

ANNUAL REPORT

2019-2020



Contents

Message from the Mayor	1
Chief Executive Officer's overview.....	2
Your previous councillors.....	3
Your current councillors.....	4
Our region	5
Our vision and corporate values.....	6
The year in review.....	7
Councillor reporting requirements	11
Community grants.....	15
2019–2020 Sponsorships.....	19
Annual Strategic Review	21
Commercial business units	24
Community financial report.....	26
Appendix A: List of business activities.....	34
Appendix B: Financial statements.....	35
Appendix C: Councillor Expenses Reimbursement Policy.....	102

The purpose of the Annual Report 2019-2020 is to highlight a range of achievements and the progress made across the period in furthering Council's vision, goals, strategies and outcomes as identified in the Corporate Plan 2017–2022 and associated planning documents.

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

The key strategic themes are:

- our infrastructure;
- our community;
- our economy;
- our environment; and
- our organisation.



Message from the Mayor

What a year it has been.

Our region, along with our nation, state and indeed our world have all felt the effects of the COVID-19 pandemic, which for all of us, was an unprecedented event.

While we seem to be on the other side of it, although this isn't a given, at least in our region, the economic challenges will no doubt linger for some time.

Council is no exception. Frugal and responsible management of the organisation's finances is of the utmost importance to myself and my fellow councillors.

In March 2020, the community elected a new council on the mandate spending habits be overhauled and we become a transparent and open Council.

With the help of staff, I can confidently say we are making significant inroads to restoring balance to our spending and we will continue to work hard to regain the community's trust.

This annual report reflects a changing of the guard.

Under newly appointed CEO Shane Gray, the organisation is tightening its processes around how it does business, getting back to basics and reinforcing the culture of 'How can we help you?'

While change is never easy, it is necessary and long overdue.

Thank you to Gympie Regional Council staff for preparing this report and their continuing ongoing hard work on behalf of the people across our region.

Cr Glen Hartwig, Mayor



Chief Executive Officer's overview

I would like to acknowledge the vision of Council to have an open and accountable relationship with its residents and community. It is clear that the steps have been put in place to approach this new term with a Back-to-Basic's view.

The work undertaken by this organisation is for the benefit of our community and as such, this annual report reflects the Corporate deliverables from the last financial year.

Gympie Regional Council's Annual Report 2019/2020 provides for our residents a summary of our performance for the financial year.

COVID-19 and its effects have created considerable challenges across the board and the true impact on our community is still a work in progress.

While I have only been a member of Gympie Regional Council since July 2020, I have witnessed a committed Council and an organisation looking to support our residents and community, the local economy and the building of a resilient and sustainable region.

Council has embarked on a new era of transparency and accountability, committing to a strong community focus and providing efficient and affordable service delivery.

I would like to thank the Gympie Regional Councillors and staff for welcoming me into the organisation and I am encouraged by their dedication to delivering for their community.

The challenges of COVID-19 have also offered opportunities, evidenced by an increase in Tourism, Industry and Investment in our region. There is much to look forward to during the next 12 months, as Gympie Regional Council continues to progress.

Shane Gray, CEO



Your previous councillors

1 July 2019 - 15 April 2020



Cr Mick Curran, Mayor



Cr Mark McDonald, Division 1



Cr Glen Hartwig, Division 2



Cr Mal Gear, Division 3



Cr Daryl Dodt, Division 4



Cr Dan Stewart, Division 5



Cr Hilary Smerdon, Division 6



Cr Bob Leitch, Division 7,
Deputy Mayor



Cr Bob Fredman, Division 8

Your current councillors

16 April 2020 - Present



Cr Glen Hartwig, Mayor

0437 722 931

mayorhartwig@gympie.qld.gov.au



Cr Jess Milne, Division 1

0436 282 707

jess.milne@gympie.qld.gov.au



Cr Dolly Jensen, Division 2

0436 306 226

dolly.jensen@gympie.qld.gov.au



Cr Shane Waldock, Division 3

0436 344 857

shane.waldock@gympie.qld.gov.au



Cr Bruce Devereaux, Division 4

0436 311 494

bruce.devereaux@gympie.qld.gov.au



Cr Dan Stewart, Division 5

0499 081 404

dan.stewart@gympie.qld.gov.au



Cr Hilary Smerdon, Division 6, Deputy Mayor

0499 080 913

hilary.smerdon@gympie.qld.gov.au



Cr Warren Polley, Division 7

0436 307 489

warren.polley@gympie.qld.gov.au



Cr Bob Fredman, Division 8

0418 708 745

bob.fredman@gympie.qld.gov.au

Our region

Located in South-East Queensland, the Gympie region includes a combination of rural, urban and coastal areas across 6,900 square kilometres. Gympie is the main population centre but a considerable proportion of the population live in many smaller communities. These include Amamoor, Cooloola Cove, Curra, Goomeri, Gunalda, Imbil, Kandanga, Kilkivan, Kybong, Miva, Rainbow Beach, Tin Can Bay, Traveston and Woolooga.

Approximately 50,000 residents live in the region, with an increase in population of more than 15,000 expected over the next 20 years. Agriculture remains a key industry, with a focus on beef production and forestry. The region has maintained tourism trade drawn to the unique heritage, scenic and coastal attractions of the area.

Our focus is to work with our community, provide strong leadership and certainty, and be accountable to our community to ensure our region:

- is friendly and a great place to live;
- provides people with access to vibrant towns, and rural and coastal lifestyle opportunities;
- is family oriented;
- maintains a strong culture and history;
- values and protects its natural environment;
- capitalises on its geographical location;
- enables quality infrastructure;
- supports established businesses and industry while developing opportunities for emerging industries; and
- experiences planned growth through continued economic development.





Our vision and corporate values

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

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

CONSISTENT

Our actions will reflect Council's guidelines and practices at all times.

APPRECIATIVE

We value the opportunities we have, and look for the best in our people, our organisation and our community.

COMMUNICATIVE


We will keep people informed, consult with the community and will actively listen to and respond to their input.

RESPECTFUL

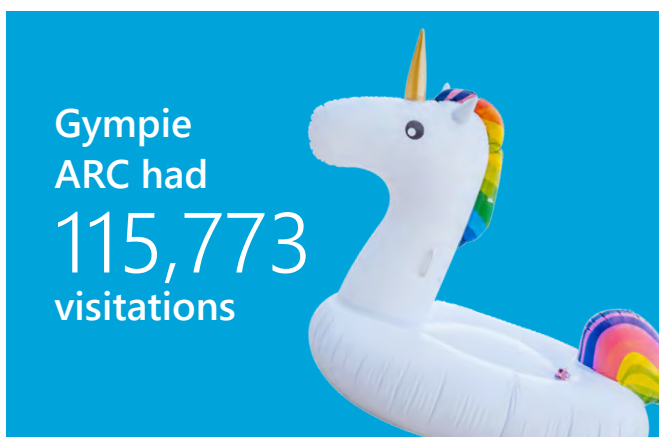
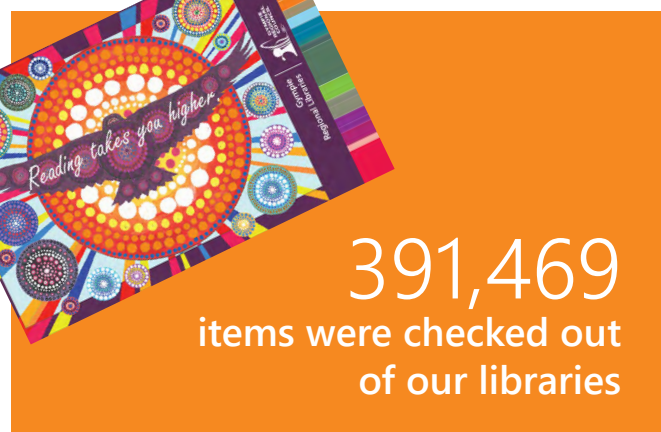
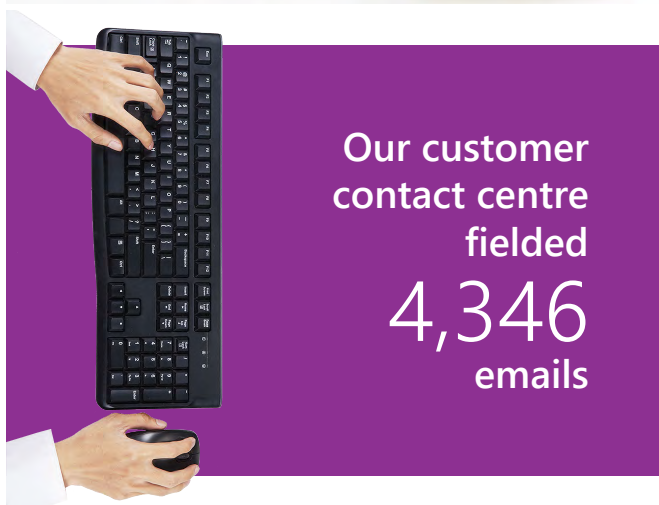
We treat people with dignity, courtesy and respect. We recognise and support everyone's contributions.

ACCOUNTABLE

We take responsibility for our actions, we will be accessible and fair.



The year in review



The year in review

Council invests in solar

As part of Council's commitment to reducing electricity costs and greenhouse gas emissions, a 27kW solar panel system was installed at Council's Mary Street office.

It is expected that the roof-top solar system will produce 40MWhs of electricity each year and save thousands of dollars in electricity bills. It will also reduce greenhouse gas emissions by 32 CO₂-e tonnes per year, which is the equivalent to the annual emissions of 13 cars, or eight households.

The installation of solar panels follows from energy audits undertaken at Council's major buildings during the 2019 calendar year.

The project also involved upgrading to energy efficient lighting, installing electricity sub-meters so Council can identify high electricity user groups, an audit of electric equipment, and education programs for staff on more efficient energy use.



Youth Precinct



Arguably one of the biggest and best skate, scooter and BMX parks in Australia, Gympie's competition-grade youth precinct is attracting visitors from far and wide.

The precinct is a great family space, providing opportunities for all ages and abilities to get involved, or just sit back and enjoy the energy and excitement created by the users.

The facility, opened in November 2019 and constructed on the site of the old Memorial Pool, includes a climbing wall, pump track, skate bowl and flow area, and viewing deck and seating areas.

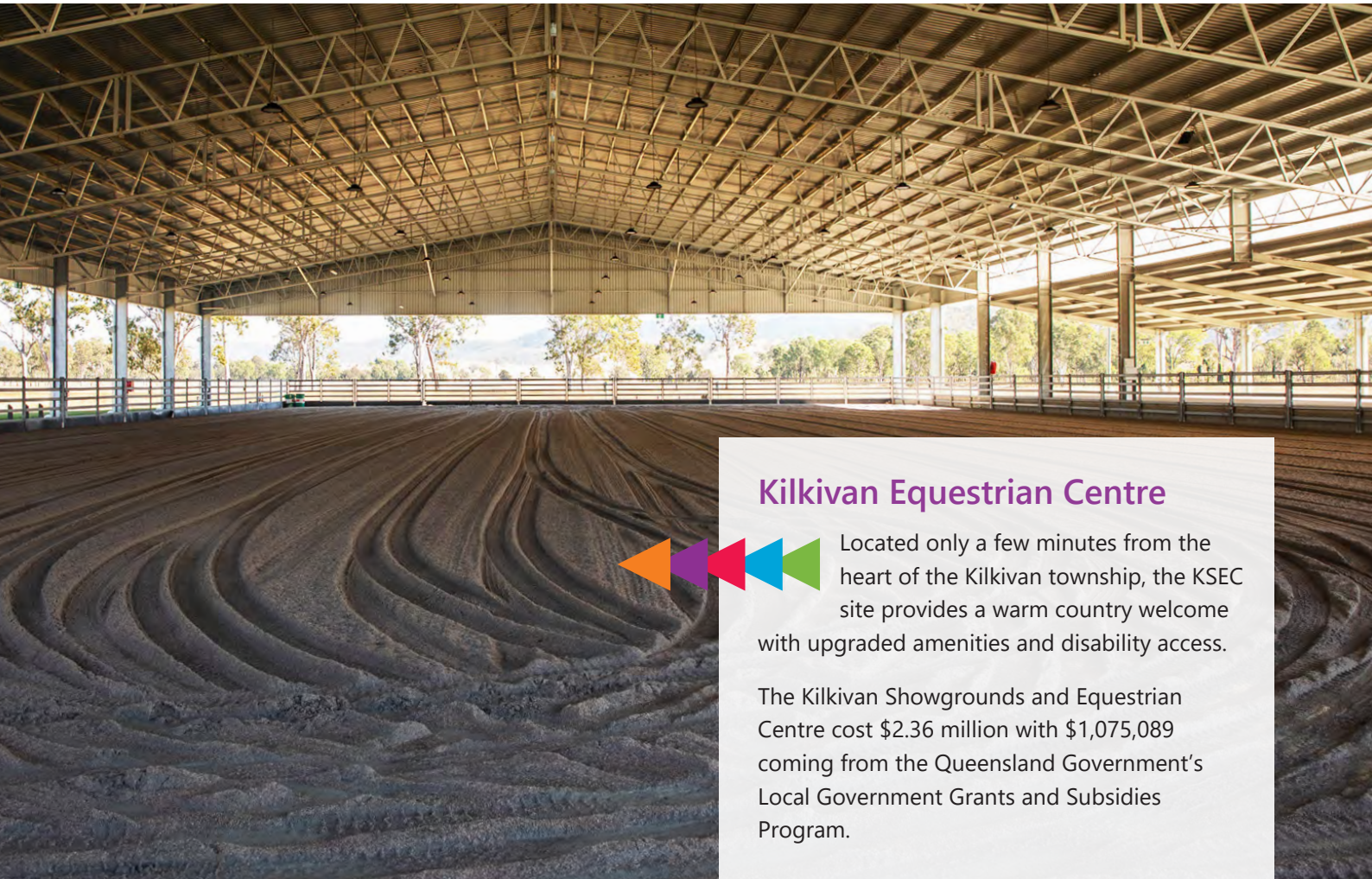
The official opening event was well attended by the community and featured skateboarding, scooter and BMX demonstrations, as well as live music.

The \$2.8 million youth precinct is a joint initiative of Council and the Queensland Government under the Building Our Regions Program.

Council's contribution towards the project was \$1.4 million.



The year in review



Kilkivan Equestrian Centre

Located only a few minutes from the heart of the Kilkivan township, the KSEC site provides a warm country welcome with upgraded amenities and disability access.

The Kilkivan Showgrounds and Equestrian Centre cost \$2.36 million with \$1,075,089 coming from the Queensland Government's Local Government Grants and Subsidies Program.

Gallery shop

In November, the Gympie Regional Gallery unveiled their new shop to the public.

The renovated shop enhances the visitor experience for Gallery patrons and promotes local professional artists.

The shop features an exciting selection of gifts including glassware, jewellery, ceramics, stationery, homewares, basketry, and wooden utensils; many of which have been handcrafted in the Gympie region.

The \$100,000 project was funded by the Queensland Government's \$600 million Works for Queensland program and the work was completed by local designers Craftsmen Kitchens.



The year in review

Gympie Library Makerspace

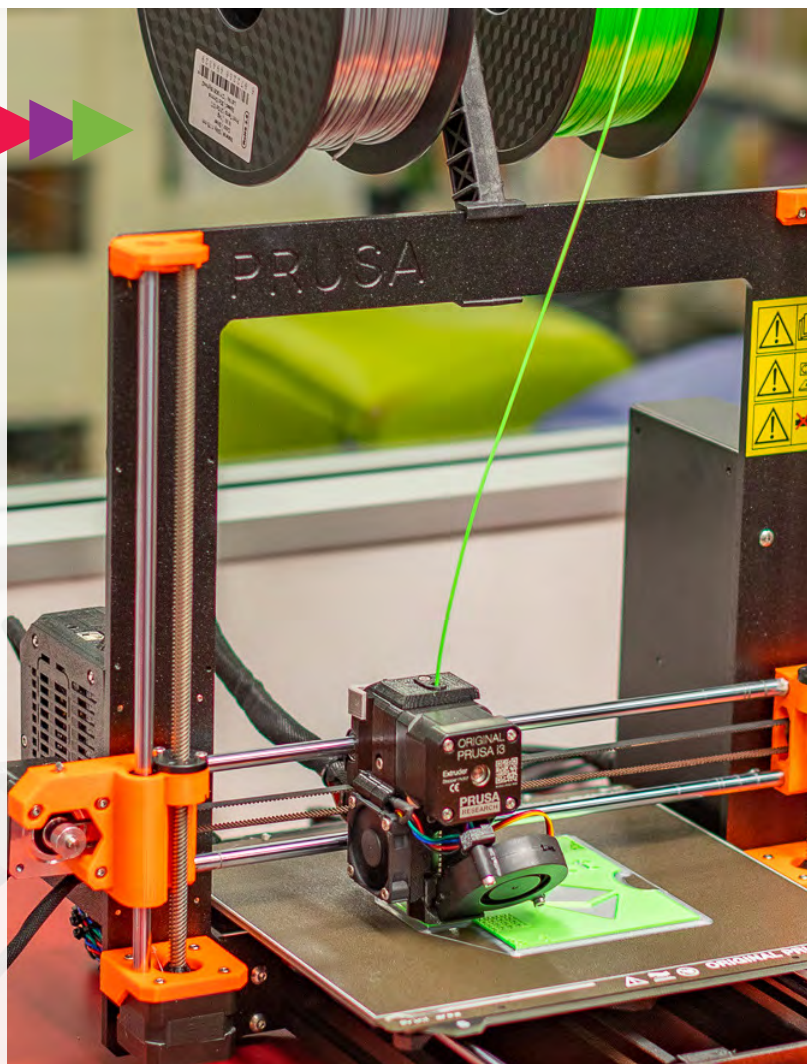
The Gympie Library opened its very own Makerspace to the public in November 2019.

The new facility ensures that residents have access to virtual reality hardware and software, 3D printers, state-of-the-art sewing machines and other technological developments which will drive future employment and enhance our leisure time.

It is also a larger, more comfortable area for craft groups, coding and robotics classes, writer's groups, book clubs and tech savvy seniors classes when it is not being used for technology-based applications.

The Friends of Gympie Regional Libraries Inc. received a grant valued at \$33,284 from the Gambling Community Benefit Fund, administered by the Department of Justice and Attorney-General, Queensland Government to purchase 3D printers, a virtual reality system, sewing machines, a craft cutting machine and robots.

The \$60,000 Makerspace was a joint initiative of Gympie Regional Council and the Queensland Government's \$600 Million Works 4 Qld program.



Other projects



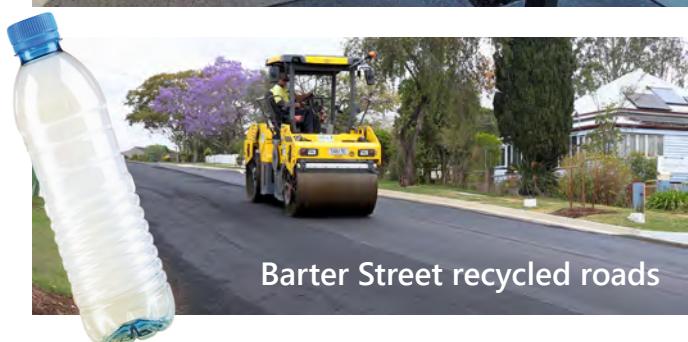
Upper Mary Street



Wildwatch Gympie



Land for Wildlife



Barter Street recycled roads

Councillor reporting requirements

Remuneration

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

Councillors are provided with access to appropriate information technology and communications equipment, use of a council supplied vehicle, and reimbursement of relevant travel and accommodation related expenses incurred while performing their duties on behalf of Council.

Full details of the basis of expenses reimbursement including the facilities and equipment provided to councillors are contained within the Councillor Expenses Reimbursement Policy which is available on Council's website. In accordance with the Expenses Reimbursement Policy, councillors can nominate to use their own privately supplied vehicle in lieu of using a council supplied vehicle for all council business. The payment of an annual vehicle allowance applies under such circumstances. A number of councillors have taken up this option as indicated in the table below.

Remuneration for the period 1 July 2019 to 30 June 2020							
Councillor Name	Councillor Remuneration	Cost of Council Vehicle Provided	Vehicle Allowance	Councillor Remuneration Nett	Super	Phone/iPad Network and Call Costs	Gross Total
Curran	\$106,906.65	\$12,193.08	\$0.00	\$119,099.73	\$12,828.70	\$712.89	\$132,641.32
Devereaux^	\$12,578.46	\$0.00	\$1,450.58	\$14,029.04	\$1,509.42	\$135.66	\$15,674.12
Dodt	\$56,793.69	\$6,421.80	\$0.00	\$63,215.49	\$6,815.26	\$524.34	\$70,555.09
Fredman*	\$69,372.16	\$0.00	\$8,000.20	\$77,372.36	\$8,324.68	\$660.00	\$86,357.04
Gear	\$56,793.69	\$8,173.20	\$0.00	\$64,966.89	\$6,815.26	\$524.34	\$72,306.49
Hartwig*	\$80,471.00	\$0.00	\$8,000.20	\$88,471.20	\$9,656.52	\$700.70	\$98,828.42
Jensen^	\$12,578.46	\$1,634.64	\$0.00	\$14,213.10	\$1,509.42	\$135.66	\$15,858.18
Leitch	\$66,816.71	\$6,129.90	\$0.00	\$72,946.61	\$8,018.09	\$524.34	\$81,489.04
McDonald	\$56,793.69	\$8,173.20	\$0.00	\$64,966.89	\$6,815.26	\$414.34	\$72,196.49
Milne^	\$12,578.46	\$0.00	\$1,450.58	\$14,029.04	\$1,509.42	\$135.66	\$15,674.12
Polley^	\$12,578.46	\$0.00	\$219.78	\$12,798.24	\$1,509.42	\$135.66	\$14,443.32
Smerdon*	\$71,592.02	\$8,173.20	\$0.00	\$79,765.22	\$8,591.08	\$662.30	\$89,018.60
Stewart*	\$69,372.17	\$8,173.20	\$0.00	\$77,545.37	\$8,324.68	\$660.00	\$86,530.05
Waldock^	\$12,578.46	\$0.00	\$1,450.58	\$14,029.04	\$1,509.42	\$135.66	\$15,674.12
Total	\$697,804.08	\$59,072.22	\$20,571.92	\$777,448.22	\$83,736.63	\$6,061.55	\$867,246.40

* Re-elected councillor April 2020

^Elected councillor April 2020

Meetings attended

The number of local government meetings that each councillor attended during the financial year is recorded in the table below in accordance with s 186(c) of the Regulation. Council does not have any Standing Committees. In total, eleven Ordinary Meetings, four Special Meetings and one Post Election Meeting were held during the period.

As a result of the March 2020 local government elections, four councillors were re-elected and five first-time councillors were elected to office as noted in the table.

Councillor	Ordinary Meetings	Post Election Meeting	Special Ordinary Meetings	Total Meetings	Notes
Curran	9	0	2	11	
McDonald	9	0	2	11	
Hartwig	10	1	4	15	Re-elected April 2020
Gear	8	0	2	10	
Dodt	9	0	2	11	
Stewart	11	1	4	16	Re-elected April 2020
Smerdon	11	1	4	16	Re-elected April 2020
Leitch	9	0	2	11	
Fredman	11	1	4	16	Re-elected April 2020
Milne	2	1	2	5	Elected April 2020
Jensen	2	1	2	5	Elected April 2020
Devereaux	2	1	2	5	Elected April 2020
Waldock	2	1	2	5	Elected April 2020
Polley	2	1	2	5	Elected April 2020



Complaints about councillors

The table below provides information about complaints received regarding the performance or conduct of councillors in accordance with current legislative requirements.

(i)	The number of orders made under s 150I(2) of the Act.	NIL
(ii)	The number of orders made under s 150AH(1) of the Act.	NIL
(iii)	The number of decisions, orders and recommendations made under s 150AR(1) of the Act.	One
(iv)	The number of complaints referred to the assessor under s 150P(2)(a) of the Act by a government entity.	Four
(v)	The number of complaints referred to the CCC under s 150P(3) of the Act.	One
(vi)	The number of notices given under s 150R(2) of the Act.	NIL
(vii)	The number of notices given under s 150S(2)(a) of the Act.	NIL
(viii)	The number of decisions made under s 150W(1)(a),(b) and (e) of the Act	(a) Eleven (b) Nil (e) Seven
(ix)	The number of referral notices accompanied by a recommendation mentioned in s 150AC(3)(a) of the Act.	NIL
(x)	The number of occasions information was given under section 150AF(4)(a) of the Act;	NIL
(xi)	The number of occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor.	NIL
(xii)	Applications heard by the conduct tribunal of the alleged misconduct or inappropriate conduct of a councillor.	One

Executive remuneration

In accordance with s 201 of the Act, the total of remuneration packages payable to senior management during the period was \$1,420,348. This figure includes redundancy, lump sum and higher duties payments for officers while acting in the role of senior management across the period. For the purposes of s 201 of the Act, senior management refers to Council's CEO and directors only.

Remuneration Band	No. Senior Management Employees in Remuneration Band
\$150,000-\$249,999	3
\$250,000-\$349,999	1

Councillor Expenses Reimbursement Policy

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

A full copy of the Councillor Expenses Reimbursement Policy is available from Council's website under the Publication Scheme and also as presented here in Appendix C.

Valuation of non-current physical assets

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

Particular resolutions

As required by s 190(1)(e) of the Regulation, the number of invitations to change tenders under s228(7) during the financial year was NIL.

Administrative action complaints

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

In response to s 187 of the Regulation, an Administrative Action Complaints Process has been developed and implemented which is designed to assist Council manage complaints efficiently, effectively, objectively and fairly. A Customer Service Charter has been adopted by Council which provides guidance across the organisation in relation to the standard of customer service the public can rightfully expect in their dealings with Council. Our Complaint Management System has been externally audited by the Office of the Queensland Ombudsman with all recommendations stemming from that review having been implemented.

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

During the period, 33 Administrative Action Complaints were received with all of those complaints being fully resolved within the period. No complaint received in a prior financial year remained unresolved as at 30 June 2020.

The above statistics highlight that Council's Administration Action Complaints Process is proving effective in having all complaint matters formally considered, investigated and resolved within the financial year period. Further detailed information in relation to Council's complaints management processes is available from our website.

Overseas travel

Further to the requirements of s 188 of the Regulation no overseas travel was undertaken by councillors or staff in an official capacity across the period.

Registers

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

- Asset Register
- Beach Use Register
- Building Statistics of Monthly Approvals
- Cemetery Interment Register
- Cemetery Plot Register
- Contact with Lobbyists Register
- Contracts Register
- Councillor Conduct Register
- Cost Recovery Fees Register
- Delegations Register
- Dog Registration Register
- Excess Animal Approvals Register
- Fees and Charges Register
- Food Business Licence Register
- Gifts/Hospitality Register
- Higher Risk Personal Appearance Services Business Register
- Local Heritage Register
- Local Laws Register
- Penalty Infringement Notice Register
- Register of Development Applications
- Register of Impounded Abandoned Vehicles
- Register of Impounded Dogs and Cats
- Register of Impounded Livestock (Cattle and Horses)
- Register of Interests (councillor and senior executive employees)
- Register of Itinerant Vendors
- Register of Local Law Prescribed Activity Approvals
- Register of Pre-Qualified Suppliers
- Regulated Dog Register
- Reportable Loss of Assets Register
- Road Register

Community grants

2019–2020 Grants

Environment Levy - Community Group Grants

Recipient	Project	Amount
Cooloola Coastcare Association	Rehabilitation of the Tin Can Inlet Stage one	\$15,000
Mary River Catchment Coordinating Committee	Citizen Science – Caring for Waterways and Biodiversity	\$60,000
Cooloola Trail Care Alliance	Bush Care at Victory Heights Recreational Trails	\$5,898
Australian Native Animals Rescue & Rehabilitation Association	Wildlife Rescue in the Gympie Region	\$20,000
Koala Action Gympie Region	Educating Community in Koala Conservation 2019-2020	\$8,760
Gympie & District Landcare Incorporated	Threatened Species Conservation Program	\$28,135.80
Gympie & District Landcare Incorporated	Deep Creek Rehabilitation Project Round 2	\$20,000
Gympie & District Landcare Incorporated	Enhancing the River Trail – Round 3	\$54,000
Gympie & District Landcare Incorporated	Facilitating Landcare in the Gympie Region Round 2	\$60,000

Environmental Levy - Wildlife Carer Grants

Recipient	Project	Amount
Kerrie Letelemaana	Rescue and Trauma Care	\$7,000.00
Cooloola Coastcare Association Inc.	TurtleCare	\$105.00
Australian Native Animals Rescue & Rehabilitation Association	Supporting Gympie's Wildlife Rescuers and Carers	\$10,500.00
Tiaro and District Landcare Group	Responding to the call of the endangered Mary River Turtle (MRT)	\$7,500.00
Wildcare	Advanced Search Capabilities - Emergency Response	\$5,188.00
Wildlife Rescue South Burnett Inc.	Rescue, rehabilitation and release of Australian Wildlife	\$4,117.00

E- Commerce Grants

Recipient	Project	Amount
Salty Kisses on Channon	E-Commerce audit, training and solution	\$1,500.00
Farrugia Bros Enterprises Pty Ltd	E-Commerce audit, training and solution	\$1,500.00
Little Parliament	E-Commerce audit, training and solution	\$1,500.00
Metal Masterpieces	E-Commerce audit, training and solution	\$1,500.00
Coco Blush	E-Commerce audit, training and solution	\$1,500.00
Gympie 4x4 Accessories/ARB	E-Commerce audit, training and solution	\$1,500.00
Rainbow Beach Tourist Information Centre	E-Commerce audit, training and solution	\$1,500.00
In House Monograms	E-Commerce audit, training and solution	\$1,500.00
The Real Body Movement	E-Commerce audit, training and solution	\$1,500.00
Ohla Nailbar	E-Commerce audit, training and solution	\$1,500.00
Your Serenity Hair and Beauty	E-Commerce audit, training and solution	\$1,500.00
Rainbow Hair and Beauty Studio	E-Commerce audit, training and solution	\$1,500.00

Regional Arts Development Fund (RADF) Grants

Recipient	Project	Amount
Rosemary Anne Fitzgerald	'Introspect', a short film set in Kilkivan	\$5,000.00
Women in New Directions Organisation Inc. (WINDO)	20/20 Vision – International Women's Week Festival Workshops and Exhibitions	\$7,928.00
Anna Brennan	The Jester Guild: Stand Up Comedy Workshops and Performance	\$3,500.00
Veteran Hall Social Committee Inc.	Veteran Hall 90 th Birthday Celebration	\$2,500.00
Gympie Bone Museum Project Ltd	Memento Mori Death Museum	\$7,870.00
Wild/Flower Women	Wild/Flower Women III: Women Walking Country	\$6,250.00
Butchulla Garling Wonamutta Aboriginal Corporation	Virtual Record of Wonamutta Burra Art	\$8,000.00
Curra Art Group	Workshop for painting landscapes in acrylics	\$730.00
Curra Community Hall Management Committee Inc.	Arts and Craft Festival	\$2,500.00
Prudence Sheehan	Regenerate, Restore, Renew	\$2,500.00

Community Assistance Grants

Recipient	Project	Amount
Rotary Club of Gympie Cooloola	Volunteer engagement	\$1,045.00
Coolarts – Gympie Inc. (Auspice)	Faerie Festival 2020	\$5,000.00
Gympie & District Community Centreplace Inc.	Graphic Design Support for the Gympie LLA	\$4,825.00
Women's Circle Network Australia Association Inc.	Art for healing for domestic and family violence survivors	\$5,000.00
Gympie District Beef Liaison Group Inc.	Our Young People Impact Gympie Region's Future	\$5,000.00
Cooloola Coastcare	Cooloola Coastcare Reconciliation Action Plan Stage 1 Reflect	\$5,000.00
Mary Valley Trailblazers Inc.	Event support equipment	\$2,000.00
Gympie Gymnastics Club Inc.	Defibrillator	\$1,996.00
Long Flat Hall Committee	Purchase of mower	\$2,000.00
Gympie Squash Racquets Association Inc.	Implement electronic scoring system	\$1,743.00
Cooloola Coast Medical Transport Inc.	Client record storage	\$1,654.00
Sailability Tin Can Bay	Defibrillator	\$1,995.00
Friends of Kandanga Inc.	Community newsletter equipment	\$1,969.00
Gympie Golf Course Inc. (GGC Inc.)	Laptop acquisition	\$978.84
Umbrella Network Rockhampton Inc.	Inclusive gaming groups	\$1,967.00
Gympie Family History Society Inc.	Office chairs	\$2,000.00
Gympie Roller Sports Club	Equipment	\$2,000.00
Gympie Contract Bridge Club Inc.	Defibrillator	\$1,864.00
Probus Club of Gympie Inc.	Procurement of club computer	\$1,723.00
Veterans Retreat Limited	Purchase of projector, projector screen and refrigerator	\$2,000.00
Australian Volunteer Coastguard Association QF17 Tin Can Bay	10 personal locator beacons	\$2,000.00
Kandanga & District Amateur Swimming Club Inc.	Clock repair	\$1,830.00
Tin Can Bay Community and Men's Shed Inc.	Equipment for information seminars	\$2,000.00
U3A Gympie Inc.	Equipment for classes and activities	\$1,948.00
Gympie Saloon Car Club Ltd.	Weatherproof main switchboard and meter box	\$1,240.00
Langshaw Hall	Installation of solar panels	\$2,480.00

Recipient	Project	Amount
Gympie and District Indoor Bowls Association Inc.	Improve disabled access to indoor bowls centre	\$9,039.00
Gympie & District Landcare Group Incorporated	Building a Better Landcare - Phase Two	\$10,000.00
Widgee District Hall and Recreation Association Inc.	Kitchen and bar upgrade	\$7,200.00
Numabulla Men's Shed Inc.	Shed conversion planning	\$4,800.00
Kilkivan Show & Campdraft Association Inc.	Cattle holding yard/laneway refurbishment	\$8,000.00
Wolvi & District War Memorial Hall Committee	Kitchen renovation	\$10,000.00
Cooloola BMX Club	Finish line structure	\$3,595.00
Gympie Community Garden Inc.	Vertical gabion herb and fruit wall	\$1,578.00
Gympie Regional Cricket Association Inc.	Clubhouse air conditioning	\$9,072.00
Gympie Junior Rugby League Inc.	Facilities upgrade - Jack Stokes	\$3,731.00
The Albert Bowls Club Inc.	Removal of shed	\$9,363.00
Kilkivan & District Historical Society Inc.	Museum storage shed	\$10,000.00
Cooloola Coast Kart Club Inc.	Sun protection for Cooloola Karters	\$7,371.00
Cooloola Human Services Network Inc. (Auspice)	Connecting the Community 2020	\$4,000.00
Mary River Catchment Coordination Assoc. Inc. (auspice)	Valley Bees Open Day 2020	\$2,400.00
Returned & Services League of Australia (Qld Branch) Tin Can Bay Sub Branch Inc.	Anzac Day 2020	\$1,713.00
Rainbow Beach RSL Sub Branch	Anzac Day 2020	\$1,600.00
Gympie RSLA Sub Branch	Anzac Day 2020	\$5,000.00
Mary Valley RSL Sub Branch Inc.	Anzac Day 2020	\$2,000.00
Murgon RSL Sub Branch Inc. (administering Goomeri Chapter)	Anzac Day 2020	\$2,000.00

2019–2020 Sponsorships

Festivals and Events

Recipient	Project	Amount
Gympie Ministers Network	Christmas in the Park	\$15,000.00 (\$14,000 Cash + \$1,000 assistance in kind)
Kilkivan Great Horseride Association Inc.	Kilkivan Great Horseride	\$10,000.00
Heart of Gold International Short Film Festival Inc.	Heart of Gold International Short Film Festival	\$35,000.00 (\$30,000 Cash + \$5,000 assistance in kind)
White Lightning Event Management	2019 Mountain Bike Australia (MTBA) Queensland Downhill State Championships & Round 4 of the 2019 South-East Queensland Downhill Series (SEQDH)	\$2,500.00
Gympie Muster Ltd	Gympie Music Muster	\$200,000.00 (\$150,000.00 Cash + \$50,000 assistance in kind)
Rainbow Beach Sports, Recreation and Memorial Club Inc.	Rainbow Beach Fishing Classic	\$5,000.00
Stirling's Crossing Endurance Club Inc.	2019 Stirling's Crossing Tom Quilty Gold Cup 160km Australian National Championships	\$10,000.00

Community Initiative

Recipient	Project	Amount
LifeFlight Foundation Ltd	LifeFlight - air medical rescue	\$20,000.00

Event Attraction and Development

Recipient	Project	Amount
Williams Event Management	2019 Motul MX Nationals – Australia Motocross Championship	\$12,000.00
YMCA Action Sports	Australian Park Skateboarding Championships & Queensland ASL State Qualifier	\$15,000.00

Community Partnerships

Recipient	Project	Amount
Mothar Mountain Hall Committee Inc.	Neighbour Day	\$300.00
Theebine Memorial Recreational Centre Inc.	Neighbour Day	\$200.00
Gympie State High School	National Apology badges	\$1,125
Central Queensland Wide Bay Sunshine Coast PHN	Healthy Towns Awards	\$909.00
Early Childhood Teachers Association Inc.	Little Kids Day Out	\$2,000.00
Cooloola Christian College	Primary School Leaders Day	\$3,000.00
Community Action Inc.	Harmony Day	\$1,500.00
Cooloola Aboriginal Services Inc. (CASI)	NAIDOC Week	\$2,440.00

Annual Strategic Review

Further to the requirements of s 190(1)(2) and (b) of the *Local Government Regulation 2012*, the achievement of Council's corporate plan remains a key focus for both councillors and employees under the respective core responsibilities imposed by the *Local Government Act 2009*. In April 2017, Council adopted its revised Corporate Plan 2017-2022 to which the implementation of the Operational Plan 2019-2020 represents a clear signpost indicator as to the effectiveness of progress being made in achieving Council's vision and strategic goals across the 5-year period of the corporate plan.

Data presented in the quarterly and annual operational plan updates demonstrate that despite the completion rate of activities following a downward trend in recent years, Council has completed a significant number of planned activities across the period. The publicly reported activity updates and associated commentary provides background as to factors that have impacted on Council's capacity to complete individual activities within planned timeframes. Across the period, Council and its community has been significantly impacted by COVID-19. The organisation is also going through a period of significant change following the March 2020 local government elections. An interim executive team and an interim organisational structure was put in place in the last quarter of the period. These substantial changes further impacted on the continuity of some activities.

An ongoing focus is for Council to appropriately identify, progress, monitor, complete and report on operational activities that directly further the implementation of its corporate plan. The newly elected Council has set by resolution clear priorities moving forward for the development of its Operational Plan 2020-2021. It is further planned that a revised corporate plan will be adopted by the newly elected Council early in its term with a focus on a back to basics approach including budget repair.

The continuation of the development, review and implementation of business planning across more than 20 functional areas of Council remains an important ongoing project. This additional level of planning supports the implementation of the corporate plan and the development of future operational plans. Business plans are targeting all key business units of Council and include activity milestone schedules, goals and targets that are aligned with the vision and strategic directions of the corporate plan.

The effectiveness of Council's various key strategic plan formats and public reporting processes continue to be monitored with ongoing improvements planned to the quarterly Corporate Performance Reports, which incorporate the statutory operational plan updates.



Local government operations

Aligned with the requirements of s 190(1)(b) of the Regulation, the quarterly and annual updates provided to Council in relation to the implementation of the annual operational plan provide an informed assessment of the local government's operations and performance across the period. In addition, the annual strategic review featured earlier in the report articulates Council's operational performance and the progress made toward achieving our vision and key strategic objectives.

The organisation is going through a period of significant review while continuing to plan for, and respond to, the changing expectations of our residents and customers. Council's ongoing commitment to an organisation-wide continuous improvement approach has helped us strive to do our work in the best way possible.

COVID-19 has provided Council and our community with a range of unprecedented challenges. Despite the disruptions imposed by the pandemic, Council has continued delivering most services to the community. Where necessary, our business units have worked hard to modify how they deliver services to ensure our community, employees, volunteers and contractors remain safe.

COVID-19 will be with us for some time. Council is committed to supporting its people in managing the impacts of COVID-19, including the consideration of financial impacts, prevention and reduction of the spread of the virus in the workplace, addressing essential business continuity and maintaining clear and timely communication.

All Australian Governments have agreed to a set of National COVID-19 Safe Work Principles to guide us through this unprecedented time. Council has a COVIDSafe Plan to direct our response to the Queensland State Government's roadmap to easing restrictions, and provide a framework for managing our Coronavirus (COVID-19) response in the workplace. This plan applies to all employees, contractors, volunteers and councillors working for or on behalf of Council.

Queensland Health has lead agency responsibility for the COVID-19 pandemic in Queensland, with Council's response and recovery activities following its direction. Council was quick to respond with closures of community facilities to meet public health directions and provision of information to businesses and community groups. Given the nature of the pandemic, the main emphasis of Council's efforts was on economic and social recovery. Council support was provided in a number of ways, including the following.

- Gympie Regional Libraries combined innovative new technologies with traditional library resources to deliver community programs, including a contactless home delivery service to vulnerable or isolated residents, virtual story telling sessions for children and 3D printing of PPE headframes to support Queensland Health staff working on the frontline.
- Civic Centre concerts shifted to digital platforms, with Live Stream and Local events supporting the local music sector and generating over 9,000 views on the Gympie Civic Centre Facebook page.
- Council endorsed a special COVID-19 Community Grants Program to support community organisations and sporting clubs bounce back from COVID-19 restrictions, as well as E-Commerce Grants to assist retail businesses adapt to on-line trading.
- Council staff from the Kilkivan Office provided Meals on Wheels support, delivering meals to clients in the Kilkivan area.
- A searchable online business directory and social media campaign was delivered with over 400 businesses in the directory.
- Support Local Gympie Advertising Campaign delivered, with 300 businesses supported across print media.

Beneficial enterprises

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

- Rattler Railway Company Ltd.

List of business activities

Section 45(a) of the Act requires that the annual report contain a list of all the business activities the local government conducted during the financial year. This list is presented in Appendix A of the report. Legislative changes made to the *Local Government Regulation 2012* during the period has seen Council's combined water and sewerage services now being considered as undertaking a significant business activity within the legislative definition of same.

This is a new significant business activity and Council's only current business activity that meets the legislative thresholds to be categorised as a significant business activity.

With regards to s45(c) of the Act, Council undertook a Public Benefit Assessment of its combined water and sewerage services in May 2020. Following a public comment period, the outcome report was formally considered at Council's Ordinary Meeting held on 22 July 2020.

Council subsequently resolved via Minute M07/07/20 to apply the competitive neutrality principle to its Water Business Unit by way of applying a full cost pricing business model commencing in 2020-2021.

Commercial business units

In line with s 190(1)(c) of the Regulation and the threshold limits set for significant business activities, noting the comments in relation to Council's combined water and sewerage services above, Council did not operate any commercial business units during the period. The 2019-2020 Financial Statements include a specific note to the accounts on National Competition Policy. Please refer to the audited financial statements.

Summary of rate rebates and concessions

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

Pensioner remissions

Council's pensioner rate remission to eligible pensioners was allowed under s 120(1)(a) of the Regulation. The pensioner remission is \$160 per annum. Total expenditure for 2019-2020 was \$666,881.

Deferment of liability

No such expenditure was incurred in 2019-2020. In accordance with s 125 of the Regulation, Council may grant a deferral of the time in which to make payments of overdue rates in respect of:

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

Early payment discount

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

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

- 10 per cent discount applies on general rates.

Total expenditure for 2019-2020 was \$3,862,227.

Details of special rates and charges

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

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

Moy Pocket Road Maintenance Charge in the amount of \$146,004 applies to rateable land described as Lot 4 on Registered Plan 159242, Lot 2 on Registered Plan 187563 and Lot 1 on Survey Plan 221900, Parish of Brooloo, County of March to fund the cost of road maintenance on Moy Pocket Road.

Council's Revenue

Total income (revenue) for 2019-2020 was \$109 million, being \$95.4 million from operations and \$13.8 million from capital sources.

The major source of operating revenue was rates and utility charges of \$73.7 million or around 77 per cent of the total operating revenue. The number of rateable properties in the region was 25,557 (2018-2019 25,379).

Competitive neutrality

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

Internal audit report

Internal audit is an integral part of Council's assurance and governance framework. It is designed to provide Council with independent assurance that business processes, work practices and internal control systems are operating appropriately and effectively in accordance with organisational and legislative requirements.

It operates in accordance with Council's internal audit charter which sets out the mandate, roles and responsibilities of the internal audit function.

It reports directly to the Chief Executive Officer and the Audit and Risk Management Committee on opportunities for improvement to business practices. Internal audit activities are delivered through the internal audit unit supported by specialist external service providers.

In the conduct of its activities, internal audit plays an active role in:

- Developing and maintaining a culture of effective corporate governance, accountability and integrity;
- Facilitating the integration of risk management into day-to-day business activities and processes; and
- Promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

Council's internal audit plan for each financial year is developed having regard to current strategic and operational risks and is reviewed by the Audit and Risk Management Committee to ensure it remains relevant.

Internal audit activities include compliance, financial and performance audits as well as advisory services ranging from advice on new systems and processes, assisting in identifying risks and risk mitigation strategies and monitoring and reporting on the implementation and maintenance of Council's fraud and corruption prevention control plan.

Assurance activities finalised during the financial year included reviews of fleet management, developer contributions and financial management.

Internal audit is also responsible for:

- Assisting the Audit and Risk Management Committee to discharge its responsibilities;
- Monitoring the implementation of agreed internal and external audit recommendations; and
- Disseminating across the Council better practice and lessons learnt from its audit activities.

The performance of the internal audit unit is monitored by the Audit and Risk Management Committee and the Chief Executive Officer.

Council is fully compliant with State Government legislation relating to the activities and reporting of its internal audit function.

Council maintains a zero tolerance approach to fraud and corruption across the organisation. All allegations of fraudulent or corrupt conduct by elected members, employees, contractors or volunteers are thoroughly investigated. Where allegations lead to a reasonable suspicion that a complaint, information or matter involves, or may involve, corrupt conduct the matter is automatically referred to the relevant oversight agencies including the Crime and Corruption Commission Queensland and the Queensland Police Service as required.

Community financial report

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

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

The General Purpose Financial Statements are a record of Council's financial performance for the year ended 30 June 2020.

The report highlights areas of importance to allow interested stakeholders the opportunity to make their own informed decisions.

The four key financial statements for 2019-2020 and the key performance indicators are described as follows:

- **Statement of Comprehensive Income** - shows revenue, expenses and asset revaluation adjustments for the 2019-2020 year.
- **Statement of Financial Position** - shows the assets and liabilities which make up the community equity as at 30 June 2020.
- **Statement of Changes In Equity** - shows the movement in total community equity.
- **Statement of Cash Flows** - shows the nature and amount of Council's cash inflows and outflows from all activities.
- **Financial Sustainability Ratios** – for reviewing Council performance and sustainability.

Statement of Comprehensive Income

This statement shows the Council's financial performance for the year. The Statement of Comprehensive Income includes both operating revenue and expenses, and capital revenue and expenses and shows whether Council's financial operations for the year has resulted in a surplus or deficit.

It reflects how the money received from Council operations is spent providing services to the community.

	2018	2019	2020
Operating Revenue	\$84.74M	\$89.61M	\$95.48M
Operating Expenses	\$89.08M	\$104.19M	\$101.79M
Operating Result	(\$4.34M)	(\$14.58M)	(\$6.31M)
Capital Revenues	\$26.82M	\$23.15M	\$13.80M
Capital Expenses	\$4.82M	\$5.73M	\$2.42M
Net Result Attributable to Council	\$17.66M	\$2.83M	\$5.07M
Asset Revaluation in period	(\$15.02M)	(\$22.51M)	(\$6.40M)
Total Comprehensive income for the period	\$2.64M	(\$19.68M)	(\$1.33M)

Council's Revenue

Total income (revenue) for 2019-2020 was \$109.29 million, being \$95.49 million from operations and \$13.80 million from capital sources. The major source of operating revenue was rates and utility charges of \$73.73 million or around 77 per cent of the total operating revenue. The number of rateable properties in the region was 25,557 (2018-2019 25,379).

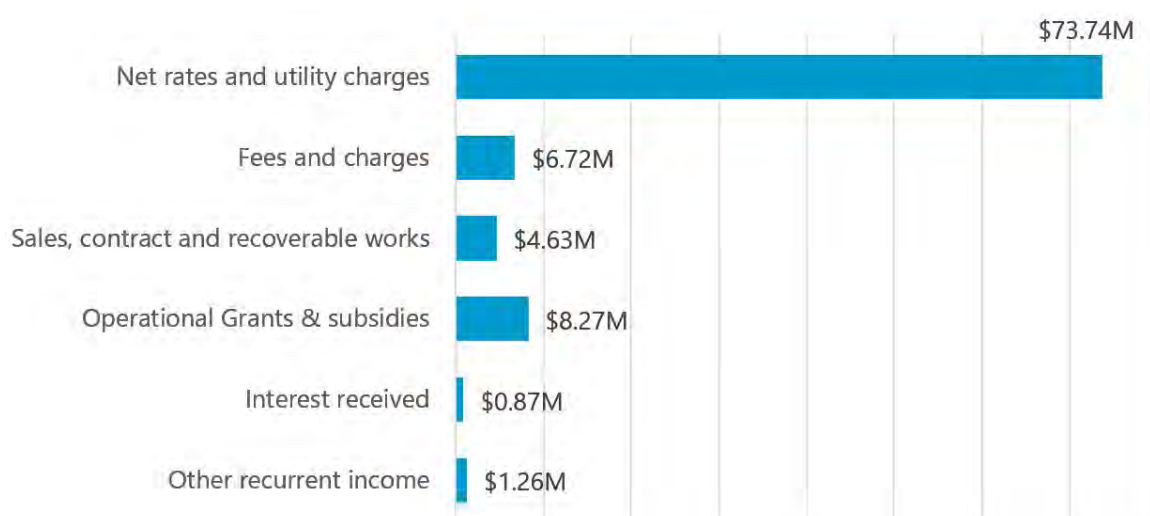
Operating revenue is income from Council's day to day operations, such as rates, fees and charges, interest on investments, sales of contract and recoverable works, grants, subsidies, contributions and donations.

Recurrent revenue	2018	2019	2020
Rates & Utility Charges	\$72.34M	\$72.80M	\$78.27M
Less Discounts	(\$5.50M)	(\$4.15M)	(\$4.53M)
Net rates and utility charges	\$66.85M	\$68.65M	\$73.74M
Fees and charges	\$5.37M	\$6.37M	\$6.72M
Sales, contract and recoverable works	\$3.51M	\$4.64M	\$4.63M
Operational Grants & subsidies	\$5.92M	\$6.24M	\$8.27M
Interest received	\$2.04M	\$1.95M	\$0.87M
Other recurrent income	\$1.05M	\$1.76M	\$1.26M
Total recurrent revenue	\$84.74M	\$89.61M	\$95.49M
Capital Revenues	\$26.82M	(\$23.15M)	(\$13.80M)

As rates and charges make up 77 per cent of operating revenue, Council has a low reliance on external funding – this provides Council with financial flexibility and assists in determining its rates and charges income and not have significant reliance on grants and subsidies which is out of its control.

While operating revenues are used to fund the day to day operations of Council, capital revenues are used to invest in renewing, upgrading, or increasing Council's asset base. The majority of capital revenues come from State and Federal Government grants and subsidies, with additional amounts received from land developers in the form of infrastructure charges or contributed assets such as parks or roads and drainage in new developments.

2019-2020 Operating Revenue



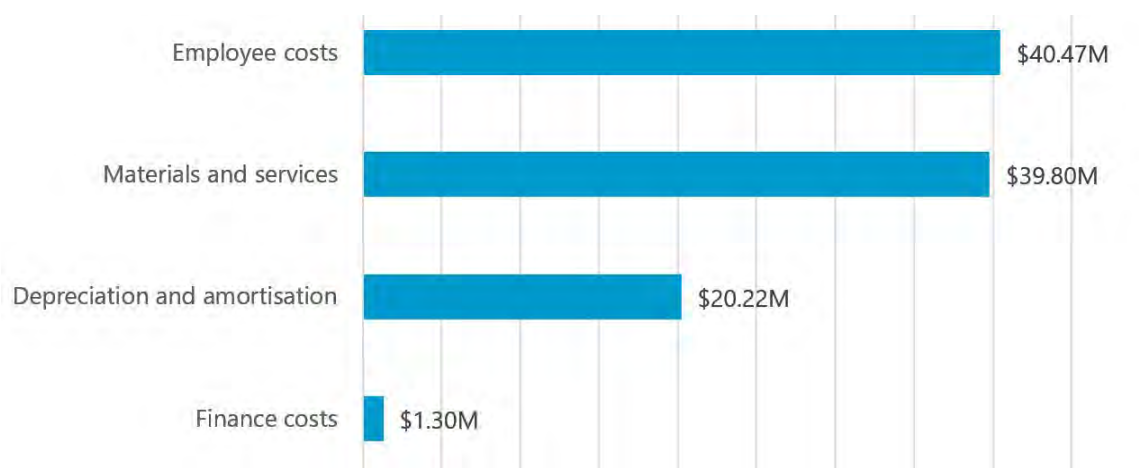
Council's Expenses

Council provides a wide range of more than 100 different services to the community. Work is completed by Council staff and contractors. Council policy is to encourage the use of local suppliers, where possible, so that the money stays within our community and boosts the local economy.

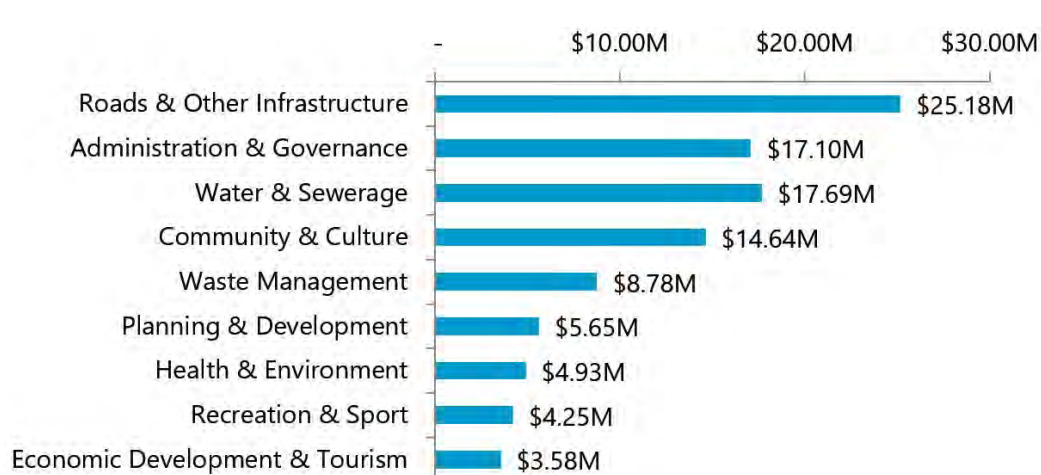
Services provided by Council include planning and development, economic development, tourism, recreation and sport, community and culture, health and environment, waste management, water and sewerage, and roads infrastructure. Operating expenses are the day to day costs of running the organisation, such as wages, maintenance, materials, depreciation and finance costs.

Recurrent expenses	2018	2019	2020
Employee costs	\$36.10M	\$40.74M	\$40.47M
Materials and services	\$36.19M	\$41.14M	\$39.80M
Depreciation and amortisation	\$15.33M	\$20.94M	\$20.22M
Finance costs	\$1.46M	\$1.38M	\$1.30M
Total recurrent expenses	\$89.08M	\$104.20M	\$101.79M

2019-2020 Operating Expenses



Operating Expenses by Service

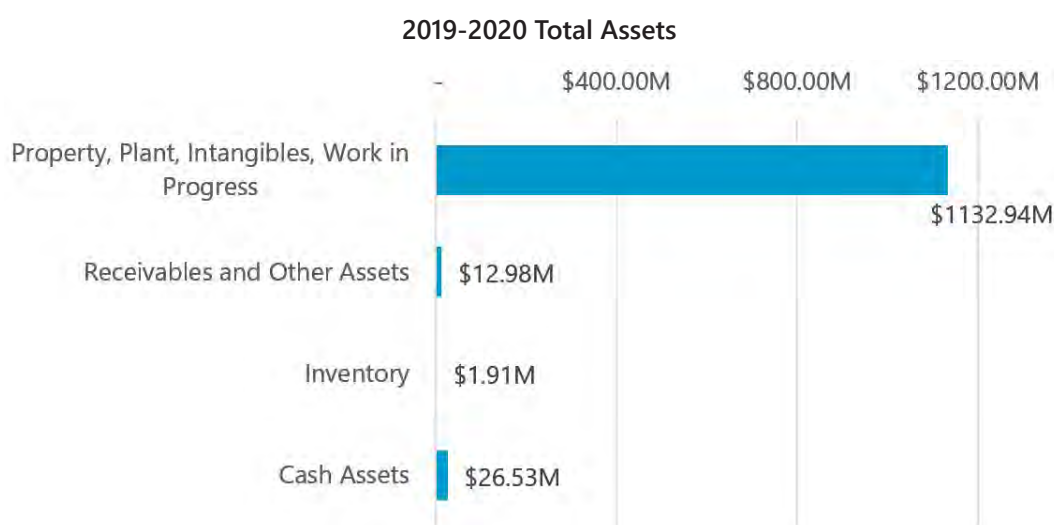


Statement of Financial Position

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

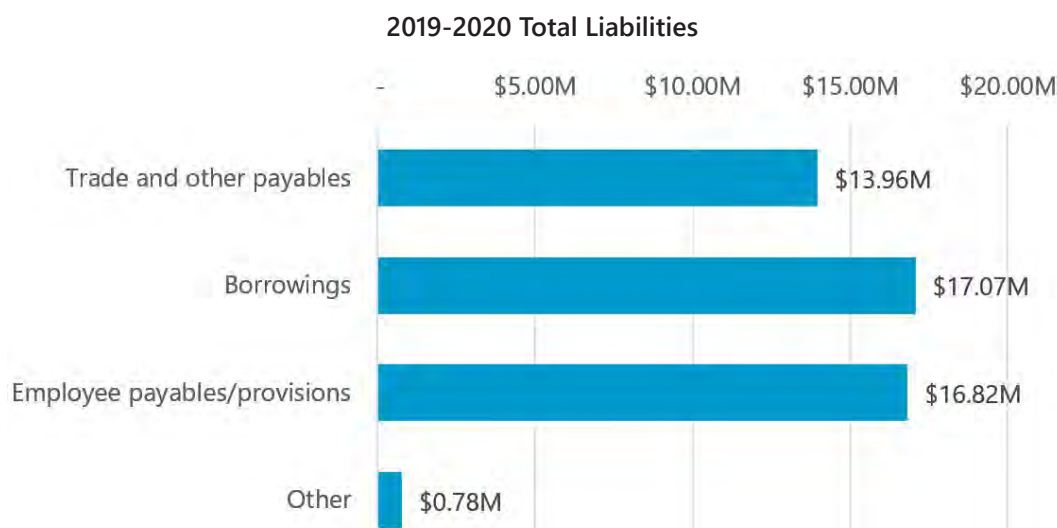
Council's Assets

The total value of assets was \$1,174.36 million (2018-2019 \$1,178.35 million). Council's assets include land and buildings, roads, water and sewerage infrastructure, other infrastructure, plant and equipment and intangibles. In addition, Council holds other short term assets including amounts owed by debtors, cash held in bank accounts of \$0.5 million and has investments of approximately \$26.03 million to assist with the funding of future operations of Council, including the provision of infrastructure projects. Although the value of community assets has decreased, Council's funding of these assets is provided through cash resources, grants, contributions and, where appropriate, loan funding.



Council's Liabilities

The total liabilities of Council were \$48.63 million (2018-2019 \$51.28 million). Council's liabilities include amounts owing to employees for annual leave, long service leave and sick leave entitlements of \$13.01 million (2018-2019 \$13.42 million), amounts payable to suppliers and contractors \$3.82 (2018-2019 \$3.49) and prepaid rates \$2.71 (2018-2019 \$2.35), refuse dump restoration and quarry rehabilitation \$11.24 million (2018-2019 \$12.34 million), and loans \$17.07 million (2018-2019 \$18.30 million). Affordability indicators show that Council is well placed to service its debt position.



Council's Community Equity

Council's Community Equity is the wealth of the region (what our community owns). It is the result of Council's assets less Council's liabilities. In 2019-2020, our Community Equity was \$1,125.73 million (2018-2019 \$1,127.06 million).

	2018	2019	2020
Total Assets	\$1198.24M	\$1178.35M	\$1174.36M
Less Total Liabilities	\$51.35M	\$51.28M	\$48.63M
Equity	\$1146.89M	\$1127.06M	\$1125.73M
Represented by			
Retained Surplus	\$735.96M	\$738.65M	\$743.72M
Asset Revaluation Surplus	\$410.93M	\$388.42M	\$382.01M
	\$1146.89M	\$1127.06M	\$1125.73M

Statement of Cash Flows

The Statement of Cash Flows shows how Council receives and spends money during the year. Council's cash held at the end of the reporting period was \$26.53 million (2018-2019 \$36.36 million). Cash on hand consists of:

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

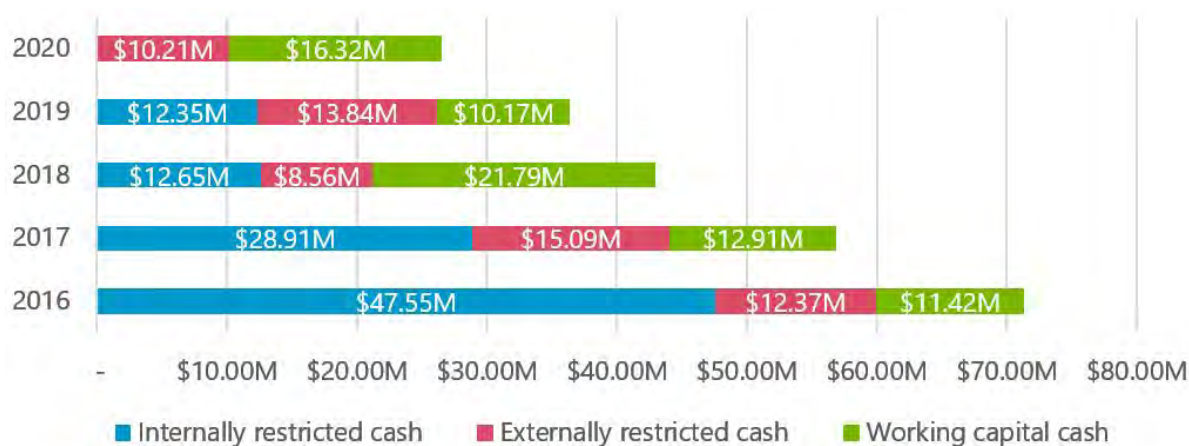
	2018	2019	2020
Net cash inflow (outflow) from Operating activities	\$14.50M	\$10.18M	\$16.65M
Net cash inflow (outflow) from Investing activities	(\$27.34M)	(\$15.66M)	(\$25.24M)
Net cash inflow (outflow) from Financing activities	(\$1.08M)	(\$1.15M)	(\$1.23M)
Net increase (decrease) in cash held	(\$13.92M)	(\$6.63M)	(\$9.83M)
Cash at beginning of reporting period	\$56.91M	\$43.00M	\$36.36M
Cash Balance	\$43.00M	\$36.36M	\$26.53M

Cash Balances



Since 2016 Council has been using its internally restricted cash which had been built up in prior years to fund new assets rather than using borrowings, and this has seen the total amount of cash reduce from \$71.34 million in 2016 to \$26.53million in 2020.

Breakdown of Cash Balances



Capital Expenditure

Capital expenditure is monies spent on assets and infrastructure, such as parks, roads, water and sewerage, land, buildings, plant and equipment. During the financial year Council spent \$35.69 million on capital works with just under half that amount going towards renewing existing assets with the balance directed at upgrades or new assets to provide higher levels of service to the community.

Total Capital Expenditure



Major capital projects completed during the year included:

- Kilkivan Equestrian Centre
- Youth Precinct.

Council's Financial Sustainability

Financial Management Strategy

As part of the 2020-2021 budget, Council adopted a financial sustainability policy which outlines the approach to be taken to achieve financial sustainability. Responsible ongoing financial management by Council will achieve the following objectives:

- Council operates in an efficient and effective manner, minimising general rate increases;
- Ongoing operating surpluses to ensure Council's equity is not degraded and future financial risk can be adequately mitigated;
- Appropriate collection of cash funds for ongoing infrastructure and asset replacement and renewal;
- Informed decisions are made on discretionary new operating and/or capital investment proposals (i.e. business cases including whole of life cost analysis);
- Infrastructure and assets are maintained to required service levels;
- Debt levels are minimised and returns on cash holdings maximised; and
- Achievement of the financial sustainability benchmarks set by legislation.

The focus for the 2020-2021 budget is on financial repair and the return to core services as needed by the community in order to get back to a strong financial foundation. This will be achieved through the five pillars outlined in the 2020-2021 Operational Plan:

- Budget repair leading to a balanced budget;
- Improved focus on infrastructure maintenance and delivery;
- Efficient service delivery;
- Better decision making for projects with a focus on community benefits and outcomes; and
- A proactive approach to planning and 'open for business' culture.

Council's Financial Sustainability Ratios

Section 178 (1) of the Local Government Regulation 2012, requires Council to calculate and disclose financial sustainability indicators. The ratios and targets are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.

Council's performance as at 30 June 2020 against these measures is shown in the following table.

Ratio	Explanation	Calculation	Target	2020	Target Met	Comment
Operating surplus ratio	Measures the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	Operating surplus (Net result excluding all capital items) divided by total operating revenue (excluding capital items).	Between 0% and 10%	-6.60%	X	While this result is an improvement on the previous year, the ratio result is below the target range as operating expenditures have exceeded operating revenues.

Ratio	Explanation	Calculation	Target	2020	Target Met	Comment
Asset sustainability ratio	This ratio reflects the extent to which infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	>90%	107.39%	✓	This ratio is over the target amount due to a focus on renewal capital works during the year balancing out expenditure on new assets.
Net financial liabilities ratio	Measures the extent to which net financial liabilities of Council can be repaid from operating revenue.	Total liabilities less current assets divided by total operating revenue.	< 60%	8.55%	✓	This ratio is well within the target range due to a relatively low level of debt and other liabilities.

The long term financial forecast shows surpluses from 2022 onwards as well as only minor fluctuations in the net financial liabilities ratio. The forecast for the Asset Sustainability Ratio are derived from the expected level of capital works for each asset class however the amounts will change as improved asset management plans are put in place. The forecast is reviewed on a regular basis and updated for changes in circumstances or assumptions.

Appendix A: List of business activities

Further to the requirements of s45(a) of the Act the following list of business activities is presented as aligned to the key strategic themes of Council's Corporate Plan 2017-2022.

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

Appendix B: Financial statements

Gympie Regional Council Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	Consolidated		Council	
		2020	2019	2020	2019
		\$,000	\$,000 Restated	\$,000	\$,000 Restated
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3(a)	73,737	68,653	73,737	68,653
Fees and charges	3(b)	8,332	7,288	6,720	6,375
Interest and investment revenue	3(c)	867	1,951	867	1,950
Sales revenue	3(d)	4,626	5,080	4,626	4,639
Other income	3(e)	1,749	1,757	1,264	1,756
Grants, subsidies, contributions and donations	4(a)	8,170	6,286	8,273	6,239
Total recurrent revenue		97,481	91,015	95,487	89,612
Capital revenue					
Grants, subsidies, contributions and donations	4(b)	12,768	23,047	12,768	23,048
Profit on disposal of property, plant and equipment and intangibles	5	60	100	60	100
Net decrease in rehabilitation provisions	5	972	-	972	-
Total capital revenue		13,800	23,147	13,800	23,148
Total income		111,281	114,162	109,287	112,760
Expenses					
Recurrent expenses					
Employee benefits	6(a)	41,921	42,038	40,471	40,740
Materials and services	6(b)	39,817	41,706	39,802	41,144
Finance costs	6(c)	1,312	1,398	1,303	1,377
Depreciation and amortisation	6(d)				
Property, plant and equipment	12	20,053	20,611	19,942	20,542
Intangible assets	13	276	398	274	396
Total recurrent expenses		103,379	106,151	101,792	104,199
Capital expenses					
Loss on disposal of property, plant and equipment and intangibles	7	2,548	5,731	2,422	5,731
Total capital expenses		2,548	5,731	2,422	5,731
Total expenses		105,927	111,882	104,214	109,930
Net result		5,354	2,280	5,073	2,830
Other comprehensive income					
Items that will not be reclassified to net result					
Increase/(decrease) in asset revaluation surplus	19	(6,406)	(22,512)	(6,406)	(22,512)
Total other comprehensive income for the year		(6,406)	(22,512)	(6,406)	(22,512)
Total comprehensive income for the year		(1,052)	(20,232)	(1,333)	(19,682)

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Gympie Regional Council
Statement of Financial Position
as at 30 June 2020

	Notes	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
Current assets					
Cash and cash equivalents	8	26,687	36,642	26,531	36,364
Receivables	9	11,729	10,402	11,726	10,479
Inventories	10	2,109	2,953	1,910	2,870
Other assets	11	61	555	300	640
Total current assets		40,586	50,552	40,467	50,353
Non-current assets					
Receivables	9	-	-	950	1,000
Property, plant and equipment	12	1,132,356	1,126,806	1,132,091	1,126,518
Intangible assets	13	866	477	852	475
Total non-current assets		1,133,222	1,127,283	1,133,893	1,127,993
Total assets		1,173,808	1,177,835	1,174,360	1,178,346
Current liabilities					
Payables	14	13,703	13,356	13,734	13,040
Borrowings	16	1,396	1,302	1,365	1,282
Provisions	17	4,482	4,252	4,408	4,252
Other liabilities	18	780	1,376	780	1,376
Total current liabilities		20,361	20,286	20,287	19,950
Non-current liabilities					
Payables	14	234	273	225	273
Borrowings	16	15,731	17,073	15,703	17,021
Provisions	17	12,412	14,081	12,412	14,036
Total non-current liabilities		28,377	31,427	28,340	31,330
Total liabilities		48,738	51,713	48,627	51,280
Net community assets		1,125,070	1,126,121	1,125,733	1,127,065
Community equity					
Asset revaluation surplus	19	382,013	388,419	382,013	388,419
Retained surplus/(deficiency)		743,057	737,702	743,720	738,646
Total Community Equity		1,125,070	1,126,121	1,125,733	1,127,065

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Gympie Regional Council
Statement of Changes in Equity
for the year ended 30 June 2020

Consolidated	Notes	Asset Revaluation Surplus	Retained Surplus	Total Equity
		\$,000	\$,000	\$,000
Balance as at 1 July 2019 restated		388,419	737,702	1,126,121
Net result		-	5,354	5,354
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	19	(6,406)	-	(6,406)
Total comprehensive income for the year		(6,406)	5,354	(1,052)
Balance as at 30 June 2020		382,013	743,057	1,125,070
Balance as at 1 July 2018		410,931	735,422	1,146,353
Net Result		-	3,464	3,464
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	19	(21,095)	-	(21,095)
Total comprehensive income for the year		(21,095)	3,464	(17,631)
Balance as at 30 June 2019, previously reported		389,836	738,886	1,128,722
Adjustment to closing balance at 1 July 2019	19	(1,417)	-	(1,417)
Adjustment to closing balance at 1 July 2019		-	(1,184)	(1,184)
Total adjustments for the year	30	(1,417)	(1,184)	(2,601)
Total comprehensive income for the year, restated		(22,512)	2,280	(20,232)
Balance as at 30 June 2019, restated		388,419	737,702	1,126,121

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Gympie Regional Council
Statement of Changes in Equity
for the year ended 30 June 2020

Council		Asset Revaluation Surplus	Retained Surplus	Total Equity
	Notes	\$,000	\$,000	\$,000
Balance as at 1 July 2019 restated		388,419	738,646	1,127,065
Net result		-	5,073	5,073
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	19	(6,406)	-	(6,406)
Total comprehensive income for the year		(6,406)	5,073	(1,333)
Balance as at 30 June 2020		382,013	743,720	1,125,732
Balance as at 1 July 2018		410,931	735,818	1,146,749
Net Result		-	4,014	4,014
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	19	(21,095)	-	(21,095)
Total comprehensive income for the year		(21,095)	4,014	(17,081)
Balance as at 30 June 2019, previously reported		389,836	739,832	1,129,668
Adjustment to closing balance at 1 July 2019	19	(1,417)	-	(1,417)
Adjustment to closing balance at 1 July 2019		-	(1,184)	(1,184)
Total adjustments for the year	30	(1,417)	(1,184)	(2,601)
Total comprehensive income for the year, restated		(22,512)	2,830	(19,682)
Balance as at 30 June 2019, restated		388,419	738,646	1,127,065

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Gympie Regional Council
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	Consolidated		Council	
		2020	2019	2020	2019
		\$,000	\$,000 Restated	\$,000	\$,000 Restated
Cash flows from operating activities					
Receipts from customers		96,489	82,854	94,853	82,242
Payments to suppliers and employees		(88,118)	(78,598)	(86,044)	(78,873)
		<u>8,371</u>	<u>4,256</u>	<u>8,809</u>	<u>3,369</u>
Interest received		867	1,950	867	1,950
Non capital grants and contributions		8,534	6,284	8,272	6,238
Borrowing costs		(1,312)	(1,398)	(1,303)	(1,377)
Net cash inflow (outflow) from operating activities	23	<u>16,460</u>	<u>11,092</u>	<u>16,645</u>	<u>10,180</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		598	936	588	935
Loans to community organisations and related entities		-	-	-	(400)
Grants, subsidies, contributions and donations		9,907	14,085	9,857	15,391
Payments for property, plant and equipment		(35,672)	(31,584)	(35,688)	(31,584)
Net cash inflow (outflow) from investing activities		<u>(25,167)</u>	<u>(16,563)</u>	<u>(25,243)</u>	<u>(15,658)</u>
Cash flows from financing activities					
Repayment of borrowings and advances	16	<u>(1,248)</u>	<u>(1,153)</u>	<u>(1,235)</u>	<u>(1,153)</u>
Net cash inflow (outflow) from financing activities		<u>(1,248)</u>	<u>(1,153)</u>	<u>(1,235)</u>	<u>(1,153)</u>
Net increase/(decrease) in cash and cash equivalents held for the year		(9,955)	(6,624)	(9,833)	(6,631)
Cash and cash equivalents at beginning of the financial year		36,642	43,266	36,364	42,995
Cash and cash equivalents at end of the financial year	8	<u>26,687</u>	<u>36,642</u>	<u>26,531</u>	<u>36,364</u>

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

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1 Significant accounting policies

1(a) Constitution

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

1(b) Basis of preparation

These general purpose financial statements are for the year 1 July 2019 to 30 June 2020 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable for not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

1(c) Basis of consolidation

Council and its controlled entity, Rattler Railway Company Ltd, together form the consolidated entity. The financial statements of the Rattler Railway Company Ltd are included in the consolidated financial statements where material by size or nature, from the date when control commences until the date when control ceases.

Transactions between the Council and Rattler Railway Company Ltd have been eliminated when preparing the consolidated accounts. The accounting policies of Rattler Railway Company Ltd have been adjusted on consolidation where necessary, to ensure the financial report of the Rattler Railway Company Ltd is prepared using accounting policies that are consistent with those of the Council. Information on Rattler Railway Company Ltd is included at Note 29 Transactions with related parties.

1(d) Date of authorisation

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

1(e) Rounding and comparatives

Amounts included in the financial statements are rounded to the nearest thousand (\$,000). Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1 Significant accounting policies (continued)

1(f) New and revised accounting standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019, the standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to the change in accounting policy note 24 for transition disclosures for AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not for Profit (NFP) Entities and AASB 16 Leases.

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Council.

	Effective for NFP annual report periods beginning on or after:
AASB 17 Insurance Contracts	1 January 2021
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 January 2020

1(g) Estimates and judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time. However, due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Revenue - Note 3
- Valuation, impairment and depreciation of property, plant and equipment - Note 12
- Provisions - Note 17
- Contingencies - Note 21
- Financial instruments and financial risk management - Note 26

1(h) Impacts from the COVID-19 pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Council, based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, and staffing, in which Council operates. Other than as addressed in the specific notes, there does not currently appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact Council.

Council's operations have been impacted by the COVID-19 pandemic. Council assessed the impacts on its financial statements for 2019-2020, and further impacts are expected to continue in 2020-2021, as detailed in Council's Annual Plan and Budget 2020-2021.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1 Significant accounting policies (continued)

1(h) Impacts from the COVID-19 pandemic (continued)

The following transactions were recognised by council during 2019-2020 in response to the COVID-19 pandemic.

Statement of comprehensive income	Consolidated and Council 2020 \$,000
Revenue foregone	(128)
Expenses	
Employee costs - pandemic leave, sick and carers leave, stand down of employees	(3)
Materials and services	(30)
	(33)
Net decrease in operating capability	(161)

The following matters were identified:

Council waived or refunded the collection of leases and rentals for Council owned property for the period 1 March to 31 December 2020. The amount of revenue foregone based on current agreements during this period is currently \$2,520.

In addition, forecast revenue from cancelled events and facility closures is estimated to be \$124,730.

Council provided up to 5 months rates deferrals for the February 2020 rates issue. At this time, no deferral is planned for the August 2020 rates issue.

While there has been an increase in the number of rates payment plans established, the value of this is not able to be calculated because the reasoning behind ratepayers requesting plans is not surveyed.

Council has not changed supplier payment terms at this time, and there has been no request from suppliers.

The potential impact of COVID-19 on reported property, plant and equipment values as at 30 June 2020 is considered immaterial. Council's infrastructure assets are measured at fair value. Movement in unit rates for assets valued at current replacement cost were assessed during 2019-20 with no material adjustments deemed necessary for COVID-19.

In June 2020, Council was awarded Works for Queensland 2020-2021 funding of \$4,190,000 for COVID 19 projects, half of which was received in July 2020.

Council's controlled entity, Rattler Railway Company Ltd, assessed the impact of the COVID-19 pandemic on operations due to facilities closures. Due to the nature of Rattler operations, revenue foregone from inability to operate is offset by reduction of associated operating expenses, so that the pandemic has not had a reportable effect.

1(i) Volunteers

Council currently has volunteers providing services in the Art Gallery, libraries, Visitor Information Centre, cemeteries and various other Council facilities. Council has elected to not recognise the fair value of volunteer services under AASB 1058 as Council would not have purchased these services if they were not donated.

1(j) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax (GST) and payroll tax on certain activities. The net amount of GST recoverable from the Australian Tax Office (ATO) or payable to the ATO is shown as an asset or liability respectively.

2 Analysis of Council results by Function

2(a) Council Functions

ORGANISATIONAL STRUCTURE CHANGES

From 1 June 2020, with the change of elected councillors and executive leadership team since March 2020, the functions of Council as reported below and in Note 2(b) were restructured. The change is not reflected in the financial reports due to timing in relation to the 2019-2020 financial year.

The restructure was implemented to better reflect and manage areas of responsibility for Directors during leadership changes.

Further restructures are probable, when the executive leadership team is confirmed and Council is able to review options for organisational structure.

Details relating to Council functions and activities as reported in Note 2(b) are as follows:

OFFICE OF THE CEO

Incorporates elected members of Council, Governance, and People and Organisational Development (including Workplace Health and Safety).

Responsible for open, accountable and transparent Council operations.

Provides direction and co-ordination, supports sound resource management, and enables effective and efficient management of Council assets and resources.

DIRECTORATE OF CORPORATE & COMMUNITY SERVICES

Provides business support services across Council including Finance and Risk Branch (including insurance), Property and Facilities Branch, Technology, Business Systems and Information Technology Branch, Art Gallery, Community Learning and Engagement, Community Partnerships and Gympie Futures.

Enhances and preserves the lifestyle of all residents of, and visitors to, the Region by providing community services and public facilities for recreation, leisure, sport, cultural enrichment, and heritage preservation.

Provides expertise and support for economic and community development, and management of financial resources.

DIRECTORATE OF INFRASTRUCTURE

Provides well-constructed, safe and efficient infrastructure networks and engineering services which meet community needs, such as roads, kerb and channel, storm water drainage, lighting, footpaths and pathways.

Supports and provides public facilities upgrades, replacement and maintenance services across the Region, including parks and gardens, quarry maintenance and rehabilitation, and management of the Region's depots.

DIRECTORATE OF PLANNING & DEVELOPMENT

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

Manages development in the Region within the frameworks of legislation, regulations and by-laws, which includes Environmental Health and Regulatory Services areas.

WATER BUSINESS UNIT

Meets community need for potable water through efficient purchase, treatment, storage and distribution of water to consumers.

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

WASTE PROGRAM

Protects and supports our community and natural environment by sustainably managing refuse which includes collection, recycling and disposal of domestic, commercial and industrial solid waste, and planning for, delivering and maintaining the community's solid waste infrastructure in compliance with legislation.

Provision for rehabilitation of waste facilities at the end of their useful life.

2 Analysis of Council results by Function

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

Year ended 30 June 2020

Council Functions	Gross Program Income				Elimination of inter-function transactions	Total Income	Gross Program Expenses		Elimination of inter-function transactions	Total Expenses	Net Result from Recurring Operations	Net Result	Council Assets
	Recurrent		Capital				Recurring	Capital					
	Grants	Other	Grants	Other			Expenses	Expenses by program					
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	
Office of the CEO	23	10	-	-	-	33	6,355	-	-	6,355	(6,322)	(6,322)	17,492
Directorate of Corporate & Community Services	4,586	43,542	724	44	-	48,896	28,681	267	-	28,948	19,447	19,949	94,814
Directorate of Infrastructure	2,032	7,235	7,624	(111)	-	16,780	29,431	1,854	-	31,284	(20,165)	(14,504)	742,285
Directorate of Planning & Development	246	4,251	1,391	-	-	5,888	10,857	-	-	10,857	(6,361)	(4,970)	32,508
Water Business Unit	-	22,852	3,029	-	-	25,881	17,686	301	-	17,987	5,166	7,894	234,248
Waste Program	1,385	9,324	-	1,099	-	11,808	8,781	-	-	8,781	1,928	3,026	11,596
Total Council	8,272	87,214	12,768	1,032	-	109,286	101,791	2,422	-	104,213	(6,307)	5,073	1,132,943
Controlled entity net of eliminations	(102)	2,097	-	-	-	1,995	1,588	126	-	1,714	409	281	279
Total consolidated	8,170	89,311	12,768	1,032	-	111,281	103,379	2,548	-	105,927	(5,898)	5,354	1,133,222

Year ended 30 June 2019

Council Functions	Gross Program Income				Elimination of inter-function transactions	Total Income	Gross Program Expenses		Elimination of inter-function transactions	Total Expenses	Net Result from Recurring Operations	Net Result	Council Assets
	Recurrent		Capital				Recurring	Capital					
	Grants	Other	Grants	Other			Expenses	Expenses by program					
	\$,000	\$,000 Restated	\$,000 Restated	\$,000	\$,000	\$,000 Restated	\$,000	\$,000 Restated	\$,000	\$,000 Restated	\$,000 Restated	\$,000 Restated	\$,000 Restated
Office of the CEO	52	11	2,340	-	-	2,403	6,863	-	-	6,863	(6,800)	(4,460)	17,272
Directorate of Corporate & Community Services	3,960	44,680	2,054	(50)	-	50,644	28,245	-	-	28,245	20,395	22,399	100,793
Directorate of Infrastructure	2,054	3,949	14,080	150	-	20,232	32,490	5,710	-	38,200	(26,487)	(17,968)	745,285
Directorate of Planning & Development	173	3,958	1,578	-	-	5,709	9,522	-	-	9,522	(5,391)	(3,813)	19,963
Water Business Unit	-	22,058	2,983	-	-	25,040	19,330	21	-	19,351	2,729	5,689	235,127
Waste Program	-	8,718	13	-	-	8,731	7,749	-	-	7,749	969	982	9,553
Total Council	6,239	83,373	23,048	100	-	112,760	104,199	5,731	-	109,930	(14,586)	2,830	1,127,993
Controlled entity net of eliminations	47	1,355	-	1	-	1,402	1,952	-	-	1,952	(550)	(550)	(710)
Total consolidated	6,286	84,728	23,048	101	-	114,162	106,151	5,731	-	111,882	(15,136)	2,280	1,127,283

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

	Note	Consolidated 2020		Council 2020	
		AASB 15	AASB 1058	AASB 15	AASB 1058
		\$	\$	\$	\$
3 Revenue					
Revenue recognised at a point in time					
Rates, levies and charges (excluding those related to services)	3(a)	-	73,737	-	73,737
Fees and charges (excluding infringements)	3(b)	8,287	-	6,675	-
Infringements	3(b)	-	45	-	45
Interest and investment income	3(c)	867	-	867	-
Sale of goods and services	3(d)	4,626	-	4,626	-
Other income	3(e)	1,749	-	1,264	-
Grants, subsidies, donations and contributions	4(a)	-	7,588	-	7,691
		15,530	81,370	13,433	81,473
Revenue recognised over time					
Fees and charges (excluding infringements)	3(b)	-	-	-	-
Infringements	3(b)	-	-	-	-
Interest and investment income	3(c)	-	-	-	-
Sale of goods and services	3(d)	-	-	-	-
Other income	3(e)	-	-	-	-
Grants, subsidies, donations and contributions	4(a)	-	582	-	582
		-	582	-	582
Total revenue		15,530	81,952	13,433	82,055

3(a) Rates, levies and charges

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the relevant rating period.

	Note	Consolidated		Council	
		2020	2019	2020	2019
		\$,000	\$,000	\$,000	\$,000
			Restated		Restated
General rates		43,300	39,664	43,300	39,664
Separate rates		3,931	3,861	3,931	3,861
Special levies		2,202	2,060	2,202	2,060
Water		5,931	5,945	5,931	5,945
Water consumption, rental and sundries		4,395	3,199	4,395	3,199
Sewerage		11,140	10,883	11,140	10,883
Garbage charge		7,367	7,190	7,367	7,190
Total rates and utility charge revenue		78,266	72,802	78,266	72,802
Less: Discounts		(3,862)	(3,495)	(3,862)	(3,495)
Pensioner remissions		(667)	(654)	(667)	(654)
Total rates, levies and charges		73,737	68,653	73,737	68,653

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3 Revenue (continued)

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated

3(b) Fees and charges

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice, after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

2019 accounting policy: Fees and charges are recognised when Council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Search fees	386	381	386	381
Building fees and charges	891	676	891	676
Development fees	812	298	812	298
Animal registrations	124	128	124	128
Inspection fees	792	852	792	852
Licences and permits	179	137	179	137
Sewerage trade waste	98	301	98	301
Parking fees and fines	72	82	72	82
Other statutory fees	2,025	674	2,025	674
User fees and charges	2,908	3,668	1,296	2,755
Fees and charges (excluding infringements)	8,287	7,197	6,675	6,284
Fines and infringements	45	91	45	91
Total fees and charges	8,332	7,288	6,720	6,375

3(c) Interest and investment revenue

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

Interest received from investments and term deposits	453	1,096	453	1,095
Interest from overdue rates and utility charges	414	855	414	855
Total interest and investment revenue	867	1,951	867	1,950

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3 Revenue (continued)

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
3(d) Sales revenue					

Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date.

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. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Transport and Main Roads	3,646	3,688	3,646	3,688
Water sales	929	822	929	822
Sale of goods and services	51	570	51	129
Total sales revenue	4,626	5,080	4,626	4,639

3(e) Other income

Rental Income	434	244	434	244
Other Income	1,315	1,513	830	1,512
Total other income	1,749	1,757	1,264	1,756

Rental Income includes income derived from property management such as leases and rentals, library and hall rentals.

Other Income includes miscellaneous sales such as sign sales and recycling, plan and survey sales and minor plant.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4 Grants, subsidies, contributions and donations

2020 accounting policy:

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when control of each performance obligation is satisfied.

Payment terms vary depending on the terms of the grant - cash is received upfront for some grants (eg Commonwealth Financial Assistance Grants) and on the achievement of certain payment milestones for others (eg Transport Infrastructure Development Scheme).

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time, and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods, being either costs or time incurred, are deemed to be the most appropriate methods to reflect the transfer of benefit.

Council has not received any grant income based on an agreement which is enforceable and contains sufficiently specific performance obligations.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset, which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised, then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control, and which are enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred. This is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

2019 accounting policy:

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Granted assets are normally recognised upon the earlier of their receipt or prior notification that the grant has been secured.

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

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 currently have any reciprocal grants.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4 Grants, subsidies, contributions and donations (continued)

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
4(a) Recurrent					
General purpose grants		5,646	5,505	5,748	5,504
State government subsidies and grants		2,515	720	2,515	720
Commonwealth government subsidies and grants		-	-	-	-
Donations		9	5	10	3
Contributions		-	56	-	12
Total recurrent grants, subsidies, donations and contributions		8,170	6,286	8,273	6,239

4(b) Capital

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

State government subsidies and grants	5,672	10,810	5,672	10,810
Donations	3,690	7,657	3,690	7,658
Contributions	3,406	4,580	3,406	4,580
Total capital grants, subsidies, donations and contributions	12,768	23,047	12,768	23,048

4(c) Conditions over contributions

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

Developer contributions for infrastructure	2,237	1,721	2,237	1,721
	2,237	1,721	2,237	1,721

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

Developer contributions expended on infrastructure	703	346	703	346
	703	346	703	346

5 Other capital income

Profit on disposal of non-current assets		60	100	60	100
Decrease of landfill rehabilitation provision *	17	1,099	-	1,099	-
Increase of quarries rehabilitation provision **	17	(127)	-	(127)	-
		1,032	100	1,032	100

* The decrease of the landfill rehabilitation provision represents the reduction in potential costs required to rehabilitate the remaining landfill sites, as assessed by the Manager, Waste Management (Refer to Note 17 Provisions).

** The increase for the quarries rehabilitation provision returns the provision to the 30 June 2019 value, representing the potential costs currently assessed as being required to rehabilitate the sites, as assessed by the Manager, Business Support, Infrastructure Services (Refer to Note 17 Provisions).

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6 Expenses

6(a)	Employee benefits	Note	Consolidated		Council	
			2020	2019	2020	2019
			\$,000	\$,000	\$,000	\$,000
	Wages and salaries		32,328	31,752	31,059	30,599
	Annual, sick and long service leave entitlements		6,967	7,087	6,938	7,055
	Superannuation	22	4,602	4,540	4,491	4,434
	Councillors remuneration		783	842	783	842
	Other employee related expenses		1,304	1,096	1,263	1,089
			45,984	45,317	44,534	44,019
	Less: Capitalised Employee Expenses		(4,063)	(3,279)	(4,063)	(3,279)
	Total employee benefits		41,921	42,038	40,471	40,740

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

Total Council employees at the reporting date		Consolidated		Council	
	Note	2020	2019	2020	2019
Total employees at year end					
Administration staff		305	316	289	300
Depot and outdoors staff		197	199	197	197
Total full time equivalent employees		502	515	486	497
Total elected members		9	9	9	9

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6 Expenses (continued)

6(b) Materials and services

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
Advertising & marketing expense		430	599	299	348
Agency personnel costs		123	707	118	638
Audit of annual financial statements by Auditor-General Qld *		121	97	104	88
Chemicals		753	802	753	802
Cleaning		20	413	-	377
Communication & IT		794	620	762	590
Consultants		2,038	1,996	2,038	1,996
Contract expenditure		7,540	7,193	7,540	7,178
Donations, sponsorships & grants		834	787	1,523	1,348
Energy (electricity & gas)		2,051	2,165	1,984	2,114
Equipment less than \$5,000		242	572	228	542
Events		-	638	-	638
Fuel & oil		1,313	1,711	1,243	1,643
Insurance		1,974	1,344	1,919	1,275
Legal Fees		793	933	790	930
Licences		1,317	1,309	1,315	1,306
Plant hire		642	718	640	709
Professional development, training		353	551	314	533
Professional membership & subscription		314	328	296	309
Publications		288	276	288	276
Rates & charges discounts		-	913	-	913
Rentals and leases		274	258	230	258
Repairs & maintenance		8,800	9,013	8,641	9,527
Travel & accommodation		80	100	75	91
Waste Levy		1,698	-	1,698	-
Water		403	264	403	264
Other materials & services		6,622	7,399	6,601	6,451
Total materials and services		39,817	41,706	39,802	41,144

Other materials and services is comprised of expenses which were not each so significant as to warrant a separate category of expense

* Total audit fees quoted by the Queensland Audit Office relating to the 2019-2020 financial statements are \$104,000 for Council and \$17,100 for Rattler Railway Company Limited (2019 \$87,500 and \$9,300 respectively).

Additional audit fees were charged in 2019-2020 for the 2018-2019 external audit - these are included in the 2019-2020 expense.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6 Expenses (continued)

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
6(c) Finance costs					
Finance costs charged by the Queensland Treasury Corporation		1,209	1,289	1,209	1,289
Bank charges		103	109	94	88
Total finance costs		1,312	1,398	1,303	1,377

6(d) Depreciation and amortisation

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
Site improvements		424	415	423	414
Buildings		2,955	3,386	2,955	3,386
Plant and equipment		793	984	793	984
Heavy Plant		1,220	887	1,110	818
Road, drainage and bridge network		6,730	6,939	6,730	6,939
Water		3,668	3,788	3,668	3,787
Sewerage		3,426	3,608	3,426	3,608
Rail and other infrastructure assets		837	604	837	604
Total depreciation	12	20,053	20,611	19,942	20,542
Intangible assets	13	276	398	274	396
Total depreciation and amortisation costs		20,329	21,009	20,216	20,938

7 Capital expenses

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
Loss on disposal and write-off of non-current assets		2,548	5,731	2,422	5,731
Total capital expenses		2,548	5,731	2,422	5,731

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

	Note	Consolidated		Council	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Cash at bank and on hand		658	1,563	502	1,285
Cash equivalent assets *					
- Deposits at call		25,029	34,079	25,029	34,079
- Short term deposits		1,000	1,000	1,000	1,000
Balance per Statement of Cash Flows		26,687	36,642	26,531	36,364

* Those investments where time to maturity from date of purchase is less than 3 months

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary future use. These include:

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	3,665	5,796	3,665	5,796
Unspent developer contributions	6,197	6,667	6,197	6,667
Waste levy subsidy received in advance	-	1,376	-	1,376
Total restrictions	9,862	13,839	9,862	13,839

Internally imposed expenditure restrictions at the reporting date:

Future capital works	11,245	12,345	11,245	12,345
Total internal restrictions	11,245	12,345	11,245	12,345
Total unspent restricted cash	21,107	26,184	21,107	26,184

Cash at bank and on hand at 30 June 2019 includes \$1,375,903 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties.

Funds held in the trust account include those funds from the sale of land for arrears in rates, security deposits lodged to guarantee performance and unclaimed monies (eg unidentified deposits). The Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in these financial statements since Council has no control over the assets.

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	2,170	1,768	2,170	1,768
Security deposits	79	169	79	169
Total trust funds held for outside parties	2,249	1,937	2,249	1,937

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9 Receivables

Receivables, loans and advances are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery, or advance. Settlement of receivables is required within 30 days after the invoice is issued. Terms for loans and advances are dependent upon the recipient. Security is not normally obtained.

Debts are assessed regularly for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written off at 30 June. If an amount is recovered in a subsequent period, it is recognised as revenue.

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

	Consolidated		Council	
	2020	2019	2020	2019
Note	\$,000	\$,000	\$,000	\$,000
Current				
Rateable revenue and utility charges	8,036	7,418	8,036	7,418
Fees and charges	1,855	1,883	1,848	1,883
GST recoverable	531	552	531	521
Other debtors	1,455	498	1,409	507
Accrued revenues - interest on investments	20	311	20	311
	<u>11,897</u>	<u>10,662</u>	<u>11,844</u>	<u>10,639</u>
Less loss allowance	<u>(168)</u>	<u>(260)</u>	<u>(168)</u>	<u>(260)</u>
	11,729	10,402	11,676	10,379
Loans				
Current				
Loans and advances to controlled entities and associates	-	-	50	100
Total current loan receivables	<u>-</u>	<u>-</u>	50	100
Total current receivables	11,729	10,402	11,726	10,479
Non-current				
Loans and advances to controlled entities and associates	-	-	950	1,000
Total non-current loan receivables	<u>-</u>	<u>-</u>	950	1,000
Total current and non-current receivables	11,729	10,402	12,676	11,479

Refer to Note 26 *Financial instruments* for additional information about credit risk.

Interest is charged on outstanding rates (9.83% per annum from 1 July 2019, previously 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.

Movement in provision for impairment of receivables

Opening balance at 1 July	(260)	(123)	(260)	(123)
Adjustment to opening balance upon application of AASB9	-	(137)	-	(137)
Impairment debts written off	148	39	148	39
Additional impairments recognised	(56)	(39)	(56)	(39)
Closing balance at 30 June	<u>(168)</u>	<u>(260)</u>	<u>(168)</u>	<u>(260)</u>

Loans relate to a loan made to the Rattler Railway Company Limited, a related party which is the subject of consolidated accounts detailed at Note 29 *Transactions with related parties*. The loan to the Rattler Railway Company Limited is interest free, and was to total a maximum principal of \$1,100,000 with repayment of the principal amount to be made in full on or before 31 December 2030. The loan was fully drawn down in 2018-2019.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10 Inventories

Stores and raw materials are valued at the lower of cost or 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 except for land, where the costs are allocated to the relevant parcel.

Inventories held for distribution are:

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

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

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

	Consolidated		Council	
	2020	2019	2020	2019
Note	\$,000	\$,000	\$,000	\$,000
Inventories held for distribution				
Stores and materials	942	856	743	773
Quarry and road materials	1,106	2,036	1,106	2,036
	2,048	2,892	1,849	2,809
Land purchased for development and sale				
Land purchased for development and sale	61	61	61	61
Total inventories	2,109	2,953	1,910	2,870

The land currently held for sale is located in Tiaro, purchased prior to 2008 amalgamation of Tiaro Shire Council into Gympie Regional Council. The land was originally purchased for construction of a works depot and waste site, determined to be unnecessary following amalgamation.

11 Other assets

2020 accounting: other assets is separated from Receivables. The Council prepayment shows the amount accrued to payables for the advance payment to Rattler Railway Company Ltd for capital works to be undertaken in 2020-2021.

2019 accounting: other assets were included with Receivables.

Prepayments	61	555	300	640
	61	555	300	640

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Note 12. Property, Plant and Equipment

30-Jun-20		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Rail	Works in Progress *	Total
Consolidated		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Notes	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost/FV	
Fair Value Category		Level 2 & 3	Level 2 & 3		Level 2	Level 3	Level 3	Level 3	Level 3	Level 3		
Restated Opening Gross Balance as at 1 July 2019		62,400	163,624	9,770	12,479	812,521	205,294	207,657	18,683	15,223	39,197	1,546,848
Additions*		-	-	365	657	1,962	1,146	412	-	129	31,001	35,672
Disposals	5	(209)	-	(884)	(481)	-	-	-	-	(60)	-	(1,634)
Write-Offs	7	-	-	-	-	(3,776)	(37)	(845)	-	-	-	(4,658)
Revaluation Decrements to Equity (ARR)	19	(15)	(27)	-	-	(10,163)	(369)	(680)	(1)	(10)	-	(11,265)
Revaluation Increments to Equity (ARR)	19	10	1	-	-	4,846	7	-	-	-	-	4,864
Work in Progress Transfers		756	2,833	1,529	916	15,871	542	1,917	1	2,360	(26,725)	
Adjustments and Other Transfers		-	-	-	-	-	-	-	-	-	(683)	(683)
Closing Gross Value as at 30 June 2020		62,942	166,431	10,780	13,571	821,261	206,583	208,461	18,683	17,642	42,790	1,569,144
Restated Opening Accumulated Depreciation as at 1 July 2019		5,262	76,545	3,815	2,486	139,170	110,395	79,378	2,687	305	-	420,043
Depreciation Expense		424	2,955	859	1,110	6,730	3,668	3,426	336	545	-	20,053
Disposals	5	-	-	(500)	(82)	-	-	-	-	-	-	(582)
Write-offs	7	-	-	-	-	(2,160)	(22)	(559)	-	-	-	(2,741)
Revaluation Decrements to Equity (ARR)	19	-	-	-	-	-	15	-	-	-	-	15
Revaluation Increments to Equity (ARR)	19	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation and Impairment as at 30 June 2020		5,686	79,500	4,174	3,514	143,740	114,056	82,245	3,023	850	-	436,788
Total Book Value as at 30 June 2020		57,256	86,931	6,606	10,057	677,521	92,527	126,216	15,660	16,792	42,790	1,132,356
Range of estimated useful life in years		Land not depreciated. Site improvements 5 - 183	15 - 160	3 - 40	4 - 100	10 - 180	10 - 100	5 - 100	17.5 - 105	35-40	Not depreciated	
*Asset Additions Comprise												
Asset Renewals		-	-	335	657	-	-	-	-	-	18,918	19,910
Other Additions		-	-	30	-	1,962	1,146	412	-	129	12,083	15,762
Total Asset Additions		-	-	365	657	1,962	1,146	412	-	129	31,001	35,672

Note 12. Property, Plant and Equipment (continued)

30-Jun-19 Restated		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Rail	Works in Progress *	Total
Consolidated		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Notes	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost/FV	
Fair Value Category		Level 2 & 3	Level 2 & 3		Level 2	Level 3	Level 3	Level 3	Level 3	Level 3		
Closing Gross Balance as at 30 June 2019 previously reported		62,350	163,624	9,770	12,479	813,707	205,294	206,530	18,683	15,223	40,712	1,548,372
Transfer Works In Progress to Operating Expenses	30	-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
Net Adjustment to Constructed Works	30	-	-	-	-	(4,149)	-	(20)	-	-	-	(4,169)
Donated Assets	30	-	-	-	-	4,243	-	1,334	-	-	-	5,577
Net Adjustment to Asset Revaluations	30	50	-	-	-	(1,280)	-	(187)	-	-	-	(1,417)
Restatement of Closing Gross Balance		50	-	-	-	(1,186)	-	1,127	-	-	(1,515)	(1,524)
Restated Closing Gross Balance as at 30 June 2019		62,400	163,624	9,770	12,479	812,521	205,294	207,657	18,683	15,223	39,197	1,546,848
Closing Accumulated Depreciation previously reported		5,149	76,534	3,755	2,486	138,605	110,395	79,304	2,687	305	-	419,220
Depreciation Expense	30	41	11	60	-	371	-	74	-	-	-	557
Accrued Depreciation Expense - 2016/17-2018/19	30	72	-	-	-	194	-	-	-	-	-	266
Restatement of Depreciation Expense		113	11	60	-	565	-	74	-	-	-	823
Restated Closing Accumulated Depreciation as at 1 July 2019		5,262	76,545	3,815	2,486	139,170	110,395	79,378	2,687	305	-	420,043
Restated Book Value as at 30 June 2019		57,138	87,079	5,955	9,993	673,351	94,899	128,279	15,996	14,918	39,197	1,126,806
Range of estimated useful life in years		Land not depreciated. Site improvements 5 - 183	15 - 160	3 - 40	4 - 100	10 - 180	10 - 100	5 - 100	17.5 - 105	35-40	Not depreciated	
*Asset Additions Comprise												
Asset Renewals		-	-	753	1,683	4,243	-	1,334	-	-	9,475	17,488
Other Additions		-	-	622	260	1,233	239	609	-	-	18,930	21,893
Total Asset Additions		-	-	1,375	1,943	5,476	239	1,943	-	-	28,405	39,381

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Note 12. Property, Plant and Equipment (continued)

30-Jun-20		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Rail	Works in Progress *	Total
Council		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Notes	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost/FV	
Fair Value Category		Level 2 & 3	Level 2 & 3		Level 2	Level 3	Level 3	Level 3	Level 3	Level 3		
Restated Opening Gross Balance as at 1 July 2019		62,391	163,624	9,396	12,479	812,518	205,294	207,657	18,683	15,223	39,197	1,546,462
Additions*		-	-	335	657	1,962	1,146	412	-	175	31,001	35,688
Disposals	5	(209)	-	(884)	(481)	-	-	-	-	-	-	(1,574)
Write-Offs	7	-	-	-	-	(3,776)	(37)	(845)	-	(175)	-	(4,833)
Revaluation Decrements to Equity (ARR)	19	(15)	(27)	-	-	(10,163)	(369)	(680)	(1)	-	-	(11,255)
Revaluation Increments to Equity (ARR)	19	10	1	-	-	4,846	7	-	-	-	-	4,864
Work in Progress Transfers		756	2,833	1,529	916	15,871	542	1,917	1	2,360	(26,725)	-
Adjustments and Other Transfers		-	-	-	-	-	-	-	-	-	(683)	(683)
Closing Gross Value as at 30 June 2020		62,933	166,431	10,376	13,571	821,258	206,583	208,461	18,683	17,583	42,790	1,568,669
Restated Opening Accumulated Depreciation as at 1 July 2019		5,262	76,545	3,717	2,486	139,170	110,395	79,378	2,687	305	-	419,945
Depreciation Expense		423	2,955	793	1,110	6,730	3,668	3,426	336	501	-	19,942
Disposals	5	-	-	(500)	(82)	-	-	-	-	-	-	(582)
Write-offs	7	-	-	-	-	(2,160)	(22)	(559)	-	-	-	(2,741)
Revaluation Decrements to Equity (ARR)	19	-	-	-	-	-	-	-	-	-	-	-
Revaluation Increments to Equity (ARR)	19	-	-	-	-	-	15	-	-	-	-	15
Closing Accumulated Depreciation and Impairment as at 30 June 2020		5,685	79,500	4,010	3,514	143,740	114,056	82,245	3,023	806	-	436,579
Total Book Value as at 30 June 2020		57,248	86,931	6,366	10,057	677,518	92,527	126,216	15,660	16,777	42,790	1,132,091
Range of estimated useful life in years		Land not depreciated. Site improvements 5 - 183	15 - 160	3 - 40	4 - 100	10 - 180	10 - 100	5 - 100	17.5 - 105	35-40	Not depreciated	
*Asset Additions Comprise												
Asset Renewals		-	-	335	657	-	-	-	-	175	18,918	20,085
Other Additions		-	-	-	-	1,962	1,146	412	-	-	12,083	15,603
Total Asset Additions		-	-	335	657	1,962	1,146	412	-	175	31,001	35,688

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

Note 12. Property, Plant and Equipment (continued)

30-Jun-19 Restated		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Rail	Works in Progress *	Total
Council		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Notes	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost/FV	
Fair Value Category		Level 2 & 3	Level 2 & 3		Level 2	Level 3	Level 3	Level 3	Level 3	Level 3		
Closing Gross Balance as at 30 June 2019 previously reported		62,341	163,624	9,396	12,479	813,704	205,294	206,530	18,683	15,223	40,712	1,547,986
Transfer Works In Progress to Operating Expenses	30	-	-	-	-	-	-	-	-	-	(1,515)	(1,515)
Net Adjustment to Constructed Works	30	-	-	-	-	(4,149)	-	(20)	-	-	-	(4,169)
Donated Assets	30	-	-	-	-	4,243	-	1,334	-	-	-	5,577
Net Adjustment to Asset Revaluations	30	50	-	-	-	(1,280)	-	(187)	-	-	-	(1,417)
Restatement of Closing Gross Balance		50	-	-	-	(1,186)	-	1,127	-	-	(1,515)	(1,524)
Restated Closing Gross Balance as at 30 June 2019		62,391	163,624	9,396	12,479	812,518	205,294	207,657	18,683	15,223	39,197	1,546,462
Closing Accumulated Depreciation previously reported		5,149	76,534	3,657	2,486	138,605	110,395	79,304	2,687	305	-	419,122
Depreciation Expense	30	41	11	60	-	371	-	74	-	-	-	557
Accrued Depreciation Expense - 2016/17-2018/19	30	72	-	-	-	194	-	-	-	-	-	266
Restatement of Depreciation Expense		113	11	60	-	565	-	74	-	-	-	823
Restated Closing Accumulated Depreciation as at 1 July 2019		5,262	76,545	3,717	2,486	139,170	110,395	79,378	2,687	305	-	419,945
Restated Book Value as at 30 June 2019		57,129	87,079	5,679	9,993	673,348	94,899	128,279	15,996	14,918	39,197	1,126,518
Range of estimated useful life in years		Land not depreciated. Site improvements 5 - 183	15 - 160	3 - 40	4 - 100	10 - 180	10 - 100	5 - 100	17.5 - 105	35-40	Not depreciated	
*Asset Additions Comprise												
Asset Renewals		-	-	753	1,683	4,243	-	1,334	-	-	9,475	17,488
Other Additions		-	-	483	260	1,233	239	609	-	-	18,930	21,754
Total Asset Additions				1,236	1,943	5,476	239	1,943	-	-	28,405	39,242

12 Property, plant and equipment (continued)

12(a) Recognition

Items of property, plant and equipment with a value of less than \$5,000, except complex assets, are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised and included in the relevant asset class.

A complex asset is a physical asset capable of disaggregation into significant components, such as road infrastructure where the components may include initial earthworks, formation, pavement, seal, kerb and channelling, road furniture and footpaths.

Land under roads and reserve land, which falls under the Land Act 1994 or the Land Title Act 1994, is controlled by the Queensland Government pursuant to the relevant legislation. As such, this land is not recognised in these financial statements.

12(b) Capital and operating expenditure

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

Expenditure necessarily incurred in either maintaining the operational capacity or useful life of assets, is considered maintenance and is treated as an expense as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised. Prefeasibility project costs which may involve research and development are also treated as an expense in the year they are incurred.

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, 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.

12(c) Acquisition

Acquisitions of property, plant and equipment are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value, less, where applicable, any accumulated depreciation and accumulated impairment loss. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees, engineering design fees and all other establishment costs.

Donated items of property, plant and equipment, except reserve land, are recognised as assets and revenue at fair value.

12(d) Impairment

Property, plant and equipment is assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

12(e) Depreciation and amortisation

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

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

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

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

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement

Key judgements and estimates:

Some of the Council's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Council uses market-observable data to the extent it is available and other inputs as necessary.

Land and site improvements, buildings, heavy plant and equipment and all infrastructure assets are measured on a valuation basis at fair value. Capital work in progress and plant and equipment are measured at cost.

Non-current physical assets measured at fair value are revalued as necessary so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date.

For non-infrastructure assets, revaluations are generally performed by independent, professionally qualified valuers engaged to determine the fair value for each class. At least once every 5 years, the valuer physically sights a representative sample of Council assets across all asset classes and assesses the condition of the assets at the date of inspection. In the intervening years, a desktop or management valuation is performed which involves management updating information regarding any additions, deletions and changes in assumptions such as useful life, residual value and condition rating. A valuer, if used, then determines suitable indices to apply to each of these assets.

For infrastructure assets, at least every 5 years civil engineering consultants are engaged to provide replacement cost unit rates for infrastructure assets based on standard drawings. These unit rates are then applied to the surveyed quantities of assets to derive a replacement cost value. Council engineers determine remaining service potential based on condition assessments and this is used to determine fair value. In the intervening years, internal engineers and asset managers assess the asset condition and remaining life of all infrastructure assets, the results of which are considered in combination with the most appropriate cost index movement for the period. Together these are used to form the basis of a management valuation.

The Queensland Treasury Asset Revaluation Index for Engineering Construction and Non-residential Construction showed minimal movement to the end of the third quarter of 2019-2020, of 0.7% and 0.3% respectively. The Department of Local Government, Racing and Multicultural Affairs advised that fair value measurements for local government assets have not changed materially for 2019-2020 through the COVID-19 pandemic. On the basis of this information and materiality, no indices adjustments have been applied in 2019-2020.

Comprehensive valuation was completed in 2017-2018 for buildings, land, site improvements, and water and sewerage infrastructure, making up 33% of total asset value at 30 June 2020. Comprehensive valuation was completed in 2015-2016 on heavy plant, roads, bridges and drainage, making up 60% of total asset value at 30 June 2020. Remaining plant and rail assets are valued at cost.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. At the date of the revaluation, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

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

(1) Recognised fair value measurements

The Council measures and recognises the value of the following property, plant and equipment assets at fair value on a recurring basis:

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

The Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as land held for development and sale. These comprise land previously used as a depot as disclosed in Note 10 Inventory. 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)

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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

There were no transfers between levels of the hierarchy during the year.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement (continued)

(1) Recognised fair value measurements (continued)

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

The following table presents all Council assets and liabilities that have been measured and recognised at fair value.

Council	Level 2	Level 3	Total
Fair value measurement using:	Significant observable inputs	Unobservable inputs	
	\$,000	\$,000	\$,000
2020			
Property, plant and equipment			
- Land and site improvements	6,276	50,972	57,248
- Buildings	390	86,541	86,931
- Heavy plant	10,057	-	10,057
- Roads, bridges and drainage	-	677,518	677,518
- Water	-	92,527	92,527
- Sewerage	-	126,216	126,216
- Rail	-	16,777	16,777
- Other infrastructure	-	15,660	15,660
Total property, plant and equipment	16,723	1,066,211	1,082,934
	\$,000	\$,000	\$,000
2019	Restated	Restated	Restated
Property, plant and equipment			
- Land and site improvements	6,281	50,848	57,129
- Buildings	460	86,619	87,079
- Heavy plant	9,993	-	9,993
- Roads, bridges and drainage	-	673,348	673,348
- Water	-	94,899	94,899
- Sewerage	-	128,279	128,279
- Rail	-	14,918	14,918
- Other infrastructure	-	15,996	15,996
Total property, plant and equipment	16,734	1,064,907	1,081,641

(2) Valuation techniques used to derive fair values

Land (level 2 and 3)

Land fair values were determined by independent valuer, AssetVal Pty Ltd, effective 30 June 2018. The assets in this class were physically inspected in April 2018.

Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market Approach by way of Direct Comparison or Income methods can be utilised, and are accepted valuation methodologies under AASB 13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method which is considered a Level 2 input on the Fair Value Hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. The Direct Comparison approach has been utilised in the assessment for all Gympie Regional Council Land Assets, however the fair value measurement has been either a Level 2 or 3, depending on the assumptions as to:

- Whether the land is subject to restrictions as to use and/or sale;
- Whether there is no active market.

If these assumptions apply to the land, it has been measured as a Level 3. However if an active market can be established and there are no unreasonable restrictions as to use and/or sale, the measurement is deemed to be a Level 2. Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that has no observable active market, have been assessed as a Level 3.

Council is unable to quantify the impact of land and zoning restrictions on land values at this time.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement (continued)

(2) Valuation techniques used to derive fair values (continued)

Site improvements (level 3)

Site improvements fair values were generated using the cost approach by independent valuer, AssetVal Pty Ltd, effective 30 June 2018. This included a physical inspection of a 10% sample in April 2018 and the remaining 90% were valued via a desktop valuation.

Due to the predominantly specialised nature of Local Government assets, the valuations have been undertaken on a Cost Approach, an accepted valuation methodology under AASB 13. The cost approach is deemed a Level 3 input. Under this approach, the following process has been adopted.

Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

Site improvements are depreciated over their useful life to Council. The useful life of some improvements extends until the site becomes available for another use, as they continue to provide benefits over this period (including the monitoring period) by facilitating the safe disposal of waste.

In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

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

Buildings (level 2 and 3)

Fair values were determined by independent valuer, AssetVal Pty Ltd, effective 30 June 2018 via comprehensive valuation. The assets in this class were physically inspected in April 2018. Where there is a market for Council building assets, fair value has been determined using a market approach and the valuation is deemed a level 2 input. Where a building is considered to be specialised with no visible market, valuations were undertaken on a cost approach and are deemed a level 3 input.

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

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

While the unit rates based on square metres can be supported by market evidence (level 2), specialised buildings were valued by estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement (continued)

(2) Valuation techniques used to derive fair value (continued)

Heavy plant (level 2)

The fair value of heavy plant was measured at current market value as at 30 June 2016 as independently assessed by Australia Pacific Valuers Pty Ltd (APV Valuers and Asset Management). Heavy plant purchased since 1 July 2016 is valued at cost.

The assets in this class were physically inspected and valued in March 2019 by APV, but values were not adjusted because the total 2.5% reduction in value of the asset class was considered not material.

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

Infrastructure assets (level 3)

All Water and Sewer infrastructure assets were fair valued by independent valuer, Shepherd Services Pty Ltd, effective 30 June 2018 using written down current replacement cost (CRC). A full inspection was completed where possible as part of this process in April 2018. The transport infrastructure assets were fair valued internally effective 30 June 2018. This valuation comprises the asset's CRC less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The CRC was determined using methods relevant to the asset class as described under individual asset categories below.

Specific valuation techniques used to value Council infrastructure assets

Roads

Current replacement cost:

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

The last full valuation of road infrastructure was undertaken effective 30 June 2016 by independent valuer, AssetVal Pty Ltd.

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

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

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

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement (continued)

(2) Valuation techniques used to derive fair value (continued)

Specific valuation techniques used to value Council infrastructure assets (continued)

Roads

Accumulated depreciation:

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

Bridges

Current replacement cost:

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

The last full valuation of bridge infrastructure was undertaken effective 30 June 2016 by independent valuers, AssetVal Pty Ltd.

Accumulated depreciation:

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

Drainage

Current replacement cost:

The last full valuation of drainage infrastructure was undertaken effective 30 June 2016 by independent valuers, AssetVal Pty Ltd.

Consistent with roads, council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction materials, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation:

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

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

12 Property, plant and equipment (continued)

12(f) Valuation and fair value measurement (continued)

(2) Valuation techniques used to derive fair value (continued)

Specific valuation techniques used to value Council infrastructure assets (continued)

Water and Sewerage Infrastructure

Current replacement cost:

The last full valuation of water and sewerage infrastructure was undertaken effective 30 June 2018 by independent valuer, Shepherd Services Pty Ltd.

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

Accumulated depreciation

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

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

13 Intangible assets

Intangible assets is made up of computer software with a cost or other value exceeding \$50,000. Computer software which costs less than \$50,000 is expensed.

Intangible assets 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.

Note	Consolidated		Council	
	2020	2019	2020	2019
	\$,000	\$,000 Restated	\$,000	\$,000 Restated
Opening gross carrying value	1,154	1,105	1,147	1,098
Additions	14	-	-	-
Disposals	(87)	-	(87)	-
Work in progress transfer	683	49	683	49
Closing gross carrying value	1,764	1,154	1,743	1,147
Accumulated amortisation				
Opening accumulated amortisation	677	279	672	276
Amortisation expense	276	398	274	396
Disposals	(55)	-	(55)	-
Closing accumulated amortisation	898	677	891	672
Net carrying value at end of financial year	866	477	852	475

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

14 Payables

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

Liabilities are recognised for employee benefits such as wages and salaries, sick and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As the Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

Council has an obligation to pay a vested sick leave amount on termination to employees with more than 5 years of service and who commenced with Council before certification of the Gympie Regional Council Certified Agreement 2018 on 25 March 2019. Council therefore recognises a liability for this obligation.

	Note	Consolidated		Council	
		2020	2019	2020	2019
Current		\$,000	\$,000	\$,000	\$,000
Creditors and accruals *		3,734	3,844	3,818	3,485
Employee related accruals		1,034	734	981	734
Annual leave		3,624	3,475	3,624	3,475
Sick leave		2,302	2,534	2,302	2,534
Other entitlements		299	456	299	456
		10,993	11,043	11,024	10,684
Prepaid rates *		2,710	2,313	2,710	2,356
Total current payables		13,703	13,356	13,734	13,040
Non-Current					
Sick leave		234	273	225	273
Total non-current payables		234	273	225	273
Total payables		13,937	13,629	13,959	13,313

* 2019 accounting: prepaid rates was included with other liabilities.

15 Leases

Council as a lessee

Council has leases in place over a building, and equipment. Council does not have any vehicle or heavy equipment leases. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (eg CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (ie leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Council has elected to measure the right of use asset arising from leases at significantly below market value (concessionary leases), at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Buildings

Council leases one building which is used for offices - Wesley Hall. The lease was for 3 years with two 3-year renewal options, the first of which has been exercised, taking the current lease to 31 August 2021. Council is not reasonably certain about exercising the second option. The lease includes a variable annual increase.

Vehicles

Council does not lease any vehicles.

Equipment

Council leases a number of communication tower site accesses, which are considered low value and are not subject to lease accounting.

15 Leases (continued)

Liabilities not recognised - extension options

For the building lease, Council has not included the extension option which can be exercised at Council's discretion. At each reporting date, Council assesses whether it is reasonably certain that the extension option will be exercised based on current operations and Council strategy.

Council leases a property on which a second extension option is available. If Council exercised this second option, there would be \$622,770 in potential future lease payments. This potential liability is not recognised as a lease liability as the exercise of the second option has been assessed as not reasonably certain.

Amounts included in the statement of comprehensive income related to leases

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee

Consolidated and Council	\$
Interest on lease liabilities	-
Variable lease payments based on usage not included in the measurement of lease liabilities	-
Income from sub-leasing right-of-use assets	-
Depreciation of right to use assets	-
Expenses relating to short-term leases	194
Expenses relating to low-value assets	36
Total cash outflows for leases	230

Leases at significantly below market value - concessionary / peppercorn leases

Council has a number of leases at significantly below market value for land and buildings which are used for:

- access to communication towers
- airport
- land for Council depot outpost
- sports and recreation ground sites
- livestock saleyards site
- historic railway site
- historic rail rolling stock

The leases are generally between 2 and 50 years and require payments between \$1 and \$10,000 per annum. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material.

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term

Council has a number of properties which are rented/leased to community members as a community service, at concessional rates. The income from these leases for 2019-2020 of \$319,270 is treated as rental income in the income statement as it is not material in the context of Council's total income.

16 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

All borrowings are in \$AUD denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2027 to 15 June 2030. There have been no defaults or breaches of the loan agreement during the period.

The Council adopts an annual debt policy that sets out the Council's planned borrowings for the next nine years. The Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. 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	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Current					
Loans - Queensland Treasury Corporation Current		1,365	1,282	1,365	1,282
Loans - other		31	20	-	-
Total current borrowings		1,396	1,302	1,365	1,282
Non-current					
Loans - Queensland Treasury Corporation Non-current		15,703	17,021	15,703	17,021
Loans - other		28	52	-	-
Total non-current borrowings		15,731	17,073	15,703	17,021
Total borrowings		17,127	18,375	17,068	18,303

The QTC loan market value at the reporting date is \$22.018 million (2019: \$23.330 million). This represents the value of the debt if the Council repaid 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.

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

Reconciliation of loan movements for the year

Opening balance at beginning of financial year	18,375	19,456	18,303	19,456
Principal repayments	(1,248)	(1,153)	(1,235)	(1,153)
Loans raised	-	72	-	-
Book value at end of financial year	17,127	18,375	17,068	18,303

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

17 Provisions

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

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Long service leave

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

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

Refuse dump restoration and quarry rehabilitation

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

Council operates three refuse dump (waste) facilities in the region:

Bonnick Road, Gympie
 Tin Can Bay
 Gunalda

The provision for refuse restoration is calculated as 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.

Due to 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 landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. The provision was not adjusted for the 2018-2019 financial year, but has been reduced for 2019-2020 to reflect cost saving of \$1M associated with installation of a gas exchange unit at Bonnick Road landfill site.

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

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarries, filling the basin, and reclamation and rehabilitation of these sites:

Boundary Pit	Hall Road Pit	Running Creek Pit 2
Edwards Pit	Lord Nelson Pit	Saleyards Pit
Fleming Pit	Mcintosh Pit	Trinity Pit
Goomeri Tip Pit	Mt Olive Pit	Upper Widgee Road Pit 1
Gould Pit		

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.

Due to the long term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. The provision was not adjusted for the 2018-2019 financial year or for the 2019-2020 financial year.

Quarries that are situated on Council controlled land are classified as land and improvement assets. Changes in the provision arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any). Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

17 Provisions (continued)

	Notes	Consolidated		Council	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Current					
Long service leave		4,230	4,127	4,156	4,127
Quarry sites		52	52	52	52
Landfill sites		200	73	200	73
Total current provisions		4,482	4,252	4,408	4,252
Non-current					
Long service leave		1,419	1,862	1,419	1,817
Quarry sites		307	307	307	307
Landfill sites		10,686	11,912	10,686	11,912
Total non-current provisions		12,412	14,081	12,412	14,036
Total provisions		16,894	18,333	16,820	18,288

Details of movements in provisions

Long service leave

Balance at beginning of financial year		5,989	5,576	5,944	5,576
Provisions recognised/(derecognised)		(340)	413	(369)	368
Payments made		-	-	-	-
Balance at end of financial year		5,649	5,989	5,575	5,944

Quarry rehabilitation

Balance at beginning of financial year		359	572	359	572
Provisions recognised/(derecognised)	5	127	-	127	-
Payments made		(127)	(213)	(127)	(213)
Balance at end of financial year		359	359	359	359

This is the present value of the estimated cost of restoring the quarry sites to a useable state at the end of useful lives.

Landfill sites

Balance at beginning of financial year		11,985	12,080	11,985	12,080
Provisions recognised/(derecognised)	5	(1,099)	-	(1,099)	-
Payments made		-	(95)	-	(95)
Balance at end of financial year		10,886	11,985	10,886	11,985

This is the present value of the estimated cost of restoring the landfill sites to a useable state at the end of their useful lives.

18 Other liabilities

Developer contributions		-	-	-	-
Waste levy refund received in advance		-	1,376	-	1,376
Unearned revenue - unspent grant funds	4	780	-	780	-
Balance at end of financial year		780	1,376	780	1,376

Developer contributions liability reflects cash contributions from developers for which the related service obligations have yet to be fulfilled by Council.

Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods.

2019 accounting: The State government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which took effect from 1 July 2019.

The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019.

2020 accounting: The State Waste Levy refund advance payment was received in July 2020 so is not recognised at 30 June 2020.

Rates paid in advance are included with Payables. Refer to Note 14 Payables.

19 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 are offset within a class of assets.

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

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

Notes	Consolidated		Council	
	2020	2019	2020	2019
	\$,000	\$,000 Restated	\$,000	\$,000 Restated
Movements in the asset revaluation surplus were as follows:				
Balance at beginning of financial year	388,419	410,931	388,419	410,931
Net adjustment to non-current assets at end of period to reflect a change in:				
Land & site improvements	(5)	(640)	(5)	(640)
Buildings	(25)	(3,431)	(25)	(3,431)
Road, bridge and drainage	(5,315)	(9,769)	(5,315)	(9,769)
Water	(377)	(2,573)	(377)	(2,573)
Sewerage	(683)	(6,099)	(683)	(6,099)
Other infrastructure	(1)	-	(1)	-
Total movement in the asset revaluation surplus	(6,406)	(22,512)	(6,406)	(22,512)
Closing balance in the asset revaluation surplus at 30 June	382,013	388,419	382,013	388,419

Movements in the Asset Revaluation Reserve reflect updates to specific assets based on the application of prior period asset revaluation indices. Market movement indices for 2018-2019 were provided by Australia Pacific Valuers Pty Ltd.

Revaluation of heavy plant was undertaken by Australia Pacific Valuers Pty Ltd in March 2019. No revaluation was recorded for 2018-2019 as the adjustment was considered by management to be not material.

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land & site improvements	12,183	12,188	12,183	12,188
Buildings	19,264	19,289	19,264	19,289
Road, bridge and drainage	258,245	263,561	258,245	263,561
Water	44,807	45,183	44,807	45,183
Sewerage	38,870	39,553	38,870	39,553
Other infrastructure	8,644	8,645	8,644	8,645
	382,013	388,419	382,013	388,419

20 Commitments

	Notes	Consolidated 2019 \$,000	Council 2019 \$,000
Operating leases (2019 only)			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		173	128
One to five years		160	160
Later than five years		-	-
		<u>333</u>	<u>288</u>

2019 accounting: The Council has operating leases for multi-function printing equipment, with lease terms between three and five years.

Payments made under Council's operating lease are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The Rattler Railway Company Limited has a motor vehicle operating lease on a monthly periodic basis.

The company also had an operating lease agreement with Queensland Rail in relation to a locomotive and carriages. The lease fee is calculated as a function of the number of kilometres travelled by the locomotive and carriages.

2020 accounting: Refer to Note 15 for information on leases for 2020.

	Notes	Consolidated		Council	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Contractual commitments for operating expenditure					
Contractual commitments at balance date but not provided for in the financial statements are payable as follows:					
Refuse disposal per year (expiry July 2021)		3,271	3,271	3,271	3,271
Waste facility gatekeeping per year (expiry June 2022)		6,600	3,300	6,600	3,300
Environmental monitoring per year (expiry June 2023)		510	170	510	170
Engineering building lease per year (expiry August 2021)		231	257	231	257
Belgravia - pools management (expiry May 2021)		375	1,294	375	1,294
Lifeguard Services		388	-	388	-
Other commitments (previously operating leases)		240	333	240	288
Rattler - operating funds (expired June 2020)		-	-	-	100
		<u>11,615</u>	<u>8,625</u>	<u>11,615</u>	<u>8,680</u>

Contractual commitments for capital

Capital expenditure contracted for at balance date but not provided for in the financial statements is payable as follows:

Road, draining and bridge network	1,260	5,323	1,260	5,323
Buildings	-	1,858	-	1,858
Water	437	663	437	663
Other	3,867	4,006	3,867	4,006
	<u>5,564</u>	<u>11,850</u>	<u>5,564</u>	<u>11,850</u>

These expenditures are payable as follows:

Within one year	3,829	9,060	3,829	9,060
One to five years	1,735	2,790	1,735	2,790
Later than five years	-	-	-	-
Total contractual commitments for capital	<u>5,564</u>	<u>11,850</u>	<u>5,564</u>	<u>11,850</u>

21 Contingencies

Contingent liabilities

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

	Notes	Consolidated		Council	
		2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Insurance claims pending		121	173	121	173

There are various claims pending against the Council. In the opinion of the Council's legal advisors, the potential loss on all claims at 30 June 2020 should not exceed the total stated. The Council has disclaimed liability in all cases and no provision has been made in the financial statements pertaining to these claims.

In June 2019, Council requested approval to provide a guarantee of \$500,000 on behalf of Gympie Muster Ltd as security for the Company's overdraft with the Company's preferred financial institution. Approval was granted on 5 August 2019. The guarantee is a contingent liability from 5 August 2019 for a period of one year.

In September 2019, Council provided a letter of comfort to the Rattler Railway Company Ltd to provide adequate financial support to ensure business continuity. The letter of comfort represents a contingent liability until 30 June 2022.

In August 2020, management of Rattler Railway Company Ltd (RRC) requested Australian Taxation (ATO) advice regarding their status in relation to receipt of the Jobkeeper subsidy made available to offset the impact of the COVID-19 pandemic. If the ATO advise that RRC is not eligible for Jobkeeper and must repay amounts received, then Council will consider repaying the amount of \$141,000 on behalf of RRC.

Local Government Mutual

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

As at 30 June 2020, the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

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

	2020 \$,000	2019 \$,000
The Council's maximum exposure to the bank guarantee is:	1,349	1,113

22 Superannuation

Council contributes to the LGIA Super 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 LGIA Super 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 LGIA super is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date". 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.

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

The most significant risks that may result in LGIA Super 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; and
- Salary growth risk - the risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

Notes	Consolidated		Council	
	2020 \$,000	2019 \$,000	2020 \$,000	2019 \$,000
Superannuation contributions made to the Regional Defined Benefits Fund	281	327	281	327
Other superannuation contributions for employees	4,321	4,213	4,210	4,107
Total superannuation contributions paid by Council for Employees:	4,602	4,540	4,491	4,434
	2020 \$,000		2020 \$,000	
Contributions council expects to make to the Regional Defined Benefits Fund for 2020-21	235		235	

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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

Notes	Consolidated		Council	
	2020 \$,000	2019 \$,000 Restated	2020 \$,000	2019 \$,000 Restated
Net operating result from income statement	5,354	2,280	5,073	2,830
<i>Non-cash items</i>				
Depreciation and amortisation	20,329	21,009	20,216	20,938
Capital revenue	(60)	(101)	(60)	(101)
	20,269	20,908	20,156	20,837
<i>Investing and development activities (non-cash)</i>				
Capital grants and contributions	(9,995)	(21,630)	(9,640)	(21,534)
Capital expenses	2,548	5,731	2,422	5,731
	(7,447)	(15,899)	(7,218)	(15,803)
<i>Changes in operating assets and liabilities</i>				
(Increase)/decrease in receivables	(1,327)	1,685	(1,247)	445
(Increase)/decrease in other assets	494	-	340	-
(Increase)/decrease in inventories	844	(210)	960	(175)
Increase/(decrease) in payables and accruals	308	1,213	645	934
Increase/(decrease) in other liabilities	(596)	1,010	(596)	1,053
Increase/(decrease) in provisions	(1,439)	105	(1,468)	59
	(1,716)	3,803	(1,366)	2,316
Net cash provided from/(used in) operating activities from the statement of cash flows	16,460	11,092	16,645	10,180

24 Changes in accounting policy

During the year ended 30 June 2020, the Council adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-For-Profit Entities and AASB 16 Leases, using the modified retrospective (cumulative catch-up) method.

The comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

Any adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Revenue standards - AASB 15 and AASB 1058

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements, and
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Application of AASB 15 and AASB 1058 has not affected Council's accounting for revenue or new contracts in 2019-2020. No revenue received in 2019-2020 arose from contracts which meet the criteria specified in the accounting standards.

Lease standard - AASB 16

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Any material right-of-use assets at 1 July 2019 would have been measured at an amount equal to the lease liability adjustment by any prepaid or accrued lease payments.

Impact of adopting AASB 16 at 1 July 2019

Council has not recognised right-of-use assets and lease liabilities at 1 July 2019 for leases previously classified as operating leases. Council has leases which meet the criteria specified in AASB 16 for recognition of leases which are not material.

25 Events occurring after the reporting period

In June 2020, Council was awarded Works for Queensland 2020-2021 funding of \$4,190,000 for COVID 19 projects, half of which was received in July 2020.

Council is seeking approval from the Department of Local Government, Racing and Multicultural Affairs to request an overdraft of \$10 million with Queensland Treasury Corporation. The overdraft is to ensure adequate liquidity to cover reduced recovery of general rates during 2020-2021 due to the impact of the COVID19 pandemic.

No other material events have occurred since balance date.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

26 Financial instruments and financial risk management

Financial assets and financial liabilities

Gympie Regional Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Financial risk management

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

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

Council's audit and risk management committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. Council's audit and risk management committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

Council does not enter into derivatives.

Credit risk exposure

Credit risk is the risk of financial loss if a counterpart to a financial instrument fails to meet its contractual obligations. These obligations arise principally from Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for Council.

	Notes	Consolidated		Council	
		2020	2019	2020	2019
		\$,000	\$,000	\$,000	\$,000
Financial assets					
Cash and cash equivalents	8	26,687	36,642	26,531	36,364
Receivables - rates	9	8,036	7,418	8,036	7,418
Receivables - other	9	3,693	2,984	4,640	4,061
		38,416	47,044	39,207	47,843
Other credit exposures					
Guarantee - Local Government Workcare		1,349	1,113	1,349	1,113
Total financial assets		39,765	48,157	40,556	48,956
<i>Cash and cash equivalents</i>					

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

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

26 Financial instruments and financial risk management (continued)

Trade and other receivables

In the case of rate receivables, Council has the power to sell the property to recover any defaulted amounts, therefore generally for rates debtors, the credit risk is low.

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

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

At 30 June 2020, the exposure to credit risk for receivables by type of counterparty was as follows:

	Notes	Consolidated		Council	
		2020	2019	2020	2019
		\$000	\$000	\$000	\$000
		Restated		Restated	
Rates and utility charges		8,036	7,418	8,035	7,418
Fees and charges		1,855	1,883	1,848	1,883
GST recoverable		531	552	531	-
Controlled entities		-	-	1,000	1,100
Community organisations		-	-	-	-
Government grants, subsidies, contributions and donations		-	-	-	-
Other		1,307	549	1,262	1,078
Total trade and other receivables	9	11,729	10,402	12,676	11,479

Refer to Note 9 Receivables for further details.

Accounting policies

Accounting policies - receivables

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is, the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Accounting policies - grouping

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 3 distinctive groupings of its receivables: rates & charges, goods and services tax (GST), and statutory charges and other debtors.

26 Financial instruments and financial risk management (continued)

Accounting policies (continued)

Rates and charges: Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will only occur if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Statutory charges and other debtors: In some limited circumstances Council may write off impaired statutory charges, so on this basis Council calculates an expected credit loss for statutory charges (non-rates & utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency. Council identifies other debtors as receivables which are not rates and charges, or statutory charges.

Grants: Payable by State and Commonwealth governments. These payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial and therefore does not record an expected credit loss for these counterparties.

Disclosure - credit risk exposure and impairment of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security.

Council uses a provision matrix to measure the expected credit losses on statutory charges and other debtors. Loss rates are calculated separately for groupings with similar loss patterns. The calculations reflect historically observed default rates calculated using credit losses experienced on past transactions from the last 6 years for each group. Loss rates are based on actual credit loss experience over the past 6 years, current conditions and the Council's view of economic conditions over the expected lives of the receivables. Council has determined there are five material groupings for measuring expected credit losses based on a combination of their statutory status, council's policies and procedures, sale of services and goods, and risk default profiles of these revenue streams.

In Council's statements after reviewing macro economic conditions, Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward looking adjustments were made.

Expected credit loss assessment as at 1 July 2019 and 30 June 2020

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

26 Financial instruments and financial risk management (continued)

Write offs throughout the year and end of period expected credit losses for receivables

All amounts that were written off during the reporting period and are no longer subject to enforcement activity.

Consolidated and Council - 2020

<u>Consolidated</u>	Aging	Closing Balance at 30/6/20 \$,000	Historical probability of default	Loss given default	Lifetime expected credit loss \$,000
Statutory charges and other debtors	Less than 30 days	-	2.00%	100%	2
	31 - 60 days	-	39.32%	100%	2
	61 - 90 days	-	100.00%	100%	25
	Over 90 days	-	5.04%	100%	-
		<u>-</u>			<u>30</u>
<u>Council</u>	Aging	Closing Balance at 30/6/20 \$,000	Historical probability of default	Loss given default	Lifetime expected credit loss \$,000
Statutory charges and other debtors	Less than 30 days	-	2.00%	100%	2
	31 - 60 days	-	39.32%	100%	2
	61 - 90 days	-	100.00%	100%	25
	Over 90 days	-	5.04%	100%	-
		<u>-</u>			<u>30</u>

Consolidated and Council - 2019

<u>Consolidated</u>	Aging	Closing Balance at 30/6/19 \$,000	Historical probability of default	Loss given default	Lifetime expected credit loss \$,000
Statutory charges and other debtors	Less than 30 days	1,312	1.20%	100%	16
	31 - 60 days	187	24.84%	100%	47
	61 - 90 days	145	100.00%	100%	145
	Over 90 days	1,604	3.16%	100%	52
		<u>3,248</u>			<u>260</u>
<u>Council</u>	Aging	Closing Balance at 30/6/19 \$,000	Historical probability of default	Loss given default	Lifetime expected credit loss \$,000
Statutory charges and other debtors	Less than 30 days	1,304	1.20%	100%	16
	31 - 60 days	187	24.84%	100%	47
	61 - 90 days	145	100.00%	100%	145
	Over 90 days	1,604	3.16%	100%	52
		<u>3,240</u>			<u>260</u>

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

26 Financial instruments and financial risk management (continued)

Liquidity risk

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

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

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

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.

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

Consolidated	Notes	0-1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
		\$,000	\$,000	\$,000	\$,000	\$,000
2020						
Financial liabilities						
Trade and other payables	14	13,703	234	-	13,937	13,937
Loans - QTC	16	2,443	9,772	11,068	23,283	17,068
Loans - other	16	31	28	-	59	59
		<u>16,177</u>	<u>10,034</u>	<u>11,068</u>	<u>37,279</u>	<u>31,064</u>
2019						
Financial liabilities						
Trade and other payables	14	13,356	273	-	13,629	13,629
Loans - QTC	16	2,443	9,772	13,511	25,726	18,303
Loans - other	16	20	52	-	72	72
		<u>15,819</u>	<u>10,097</u>	<u>13,511</u>	<u>39,427</u>	<u>32,004</u>
Council		0-1 year	1 to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
		\$,000	\$,000	\$,000	\$,000	\$,000
2020						
Financial liabilities						
Trade and other payables	14	13,734	225	-	13,959	13,959
Loans - QTC	16	2,443	9,772	11,068	23,283	17,068
Loans - other	16	-	-	-	-	-
		<u>16,177</u>	<u>9,997</u>	<u>11,068</u>	<u>37,242</u>	<u>31,027</u>
2019						
Financial liabilities						
Trade and other payables	14	13,040	273	-	13,313	13,313
Loans - QTC	16	2,443	9,772	13,511	25,726	18,303
Loans - other	16	-	-	-	-	-
		<u>15,483</u>	<u>10,045</u>	<u>13,511</u>	<u>39,039</u>	<u>31,616</u>

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

26 Financial instruments and financial risk management (continued)

Market risk

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

Interest rates risk

Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions (as applicable).

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

Sensitivity risk

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

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

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 in interest rates would be held constant over the period.

Consolidated	Notes	Effect on Net Result			Effect on Equity	
		Net carrying amount	1% increase	1% decrease	1% increase	1% decrease
		\$,000	\$,000	\$,000	\$,000	\$,000
2020						
QTC cash fund	8	25,029	250	(250)	250	(250)
Loans - QTC	16	(17,068)	-	-	-	-
Loans - other	16	(59)	-	-	-	-
Net		7,902	250	(250)	250	(250)
2019						
QTC cash fund	8	34,079	341	(341)	341	(341)
Loans - QTC	16	(18,303)	-	-	-	-
Loans - other	16	(72)	-	-	-	-
Net		15,704	341	(341)	341	(341)

Council	Notes	Effect on Net Result			Effect on Equity	
		Net carrying amount	1% increase	1% decrease	1% increase	1% decrease
		\$,000	\$,000	\$,000	\$,000	\$,000
2020						
QTC cash fund	8	25,029	250	(250)	250	(250)
Loans - QTC	16	(17,068)	-	-	-	-
Loans - other	16	-	-	-	-	-
Net		7,961	250	(250)	250	(250)
2019						
QTC cash fund	8	34,079	341	(341)	341	(341)
Loans - QTC	16	(18,303)	-	-	-	-
Loans - other	16	-	-	-	-	-
Net		15,776	341	(341)	341	(341)

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

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

26 Financial instruments and financial risk management (continued)

Fair value

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

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Notes	2020		2019	
		Carrying amount	Fair value	Carrying amount Restated	Fair value
Consolidated		\$,000	\$,000	\$,000	\$,000
Financial assets					
QTC cash fund	8	25,029	25,029	34,079	34,079
Receivables	9	11,729	11,729	10,402	10,402
Total financial assets		36,758	36,758	44,481	44,481
Financial liabilities					
Loans - QTC	16	(17,068)	(22,018)	(18,303)	(23,330)
Loans - Other	16	(59)	(59)	(72)	(72)
Total financial liabilities		(17,127)	(22,077)	(18,375)	(23,402)

	Notes	Carrying amount	Fair value	Carrying amount Restated	Fair value
		\$,000	\$,000	\$,000	\$,000
Council					
Financial assets					
QTC cash fund	8	25,029	25,029	34,079	34,079
Receivables	9	11,726	11,726	10,479	10,479
Total financial assets		36,755	36,755	44,558	44,558
Financial liabilities					
Loans - QTC	16	(17,068)	(22,018)	(18,303)	(23,330)
Loans - other	16	-	-	-	-
Total financial liabilities		(17,068)	(22,018)	(18,303)	(23,330)

Measurement of fair value

Valuation technique used in measuring other financial liabilities (unsecured bank loans and finance lease liabilities) is discounted cash flows. This valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

27 National competition policy

Business activities to which the code of competitive conduct is applied

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

Building Certification	Commercial business unit
Water and Sewerage	Significant business activity full cost pricing
Refuse Management	Significant business activity full cost pricing

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

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

From 1 July 2019, the significant business activity threshold for provision of combined water and sewerage services changed. Until 30 June 2019, the threshold was for a total of specified expenses. From 1 July 2019, the threshold is a specified number water of connections - 10,000 connections. Council business activities have not exceeded significant business activity thresholds up to 30 June 2019.

Council's Water Business Unit exceeds the new water connections threshold from 1 July 2019 by almost 50%. This may affect budgeting and business activity reporting in 2020-2021.

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

	Building Certification 2020 \$,000	Water and Sewerage 2020 \$,000	Refuse Management 2020 \$,000
Revenue for services provided to the Council	3	-	266
Revenue for services provided to external clients	947	22,741	10,709
Community service obligations (CSO)		533	519
	<u>950</u>	<u>23,274</u>	<u>11,494</u>
Less: Expenditure	<u>335</u>	<u>17,736</u>	<u>9,654</u>
Surplus/(Deficit)	<u>615</u>	<u>5,538</u>	<u>1,840</u>

Description of CSO's provided to business activities:

Activities	CSO description	2020 \$'000
Water and Sewerage	Council services	533
Refuse Management	Cleaning and refuse collection services	519

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

28 Controlled entities that have not been consolidated

Council had no controlled entities that were not consolidated in 2018-2019 or 2019-2020.

29 Transactions with related parties

29(a) Subsidiaries

As at 30 June 2020, the group consists of Gympie Regional Council and the Rattler Railway Company Limited.

The Rattler Railway Company Limited operates the Mary Valley Rattler Steam Train Tourism Venture based in Tozer Street, Gympie.

The following transactions occurred with the subsidiary, Rattler Railway Company Ltd:

	2020	2019
	\$,000	\$,000
Grants and subsidies provided by Council		
Operating grants	340	420
Waiver of 2019-2020 loan instalment	50	-
Sleeper refurbishment grant	299	-
Donated rolling stock assets	116	-
	805	420
 Loan Repayment * (Advance)	50	400
<i>* 2019-2020 loan instalment waived</i>		
Goods and services supplied by Council, on normal terms and conditions		
Rates charged by Council	9	-
Rolling stock/restoration	75	842
Catering/promotion	11	41
	95	883

2019-2020:

In July 2019, Council agreed to donate specified Council-owned railway rolling stock to the Rattler Railway Company Ltd, including the locomotive noted above which was sold in June 2019.

In September 2019, Council provided a letter of comfort to the Rattler Railway Company Ltd to provide adequate financial support to ensure its business continuity. The letter of comfort expires on 30 June 2022.

In June 2020, Council agreed to waive the 2019-2020 loan instalment of \$50,000 due to be paid in May 2020. This is accounted for with operating grants to the related entity.

In June 2020, Council was invoiced by Rattler Railway Company Ltd for \$300,000 for 2020-2021 capital works. The invoice is included with creditors and other accruals (Note 14 Payables) and is treated as a prepayment at 30 June 2020 (Note 11 Other assets).

At 30 June 2020, Rattler Railway Company Ltd owed Council \$1,000,000 in borrowings, with the 2018-2019 instalment of \$50,000 remaining outstanding (Note 9 Receivables).

2018-2019:

At 30 June 2019, Rattler Railway Company Ltd owed Council \$64,782 for the sale of a locomotive which was owned by Council at that time.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

29 Transactions with related parties (continued)

29(b) Transactions with Key Management Personnel (KMP)

KMP includes the Mayor, councillors, Council's Chief Executive Officer and executive management.

The compensation paid to KMP comprises:

	Consolidated		Council	
Notes	2020	2019	2020	2019
	\$,000	\$,000	\$,000	\$,000
Short-term employee benefits	1,861	2,193	1,766	2,045
Post-employment benefits	95	113	86	106
Long-term benefits	134	122	134	122
Termination benefits	255	-	255	-
Contract payments	-	71	-	-
Total transactions with KMP	2,345	2,499	2,241	2,273

Detailed remuneration disclosures are provided in the annual report.

29(c) Transactions with other related parties

Other related parties include the close family members of the 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.

There are no close family members of KMP that are employed by Council.

There were no significant related party transactions during the year and all transactions were at arms length.

29(d) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council, live and operate with the Gympie 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 Gympie Aquatic Recreation Centre
- 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.

Gympie Regional Council
Notes to and forming part of the financial statements
for the year ended 30 June 2020

30 Restatement of financial statements - correction of errors

Due to errors and omissions in a prior period, the Council has restated its financial statements for the financial year ended 30 June

- (i) In the process of preparing the financial reports for both 2019 and 2020, it was identified that there was outstanding capital work-in-progress (CWIP) which had not been capitalised at 30 June 2019, when it was known that the capital projects had been completed in prior years and were in operation. The relevant asset classes, depreciation expense and losses on disposal, and change in asset revaluation surplus, were understated, and the CWIP overstated at 30 June 2019.

This work also resulted in recognition of additional materials and services which were previously incorrectly included with the outstanding CWIP.

- (ii) In the process of preparing the financial reports for both 2019 and 2020, it was identified that there were outstanding donated infrastructure assets which had not been capitalised at 30 June 2019, when the assets had been completed and handed over to Council for inclusion in Council's asset maintenance program in prior years. The relevant asset classes and depreciation expense were understated, and the capital revenue for donated assets was understated at 30 June 2019. No revaluations were done on these donated assets at the time of recognition.

	Notes	2019 \$,000 Previously reported	(i) \$,000 Restatement	(ii) \$,000 Restatement	2019 \$,000 Restated
Consolidated					
Changes in Statement of Comprehensive Income					
Recurrent expenses - materials and services	6(b)	40,191	1,515	-	41,706
Recurrent expenses - depreciation					
Property, plant and equipment	6(d)	19,789	696	126	20,611
Intangibles	6(d)	143	255	-	398
Capital grants, subsidies, contributions and donations	4(b)	(17,470)	-	(5,577)	(23,047)
Loss on disposal of property, plant and equipment	7	1,562	4,169	-	5,731
Increase/(decrease) in asset revaluation surplus	19	(21,095)	(1,417)	-	(22,512)
Total Comprehensive Income		(17,631)	(8,052)	5,450	(20,232)
Changes in Statement of Financial Position					
Property, plant and equipment					
Property, plant and equipment	12	1,129,152	(7,797)	5,450	1,126,806
Intangibles	13	732	(255)	-	477
Asset revaluation surplus	19	(389,836)	1,417	-	(388,419)
Net community assets		1,128,723	(8,052)	5,450	1,126,121
Council					
Changes in Statement of Comprehensive Income					
Recurrent expenses - materials and services	6(b)	39,629	1,515	-	41,144
Recurrent expenses - depreciation					
Property, plant and equipment	6(d)	19,720	696	126	20,542
Intangibles	6(d)	141	255	-	396
Capital grants, subsidies, contributions and donations	4(b)	(17,471)	-	(5,577)	(23,048)
Loss on disposal of property, plant and equipment	7	1,562	4,169	-	5,731
Increase/(decrease) in asset revaluation surplus	19	(21,095)	(1,417)	-	(22,512)
Total Comprehensive Income		(17,081)	(8,052)	5,450	(19,682)
Changes in Statement of Financial Position					
Property, plant and equipment					
Property, plant and equipment	12	1,128,865	(7,797)	5,450	1,126,518
Intangibles	13	730	(255)	-	475
Asset revaluation surplus	19	(389,836)	1,417	-	(388,419)
Net community assets		1,129,667	(8,052)	5,450	1,127,065

Gympie Regional Council
General Purpose Financial Statements
for the year ended 30 June 2020

Management Certificate

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

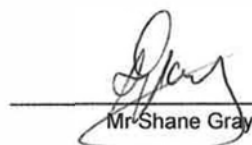
In accordance with Section 212(5) of the Regulation, we certify that:

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulations 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages herewith, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions and the consolidated group for the financial year and financial position at the end of the year.


Cr Glen Hartwig

MAYOR

30 October 2020


Mr Shane Gray

CHIEF EXECUTIVE OFFICER

30 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Gympie Regional Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Gympie Regional Council (the council) and its controlled entities (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 2020, 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 2020, 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 certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Gympie Regional Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the financial report

The councillors are 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 councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are 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 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 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 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 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 2020:

- 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.



30 October 2020

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Gympie Regional Council
Current Year Financial Sustainability Statement
for the year ended 30 June 2020

Measures of Financial Sustainability		Consolidated	Council	Target
Performance Indicators		2020	2020	2020
1	Operating Surplus Ratio $\frac{\text{Net Result (excluding Capital Items)}}{\text{Total Operating Revenue (excluding Capital Items)}}$	-6.05%	-6.60%	Between 0-10%
An indicator of extent to which revenues raised cover operational expenses only or are available for capital funding purposes.				
2	Asset Sustainability Ratio $\frac{\text{Capital Expenditure on the Replacement of Infrastructure Assets (renewals)}}{\text{Depreciation Expense}}$	107.12%	107.39%	Greater than 90%
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.				
3	Net Financial Liabilities $\frac{\text{Total Liabilities less Current Assets}}{\text{Total Operating Revenue (excluding capital items)}}$	8.36%	8.55%	Less than 60%
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.				

Note 1 - Basis of Preparation

The Current Year Financial Sustainability Statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.

Gympie Regional Council
Current Year Financial Sustainability Statement
for the year ended 30 June 2020

Certificate of Accuracy

for the year ended 30 June 2020

This Current Year Financial Sustainability Statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Cr Glen Hartwig

MAYOR

30 October 2020



Mr Shane Gray

CHIEF EXECUTIVE OFFICER

30 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Gympie Regional Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Gympie Regional Council (the council) for the year ended 30 June 2020 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 Gympie Regional Council for the year ended 30 June 2020 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Gympie Regional Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 councillors for the current year financial sustainability statement

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

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

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

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

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

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

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

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



Melissa Read
as delegate of the Auditor-General

30 October 2020

Queensland Audit Office
Brisbane

Gympie Regional Council
Unaudited Long Term Financial Sustainability Statement
for the year ended 30 June 2020

Measures of Financial Sustainability - Council

Performance Indicators	Target	Actual	Forecast									
	2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1 Operating Surplus Ratio												
$\frac{\text{Net Result (excluding Capital Items)}}{\text{Total Operating Revenue (excluding Capital Items)}}$	Between 0-10%	-6.60%	-3.50%	1.40%	1.70%	1.10%	1.70%	2.80%	2.10%	1.70%	1.90%	2.00%
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.												
2 Asset Sustainability Ratio												
$\frac{\text{Capital Expenditure on the Replacement of Infrastructure Assets (renewals)}}{\text{Depreciation Expense}}$	Greater than 90%	107.39%	108.60%	98.70%	101.30%	102.80%	103.80%	96.10%	98.60%	105.70%	108.60%	105.60%
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.												
3 Net Financial Liabilities												
$\frac{\text{Total Liabilities less Current Assets}}{\text{Total Operating Revenue (excluding capital items)}}$	Less than 60%	8.55%	8.50%	10.30%	6.30%	3.50%	7.50%	4.90%	3.30%	2.40%	0.70%	-1.50%
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.												
4 Cash Expense Cover Ratio												
Number of months of operations supported by cash balance.	Greater than 3	n/a	4.2	5.0	5.5	5.8	5.0	5.3	5.4	5.2	5.3	5.0

Gympie Regional Council Financial Management Strategy

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

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. The first three sustainability indicators, set by the Department of Local Government, Racing and Multicultural Affairs, help to monitor the long-term sustainability of all councils across Queensland.

We achieved two of the first three targets, performing strongly in our ability to generate cash from day to day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

Appendix C: Councillor Expenses Reimbursement Policy

COUNCILLOR EXPENSES REIMBURSEMENT POLICY

Preface:

1.1 Legislative requirements:

Section 250 of the *Local Government Regulation 2012* requires that a local government must adopt an expenses reimbursement policy which may be amended by resolution at any time.

In summary the regulation states:

- The *expenses reimbursement policy* is a policy providing for —
 - (a) payment of reasonable expenses incurred, or to be incurred, by councillors for discharging their duties and responsibilities as councillors;
 - (b) provision of facilities to councillors for that purpose.
 - As soon as practicable after a local government adopts or amends its expenses reimbursement policy, the local government must—
 - (a) ensure a copy of the policy may be inspected and purchased by the public at the local government's public office; and
 - (b) publish the policy on the local government's website.
- The price for purchasing a copy of the policy must be no more than the cost to the local government of making the copy available for purchase.
- A local government can not resolve that a meeting at which a proposed expenses reimbursement policy is discussed (including its adoption or amendment, for example) be closed.

Definitions

CEO: Council's Chief Executive Officer.

Expenses: These expenses relate to actual expenses deemed necessary and required for the business of Gympie Regional Council. In addition, expenses are payments reasonably incurred, or to be incurred, in connection with Councillors discharging their duties. The expenses may be either reimbursed to Councillors or paid direct by Council. Expenses are not included as remuneration. All expense amounts quoted throughout the policy are ex GST.

Facilities: Facilities provided to Councillors are the "tools of trade" required to enable them to perform their duties with relative ease and at a standard appropriate to fulfil the community expectation of their role.

Official Council Business: Activities conducted on behalf of Council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business objectives for the Council. Official Council business should result in a benefit being achieved either for the local government and/or the local community: This includes:

- Attendance at Council, Committee and Briefing Meetings;
- Attendance at prescribed Local Government training/workshops, seminars and conferences;
- Attendance at civic ceremonies and community events where a formal invitation has been received inviting Councillors in their capacity to undertake official duty;
- Attending public meetings, annual meetings or presentation dinners where invited as a Councillor;
- Attending meetings of community groups where invited to speak about Council programs or initiatives;
- Attending private meetings with constituents, where arranged through official council channels and details of discussions are documented in official records or diaries;
- Attending Civic Reception functions on behalf of the Mayor; and
- Attending organised meetings/inspections/community consultations pertaining to Committee responsibilities.

Private Use of Council Vehicle: Use of a Council vehicle for other than official Council business is private use. For the purposes of this policy only, however, private use does **not** include:

- Travel between a Councillor's home and official Council business;
- Any incidental deviations from the direct travel route where the distance travelled is not material (eg. a Councillor who is attending official Council business could stop enroute at the corner store, provided that the Councillor does not make a significant deviation from the most direct route.)

The home garaging of a Council vehicle is permitted.

Professional Development

a) Mandatory Training:

Where one or more Councillors are required to attend training courses, workshops, seminars or conferences for skills development related to a Councillor's role. Examples of this type of training include Councillor induction, code of conduct, meeting procedures and legislative obligations. Attendance at conferences includes major industry events eg Australian Local Government Association (ALGA), Local Government Association of Queensland (LGAQ) and Australian Local Government Women's Association (ALGWA) or specific events that are relevant to all Councillors or Committee members.

b) Discretionary training:

Where a Councillor identifies a need to attend a conference, seminar, workshop or training to improve skills relevant to their role as a Councillor, other than mandatory training, the Council may allow for the expenses to be covered to a limit of \$5,000 available to each Councillor during their current term in office. The Mayor or Chief Executive Officer is to approve the attendance of a Councillor to the conference, seminar, workshop or training prior to the expense being incurred.

Policy

1.2 Statement of Principles

Gympie Regional Council acknowledges the core principles underpinning the *Local Government Act 2009*, those being:

- (a) transparent and effective processes, and decision-making in the public interest;
- (b) sustainable development and management of assets and infrastructure, and delivery of effective services;
- (c) democratic representation, social inclusion and meaningful community engagement;
- (d) good governance of, and by, local government;
- (e) ethical and legal behaviour of Councillors and local government employees.

Council has formulated this policy in line with the above principles.

2.0 Expenses

2.1 Professional Development

Council will reimburse expenses incurred for mandatory professional development; and discretionary professional development. Council will meet registration fees, course fees and entrance fees together with reasonable travel, accommodation and sustenance expenses.

- Registrations should, where practicable, be made in sufficient time to take advantage of "early bird" discounts.
- Councillors will provide a verbal or written report on the outcomes of any Professional Development.

2.2 Travel as required to represent Council

Councillors may incur travel costs to attend statutory Council meetings, committee meetings, briefings, and travel to attend conferences, training workshops and seminars.

- Any vehicle usage must comply with section 3.1 of this policy.
- If using their own private vehicles, Councillors are required to keep a log book with details to substantiate the relevance and distance of the travel. Where appropriate Councillor's private vehicle usage may be reimbursed by Council if the total travel claim does not exceed the cost of the same travel using economy flights plus the cost of all related taxi transfers.
- Councillors are to maintain the log book and are to calculate the amount of reimbursement in accordance with the scale prescribed by Directive Number 14/10 (or the most current directive) made pursuant to section 54(1) of the *Public Service Act 2008*.
- Travel between a Councillor's home and official Council business is included for the purpose of calculating any reimbursement applicable.
- From an insurance viewpoint Councillor's own vehicles should be covered by either a comprehensive or a third party property damage insurance policy. Councillors are required to produce evidence that the insurance policy has been endorsed to indemnify Gympie Regional Council. It is understood this is a standard type endorsement available on request from all insurance companies. Council will refund any endorsement fees.
- The amount reimbursed will be calculated on the actual mileage travelled by the Councillor.
- Councillors are required to travel via the most direct route using the most economical and efficient mode of transport.
- All Councillor travel approved by Council will be booked and paid for by Council. This will occur as soon as practicable after the decision to attend the event to ensure the most economical method of travel is attained.
- Airline tickets are not transferable and can only be procured for the Councillor's travel on Council business. They cannot be transferred to offset any other unapproved expenses (eg the costs of a spouse accompanying the Councillor).
- Economy class is to be used where possible unless a specific resolution of Council specifies another class.

2.3 Accommodation

Councillors may need to stay away overnight to attend to Council business, however for this to be considered as an expense of Council written approval must be obtained from the Mayor/CEO prior to incurring any expense.

When attending conferences, seminars, training workshops or courses, and where available, Councillors must utilize the package offered by the conference organisers, unless a more suitable or more economical venue convenient to the event can be obtained.

In all other cases, written approval must be obtained from the Mayor/CEO prior to the incurring of the expense for accommodation costs to be reimbursed.

All Councillor accommodation for Council business will be booked and paid by Council.

Council will pay for the most economical deal available, however where possible the standard for Councillors' accommodation should be four star rating.

2.4 Hospitality Expenses

Councillors may have occasion to incur hospitality expenses while conducting Council business apart from civic receptions organised by Council.

The maximum amount of hospitality expenses which may be reimbursed:

- for Councillors is \$500 per financial year.
- for the Mayor is \$ 4,000 per financial year.
- Reimbursement for hospitality expenses may include alcoholic beverages when supply of such beverages meets established social customs.

2.5 Meal allowance

Gympie Regional Council shall reimburse the cost of sustenance for Councillors who are travelling for Council business related reasons including professional development when:

- the Councillor incurs the cost personally and
- a meal is not provided within the registration costs of the approved activity/event or during a flight.

The amount reimbursed shall be:

- The actual amount, or ;
- For meals the following limits shall apply:
 - Breakfast \$25.00
 - Lunch \$30.00
 - Dinner \$45.00

No alcohol shall be paid for by Council as part of the meal allowance.

2.6 Incidental allowance

Up to \$20 per day may be paid by Gympie Regional Council to cover any incidental costs incurred by Councillors required to travel and who are away from home overnight for official Council business.

Examples of incidentals include but may not be limited to: tea/coffee; newspapers; telephone.

Incidental expenses must be verified by providing receipts.

2.7 Travel Transfer Costs

Any travel transfer expenses associated with Councillors travelling for Council approved business will be reimbursed.

Examples of travel transfer expenses include train, taxi, bus and ferry fares.

Cab charge vouchers may also be used where Councillors are required to undertake duties relating to the business of Council.

3.0 Facilities

Provision of Facilities

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

Private Use of Council Owned Facilities

The provision of facilities for use by Councillors is based upon the principle that *no private benefit is to be gained* from the facilities provided to Councillors.

The facilities are to be used for Council business only unless prior written approval has been granted by the Mayor or CEO.

3.1 Gympie Regional Council Office based Administrative tools

For the Mayor specifically:

- An office.
- An administration officer for secretarial support.
- Use of a Council maintained vehicle as detailed below.

Mayor's Vehicle:

The Mayor shall be provided with use of a Council owned vehicle for use on Council business for each term of Council:

- The vehicle shall be a mid-large sized sedan or wagon with fuel efficient engine similar to a Hyundai i40 premium wagon.
- At all times the vehicle is to be driven by only the Mayor, the Mayor's spouse or partner, a Councillor or a Gympie Regional Council employee.
- In an emergency situation another person may drive the vehicle.
- Private use of the motor vehicle may be utilised by one of the following options:

Option 1: The Mayor may purchase private use rights of a motor vehicle for private use within Queensland subject to contribution of 2% of the base Mayoral salary.

Option 2: If option 1 is not chosen private use of the vehicle should be minimal and in line with the principle that no private benefit be gained from the facilities provided to the Councillors. Incidental private use of the Council owned vehicle is to be reimbursed to Council on a monthly basis.

Where Option 2 is chosen, the Mayor is to maintain a log book detailing all private usage. The amount of reimbursement to Council for private usage will be in accordance with the scale prescribed by Directive Number 14/10 (or the most current directive) made pursuant to section 54(1) of the Public Service Act 2008.

- Fuel for the Council owned vehicle will be provided by Council.
- Car parking at the local government office premises and when away from that premises reimbursement of parking costs paid by the Mayor when attending to official Council business.
- Council will be responsible for the ongoing maintenance and wear and tear costs of the Council owned vehicle.
- Any fines incurred while travelling in a Council owned vehicle or a privately owned vehicle while attending to Council business will be the responsibility of the Mayor or other driver if applicable.
- It is the Mayor's responsibility to ensure that he/she or any other driver as is applicable, are legally licensed to drive the Council vehicle or to drive a private vehicle while attending to official Council business.
- Gympie Regional Council will accept no responsibility for unlicensed or illegal driving matters.

For all Councillors:

- Communal office space - with an office provided in Gympie, Imbil library, Kilkivan Branch office and Tin Can Bay library and basic stationery for use in that office.
- Postage for items of Council business.
- Name badge
- Safety equipment (eg safety helmet, vest, shoes, safety glasses where necessary).
- 3G Internet access and broadband dependant on location.
- Email access.
- Publications.
- Stationery.
- Shared access to office equipment.

For Councillors (excluding the Mayor):

- A Council maintained vehicle for Council business, as detailed below.

Councillor Vehicle (excluding the Mayor):

Each Councillor (excluding the Mayor) shall be provided with use of a Council owned vehicle for use on Council business for each term of Council:

- The vehicle shall be to a maximum standard of an entry level mid size AWD sports utility vehicle diesel automatic (SUV).
- At all times the vehicle is to be driven by a Councillor or Gympie Regional Council employee.
- The Councillor's spouse or partner may drive the vehicle only at such a time as the Councillor is incapacitated or in such other circumstances as would reasonably require that the Councillor's spouse or partner drive the vehicle.

- In an emergency situation another person may drive the vehicle.
- Private use of the motor vehicle may be utilised by one of the following options:

Option 1: A Councillor may purchase private use rights of a Council vehicle for private use within Queensland subject to contribution of 2% of the base Councillor salary.

Option 2: If option 1 is not chosen private use of the vehicle should be minimal and in line with the principle that no private benefit be gained from the facilities provided to the Councillors. Incidental private use of the Council owned vehicle is to be reimbursed to Council on a monthly basis.

Where Option 2 is chosen, the Councillor is to maintain a log book detailing private usage. The amount of reimbursement to Council for private usage will be in accordance with the scale prescribed by Directive Number 14/10 (or the most current directive) made pursuant to the section 54(1) of the Public Service Act 2008.

- Fuel for the Council owned vehicle will be provided by Council.
- Car parking at the local government office premises and when away from that premises reimbursement of parking costs paid by Councillors while attending to official Council business.
- Council will be responsible for the ongoing maintenance and wear and tear costs of the Council owned vehicle.
- Any fines incurred while travelling in a Council owned vehicle or privately owned vehicle while attending to Council business will be the responsibility of the Councillor or other driver if applicable.
- It is the Councillor's responsibility to ensure that he/she or any other driver as applicable, are legally licensed to drive the Council vehicle or to drive a private vehicle while attending to official Council business.
- Gympie Regional Council will accept no responsibility for unlicensed or illegal driving matters.

Permanent use of a private vehicle by a Councillor in place of a Council supplied vehicle

A Councillor may choose to use their own privately supplied vehicle in place of accepting a Council supplied vehicle for use on Council business for each term of Council. In such circumstances an annual allowance of \$8000, payable on a fortnightly pro-rata basis, will be paid to the Councillor to cover all costs associated with the supply and use of the private vehicle. The allowance is to cover costs including but not limited to fuel, oils, tyres, insurance, registration, depreciation, hire of a replacement vehicle if required, repair, maintenance and any other costs associated with the supply and use of the private vehicle.

A Council supplied vehicle will not be made available to a Councillor for use on Council business where an annual allowance is paid to the Councillor for use of a privately supplied vehicle.

3.2 Home Office:

Council shall provide each Councillor with:

- A mobile computer device with appropriate software and accessories as decided by the CEO.
- A smart phone. Call costs of up to \$90 per month will be paid for by Council. Councillors will be invoiced periodically for any excess call costs incurred above the monthly allowance where applicable.
- Multi-function printer and consumables.
- Basic stationery.
- Maintenance of Council owned equipment.

3.3 Legal Costs and Insurance Cover:

Council may decide to cover costs incurred through any inquiry, investigation, hearing or legal proceeding into the conduct of a Councillor, or arising out of or in connection with, the Councillor's performance of his/her functions.

Councillors may be covered under Council insurance policies while discharging civic duties. Specifically insurance cover may be provided for public liability, professional indemnity, Councillor's liability, personal accident, international and domestic travel insurance.

3.4 Other:

The Chief Executive Officer will provide an administration process to facilitate payment of private reimbursement costs to Council.



Gympie Regional Council
1300 307 800
2 Caledonian Hill (PO Box 155)
Gympie QLD 4570
gympie.qld.gov.au