEs across the region >2% ■

*Total business in the Gladstone Region decreased in 2017/18 by 1.3 per cent or 51 businesses (Source: Australian Bureau of Statistics, Counts of Australian Businesses). This result was in line with the general downturn of the region relating to the ebb and flow of industrial impacts.*

Emphasis on SMEs in the identified health and retail sectors ■

*A focus was place on the health sector. Council provided support for and Intergenerational Campus (a joint initiative between CQU and Mercy); commitment to infrastructure discounts and proposed contribution towards master planning budgeted for in 2018/19 budget (subject to partners proceeding with project). The Communities and Families Precinct (Philip Street) was approved and funding sourced. Infrastructure incentives policy was approved by Council to stimulate new business. Council also approved financial assistance to the Gladstone City Plaza body corporate to stimulate trade in CBD.*

**We will partner with stakeholders to bring major events to the Gladstone Region that have economic or tourism potential.**

A new "major" event (as defined in Terms of Reference of Major Events Advisory Panel) for Gladstone Region ■

*Major events included the LGAQ State Conference (read page 61 for more), Under the Trees Music Festival, the 2018 Variety Bash Rally and the Planning Institute of Australia State conference.*

Overall increase in the aggregate number of visitors attracted to the region by major events funded through Major Events Advisory Panel ■

*Significant progress has been made toward this strategy, with the Southern Great Barrier Reef region welcoming a record 3.0m visitors, up by 10.2 per cent in the year ending March 2018. These visitors spent a record \$9.3B in the region, up 9.3 per cent year on year.*

**We will reduce red tape for business.**

Reduction in the number of steps in obtaining compliance licences for commercial operations ■

A fast-track "case management" approach to commercial ventures approved under Council's Economic Development Strategy ■


# Prosperity

## **We will actively pursue commercial opportunities for the organisation.**

---

A commercial venture for Council 

*Waste to Energy and Waste Recovery was identified as a commercial opportunity. Work on a Waste to Energy strategy continued in a fast moving environment, impacted by recent legislative changes. At year end, a funding application was pending to facilitate feasibility and business case development of a commercial waste to energy project.*

Year end increase in own source (non-rate) revenue 

*This target was not met. The primary contributor to the increase in rate revenue as a percentage of total income was identified as the decrease in developer contributions of \$4.5M.*

## **We will advocate and lobby for a health and aged care facility for our community.**

---

Active participation in the delivery of relevant projects 

*Work was undertaken on the SoGlad Intergenerational Campus as required as partners on this project. Participation will continue going forward.*

*At Council's 19 June 2018 General meeting, it was resolved to allocate a total project budget of \$16.432M to facilitate the delivery of Stage One of the Philip Street Communities and Families Precinct over the 2018/19 and 2019/20 financial years, noting the revenue commitments of \$6.482M with a net funding contribution by Council of \$9.950M.*

*A Councillor Information Report was prepared regarding the results of a market sounding exercise for Tannum Civic Centre T4.*

## **We will provide quality apprenticeships, traineeships and work experience opportunities and encourage other businesses to do the same.**

---

Number of Council apprentices and trainees 

*Council acknowledges that investing in personal and professional development of employees enhances morale, fosters a sense of loyalty and inspires employees to achieve their best.*

*Council is committed to providing learning opportunities through focused apprenticeships and traineeships.*

*In 2017/18 Council employed 17 apprentices and trainees in various operational and business areas.*

# Excellence in conference hosting

## LGAQ conference

In its 121<sup>st</sup> year in 2017, the LGAQ Annual Conference saw Queensland Councils come together to debate issues of importance to local communities. This is LGAQ's signature and largest annual event – bringing together Federal, State and Local Government, external stakeholders and media. The annual conference consists of two and a half days of full plenary and had not been held in the Gladstone Region for 30 years prior to 2017. This was the largest conference hosted at the GECC since it reopened in 2013.

519 delegates were in attendance, representing more than 70 Councils. Delegates stayed, dined and explored our Region providing a welcome boost to the local economy. All hotels and apartments in the direct vicinity of GECC reported being near capacity for

one night and fully booked out for at least another two nights.

The event put Gladstone on the map as an exciting region and a fantastic business events destination amongst first time visitors who were pleasantly surprised by what the Region has to offer.

Hosting a multi-day, 500+ person, 81 exhibitor conference presented an incredible opportunity to showcase Gladstone as a business events destination. The event tested our processes and challenged our teams. It encouraged us to collaborate with many of our colleagues and forced us to think outside the box to solve logistical, functional and operational puzzles. Ultimately, the event grew the capacity and capability of our venue, our team, our region and our community.

In order to provide the client and visitors to our Region with an exceptional experience, the event required a holistic approach from Council, tourism services, accommodation providers, transport companies, airlines and venues. The coordination of such a vast number of organisations often presents challenges however Gladstone presented a united, enticing product which saw delegates 'stay and play' for up to five nights – with families joining too.

All resources and solutions required in the lead up, and during the event, had to be resourced within the pre-approved event budget which required innovative thinking, proactive forecasting and strong financial stewardship. Our team of experienced event professionals delivered an exceptional event that cemented Gladstone as a capable and exciting destination to our State peers.



# Economic Opportunity

## Strategic Objective:

We will partner with stakeholders to bring major events to the Gladstone Region that have economic tourism potential.

Major events that were secured for the region included LGAQ State Conference, Titans NRL Match and 2018 Variety Bash start.

\$3.58,500 invested in these three events, resulting in \$1.592M in total economic output, representing a 4.5 times return on investment.

## Strategic Objective:

We will reduce red tape for business.

Council piloted a fast-track "case management" approach to commercial ventures approved under Council's Economic Development Strategy.

## Strategic Objective:

We will be open for business.

Council supported the Gladstone Chamber of Commerce in the delivery of the GCCCI Boom Bust Reset Survey.

## OTHER PROJECTS

### Gladstone Development Board

Council formed a partnership with Gladstone Ports Corporation (GPC) for the implementation of the Gladstone Development Board.

The group was focused on promoting Gladstone as Australia's premier manufacturing and industrial location with three key focus areas for progress; Manufacturing (Industry), Tourism and Agriculture.

Key activities include:

- Project attraction
- Project facilitation
- Tourism investment
- Tourism attraction
- Energy and renewables.

## Biofutures

In June 2018, Mayor Matt Burnett attended the 2018 Bio International Convention in Boston, United States of America. It is the world's largest and most prestigious biotechnology event with industry leaders from more than 74 countries in attendance. More than one-third of attendees arrived from outside of USA ready to share their extensive knowledge and establish vital relationships.

The Bio International Convention is hosted by the Biotechnology Innovation Organisation which represents more than 1100 biotechnology companies, academic institutions, state biotechnology centres and related organisations across the United States and in more than 30 other nations.

Benefits for Gladstone Region:

- There are opportunities for primary producers to learn from agricultural innovations being developed through Texas A&M University; and
- Potential bio fuels and bio solid opportunities for the Gladstone Region.

While at the conference, detailed information that showcased our local industries, the capabilities of our local engineering firms and our skilled workforce was provided to:

- Premier Anastacia Palaszczuk
- Minister Kate Jones
- Potential Investors
- Bio Companies
- Universities
- Trade and Investment Queensland
- Presented to Open Worldwide Innovation Network members.

## Round Hill Creek

A number of concerns were raised regarding a decline in tourism numbers in the Agnes Water and Seventeen Seventy areas which was having an economic impact on the local area. One concern was the significant shallowing of the channel in Round Hill

Creek. This impacts vessels that use the channel with no access at very low tides and from a safety perspective, Volunteer Marine Rescue (VMR) are unable to get their vessel out into ocean waters.

As such, Council resolved to commence a study into improving access for vehicles to navigate Round Hill Creek at Seventeen Seventy in all tide conditions. Allocation of \$100,000 was included in the 2017/18 Budget.

Following receipt of the report, Council resolved to continue investigative work into a possible channel deepening solution for Round Hill Creek. These works will continue into the 2018/19 financial year.

## Tourism

Council continued to work with Gladstone Area Promotion and Development Limited (GAPDL), Tourism and Events Queensland (TEQ), GPC, P&O and Carnival Cruises to welcome four cruise ships to Gladstone. These ships brought with them over 10,000 passengers and crew to the Gladstone Region. Each cruise ship is docked for an average of nine hours in Gladstone, with passengers spending around \$100 per person within the region.

Our partnership with GAPDL resulted in The Today Show – Broadcast live from Seventeen Seventy, resulting in a 700 per cent increase in website visitation about our region.

Visitation in the Gladstone Region is up by 17% year on year, with tourism expenditure up by 9.3%, to over \$1.1B.





**China-ASEAN Expo**

Cr O'Grady attended and presented at the Australian International Trade and Associates Australasian China Cities Summit and Australasian Business Forum - one of the premier Australia-China exchanges where meetings were held between Government departments and industrial leaders at all levels to share experiences and to establish relationships. At the forum, Cr O'Grady promoted Gladstone's developments and Gladstone City, generated business contacts and established friendly relationships with officials of the Chinese Governments, Associations and Enterprises.

**Developing Queensland Conference**

Cr Churchill attended the Developing Queensland: Infrastructure, Property, Economic Development and Investment summit. This summit brings together key government and industry leaders to identify and harness infrastructure, property, urban/ regional development, investment opportunities to plan and map out critical success factors to achieve sustainable economic development in Queensland.

**Feast on East Markets Funding**

Council committed funds to Gladstone Area Promotion and Development Limited (GAPDL) for the Feast on East Markets hosted when a cruise ship is berthed. It was estimated that \$1,000,000 would be injected into the local economy in the 2017/18 year from the cruise ship industry.

*NRL Titans vs Manly match  
Marley Brown Oval, Gladstone*

**Developing Northern Australia Conference**

In June 2018, Cr Sobhanian attended the Developing Northern Australia Conference titled "Growth, Progress and Investment". The conference focused on investment, trade, business and economic opportunities for northern Australia.

**Infrastructure Charge Incentives**

An Infrastructure Charge Economic Development Incentive Scheme was considered for development across the Gladstone Region. Council adopted a new policy that provides incentives by way of discounted levied charges for developments proposing a Material Change of Use which deliver economic development and growth outcomes that align with Council's Economic Development Strategy and Planning Scheme.

# Process

A collaborative organisation that anticipates and meets community needs and is guided by informed decision making, transparent and fair processes and a spirit of partnership between the community and Council means that, by 2021 we will have:

- A reputation for our collaborative leadership
- An organisation that acknowledges the positive impacts of continuous improvement efforts (see page 66)
- Council decision making that is underpinned by fiscal sustainability
- A contemporary asset renewal strategy
- A sustainable and cost effective water and wastewater network
- Improved organisational safety performance
- Comprehensive risk management strategies for all identified risks
- Delivered the priorities in the Information and Communication Technology (ICT) Strategy

**We will manage our assets in a way that keeps pace with technology and the changing way the community uses public facilities.**

Percentage of projects and infrastructure delivered in line with the national Smart Cities Plan



**We will design our information, communication and technology systems to facilitate quality customer service outcomes and increased efficiencies.**

Year end percentage completion of nominated 2017/18 actions of the ICT Strategic Plan



*The target of 100 per cent of actions completed was not met, however 16 out of 21 actions were achieved.*

Increase the number of on-line interface transactions with external customers



**We will support a safe and skilled workforce.**

Decrease in number of LTIs and other key WHS metrics



Reduction in reliance on contractors/consultants



Year end percentage of mandatory training delivered in line with position descriptions



**We will actively manage risks.**

Increase in Business Improvement Committee (BIC) observer attendance



Year end percentage of relevant Audit Plan implemented



Year end percentage of risks in profile with robust risk management systems



Year end percentage of identified risks addressed through risk management plan



Strategic and Operational Risks are identified and reviewed in accord with Risk Management Policy




**We will be proficient, proactive project managers.**

Project Management Framework rolled out across organisation




*The target date of 30 June 2018 was not met, however rollout was completed across Engineering Services. Awareness of PM methodology for staff involved in project delivery increased across Council departments. The training has been included in the 2018/19 budget to ensure all involved staff will complete PM training within the 2018/19 financial year.*

**We will make decisions that are fiscally-responsible for this generation and the next.**

Queensland Treasury Corporation Rating 

See page 11, 16 and 17 for more on Council's financial sustainability and pages 68 to 72 for Council's financial performance for 2017/18.

Percentage of infrastructure and service level decisions are appropriately planned and funded according to the Long Term Financial Plan 

That the content of Council's reports and project bids take into account all relevant risks (project, financial, legal) and that appropriate training be conducted across the organisation to facilitate this 

Following on-boarding of a new executive team, a new approval process has been implemented for reports and agendas prepared for Council. "Agenda Reviews" are conducted before each agenda is published. The executive leadership team now discuss all risks associated with each report to ensure Council receives accurate, timely and complete information on which to base decisions. Feedback and mentoring is ongoing and all report writers are provided feedback following agenda reviews.

**We will be accessible to and engaged with our community by offering diversity in how we communicate.**

Updated External Communications Strategy 


Community Satisfaction Survey 

**We will create a supportive environment for ideas and constructive, well-managed change that has a positive impact on internal and external outcomes.**

Showcasing of organisational initiatives that have delivered positive organisational change and delivered benefits to our communities 

These are ongoing with good news stories from Council initiatives being relayed through Council Connection external newsletter, Links internal newsletter and social media channels.

**We will take a collaborative approach to planning and decision-making.**

As part of an organisational review of Council, the culture of the organisation will be reviewed and assessed with respect to alignment with this corporate objective 

A culture review and assessment occurring in tandem with the organisational restructure. The first Staff Engagement Survey was conducted in 2017 by Aon Hewitt.

# Increasing customer convenience

## Online payments via ePathway

Fast facts:

- 1710 from 1 April to 30 June 2018 inclusive
- 8222 for 2017/18

Customers are advised at counters and by phone in regards to their other options for making payments to Council. This information is also shared on Council's digital channels.

There were 4708 online payments made in 2016/17 resulting in a 57 per cent increase in the number of payments online this year compared to last year.

4.5 per cent of all payments for 2017/18 were made online however the majority of payments made are electronically.

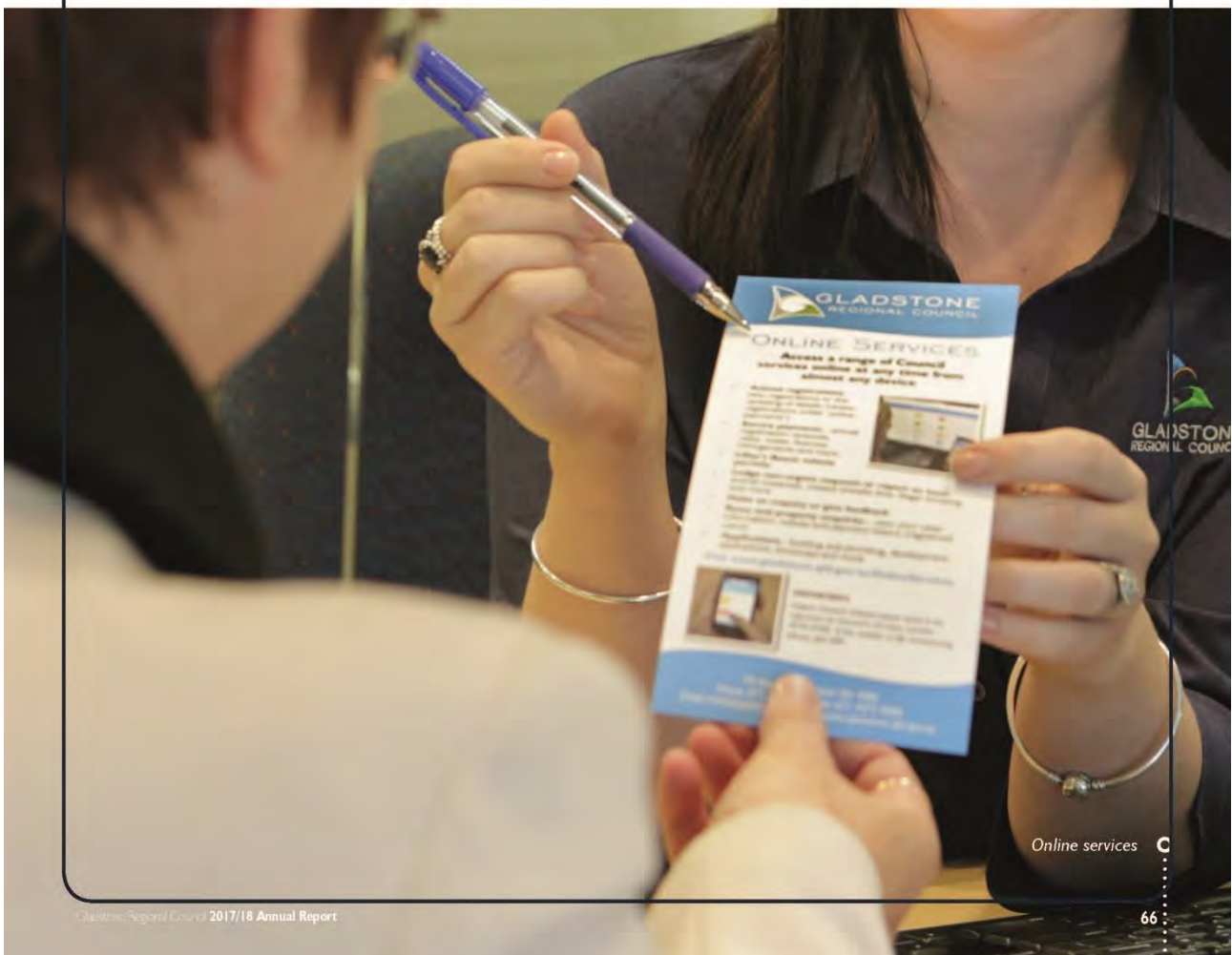
## CSRs lodged online

Fast facts:

- 381 from 1 April to 30 June 2018 inclusive
- 1951 for 2017/18

Customers are advised at counters and by phone in regards to their other options for lodging requests. This information is also shared on Council's digital channels.

There were 1140 online CSRs (Customer Service Requests) in 2016/17 resulting in a 58 per cent increase in the number of CSRs lodged online this year compared to last year.



Online services C

# Our Financials

Gladstone Civic Centre

Council's approach to financial planning guides the organisation towards operating in a manner that ensures financial sustainability in both the short, and the long term. Our long term outlook, combined with our realistic approach to financial planning provides our organisation with a solid financial platform from which to operate.

# 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 2017/18.

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 of the Gladstone Airport Corporation) appears on pages 16-21. Pages 68-72 offer similar consolidated information.

Council is committed to conducting its business with integrity, honesty and fairness, and ensuring compliance with all relevant laws, regulations, codes and corporate standards.

## Financial ratio performance

**Financial ratios provide a useful snapshot of Council's financial status and trends (see pages 69 to 72) for graphical representations and commentary of Council's 2017/18 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 results for the 2017/18 and the next three years' forecast financial information. Targets are in line with industry standards.

RATIO	TARGET ACHIEVED	TARGET	ACTUAL 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21
<b>Infrastructure Capital Sustainability</b>						
Asset Sustainability Ratio	N	>90%	50%	124%	57%	69%
Net Interest Coverage Ratio	Y	0% - 10%	2.10%	2.51%	2.54%	2.41%
<b>Financial Capital Sustainability</b>						
Operating Surplus Ratio	Y	0% - 15%	-0.30%	0.59%	3.53%	1.44%
Working Capital Ratio	Y	>1:1	3.98%	2.44%	2.36%	2.15%
Net Financial Liabilities Ratio	Y	<60%	12%	49%	48%	47%

# What were the major sources of income to Council?

Sources of Operating Income for 2017/18



Council received \$193.999 million in revenue, inclusive of \$9.638 million attributable to the controlled entity of Gladstone Airport Corporation.

The greatest contribution was provided by rates and utility charges (72 per cent), followed by user fees and charges (9 per cent), and operating grants and subsidies accounting for 8 per cent. The graph depicted above shows the relevant breakdown.

Total operating revenue has decreased by \$1.9 million (0.99 per cent) over the previous year and is primarily attributed to a decrease of \$1.219 million in fees and charges.

This decrease is largely due to a decrease in passenger numbers at Gladstone Airport and a decrease in construction waste disposal at Council's waste facilities.

Other recurrent income decreased by \$3.9 million, as a result of decreased demand for contract works by industrial customers and the Department of Transport and Main Roads and income tax equivalents received from state government entities.

The graph above illustrates that 72 per cent 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 Council's operating expenses?

## Operating Expenses for 2017/18



The chart above provides a breakdown of Council's \$194.587 million total operating expenditure, excluding capital purchases.

The primary expense components for each program include employee costs, materials and services and depreciation.

Total expenses increased by \$9.43 million (5.09 per cent) over the previous year.

Increases were seen across all categories, with a 7 per cent increase in employee benefits, a 7 per cent increase in materials and services expenses, a 7 per cent decrease in finance costs and a 2 per cent increase in depreciation costs.

Other notable points include: Materials and services totalled \$79.6 million - 41 per cent of operating expenses.

Gladstone Regional Council 2017/18 Annual Report

The largest individual item was \$21.1 million on contractors performing works on behalf of Council, with bulk water purchases the next largest at \$16.6 million.

Together these two line items accounted for 47.3 per cent of the materials and services expenditure for the year.

The costs for materials and services incorporate 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 to individual contractors and consultants to bitumen materials, gravels, electricity, petrol and other operational costs.

Employee benefits accounted for \$60.2 million - 31 per cent of operating expenditure.

This includes employee salaries and wages, superannuation, leave entitlements and Councillor remuneration.

Council's depreciation expense was \$46.4 million - 24 per cent 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 2.22 per cent of the asset base over the period.

Finance costs totalled \$8.3 million for the year - 4% of total operating expenditure.

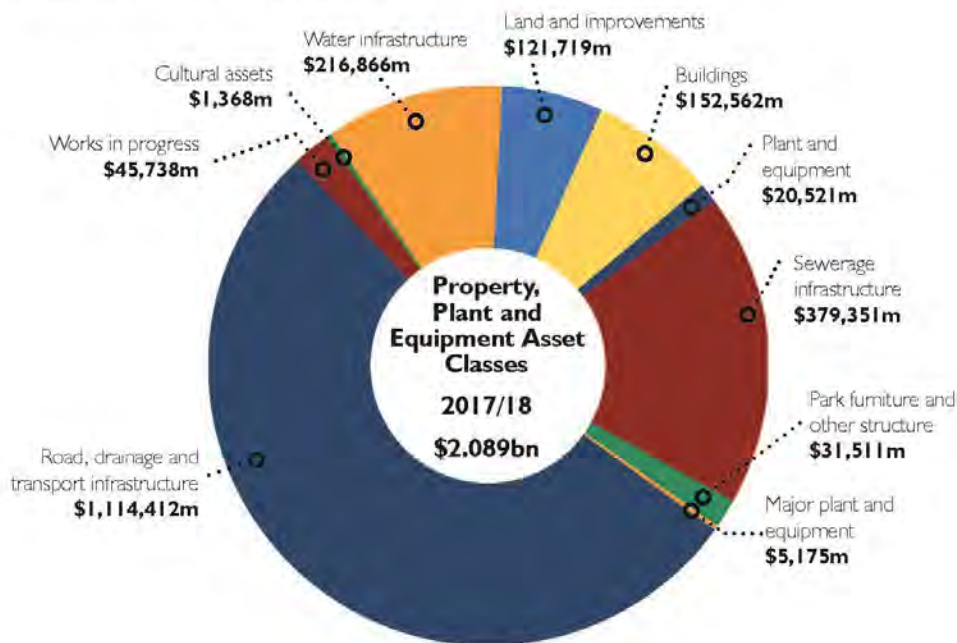
70



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

## Assets

(What the community owned as at 30 June 2018)



Council controlled assets had a total value of \$2.234 billion as at 30 June 2018, which represented an increase in the community's assets during 2017/18 of \$31.45 million.

The increase in Council's asset base is primarily attributable to a comprehensive revaluation of all asset classes held which totalled \$19.730 million.

This was an addition to \$47.5 million worth of completed capital works during 2017/18 (\$59.5 million in 2016/17).

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 \$2.089 billion. Cash and deposits totalled \$12.103 million.

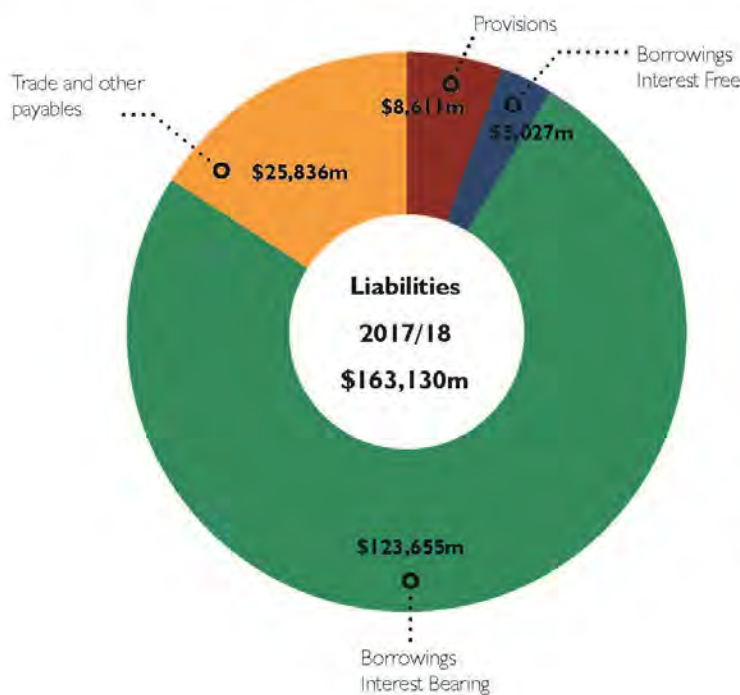
A large proportion (\$82.041 million) of the cash held is earmarked as reserves for future capital expenditure.

The breakup of the \$2.089 billion of property plant and equipment assets controlled by Council can be viewed in the graph above.

# What is the value of our liabilities?

## Liabilities

(What we owed to others as at 30 June 2018)



Council is committed to conducting its business with integrity, honesty and fairness, and ensuring compliance with all relevant laws, regulations, codes and corporate standards.

Council's liabilities include loans, amounts owed to suppliers and amounts owing to employees for leave entitlement.

The total liabilities amount of \$163.1 million as at 30 June 2018 is a decrease of \$5.6 million over the previous year.

Council's largest single liability is its interest bearing loans with Queensland Treasury Corporation at \$123.7 million as at 30 June 2018 (down \$8.2 million from 2017).

Council did not borrow any funds in 2017/18, as was the case for the previous two years.

# 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 March 2019.

*Millennium Esplanade  
Tannum Sands*

2018-19 Annual Report

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**Statements of Comprehensive Income**

For the year ended 30 June 2018

	Note	Consolidated		Council	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent revenue</b>					
Net rate and utility charges	3(a)	140,325	138,701	140,412	138,781
Fees and charges	3(b)	18,119	19,338	9,799	10,255
Interest received	3(c)	4,259	4,722	3,965	4,424
Other recurrent income	3(d)	16,230	20,116	15,119	19,689
Grants, subsidies, contributions and donations	4(a)	15,066	13,081	15,066	13,081
<b>Total recurrent revenue</b>		<b>193,999</b>	<b>195,958</b>	<b>184,361</b>	<b>186,230</b>
<b>Capital revenue</b>					
Grants, subsidies, contributions and donations	4(b)	14,478	21,553	14,478	21,553
<b>Total capital revenue</b>		<b>14,478</b>	<b>21,553</b>	<b>14,478</b>	<b>21,553</b>
<b>Total income</b>		<b>208,477</b>	<b>217,511</b>	<b>198,839</b>	<b>207,783</b>
<b>Expenses</b>					
Employee benefits	5	(60,221)	(56,332)	(56,674)	(52,683)
Materials and services	6	(79,625)	(74,397)	(77,994)	(72,551)
Finance costs	7	(8,335)	(8,924)	(6,228)	(6,711)
Depreciation and amortisation		(46,406)	(45,502)	(43,969)	(43,038)
<b>Total recurrent expenses</b>		<b>(194,587)</b>	<b>(185,155)</b>	<b>(184,865)</b>	<b>(174,983)</b>
<b>Capital expenses</b>	8	<b>(8,962)</b>	<b>(19,632)</b>	<b>(8,784)</b>	<b>(19,642)</b>
<b>Total expenses</b>		<b>(203,549)</b>	<b>(204,787)</b>	<b>(193,649)</b>	<b>(194,625)</b>
<b>Net recurrent result</b>		<b>(588)</b>	<b>10,803</b>	<b>(504)</b>	<b>11,247</b>
<b>Net result</b>		<b>4,929</b>	<b>12,724</b>	<b>5,190</b>	<b>13,158</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Increase/(decrease) in asset revaluation surplus	20	19,730	(50,757)	18,380	(50,757)
<b>Total other comprehensive income for the year</b>		<b>19,730</b>	<b>(50,757)</b>	<b>18,380</b>	<b>(50,757)</b>
<b>Total comprehensive income for the year</b>		<b>24,659</b>	<b>(38,033)</b>	<b>23,570</b>	<b>(37,599)</b>

**Statements of Financial Position**  
**As at 30 June 2018**

	Note	Consolidated			Council		
		30 June 2018	30 June 2017	1 July 2016	30 June 2018	30 June 2017	1 July 2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>							
Cash and cash equivalents	9	112,103	120,375	106,201	99,605	108,479	95,009
Trade and other receivables	10	24,730	26,063	27,546	23,275	25,958	26,745
Inventories		3,116	2,478	2,695	3,116	2,478	2,695
Land Purchased for development and sale	11	411	300	191	411	300	191
<b>Total current assets</b>		<b>140,360</b>	<b>149,216</b>	<b>136,633</b>	<b>126,407</b>	<b>137,215</b>	<b>124,640</b>
<b>Non-current assets</b>							
Investment property	13	4,056	4,712	5,510	4,056	4,712	5,510
Property, plant and equipment	14	2,089,223	2,057,765	2,108,291	1,999,887	1,967,464	2,015,738
Intangible assets		314	397	612	314	397	612
Investment in controlled entity	12	-	-	-	71,854	71,854	71,854
Trade and other receivables	10	-	-	-	33,716	33,716	35,396
<b>Total non-current assets</b>		<b>2,093,593</b>	<b>2,062,874</b>	<b>2,114,413</b>	<b>2,109,827</b>	<b>2,078,143</b>	<b>2,129,110</b>
<b>Total assets</b>		<b>2,233,953</b>	<b>2,212,090</b>	<b>2,251,046</b>	<b>2,236,234</b>	<b>2,215,358</b>	<b>2,253,750</b>
<b>Current liabilities</b>							
Trade and other payables	16	25,836	21,380	18,624	25,004	20,448	17,598
Borrowings - interest bearing	16	9,081	8,587	7,786	9,081	8,586	7,776
Borrowings - interest free	16	374	484	467	374	484	467
<b>Total current liabilities</b>		<b>35,291</b>	<b>30,451</b>	<b>26,877</b>	<b>34,459</b>	<b>29,518</b>	<b>25,841</b>
<b>Non-current liabilities</b>							
Borrowings - interest bearing	16	114,575	123,350	131,979	114,575	123,350	131,979
Borrowings - interest free	16	4,653	5,027	5,511	4,653	5,027	5,511
Provisions	19	8,611	9,947	10,807	8,606	9,941	10,774
<b>Total non-current liabilities</b>		<b>127,839</b>	<b>138,324</b>	<b>148,297</b>	<b>127,834</b>	<b>138,318</b>	<b>148,264</b>
<b>Total liabilities</b>		<b>163,130</b>	<b>168,775</b>	<b>175,174</b>	<b>162,293</b>	<b>167,836</b>	<b>174,105</b>
<b>Net community assets</b>		<b>2,070,823</b>	<b>2,043,315</b>	<b>2,075,872</b>	<b>2,073,941</b>	<b>2,047,522</b>	<b>2,079,645</b>
<b>Community equity</b>							
Retained surplus		1,436,467	1,419,895	1,399,050	1,426,983	1,410,150	1,388,871
Asset revaluation surplus	20	552,315	532,585	583,342	564,917	546,537	597,294
Reserves	21	82,041	90,835	93,480	82,041	90,835	93,480
<b>Total community equity</b>		<b>2,070,823</b>	<b>2,043,315</b>	<b>2,075,872</b>	<b>2,073,941</b>	<b>2,047,522</b>	<b>2,079,645</b>

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

## Statements of Changes in Equity

For the year ended 30 June 2018

### Consolidated

		Retained surplus	Asset revaluation surplus	Reserves	Total
	Note	\$'000	\$'000	\$'000	\$'000
<b>Restated balance as at 1 July 2017</b>		1,419,895	532,585	90,835	2,043,315
Found assets first recognised	14	2,849	-	-	2,849
<b>Restated balance as at 1 July 2017</b>		<b>1,422,745</b>	<b>532,585</b>	<b>90,835</b>	<b>2,046,164</b>
Net operating result		4,929	-	-	4,929
<b>Other comprehensive income for the year:</b>					
Increase / (decrease) in asset revaluation surplus	20	-	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	21	(10,736)	-	10,736	-
Transfers to / (from) reserves	21	19,530	-	(19,530)	-
<b>Total transfers to / (from) reserves</b>		<b>8,794</b>	<b>-</b>	<b>(8,794)</b>	<b>-</b>
<b>Balance as at 30 June 2018</b>		<b>1,436,467</b>	<b>552,315</b>	<b>82,041</b>	<b>2,070,823</b>
<b>Balance as at 1 July 2016</b>		1,399,050	683,688	93,480	2,176,218
Effect of correction of error	25	-	(100,346)	-	(100,346)
Found assets first recognised	14	5,476	-	-	5,476
<b>Restated balance as at 1 July 2016</b>		<b>1,404,526</b>	<b>583,342</b>	<b>93,480</b>	<b>2,081,348</b>
Net operating result		12,724	-	-	12,724
<b>Other comprehensive income for the year:</b>					
Increase / (decrease) in asset revaluation surplus	20	-	(50,757)	-	(50,757)
<b>Total comprehensive income for the year</b>		<b>12,724</b>	<b>(50,757)</b>	<b>-</b>	<b>(38,033)</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	21	(20,645)	-	20,645	-
Transfers to / (from) reserves	21	23,290	-	(23,290)	-
<b>Total transfers to / (from) reserves</b>		<b>2,645</b>	<b>-</b>	<b>(2,645)</b>	<b>-</b>
<b>Restated balance as at 30 June 2017</b>		<b>1,419,895</b>	<b>532,585</b>	<b>90,835</b>	<b>2,043,315</b>

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

**Statements of Changes in Equity**

For the year ended 30 June 2018

<b>Council</b>		<b>Retained surplus</b>	<b>Asset revaluation surplus</b>	<b>Reserves</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Restated balance as at 1 July 2017</b>		1,410,150	546,537	90,835	2,047,522
Found assets first recognised	14	2,849	-	-	2,849
<b>Restated balance as at 1 July 2017</b>		<b>1,412,999</b>	<b>546,537</b>	<b>90,835</b>	<b>2,050,371</b>
Net operating result		5,190	-	-	5,190
<b>Other comprehensive income for the year</b>					
Increase / (decrease) in asset revaluation surplus	20	-	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	21	(10,736)	-	10,736	-
Transfers to / (from) reserves	21	19,530	-	(19,530)	-
<b>Total transfers to / (from) reserves</b>		<b>8,794</b>	<b>-</b>	<b>(8,794)</b>	<b>-</b>
<b>Balance as at 30 June 2018</b>		<b>1,426,983</b>	<b>564,917</b>	<b>82,041</b>	<b>2,073,941</b>
<b>Balance as at 1 July 2016</b>		1,388,871	697,640	93,480	2,179,991
Effect of correction of error	25	-	(100,346)	-	(100,346)
Found assets first recognised	14	5,476	-	-	5,476
<b>Restated balance as at 1 July 2016</b>		<b>1,394,347</b>	<b>597,294</b>	<b>93,480</b>	<b>2,085,121</b>
Net operating result		13,158	-	-	13,158
<b>Other comprehensive income for the year</b>					
Increase / (decrease) in asset revaluation surplus	20	-	(50,757)	-	(50,757)
<b>Total comprehensive income for the year</b>		<b>13,158</b>	<b>(50,757)</b>	<b>-</b>	<b>(37,599)</b>
<b>Total capital revenue</b>					
Transfers to / (from) capital	21	(20,645)	-	20,645	-
Transfers to / (from) reserves	21	23,290	-	(23,290)	-
<b>Total transfers to / (from) reserves</b>		<b>2,645</b>	<b>-</b>	<b>(2,645)</b>	<b>-</b>
<b>Restated balance as at 30 June 2017</b>		<b>1,410,150</b>	<b>546,537</b>	<b>90,835</b>	<b>2,047,522</b>

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



**Statements of Cash Flows**

For the year ended 30 June 2018

	Note	Consolidated		Council	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		186,083	189,968	177,043	180,412
Payments to suppliers and employees		(143,427)	(132,795)	(137,135)	(126,042)
		<b>42,656</b>	<b>57,173</b>	<b>39,908</b>	<b>54,370</b>
Interest received	3(e)	4,259	4,722	3,965	4,424
Rental income	3(d)	647	645	647	645
Non capital grants and contributions	4(a)	15,066	13,081	15,066	13,081
<b>Net cash inflow from operating activities</b>	28	<b>62,628</b>	<b>75,621</b>	<b>59,586</b>	<b>72,520</b>
<b>Cash flow from investing activities</b>					
Payments for property, plant and equipment		(69,231)	(62,447)	(68,874)	(62,089)
Grants, subsidies, contributions and donations	4(b)	14,421	17,190	14,421	17,190
Proceeds from sale of property, plant and equipment	8	828	641	828	589
Payment for intangible assets		(91)	(33)	(91)	(33)
<b>Net cash outflow from investing activities</b>		<b>(54,073)</b>	<b>(44,649)</b>	<b>(53,716)</b>	<b>(44,343)</b>
<b>Cash flow from financing activities</b>					
Borrowing costs		(7,811)	(8,236)	(5,729)	(6,154)
Repayment of borrowings	17,18	(9,016)	(8,562)	(9,015)	(8,553)
<b>Net cash outflow from financing activities</b>		<b>(16,827)</b>	<b>(16,798)</b>	<b>(14,744)</b>	<b>(14,707)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(8,272)</b>	<b>14,174</b>	<b>(8,874)</b>	<b>13,470</b>
Cash and cash equivalents at the beginning of the financial year		120,375	106,201	108,479	95,009
<b>Cash and cash equivalents at end of the financial year</b>	9	<b>112,103</b>	<b>120,375</b>	<b>99,605</b>	<b>108,479</b>

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

## Notes to the Financial Statements For the year ended 30 June 2018

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### 1 Significant Accounting Policies

#### 1.01 Basis of Preparation

These general purpose financial statements for the period 1 July 2017 to 30 June 2018 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 the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial Statements do not comply with IFRS.

The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

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 2018 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 the 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.

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 1 Significant Accounting Policies (cont'd)

##### 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.

##### 1.05 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 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 for the first time. As a result Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 29.

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:

<b>Standard and impact</b>	<b>Date Council will apply the standard</b>
<b><u>AASB 9 Financial Instruments</u></b>	
This replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	01-Jul-18
The main impact of AASB 9, is to change the requirements for the classification, measurement and disclosures associated with financial assets.	
The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.	
<b><u>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</u></b>	
AASB 15 will replace AASB 18 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and a number of Interpretations.	01-Jul-19
AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.	
Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.	
Council 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:	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	

## Notes to the Financial Statements

For the year ended 30 June 2018

### 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)**

- 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 the Council has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). Council is yet to complete an analysis of our existing arrangements for sale of services and the impact, if any, on revenue recognition.
- 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. During the 2017/18 financial year Council received \$7,377,875 in prepaid rates. During the 2016/17 financial year Council received \$7,936,525. If the standard had been applied in this reporting period there would have been a increase in revenue of \$558,650 and an increase in current liabilities of \$7,377,875.

#### **AASB 16 Leases**

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

01-Jul-19

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

Council is collecting further information for its current leases to assess the impact of the new requirements.

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.

## Notes to the Financial Statements

### For the year ended 30 June 2018

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#### 1 Significant Accounting Policies (cont'd)

##### 1.07 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

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 19
- Contingent liabilities - Note 23

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.

Council does not recognise treated water as inventory as raw and untreated water belongs to the Gladstone Area Water Board (Board). Council purchases treated water from the Board which is stored in a number of reservoirs prior to delivery to customers.

##### 1.09 Financial Assets and Financial Liabilities

Council recognises a financial asset or a financial liability in its 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 (Note 9)
- Receivables - Measured at amortised cost (Note 10)

###### Financial Liabilities

- Payables - Measured at amortised cost (Note 15)
- Borrowings - Measured at amortised cost (Note 17 and Note 18)

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.

## Notes to the Financial Statements

For the year ended 30 June 2018

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### 1 Significant Accounting Policies (cont'd)

#### 1.09 Financial Assets and Financial Liabilities (cont'd)

The fair value of financial instruments is determined as follows (cont'd):

- 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 the Council repaid it in full at balance date. As it is the intention of the 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.
- Gladstone Regional 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 30.

#### 1.10 Intangible Assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements; items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Council has determined that software has a finite life estimated at 5 to 10 years. Straight line amortisation has been used with no residual value.

#### 1.11 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.

#### 1.12 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 the Council pays an income tax equivalent to the Council in accordance with the requirements of the *Local Government Act 2009*.

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

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

- cemeteries
- sewerage

## Notes to the Financial Statements

For the year ended 30 June 2018

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### 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 our assets and level of service to optimise the life cycle costs of our assets. This team ensures our 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 we consistently use the right mix of internal and external resources 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 our brand, positioning Council as an accountable, transparent business that delivers on its promises. Through creating a genuine connection 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 our community, embrace diversity and enhance our 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 the 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.

## **Notes to the Financial Statements**

For the year ended 30 June 2018

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### **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 our organisation that reflects our community and its spirit, our organisational values and our internal diversity. Through enabling our organisation's success by partnering with our 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 2018

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 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				
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Strategy & Transformation	7,292	81,156	-	88,448	(7,320)	-	(7,320)	81,128	81,128	36,065	
Strategic Asset Performance	2,901	64,638	13,005	80,544	(97,174)	(8,111)	(105,285)	(29,634)	(24,740)	1,741,960	
Operations	2,016	18,100	1,466	21,582	(44,073)	(616)	(44,689)	(23,957)	(23,106)	170,781	
Customer Experience	108	2,803	-	2,911	(11,319)	(0)	(11,320)	(8,409)	(8,409)	3,972	
Community Developments & Events	2,545	1,766	8	4,319	(18,832)	(57)	(18,889)	(14,521)	(14,570)	86,422	
People Culture & Safety	142	136	-	278	(3,951)	-	(3,951)	(3,674)	(3,674)	27	
Finance Governance & Risk	63	695	-	757	(2,196)	-	(2,196)	(1,439)	(1,439)	197,007	
Total Council	15,066	169,295	14,478	198,839	(184,865)	(8,764)	(193,649)	(504)	(504)	2,236,234	
Controlled entity net of eliminations	-	9,638	-	9,638	(9,722)	(178)	(9,900)	(84)	(261)	(2,281)	
Total consolidated	15,066	178,933	14,478	208,478	(194,587)	(8,962)	(203,549)	(688)	(4,929)	2,233,953	

Year ended 30 June 2017

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				
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Office of the CEO	81	160	30	271	(4,877)	-	(4,877)	(4,636)	(4,606)	2,952	
Corporate and Community	1,680	2,737	130	4,548	(20,119)	(1,873)	(21,992)	(15,701)	(17,444)	200,956	
Finance	11,196	82,912	-	94,108	(2,003)	(21)	(2,024)	92,106	92,085	243,076	
Engineering	90	85,369	18,500	103,959	(117,295)	(17,147)	(134,443)	(31,837)	(30,484)	1,885,095	
Planning and Environment	34	1,971	2,893	4,897	(30,688)	(601)	(31,289)	(28,684)	(26,392)	83,279	
Total Council	13,081	173,148	21,553	207,783	(174,983)	(19,642)	(194,625)	11,247	13,158	2,215,358	
Controlled entity net of eliminations	-	9,728	-	9,728	(10,172)	10	(10,162)	(444)	(434)	(3,268)	
Total consolidated	13,081	182,876	21,553	217,511	(185,155)	(19,632)	(204,787)	10,803	12,724	2,212,090	

## Notes to the Financial Statements

For the year ended 30 June 2018

### 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Rate and utility charges</b>				
General rates	83,478	83,023	83,565	83,103
Water	15,964	15,390	15,964	15,390
Water consumption, rental and sundries	15,141	14,436	15,141	14,436
Sewerage	29,729	29,685	29,729	29,685
Waste management	8,066	7,883	8,066	7,883
<b>Total rates and utility charge revenue</b>	<b>152,377</b>	<b>150,417</b>	<b>152,465</b>	<b>150,497</b>
Less: Discounts	(11,275)	(10,979)	(11,275)	(10,979)
Less: Concessions and pensioner remissions	(747)	(717)	(747)	(717)
Less: Concealed water concessions	(31)	(20)	(31)	(20)
	<b>140,325</b>	<b>138,701</b>	<b>140,412</b>	<b>138,781</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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Fees and charges</b>				
Animal impounding fees	78	75	78	75
Building and development fees	1,861	1,934	1,861	1,934
Fees and charges	850	707	850	707
Licences and registration	728	613	728	613
Waste management fees - tipping fees	5,777	6,574	5,777	6,574
Other fees and charges	505	351	505	352
Airport fees and charges	8,320	9,084	-	-
	<b>18,119</b>	<b>19,338</b>	<b>9,799</b>	<b>10,255</b>

#### (c) Interest received

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

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Interest received</b>				
Interest received from investments	3,450	3,868	3,156	3,570
Interest from overdue rates and utility charges	809	854	809	854
	<b>4,259</b>	<b>4,722</b>	<b>3,965</b>	<b>4,424</b>

## Notes to the Financial Statements

For the year ended 30 June 2018

### 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.

The Council generates revenue from a number of services including management of gravel pits, 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.

	Consolidated		Council	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
<b>Other recurrent income</b>				
Entertainment Centre income	1,572	1,866	1,572	1,866
Fines and penalties	92	110	92	110
Commissions	188	187	188	187
Controlled entity dividend	-	-	216	716
Income tax equivalent - state government entity	5,056	6,337	5,056	6,337
Income tax equivalent - controlled entity	-	-	553	639
Rental income	647	645	647	645
Sales revenue	4,115	5,270	4,115	5,270
Other	4,560	5,701	2,680	3,919
	<b>16,230</b>	<b>20,116</b>	<b>15,119</b>	<b>19,689</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 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. An equivalent amount is placed in reserve until the funds are expended.

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

##### Cash Contributions

Developers 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.

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>(a) Recurrent</b>				
General purpose grants	7,282	11,196	7,282	11,196
State Government subsidies and grants	3,653	1,169	3,653	1,169
Commonwealth subsidies and grants	3,912	684	3,912	684
Contributions	2	1	2	1
Non-government subsidies and grants	217	31	217	31
	<b>15,066</b>	<b>13,081</b>	<b>15,066</b>	<b>13,081</b>
<b>(b) Capital</b>				
<b>(i) Monetary revenue received:</b>				
State government grants and subsidies	8,459	5,995	8,459	5,995
Commonwealth subsidies and grants	5,492	9,821	5,492	9,821
Developer contributions	132	883	132	883
Other contributions	338	491	338	491
	<b>14,421</b>	<b>17,190</b>	<b>14,421</b>	<b>17,190</b>
<b>(ii) Non-monetary revenue received:</b>				
Donated assets contributed by developers at fair value	14	4,233	-	4,233
Other donated assets	14	130	57	130
	<b>14,478</b>	<b>21,553</b>	<b>14,478</b>	<b>21,553</b>

**Notes to the Financial Statements**

For the year ended 30 June 2018

**4 Grants, subsidies, contributions and donations (cont'd)****Conditions over contributions**

Contributions recognised as income during the current and prior reporting periods and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Developer contributions for infrastructure	137	-	137	-
	<b>137</b>	<b>-</b>	<b>137</b>	<b>-</b>

## Notes to the Financial Statements For the year ended 30 June 2018

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### 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 since the adoption of the Gladstone Regional Council Enterprise Bargaining Agreement on the 28th March 2013. Some former Calloope 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 the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

#### 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 the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 19 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.

#### Redundancy Benefits

During the year Council began the transition phase of an organisational restructure, with the anticipated implementation date being 6 August 2018. As part of this process, voluntary redundancies have been accepted by employees affected by the restructure prior to the end of the financial year, however payments of benefits will be made early in the 2019 financial year. This anticipated cost is reported in Note 18 as a provision.

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Employee Benefits</b>				
Total staff wages and salaries	47,467	46,292	44,263	43,056
Councillors' remuneration	931	917	931	917
Employee leave entitlements	7,099	7,373	7,268	7,406
Redundancy benefits	3,728	-	3,555	-
Superannuation	5,858	5,916	5,657	5,630
	<b>65,083</b>	<b>60,498</b>	<b>61,674</b>	<b>57,009</b>
Other employee related expenses	607	666	469	506
	<b>65,690</b>	<b>61,164</b>	<b>62,143</b>	<b>57,515</b>
Less: Capitalised employee expenses	(5,469)	(4,832)	(5,469)	(4,832)
<b>Total employee benefits</b>	<b>60,221</b>	<b>56,332</b>	<b>56,674</b>	<b>52,683</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>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
Elected members	9	9	9	9
Office of the CEO	3	40	3	40
Finance	-	37	-	37
Corporate and Community Services	-	133	-	133
Engineering Services	-	251	-	251
Planning and Environment	-	149	-	149
Community Developments and Events	67	-	67	-
Customer Experience	91	-	91	-
Finance Governance and Risk	30	-	30	-
Operations	324	-	324	-
People Culture and Safety	22	-	22	-
Strategic Asset Performance	29	-	29	-
Strategy and Transformation	19	-	19	-
Controlled Entity	21	36	-	-
Controlled Entity Board members	6	6	-	-
<b>Total full time equivalent employees</b>	<b>621</b>	<b>661</b>	<b>594</b>	<b>619</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 6 Materials and services

	Consolidated		Council	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Advertising and marketing	539	400	495	399
Artist fees and expenses	205	212	205	212
Audit by the Auditor-General of Queensland	208	177	184	153
Chemicals	291	205	268	205
Consultants	2,341	1,607	2,123	1,389
Contractors	21,110	20,853	20,896	20,753
Donations and sponsorships	4,640	2,583	4,640	2,578
Electricity and gas	4,256	4,235	3,907	3,884
Equipment and software expenses	7,436	7,440	7,082	7,382
Fuel	2,061	1,922	2,049	1,901
General administration	1,378	1,548	1,378	1,548
Insurance	2,276	2,151	2,124	1,983
Investment property expense (property generating income)	51	13	51	13
Investment property expenses (property not generating income)	8	2	8	2
Legal expenses	274	402	274	348
Motor vehicle expenses	2,298	1,879	2,269	1,854
Other material and services	4,125	3,724	4,202	3,217
Property expenses	3,140	2,570	2,983	2,404
Rentals - operating leases	26	53	26	53
Repairs and maintenance	729	1,050	729	1,050
Staff and Councillor associated expenses	1,671	1,419	1,641	1,411
Subscriptions and memberships	302	260	261	251
Sundry expenses	128	90	128	64
Telephone expenses	584	609	584	572
Tipping fees	2,871	3,206	2,871	3,206
Water purchases	16,587	15,674	16,587	15,667
Waste disposal expenses	90	113	29	52
	<b>79,625</b>	<b>74,397</b>	<b>77,994</b>	<b>72,551</b>

#### 7 Finance costs

	Note	Consolidated		Council	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000
Finance costs charged by the Queensland Treasury Corporation		7,811	8,236	5,729	6,154
Fair value adjustment	18	250	267	250	267
Other		274	421	249	290
		<b>8,335</b>	<b>8,924</b>	<b>6,228</b>	<b>6,711</b>



## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 8 Capital expenses

	Note	Consolidated		Council	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Loss on disposal of non-current assets</b>					
Proceeds from sale of property, plant and equipment		(828)	(641)	(828)	(589)
Less Book value of property, plant and equipment disposed:					
Plant and equipment		952	677	959	634
Buildings		167	300	167	300
Parks furniture and other structures		87	224	87	225
Roads, drainage and transport infrastructure		6,411	16,623	6,411	16,623
Sewerage		988	16	988	16
Water		167	225	167	225
		<b>7,944</b>	<b>17,424</b>	<b>7,950</b>	<b>17,434</b>
<b>Loss on write-off of non-current assets</b>	14	<b>544</b>	<b>1,410</b>	<b>359</b>	<b>1,410</b>
Revaluation down of investment property	13	<b>474</b>	<b>798</b>	<b>474</b>	<b>798</b>
<b>Total capital expenses</b>		<b>8,962</b>	<b>19,632</b>	<b>8,784</b>	<b>19,642</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 with credit ratings ranging from AAA to BBB- or unrated. All Gladstone Airport Corporation investments are held in the Queensland Treasury Corporation cash management account bearing variable interest rates.

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

Deposits with the Queensland Treasury Corporation Cash Fund are capital guaranteed.

## Notes to the Financial Statements

### For the year ended 30 June 2018

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

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Cash and cash equivalents</b>				
Cash at bank and on hand	2,037	856	1,849	710
Deposits at call	36,442	34,098	24,132	32,276
Term deposits	73,624	85,421	73,624	75,493
<b>Balance per Statements of Cash Flows</b>	<b>112,103</b>	<b>120,375</b>	<b>99,605</b>	<b>108,479</b>
<b>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b>				
Unspent government grants and subsidies	10,822	5,612	10,822	5,612
<b>Total unspent restricted cash for capital projects</b>	<b>10,822</b>	<b>5,612</b>	<b>10,822</b>	<b>5,612</b>

#### 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 2018

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

	Consolidated		Council	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Rateable revenue and utility charges	9,480	7,930	9,480	7,930
Water charges not yet levied	7,485	7,388	7,485	7,388
Other debtors	3,004	6,602	1,807	5,037
Less: Impairment	(219)	(242)	(219)	(242)
GST recoverable	1,466	1,557	1,530	1,621
Interest receivable	560	507	560	507
Accrued revenue	1,174	546	1,088	546
Prepayments	1,780	1,775	1,656	1,654
Gladstone Airport Corporation	-	-	(114)	1,517
	<b>24,730</b>	<b>26,063</b>	<b>23,275</b>	<b>25,958</b>
<b>Non-current</b>				
Shareholder loan - Gladstone Airport Corporation	-	-	33,716	33,716
	-	-	<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 Corporation to GRC, in accordance with the requirements of the Local Government (Beneficial Enterprises & Business Activities (Repealed)) Regulation 2010.

Loans to 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 2018

#### 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Opening balance as at 1 July		300	191	300	191
Transfers from investment land	13	182	109	182	109
Impairment adjustment in period		(71)	-	(71)	-
<b>Closing balance as at 30 June</b>		<b>411</b>	<b>300</b>	<b>411</b>	<b>300</b>
<b>Classified as :</b>					
Current		411	300	411	300
Non-current		-	-	-	-
		<b>411</b>	<b>300</b>	<b>411</b>	<b>300</b>

This land is freehold land Council has decided to sell to address the market demand for residential allotments. The land is expected to be developed and 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.

Councils' investment in the controlled entity, Gladstone Airport Corporation, is accounted for at cost in Councils' 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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Opening balance as at 1 July	-	-	71,854	71,854
<b>Closing balance as at 30 June</b>	<b>-</b>	<b>-</b>	<b>71,854</b>	<b>71,854</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 13 Investment property

Investment property is property held for the primary purpose of earning rental and/or capital appreciation. This includes property held by the 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.

	Consolidated		Council		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
	Note	\$'000	\$'000	\$'000	
Land - at independent valuation		1,423	1,679	1,423	1,679
Buildings - at independent valuation		2,633	3,033	2,633	3,033
		<b>4,056</b>	<b>4,712</b>	<b>4,056</b>	<b>4,712</b>
<b>Investment property reconciliation</b>					
Fair value at beginning of financial year		4,712	5,510	4,712	5,510
Transfer to land held for resale	11	(182)	-	(182)	-
Revaluation of investment property	8	(474)	(798)	(474)	(798)
Fair value at end of financial year		<b>4,056</b>	<b>4,712</b>	<b>4,056</b>	<b>4,712</b>

Income from investment property is shown in Note 3d. Expenses in respect of investment property are shown in Note 6.

Investment property comprises of commercial properties which are rented out. 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 2018. 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.

## Notes to the Financial Statements

### For the year ended 30 June 2018

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#### 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 the 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 in, architect's fees, engineering 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.

## Notes to the Financial Statements

### For the year ended 30 June 2018

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

##### Major Plant and Equipment

The Council has determined that plant which has an individual cost in excess of \$350,000 is of high value to the 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 the 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 the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at 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, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. 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.

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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**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 the 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 2018

14 Property, plant and equipment (Cont'd)

Consolidated - 30 June 2018

	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	
Balance of measurement																						
Asset Values																						
Opening gross value at 1 July 2017		130,530	168,802	44,680	3,685	1,081	36,523	1,488,502	462,033	(1)	277,675	35,051	5,024	65,288	57	18,490	(822)	30,958	(636)	(57)	(2,553)	2,741,289
Opening balance adjustment		-	1	1	-	173	-	48	173	-	-	-	-	-	-	-	-	-	-	-	-	-
Found assets first recognised		46	23	41	-	41	50	50	48	173	48	50	50	1	4	15	15	4	121	8	62,485	5,024
Additions during period		70	212	2,880	3,509	3,509	57	2,880	3,509	48	48	50	50	4,687	-	-	-	-	121	8	62,485	5,024
Disposals*	4 (b)	-	-	(203)	-	(424)	(102)	(424)	-	-	-	(102)	-	(10,675)	(1,977)	(388)	(1,977)	(1,030)	-	-	(1,533)	(18,490)
Write-offs	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(822)
Revaluation adjustment to the asset revaluation surplus	8	(6,889)	4,228	(159)	-	154	560	16,888	8,698	123	123	560	16,888	-	-	-	-	-	5,397	-	-	30,958
Revaluation adjustment due to landfill provisions	20	(636)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(636)
Assets transferred to intangibles		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Assets transferred to inventory		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,553)
Internal transfers between WIP and other classes		651	1,438	(39)	-	-	(475)	25,672	13,292	-	-	-	-	-	-	-	-	-	5,888	-	(47,625,70)	(2,553)
Closing gross value as at 30 June 2018		125,182	174,502	44,998	6,504	1,426	36,512	1,535,986	481,503	1,426	475	50	50	1,535,986	13,292	481,503	287,897	5,888	(47,625,70)	45,738	2,741,289	

	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		1,575	22,549	22,549	1,289	-	5,550	394,489	98,336	(1)	88,510	1	-	-	-	-	-	-	-	-	-	800,886
Opening balance adjustment		(1)	5	-	1	-	-	2,201	(1)	31	8	-	-	-	-	-	-	-	-	-	-	2,245
Found assets first recognised	4 (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		1,899	2,274	3,857	680	-	589	27,482	5,386	-	4,155	-	-	-	-	-	-	-	-	-	-	46,232
Depreciation on disposals	8	-	(37)	(1,558)	(259)	-	(19)	(4,285)	(889)	-	(883)	-	-	-	-	-	-	-	-	-	-	(8,085)
Depreciation on write-offs	8	-	-	(18)	-	-	(2)	2,898	(63)	-	1,318	-	-	-	-	-	-	-	-	-	-	(81)
Revaluation adjustment to the asset revaluation surplus	20	-	(2,784)	-	28	-	(511)	7,948	1,802	-	7,948	-	-	-	-	-	-	-	-	-	-	2,880
Revaluation adjustment to asset revaluation surplus	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,948
Internal transfers between classes		-	13	(319)	-	-	(609)	808	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2018		3,473	22,040	24,478	1,729	58	6,001	421,674	102,662	58	71,131	-	-	-	-	-	-	-	-	-	-	652,036
Consolidated book value at 30 June 2018		121,719	152,562	20,521	5,775	1,368	31,511	1,114,412	379,351	1,368	216,666	50	50	1,114,412	13,292	481,503	287,897	5,888	(47,625,70)	45,738	2,888,253	
Range of estimated useful life in years			6-150	2-52	7-18	Not Depreciated Artwork: 35	5-150	15-100	10-200	Not Depreciated	5-200	Not Depreciated										

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Additions comprises:																						
Revaluations	-	-	1,483	-	1,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,900
Other additions	70	212	1,387	1,513	48	50	50	-	15	18	8	8	8	8	8	8	8	8	8	8	8	42,695
Total additions	70	212	2,880	3,009	48	50	50	-	15	18	8	8	8	8	8	8	8	8	8	8	8	69,288

\* Expensed WIP included in Opening balance, included in disposals line

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

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

Council - 30 June 2018

Basis of measurement	Asset Values	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 gross value at 1 July 2017	120,830		142,370	41,295	3,895	1,081	31,697	(0)	1,437,613	482,033	(1)	277,675	34,566	2,552,585									
Opening balance adjustment	46		23	41	173	49	50	50	4,687	4	121	8	121	5,084									
Found assets first recognised	70		212	2,890	3,509	49	50	50	-	15	15	15	8	68,931									
Additions during period	-		-	57	(2,449)	(424)	(102)	(41)	(10,675)	(1,977)	(1,977)	(1,977)	(1,977)	(18,433)									
Disposals*	8		(203)	-	-	-	(41)	(41)	-	(389)	(389)	(389)	(389)	(4,440)									
Write-offs	8		-	2,789	154	128	590	590	18,898	8,898	8,898	8,898	8,898	31,098									
Revaluation adjustment to the asset revaluation surplus	20		-	-	-	-	-	-	-	-	-	-	-	(67)									
Revaluation adjustment due to landfill provisions	-		-	-	-	-	-	-	-	-	-	-	-	-									
Assets transferred to Intangibles	-		-	-	-	-	-	-	-	-	-	-	-	-									
Assets transferred to Inventory	-		-	-	-	-	-	-	-	-	-	-	-	-									
Internal transfers between WIP and other classes	-		-	-	-	-	-	-	-	-	-	-	-	-									
Closing gross value as at 30 June 2018	117,283		146,338	41,846	5,904	1,426	35,608	3,478	22,102	13,282	13,282	13,282	13,282	287,997									
Accumulated Depreciation																							
Opening Balance as at 1 July 2017	1,578		15,370	20,898	1,270	-	4,789	376,710	(0)	98,336	(1)	66,511	0	868,131									
Opening balance adjustment	(1)		2	-	-	31	-	-	2,201	0	0	8	-	2,245									
Found assets first recognised	-		5	-	-	-	-	-	-	-	-	-	-	-									
Contributed assets	4 (0)		-	-	-	-	-	-	-	-	-	-	-	-									
Depreciation provided in period	8		1,899	1,571	690	-	641	25,622	(4,285)	5,366	(863)	4,165	(863)	43,798									
Depreciation on disposals	8		(37)	(1,622)	(259)	-	(15)	(2)	(4,285)	(989)	(989)	(989)	(989)	(8,079)									
Depreciation on write-offs	8		-	-	(16)	-	(2)	(2)	-	(83)	(83)	(83)	(83)	(81)									
Revaluation adjustment to the asset revaluation surplus	20		-	(897)	28	27	(611)	2,889	7,949	1,802	1,319	-	-	4,787									
Impairment adjustment to asset revaluation surplus	20		-	-	-	-	-	-	-	-	-	-	-	-									
Internal transfers between classes	-		-	-	-	-	-	-	-	-	-	-	-	-									
Accumulated depreciation as at 30 June 2018	3,474		16,024	22,551	1,729	58	4,002	413,407	1,087,220	102,552	71,131	71,131	71,131	838,728									
Consolidated book value at 30 June 2018	113,809		130,314	19,295	5,175	1,368	30,606	22,102	20,815	279,330	12,914	12,914	12,914	1,998,887									
Range of estimated useful life in years			6-150	2-52	7-16	Not Depreciated Est. Useful Life: 35	6-150	15-100	18-300	5-200	Not Depreciated												

\* Expensed WIP included in Opening balance, included in disposals line

Additions comprises:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Renewals	-	-	1,493	1,995	-	38	-	8	-	19,900	-	42,238	23,434
Other additions	70	212	1,387	1,513	49	12	15	-	45,497	-	-	45,497	
Total additions	70	212	2,880	3,509	49	50	15	8	62,195	-	62,195	68,931	

**Notes to the Financial Statements  
For the year ended 30 June 2018**

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

**Consolidated - 30 June 2017**

Asset Values	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
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	
Opening gross value at 1 July 2016	131,732	164,661	(1)	43,266	3,610	1,010	32,798	1,671,950	(1)	10	82	1,671,950	446,160	266,080	40,182	2,838,460					
Opening balance adjustment	2	(1)	(1)	(1)	414	(1)	-	6,628	321	7	18	5,987	14	18	82,447						
Found assets that recognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Additions during period	98	142	2,781	2,781	130	-	289	4,184	(38)	64	4,378	(38)	(489)	4,745	(83,504)						
Contributed assets	-	-	(384)	(384)	(1,879)	(280)	(289)	(24,333)	(747)	7,902	5,674	5,674	5,674	7,247	(88,442)						
Disposals	-	-	(652)	(652)	(124)	(89)	(82)	(79,649)	-	-	-	-	-	-	-						
Write-offs	8	-	3,787	3,787	-	82	550	3,442	-	-	-	-	-	-	-						
Revaluation adjustment to the asset revaluation surplus	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Revaluation adjustment due to landfill provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Internal transfers between WIP and other classes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Closing gross value as at 30 June 2017	130,530	164,902	44,690	3,665	1,081	35,523	1,498,502	482,033	5,674	277,675	38,081	2,858,692									

Accumulated Depreciation	2,333	21,798	19,443	1,573	-	5,480	385,193	89,439	61,561	-	594,621
Opening Balance as at 1 July 2016	2	-	-	(1)	-	-	(18,284)	1,433	48	-	(18,283)
Opening balance adjustment	4 (b)	-	-	-	-	-	16	-	-	-	1,481
Found assets that recognised	-	-	-	-	-	-	-	-	-	-	16
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation provided in period	8	2,260	4,309	164	-	894	29,302	5,222	4,073	-	48,284
Depreciation on disposals	20	(94)	(1,049)	(240)	-	(41)	(7,710)	(22)	(281)	-	(9,407)
Depreciation on write-offs	20	-	(9)	-	-	(4)	(443)	-	-	-	(248)
Revaluation adjustment to the asset revaluation surplus	13	(1,411)	-	(227)	-	(979)	(13,319)	1,648	1,138	-	(12,747)
Internal transfers between classes	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2017	1,676	22,249	22,608	1,289	-	6,660	384,488	96,336	66,510	-	600,887
Consolidated book value as at 30 June 2017	128,855	144,353	22,093	2,386	1,081	30,873	1,114,013	386,697	211,165	38,081	2,057,785
Range of estimated useful life in years	7-200	7-200	2-50	5-12	Not Depreciated	5-210	18-100	10-200	5-200	Not Depreciated	

\* Expensed WIP included in Opening balance, included in disposals line

Asset Values	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
Renewals	-	21	1,833	414	-	32	-	-	-	-	-	-	-	-	-	18,076	-	-	-	-	20,378
Other additions	96	928	2,791	414	10	50	-	-	14	18	40,626	-	-	-	40,626	-	-	-	-	-	42,093
Total additions	96	949	4,624	828	10	82	-	-	14	18	40,626	-	-	-	40,626	-	-	-	-	-	62,447

**Notes to the Financial Statements**  
For the year ended 30 June 2018

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

**Council - 30 June 2017**

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		
		Fair Value \$'000	2017	Fair Value \$'000	2017	Cost \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Cost \$'000	2017			
Assets Values		121,832		138,183		40,054		3,610		1,010		27,941		1,611,142		448,159		288,080		288,080		38,569		2,897,580
Opening gross value at 1 July 2016		121,832		138,183		40,054		3,610		1,010		27,941		1,611,142		448,159		288,080		288,080		38,569		2,897,580
Opening balance adjustment		2		(1)		(1)		-		(1)		-		(18,630)		-		-		-		-		(18,631)
Found assets first recognised		-		-		-		-		-		-		6,629		321		7		7		-		6,967
Additions during period		96		182		2,761		414		10		82		4,194		14		18		18		89,543		92,089
Contributed assets		-		-		130		-		-		-		624,333		(38)		4,378		(489)		(5,487)		(32,893)
Disposals*		-		(384)		(1,599)		(290)		(20)		(266)		(747)		(79,649)		7,802		4,745		-		(83,504)
Revaluation adjustment to the asset (evaluation surplus)	4 (b)	-		(852)		3,787		(69)		82		550		-		-		-		-		-		(63,504)
Revaluation adjustment due to landfill provisions	8	-		(1,735)		-		-		-		3,442		38,017		5,674		7,247		7,247		(59,059)		(1,735)
Internal transfers between WFP and other classes	20	1,287		1,318		74		-		-		-		-		-		-		-		-		-
Internal transfers value at 30 June 2017		1,287		1,318		74		-		-		-		-		-		-		-		-		-
Opening gross value at 30 June 2017		120,650		142,370		41,298		3,665		1,061		31,607		1,437,613		462,033		277,676		277,676		34,666		2,852,895

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		
		Fair Value \$'000	2017	Fair Value \$'000	2017	Cost \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Fair Value \$'000	2017	Cost \$'000	2017			
Opening balance as at 1 July 2016		2,334		15,310		17,961		1,574		(1)		4,873		388,744		89,439		81,581		81,581		-		981,486
Opening balance adjustment		2		-		-		(1)		-		-		1,433		48		-		-		-		(18,282)
Found assets first recognised		-		-		-		-		-		-		15		-		-		-		-		1,481
Contributed assets	4 (b)	-		-		-		-		-		-		15		-		-		-		-		15
Depreciation provided in period		(780)		1,581		4,018		184		(240)		540		27,971		5,222		4,073		(281)		(42,788)		42,788
Depreciation on disposals	8	-		(84)		(1,015)		(240)		-		(41)		(7,710)		(22)		(261)		(261)		-		(9,379)
Depreciation on write-offs	8	-		(5)		(98)		-		-		(4)		(143)		-		-		-		-		(248)
Revaluation adjustment to the asset (evaluation surplus)	20	-		(1,411)		-		(227)		-		(379)		(13,316)		1,648		1,138		1,138		-		(12,747)
Internal transfers between classes		-		-		-		-		-		-		-		-		-		-		-		-
Internal transfers value at 30 June 2017		1,576		15,370		20,288		1,270		1,061		4,789		378,799		96,336		66,511		66,511		-		866,131
Accumulated depreciation as at 30 June 2017		119,064		126,899		20,277		2,385		1,061		26,878		1,058,904		386,697		271,165		271,165		34,866		1,887,484
Consolidated book value at 30 June 2017		108,000		121,500		21,021		1,384		-		21,829		380,709		471,342		110,514		110,514		31,800		1,970,411
Range of estimated useful life in years		7-40		7-300		2-50		9-12		Not Depreciated		5-310		15-100		10-200		5-200		Not Depreciated				

\* Expensed WFP included in Opening balance, included in disposals line

**Additional comprises:**

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Renovations	-	21	1,835	414	-	-	32	-	-	-	-	14	-
Other additions	96	131	928	2,791	414	10	82	-	-	-	14	18	40,574
Total additions	96	152	2,763	3,205	414	10	114	-	-	-	28	18	40,614

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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**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
- Road, drainage and transport infrastructure
- Water infrastructure
- Sewerage infrastructure
- Parks, furniture, and other structures

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 16 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 2018

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2018.

Consolidated At 30 June 2018	Level 2 (Significant other observable Inputs)		Level 3 (Significant unobservable inputs)		Total		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
	\$'000		\$'000		\$'000		
<b>Recurring fair value measurements</b>							
	Note						
<b>Investment property</b>							
Investment land	13	1,423	1,679	-	-	1,423	1,679
Investment buildings	13	2,633	3,033	-	-	2,633	3,033
<b>Property, plant and equipment</b>							
Land and improvements	14	121,719	128,956	-	-	121,719	128,956
Buildings	14	-	-	152,562	146,353	152,562	146,353
Major plant and equipment	14	5,175	2,396	-	-	5,175	2,396
Cultural assets	14	1,368	1,081	-	-	1,368	1,081
Road, drainage and transport infrastructure	14	-	-	1,114,412	1,114,013	1,114,412	1,114,013
Water infrastructure	14	-	-	216,866	211,165	216,866	211,165
Sewerage infrastructure	14	-	-	379,351	365,697	379,351	365,697
Parks, furniture, and other structures	14	-	-	31,511	30,973	31,511	30,973
		<b>132,318</b>	<b>137,145</b>	<b>1,894,701</b>	<b>1,868,201</b>	<b>2,027,019</b>	<b>2,005,346</b>
<b>Council</b>							
<b>At 30 June 2018</b>							
Recurring fair value measurements	Level 2 (Significant other observable Inputs)		Level 3 (Significant unobservable inputs)		Total		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
	\$'000		\$'000		\$'000		
Note							
<b>Investment property</b>							
Investment land	13	1,423	1,679	-	-	1,423	1,679
Investment buildings	13	2,633	3,033	-	-	2,633	3,033
<b>Property, plant and equipment</b>							
Land and improvements	14	113,809	119,055	-	-	113,809	119,055
Buildings	14	-	-	130,311	126,998	130,311	126,998
Major plant and equipment	14	5,175	2,395	-	-	5,175	2,395
Cultural assets	14	1,368	1,081	-	-	1,368	1,081
Road, drainage and transport infrastructure	14	-	-	1,057,220	1,058,904	1,057,220	1,058,904
Water infrastructure	14	-	-	216,866	211,165	216,866	211,165
Sewerage infrastructure	14	-	-	379,350	365,697	379,350	365,697
Parks, furniture, and other structures	14	-	-	30,806	26,878	30,806	26,878
		<b>124,408</b>	<b>127,243</b>	<b>1,814,553</b>	<b>1,789,641</b>	<b>1,938,961</b>	<b>1,916,884</b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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**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 determined by independent valuer, APV Valuers and Asset Management with a desktop valuation effective 30 June 2018. 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 was determined using the sales comparison approach described in the preceding paragraph.

Buildings, parks and other structures (level 2 and 3)

The fair value of buildings is determined by independent valuer, APV Valuers and Asset Management with a desktop valuation effective 30 June 2018. 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) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

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

Major plant and equipment (Level 2)

The fair value of major plant is measured at current market value as at 30 June 2018. 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. 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 2018 desktop revaluation took into account changes of condition as a result of capital expenditures and expected deterioration. Detailed reviews of unit rates associated with sealed and unsealed road assets were undertaken. For all other infrastructure assets, indexation was applied in line with the LGAQ Council Cost Index 2018.

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 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 the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a 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*

As the majority of Council's works occurring on existing roads and renewals resulting 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 'Brownfields' 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 the Council's Roads 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 2015/16 financial year 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 undertaken with an effective date 30 June 2018 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 effective 30 June 2018. CRC was calculated as part of the comprehensive valuation undertaken for the 2015/16 financial year 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. The values for the 2017/18 valuation were based on the comprehensive valuation indexed in accordance with the LGAQ Council Cost Index 2018.

##### *Accumulated depreciation*

The remaining useful lives of the bridge asset components were reviewed in 2015/16. 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 undertaken with an effective date 30 June 2018 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.



**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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

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

Drainage infrastructure

*Current replacement cost*

The fair value of Drainage infrastructure was determined by Council's professional officers applying a desktop valuation effective 30 June 2018.

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. The values for the 2017/18 valuation were based on the comprehensive valuation undertaken for the 2015/16 financial year indexed in accordance with the LGAQ Council Cost Index 2018.

*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 2015/16 financial year 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 undertaken with an effective date 30 June 2018 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 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) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. The values for the 2017/18 valuation were based on the comprehensive valuation undertaken for the 2015/16 financial year indexed in accordance with the LGAQ Council Cost Index 2018.

*Accumulated depreciation*

As part of the comprehensive revaluation undertaken in the 2015/16 financial year, 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 for which no site inspections were undertaken), the consumption score was calculated on information contained within Council's asset management system and sampled assets.

For the desktop revaluation undertaken with an effective date 30 June 2018 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.

**Notes to the Financial Statements**  
For the year ended 30 June 2018

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

**Changes in Fair Value Measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurements are detailed in Note 13 (Investment Property) and Note 14 (property, plant and equipment). However, since the buildings disclosed in those Notes comprise both level 2 and level 3 assets, the movement in level 3 buildings are detailed below. There have been no transfers between level 1, 2 or 3 measurements during the year.

	<u>Consolidated</u> \$'000	<u>Council</u> \$'000
<b>Changes in buildings (Level 3)</b>		
Opening gross value as at 1 July 2017	168,903	142,370
Additions and transfers from other classes	1,650	1,379
Found assets first recognised	23	23
Disposals	(203)	(203)
Revaluation adjustment to asset revaluation surplus	4,229	2,766
	<u>174,602</u>	<u>146,335</u>
<b>Accumulated depreciation and impairment</b>		
Opening balance as at 1 July 2017	22,549	15,372
Found assets first recognised	5	5
Depreciation provided for in period	2,274	1,571
Disposals	(37)	(37)
Revaluation adjustment to asset revaluation surplus	(2,764)	(887)
Transfer from other classes	13	-
<b>Accumulated depreciation as at 30 June 2018</b>	<u>22,040</u>	<u>16,024</u>
<b>Book value as at 30 June 2018</b>	<u>152,562</u>	<u>130,311</u>

**(iv) 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.

**(v) 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 \$2,849,200.91 (2017 - \$5,475,604). This 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 2018

**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.

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Trade and other payables</b>				
<b>Current - Trade</b>				
Creditors and accruals	13,565	14,023	13,059	13,585
	<b>13,565</b>	<b>14,023</b>	<b>13,059</b>	<b>13,585</b>
<b>Current - Employee</b>				
Accrued RDO and leave in lieu	372	389	364	378
Annual leave	4,762	4,748	4,647	4,528
Service entitlement	512	475	490	475
Sick leave	553	341	553	317
Long service leave	2,571	1,399	2,391	1,160
Paid parental leave	3	5	2	5
Redundancy Benefits	3,498	-	3,498	-
	<b>12,271</b>	<b>7,357</b>	<b>11,944</b>	<b>6,863</b>
<b>Total current trade and other payables</b>	<b>25,836</b>	<b>21,380</b>	<b>25,004</b>	<b>20,448</b>

**Redundancy benefits**

Council during the year entered into an organisational restructure. The result of this was 113 positions have been made redundant and while it is anticipated that the redundancy payments will be incurred in the next financial year, there have been 40 employees who have agreed to voluntary redundancies prior the conclusion of the year ended 30 June 2018. The remaining employees are yet to disclose their intentions or have alternatively accepted new roles or redeployment within Council.

The payable represents the present value of the anticipated future costs associated with the redundancy payments. The calculation of this payable requires assumptions such as to the end date of employment for each of the known employees. These uncertainties may result in future actual expenditure differing from amounts currently provided.

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 16 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 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000
<b>Borrowings</b>					
<b>Current</b>					
Loans - Queensland Treasury Corporation	17	9,081	8,586	9,081	8,586
Loans - Interest Free - DIP	18	374	484	374	484
Loans - Other		-	1	-	-
		<b>9,455</b>	<b>9,071</b>	<b>9,455</b>	<b>9,070</b>
<b>Non-current</b>					
Loans - Queensland Treasury Corporation	17	114,575	123,350	114,575	123,350
Loans - Interest Free - DIP	18	4,653	5,027	4,653	5,027
		<b>119,228</b>	<b>128,377</b>	<b>119,228</b>	<b>128,377</b>
<b>Total borrowings</b>		<b>128,683</b>	<b>137,448</b>	<b>128,683</b>	<b>137,447</b>

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

All borrowings are in \$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, 2033.

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 2018

#### 17 Borrowings - interest bearing

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Queensland Treasury Corporation</b>				
Opening balance as at 1 July	131,936	139,755	131,936	139,755
Principal repayments	(8,281)	(7,819)	(8,281)	(7,819)
<b>Closing balance as at 30 June</b>	<b>123,655</b>	<b>131,936</b>	<b>123,655</b>	<b>131,936</b>

The loan market value at the reporting date was \$143,922,848.90. This represents the value of the debt if the Council repaid it at that date. As it is the intention of the 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.

#### 18 Borrowings - interest free

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Department of Infrastructure, Local Government and Planning				
Opening balance as at 1 July	5,511	5,978	5,511	5,978
Fair value adjustment	250	267	250	267
Principal repayments	(734)	(734)	(734)	(734)
<b>Closing balance as at 30 June</b>	<b>5,027</b>	<b>5,511</b>	<b>5,027</b>	<b>5,511</b>

These loans are guaranteed by the Queensland State Government.

**Notes to the Financial Statements**

For the year ended 30 June 2018

**19 Provisions**

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Non-Current</b>				
Landfill remediation	2,948	2,885	2,948	2,885
Long service leave	5,663	7,062	5,658	7,056
	<b>8,611</b>	<b>9,947</b>	<b>8,606</b>	<b>9,941</b>

**Details of movements in provisions:****Long Service Leave (current and non-current)**

Opening balance as at 1 July	8,461	8,346	8,216	8,088
Long service entitlement arising	1,398	1,425	1,275	1,388
Long service entitlement extinguished	(110)	(2)	(8)	(1)
Long service entitlement paid	(1,551)	(1,308)	(1,434)	(1,260)
Closing balance as at 30 June	<b>8,198</b>	<b>8,461</b>	<b>8,049</b>	<b>8,215</b>

**Landfill remediation**

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

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.

As refuse dumps are on state reserves, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Opening balance as at 1 July	2,885	3,828	2,885	3,828
Increase in provision - finance cost	-	54	-	54
Increase in provision due to change in discount rate	61	-	61	-
Decrease in provision due to change in projected costs	2	(997)	2	(997)
	<b>2,948</b>	<b>2,885</b>	<b>2,948</b>	<b>2,885</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 \$3,375,000 and this cost is expected to be incurred in 2024.

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 20 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.

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 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Movements in the asset revaluation surplus were as follows:</b>				
Opening balance as at 1 July	532,585	583,342	546,537	597,294
<b>Net adjustment to non-current assets at end of period to reflect a change in fair value:</b>				
Land and improvements	(5,669)	(852)	(3,678)	(852)
Buildings	6,994	5,198	3,653	5,198
Major plant and equipment	126	158	126	158
Parks furniture and other structures	1,071	1,129	1,071	1,129
Cultural	96	82	96	82
Roads, drainage and transport infrastructure	14,010	(66,333)	14,010	(66,333)
Sewerage infrastructure	7,034	6,254	7,034	6,254
Water infrastructure	4,017	3,607	4,017	3,607
<b>Impairment:</b>				
Roads, drainage and transport infrastructure	(7,949)	-	(7,949)	-
<b>Total movement for period</b>	<b>19,730</b>	<b>(50,757)</b>	<b>18,380</b>	<b>(50,757)</b>
<b>Closing balance as at 30 June</b>	<b>552,315</b>	<b>532,585</b>	<b>564,917</b>	<b>546,537</b>

#### Asset revaluation surplus analysis

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>The closing balance of the asset revaluation surplus is comprised of the following asset categories:</b>				
Land and improvements	42,316	47,985	63,896	67,574
Buildings	51,341	44,347	46,374	42,721
Major plant and equipment	433	307	433	307
Parks furniture and other structures	10,366	9,295	6,946	5,875
Cultural	331	235	331	235
Roads, drainage and transport infrastructure	257,422	251,361	256,795	250,734
Sewerage infrastructure	118,071	111,037	118,107	111,073
Water infrastructure	72,035	68,018	72,035	68,018
	<b>552,315</b>	<b>532,585</b>	<b>564,917</b>	<b>546,537</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

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#### 21 Reserves

The following reserves are cash backed reserves and represent funds that are accumulated within the 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 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 2018

#### 21 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 2018</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2017</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	765	461	765	461
Future capital works reserve	23,371	20,741	23,371	20,741
Plant asset replacement reserve	23,092	20,989	23,092	20,989
Regional waste management reserve	7,104	8,313	7,104	8,313
Parks constrained works reserve	1,105	968	1,105	968
Roads constrained works reserve	19,861	20,351	19,861	20,351
Water constrained works reserve	219	10,427	219	10,427
Sewerage constrained works reserve	6,251	8,333	6,251	8,333
	<b>81,768</b>	<b>90,583</b>	<b>81,768</b>	<b>90,583</b>

**Notes to the Financial Statements**  
For the year ended 30 June 2018

**21 Reserves (cont'd)**

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Summary of reserves held for funding future recurrent expenditure:</b>				
Recurrent grant funding reserve	273	252	273	252
	<b>273</b>	<b>252</b>	<b>273</b>	<b>252</b>
<b>Total reserves</b>	<b>82,041</b>	<b>90,835</b>	<b>82,041</b>	<b>90,835</b>
<b>Movements in capital reserves:</b>				
<u>Emergency services reserve</u>				
Opening balance as at 1 July	461	388	461	388
Transfer from retained earnings for future expenditure	304	73	304	73
Transfer to capital for funds expended in the period	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>766</b>	<b>461</b>	<b>766</b>	<b>461</b>
<u>Future capital works reserve</u>				
Opening balance as at 1 July	20,741	17,324	20,741	17,324
Transfer from retained earnings for future expenditure	4,263	5,390	4,263	5,390
Transfer to capital for funds expended in the period	(1,633)	(1,973)	(1,633)	(1,973)
<b>Closing balance as at 30 June</b>	<b>23,371</b>	<b>20,741</b>	<b>23,371</b>	<b>20,741</b>
<u>Plant asset replacement reserve</u>				
Opening balance as at 1 July	20,989	18,518	20,989	18,518
Transfer from retained earnings for future expenditure	3,903	11,471	3,903	11,471
Transfer to capital for funds expended in the period	(1,800)	(9,000)	(1,800)	(9,000)
<b>Closing balance as at 30 June</b>	<b>23,092</b>	<b>20,989</b>	<b>23,092</b>	<b>20,989</b>
<u>Regional waste management reserve</u>				
Opening balance as at 1 July	8,313	8,471	8,313	8,471
Transfer from retained earnings for future expenditure	-	-	-	-
Transfer to capital for funds expended in the period	(1,209)	(158)	(1,209)	(158)
<b>Closing balance as at 30 June</b>	<b>7,104</b>	<b>8,313</b>	<b>7,104</b>	<b>8,313</b>
<u>Parks constrained works reserve</u>				
Opening balance as at 1 July	968	1,960	968	1,960
Transfer from retained earnings for future expenditure	389	492	389	492
Transfer to capital for funds expended in the period	(252)	(1,484)	(252)	(1,484)
<b>Closing balance as at 30 June</b>	<b>1,105</b>	<b>968</b>	<b>1,105</b>	<b>968</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 21 Reserves (cont'd)

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

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Roads constrained works reserve</b>				
Opening balance as at 1 July	20,351	21,139	20,351	21,139
Transfer from retained earnings for future expenditure	155	766	155	766
Transfer to capital for funds expended in the period	(645)	(1,554)	(645)	(1,554)
<b>Closing balance as at 30 June</b>	<b>19,861</b>	<b>20,351</b>	<b>19,861</b>	<b>20,351</b>
<b>Water constrained works reserve</b>				
Opening balance as at 1 July	10,427	13,986	10,427	13,986
Transfer from retained earnings for future expenditure	110	368	110	368
Transfer to capital for funds expended in the period	(10,318)	(3,927)	(10,318)	(3,927)
<b>Closing balance as at 30 June</b>	<b>219</b>	<b>10,427</b>	<b>219</b>	<b>10,427</b>
<b>Sewerage constrained works reserve</b>				
Opening balance as at 1 July	8,332	11,441	8,332	11,441
Transfer from retained earnings for future expenditure	1,339	1,833	1,339	1,833
Transfer to capital for funds expended in the period	(3,420)	(4,941)	(3,420)	(4,941)
<b>Closing balance as at 30 June</b>	<b>6,251</b>	<b>8,333</b>	<b>6,251</b>	<b>8,333</b>
<b>Movements in recurrent reserves:</b>				
<b>Recurrent grant funding reserve</b>				
Opening balance as at 1 July	252	253	252	253
Transfer from retained earnings for future expenditure	273	252	273	252
Transfer to retained earnings for funds expended in the period	(252)	(253)	(252)	(253)
<b>Closing balance as at 30 June</b>	<b>273</b>	<b>252</b>	<b>273</b>	<b>252</b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**22 Commitments for expenditure**

	<b>Consolidated</b>		<b>Council</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2017</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	-	3	-	-
Fleet purchases	3,285	3,006	3,285	3,006
Flood damage assessment	1,010	1,500	1,010	1,500
Parks & Regulatory Services Projects	912	5,120	912	5,120
Road, drainage and transport Infrastructure projects	15,958	1,796	15,958	1,796
Sport & Rec Projects	-	110	-	110
Water and sewerage projects	13,331	8,360	13,331	8,360
Waste Projects	15	-	15	-
	<b>34,511</b>	<b>19,895</b>	<b>34,511</b>	<b>19,892</b>
<b>Operating contractual commitments</b>				
<b>Comprises Waste Management Services Expiring 2021</b>				
• Not later than one year	3,858	3,651	3,706	3,512
• Later than one year and not later than five years	7,141	10,591	6,774	10,118
• Later than five years	-	-	-	-
	<b>10,999</b>	<b>14,242</b>	<b>10,480</b>	<b>13,630</b>

## Notes to the Financial Statements

For the year ended 30 June 2018

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### 23 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 2017 and report accumulated member funds (equity) of \$70,521,289 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 the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure (indemnity amount) to the bank guarantee is \$1,550,054.

The latest audited financial statements for Local Government Workcare are as at 30 June 2017 and report accumulated member funds (equity) of \$50,306,803 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 Aurizon Network Pty Ltd valued at \$150,000 as an obligation under contract for the repairs to Vehicular Bridge across Rail Corridor at approximately 0.280 Kms on the Barney Point Branch, Barney Point .  
The guarantee expires on 30 September 2018.

The Gladstone Regional Council has provided a bank guarantee to Aurizon Network Pty Ltd valued at \$150,000 as an obligation under contract for the repairs to Vehicular Bridge across Rail Corridor at approximately 528.545 Kms on the North Coast Line, Barney Point .  
The guarantee expires on 30 September 2018.

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 2018

#### 24 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 the Council.

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

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

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

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

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

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

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

	Note	Consolidated		Council	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$'000	\$'000	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund		438	448	438	448
Other superannuation contributions for employees		5,420	5,468	5,219	5,182
Total superannuation contributions paid by Council for employees	5	<b>5,858</b>	<b>5,916</b>	<b>5,657</b>	<b>5,630</b>

	Consolidated	Council
	30 June 2019	30 June 2019
	\$'000	\$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2018/19	324	324

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 25 Correction of error

In the process of valuing Council's assets at 30 June 2018, it was discovered that certain road assets in the Road, Drainage and Transport Infrastructure (RDTI) class of non-current assets did not have a financially recognised surface component; componentisation did not align with Council's current construction methodologies and appropriate unit rate calculations. It was also discovered that certain road assets not owned by Council had been included as part of the Road, Drainage and Transport Infrastructure (RDTI) class of non-current asset valuation.

The gross value of the assets incorrectly recognised was \$319.22m with an associated accumulated depreciation amount of \$56.99m. The net amount of these transactions of \$262.23m was taken to the asset revaluation surplus for the year ended 30 June 2017. These amounts are the same for both the Council and Consolidated entities.

This amount has been corrected by adjusting the balance at 1 July 2016 and the comparative amounts for 2016/17. Adjustments are as follows:

	Consolidated		Council	
	30 June 2017	1 July 2016	30 June 2017	1 July 2016
	\$'000	\$'000	\$'000	\$'000
Road, drainage and transport infrastructure - fair value	(200,598)	(118,630)	(200,598)	(118,630)
Accumulated depreciation	38,711	18,284	38,711	18,284
	<b>(161,887)</b>	<b>(100,346)</b>	<b>(161,887)</b>	<b>(100,346)</b>

#### Statements of Comprehensive Income

	Consolidated		Council	
	Original 2017	Restated 2017	Original 2017	Restated 2017
	\$'000	\$'000	\$'000	\$'000
Increase in asset revaluation surplus	111,130	(50,757)	111,130	(50,757)
Total comprehensive income for the year	123,854	(38,033)	124,288	(37,599)

#### Statements of Financial Position

	Consolidated		Council	
	Original 2017	Restated 2017	Original 2017	Restated 2017
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	2,319,998	2,057,765	2,229,697	1,967,464
Total non-current assets	2,325,107	2,062,874	2,340,376	2,078,143
Total assets	2,474,323	2,212,090	2,477,591	2,215,358
Net community assets	2,305,548	2,043,315	2,309,755	2,047,522
Asset revaluation surplus	794,818	532,585	808,770	546,537
Total community equity	2,305,548	2,043,315	2,309,755	2,047,522

#### Statements of Changes in Equity

	Consolidated		Council	
	Original 2017	Restated 2017	Original 2017	Restated 2017
	\$'000	\$'000	\$'000	\$'000
Increase in Asset revaluation surplus	111,130	(50,757)	111,130	(50,757)
Asset revaluation surplus balance as at 30 June 2017	794,818	532,585	808,770	546,537
Total equity balance as at 30 June 2017	2,305,548	2,043,316	2,309,755	2,047,522

## Notes to the Financial Statements

For the year ended 30 June 2018

### 26 Events after balance date

During August 2018, ground pavement anomalies were identified in Goondoon Street requiring urgent attention prior to the start of the wet season. It is estimated that between \$400,000 and \$600,000 will be required to be allocated to this project during 2018/19.

### 27 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.

	Consolidated		Council	
	30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Trust funds held for outside parties</b>				
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	496	472	496	472
Security deposits	3,250	3,864	3,250	3,864
	<b>3,746</b>	<b>4,336</b>	<b>3,746</b>	<b>4,336</b>



**Notes to the Financial Statements**

For the year ended 30 June 2018

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

	Note	Consolidated		Council	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
<b>Net result</b>		<b>4,928</b>	<b>12,724</b>	<b>5,190</b>	<b>13,158</b>
<b>Non-cash operating items:</b>					
Non-cash contributions included in fixed assets	4(b)	(57)	(4,363)	(57)	(4,363)
Revaluation adjustments	8	474	798	474	798
Change in future rehabilitation costs		61	54	61	54
Finance costs		1	153	(23)	22
Fair value adjustment	7	250	267	250	267
Depreciation and amortisation		46,406	45,502	43,969	43,038
Landfill provision adjustment		-	738	-	738
		<b>47,135</b>	<b>43,149</b>	<b>44,674</b>	<b>40,554</b>
<b>Financing activities</b>					
Borrowing costs	7	<b>7,811</b>	<b>8,236</b>	<b>5,729</b>	<b>6,154</b>
<b>Investing and development activities:</b>					
Capital grants and contributions	4(b)	(14,421)	(17,190)	(14,421)	(17,190)
Net loss on disposal of non current assets	8	7,944	17,424	7,950	17,434
Net loss on write-off of non-current assets	8	544	1,410	360	1,410
Capital work in progress write off	14	1,633	5,591	1,575	5,487
		<b>(4,300)</b>	<b>7,235</b>	<b>(4,536)</b>	<b>7,141</b>
<b>Changes in operating assets and liabilities:</b>					
(Increase)/decrease in trade and other receivables		1,356	1,462	2,706	2,445
(Increase)/decrease in inventories		2,027	107	2,027	108
Increase/(decrease) in payables		3,285	2,722	3,326	2,832
Increase/(decrease) in provisions		386	(14)	470	128
		<b>7,054</b>	<b>4,277</b>	<b>8,529</b>	<b>5,513</b>
<b>Net cash inflow from operating activities</b>		<b>62,628</b>	<b>75,621</b>	<b>59,586</b>	<b>72,520</b>

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

	As at 30 June 2017 \$'000	Cash Flows	Non-cash changes (fair value adjustment)	As at 30 June 2018 \$'000
Loans	137,448	(9,015)	250	128,683
	<b>137,448</b>	<b>(9,015)</b>	<b>250</b>	<b>128,683</b>

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 30 Financial instruments

Gladstone Regional Council 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 the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

#### Financial risk management

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 the Council. The 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. The Council does not invest in derivatives or other high risk investments.

When the 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 the 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 the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by the Council.

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

Financial assets	Note	Consolidated		Council	
		30 June 2018 \$'000	30 June 2017 \$'000	30 June 2018 \$'000	30 June 2017 \$'000
Cash and cash equivalents	9	112,103	120,375	99,605	108,479
Receivables - rates	10	16,965	15,318	16,965	15,318
Receivables - other	10	7,765	10,745	6,310	10,640
<b>Other credit exposures</b>					
Guarantees	23	589	515	589	515
Local Government Workcare	23	1,550	1,647	1,550	1,647
<b>Total financial assets</b>		<b>138,972</b>	<b>148,600</b>	<b>125,019</b>	<b>136,599</b>

## Notes to the Financial Statements

For the year ended 30 June 2018

### 30 Financial instruments (cont'd)

#### Other financial assets

Other investments are held with financial institutions, which are rated from AAA to BBB- or unrated 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, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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

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

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

	Consolidated		Council	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$'000	\$'000	\$'000	\$'000
Not past due	24,463	24,439	23,025	24,862
Past due 31-60 days	104	398	94	56
Past due 61-90 days	(45)	80	(45)	79
More than 90 days	427	1,388	420	1,203
Impaired	(219)	(242)	(219)	(242)
<b>Total</b>	<b>24,730</b>	<b>26,063</b>	<b>23,275</b>	<b>25,958</b>

#### Liquidity risk

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

The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation and the Queensland Government for capital works.

The 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 17 and Note 18.

## Notes to the Financial Statements

For the year ended 30 June 2018

### 30 Financial instruments (cont'd)

#### Liquidity risk (cont'd)

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

Consolidated	Note	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2018</b>						
Trade and other payables	15	25,836	-	-	25,836	25,836
Loans - QTC	17	16,063	62,200	92,814	171,077	123,655
Loans - other	18	606	2,424	3,333	6,363	5,027
		<u>42,505</u>	<u>64,624</u>	<u>96,147</u>	<u>203,276</u>	<u>154,518</u>
<b>30 June 2017</b>						
Total capital revenue	15	21,380	-	-	21,380	21,380
Loans - QTC	17	16,063	63,810	107,268	187,141	131,936
Loans - other	18	734	2,424	3,939	7,097	5,511
		<u>38,177</u>	<u>66,234</u>	<u>111,207</u>	<u>215,618</u>	<u>158,827</u>
<b>Council</b>						
		0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2018</b>						
Trade and other payables	15	25,004	-	-	25,004	25,004
Loans - QTC	17	16,063	62,200	92,814	171,077	123,655
Loans - other	18	606	2,424	3,333	6,363	5,027
		<u>41,673</u>	<u>64,624</u>	<u>96,147</u>	<u>202,444</u>	<u>153,686</u>
<b>30 June 2017</b>						
Trade and other payables	15	20,448	-	-	20,448	20,448
Loans - QTC	17	16,063	63,810	107,268	187,141	131,936
Loans - other	18	734	2,424	3,939	7,097	5,511
		<u>37,245</u>	<u>66,234</u>	<u>111,207</u>	<u>214,686</u>	<u>157,895</u>

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

#### Market risk

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

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 30 Financial instruments (cont'd)

##### Market risk (cont'd)

###### Interest rate risk

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

The risk in borrowing is effectively managed by borrowing mainly from the Queensland Treasury Corporation 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.

The 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.

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 \$'000	1% Decrease \$'000	1% Increase \$'000	1% Decrease \$'000
<b>Consolidated</b>						
<b>30 June 2018</b>						
Cash assets	9	112,103	1,121	(1,121)	1,121	(1,121)
Interest-bearing loans	17	(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>30 June 2017</b>						
Cash assets	9	120,375	1,204	(1,204)	1,204	(1,204)
Interest-bearing loans	17	(131,936)	(1,319)	1,319	(1,319)	1,319
<b>Net total</b>		<b>(11,561)</b>	<b>(115)</b>	<b>115</b>	<b>(115)</b>	<b>115</b>
<b>Council</b>						
<b>30 June 2018</b>						
Cash assets	9	99,605	996	(996)	996	(996)
Interest-bearing loans	17	(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>
<b>30 June 2017</b>						
Cash assets	9	108,479	1,085	(1,085)	1,085	(1,085)
Interest-bearing loans	17	(131,936)	(1,319)	1,319	(1,319)	1,319
<b>Net total</b>		<b>(23,457)</b>	<b>(234)</b>	<b>234</b>	<b>(234)</b>	<b>234</b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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

**Market risk (cont'd)**

Sensitivity (cont'd)

In relation to the QTC loans held by the 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 17.

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.

**31 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 2018

### 31 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. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial services of costs deemed to be CSO's by the 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
- Roads
- Gladstone Aquatic Centre
- Water
- Waste Management
- Plant Operations
- Building Certification
- Sewerage

Details of Council's performance for these business activities are summarised in Note 31 (b).

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

	Gladstone Entertainment & Convention Centre	Gladstone Aquatic Centre	Building Certification
	30 June 2018	30 June 2018	30 June 2018
	\$'000	\$'000	\$'000
<b>Revenue</b>			
Revenue for services provided to Council	1,357	2	874
CSO activities funded by Council*	587	-	-
Revenue for services provided to external clients	-	-	-
	<b>1,944</b>	<b>2</b>	<b>874</b>
<b>Expenditure</b>			
Operating expenditure	4,572	612	2,049
Competitive neutrality adjustments applied	24	-	21
	<b>4,596</b>	<b>612</b>	<b>2,070</b>
<b>Return/(deficit) for the financial year</b>	<b>(2,652)</b>	<b>(609)</b>	<b>(1,196)</b>
Target - return for the period	2,036	578	53
Return basis for business activity	<b>Asset</b>	<b>Asset</b>	<b>Asset</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 2018

**32 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		IT and Phone Charges		Rates and Water	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Gladstone Airport Corporation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	216	716	533	639	2,043	2,043	98	110	83	81

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 2017.

**(b) Transactions with joint ventures**

	30 June 2018	30 June 2017
Gladstone Economic Futures Group	\$'000	\$'000
	300	-
	300	-

**(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 2017/18 comprises:

	30 June 2018	30 June 2017
	\$'000	\$'000
Short-term employee benefits	2,817	2,384
Post-employment benefits	276	257
Long-term benefits	22	129
Termination benefits	595	357
<b>Total</b>	<b>3,710</b>	<b>3,127</b>

**(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.

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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

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

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

Details of Transaction	Additional Information	2018 \$'000	2017 \$'000
Fees and charges charged to entities controlled by key management personnel	32(d)(i)	68	69
Purchase of materials and services from entities controlled by key management personnel	32(d)(iii)	3	197

(i) The fees and charges charged to entities controlled by key management personnel were 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	2018 \$	2017 \$
Search fees	Fees relating to enquiries for outstanding rates & water charges	54	53
Application fees & charges	Building, development, infrastructure fees	14	15
Other fees and charges	Various other related parties	-	-
<b>Total</b>		<b>68</b>	<b>69</b>

(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.

The council employs 594 staff of which only 1 are close family members of key management personnel.

(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:

**Notes to the Financial Statements**  
For the year ended 30 June 2018

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

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

	30 June 2018	30 June 2017
	\$'000	\$'000
Construction of Buildings	1	189
Consultancy services	-	1
Donations to Sporting & Community Groups	-	1
Provision of services	1	1
Provision of staff amenities & catering	1	5
<b>Total</b>	<b>3</b>	<b>197</b>

**(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	Amounts owed by entities controlled by key management personnel	Amounts owed to Controlled Entities	Amounts owed to entities controlled by key management personnel
	\$'000	\$'000	\$'000	\$'000
Past due 31-60 days	19	1	-	-
Past due 61-90 days	-	-	136	-
More than 90 days overdue	-	-	-	-
<b>Total Owing</b>	<b>19</b>	<b>1</b>	<b>136</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.

(i) The following balances are outstanding at the end of the reporting period in relation to transactions with Controlled Entities:

	30 June 2018	30 June 2017
	\$'000	\$'000
Trade receivables - current	(114)	1,517
Trade receivables - non-current	33,716	33,716

**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

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

**(n) Loans and guarantees to/from related parties**

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

**(o) 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.

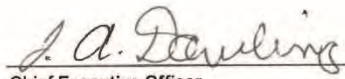
**Management Certificate**  
For the year ended 30 June 2018

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 65, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

  
\_\_\_\_\_  
Mayor  
Matt Burnett

  
\_\_\_\_\_  
Chief Executive Officer  
Leisa Dowling

Date: 27, 3, 19

Date: 27, 3, 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 2018, 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 2018, 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 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 the Gladstone Regional Council annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and 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 2018:

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

A handwritten signature in blue ink, appearing to read 'C. Dougherty', is written in a cursive style.

Carolyn Dougherty  
as delegate of the Auditor-General

1 April 2019  
Queensland Audit Office  
Brisbane



**Measures of Financial Sustainability**

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

<b>Measures of Financial Sustainability</b>	<b>How the Measure is calculated</b>	<b>Actual - Consolidated</b>	<b>Actual - Council</b>	<b>Target</b>
Operating Surplus Ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	(0%)	(0%)	Between 0% and 10%
Asset Sustainability Ratio	Capital expenditure on the replacement of assets divided by depreciation expense.	50%	53%	Greater than 90%
Net Financial Liabilities Ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	12%	19%	Not greater than 60%

**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2018.

**Certificate of Accuracy  
For the year ended 30 June 2018**

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

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

  
\_\_\_\_\_  
Mayor  
Matt Burnett

Date: 27, 3, 19

  
\_\_\_\_\_  
Chief Executive Officer  
Leisa Dowling

Date: 27, 3, 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 for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

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

A handwritten signature in blue ink that reads "C. Dougherty".

Carolyn Dougherty  
as delegate of the Auditor-General

1 April 2019  
Queensland Audit Office  
Brisbane

**Long-Term Financial Sustainability Statement**  
Prepared as at 30 June 2018

Measures of Financial Sustainability Consolidated	Measure	Target	Projected for the years ended									
			Actuals at 30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	(0%)	0.59%	3.53%	1.44%	2.69%	3.02%	2.99%	4.75%	6.07%	6.90%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	50%	12.4%	57%	69%	70%	73%	45%	41%	48%	49%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	12%	49%	48%	47%	45%	44%	38%	34%	29%	11%
<b>Council</b>												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	(0%)	0.29%	3.39%	1.19%	2.53%	2.85%	2.78%	4.59%	5.97%	6.81%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	53%	12.4%	63%	68%	73%	71%	45%	47%	46%	47%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	19%	40%	40%	40%	37%	38%	32%	28%	21%	9%

**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 2018

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

In accordance with Section 17(2)(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor  
Matt Burnett  
Date: 27/3/19

Chief Executive Officer  
Lelisa Dowling  
Date: 27/3/19

# Statutory Information



Mount Larcom

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 regulations.

# 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 regulations.

## LOCAL GOVERNMENT ACT 2009

### BENEFICIAL ENTERPRISES

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

In August 2017, Council established the Gladstone Development Board in conjunction with Gladstone Ports Corporation (GPC) to establish the Gladstone Region as Australia's model 21<sup>st</sup> Century industrial centre and vibrant tourist destination with a robust agriculture sector.

### SIGNIFICANT BUSINESS ACTIVITIES

Section 45 (a) & (b) requires that local governments list all business activities that have been conducted during the financial year and to identify its significant business activities.

In accordance with the definitions of the *Local Government Regulation 2012* Council held the following significant business activities in 2017/18:

- Water
- Sewerage
- Waste Management
- Plant Operations

Section 45 (c) requires Council to state whether the Code of Competitive Conduct was applied to business activities, and if not, the reason. The Code of Competitive Conduct was applied.

Section 45 (d) requires Council to state whether any of the significant business activities were not conducted in the preceding financial year. No new significant business activities were undertaken in 2017/18.

### 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 2017/18 as there was no new significant business activities.

### SENIOR EXECUTIVE REMUNERATION

Section 201 requires certain details of senior executive remuneration packages are disclosed, including the total remuneration for senior executives of the local government. In October 2017, Council resolved to adopt a new organisational structure that resulted in the creation of seven new business units led by a senior executive (i.e. General Manager).

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

Gladstone Regional Council 2017/18 Annual Report

## 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	Amount	Comment
16/08/17	\$227.27	Special Children's caters for disadvantaged children
25/08/17	\$400.00	Invitation Triples Carnival 12 & 13 September, Gladstone Bowls
28/08/17	\$180.00	Accommodation - Australian Red Cross
19/09/17	\$372.70	Mayoral Care Breakfast tickets - Rhema FM 91.89
24/11/17	\$275.00	Rotary Club Rockhampton Children's Christmas Party (includes Gladstone children)
06/12/17	\$2,727.27	GECC Expenses 28/11/2017 for Port Curtis Coral Coast Group (approved by Acting Mayor Chris Trevor)
20/12/17	\$6,000.00	Mayoral donation - Gladstone Municipal Band
20/12/17	\$90.91	Ginger Says gift for Tia-Claire Toomey
20/12/17	\$1,200.00	Mayoral Fund Donation - Evenglow Inc
20/12/17	\$2,500.00	Mayoral Subsidy 2017/18 - Gladstone Thistle Pipe Band
31/01/18	\$9.08	Gladstone Newsagency Farewell card for Cale Dendle
07/02/18	\$54.55	Craig's Bakery Kirkwood Farewell cake for Cale Dendle
07/02/18	\$74.54	Farewell Gift for Cale Dendle
12/02/18	\$327.27	Cale Dendle Farewell GECC
12/02/18	\$200.00	Caricature of Cale Dendle by Jennifer Fourni
12/02/18	\$145.45	Gladstone Picture Framing farewell gift for Cale Dendle
12/02/18	\$48.17	Catering Paella Party (charity prize Mayor's Ball)
12/03/18	\$236.36	Titan's Rugby League tickets - Donation to Santos and promotion
13/03/18	\$227.27	Special Children's Christmas Party
14/03/18	\$9,090.91	Sponsorship Brisbane/Gladstone Welcome Party - Port Curtis Sailing Club
21/03/18	\$1,200.00	GEC-00284 Harbour Festival LED Trailer Event Solutions
20/04/18	\$136.36	Welcome Home Tia-Claire Toomey

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Date	Amount	Comment
23/04/18	\$150.00	Lighting tower Botanic Gardens 20-21 April - Tutt Bryant Hire
23/04/18	\$75.00	Lighting tower Botanic Gardens 20-21 April - Tutt Bryant Hire
23/04/18	\$401.00	GECC expenses for Tia-Clair Toomey public reception 20 April
24/04/18	\$818.18	Sausage Sizzle 20 April - Savour the Flavour
11/05/18	\$90.91	Face Painting Special Olympics - Maria G Behrendt
23/05/18	\$100.00	2018 Tour De Chaplain donation - Scripture Union
28/05/18	\$300.00	Lions Club of Rockhampton - Circus (Gladstone children included)
05/06/18	\$200.00	Family Fun Night donation from Mayoral fund - Gladstone West
06/06/18	\$181.82	The Salvation Army annual donation to Red Shield Appeal
18/06/18	\$578.64	Civic Ceremony for Special Olympians 9 May

**Donations**

Category 1 – School/College Bursaries & Awards	\$10,400
Category 2 – Heritage Museums	\$14,100
Category 3 – Regional Events Support – Australia Day	\$9,350
Category 4 – Recreational Event Support	\$800
Category 5 – Regulatory Fee Reimbursement	\$8,986
Category 6 – Use of Council Plant & Equipment	\$160
Category 7 – Community Hall Subsidy	\$30,000
Category 8 – Tidy Towns Entry Fees	\$385
Category 9 – Waste Tipping Fees	\$5,697
Category 10 – Education/Guidance	\$55,772
Category 11 – Performing Arts	\$5,000
Category 12 – Mayor’s Discretionary Fund	\$28,619
Category 13 – Community Services Obligations	\$824,745
Grants	\$189,378
Major Events Advisory Panel	\$169,030
Annual Prizes	\$40,000
Sporting Bodies Subsidies	\$415,685
Regional Arts Development Fund	\$78,282
Rural Fire Brigade Donations	\$227,000
Works 4 Queensland – Harbour City BMX Club	\$156,822
Works 4 Queensland – Marley Brown Oval Multi Purpose Facility	\$959,106
Works 4 Queensland – Western Suburbs Swimming Pool	\$178,102
Works 4 Queensland – Gladstone Kart Club	\$160,000
Works 4 Queensland – Calliope & District Multi Purpose Facility	\$360,000
Surf Life Saving	\$203,793
Other Donations and Sponsorships	\$509,228

**Grants**

Club Development Grant – Round 1	\$5,760
Club Development Grant – Round 2	\$7,973
Event Sponsorship Grant – Round 1	\$12,025
Event Sponsorship Grant – Round 2	\$15,800
Facility Assistance Grant – Community Projects	\$67,821
Facility Assistance Grant – Strategic Projects	\$80,000

**Major Events Advisory Panel (MEAP) funding**

Discovery Coast Tourism & Commerce Inc	Agnes Blues Roots & Rock Festival	\$25,000
Gladstone Festivals Events Association	Gladstone Harbour Festival	\$70,000
Gladstone PCYC	Gladstone PopCon	\$13,000
Discovery Coast Tourism & Commerce Inc,	2018 Captain Cook 1770 Festival	\$15,000
Boyne Tannum Hook Up Assoc. Inc	Boyne Tannum Hook Up	\$10,000
Baffle Creek Mens Shed	Baffle Creek Car & Bike Muster	\$2,273
Boyne Tannum Orchid & Foliage Society Int	BTOFS Orchid & Foliage Show 2018	\$2,404
Mt Larcom & District Show Society	Mt Larcom & District Show	\$8,000
Turkey Beach Progress Association	Turkey Beach Tractor Bash	\$5,000
Gladstone Multicultural Festival Association Inc.	Multicultural Week and Festival	\$8,000
Krista Haurtitz	Bootcamps & Workshops	\$8,500
Krista Haurtitz	Venue Hire – Bootcamps & Workshops	\$1,854

**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 \$931,291.

Councillor	Salary	Superannuation	Total
Bumett, Matthew	148,464	17,816	166,280
Bush, Cindi	85,952	10,314	96,266
Churchill, Glenn	85,952	10,314	96,266
Goodluck, Kahn	85,952	2,381	88,333
Hansen, Rick	85,952	10,314	96,266
Masters, Peter	85,952	NIL	85,952
O’Grady, Desley	85,952	10,314	96,266
Sobhanian, Poya	85,952	10,314	96,266
Trevor, Chris	97,675	11,721	109,396

**COUNCIL MEETINGS**

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

Councillor	Number of Council Meetings Attended
Burnett, Matthew	19
Bush, Cindi	21
Churchill, Glenn	20
Goodluck, Kahn	22
Hansen, Rick	22
Masters, Peter	22
O'Grady, Desley	22
Sobhanian, Roya	21
Trevor, Chris	22

**ORDERS AND RECOMMENDATIONS**

Section 186 (d) requires Council to disclose the number of orders and recommendations made during the financial year. One order was made 2017/2018. Section 186 (e) requires Council to particularise details of any orders or recommendations made. The one order made in 2017/2018 was for Cr Richard Hansen for failing to manage a Material Personal Interest which required an apology to be made at a Council General Meeting. This apology was undertaken at the General Meeting of 1 August 2017.

**COUNCILLOR COMPLAINTS AND MISCONDUCT**

Section 186 (f) requires Council to disclose the total number of complaints received against Councillors. Four complaints in total were received against Councillors in 2017/18. Two complaints were heard and decided by the regional conduct review panel and two complaints were assessed by the Chief Executive Officer with no further action being undertaken due to insufficient substance to complaint.

**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
Mayor Matt Burnett	Toronto/ Samia Canada, Boston USA	Participant in Premier's Queensland BIO 2018 Delegation	\$10,936.77
Cr Desley O'Grady	Nanning, Xi'an & Beijing, China	Australia Year of Tourism	\$5,240

**INVITATION TO CHANGE TENDERS**

Section 190 (e) requires council to advise the number of invitations to change tenders under section 228(7). In 2017/18, there were three invitations to change tenders.

**CONCESSIONS FOR RATES AND CHARGES**

Section 190 (g) requires Council to provide a summary of all concessions for rates and charges granted during the financial year. In 2017/18 Council granted concessions in the following categories and amounts:

- Pensioner Remissions - \$747,307
- Water and Sewerage Concessions - \$407,329.88
- Concealed Water Leak Concessions - \$30,842
- General Rates Discounts - \$11,274,552
- Out of Policy Concessions - \$6104.91

**REGISTERS**

Section 190 (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
- Personal Interest of Councillors
- Personal Interest of Councillor's related Persons

**COMPETITIVE NEUTRALITY COMPLAINTS**

Section 190 (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 2017/18.

**COMMERCIAL BUSINESS UNIT**

Section 190 (z) requires Council to disclose information in relation to the commercial business unit for the financial year. No commercial business units were undertaken in 2017/18.

**ELECTED MEMBERS EXPENSES REIMBURSEMENT AND PROVISION OF FACILITIES**

On 4 July 2017, Council adopted (viz Resolution G/17/3103) a revised Councillor Expenses Reimbursement and Provision of Facilities Policy which included the below content.

**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 Tribunal. In this policy the term "Councillor" shall include the "Mayor" where not referenced separately.

**POLICY STATEMENT:**

**1. PAYMENT OF EXPENSES**

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

**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 following;

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

1. The Councillor has attended no more than 3 conferences/seminars in the current financial year; and
2. The registration cost of this conference/seminar is no more than \$1000; and
3. The seminar/conference is to be held in Queensland; and
4. The theme of the seminar/conference is directly related to the Councillor's committee responsibilities.

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

**3. TRAVEL AS REQUIRED TO REPRESENT COUNCIL**

**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.

**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.

**3.3 Hosting visiting Dignitaries or Representatives:**

Council will meet or reimburse for expenses deemed necessary to achieve the business of Council where a Councillor is an official representative of Council, and:

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

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.

**3.4 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.
- Economy class air travel is to be used where possible.
- Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed e.g. 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 2601 cc and over (currently 75c/km).
- Council will reimburse 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. The maximum amounts for reimbursement are as prescribed by Directive (Domestic Travelling and Relieving Expenses) issued by the Minister for Industrial Relations as amended from time to time. 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.
- In addition, Councillors may claim up to the limit prescribed by Directive (Domestic Travelling and Relieving Expenses) issued by the Minister for Industrial Relations to cover any incidental costs incurred when they are away from home overnight.

Councillors must not accumulate reward points for airlines or accommodation for personal gain as a result of travel in the course of their duties.

It is recognised that on occasions Councillors may host people in the course of their travel. Any additional costs not covered by this policy must be fully substantiated and claimed upon return.

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.

**4. 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.

**5. 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 per cent 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 \$3,500 per annum.

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. ADMINISTRATIVE TOOLS**

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

Secretarial 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.

**3.3 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 claims, Council will pay such excess.

**3.4 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.

**ADMINISTRATIVE ACTION COMPLAINTS**

Under section 187 of the Local Government Regulations 2012 a local government must include particular information relating to the complaints management process in the local governments annual report. This information is as follows:

Commitment to dealing fairly with Administrative Action Complaints (AACs): Council is dedicated to providing a level of customer service that does not attract complaints however,

acknowledges the right of persons to provide feedback, both positive and negative, on its services and/or to lodge a complaint. Council is committed to dealing fairly with Administrative Action Complaints and operates within the bounds of our Administrative Action Complaints Management Process Policy and Corporate Standard and in compliance with Section 268(1) of the *Local Government Act 2009* whereby Council must adopt a process for resolving Administrative Action Complaints and the requirements of Section 306 of the *Local Government Regulation 2012*.

The implementation of the Administrative Action Complaint Management Process Corporate Standard and associated policy and process including how we assess our performance in resolving complaints under these processes and policies:

Council has implemented its complaints management process with guidance from Section 268(1) of the *Local Government Act 2009* and Section 306 of the *Local Government Regulation 2012*. The process was further improved following an audit by the Queensland Ombudsman in August 2015 whereby Council fully implemented all suggestions in the Audit Report. A review of the Policy and Corporate Standard was undertaken and training is offered monthly to keep staff informed of their responsibilities with regard to the Complaint Management System. Focus for the training is on the legislation, the policy and standard, staff responsibilities and investigation guidance.

Council assesses AACs efficiently and seeks to resolve without delay.

Internal reports are generated every week and include AACs received in the previous week, AACs completed in the previous week and a year to date report, which includes AACs carried forward from the previous year. The year to date report includes the current status, basis of the complaint, whether substantiated and if there was a business improvement regardless of being substantiated or not substantiated.

Half yearly reporting is undertaken to assess the effectiveness of the process and the need for improvements.

In 2017/18, 62 AACs were received, compared to 66 in 2016/17. Eighty-four per cent of AACs were completed within 10 days, compared to 94 per cent in 2016/17.

## 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
GRAGM	Gladstone Regional Art Gallery and Museum
GRC	Gladstone Regional Council
GRP	Gross regional product
HRIS	Human resource information system
ICT	Information community technology
IA	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
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

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## 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 (four years). The Corporate Plan will define how Council will meet its responsibilities in the Community Plan 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 2017 to 30 June 2018.
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 2017/18 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 2017/18 Annual Report.

## Gladstone Regional Council Annual Report 2017/18 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:

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Was the report structure:

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

