Annual Report 2017–2018



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The purpose of the Annual Report 2017-2018 is to highlight a range of achievements and 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



The 2017/18 financial year has been one of the biggest in this region's history.

In the last 12 months we celebrated our 150-year anniversary and attracted more than 10,000 concert goers to Albert Park as part of Rush Festival.

We created, and were nationally recognised for, several outstanding infrastructure projects including the Curra Hall, which is utilised by many community groups and is proving to be of an undeniable benefit to the wider region.

The Gympie Aquatic and Recreation Centre is another project which has been nationally recognised since its completion. Hundreds of thousands of residents and visitors have passed through its gates in the last year alone. It is one of this region's flagship facilities and is one the community should be proud of.

Last financial year Council continued to provide vital infrastructure through the maintenance of new and existing roads, the creation of new spaces such as Stage 1 of the River to Rail Trail and continued the good work on the Our Towns projects, completing works in Goomeri.

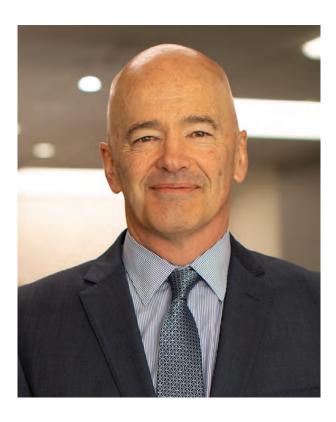
I would like to take this opportunity to recognise the dedication and skill of Council staff from across the organisation.

A reason why the Gympie region is number one to live, work and play is because of your hard work and I applaud your service to this community.

I would also like to extend my thanks to my fellow Councillors for their commitment to the improvement of our region.

Cr Mick Curran BM, Mayor

Chief Executive Officer's overview



It is true that local government is the level of government closest to the people and one of the great things for our staff is that they see the positive impact on the community of the projects and services they deliver.

The role of a regional council is to not only deliver day to day services but to also plan for the future and deliver the projects and develop the programs which will create the sort of community we aspire to.

Council's corporate plan is in some respects the roadmap, or the blueprint, developed by the elected members and laying out their aspiration for the future of the region.

A big emphasis in the current corporate plan is liveability, something inherently important to us all and something which over the last 12 months has been enhanced through the efforts of the Council.

There is no better example than the much talked about Gympie Aquatic and Recreation Centre. It is so much more than a couple of pools; the health and wellbeing opportunities which the facility has provided across all age groups have been enormous.

Residents have had opportunities simply not previously available in Gympie and the opportunities extend beyond health to social connectedness and community wellbeing.

The last 12 months has seen a range of other projects aimed at recreation, leisure and health, and community pride including rail trails, improved sporting facilities, streetscape upgrades and walking trails.

Whilst it is vital that we strive to get the basics right, that alone will not build community wellbeing, a liveable community, and an economically healthy community. This annual report outlines solid progress towards being one of the great regional locations in Australia.

Bernard Smith, CEO

Your Councillors

Governance, Finance, ICT and Disaster Management Cr Mick Curran BM, Mayor Ph 0417 959 331

mayorcurran@gympie.qld.gov.au



Planning and Development Cr Mark McDonald Division 1 | Ph 0439 001 170 mark.mcdonald@gympie.qld.gov.au

Strategic Planning Statutory Planning Environmental Health Local Laws **Building and Plumbing**



Economic Development Cr Glen Hartwig Division 2 | Ph 0437 722 931 glen.hartwig@gympie.qld.gov.au

Economic Development Industry Development



Business Activities and Sport Cr Mal Gear Division 3 | Ph 0437 477 245 mal.gear@gympie.qld.gov.au

Saleyards Aviation Caravan Parks Council owned buildings & facilities Sport and Recreation



Tourism, Environment and **Special Projects** Cr Daryl Dodt

daryl.dodt@gympie.qld.gov.au Tourism Sustainability

Environment

Weeds & Pest Management Special Projects



Community Development Cr Dan Stewart Division 5 | Ph 0499 081 404 dan.stewart@gympie.qld.gov.au

Community Partnerships Libraries **Customer Contact Community Projects**



Water, Sewerage and Waste Management Cr Hilary Smerdon Division 6 | Ph 0499 080 913 hilary.smerdon@gympie.qld.gov.au

Water and Sewerage Waste Management



Infrastructure Services Cr Bob Leitch, Deputy Mayor Division 7 | Ph 0429 231 516 bob.leitch@gympie.qld.gov.au

Road and Drainage Infrastructure Design Services Traffic Management



Arts, Culture and Open Space Cr Bob Fredman 9 May 2018 – present bob.fredman@gympie.qld.gov.au

Heritage Parks and Open Spaces Arts and Culture



Cr James Cochrane Division 8 Until 13 February 2018



Our region

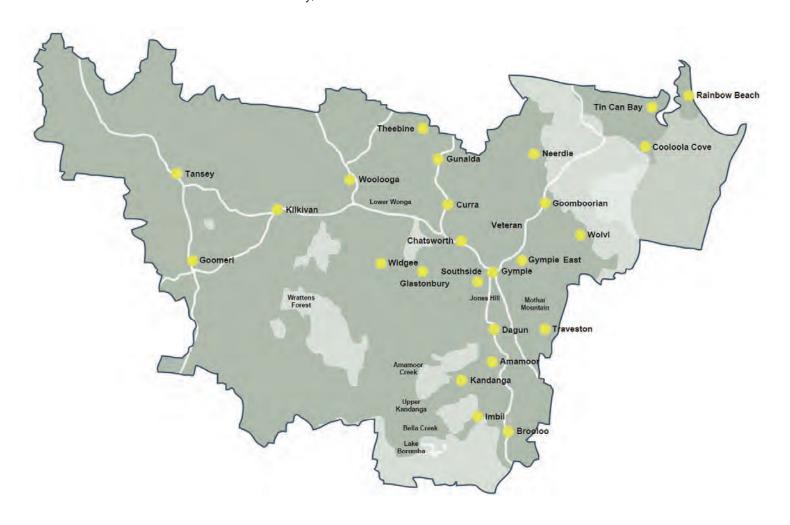
Located in South-East Queensland, the Gympie region includes a combination of rural, urban and coastal areas across 6900 square kilometres. Gympie is the main population centre but a considerable proportion of the population live in many smaller communities. These include Amamoor, Cooloola Cove, Curra, 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.

Accountable:

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

CORPORATE VALUES

Appreciative:

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

Respectful:

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

Communicative:

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

12,000 customers were served at the front counter of **Town Hall**

We have 7,663 registered

animals

Overnight visitors/tourists to our region spent \$221M

Our contact centre fielded calls

274,785 our libraries 447,824

items were checked out of our libraries

We processed 25,848 tonnes of household waste

Gympie Regional Libraries hosted 42,729 Wifi sessions

We processed tonnes of recycling

> We supplied 2,369.2 mega litres of water to the region

> > There were building applications approved

149,552 visitations to **ARC**

G150 Celebration

Touted as the biggest event in the region's history, Gympie's rich heritage and vibrant community came to life last year with the year-long G150 celebrations. Locals and tourists alike enjoyed over 300 performances, festivals, exhibitions, displays, concerts and community activities as we celebrated our sesquicentenary.

The anniversary calendar was packed with events culminating in the Rush Festival featuring Australian music royalty Jimmy Barnes.

About 10,000 concert goers converged on Albert Park to listen to the former Cold Chisel front man as well as local band Toto Senda, country music star Brooke Schubert as well as The Voices and The Black Sorrows.



Curra Community Hall

A much needed addition for our region's northern residents, the Curra community Hall was completed in December 2017.

Designed with functionality and environmental sustainability in mind, Curra Hall took out the Australian Institute of Architects, Gabriel Poole Award for the Sunshine Coast's Building of the Year.

Since the facility opened to the public in February this year, a range of users from the Curra Art Group to wedding parties have taken advantage of its unique design and use accommodating functionality.

The project was a joint initiative between Gympie Regional Council and the Queensland Government with construction funded under the Local Government Grants and Subsidies Program.



Emergency Services Expo

Gympie Regional Council hosted the Emergency Services Expo in June.

More than 1,500 people attended the event at the Gympie Showgrounds.

With the aim of showcasing the operational capabilities of our region's emergency service workers through a diverse range of displays, the expo was also designed at educating the public on how to best prepare for disaster events; in turn giving the community the tools to increase their resilience in times of emergency. Plans are in place to replicate the event in the future.



Goomeri Town Centre

Goomeri Town Centre received a makeover with the addition of a new market square, long-vehicle day use parking extra greenery, bins and seating.

The improvements were part of the Goomeri 'Our Towns' project which was co-funded by the Palaszczuk Government under \$300,000 funding from the works for Queensland Program.

The Our Towns – Sustainable Centres Program is an ongoing Council initiative aimed at ensuring the ongoing sustainability of the region's townships as attractive

and desirable places to live, work, and visit. The program identifies cost-effective opportunities to improve upon the existing character and amenity currently enjoyed by residents and visitors to the townships.

The Our Towns project has and will continue to roll-out new infrastructure in Kandanga, Kilkivan, Cooloola Cove, Tin Can Bay, Amamoor and Gunalda. The next townships to benefit from the program with first round implementation activities will be Rainbow Beach and Imbil.



Operation Pandanus

Council successfully managed an infestation of the Pandanus leaf hopper in Rainbow Beach after it was found in some of the palms along the shore line.

A subsequent assessment of the iconic palms was carried out with the implementation of judicial leaf pruning and removal.

While the majority of the trees were found to be in reasonable health, some, at the end of their life, were removed while some of the larger palms closer to erosion zones were stabilised with wire cabling. Preventing the need for them to be removed.



River to Rail

Taking advantage of the Mary River as one of the region's best natural assets, stage one of the River to Rail Trail Project provided the community with a 1.8 kilometres of pathway from the Gympie Weir to The Sands, as well as the construction of canoe and Kayak launch points at the weir and Attie Sullivan Park and the construction of sealed access to The Sands to connect with a gravel car park. The \$600,000 project reinforced the region as nature-based tourist hub.

Stage 2 of the project is budgeted for \$1 million under the Queensland

Government Works for Queensland program and will be completed and open for use by mid-2019.

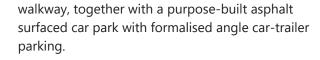
Preliminary clearing works is currently underway. Design of the shared-use trail extension will deliver a trail suitable for recreational walking/ running and off-road cycling.

The trail is set to extend from The Sands through the Victoria Bridge Conservation Area (unsealed trail) and One Mile Sports Complex, past the Aquatic and Recreation Centre and up to the historic Rattler Rail Station on Tozer Street (sealed pathways).

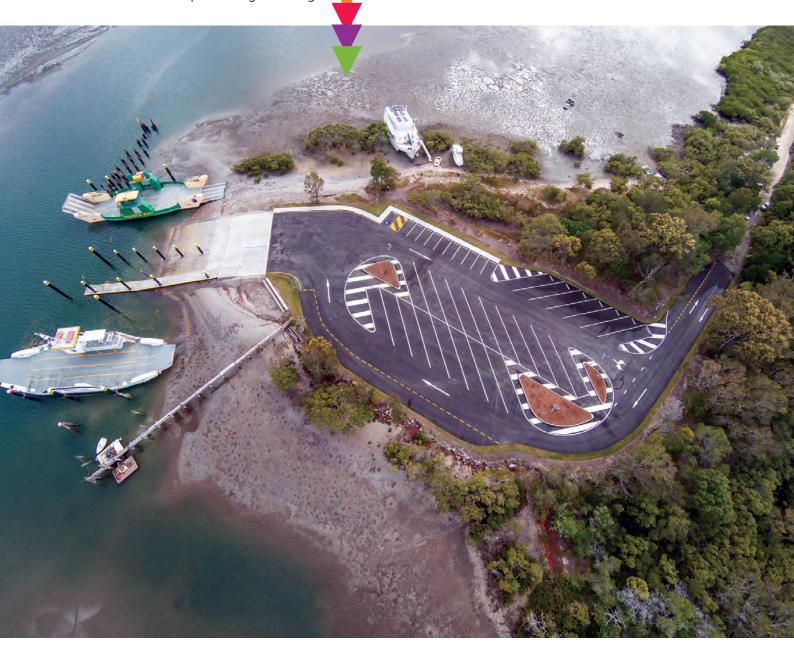
Bullock Point

Council, in conjunction with the Department of Transport and Main Roads as well the government's Building in regions Program, delivered the \$2.1 million boat ramp and car park at Bullock Point.

The project included demolition of the old boat ramp and construction of a new three-lane ramp including a floating



The safety of boaties looking to launch their vessel has now drastically improved, as has the ease of access into the water.



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 the 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 from 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. Cr Hartwig and Cr Fredman have taken up this option as indicated in the table below.

	Remuneration for the period 1 July 2017 to 30 June 2018						
Councillor Name	Councillor Remuneration	Cost of Council Vehicle Provided	Vehicle Allowance	Councillor Remuneration Nett	Super	Phone/Ipad Network and Call Costs	Gross Total
Curran	\$125,083.92	\$12,076.32	\$0.00	\$137,160.24	\$15,010.06	\$1,903.79	\$154,074.09
Leitch	\$78,177.06	\$7,973.04	\$0.00	\$86,150.10	\$9,381.32	\$1,385.33	\$96,916.75
Cochrane	\$42,418.77	\$4,958.57	\$0.00	\$47,377.34	\$5,090.21	\$926.74	\$53,394.29
Dodt	\$66,450.02	\$7,973.04	\$0.00	\$74,423.06	\$7,973.94	\$1,386.33	\$83,783.33
Fredman	\$8,687.47	\$0.00	\$923.07	\$9,610.54	\$1,042.49	\$81.80	\$10,734.83
Gear	\$66,450.02	\$7,973.04	\$0.00	\$74,423.06	\$7,973.94	\$1,385.43	\$83,782.43
Hartwig	\$66,450.02	\$0.00	\$7,999.94	\$74,449.96	\$7,973.94	\$1,787.59	\$84,211.49
McDonald	\$66,450.02	\$7,973.04	\$0.00	\$74,423.06	\$7,973.94	\$1,490.20	\$83,887.20
Smerdon	\$66,450.02	\$7,973.04	\$0.00	\$74,423.06	\$7,973.94	\$1,910.87	\$84,307.87
Stewart	\$66,450.02	\$7,973.04	\$0.00	\$74,423.06	\$7,973.94	\$1,386.72	\$83,783.72

Meetings attended

The number of local government meetings that each Councillor attended during the financial year is recorded in the adjacent table in accordance with s 186(c) of the Regulation. Council does not have any Standing Committees. Fourteen Ordinary Meetings and two Special Meetings were held during the period.

Former Councillor Cochrane resigned on 13 February 2018. Cr Fredman was elected as his replacement commencing in the role on 9 May 2018.

Councillor	Ordinary Meetings	Special Ordinary Meetings	Total Meetings
Curran	14	2	16
McDonald	14	0	14
Hartwig	14	1	15
Gear	14	2	16
Dodt	13	2	15
Stewart	14	2	16
Smerdon	14	2	16
Leitch	13	2	15
Cochrane	6	0	6
Fredman	2	1	3

Complaints about Councillors

The table below provides information about complaints received regarding the performance or conduct of Councillors in accordance with the requirements of s186 (d), (e) and (f) of the Regulation.

(i)	The number of orders and recommendations made under s 180(2) or (4) of the Act	NIL
(ii)	The number of orders made under s 181 of the Act	NIL
(iii)	The number of complaints made about the conduct or performance of a Councillor for which no further action was taken under s 176C(2) of the Act	ONE
(iv)	The number of complaints referred by the Council CEO to the department's chief executive under s 176C(3)(a)(i) of the Act	ONE
(v)	The number of complaints referred to the Mayor under s 176C(3)(a)(ii) or (b)(i) of the Act	NIL
(vi)	The number of complaints referred to the department's chief executive under s 176C(4)(a) of the Act	ONE
(vii)	The number of complaints assessed by the Council CEO as being about corrupt conduct under the Crime and Corruption Act	NIL
(viii)	The number of complaints heard by a regional conduct review panel	NIL
(ix)	The number of complaints heard by the tribunal	NIL
(x)	The number of complaints to which s 176C(6) of the Act applied	NIL

Executive remuneration

In accordance with s 201 of the Act, the total of remuneration packages payable to senior management during the period was \$1,034,807. 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
\$100,000-\$199,999	3
\$200,000-\$299,999	1

Particular resolutions

References to the various resolutions mentioned in s 185 of the Regulation are as identified below.

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 the attachment document to minute M07/06/16 available from the Minutes section of our website.

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.

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 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, 39 Administrative Action Complaints were received with 31 of those complaints being fully resolved. Eight complaints received during the period remained outstanding as at 30 June 2018. One complaint received in a prior financial year was yet to be fully resolved as at the end of the period.

The above statistics highlight that Council's Administration Action Complaints Process is proving effective in having the vast majority of 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 it is noted that 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
- Building Statistics of Monthly Approvals
- Contact with Lobbyists Register
- Contracts Register
- Councillor Complaints Register
- Cost Recovery Fees Register
- Delegations Register
- Fees and Charges Register
- Gifts/Hospitality Register
- Local Heritage Register
- Local Laws Register
- Register of Development Applications
- Register of Environmentally Relevant Activities
- Register of Impounded Dogs
- Register of Interests (Councillor and senior executive employees)
- Register of Pre-Qualified Suppliers
- Reportable Loss of Assets Register
- Restricted Dogs Register
- Road Register.

Organisational reporting requirements

Community Assistance Grants Program

As stipulated by s 189 of the Regulation, the following tables outline a summary of the funds supplied through community grants in accordance with Council's Community Assistance Grants Policy.

Tin Can Bay Fishing Club

Cooloola Cove Residents & Friends

New and Emerging Events (max \$5,000 regional/\$1,000 local)

There were no Councillor discretionary funds established during the period in accordance with s 109 of the Act.

Round One 2017/18 – List of Successful Applicants

Endorsed: 11 October 2017

Name of Applicant	Project	Grant
Community Capacity Building Category (up t	o \$5,000)	
Gympie Camera Club	Projector and screen	\$2,294
Cooloola Pottery Group	Bench slab roller, extruder and pottery tools	\$4,298
Gympie & District Field Naturalists	Banners and brochures	\$1,800
Gympie District Show Society	Volunteer planning and team building day	\$840
		Total \$9,232
Equipment Category (up to \$2,500)		
Wolvi and District War Memorial Hall	Public address system	\$2,457
Mothar Mountain Hall Committee	Kitchen equipment	\$600
Gympie & District Landcare Group	New lawn mower	\$2,000
Cooloola BMX Club	Quick shades	\$2,178
Tin Can Bay RSL Branch	Officer computer	\$1,500
Gympie Gem Club	Show display cupboards	\$1,280
Mary River Festival – Save the Mary	Marquees	\$2,280
Gympie & District Woodworkers	Replace electric tools	\$2,500
		Total \$14,795
Facilities Category (up to \$5,000 for planning	and \$ 10,000 for capital/operational works)	
Kandanga Tennis Club	Upgrade court, lights and fencing	\$10,000
Goomeri Pumpkin Festival	Storage shed fencing	\$4,920
Wolvi & District War Memorial Hall	Painting and security lighting	\$2,250
Gympie District Girl Guides	Storage shelving	\$6,307

Earthworks for new shed

Promotional material 2018 Easter Fair

\$2,445

\$400

Total \$400

Round 1 Total \$50,349

Total \$25,922

Community Assistance Grants Program

Round Two 2017/18 – List of Successful Applicants

Endorsed: 23 May 2018

Applicant	Project Description	Amount Requested	Total Project Cost
Capacity Building (maximum \$5,000)			
The Gympie Bone Museum Project Ltd	Develop and extend science communication skills for after school science club	\$4,965	\$9,599
Kandanga & District Amateur Swimming Club Inc	Safety training upgrade/renewals for volunteers	\$1,962	\$2,452
Cooloola Potters Group Inc	Raku kiln making workshop	\$1,390	\$2,780
		Total \$8,317	
Equipment (maximum \$2,500)			
Surfrider Foundation Ltd	Audio visual equipment and marquees	\$2,485	\$2,485
Rotary Club of Gympie Cooloola Inc	Barbeque/roaster	\$2,500	\$3,349
Rainbow Beach Surf Life Saving Club Inc	Television and laptop for first aid training and education	\$2,483	\$2,483
Gympie Amateur Basketball Association Inc	Portable scoreboard and equipment	\$2,500	\$3,880
Cedar Pocket School of Arts Inc	Audio visual equipment	\$2,500	\$3,532
Tin Can Bay Meals on Wheels Inc	Laptop	\$1,824	\$1,824
Heart of Gold International Short Film Festival Inc	Projection equipment	\$2,500	\$4,248
Gympie & District Senior Citizens Club Inc	Amplifier	\$903	\$903
Australian Volunteer Coast Guard Assoc Inc	Generator	\$2,307	\$2,307
The Gympie Bone Museum Project Ltd	Animal skeleton displays	\$2,500	\$10,000
Lake Borumba Fish Stocking Association Inc	Refrigerator/freezers	\$1,877	\$1,877
Widgee District Hall & Recreation Association Inc	Chairs, coin and note counter	\$2,250	\$2,499
Gympie Communications & Electronic Group Inc	Laptop	\$1,299	\$1,299
Kilkivan Veteran's and Community Mens Shed Association Inc	Refrigerator	\$1,999	\$1,999

Applicant	Project Description	Amount Requested	Total Project Cost	
Equipment (maximum \$2,500)				
Gympie Dog Obedience Club Inc	Computer, printer and agility equipment	\$2,500	\$2,500	
Hope Reins Inc	Portable toilet	\$1,815	\$1,815	
Sporting Shooters Association of Australia Tin Can Bay Branch Inc	Refrigerators	\$1,475	\$1,475	
Kandanga & District Amateur Swimming Club Inc	Swimming equipment	\$1,506	\$1,506	
RSL of Australia (Queensland Branch) Tin Can Bay Sub Branch Inc	Portable coolers	\$674	\$674	
Sunshine Coast Children's Therapy Centre Ltd	Play equipment for children's therapy sessions	\$2,500	\$2,500	
		Total \$40,397		
Facilities (maximum \$10,000 capital works	\$5,000 planning)			
Tin Can Bay Fishing Club Inc	Landscaping works	\$3,773	\$5,123	
Kandanga Cemetery Association Inc	Landscaping works	\$5,000	\$6,000	
Nashville Scout Group	Painting and improvements	\$3,190	\$7,190	
Imbil-Mary Valley Scout Group	Painting and improvements	\$1,100	\$3,100	
Tin Can Bay Tennis Club Inc	New windows	\$1,977	\$2,636	
Cooloola City Farm Nurseries Inc	Improving water quality	\$5,074	\$6,764	
Zion Lutheran Church Gympie	Floor upgrade to community hall	\$2,500	\$4,900	
Tin Can Bay Community & Mens Shed Inc	Installation of plumbing and sewerage	\$2,991	\$8,443	
		Total \$25,605		
New and Emerging Events (maximum \$5,0	00 regional/\$1,000 local)			
Gympie Regional STEM Hub	STEAMzone Fun Palace - Science, Technology, Engineering, Arts and Mathematics festival	\$5,000	\$27,340	
Cooloola Coast Bowls Club Inc	Ladies Spring Carnival	\$500	\$2,450	
		Total \$5,500		
Round 2 Total \$79,819				
Grand Total for Rounds 1 and 2 \$130,168				

GYMPIE REGIONAL COUNCIL ANNUAL REPORT 2017–2018

Annual strategic review

Further to the requirements of s 190(1)(a) 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. The implementation of the Operational Plan 2017-2018 represents a clear sign post indicator as to the effectiveness of progress being made in achieving Council's vision and strategic goals as outlined in the corporate plan.

Ongoing work is being undertaken to ensure that Council continues to improve its capacity to appropriately identify, progress, monitor, complete and report on operational activities that directly further the implementation of its corporate plan. Information publicly presented to Council via the quarterly updates and annual review of the operational plan demonstrates that despite the completion rate of activities continuing to follow a downward trend, Council has completed or progressed a substantial number of operational plan activities across the period.

The continuation of the development and review of business planning across more than 20 functional areas of Council remains an important project to improve organisational awareness and the effectiveness of Council's corporate planning frameworks. When fully established this additional level of planning will further support 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.

Council continues to review and monitor the effectiveness of its strategic plan formats and public reporting processes with a goal of maximising the potential to achieve the practical outcomes intended by the corporate plan.

The recent adoption of the Operational Plan 2018-2019 is a good example of an ongoing focus on Council's key public reporting processes. This latest operational plan was developed on the back of significantly increased internal staff and Councillor consultation. For the first time in many years the operational plan was adopted as part of the annual budget meeting. This early adoption approach allows staff to commence the financial year with a clearly articulated direction as to priority activities that Council has determined will help progress its vision for the region to be the natural choice to live, work and play.

Local government operations

Aligned with the requirements of s 190(1)(b) of the Regulation, the welcome message from the Mayor and the Chief Executive Officer's overview at the beginning of this document incorporate 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 continues to plan for, and respond to the changing expectations of our residents and customers and the challenging business environment within which local government operates.

Council's ongoing commitment to an organisation wide continuous improvement approach has helped us strive to do our work in the best way possible.

Beneficial enterprises

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

- Mary Valley Community Holdings Ltd. (Company was deregistered on 8 February 2018)
- 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. Council did not undertake any 'significant business activities' during this period in accordance with the legislative definition of same.

Commercial business units

In line with s 190(1)(c) of the Regulation and the threshold limits set for significant business activities, Council did not operate any commercial business units during the period. The 2017-2018 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 2017-18 was \$651,132.55.

Deferment of liability

No such expenditure was incurred in 2017-18. 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:

■ Ten per cent discount applies on general rates and sewerage and water access charges.

Total expenditure for 2017-2018 was \$4,844,516.

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 \$139,925 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.

Contracts

As stipulated by s 190(1)(e) of the Regulation, the number of invitations to change tenders under s 228(7) during the financial year was NIL.

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 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.

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 internal audit activities for 2017-18 included a review of the following:

- Procurement framework; and
- Strategies to address threatened species.

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 2018.

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

The four key financial statements for 2017- 2018 and the key performance indicators are described as follows:

- Statement of Comprehensive Income shows revenue, expenses and asset revaluation adjustments for the 2017-2018 year.
- Statement of Financial Position shows the assets and liabilities which make up the community equity as at 30 June 2018.
- 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 Council's financial performance for the year. It reflects how the money received from Council operations is spent providing services to the community.

Revenue in - Expenses out = Result for the year				
	2017-2018 - \$'000	2016-2017 - \$'000	2015-2016 - \$'000	
Operating Revenue	84,572	85,181	79,891	
Operating Expenses	-86,484	-84,858	-85,066	
Operating Result	-1,912	323	-5,175	
Net Capital Items	22,003	15,036	7,451	
Net Result Attributable to Council	20,091	15,359	2,276	
Asset Revaluation in Period	-15,017	-4,152	21,976	
Total comprehensive income for the period	\$5,074	\$11,207	\$24,252	

The Statement of Comprehensive Income includes both operating revenue and expenses, and capital revenue and expenses.

Operating revenue is income from Council's day to day operations, such as rates, fees and charges, rentals, interest, sales of contract and recoverable works, grants, subsidies, contributions and donations etc. Operating expenses are the day to day costs of running the organisation, such as wages, maintenance, materials, depreciation and finance costs.

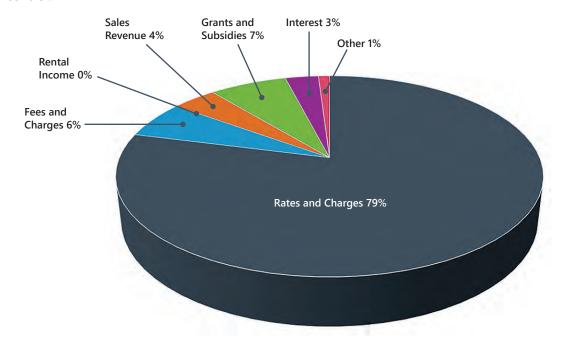
Capital revenue includes grants and developer contributions for funding capital construction projects. Capital expenditure is monies spent on assets and infrastructure, such as parks, roads, water and sewerage, land, buildings, plant and equipment.

Council's Revenue

Total income (revenue) for 2017-2018 was \$111.3 million, being \$84.5 million from operations and \$26.8 million from capital sources. The major source of operating revenue was rates and utility charges of \$66.8 million or around 79 per cent of the total. The number of rateable properties in the Region was 25,150 (2016-2017 24,977).

Operating Revenue	2017-2018 - \$′000	2016-2017 - \$'000	2015-2016 - \$′000
Rates and charges	66,847	64,981	62,212
Fees and other income	9,765	9,764	9,016
Interest received	2,042	2,252	2,986
Grants and subsidies	5,918	8,184	5,677
Total	\$84,572	\$85,181	\$79,891

As rates and charges make up 79 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.



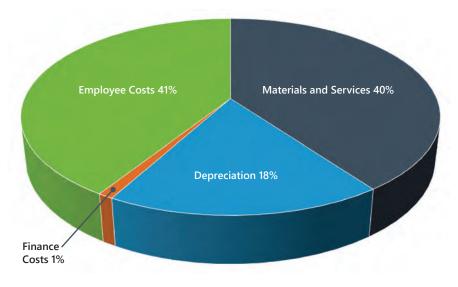
Council's Expenses

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, airport, saleyards, community and culture, health and environment, waste management, water and sewerage, and roads infrastructure.

Operating Expenses	2017-2018 - \$′000	2016-2017 - \$'000	2015-2016 - \$'000
Employee costs	35,223	33,718	29,742
Materials and services	34,471	34,759	37,402
Depreciation	15,329	14,895	16,252
Finance costs and other	1,461	1,486	1,670
Total	\$86,484	\$84,858	\$85,066

Depreciation is the annual consumption of assets or the decline in value of the assets controlled by Council. Council needs to raise sufficient revenue each year to cover the amount of depreciation so that the future replacement of those assets can be funded.



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 \$1,198 million (2016-2017 \$1,194M). 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 cash held in bank accounts and has investments of approximately \$42.9 million to assist with the funding of future operations of Council including the provision of infrastructure projects.

The value of community assets has increased due to revaluations, replacements and assets being provided to support the growing population. 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 \$48.9 million (2016-2017 \$50m). Council's liabilities include amounts owing to employees for annual leave, long service leave and sick leave entitlements of \$11.8 million (2016-2017 \$12.3m), amounts payable to suppliers and contractors \$2.3 million (2016-2017 \$3M), refuse dump restoration and quarry rehabilitation \$12.6 million (2016-2017 \$11.9M), monies paid in advance to Council \$2.6 million (2016-2017 \$2.3M) and loans \$19.4 million (2016-2017 \$20.5M). Affordability indicators show that Council is well placed to service its debt position.

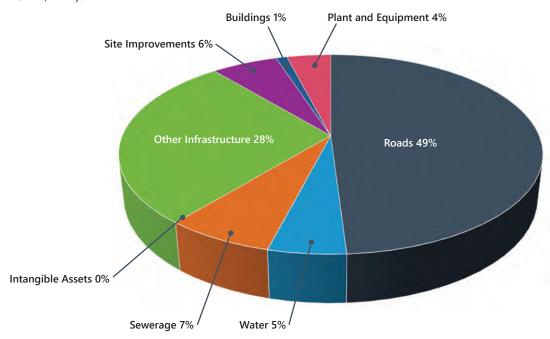
Council's Community Equity

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 2017-2018, our Community Equity was \$1,149 million (2016-2017 \$1,144M).

	2017-2018 - \$'000	2016-2017 - \$'000	2015-2016 - \$′000	
Assets	1,198,240	1,194,415	1,188,018	
Less Liabilities	-48,918	-50,167	-54,977	
Equity	\$1,149,322	\$1,144,248	\$1,133,041	
Represented by:				
Retained Surplus/Deficit	738,391	718,300	702,941	
Asset Revaluation Surplus	410,931	425,948	430,100	
	\$1,149,322	\$1,144,248	\$1,133,041	

Council's Capital Works

Council's investment in community infrastructure or completed Capital Works was \$51 million (2016-2017 \$47M).



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 \$42.9 million (2016-2017 \$56.9m). 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.

	2017-2018 - \$'000	2016-2017 - \$'000	2015-2016 - \$′000
Cash Opening Balance	56,913	71,342	84,357
Plus Cash Received	114,948	104,573	97,416
Less Cash Spent	-128,866	-119,002	-110,431
Cash Closing Balance	\$42,995	\$56,913	\$71,342

Council's Financial Sustainability

Relevant Measures

Council's key measure of sustainability revolves around the maintenance of its capital value and capacity.

Council's Financial Statements and Long Term Financial Forecast are prepared on the consistent basis of identifying its capital value and monitoring the maintenance of that value. The main indicator that capital capacity is being maintained is the achievement of an operating surplus for the reporting period. The Financial Statements for the year to June 2018 show a net operating result, which is prior to capital grants and contributions being included, as a deficit of \$1.9 million. For the year ended June 2017, the net operating result was a surplus of \$0.323 million. Council's capital value at June 2018 was \$1,139 million compared to \$1,122 million at June 2017, with further increases expected over the next 10 years.

Financial Management Strategy

Council's financial management strategy is focused on the maintenance of the capital value required to deliver community services at a sustainable level into the future.

The asset management plans forecast replacement and renewal costs over the next ten years. Funds required to cover this expenditure are compared to the funds provided from the funding of depreciation expense on existing assets. If a shortfall (gap) is identified, then alternative strategies are investigated to bridge this funding gap. These include:

- 1. Surplus funds that may exist from current operating surpluses;
- 2. Increasing pricing for services rendered;
- 3. Rescheduling of maintenance and capital works;
- 4. Long term borrowing;
- 5. Evaluating the level of service that is affordable.

These strategies are applied within individual business units, e.g. water and sewerage and the rest of Council programs.

Council's Financial Sustainability Ratios

Asset Sustainability Ratio	Capital expenditure on replacement assets divided by depreciation expense	 Indicator suggests percentage should be >90 per cent. This indicator should be averaged over at least 10 years. Not an annual expectation. Shows the amount spent on replacement/renewal assets compared to the annual depreciation of those assets.
Operating Surplus Ratio	Net operating result divided by total operating revenue	 Guidance range is 0 per cent to 10 per cent. Indicates ability to maintain and expand Council's capital value and services from own resources.
Net Financial Liability Ratio	Total liabilities less current assets divided by total operating revenue	 Guidance range is – not greater than 60 per cent. Gympie Regional Council has a negative percentage because current assets exceed total liabilities. This indicates a very strong financial position.

Actual Results			Long Term Financial Plan Projections - Budget Years									
Ratio	Target	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2023- 2024	2024- 2025	2025- 2026
Asset Sustainability	>90%	144.23%	206.47%	90.05%	93.13%	81.60%	96.79%	81.02%	86.01%	81.03%	92.37%	87.07%
Operating Surplus	0% - 10%	0.38%	-2.26%	1.53%	1.40%	0.57%	0.53%	-0.41%	0.98%	2.16%	4.49%	6.73%
Net Financial Liability	<60%	-25.61%	-11.04%	-11.63%	-18.96%	-14.04%	7.42%	2.46%	-5.96%	-15.09%	-23.38%	-34.01%

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 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 Economydynamic, 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 2018

			Consolidated		Council		
		Note	2018	2017	2018	2017	
			\$000	\$000	\$000	\$000	
Income							
	Revenue						
	Recurrent Revenue						
	Rates, levies and charges	3(a)	66,847	64,981	66,847	64,981	
	Fees and charges	3(b)	5,206	5,604	5,206	5,604	
	Rental income	3(e)	253	247	253	247	
	Interest and investment revenue	3(c)	2,043	2,252	2,042	2,252	
	Sales revenue	3(d)	3,506	3,285	3,506	3,285	
	Other income	3(f)	1,160	628	800	628	
	Grants, subsidies, contributions and donations	4	5,918	8,184	5,918	8,184	
	Total Recurrent Revenue		84,933	85,181	84,572	85,181	
	Capital Revenue						
	Grants, subsidies, contributions and donations	4	26,502	15,242	26,502	15,242	
	Other capital income	5	316	1,343	316	1,343	
	Total Capital Revenue		26,818	16,585	26,818	16,585	
Total Inco	ome		111,751	101,766	111,390	101,766	
Expenses	5						
	Recurrent expenses						
	Employee benefits	6(a)	36,222	33,718	35,223	33,718	
	Materials and services	6(b)	34,196	34,759	34,471	34,759	
	Finance costs	6(c)	1,461	1,486	1,461	1,486	
	Depreciation and amortisation	` '	15,361	14,895	15,329	14,895	
	Total Recurrent Expenses		87,240	84,858	86,484	84,858	
	Capital Expenses						
	Loss on disposal of property, plant and equipment						
	and intangibles	7	2,710	1,549	2,710	1,549	
	Increase in rehabilitation provisions	7	2,105	<u> </u>	2,105		
	Total Capital Expenses		4,815	1,549	4,815	1,549	
Total exp	enses		92,055	86,407	91,299	86,407	
Net Resi	ult		19,696	15,359	20,091	15,359	
Other co	omprehensive income						
Items tha	t will not be reclassified to net result						
	Increase/(decrease) in asset revaluation surplus	16	(15,017)	(4,152)	(15,017)	(4,152)	
Total oth	er comprehensive income for the year		(15,017)	(4,152)	(15,017)	(4,152)	
Total co	mprehensive income for the year		4,679	11,207	5,074	11,207	
			-,		-7		

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

Gympie Regional Council Statement of financial position As at 30 June 2018

		Consolidated		Council	
	Note	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current assets					
Cash and Cash Equivalents	8	43,266	56,913	42,995	56,913
Receivables	9	12,642	12,147	12,563	12,147
Inventories	10	2,743	2,921	2,695	2,921
Other Current Assets		60			
Total current assets		58,711	71,981	58,253	71,981
Non-current assets					
Receivables	9	-	-	700	-
Property, plant and equipment	11	1,138,680	1,121,500	1,138,465	1,121,500
Intangible assets	12	826	934	822	934
Total non-current assets		1,139,506	1,122,434	1,139,987	1,122,434
Total assets		1,198,217	1,194,415	1,198,240	1,194,415
Current liabilities					
Payables	13	8,705	9,816	8,332	9,816
Borrowings	14	1,204	1,132	1,204	1,132
Provisions	15	4,470	4,969	4,471	4,969
Other liabilities		2,679	2,315	2,679	2,315
Total current liabilities		17,058	18,232	16,686	18,232
Non-current liabilities					
Payables	13	222	179	222	179
Borrowings	14	18,252	19,403	18,252	19,403
Provisions	15	13,758	12,353	13,758	12,353
Total non-current liabilities		32,232	31,935	32,232	31,935
Total liabilities		49,290	50,167	48,918	50,167
Net community assets		1,148,927	1,144,248	1,149,322	1,144,248
Community equity					
Asset Revaluation Surplus	16	410,931	425,948	410,931	425,948
Retained Surplus/(deficiency)		737,996	718,300	738,391	718,300
Total Community Equity		1,148,927	1,144,248	1,149,322	1,144,248

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

Gympie Regional Council Statement of Changes in Equity For the year ended 30 June 2018

Consolidated	Asset Revaluation Surplus	Retained Surplus	Total Equity
Note	\$000	\$000	\$000
Balance as at 1 July 2017	425,948	718,300	1,144,248
•	423,940		
Net result	-	19,696	19,696
Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	(15,017)	-	(15,017)
Total comprehensive income for the year	(15,017)	19,696	4,679
Balance as at 30 June 2018	410,931	737,996	1,148,927
Balance as at 1 July 2016	430,100	702,941	1,133,041
Net result	-	15,359	15,359
Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	(4,152)	_	(4,152)
Total comprehensive income for the year	(4,152)	15,359	11,207
Balance as at 30 June 2017	425,948	718,300	1,144,248
Council	Asset Revaluation Surplus	Retained Surplus	Total Equity
Council	Revaluation		Total Equity
	Revaluation Surplus	Surplus	
Note	Revaluation Surplus \$000	Surplus \$000	\$000
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year	\$000 \$425,948	\$000 718,300	\$000 1,144,248 20,091
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	\$000 425,948 - (15,017)	\$000 718,300 20,091	\$000 1,144,248 20,091 (15,017)
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year	\$000 \$425,948	\$000 718,300	\$000 1,144,248 20,091
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	\$000 425,948 - (15,017)	\$000 718,300 20,091	\$000 1,144,248 20,091 (15,017)
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus Total comprehensive income	\$000 425,948 - (15,017) (15,017)	\$000 718,300 20,091 	\$000 1,144,248 20,091 (15,017) 5,074
Note Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus Total comprehensive income Balance as at 30 June 2018	\$000 425,948 (15,017) (15,017) 410,931	\$000 718,300 20,091 - 20,091 - 738,391	\$000 1,144,248 20,091 (15,017) 5,074
Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus Total comprehensive income Balance as at 30 June 2018 Balance as at 1 July 2016 Net operating surplus Other comprehensive income for the year	\$000 425,948 (15,017) (15,017) 410,931	\$000 718,300 20,091 - 20,091 - 738,391 702,941	\$000 1,144,248 20,091 (15,017) 5,074 1,149,322 1,133,041 15,359
Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus Total comprehensive income Balance as at 30 June 2018 Balance as at 1 July 2016 Net operating surplus Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus	\$000 425,948 (15,017) (15,017) 410,931 430,100	\$000 718,300 20,091 20,091 738,391 702,941 15,359	\$000 1,144,248 20,091 (15,017) 5,074 1,149,322 1,133,041 15,359 (4,152)
Balance as at 1 July 2017 Net Result Other comprehensive income for the year Increase / (decrease) in asset revaluation surplus Total comprehensive income Balance as at 30 June 2018 Balance as at 1 July 2016 Net operating surplus Other comprehensive income for the year	\$000 425,948 (15,017) (15,017) 410,931	\$000 718,300 20,091 - 20,091 - 738,391 702,941	\$000 1,144,248 20,091 (15,017) 5,074 1,149,322 1,133,041 15,359

Gympie Regional Council Statement of Cash Flows For the year ended 30 June 2018

		Consolidated		Council		
	Note	2018 \$000	2017 \$000	2018 \$000	2017 \$000	
Cash flows from operating activities						
Receipts from customers		78,047	76,655	77,704	76,655	
Payments to suppliers and employees		(72,575)	(68,309)	(70,289)	(68,309)	
		5,472	8,346	7,415	8,346	
Dividend received						
Interest received		2,043	2,311	2,042	2,311	
Non capital grants and contributions Borrowing Costs		7,435 (1,461)	8,873 (1,486)	5,918 (1,461)	8,873 (1,486)	
Borrowing Costs		(1,401)	(1,460)	(1,401)	(1,400)	
Net Cash Inflow (outflow) from Operating Activities	20	13,489	18,044	13,914	18,044	
Cash flows from investing activities						
Proceeds from Property, Plant and Equipment		1,274	1,429	1,274	1,429	
Grants, Subsidies, Contributions and Donations		28,010	15,305	28,010	15,305	
Payments for Property, Plant and Equipment		(55,341)	(48,013)	(56,037)	(48,013)	
Net Cash inflow (outflow) from Investing Activities		(26,057)	(31,279)	(26,753)	(31,279)	
Cash Flows from Financing Activities						
Proceeds from borrowings		-	-	-	-	
Repayment of borrowings and advances		(1,079)	(1,194)	(1,079)	(1,194)	
Net Cash inflow (outflow) from financing activities		(1,079)	(1,194)	(1,079)	(1,194)	
Net Increase/(Decrease) in cash and cash equivalents held for the year		(13,647)	(14,429)	(13,918)	(14,429)	
Cash and cash equivalents at beginning of the financial year		56,913	71,342	56,913	71,342	
Cash and Cash Equivalents at end of the financial year	8	43,266	56,913	42,995	56,913	

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

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

1 Significant accounting policies

1(a) Basis of preparation

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

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

1(b) Basis of consolidation

Council and its controlled entity, together form the economic entity which is referred to in these financial statements as the consolidated entity. The financial statements of the controlled entity 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 entities controlled by Council have been eliminated when preparing consolidated accounts. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Information on controlled entities that have been consolidated is included in Note 25.

1(c) Statement of compliance

These financial statements have been prepared in accordance with all Australian Accounting Standards and Interpretations.

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

1(d) Constitution

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

1(e) Date of authorisation

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

1(f) 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.

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

1 Significant accounting policies (continued)

1(g) New and revised accounting standards

This year, the Council has applied AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities ('debt reconciliation'). This information is presented in note 14.

In the current year, the Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to the Council's accounting policies.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. The Council will implement them when they are effective. The standards that are expected to have a material impact upon the council's future financial statements are:

Standard and Date Council will Impact apply the standard

AASB 9 Financial Instruments

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

1 Jul 18

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

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

1 Jul 19

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB15. AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

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

1 Significant accounting policies (continued)

1(g) New and revised accounting standards (continued)

Standard and Date Council will apply the standard

AASB 16 Leases

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. Gympie Regional Council is still reviewing the impact of this standard on its accounts.

1 July 19

1(h) Estimates and judgements

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

- Valuation, Impairment and Depreciation of Property, Plant and Equipment Note 11
- Provisions Note 15
- Contingent Liabilities Note 18

1(i) Taxation

The income of local government and public authorities is exempt from Income tax. However the 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 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

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

OFFICE OF THE CEO

Ensures the Council is open, accountable and transparent by setting goals and objectives to benefit the citizens of the Gympie Region. Providing direction, support, co-ordination and a sound resource management policy, it allows for effective and efficient management of the Council's assets and resources.

Elected members are also part of the Office of the CEO.

DIRECTORATE OF CORPORATE & COMMUNITY SERVICES

Enhances and preserves the lifestyle of all the Gympie Region's residents and visitors by providing services and facilities for recreation, leisure, sport and cultural enrichment and preserving the entire Region's heritage.

DIRECTORATE OF INFRASTRUCTURE

Provides well-constructed, safe and efficient infrastructure networks and engineering services which meet community needs.

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 lifestyles of residents.

WATER BUSINESS UNIT

Meets the community's need for potable water by efficient purchase, treatment, storage and distribution of water to consumers. Additionally, protects public health, safety and the environment by the 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.

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

2 Analysis of Council results by Function

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

Functions		Gross Program Incom	ram Income				Gross Program Expenses	ım Expenses			Net Result		
	Recurrent	rrent	Cap	Capital	Elimination of		Recurring	Capital	Elimination of	Total	from	400	0
2018	Grants	Other	Grants	Other	transactions	l otal income	Expenses	Expenses by program	transactions	Expenses	Recurring Operations	Net Kesult	Assets
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Office of the CEO	31	8	1,880	-	-	1,919	5,356	-	-	5,356	(5,317)	(3,437)	15,056
Directorate of Corporate & Community Services	3,880	41,373	1,529	316	-	47,098	20,658	180	-	20,838	24,595	26,260	171,430
Directorate of Infrastructure	1,919	3,611	17,822	-	-	23,352	27,672	2,213	-	29,885	(22,141)	(6,533)	745,645
Directorate of Planning & Development	88	3,695	3,417	-	-	7,200	8,855	-	-	8,855	(5,072)	(1,655)	26,870
Water Business Unit	1	21,891	1,854	-	-	23,745	16,307	508	-	16,815	5,583	6,930	228,394
Waste Program	-	8,076	•	-	-	8,076	7,637	1,913	-	9,550	439	(1,474)	10,845
Total Council	5,918	78,654	26,502	316	•	111,390	86,485	4,814	•	91,299	(1,913)	20,091	1,198,240

Functions		Gross Prog	Gross Program Income				Gross Program Expenses				Net Result		
	Recurrent	rent	Cal	Capital	Elimination of	Total leading	Recurring	Capital	Elimination of	Total	from	#	O COLOR
2017	Grants	Other	Grants	Other	transactions		Expenses	Expenses by program	transactions	Expenses	Recurring Operations	Met Kesull	Assets
	\$,000	\$,000	\$,000	\$,000	\$.000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Office of the CEO	66	85	2,820	-	-	3,004	5,780	-	-	5,780	(5,596)	(2,776)	624
Directorate of Corporate & Community Services	5,308	39,601	394	-	-	45,303	20,617	•	-	20,617	24,292	24,686	193,509
Directorate of Infrastructure	2,737	4,216	6,591	3,744	-	17,288	27,477	1,405	-	28,882	(20,524)	(11,594)	716,481
Directorate of Planning & Development	40	3,467	1,898	-		5,405	260'2	•	•	7,095	(3,588)	(1,690)	31,542
Water Business Unit	-	20,933	ı	1,138	-	22,071	15,346	144	-	15,490	5,587	6,581	238,181
Waste Program	=	8,695	-	-	-	8,695	8,543	-	-	8,543	152	152	14,078
Total Council	8,184	76,997	11,703	4,882	•	101,766	84,858	1,549	•	86,407	323	15,359	1,194,415

3 Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

(a) Rates, Levies and Charges

Revenue for rates and utility charges is recognised at the commencement of the rating period. For rate monies received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are due and includes utility charges such as water and sewerage.

	Consolid	dated	Coun	cil
	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
General Rates	37,129	35,141	37,129	35,141
Separate Rates	3,726	3,625	3,726	3,625
Special Levies	2,035	2,018	2,035	2,018
Water	8,537	9,823	8,537	9,823
Water Consumption, Rental and Sundries	2,033	726	2,033	726
Sewerage	11,663	11,177	11,663	11,177
Sewerage Trade Waste	329	-	329	-
Garbage Charge	6,891	7,665	6,891	7,665
Total rates and utility charge revenue	72,343	70,175	72,343	70,175
Less: Discounts	(4,851)	(4,560)	(4,851)	(4,560)
Pensioner remissions	(645)	(634)	(645)	(634)
TOTAL RATES, LEVIES AND CHARGES	66,847	64,981	66,847	64,981

(b) Fees and charges

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

Search Fees	438	406	438	406
Building Fees and Charges	400	398	400	398
Development Fees	317	314	317	314
Animal Registrations	116	135	116	135
Inspection Fees	906	776	906	776
Fines and Infringements	174	14	174	14
Licences and Permits	136	98	136	98
Parking Fees and Fines	75	108	75	108
Other Statutory Fees	544	995	544	995
User Fees and Charges	2,100	2,360	2,100	2,360
	5,206	5,604	5,206	5,604

(c) Interest revenue

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

Interest Received from Investments	1,527	1,736	1,526	1,736
Interest from Overdue Rates and Utility Charges	516	516	516	516
	2,043	2,252	2,042	2,252

3 Revenue (continued)

(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 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.

	I	Notes	Consoli	dated	Coun	cil
			2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
	Transport and Main Roads		3,405	3,153	3,405	3,153
	Other		101	132	101	132
			3,506	3,285	3,506	3,285
3(e)	Rental Income					
	Rental Income includes income derived from property management such as leases and rentals and library and hall rentals.					
	Rental Income		253	247	253	247
	TOTAL RENTAL INCOME		253	247	253	247
3(f)	Other Income					
	Other Income includes miscellaneous sales such as sign sales and recycling, plan and survey sales and minor plant.					
	Other Income		1,160	628	800	628
	TOTAL OTHER INCOME		1,160	628	800	628

4 Grants, subsidies, contributions and donations

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

Non-cash contributions are recognised as revenue and either non-current assets or expensed according to Council's threshold for recognition of non-current assets. Physical assets contributed to the 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 asset and is liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the appropriate specifications and values of such assets.

Developers also pay infrastructure charges for trunk infrastructure such as pumping stations, treatment works, mains, sewers and water pollution control works. Infrastructure charges are recognised as income when received.

Contributions that have not yet been received and where the revenue recognition criteria has been satisfied, are recognised as receivables.

			Consolid	dated	Coun	cil
		Notes	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a)	Recurrent	•				
	State Government Subsidies and grants		5,906	8,172	5,906	8,172
	Contributions		12	12	12	12
			5,918	8,184	5,918	8,184

(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 operating.

State government subsidies and grants	14,171	11,703	14,171	11,703
Donations	-	833	-	833
Contributions	12,331	2,706	12,331	2,706
	26,502	15,242	26,502	15,242

4 Grants, subsidies, contributions and donations (continued)

		Consolid	lated	Coun	cil
Conditions over Contributions		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
				on that they be	expended
Developer Contributions for Infrastructure		3,737	2,706	3,737	2,706
		3,737	2,706	3,737	2,706
Contributions recognised as income during a previous reperiod:	eporting period t	nat were obtaine	ed in respect of	the current repo	orting
Developer Contributions Expended on Infrastructure		2,706	921	2,706	921
· ·		2,706	921	2,706	921
Capital Income					
Provision for restoration of land (Quarries)					
Write down of rehabilitation provision		-	1,174	-	117
		-	1,174	-	1,174
Profit/(Loss) on disposal of non-current assets					
Proceeds from the Disposal of Property, Plant and Equipment		113	515	113	51
Less: Book Value of Property, Plant and					
Equipment Disposed	11	(74)	(482)	(74)	(482
		39	33	39	3
Proceeds from Other Non-Current Assets		547	759	547	75
Less: Book Value of Other Non-Current		(070)	(222)	(070)	(00
Assets Disposed	11 .	(270) 277	(623) 136	(270)	(623 13
Profit on disposal of non-current assets		316	169	316	16
	Contributions recognised as income during the reporting in a manner specified by the contributor but had not been been been been been been been bee	Contributions recognised as income during the reporting period and whice in a manner specified by the contributor but had not been expended at the Developer Contributions for Infrastructure Contributions recognised as income during a previous reporting period the period: Developer Contributions Expended on Infrastructure Capital Income Provision for restoration of land (Quarries) Write down of rehabilitation provision Profit/(Loss) on disposal of non-current assets Proceeds from the Disposal of Property, Plant and Equipment Less: Book Value of Property, Plant and Equipment Disposed 11 Proceeds from Other Non-Current Assets Less: Book Value of Other Non-Current Assets Disposed 11	Conditions over Contributions Contributions recognised as income during the reporting period and which were obtained in a manner specified by the contributor but had not been expended at the reporting date in a manner specified by the contributor but had not been expended at the reporting date in a manner specified by the contributor but had not been expended at the reporting date in a manner specified by the contributor but had not been expended at the reporting date in a manner specified by the contributors for Infrastructure 2,737 Contributions recognised as income during a previous reporting period that were obtained period: Developer Contributions Expended on Infrastructure 2,706 2,706 Capital Income Provision for restoration of land (Quarries) Write down of rehabilitation provision	Contributions recognised as income during the reporting period and which were obtained on the condition a manner specified by the contributor but had not been expended at the reporting date: Developer Contributions for Infrastructure 2,706 3,737 2,706 Contributions recognised as income during a previous reporting period that were obtained in respect of period: Developer Contributions Expended on Infrastructure 2,706 921 2,706 921 Capital Income Provision for restoration of land (Quarries) Write down of rehabilitation provision - 1,174 Profit/(Loss) on disposal of non-current assets Proceeds from the Disposal of Property, Plant and Equipment Less: Book Value of Property, Plant and Equipment Disposed 11 (74) (482) 39 33 Proceeds from Other Non-Current Assets Less: Book Value of Other Non-Current Assets Less: Book Value of Other Non-Current Assets 11 (270) (623) 277 136	Contributions recognised as income during the reporting period and which were obtained on the condition that they be in a manner specified by the contributor but had not been expended at the reporting date: Developer Contributions for Infrastructure Developer Contributions for Infrastructure 2,706 2,706 3,737 2,706 3,737 2,706 3,737 2,706 3,737 2,706 3,737 2,706 3,737 2,706 2,70

6 Expenses

6(a)	Employee Benefits		Consolid	dated	Counc	il
		Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
	Wages and salaries		27,791	24,560	26,792	24,560
	Annual, Sick and Long Service Leave Entitlements		6,266	6,401	6,266	6,401
	Superannuation		4,155	4,934	4,155	4,934
	Councillors Remuneration		783	681	783	681
	Other Employee Related Expenses		1,025	904	1,025	904
			40,020	37,480	39,021	37,480
	Less: Capitalised Employee Expenses		(3,798)	(3,762)	(3,798)	(3,762)
	TOTAL EMPLOYEE BENEFITS		36,222	33,718	35,223	33,718
	Councillors' remuneration represents salary and other allow	ances paid in	respect of carry	ing out their dut	ties.	
	Total Employees at year end					
	Administration Staff		314	316	301	316
	Depot and Outdoors Staff		202	180	199	180
	Total full time equivalent employees		516	496	500	496
	Total Elected Members		9	9 -	9	9

6 Expenses (continued)

6(b) Materials and services

• •			Consolic	lated	Counci	il
		Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
	Contract Expenditure		6.733	7,297	6.733	7,297
	Plant Hire		7,007	6,582	7,007	6,582
	Energy (Elec & Gas)		2,125	2,085	2,125	2,085
	Agency Personnel Costs		1,088	2,022	1,088	2,022
	Repairs & Maintenance		767	1,537	767	1,537
	Consultancies		2,146	1,531	2,146	1,531
	Insurance Costs (Premium & Excess)		899	831	899	831
	Donations Sponsorships & Grants		1,055	805	1,055	805
	Communication & IT		1,487	764	1,487	764
	Licences		177	534	177	534
	Professional Development, Training		327	343	327	343
	Profess M'ship & Subscript		254	273	254	273
	Advertising & Marketing Expense		214	193	214	193
	Audit of Annual Financial Statements by Auditor-General Q	ld	85	90	77	90
	Travel & Accommodation		102	81	102	81
	Other Materials and Services		9,730	9,791	10,013	9,791
	Total materials and services		34,196	34,759	34,471	34,759
6(c)	Finance Costs					
	Finance costs charged by the Queensland Treasury Corpor	ration	1,365	1,439	1,365	1,439
	Bank Charges		96	47	96	47
	Impairment of debts		-	-	-	-
	Total finance costs		1,461	1,486	1,461	1,486
7	Capital Expenses					
	Loss on Write-Off of Assets	11	2,710	1,549	2,710	1,549
	Write up of Landfill Rehabilitation Provision expense		1,913	-	1,913	-
	Write up of Quarries Rehabilitation Provision expense		192	_	192	_
	TOTAL CAPITAL EXPENSES		4,815	1,549	4,815	1,549

8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit and other cash equivalents which are readily convertible to cash and are used in the cash management function on a day-to-day basis. They are net of borrowings that are integral to the cash management function and which are not subject to a term facility.

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

		Consolic	lated	Counc	cil
	Notes -	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Cash at bank and on hand		3,567	2,104	3,296	2,104
Cash equivalent Assets ¹ :					
Deposits at Call		36,699	51,809	36,699	51,809
Short Term Deposits		3,000	3,000	3,000	3,000
Total Cash Assets, Cash Equivalents and Investments	_	43,266	56,913	42,995	56,913

¹ Those investments where time to maturity (from date of purchase) is < 3 months

Restricted Cash, Cash Equivalents and Investments

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:

Total Unspent restricted cash, cash equivalents and investments	21,213	44,000	21,213	44,000
Total Internal Restrictions	12,652	28,912	12,652	28,912
Future Capital Works	12,652	28,912	12,652	28,912
Internally imposed Expenditure Restrictions at the reporting date:				
Total External Restrictions	8,561	15,088	8,561	15,088
Unspent Developer Contributions	4,752	3,459	4,752	3,459
Unspent Government Grants and Subsidies	3,809	11,629	3,809	11,629

8 Cash and cash equivalents (continued)

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 (e.g. unidentified deposits). Gympie Regional 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.

		Consolid	lated	Counc	cil
	Notes -	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		1,904	406	1,904	406
Security Deposits	_	249	1,619	249	1,619
Total Trust Funds held for outside parties	_	2,153	2,025	2,153	2,025

9 Receivables

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

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.

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

Loans and advances are recognised in the same way as other receivables.

		Consolid	lated	Coun	cil
	Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Current	-				
Rateable Revenue and Utility Charges		7,094	6,567	7,094	6,567
Fees and Charges		3,854	3,019	3,850	3,019
Other debtors		53	183	33	183
Accruals		725	1,508	725	1,508
GST Recoverable		63	832	63	832
Accrued Revenues - Interest on Investments		322	126	322	126
Govt. Grants, Subsidies, Contributions and Donations		-	-	-	-
Prepayments		654		599	-
Less Impairment Provision	_	(123)	(88)	(123)	(88)
TOTAL CURRENT RECEIVABLES	=	12,642	12,147	12,563	12,147
Non-current					
Loans and Advances to Controlled Entities and Associates		-	-	700	-
TOTAL NON-CURRENT RECEIVABLES	-	-		700	

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans relate to an advance made to the Rattler Railway Company Limited. Loans to various community groups and sporting bodies arise from time to time and are subject to negotiated interest rates. There are currently no loans in this category. The credit risk on these loans is considered low.

Movement in Provision for Impairment of Receivables

31	-	31
	(35)	_
(88)	(123)	(88)

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.

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

		Consol	idated	Cour	ncil
	Notes	2018	2017	2018	2017
		\$000	\$000	\$'000	\$'000
(a) Inventories held for distribution					
Stores and Materials		948	993	900	993
Quarry and Road Materials		1,734	1,867	1,734	1,867
		2,682	2,860	2,634	2,860
(b) Land purchased for development and sale					
Land purchased for development and sale		61	61	61	61
TOTAL INVENTORIES		2,743	2,921	2,695	2,921

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

Note 11. Property, Plant and Equipment

30-Jun-18		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Works in Progress	Total
Consolidated		\$,000	\$.000	\$.000	\$,000	\$.000	000.\$	\$,000	\$,000	\$.000	\$,000
Measurement Basis	Note	Fair Value	Fair Value	Cost	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		
Opening Gross Balance as at 1 July 2017		76,084	146,999	9,463	10,328	777,805	157,359	185,823	12,919	32,174	1,408,954
Correction to Opening Balance		345	'	•	•	291	•	•	(636)	•	•
Additions*		6	•	1,099	695	8,567	1,105	1,891	•	38,212	51,578
Disposals	7	(242)	•	(274)	(30)	,	•	•	,	<u> </u>	(546)
Write-Offs	7	(27)	(413)	(1,359)	ı	(3,816)	(271)	(435)	'	•	(6,321)
Revaluation Decrements to Equity (ARR)	16		•	•	•	20,189	•	'	,	•	20,189
Revaluation Increments to Equity (ARR)	16	(15,472)	15,918	•	•	•	46,864	17,080	5,865	-	70,255
Work in Progress Transfers		69	1,120	184	21	3,871	-	946	-	(6,211)	-
Closing Gross Value as at 30 June 2018		99/09	163,624	9,113	11,014	806,907	205,057	205,305	18,148	64,175	1,544,109
Opening Accumulated Depreciation		2,280	949,72	4,053	/44	127,262	69,543	54,129	18/'L	•	287,454
Correction to Opening Balance		125	•	•	•	99	•	•	(191)	•	•
Depreciation Expense		336	2,010	817	799	6,131	2,258	2,693	194	•	15,238
Disposals	7		•	(188)	(2)	•	•	•	•	•	(201)
Write-offs	7	(18)	(256)	(1,316)	•	(1,824)	(129)	(69)	•	•	(3,612)
Revaluation Decrements to Equity (ARR)	91	_	•	•	•	6,248	•	19,012	•	•	25,260
Revaluation Increments to Equity (ARR)	16	2,006	43,749	•	•	•	34,937	•	598	•	81,290
Closing Accumulated Depreciation and Impairment as at 30 June 2018	une 2018	4,729	73,159	3,355	1,541	137,883	106,609	75,765	2,388		405,429
Total Book Value as at 30 June 2018		56,037	90,465	5,758	9,473	669,024	98,448	129,540	15,760	64,175	1,138,680
Range of estimated useful life in years		Land not depreciated. Site improvements 6 - 210	12 - 200	1-25	5-20	20 - 180	10 - 100	5 - 100	17 - 120	Not depreciated	
*Asset Additions Comprise											
Asset Renewals			•	565	583	•	•	•	•	30,247	31,395
Other Additions		O		534	112	8,567	1,105	1,891		7,965	20,183
Total Asset Additions		6		1,099	695	8,567	1,105	1,891		38,212	51,578

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

Note 11. Property, Plant and Equipment (continued)

/ Iunr-ns		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Works in Progress	Total
Consolidated		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Note	Fair Value	Fair Value	Cost	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	Level3	Level 3		
Opening Gross Balance as at 1 July 2016		76,147	123,940	9,212	9,200	776,816	155,963	185,785	12,919	21,643	1,371,625
Additions*			•	1,066	1,692	801	11	22	ı	41,642	45,234
Disposals	^	(73)	•	(818)	(564)	1	•	•	•	•	(1,455)
Write-Offs	7		•	'	•	(2,492)	(192)	(169)	•	•	(2,853)
Revaluation Decrements to Equity (ARR)	16		•	,	•	(4,109)	•	•	•	•	(4,109)
Revaluation Increments to Equity (ARR)	16		•	'	•	ı	324	188	ı	•	512
Work in Progress Transfers		10	23,059	,	•	6,789	1,253	•	•	(31,111)	,
Adjustments and Other Transfers			•	•	•	•	•		•	•	•
Closing Gross Value as at 30 June 2017		76,084	146,999	9,460	10,328	777,805	157,359	185,826	12,919	32,174	1,408,954
Opening Accumulated Depreciation	L	2,021	26,023	3,503	3	122,036	67,332	51,274	1,579	•	273,771
Depreciation Expense		259	1,633	886	754	6,106	2,280	2,658	208	•	14,784
Disposals	7		•	(336)	(13)	•	•	•	•	•	(349)
Write-offs	7		•	,	•	(1,089)	(63)	(154)	•	•	(1,306)
Revaluation Decrements to Equity (ARR)	16		•	•	•	508	•	351	•	1	260
Revaluation Increments to Equity (ARR)	91		•	•	•	•	(9)	•	•	•	(9)
Adjustments and Other Transfers	16		•	•	•	•	•	•	•	•	•
Closing Accumulated Depreciation and Impairment as at 30 June 2017	June 2017	2,280	27,656	4,053	744	127,262	69,543	54,129	1,787	_	287,454
Total Book Value as at 30 June 2017		73,804	119,343	5,407	9,584	650,543	87,815	131,694	11,132	32,174	1,121,500
Range of estimated useful life in years		Land not depreciated. Site improvements 6 - 210	12 - 200	1-25	5-20	20 - 180	10 - 100	5 - 100	17 - 120	Not depreciated	
*Asset Additions Comprise											
Asset Renewals			-	1,069	1,692	801	11	22	-	17,888	21,483
Other Additions		_	-	•	•	•	•	•	•	25,604	25,604
Total Asset Additions			·	1,069	1,692	801	7	22		43,492	47,087

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

Note 11. Property, Plant and Equipment

30-Jun-18		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Works in Progress	Total
Council		\$.000	\$.000	\$.000	000.\$	000.\$	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Note	Fair Value	Fair Value	Cost	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		
Opening Gross Balance as at 1 July 2017		76,084	146,999	9,463	10,328	777,805	157,359	185,823	12,919	32,174	1,408,954
Correction to Opening Balance		345	•	'	•	291	'	•	(636)	,	•
Additions*		'		864	695	8,567	1,105	1,891	•	38,212	51,334
Disposals	7	(242)	•	(274)	(30)	•	•	•	•	•	(546)
Write-Offs	7	(27)	(413)	(1,359)	•	(3,816)	(271)	(435)	•	•	(6,321)
Revaluation Decrements to Equity (ARR)	91	•		,	•	20,189	'	•		•	20,189
Revaluation Increments to Equity (ARR)	16	(15,472)	15,918	'	•	,	46,864	17,080	5,865	•	70,255
Work in Progress Transfers		69	1,120	184	21	3,871	-	946	-	(6,211)	-
Closing Gross Value as at 30 June 2018		60,757	163,624	8,878	11,014	806,907	202,057	205,305	18,148	64,175	1,543,865
Opening Accumulated Depreciation		2,280	27,656	4,053	744	127,262	69,543	54,129	1,787	•	287,454
Correction to Opening Balance		125	•	•	•	99	•	•	(191)	•	•
Depreciation Expense		336	2,010	788	799	6,131	2,258	2,693	194	•	15,209
Disposals	7	•		(188)	(2)	•	•	•		•	(201)
Write-offs	۲	(18)	(256)	(1,316)	•	(1,824)	(129)	(69)	•	•	(3,612)
Revaluation Decrements to Equity (ARR)	91	•		•	•	6,248	•	19,012	•	•	25,260
Revaluation Increments to Equity (ARR)	16	2,006	43,749	•	•	•	34,937	•	598	_	81,290
Closing Accumulated Depreciation and Impairment as at 30 June 2018	une 2018	4,729	73,159	3,326	1,541	137,883	106,609	75,765	2,388	_	405,400
Total Book Value as at 30 June 2018		56,028	90,465	5,552	9,473	669,024	98,448	129,540	15,760	64,175	1,138,465
Range of estimated useful life in years		Land not depreciated. Site improvements 6 - 210	12 - 200	1-25	5-20	20 - 180	10 - 100	5 - 100	17 - 120	Not depreciated	
*Asset Additions Comprise											
Asset Renewals		•	-	572	583	•	•	-	-	30,247	31,402
Other Additions				292	112	8,567	1,105	1,891		7,965	19,932
Total Asset Additions				864	969	8,567	1,105	1,891		38,212	51,334

Gympie Regional Council Notes to and forming part of the financial statements For the year ended 30 June 2018

Note 11. Property, Plant and Equipment (continued)

30-Jun-17		Land and Site Improvements	Buildings	Plant and Equipment	Heavy Plant	Road, Bridge and Drainage	Water	Sewerage	Other Infrastructure	Works in Progress	Total
Council		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Measurement Basis	Note	Fair Value	Fair Value	Cost	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		
Opening Gross Balance as at 1 July 2016		76,147	123,940	9,212	9,200	776,816	155,963	185,785	12,919	21,643	1,371,625
Additions*		•	•	1,066	1,692	801	1	22	ı	41,642	45,234
Disposals	7	(52)	•	(818)	(564)	•	•	•	•		(1,455)
Write-Offs	7		•	•	•	(2,492)	(192)	(169)	•	•	(2,853)
Revaluation Decrements to Equity (ARR)	16			•	•	(4,109)	•	'	•	•	(4,109)
Revaluation Increments to Equity (ARR)	16		•	1	•	•	324	188	ı	•	512
Work in Progress Transfers		10	23,059	•	•	6,789	1,253	,	1	(31,111)	,
Adjustments and Other Transfers		•	-	•	•	•	-	-	-	-	•
Closing Gross Value as at 30 June 2017		76,084	146,999	9,460	10,328	777,805	157,359	185,826	12,919	32,174	1,408,954
Opening Accumulated Depreciation		2,021	26,023	3,503	8	122,036	67,332	51,274	1,579	•	273,771
Depreciation Expense		259	1,633	886	754	6,106	2,280	2,658	208	•	14,784
Disposals	7			(336)	(13)	•	•	•	•	•	(349)
Write-offs	7		•	•	•	(1,089)	(63)	(154)	•	•	(1,306)
Revaluation Decrements to Equity (ARR)	16		•	•	•	508	•	351	•	•	260
Revaluation Increments to Equity (ARR)	16		•	•	•	•	(9)	'	,	•	(9)
Adjustments and Other Transfers	16	_	-	•	•	•	•	•	,	•	•
Closing Accumulated Depreciation and Impairment as at 30 June 2017	June 2017	2,280	27,656	4,053	744	127,262	69,543	54,129	1,787	-	287,454
Total Book Value as at 30 June 2017		73,804	119,343	5,407	9,584	650,543	87,815	131,694	11,132	32,174	1,121,500
Range of estimated useful life in years		Land not depreciated. Site improvements 6 - 210	12 - 200	1 - 25	5 - 20	20 - 180	10 - 100	5 - 100	17 - 120	Not depreciated	
*Asset Additions Comprise											
Asset Renewals			•	1,069	1,692	801	11	22	,	17,888	21,483
Other Additions					•	•			•	25,604	25,604
Total Asset Additions				1,069	1,692	801	Ξ	22		43,492	47,087

11 Property, plant and equipment (Continued)

11(a) Recognition

Items of property, plant and equipment with a total value of less than \$5,000, except for network and 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 the 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.

11(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.

11(c) Acquisition

Acquisitions of property, plant and equipment are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including 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

11(d) Valuation

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

For 2017/2018, A management valuation was performed on the transport asset class. For other major asset classes management sourced external valuations on Land & Site improvements, Buildings, Water, Sewer and other infrastructure. These valuations were conducted by AssetVal Pty Ltd and Sheperd Services Pty Ltd.

11 Property, plant and equipment (Continued)

11(d) Valuation (continued)

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

On revaluation, 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.

11(e) 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.

11(f) Depreciation

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

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 assets at each reporting date.

11 Property, plant and equipment (continued)

11(g) Measurement

Property, Plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) 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 freight in, architect's fees and engineering design fees and all other establishment costs.

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

11(h) Fair value measurement

(1) Recognised fair value measurements

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

Property, Plant and Equipment:

- Land and Site Improvements
- Buildings
- Heavy plant
- Roads, bridges and drainage
- Water
- Sewerage
- 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. 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.

11 Property, plant and equipment (continued)

11(h) 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 assets and liabilities that have been measured and recognised at fair value:

Fair Value Measurement using:

	Level 2 Significant observable inputs	Level 3 Significant observable inputs	Total
2018	\$'000	\$'000	\$'000
Property, Plant and Equipment			
- Land and Site Improvements	5,965	50,064	56,029
- Buildings - Pensioner Units	758	1,501	2,259
- Buildings - Other	-	88,205	88,205
- Heavy Plant	9,474	-	9,474
- Roads, Bridges and Drainage	-	669,023	669,023
- Water	-	98,450	98,450
- Sewerage	_	129,541	129,541
- Other Infrastructure	-	15,759	15,759
Total Property, Plant and Equipment	16,197	1,052,543	1,068,740
2017	\$'000	\$'000	\$'000
Property, Plant and Equipment			
- Land and Site Improvements	63,427	10,378	73,805
- Buildings - Pensioner Units	372	2,960	3,332
- Buildings - Other	162	115,849	116,011
- Heavy Plant	9,584	0	9,584
- Roads, Bridges and Drainage	-	650,543	650,543
- Water	-	87,816	87,816
- Sewerage	-	131,694	131,694
- Other Infrastructure	=	11,131	11,131
Total Property, Plant and Equipment	73,545	1,010,371	1,083,916

11 Property, plant and equipment (continued)

11(h) Fair value measurement (continued)

(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 to	
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	

Site Improvements (Level 3)

Site Improvements fair values were generated using the cost approach by AssetVal Pty Ltd effective 30 June 2018. This included a physical inspect 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 utilized 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.
☐ 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).

11 Property, plant and equipment (continued)

11(h) Fair value measurement (continued)

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

Site Improvements (Level 3) (continued)

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 an 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.

11 Property, plant and equipment (continued)

11(h) Fair value measurement (continued)

Heavy Plant (Level 2)

The fair value of heavy plant is measured at current market value as at 30 June 2016 as independently determined by APV Valuers & Asset Management. The assets in this class were physically inspected in April 2016.

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 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 current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The DRC 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 comprise:

Roads

Current replacement cost:

The Council categorises its road infrastructure into urban and rural roads and the further 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.

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.

11 Property, plant and equipment (continued)

11(h) Fair value measurement (continued)

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

Infrastructure assets (Level 3) (continued)

Accumulated depreciation:

In determining the level of accumulated depreciation, 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.

Accumulated depreciation:

In determining the level of accumulated depreciation, 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 a 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:

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 accumulated depreciation, 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.

11 Property, plant and equipment (continued)

11(h) Fair value measurement (continued)

Water and Sewerage Infrastructure

Current replacement cost.

Water and sewerage infrastructure fair values were updated in line with recommendation from Shepherd Services. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

The Council region is split in to 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 accumulated depreciation, 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.

(3) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

The following tables present the changes in Level 3 Fair Value Asset Classes.

	Heavy P l ant	Buildings	Land & Site Improv'mts	Total
	\$'000	\$'000	\$'000	\$'000
Opening Balance - 1/7/16	-	97,377	10,627	108,004
Transfers from/(to) Level 2 FV hierarchy	-	-	-	-
Purchases (GBV)-	-	23,059	10	23,069
Disposals and Write-Offs (WDV)	-	-	-	-
Depreciation and Impairment	-	(1,626)	(259)	(1,885)
Revaluation adjustment in period	<u>-</u>	<u>-</u>		-
Closing Balance - 30/6/17	-	118,810	10,378	129,188
Opening Balance - 1/7/17		118,810	10,378	129,188
Transfers from/(to) Level 2 FV hierarchy	-	-	40,182	40,182
Purchases (GBV)-	-	-	-	-
Disposals and Write-Offs (WDV)	-	(413)	(269)	(682)
Depreciation and Impairment	-	(2,010)	(336)	(2,346)
Revaluation adjustment in period	-	46,227	(9,773)	36,454
Closing Balance - 30/6/18	-	162,614	40,182	202,796

			Consoli	idated	Council	
12	Intangible Assets	Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
	Intangible assets with a cost or other value exceeding \$50,000 are recognised as intangible assets in the financial statements, items with a lesser value, being expensed.					
	Opening Gross Carrying Value		1,098	1,098	1,098	1,098
	Additions		10	-	-	-
	Disposals		3	-	-	-
	WIP Transfer		-	-	-	-
	Closing Gross Carrying Value		1,105	1,098	1,098	1,098
	Accumulated Amortisation					
	Opening Accumulated Amortisation		164	52	164	52
	Amortisation Expense		115	112	112	112
	Closing Accumulated Amortisation		279	164	276	164
	Net Carrying Value at end of Financial Year		826	934	822	934

13 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.

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

		Consolidated		Counci	
N	otes	2018	2017	2018	2017
Current		\$000	\$000	\$'000	\$'000
Creditors and Accruals		2,682	3,052	2,323	3,052
Employee Related Accruals		701	609	701	609
Annual Leave		2,520	3,411	2,506	3,411
Sick Leave		2,501	2,440	2,501	2,440
Other Entitlements		301	304	301	304
TOTAL CURRENT PAYABLES	_	8,705	9,816	8,332	9,816
Non-Current					
Sick Leave		222	179	222	179
Other		-	<u> </u>	=	<u>-</u>
TOTAL NON-CURRENT PAYABLES		222	179	222	179

14 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 \$A 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 (Available from QTC Maturity Analysis). 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

	Consolidated			Council	
	Notes	2018	2017	2018	2017
		\$000	\$000	\$'000	\$'000
Current					
Loans - Queensland Treasury Corporation Current		1,204	1,132	1,204	1,132
TOTAL CURRENT BORROWINGS	_	1,204	1,132	1,204	1,132
Non-current					
Loans - Queensland Treasury Corporation Non current		18,252	19,403	18,252	19,403
TOTAL NON-CURRENT BORROWINGS	_	18,252	19,403	18,252	19,403
TOTAL BORROWINGS		19,456	20,535	19,456	20,535

The QTC loan market value at the reporting date is \$23.602 million (2017: \$25.195 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 o	floan	Movements	for	the year
Neconciliation o	LUan	MOVELLIGITS	101	tile year

Opening Balance at Beginning of Financial Year	20,535	21,729	20,535	21,729
Principal repayments	(1,079)	(1,194)	(1,079)	(1,194)
Book Value at end of financial year	19,456	20,535	19,456	20,535

15 Provisions

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.

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.

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.

15 Provisions (continued)

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. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates.

These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the facts and circumstances available at the time. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time.

Quarries are situated on Council controlled land and are classified as land and improvement assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life of the quarry. 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.

		Consolidated		Council	
	Notes	2018	2017	2018	2017
	_	\$000	\$000	\$'000	\$'000
Current					
Long service leave		4,103	4,008	4,104	4,008
Quarry Sites Landfill Sites		265	116	265	116
TOTAL CURRENT PROVISIONS	-	102 4,470	845 4,969	102 4,471	845
TOTAL CURRENT PROVISIONS	-	4,470	4,969	4,471	4,969
Non-current					
Long service leave		1,473	1,344	1,473	1,344
Quarry Sites		307	484	307	484
Landfill Sites		11,978	10,525	11,978	10,525
TOTAL NON-CURRENT PROVISIONS	_	13,758	12,353	13,758	12,353
TOTAL PROVISIONS	-	18,228	17,322	18,229	17,322
Details of Movements in Provisions					
Long Service Leave					
Balance at beginning of financial year		5,352	5,785	5,352	5,785
Provisions recognised/(derecognised)		224	-	224	-
Payments made		-	(433)	-	(433)
Balance at end of financial year	_	5,576	5,352	5,576	5,352
Quarry Rehabilitation					
Balance at beginning of financial year		600	1,941	600	1,941
Provisions recognised/(derecognised)		192	(1,174)	192	(1,174)
Payments made		(220)	(167)	(220)	(167)
Balance at end of financial year		572	600	572	600
Landfill Sites					
Balance at beginning of financial year		11,370	13,220	11,370	13,220
Provisions recognised/(derecognised)		1,913	-	1,913	-,
Payments made		(1,203)	(1,850)	(1,203)	(1,850)
Balance at end of financial year	_	12,080	11,370	12,080	11,370
	_				

16 Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do no 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.

		Consolidated		Counc	il
	Note	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Movements in the asset revaluation surplus were as follows:					
Balance at beginning of financial year Net adjustment to non-current assets at end of period to reflect a change in:		425,948	430,100	425,948	430,100
Land & Site Improvements		(17,478)	-	(17,478)	-
Buildings		(27,831)	-	(27,831)	-
Road, Bridge and Drainage		13,343	(4,319)	13,343	(4,319)
Water		12,261	331	12,261	331
Sewerage		(579)	(164)	(579)	(164)
Other Infrastructure		5,267		5,267	_
	11	410,931	425,948	410,931	425,948

No revaluation was undertaken in 2016/2017. Movements in the Asset Revaluation Reserve reflect updates to specific assets based on the application of prior period asset revaluation indices.

		Consolid	lated	Counc	il
<u>-</u>	Note	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Asset Revaluation surplus analysis The closing balance of the asset revaluation surplus comprises the following asset categories:					
Land & Site Improvements		12,828	30,306	12,828	30,306
Buildings		22,720	50,551	22,720	50,551
Road, Bridge and Drainage		273,330	259,986	273,330	259,986
Water		47,756	35,495	47,756	35,495
Sewerage		45,652	46,231	45,652	46,231
Other Infrastructure		8,645	3,379	8,645	3,379
	11	410,931	425,948	410,931	425,948

17 Commitments

Payments made under 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.

		Consolidated		Coun	cil
Operating leases	Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
Minimum lease payments in relation to non-cancellable operating leases are as follows:	-		<u> </u>	·	· ·
Within one years		144	144	144	144
One to five years (photocopier lease)		217	361	217	361
Later than five years		-	-	-	-
	=	361	505	361	505
Contractual commitments for operating expenditure					
Contractual commitments at balance date but not provided as follows:	for in the fina	ıncial statemen	ts are payable		
Refuse Disposal per year (expiry June 2021)		3,271	3,271	3,271	3,271
Engineering Building Lease per year (expiry August 2018)		33	215	33	215
Belgravia - Pools Management (expiry 20/21)		689	714	689	714
	=	3,993	4,200	3,993	4,200
Contractual commitments for capital					
Capital expenditure contracted for at balance date but not p payable as follows:	rovided for ir	the financial s	tatements is		
Capital Infrastructure		3,461	18,319	3,461	18,319
	_	3,461	18,319	3,461	18,319

			Consolidated		Council	
18	Contingent Liabilities	Notes	2018 \$000	2017 \$000	2018 \$'000	2017 \$'000
	Details and estimates of maximum amounts of contingent liabilities are as follows:					
	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 2018 should not exceed:	_	142	112	142	112
	The Council has disclaimed liability in all cases and no provision has been made within the financial statements pertaining to these claims.					

Local Government Mutual

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

As at 30 June 2018, 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.

	2018	2017
	\$'000	\$'000
The Council's maximum exposure to the bank guarantee is:	951	880

19 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.

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

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

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

The most significant risks that may result in 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.

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

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Gympie Regional Council made less than 4% of the total contributions to the plan in the 2017-18 financial year and the 2016-2017 financial year.

		Consolid	dated	Council	
		2018	2017	2018	2017
_	Note	\$	\$	\$	\$
Superannuation contributions made to the Regional Defined Benefits Fund		395	463	395	463
Other superannuation contributions for employees		3,761	3,456	3,761	3,456
Total superannuation contributions paid by Council for Employees:		4,156	3,919	4,156	3,919
		2019		2019	
		\$		\$	
Contributions council expects to make to the Regional Defined Benefits Fund for 2018-19:		408	•	408	

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

	Consolidated		ated	Council	
	Notes	2018	2017	2018	2017
	_	\$000	\$000	\$'000	\$'000
Net Operating Result from Income Statement		19,696	15,359	20,091	15,359
Non-Cash Items					
Impairment of Property, Plant and Equipment		-	-	-	-
Depreciation and Amortisation		15,361	14,895	15,329	14,895
Capital Revenue	_	(316)	(1,174)	(316)	(1,174)
		15,045	13,721	15,013	13,721
Investing and development activities					
Non-Cash Capital Grants and Contributions		(26,502)	(15,242)	(26,502)	(15,242)
Capital Expenses	_	4,805	1,549	4,814	1,549
		(21,697)	(13,693)	(21,688)	(13,693)
Changes in operating assets and liabilities					
(Increase)/Decrease in Receivables		(555)	1,390	(1,282)	1,390
(Increase)/Decrease in Inventories		178	1,321	226	1,321
Increase/(Decrease) in Payables and Accruals		(462)	3,258	282	3,258
Increase/(Decrease) in Other Liabilities		364	312	364	312
Increase/(Decrease) in Other Provisions	_	920	(3,624)	907	(3,624)
	_	445	2,657	497	2,657
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows	_	13,489	18,044	13,913	18,044

21 Events Occurring After Balance Sheet Date

There were no material adjusting events after the balance date.

22 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

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

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

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

Gympie Regional 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 the Council's investments and receivables from customers.

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

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

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

		Consoli	dated	Coun	cil
	Notes	2018	2017	2018	2017
		\$000	\$000	\$'000	\$'000
Financial Assets					
Cash and Cash Equivalents	8	43,266	56,913	42,995	56,913
Receivables - Rates	9	7,094	6,567	7,094	6,567
Receivables - Other	9	5,548	5,580	5,469	5,580
		55,908	69,060	55,558	69,060
Other Credit Exposures					
Guarantee - Local Government Workcare		951	=	951	880
Total Financial Assets		56,859	69,940	56,509	69,940

22 Financial instruments and financial risk management (continued)

Cash and Cash Equivalents

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

Trade and Other Receivables

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

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

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

		Consoli	dated	Coun	cil
	Notes	2018	2017	2018	2017
		\$000	\$000	\$'000	\$'000
Not past due:		3,694	4,572	3,694	4,572
Past due:					
Less than 30 days		1,229	95	1,229	95
31 - 60 days		257	88	257	88
61 - 90 days		103	80	103	80
over 90 days		7,236	7,224	7,857	7,224
Impaired	9	123	88	123	88
Total		12,642	12,147	13,263	12,147

22 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. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works or borrowings from 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 held by the 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	I to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
		\$'000	\$'000	\$'000	\$'000	\$'000
2018						
Financial liabilities						
Trade and Other Payables	13	2,682	-	-	2,682	2,682
Loans - QTC	14	2,443	9,772	15,954	28,169	19,456
		5,125	9,772	15,954	30,851	22,138
2017						
Financial liabilities						
Trade and Other Payables	13	3,052	-	-	3,052	3,052
Loans - QTC	14	2,443	9,772	18,397	30,612	20,535
		5,495	9,772	18,397	33,664	23,587

Council

		0-1 year 1	to 5 years	Over 5 years	Total Contractual Cash Flows	Carrying Amount
		\$'000	\$'000	\$'000	\$'000	\$'000
2018						
Financial liabilities						
Trade and Other Payables	13	2,323	-	-	2,323	2,323
Loans - QTC	14	2,443	9,772	15,954	28,169	19,456
		4,766	9,772	15,954	30,492	21,779
2017						
Financial liabilities						
Trade and Other Payables	13	3,052	-	-	3,052	3,052
Loans - QTC	14	2,443	9,772	18,397	30,612	20,535
		5,495	9,772	18,397	33,664	23,587

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

22 Financial instruments and financial risk management (continued)

Market Risk

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

Interest Rates Risk

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

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation in interest rates would be held constant over the period.

		E	Effect on Net I	Result	Effect or	Equity
Consolidated	Note	Net Carrying Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase	1% decrease \$'000
2018		\$ 000	\$ 000	\$ 000	# 000	\$ 000
QTC Cash Fund	8	36,699	367	(367)	367	(367)
Loans - QTC	14	(19,456)	-			
Net		17,243	367	-367	367	-367
2017						
QTC Cash Fund	8	51,809	518	(518)	518	(518)
Loans - QTC	14	(20,535)	-	-		
Net		31,274	518	(518)	518	(518)

		E	Effect on Net I	Result	Effect or	Equity
Council	Note	Net Carrying Amount	1% increase	1% decrease	1% increase	1% decrease
2018		\$'000	\$'000	\$'000	\$'000	\$'000
QTC Cash Fund	8	36,699	367	(367)	367	(367)
Loans - QTC	14	(19,456)	-			
Net		17,243	367	(367)	367	(367)
2017						
QTC Cash Fund	8	51,809	518	(518)	518	(518)
Loans - QTC	14	(20,535)	-			
Net		31,274	518	(518)	518	(518)

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.

22 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 and is disclosed in Note 14.

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.

23 National competition policy

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.

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

	Building Certification \$'000	Water and Sewerage \$'000	Refuse Management \$'000
Revenue for services provided to the Council	2	-	10
Revenue for services provided to external clients	317	21,891	8,266
Community Service Obligations	-	534	402
	319	22,425	8,678
Less: Expenditure	274	16,307	8,049
Surplus/(Deficit)	45	6,118	629

Description of CSO's provided to business activities:

Activities	CSO Description	Actual
		\$'000
Water and Sewerage	Council Services	534
Refuse Management	Cleaning and refuse collection services	402

24 Controlled Entities that have not been Consolidated

Council has one controlled entity that is not consolidated because its size and nature means that it is not material to Council's operations.

The net assets for the year ended 30 June 2018 follow:

Controlled Entities - Financial Results:

	Interest in Ownership %	Rever 2018 \$1000	venue 2017 \$'000	Expenses 2 2018 2 \$'000 \$'	ses 2017 \$'000	Profit / (Loss) 2018 201 \$'000 \$'0	.oss) 2017 \$'000	Assets 2018 \$'000	sts 2017 \$'000	Liabilities 2 2 2 \$ 1000 \$	ies 2017 \$'000
¹ Mary Valley Community Holding Limited	100	•	ı	•	24	1	(24)	ı	170	•	•
		•		•	24	1	(24)	1	170	•	'

¹ (2017) Mary Valley Community Holding Limited (MVCH Ltd) owns the rolling stock assets and controls the leases for the Mary Valley Rattler Steam Train Tourism Venture and wholly owns the Rattler Railway Company Limited.

(2018) On 11/07/17, MVCH Ltd resolved the company be wound up and assets transferred to the Rattler Railway Company Limited. MVCH Ltd was deregistered with ASIC 8/12/17.

² The Rattler Railway Company Limited operates the Mary Valley Rattler Steam Train Tourism Venture and is wholly owned by the Council.

25 Transactions with related parties

(a) Subsidiaries

In 2018, the group consists of Gympie Regional Council and the Rattler Railway Company Limited.

Details of the subsidiary not consolidated is disclosed in Note 24.

The following transactions occurred with subsidiary:

		2018	
Subsidiary	Grants and subsidies provided by council		ces supplied by council, on erms and conditions
	\$'000	\$'000	Details
	400		Start up funding
	200		Grant in Advance
	700		Loan
		1,167	Rolling Stock/Restoration
Rattler Railway		39	Station Security/Safety
Company Limited		352	Café/Museum Fitout
		16	Catering/Promotion
		49	Audit, Legal Fees, Pest Control, Consult Fees
Total	1,300	1,623	

		2017	
Subsidiary	Grants and subsidies provided by council		es supplied by council, on ms and conditions
	\$'000	\$'000	Details
Rattler Railway Company Limited	589	231	Railway spraying, maintenance, seed funding and sundry
Total	589	231	

The Council provides goods and services to Rattler Railway Company Limited, which is dependent on Council. All funding support given to subsidiary was agreed to by the Council for the 2017-18 financial year.

(b) Transactions with Key Management Personnel (KMP)

KMP include the Mayor, councillors, council's Chief Executive Officer and some executive management.

The compensation paid to KMP comprises:

\$'000	\$'000
1,783	1,533
93	66
-	-
	14
1,876	1,613
	1,783 93 -

Detailed remuneration disclosures are provided in the annual report.

25 Transactions with related parties

(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.

(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 within 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 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 General Purpose Financial Statements For the year ended 30 June 2018

Management Certificate

for the year ended 30 June 2018

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

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

- 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 the pages herewith, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

Cr Mick Curran

MAYOR

29 October 2018

Bernard Smith

CHIEF EXECUTIVE OFFICER

29 October 2018



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

The financial report comprises the statements of financial position as at 30 June 2018, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

I am independent of the council 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 of Queensland Auditing Standards.

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

Other information

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

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



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

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

Responsibilities of the council for the financial report

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

The council is also responsible for assessing the council's 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 2018:

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

31 October 2018

Melissa Read as delegate of the Auditor-General

lerkead

Queensland Audit Office Brisbane

Gympie Regional Council Current Year Financial Sustainability Statement For the year ended 30 June 2018

Performance Indicators Council Target 2018 2018

1 Operating Surplus Ratio

Net Result (excluding Capital Items)

Total Operating Revenue (excluding Capital Items)

-2.26%

Between 0-10%

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

Capital Expenditure on the Replacement of Assets (renewals)
Depreciation Expense

206.47%
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

Total Liabilities less Current Assets
Total Operating Revenue (excluding capital items)

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 2018.

Gympie Regional Council Current Year Financial Sustainability Statement For the year ended 30 June 2018

Certificate of Accuracy

for the year ended 30 June 2018

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

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

Cr Mick Curran

MAYOR

29 October 2018

Bernard Smith

CHIEF EXECUTIVE OFFICER

29 October 2018



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 for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

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



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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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



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

31 October 2018

Melissa Read as delegate of the Auditor-General

Queensland Audit Office Brisbane

Gympie Regional Council Unaudited Long-Term Financial Sustainability Statement Prepared as at 30 June 2018

Measures of Financial Sustainability - Council	Target	Actua				Forecast	ast				
Performance Indicators	2018	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1 Operating Surplus Ratio											
Net Result (excluding Capital Items) Total Operating Revenue (excluding Capital Items)	Between 0-10%	-2.26%	1.53%	1.40%	0.57%	0.53%	-0.41%	0.98%	2.16%	4.49%	6.73%
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											
Capital Expenditure on the Replacement of Assets (renewals) Depreciation Expense	Greater than 90%	206.47%	90.05%	93.13%	81.60%	%62'96	81.02%	86.01%	81.03%	92.37%	87.07%

3 Net Financial Liabilities

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

34 01%

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

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 position whilst also being able to meet the community's current and future needs.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have every financial performance indicators to guide our financial sustainability of all councils across Queensland. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland.

In summary, we achieved two of the three financial 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.

Throughout the financial year, these indicators are monitored as part of a full suite of financial reports. Should three be any deviation outside these parameters, the executive management and Council will be full yinformed and may take corrective action as

Gympie Regional Council

Unaudited Long-Term Financial Sustainability Statement For the year ended 30 June 2018

Certificate of Accuracy

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

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

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

Cr Mick Curran

MAYOR

29 October 2018

Bernard Smith

CHIEF EXECUTIVE OFFICER

29 October 2018



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