

# Annual Report 2013–2014





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The purpose of the Annual Report 2013–2014 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 2012–2017 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:

- infrastructure
- economic development
- engaged governance
- environment
- social wellbeing.



# Welcome from the Mayor



Cr Ron Dyne

Welcome to Gympie Regional Council's Annual Report, 2013-14, a condensed presentation of our work and successes from the past year.

The people of the Gympie region deserve a fantastic place to live, work and play – a region with a diverse, robust economy, consistent and quality services and a bright and prosperous future. Gympie Regional Council is reinforcing its reputation as working for the community by implementing impressive infrastructure projects, supporting community and cultural development, enabling economic development and collaborating on environmental initiatives.

Gympie Regional Council is committed to being strong and sustainable and to continually make a positive difference in our region. This report reflects our progress in line with the Corporate Plan and provides updates on our infrastructure, economic development, environment, governance and social wellbeing projects and plans.

As we enter another year, and close the chapter on a successful financial year, I would like to take this opportunity to acknowledge the enthusiasm and efforts of my fellow Councillors, and all Council staff led by Chief Executive Officer Bernard Smith.

I look forward to another year working together to make Gympie region the natural choice to live, work and play.

*“The people of Gympie region deserve a fantastic place to live, work and play.”*

# Chief Executive Officer's overview



Bernard Smith

Gympie Regional Council completed the 2013/14 financial year in a responsible financial position, delivering a substantial capital works budget despite increased cost pressures and low rate rises.

Meeting ever increasing infrastructure demands, providing the excellent services expected by residents and ratepayers and continually seeking value for money are ongoing challenges that Gympie Regional Council continues to meet. The delicate balance between improving key infrastructure and helping build a thriving business, industry and cultural community and keeping rates and charges as low as possible is being achieved by Council's commitment, forward thinking and dedication to the community.

Gympie region's beautiful natural assets, quality community facilities, affordable lifestyle and access to all levels of education all play a part in making Gympie region the natural choice to live, work and play.

As an organisation, we have achieved much in improving the way we go about our business over the past year, but there is still much to be done.

It's clear that local government is no longer just about the day to day runnings of a traditional Council but now has to be able to meet the needs of growing and changing communities. Gympie Regional Council will continue to build on our strengths, and seek to develop ways of working smarter together, as an organisation, with the local community and with State and Federal Governments to enable the Gympie Region to grow and prosper.

I would like to thank the Mayor, Councillors and all staff for their continued efforts in making the Gympie region a better place to live, work and play, year after year.



# Your elected Councillors



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# 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 Woollooga.

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 orientated
- 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
- experiences planned growth through continued economic development.





# Our vision and 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.* ”

## **Accountable:**

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

## **Consistent:**

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

## **Appreciative:**

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

## **Communicative:**

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

## **Respectful:**

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



# Infrastructure ... *planned, connected and safe*

*Planned infrastructure  
that meets the needs of  
the community*



## Road Asset Maintenance

Council maintains 2316 kilometres of road infrastructure—1284 kilometres of which is sealed, the balance of 1032 kilometres is unsealed. Council also maintains approximately 102 kilometres of constructed footpath, either asphalt or concrete.

## Road projects

### Monkland Street roundabout

This project involved the installation of a new 4 way roundabout to replace a conventional intersection.

### Pavement strengthening and asphalt resurfacing

The following roads and streets underwent pavement strengthening and asphalt resurfacing works as part of Council's ongoing pavement rehabilitation programme:

Exhibition Road, Duke Street, Fern Street, Parsons Road, Pine Street, Lawrence Street, Barter Street, Reef Street, O'Connell Street, Monkland Street, Henry Street, Hyne Street and Mary Street.

## Widenings and upgrades

Urban and rural streets and roads with narrow bitumen seals were improved to two lanes on the following roads:

Moy Pocket Road, North Deep Creek Road, Shadbolt Road, Hall Street Kilkivan, Panorama Drive, Flynn Road, Fritz Road, Corella Road, Curra Estate Road, Witham Road, Watson Road, Groundwater Road, East Deep Creek Road, William Street, Imbil.

## Bridge projects

The road assets include 89 timber bridges, making up a significant portion of Council's road assets. Timber bridges across the region are generally old and their components are subject to rot, accident damage and wear and tear. Maintenance costs are significant as traffic volumes grow beyond what many of these structures were designed and built for.

In 2013/14 Council's bridge crew reconstructed or upgraded six of these bridges, refurbished seven and carried out major maintenance work on 13 other bridges to keep them serviceable and safe.

## Stormwater drainage projects

In 2013/14 Council committed specific maintenance funds to commence a program to reform roadside drains. Many drains had filled with silt over time and were not functioning to protect the adjacent road pavements as required. This year the program achieved the clearing and reformation of over 60 kilometres of roadside drains on 13 arterial and sub arterial roads in the region at a cost of \$340,000.

Other stormwater drainage projects included:

- Cooloola Coast: Nautilus Drive, Sirius Court, Tuna Way, Golden Hind Avenue and Mallet Street.
- Other locations: Sunrise Circle, Norman/Coop Streets, Ada Street, Stanley Land, Station Road (rail underpass).

## Gympie Entry Statements

With support from the State Government two entry statements were designed and constructed to mark the entry to the Gympie township. These are located adjacent to the Six Mile Recreation Reserve to the south and within Chatsworth Park to the north. The statements are illuminated at night to increase visibility as well as aesthetics.

The design of the statements is unique in their construction and style, drawing elements from the Gympie region's history as well as highlighting features of the region's built and natural attractions.

## Tourism Information Shelters

Another State Government supported project was the installation of seven shelters within key locations throughout the region, fitted with tourist information signs that relate to the area for each sign as well as an overview of the Gympie Region.

Shelters include:

- Dickenson Park, Goomeri
- Lions Park, Kilkivan
- Gunalda Rest Area, Gunalda
- Chatsworth Park, Chatsworth, Gympie
- Six Mile Rest Area, Monkland, Gympie
- Les Lee Park, Tin Can Bay
- Rainbow Beach Community Centre and Park, Rainbow Beach.





# Infrastructure ... *planned, connected and safe*



## Disaster Reconstruction

Council continued to design and construct infrastructure damaged or lost as a result of the four flooding events in recent years in accordance with the requirements of the Natural Disaster Relief and Recovery Arrangements. The balance of restoration works from the 2011 and 2012 floods were completed in the 2013/14 financial year. The value of these works totalled approximately \$7.4 million. Restoration works from the 2013 events also continued in the 2013/14 financial year with approximately \$1.8 million of works completed.

## Flood resilience

Council obtained funding contributions from the State Government and commenced construction on Drummond Drive and Penny Road.

## Bikeways and pathways projects

As part of Council's Walk and Cycle strategy, constructed concrete pathways improving pedestrian access and safety were applied to the following streets:

Nautilus Drive, Coral Trout Drive, Rifle Range Road, Parsons Road, Brisbane Road, Leonard Street, Watson Road, Sorensen Road, Clarkson Drive, Henry Street, Graham Street, Tin Can Bay Esplanade (continuing renewal) and Reef Street (renewal).

## Backflow audit program

A backflow audit program was undertaken to ensure the protection of Council reticulated water infrastructure from contamination. An audit of Council buildings and facilities was conducted by the Building and Plumbing Services Branch. The Branch is now developing an annual inspection and services program for all of Council's backflow prevention devices, with the Community Development and Facilities Branch.

The audit program of the private sector commercial and multi residential buildings within the region commenced in 2014. This program will take a year to eighteen months to complete.

## Sewage Connection

Council coordinated the connection of 58 homes on the Southside of Gympie (Lindsay Street, Luckona Court, Watson Road, Farmborough Court, and Koumala Road) to Council's new sewer main. The work involved a new pump station, pressure line, sewers and house drains.

A new system of sewage pump stations, pressure pipelines and trunk sewers has been constructed to service the Monkland area. Three pump stations were eliminated and two pump stations upgraded to provide increased capacity, improved reliability, more flood immunity and an improved control system. A replacement pipeline has been constructed from Teewah Creek to the Tin Can Bay/Cooloola Cove Water Treatment Plant to provide for future growth. The pipeline provides approximately 50 per cent increase in capacity with potential for further increased capacity with a pumping system upgrade.

The construction work was undertaken by Council, with the work being carried out over three years due to delays caused by flooding, wet ground conditions and associated environmental constraints.

## *Community focused facilities and service*



### **Sports, parks and recreation**

Parks and open spaces are an important part of the health and wellbeing of the community but also provide welcoming destinations for our visitors and tourists.

Replacement of the much used picnic shelters and barbeque facilities at Phil Rogers Park and the addition of concrete connecting pathways and foreshore fencing has revitalised this popular Rainbow Beach foreshore area at a total project cost of approximately \$130,000.

The playground at Wes Mitchell Reserve at Tin Can Bay was upgraded by replacing some of the ageing equipment with \$40,000 of modern and safer components for locals and visitors to enjoy. Another \$40,000 was injected into the upgrade of the playground at McDonnell Park.

To provide a strategy for the Rainbow Beach foreshore open spaces Council consulted on and then adopted the Rainbow Beach Foreshore Development Plan.

This Plan allows Council to share its vision for these areas with the community and allows for planned development and budgeting into the future.

Overall, some \$42,000 was allocated to parks planning, with several development and master plan documents in draft form awaiting community consultation.

Maintaining what the community has is also important and nowhere is this more appropriate than in the heritage listed Gympie Memorial Park. An irrigation system was installed this year at a cost of \$80,000 to keep this iconic space looking its best all year round. This eliminates the manual watering and sprinkler rotation that had been occurring at this location which was not only time consuming but inadequate in the dry periods.

Presentation of streets is also important and Council is taking opportunities to provide colour and interest to provide style as well as substance in capital projects. The plantings and landscaping at the Monkland Roundabout was one such project as was enhancing the corner of Exhibition and Ramsay Roads in conjunction with the intersection upgrade.

This \$55,000 landscaping project has resulted in a major facelift to this prominent location in Southside.

# Infrastructure ... *planned, connected and safe*

Council provides grounds and facilities for the various sporting clubs in our community. Council partners with many sporting clubs and committees to manage these areas and is fortunate to be able to work with the volunteers who are involved.

Council, State Government and the various sporting associations co-funded a number of improvements to facilities in the Region.

These include:

- One Mile Ovals – Lighting Upgrade of Jim Geiger Oval
- Albert Park – Lighting Upgrade of Touch Fields 1 and 2 and upgrade of lighting on the western end of main oval
- Jack Stokes Oval – lighting upgrade of main field and two training fields.

## Disaster management

Acknowledging its significant role in local disaster management, Council committed funds to a dedicated role of Emergency Management Coordinator which commenced in early 2014. The function of the position is to ensure readiness in our systems and people and build resilience in the community so we deal effectively when emergency events occur. To assist the coordination and recording of activities during emergency events a specialist computer program 'Guardian' has been commissioned and staff trained in its use. This system is widely used across local governments in Queensland and will help us to manage the multiple and various requests and actions that occur during emergencies.





## *Comprehensive community and corporate asset management*



### myData Software Implementation Project

Council's asset registers of all categories are currently going through an improvement process. Asset registers will be consolidated to one source of truth by means of a new corporate asset management software system called myData supplied from Assetic Pty Ltd. The benefits include reduced ongoing asset data management costs, improved asset data integrity and better whole of Council asset register reporting. Other improvements include rigid asset whole of life business processes, for acquiring, maintaining, renewing and disposing of a Council asset and integration with GIS for all asset categories. Overall, asset owners throughout Council will have control over the day to day management of their asset data and better reporting for their area. Future asset system improvements will include field access to asset data and links to the asset maintenance system.

### Fleet Management

Council's maintenance and construction program requires a reliable fleet of plant and equipment. The current fleet has a wide variety of items and illustrates the breadth of works that Council undertakes. The current value of Council's fleet of plant and equipment is approximately \$30 million. The 2013/14 plant replacement budget was \$3,790,000.

There are over 770 significant plant items including:

- 72 Heavy plant
- 375 Light Plant
- 124 Light vehicles
- 69 Trucks
- 88 Trailers
- 42 miscellaneous.

Operating costs including repairs and maintenance for this year were almost \$3,100,000.

# Economic development ... *vibrant, strong and resilient*

*Diverse regional  
business and  
industry development*



The Gympie Region Economic Development Strategy 2014–2019 focuses on Gympie, being 'perfectly placed for growth'. The strategy nominates six 'game changers' as the key projects to be pursued to change the region's economy, for the sustainable future. These 'game changers' are:

- actively lobby for the Bruce Highway upgrade commitments
- progress implementation of the Mary Valley Economic Development Strategy
- flood mitigation for business and industry
- progress the development of the Rainbow Beach Masterplan
- develop a strategic partnership with regional education providers
- market the Gympie region as an industry hub for both emerging and established industries.

## *Business development – focus on development of a culture of innovation*



Council provided support to regional businesses and entrepreneurs through a wide variety of business development workshops and events. The 2013/14 financial year saw a focus on innovation in business and providing information and facilitation to help develop the capacity and capability of our regional businesses to take advantage of opportunities to grow their businesses including:

- 34 Forums/workshops/seminars held with over 290 participants
- tendering for Government Business workshops held with 30 attendees
- manufacturing Best Practice event held attended by high performing regional manufacturers
- Ideas 2 Market – new idea and product development workshop
- Gympie Regional Council partnered with Bundaberg Regional Council to host the “Digital Enterprise Program”. Four workshops were held over a four month period, attended by 48 businesses.

### **Mary Valley Economic Development – Mary Valley Field Days and Planning for Farming**

The Economic Development Unit partnered with Mary Valley Country Harvest in the delivery of a series of workshops and farm field days with a focus on information sharing information and preparing new and existing landholders to get the most from their properties.

A first for Council’s Economic Development Unit was the Centre for Regional Innovation Project being trialled in the Gympie region. Local company Suncoast Limes was selected to take part and is reaping the rewards of adopting a culture of innovation in their business.

### **Gympie Gold Regional Produce (agricultural value-adding and food processing industry development)**

Focus on support of the region’s producers and processors in the food industry continues with workshops/forums/events coordinated to promote the Gympie regions food and culinary tourism industry.



# Economic development ... *vibrant, strong and resilient*

In March 2014 celebrity chef, Matt Golinski was appointed as the Gympie region's Food and Culinary Tourism Ambassador. Matt has had a long association with our region and our regional producers and is hard at work promoting the Gympie region. The Gympie region and its food industry were showcased at events including:

- Gympie Show
- Regional Flavours at South Bank Parklands – estimated attendance of 25,000
- Good Food and Wine Show at Brisbane Convention and Exhibition Centre – estimated attendance of 40,000
- Fine Food Queensland at Brisbane Convention and Exhibition Centre – estimated attendance of 25,000
- FlavourFest at The Pavilion, Gympie.



## Regional Economic Development

Gympie Regional Councils Economic Development Unit is part of the Wide Bay Burnett Regional Economic Development Advisory Committee and has been part of the development and delivery of projects targeted at growing our regional economy, diversifying and adding value to our regional business and refining the way we work together across the region:

- Independent Broadband Testing Report (January 2015) – identified mobile telephone blackspots in the region to assist with lobbying for infrastructure upgrades by telecommunications carriers
- Liveable Cities Liveable Towns project – focused on regional promotion and branding to help increase awareness of the region and its lifestyle and business opportunities

## Measuring our business economy

Business Confidence Survey – Regularly receiving on average over 200 responses from the business community, this biannual survey provides accurate and important information about regional business health.

## *Improved employment opportunities*

The Gympie Regional Careers Expo 2014 is the premier education, training and employment exhibition in the Wide Bay region. Held since 2009, the expo has been the leading platform for organisations to present career pathways and further education opportunities – not only to school leavers and their parents, but also to members of the community who wish to increase their skills or employment prospects.

This year, the expo featured more than 50 displays, representing education, trade, government and the private sector. The friendly and informal character of the event provided a welcome and unique environment for employers, career advisors and education and training providers to communicate directly with thousands of jobseekers and students.

## Planned development for a growing community

A total of 153 development applications were decided and issued in the reporting period, as outlined in the following table.

TYPE OF APPLICATION	NATURE OF APPLICATION	APPLICATIONS APPROVED
Material Change of Use	Residential	35
	Commercial	22
	Industrial	9
	Environmentally relevant	2
	Other	15
Reconfiguring a Lot	Subdivisions	30
	Boundary realignments	10
	Access Easements	4
Operational Works	Works	20
	Advertising devices/signs	6
TOTAL		153





# Engaged governance ... *cohesive, responsible and transparent*

## *Transparent and accountable service delivery*



### **Customer Contact Centre**

Council is committed to the provision of professional and quality customer contact services. The continuing development of the contact centre as a 'one stop shop' will drive consistency in processes and service delivery across the organisation. This facility coordinates telephone enquiries for the organisation and operates 24 hours, seven days-a-week.

During the period, 40,674 calls were received with 70.14 per cent of calls answered in less than 30 seconds and an average call duration of two minutes and 55 seconds. Customer Contact Centre staff are assisting the callers directly wherever possible without transferring calls.

### **Information Systems ICT Strategic Review**

A comprehensive, formal corporate Information and Communication Technology (ICT) systems review was undertaken during the period. The purpose of the review was to determine how corporate systems can best meet operational, legislative and audit needs. The review is a preliminary stage to developing a formal ICT Strategic Plan.

### **Storage/Backup Infrastructure Upgrades**

ICT implemented a new corporate data backup system using the latest available technology for disk based backup. This new system has provided increased capacity and higher resiliency ensuring Council's corporate data remains fully recoverable.

### **Core server infrastructure room**

Council's core server infrastructure was relocated into a purpose built server room, ensuring security of equipment and removal of environment risks associated with its previous location.

### **Active Directory Migration**

Council's core directory server which is responsible for security of PCs, files and printing was migrated. The upgrade involved migration of more than three million files, 250 permission groups, 266 users and introduced 266 computers into the new Active Directory Domain. The upgrade has the following benefits:

- increased performance, capacity and security
- introduced staff roaming capabilities
- improved backup
- improved PC and software deployment
- aligns security directory with Council's corporate applications.



## *An organisational culture of continuous improvement*



### **Continuous improvement**

Council is constantly looking for ways to improve customer service and delivery of outcomes. At the heart of this process is the adoption of efficient and effective processes. Council is now building on its strong past with a structured and formalised approach to improvement. This will ensure Council remains efficient and effective in the delivery of services to our number one stakeholder – the region's residents.

Council has completed its second round of continuous improvement projects and recommendations are now being implemented. The projects focused on project management, land search processes, incoming grants processes, electronic document management, and roadside spraying activities. Among the outcomes, Council will have a Project Management Framework developed to ensure improved consistency in project delivery for all corporate and capital projects. Other processes have been centralised to improve efficiency and accuracy.

Gympie Regional Council was one of 88 Councils that participated in a benchmarking project conducted by Bass Coast Shire Council. The project identified 11 service delivery and cost efficiency improvement opportunities for Council, to all of which Council is responding with improvement activities.

### **Risk management**

It has always been Council's policy to minimise risk while maximising opportunity. Regulatory requirements are strengthening these processes to ensure consistency and transparency of decision making. Changes in the *Local Government Act 2009* (Act) strengthen reporting requirements in this area with the need for a formal Risk Management Plan and Risk Register. These will address significant strategic risks, assigning roles and responsibilities for the tasks associated with risk management.

Lower level operational risk will continue to be managed within operational teams and management. Progress on risk management and emerging significant risks are reported to the Audit and Risk Management Committee.

# Engaged governance ... *cohesive, responsible and transparent*

## Quality documentation

Council endeavours to ensure that documents relating to our systems of work and information and forms used by the public are accurate and current.

We also maintain documents that are no longer used in the corporate record, in case they are required in the future. Documents are reviewed if there is a change in the system or legislation, if a change is suggested by the public or employees, or by audits, for example. This review often results in documents being removed from use (archived) because they no longer meet a business need.

	2011–2012	2012–2013	2013–2014
Total document count	4956	5326	5929
Documents in use	2639	2859	2744
Revisions each year	1594	1981	1810
New documents	343	370	187
Newly archived	251	220	417

	2011–2012	2012–2013	2013–2014
Number of media releases and press statements	300	126	139
Number of Right to Information/ Information Privacy applications	7	9	12
Number of staff employed at Council	479	459	443
Number of meetings (Ordinary and Standing Committee) held	61	20	19
Unique visitors to the website		85,726	86,394
Total number of website page views		677,613	439,646

## *Responsible employer*



Council continued to be a responsible employer maintaining a working environment focused on the safety, development and retention of staff.

### Training and development

Council has organised and facilitated over 250 separate training courses for staff in the past 12 months.

### Payroll

In an effort to reduce paper and mailing processes, Council now emails payslips to 75 per cent of staff.



### Recruitment

To improve our recruitment processes, Council has implemented an online candidate management system called SCOUT. This enables potential candidates to experience easier submission of their applications, and provides our staff with better tools to administer the application process.

### Work health and safety

Council strives to achieve a number of positive work health and safety indicators annually; fortnightly team meetings with field staff, monthly team meetings with office staff, and 500 safety conversations across the organisation among other action planning strategies.

Council tracks indicators such as days lost due to injury and lost time claims. The results for 2013-14 are outlined below:

- Lost time claims: 18
- Days lost due to injury: 430
- Lost time claims frequency rate: 22.13/1,000,000hrs worked
- Duration rate: 23.8 days.

### Organisational Development

The STOPLine hotline service has been implemented within Council. It is a confidential and anonymous alternative to report workplace issues and is available to all employees. As part of Council's commitment to an open and transparent workplace, it's important that Council's employees have a channel to openly raise any concerns should they feel unable to do this with management.

Council has an ongoing commitment to the health and wellness of our employees. This year, we have implemented the "No More Butts" program which supports staff who wish to give up smoking. Council has also introduced the Fitness Passport program which gives staff access to participating gyms and pools in the Gympie and Sunshine Coast regions at very reasonable rates.

### Business Planning

The Office of the CEO is now partnering with all 31 of Council's internal business functions to provide business planning support. The planning program has been designed to challenge Council's business functions to continually add value to what they do for their customers.

# Environment ... *sustainable, managed and healthy*

## *Healthy and safe environment*



### Environment Strategy

Sixty-five actions from Council's Environment Strategy have been implemented to date.

### Environment Levy Community Group Grants

A total of \$123,211 was allocated under the Environment Levy Community Group Grants to natural resource management groups in the 2013-2014 financial year.

- Australian Macadamia Society Ltd as Trustee for the Macadamia Conservation Trust.
- Conservation Volunteers Australia.
- Gympie and District Landcare Group Inc.
- Cooloola Coastcare Association Inc.
- Cooloola City Farm Nurseries Inc.
- Mary River Catchment Coordinating Committee.

### Environmental Health and Regulatory Services Branch

- Implementation of cemetery database transferring spreadsheet information into Council's Authority software.

- Pre-digging of 21 graves at the Gunalda cemetery and installation of a new concrete headstrip.
- Regulation of 317 food business licences throughout the region.
- Licensing function for Council regulated Environmentally Relevant Activities (ERAs) pursuant to the Environmental Protection Act 1994 handed back to the state.
- Joint mosquito survey with Environmental Health Officers from Queensland Health conducted in the western townships including Woollooga, Widgee and Goomeri.
- Number of students participating in Animal Responsibility Program – 604.
- Number of dogs registered with Council under the Animal Management (Cats and Dogs) Act 2008 – 4174.
- Council resolved to no longer require registration of cats.
- Number of impounded dogs – 511.
- Number of impounded cats – 477.



## *Responsibly managed environmental practices*



### **Waste Management**

In 2013/14 Council commenced implementing its regional waste management strategy 2013-2020 which will be an ongoing process. One of the objectives of the strategy was to provide a uniform refuse and recyclables service across the region. The new waste and recyclables collection contract was awarded this year to provide uniform efficient and reliable service to most properties in the region.

This new contract which will commence on 1 July 2014 will provide kerbside recyclables collection to over 1200 properties which did not have access previously and assist in minimising waste to landfill. Council collects over 20,000 waste bins weekly and 20,000 recycling bins fortnightly with collection costs alone being over \$3 million per year. In 2013/14 Council completed the construction of a new landfill waste disposal area at its Bonnick Road waste facility at a cost of almost \$3 million.

This landfill area is environmentally superior to those of the past because it ensures full containment of waste and leachate and minimises the adverse effects on surface waters and groundwater.

The landfill area includes a geo-synthetic clay liner (GCL) and a low permeability clay layer overlaid with drainage aggregate to contain, collect and control landfill leachate.

A leachate pump well and pump system will be in operation to ensure that any liquid material that has elevated concentrations of contaminants is recirculated into the landfill where it is fully contained.

Completion of the new landfill area will provide waste disposal certainty to the Gympie region for the next few years while longer term options are explored. As a part of Workplace Health and Safety improvements at Bonnick Road, public access was separated from the tip face and self-hauled waste is now transferred from the public access disposal area to the tip face where kerbside collection trucks and other commercial trucks unload their waste.

Council also commenced preparation of the Landfill Rehabilitation Plans for active and closed landfills in the region with the aim to control and mitigate adverse environmental impacts from the past disposal operations.

### **Lands Protection**

In 2013/14 Council increased its resources in the Lands Protection area lifting its inspection capacity from 300 properties per month to 400, resulting in almost 5,000 properties inspected for pest plants. Council is currently focusing on the declared weeds parthenium, groundsel, giant rats tail grass, fireweed and salvinia which have the greatest potential to impact on the local agricultural economy. Where weeds are identified on private properties, Council contacts property owners and advises on how to best address the problem.

# Social wellbeing ... *active, diverse, creative and empowered*

## *An active community for all ages*



### **The Noise Crew**

The Noise Crew is a team of young people who actively contribute to the planning and implementation of a wide range of community-based projects and provide a forum for young people within the Gympie region. The team held 36 meetings during 2013-14 to express ideas, promote initiatives and put forward proposals.



The Noise Crew host in excess of 80 recreational and community-based events per year and promote local performance artists through the provision of performance spaces at events. The committee also sponsor a youth prize and offer financial support to other youth initiatives.

### **Community Organisations Support**

Four hundred and forty-eight community organisations have been supported in 2013/14. These organisations have been assisted with sourcing funding, governance, compliance, forward planning, marketing, incorporation and windup of associations during this time.

### **Community Training**

The Gympie Regional Council has partnered with the Department of National Parks, Recreation, Sport and Racing's Sport and Recreation Services to deliver training to sport and recreation organisations and two grants workshops have been facilitated for community organisations throughout the region over 2013/14. Seven workshops were scheduled with 34 organisations being represented.



## *A vital community*



### **Kilkivan and Kandanga 'Our Towns' Project – public realm improvements**

- Assist in ensuring the ongoing sustainability of the townships, as attractive and desirable places to live, work, recreate and visit.
- Improve upon the existing character and amenity currently enjoyed by residents and visitors.
- Contribute to strengthening the sense of place and unique identity of the townships.
- Include the addition of small scale, low maintenance entry statements, street trees, landscaping and/or street furniture.
- First round of improvements saw streetscape improvements and planting for Bligh Street, Kilkivan and an improved War Memorial and surrounds in the heart of Kandanga.
- Each of the projects were achieved thanks to \$63,000 of additional funding per project from the Department of Local Government, Community Recovery and Resilience.



# Social wellbeing ... *active, diverse, creative and empowered*

## Gympie Town Centre Revitalisation Strategy Projects

- Mary Street is the original heart of Gympie and should continue to be seen as the retail and community hub of the region. Council will continue to play a lead role into the future, to ensure that this is achieved.
- A high quality and valued central business district contributes significantly to a prosperous and 'livable' region, supporting the economy and attracting people to visit, live, work, play and invest.
- A vibrant centre also provides opportunities to celebrate arts, tourism and culture and enables healthy lifestyles and community interaction, which influence our physical and mental health and wellbeing.
- As part of the Gympie Town Centre Revitalisation Strategy, Council is continuing to progress a number of priority projects to support the economy and attract people to live, work, play, visit and invest. Projects include:
  - Branding and Marketing Strategy and Town Centre logo development
  - Smithfield Street Concept Design for public realm improvements, Nelson Reserve/Memorial Park Master Plan and Town Centre Parking Assessment
  - Overall Urban Design Palette and Concept Design for Civic Precinct (Mary Street between Monkland and Channon Streets) public realm improvements.
- To support the projects a Town Centre Revitalisation Strategy Community Reference Group was formed and three days of preliminary consultation was undertaken at the Gympie Show to inform the planning process.



## *A region of education and learning*



Gympie Regional Libraries provide a community focused service to build family and digital literacy skills, foster life-long learning, connect people with information and ideas and preserve information and knowledge for future generations. Clients visit the library to read, learn, relax, study, work, play, connect with others and find the right answers to their questions.

Gympie Regional Libraries continued to be a community hub of activity during 2013/2014. Library services to the community have been enhanced and updated with the introduction of self service at Gympie Library and a library system upgrade to Spydus 9. Gympie Library also conducted a survey and implemented a trial of extended library hours that was well received by the community.

Gympie Regional Libraries receive financial assistance from the Queensland Government through State Library of Queensland and this year used this funding to implement Freegal. Freegal provides library members with free access to downloadable music.

Clients can download three songs per week from an extensive music catalogue that includes traditional, world and contemporary music.

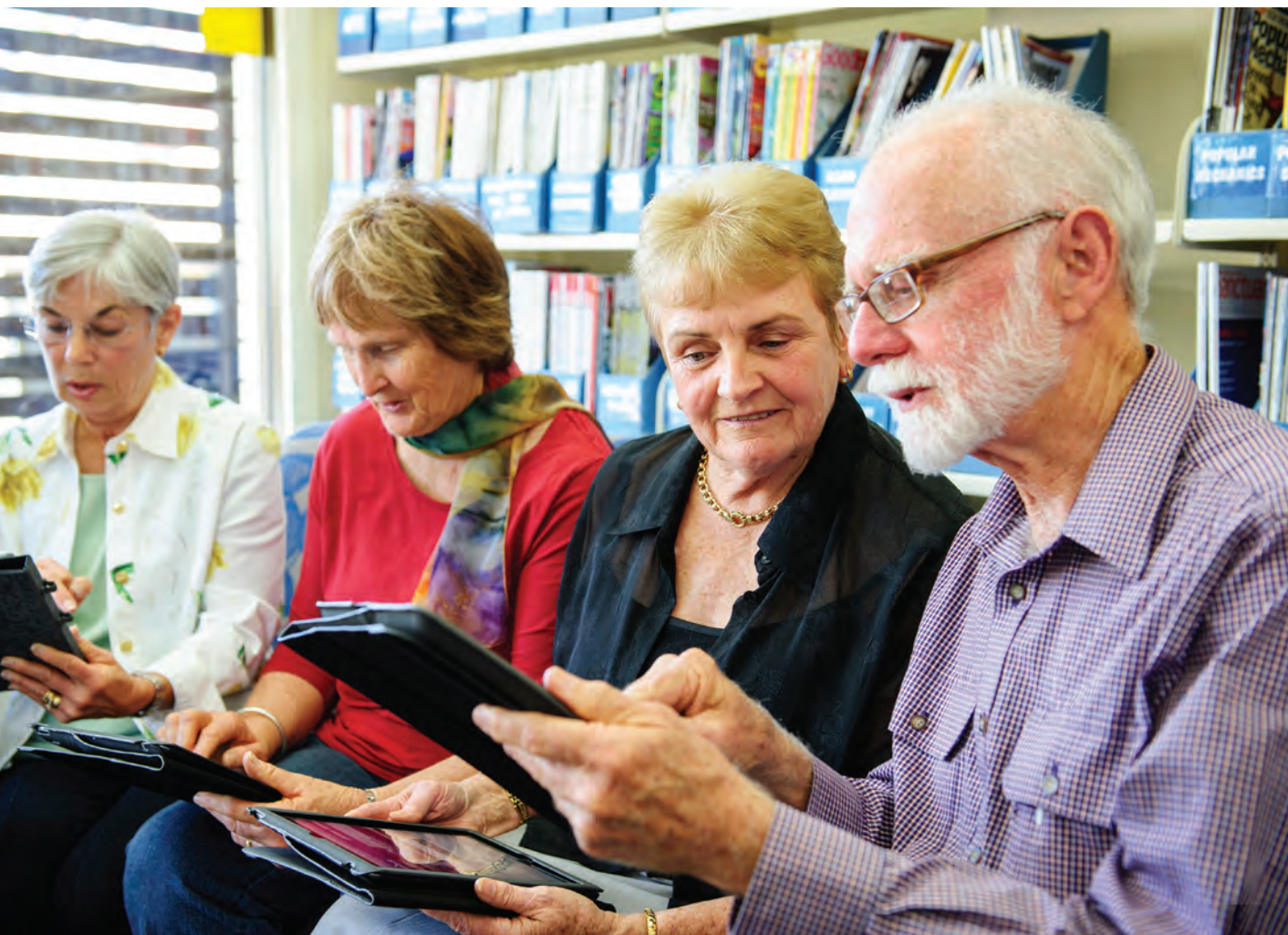
Gympie Regional Libraries support childhood literacy across the region with the popularity of Baby Bounce, Pre-School Rhyme Time sessions and school visits continuing to grow. The Home Library Service supports people staying in their homes for longer by providing access to library services with the support of Friends of Gympie Regional Libraries volunteers.

The library service has worked with community organisations and institutions including the Gympie RSL sub branch and East Coast TAFE to provide a wide range of workshops and activities in 2013/2014 including:

- World War I research sessions
- book clubs
- ancestry workshops
- educational workshops
- book launches
- Bendigo Literary Awards
- author visits
- East Coast TAFE Literary Art competition
- writer's group
- Adult Learners Week activities



# Social wellbeing ... *active, diverse, creative and empowered*



Visits to Gympie Regional Libraries	
2012/2013	236 586
2013/2014	243 616
Website visits	
2012/2013	55 311
2013/2014	80 209
eLibrary loans and downloads	
2012/2013	1 261
2013/2014	8 805

OVERDRIVE LOANS AUGUST 2013 – JUNE 2014	
eAudiobook loans	147
eBook loans	809
Total Loans	956

	2011–2012	2012–2013	2013–2014
Number of library loans	426,664	407,236	407,382
Number of library membership	24,867	27,045	22,509

## A valued heritage and creative community



### Gallery

2014 began with the Gympie Regional Gallery's "sweet sixteenth" birthday that coincided with *Bizzart Day* and the first of three Suitcase Markets for the year. The Gallery reception desk was revamped to open up the foyer area and give more comfort to the volunteers.

The bi annual Friends of the Gallery Tuesday Art Group *Bendigo Bank Andrew Fisher Portrait Prize* competition attracted entrants from across Queensland, making it a colourful and varied exhibition.



The *Holiday Fun* brochure that combined Council holiday activities for young people has been a great way for the community to see what is on offer across Youth Development, Libraries and the Gallery during holiday periods. *Tiny Tots Artplay* for children under three years have been popular and this year the *FOGlets Art Group* was split into two sessions every first Saturday of the month.

Now in its fourth year, the *Youth+Artists=Connections Project* gave young people the opportunity to work within a local artist's studio.

The Gallery has offered programs for youth after school, tours for people living with dementia, exhibition information sessions for volunteers and various workshops that complement the thirty three exhibitions on view throughout the year.

Number of exhibitions	33
Recreational workshops and events held on Council premises	74
School holiday events	53
Number of young people participating in school holiday activities	708



# Social wellbeing ... *active, diverse, creative and empowered*

## Regional Arts Development Fund (RADF)

Gympie Regional Council again has partnered with Arts Queensland to deliver the Regional Arts Development Fund 2013/14. Through 2013/14 the Gympie Regional Council RADF Committee funded \$49,502 in 15 applications over two rounds.

Applications consisted of three developing regional skills, seven building community cultural capacity, three cultural tourism, one contemporary collections/stories and one concept development application.

RADF 2013/14 Funding Summary:

	Applications Received	Applications Funded	Funding \$ Requested	Funding \$ Approved
Round 1	6	5	\$32 390	\$22 390
Round 2	9	6	\$53 115	\$20 906
Quick Response	4	4	\$6 206	\$6206
TOTAL	19	15	\$91 711	\$49 502

## Tracks and Trails Plan

The Gympie Region provides a unique and diverse range of off-road tracks and trails for use by residents and visitors and Council are preparing a plan to deliver progressive improvements to the network.

The overall purpose of the Plan is to ensure that a variety of tracks and trails are available for residents and visitors to enable the safe enjoyment of the Gympie Region through passive recreation activities either by walking, by bicycle or by horseback.

The plan focuses on land that is publicly owned, to enable the uninhibited access of all users to the tracks and trails of the Gympie Region.

The draft plan has been prepared following extensive preliminary public consultation to ensure the specific user groups which access unsealed tracks and trails inform the identified trail improvements and priorities. A draft plan has been prepared for Council consideration, which will serve as a guiding document for track and trail priorities into the future, as well as providing information regarding the existing network.





## Cooloola Coast Interactive Heritage Displays

Council has recently delivered an Interactive Heritage Display for promotion of the heritage of the Cooloola Coast. In the absence of a dedicated museum within townships on the Cooloola Coast (including Tin Can Bay, Rainbow Beach and Cooloola Cove), Council undertook this project with the motivation to provide locals and tourists alike with a resource relating to the history and heritage of this part of the Gympie region. What has been delivered is a contemporary piece of equipment that presents relevant historical information in a modern and readily accessible way.

## Gympie Region Heritage Trail

The second stage of the Gympie Region Heritage Trail is nearing completion, following on from the success of Stage 1 which was completed a couple of years ago. This stage is an extension to the existing Heritage Trail, and the design of signs and broader branding of the trail has remained the same throughout the trail.

The project has incorporated three main aspects outlined as follows.

- The design, wording and manufacturing of new signs/plaques to be erected on property frontages or building facades as an on the ground experience. Pictures have been sourced where possible to provide trail users with a 'then and now' perspective of what the buildings/sites looked like in the past and then can be compared to a modern view when being viewed in the street or on a property frontage.
- The updating of the Gympie Region Heritage trail brochure to incorporate a more modern DL format more suitable to tourist information brochures. The map is double sided, and has incorporated the new properties in its design.
- The ongoing upgrading of the Gympie Region Heritage Trails website to incorporate new properties, and in a more user friendly format.

The new properties include: Australian Joint Stock Building, Boobyjan Homestead, Crawford and Co. Building, Gympie Ambulance Station, Monkland State School Residence, Pettigrews Cooloola Timber Tramway Complex, Railway Hotel, Royal Bank of Queensland, Smithfield Chambers, St Patrick's Church, Surface Hill Uniting Church and Tozer's Building.



# 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.

Details of the facilities provided to Councillors is contained in the Councillor Expenses Reimbursement Policy available from Council's website.

Remuneration for the period 1 July 2013 to 30 June 2014						
COUNCILLOR	SALARY	LOADING	REMUNERATION NETT	SUPER	REIMBURSEMENTS	GROSS TOTAL
DYNE	\$112,462.00	\$0.00	\$112,462.00	\$13,495.44	\$5452.14	\$131,409.58
PERRETT	\$70,289.00	\$0.00	\$70,289.00	\$8434.68	\$237.10	\$78,960.78
CURRAN	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$0.00	\$66,915.52
FRISKE	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$99.90	\$67,015.42
GATE	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$1116.67	\$68,032.19
McDONALD	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$124.86	\$67,040.38
PETERSEN	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$43.19	\$66,958.71
SACHS	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$34.55	\$66,950.07
WALKER	\$59,746.00	\$0.00	\$59,746.00	\$7169.52	\$155.42	\$67,070.94

## Meetings attended

The number of local government meetings that each Councillor attended during the financial year is recorded in accordance with s 186(c) of the Regulation. No special meetings were held.

COUNCILLOR	NO. OF MEETINGS
DYNE	14
PERRETT	18
CURRAN	19
FRISKE	16
GATE	18
McDONALD	13
PETERSEN	18
SACHS	19
WALKER	18

## 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	TWO
(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	NIL
(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	NIL
(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



# Councillor reporting requirements

## Executive remuneration

In accordance with s 201 of the Act, the total of remuneration packages payable to senior management during the period was \$1,248,440.

PACKAGE BAND	NUMBER
\$100,000-\$199,999	4
\$200,000-\$299,999	2

## Particular resolutions

As required by s 185 of the Regulation, please see Appendix A.

## 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. During the period 26 administrative action complaints were received with 25 of those complaints being fully resolved.

One complaint received during the period remained outstanding as at 30 June 2014. There were no complaints received in a prior financial year that were left unresolved. Further detailed information in relation to Council's complaints management processes is available from our website.

## Overseas travel

Mayor Ron Dyne travelled to Dallas Fort Worth and Houston, Texas, United States of America across the period 8 – 17 March 2014. Total costs incurred as a result of this travel amounted to \$8969.

Mayor Dyne and Mr David Gibson, Member for Gympie were invited by Premier Campbell Newman to be present for the announcement of the granting of a licence to Australian Quarter Horse Racing Development Pty Ltd and a development lease to establish a National Centre for Quarter Horse Racing in the Mary Valley. The announcement was made on Tuesday 11 March 2014 in Houston, Texas. Mayor Dyne attended site visits to various Quarter Horse racetracks and attended meetings with American Quarter Horse industry representatives.

The establishment of a Quarter Horse industry will provide a boost to the economy of the Mary Valley, the Gympie region and to Queensland. No additional overseas travel was undertaken by Councillors or Council employees during the period. (Refer s 188 of the Regulation.)

## 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
- Contracts Register
- Delegations Register
- Fees and Charges Register
- Gifts/Hospitality Register
- Local Heritage Register
- Local Laws Register
- Register of cost-recovery fees
- 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
- Restricted Dogs Register
- Road Register.

## Expenditure on grants to community organisations

As stipulated by s 189 of the Regulation, the following tables outline the funds supplied through community grants. There were no Councillor discretionary funds established during the period in accordance with s 109 of the Act.

A total of \$334,785 was allocated via financial assistance grants across the period.



# Organisational reporting requirements

## Community Grants 2013-2014

CIVIC CEREMONIES	AMOUNT
Australia Day functions	\$9160
Anzac Day Functions	\$7387
<b>TOTAL</b>	<b>\$16,547</b>
CULTURE	AMOUNT
Cooloolo Aboriginal Services Inc.	\$800
Dingo Creek Wine and Cheese Festival	\$500
Gympie & District Eisteddfod Assoc. Inc.	\$4000
Gympie Regional Mayoral Prayer Breakfast	\$900
Gympie Regional Council - RADF	\$25,000
Mary Valley Arts Link	\$200
<b>TOTAL</b>	<b>\$31,400</b>
EDUCATION, SPORT AND RECREATION	AMOUNT
The Albert Bowls Club Inc.	\$400
Goomeri State School P-10 P&C	\$350
Gympie & District Hockey Assoc. Inc.	\$14,746
Gympie & District Woodworkers Club Inc.	\$200
GRC Speech Night Bursaries	\$1050
Gympie AFL	\$16,000
Gympie Bowls Club Inc.	\$600
Gympie Cooloolo Veterans Tennis Assoc Inc.	\$3,200
Kandanga Bowls Club Inc.	\$400
Rainbow Beach Surf Life Saving Club Inc.	\$1500
Tin Can Bay Country Club Inc.	
Tin Can Bay Ladies Bowls Club	\$200
<b>TOTAL</b>	<b>\$38,646</b>

MISCELLANEOUS	AMOUNT
Lake Borumba Fishing Club	\$6000
<b>TOTAL</b>	<b>\$6000</b>
PUBLIC FACILITIES	AMOUNT
Cooloolo Human Services Network Inc.	\$2000
Glastonbury Hall and Recreation Assoc. Inc.	\$2650
Goomboorian Memorial Hall Committee Inc.	\$200
Gunalda Hall Committee Inc.	\$1000
Gympie and District Historical Society	\$14,000
Gympie Senior Citizens Centre Inc.	\$25,000
Kandanga Cemetery Assoc. Inc.	\$12,988
Kilkivan & District Historical Society Inc.	\$5000
Long Flat Hall Committee Inc.	\$8960
Mary Valley Show Society Inc.	\$3567
Mothar Mountain Hall Committee Inc.	\$3406
Queensland Country Women's Assoc. Miva Branch	\$1469
Theebine Memorial Recreational Centre Inc.	\$1000
Tin Can Bay Resource and Referral Assoc. Inc.	\$5820
Vietnam Veterans Assoc. Aust. Cooloolo Coast	\$3800
GRC Hall Contributions (27 halls)	\$27,000
<b>TOTAL</b>	<b>\$117,860</b>
WELFARE	AMOUNT
Cooloolo Coast Medical Transport	\$1000
Little Haven Cooloolo/Sunshine Coast Palliative Care Inc.	\$1000
<b>TOTAL</b>	<b>\$2000</b>

SAFETY	AMOUNT
AGL Action Rescue Helicopter	\$10,000
<b>TOTAL</b>	<b>\$10,000</b>
REGIONAL PROMOTION	AMOUNT
Apex Club of Gympie Inc. Santa Fair and Carols Committee, Combined Churches	\$5000
Cooloolo Community Arts Council Inc. (Coolarts Gympie)	\$1619
Rotary Club of Gympie for DJ Roly Disco Hire	\$3000
Goomeri Pumpkin Festival Inc	\$15,513
Gympie & District Beef Liaison Group Inc.	\$1200
Gympie and District Orchid Garden Expo	\$4000
Gympie District Gold Rush Festival Inc.	\$8183
Heart of Gold International Film Festival Inc.	\$12,000
Japan Karate Shoto-Renmei Assoc. Australia	\$500
Kilkivan Great Horse Ride	\$2432
Kilkivan Show and Campdraft Assoc. Inc.	\$3200
Mary Valley Heritage Railway Museum Assoc. Inc.	\$50,000
Mary Valley Tomato Festival	\$1000
Tin Can Bay Chamber of Commerce & Tourism Inc. for Tin Can Bay Seafood, Boat & Camping Show	\$4685
<b>TOTAL</b>	<b>\$112,332</b>
<b>TOTAL OF FINANCIAL ASSISTANCE GRANTS FOR 2013-2014</b>	<b>\$334,785</b>



## Annual strategic review

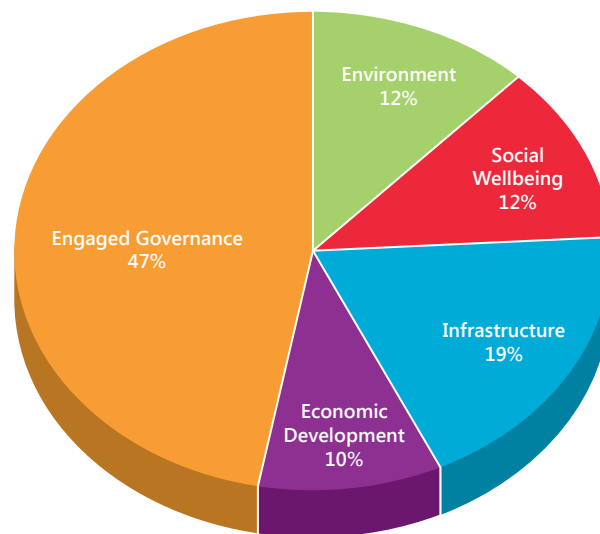
In accordance with s 190(1)(a) of the Regulation, the Chief Executive Officer must provide an assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan.

Council's corporate and operational plans are structured around a framework based on the following five key strategic themes:

- infrastructure
- economic development
- engaged governance
- environment
- social wellbeing.

The Corporate Plan 2012–2017 articulates 18 strategic directions that the organisation uses to guide the delivery of some 370 service activities and projects as identified in the Operational Plan 2013–2014.

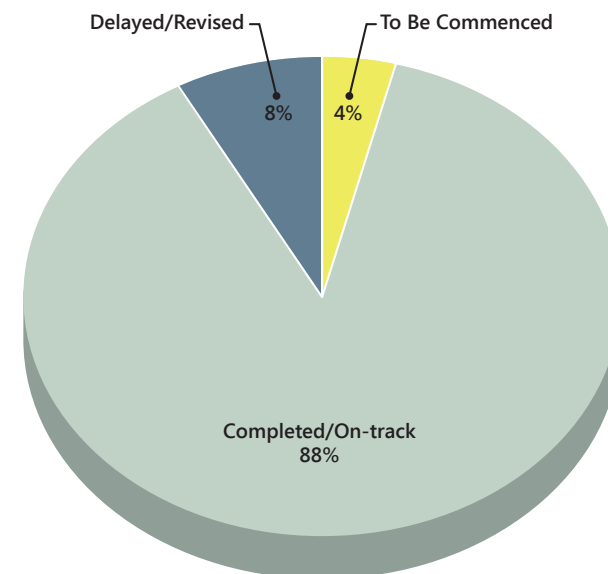
The following diagram displays the percentage breakdown of these activities across the core strategic themes.



As at 30 June 2014, 88 per cent of planned operational activities and projects were categorised as 'completed/on track'. Another eight per cent of activities were categorised 'delayed/revised' due to factors such as budgetary constraints, resource limitations, legislative amendments and changes in priorities or ownership of the activities.

The remaining four per cent of activities were yet to be commenced due to a range of issues including delayed responses from contractors/tenderers, change in ownership and priorities of the activities, legislative amendments and availability of resources.

It should be noted that an organisational restructure undertaken in early 2014 necessitated changes to the ownership and priority of a number of projects and activities which were reassigned within various directorates. The diagram below highlights that as of 30 June 2014, Council had either completed, or was on track to complete, a significant majority of its planned operational activities and projects for the 2013–2014 financial year.



These activities successfully combined to progress the key strategic objectives of Council's five-year corporate plan.

# Organisational reporting requirements

## 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 strong operational performance and the progress made toward achieving our core objectives.

An organisational restructure was undertaken in early 2014 which further streamlined operations and continued an ongoing focus on improved service delivery. Council's 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
- 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 B of the report. Council did not undertake any 'significant business activities' during this period in line 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 2013-2014 Financial Statements include a specific note to the accounts on National Competition Policy. Please refer to the audited Financial Statements.

## Details of special rates and charges

In accordance with s 190(1)(d) of the Regulation, a Rural Fire Brigade Levy—as authorised under s 94(1)(b) of Act and ss 106 and 128A of the Fire and Rescue Service 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 \$133,405 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.

## 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 2013-2014 was \$615,446.

#### *Deferment of liability to pay rates*

No such expenditure was incurred in 2013-2014. 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. Five per cent discount applied if all rates and charges are paid within 30 days of the issue date. Total expenditure for 2013-2014 was \$2,407,081.

## 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.

## Auditor's report

Section 105 of the *Local Government Act 2009* requires that each local government must establish an internal audit function. The functions and responsibilities of the internal audit function and of the audit committee are set out in Part 11 of the *Local Government Regulation 2012*.

Internal Audit operates as an independent function within Council, reporting directly to the Chief Executive Officer and the Audit and Risk Management Committee with respect to audit and investigation findings.

The primary role of the internal audit function is to assist the Local Government, Chief Executive Officer, management team and the Audit and Risk Management Committee to meet their obligations relating to corporate governance, the system of internal controls and to identify more efficient, effective and economical processes. The system of internal control includes all methods and procedures adopted by management and includes management policies for the safeguarding of assets, the prevention and detection of fraud or error, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The majority of internal audit's effort is directed towards providing assurance that the Gympie Regional Council's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner that ensures:

- risks are appropriately identified and managed
- interaction with the various governance groups occurs as needed
- significant financial, managerial and operating information is accurate, reliable and timely



# Organisational reporting requirements

- activities and actions are in compliance with policies, standards, procedures and applicable laws and regulations
- resources are economically acquired, efficiently used and adequately protected
- quality and continuous improvements are fostered in Council's control processes
- significant legislative or regulatory issues impacting Council are recognised and addressed properly
- opportunities for improving management control, sound resource management, and the Council's image are communicated to the appropriate level of management.

During the 2013-2014 financial year, internal audit conducted a number of reviews and investigations as well as providing advice on a number of issues.

Reviews completed during the year included:

- procurement process including credit and purchase card usage
- tendering processes
- quarry and gravel pit operations.

Various issues were identified and have been, or are currently being addressed. Internal Audit, The Chief Executive Officer and the Audit and Risk Management Committee continue to monitor any unresolved issues.



# 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 2014.

The report highlights areas of importance to allow interested stakeholders the opportunity to make their own informed decisions. The four key financial statements for 2014 and the key performance indicators are described as follows:

- Statement of Comprehensive Income - shows revenue, expenses and asset revaluation adjustments for the 2013-2014 year.
- Statement of Financial Position - shows the assets and liabilities which make up the community equity as at 30 June 2014.
- 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.

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 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.

Revenue in - Expenses out = Result for the year			
	2013-2014	2012-2013	2011-2012
Operating Revenue	\$79,228,690	\$96,574,084	\$92,267,722
Operating Expenses	-\$76,749,876	-\$86,589,200	-\$86,668,157
Operating Result	\$2,478,814	\$9,984,884	\$5,599,565
Net Capital Items	\$13,791,960	\$5,631,295	\$10,327,838
Net result attributable to Council	\$16,270,774	\$15,616,179	\$15,927,403
Asset Revaluation in period	\$14,271,394	\$94,248,632	-\$1,016,555
<b>Total comprehensive income for the period</b>	<b>\$30,542,168</b>	<b>\$109,864,811</b>	<b>\$14,910,848</b>

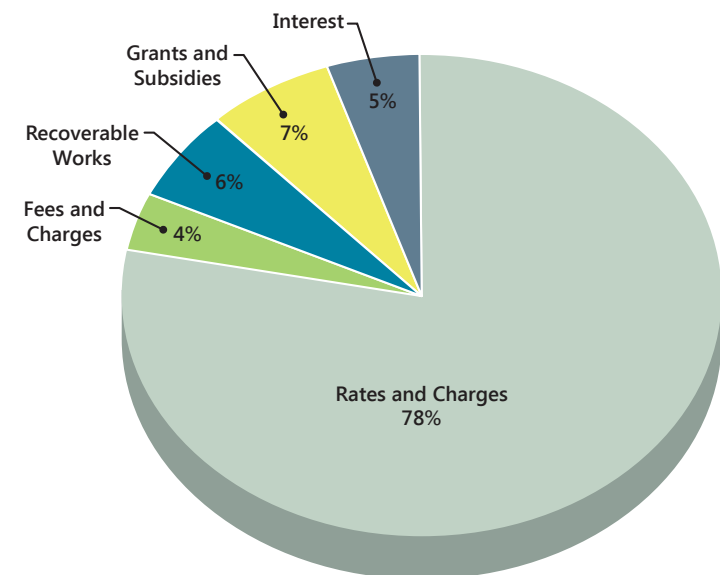
# Community financial report

During the 2013-2014 financial year there has been a change in the treatment of flood damage grants received which in prior years was reported as operating income, and flood expenditure which was treated as operating expenditure. Both are treated as net capital items in 2013-2014 and prior year results have not been restated.

## Council's Revenue

Total income (revenue) for 2013-2014 was \$96 million, being \$79 million from operations and \$17 million from capital sources. The major source of operating revenue was rates and utility charges of \$62 million or around 78% of the total. The number of rateable properties in the Region was 24,418 (2012-2013 24,111).

A high dependence on rate revenue and low dependence on grant revenue puts Council in a strong financial position in these uncertain economic times. Grant revenue was extraordinarily high, both in 2012-2013 and 2011-2012 due to grant assistance for repair of flood damaged infrastructure. In 2013-2014 grant assistance was much lower but the treatment was also different to prior years as explained in the previous section and in Note 1.8(b) of the Financial Statements.



Operating Revenue 2013/2014

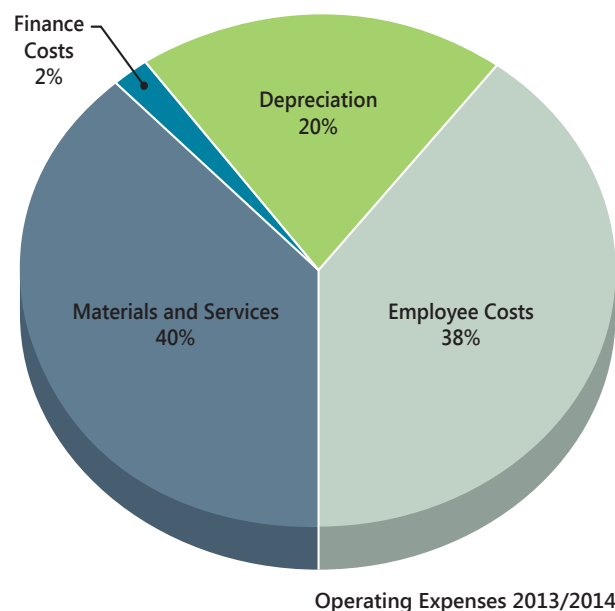
Operating Revenue	2013-2014	2012-2013	2011-2012
Rates and charges	\$61,726,179	\$57,867,843	\$55,247,835
Fees and other income	\$8,232,155	\$8,558,711	\$11,631,998
Interest received	\$3,907,574	\$4,178,675	\$5,137,501
Grants and subsidies	\$5,362,782	\$25,968,855	\$20,250,388
<b>Total</b>	<b>\$79,228,690</b>	<b>\$96,574,084</b>	<b>\$92,267,722</b>



## Council's Expenses

Council provides more than 100 different services to the community. This work is carried out 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 to boost 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.

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.



Council has achieved this through the reporting of an operating surplus.

## 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 \$1.159 billion (2012-2013 \$1.130 billion). Council's assets include land and buildings, roads, water and sewerage infrastructure, and plant and equipment. In addition Council holds other short term assets including cash held in bank accounts and has investments of approximately \$92 million. These cash reserves fund 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.

Operating Expenses	2013-2014	2012-2013	2011-2012
Employee costs	\$29,475,202	\$30,053,904	\$29,547,522
Materials and services	\$30,454,235	\$41,862,400	\$42,758,146
Depreciation	\$15,113,448	\$13,422,710	\$12,609,218
Finance costs and other	\$1,706,991	\$1,250,186	\$1,753,271
<b>Total</b>	<b>\$76,749,876</b>	<b>\$86,589,200</b>	<b>\$86,668,157</b>

# Community financial report

## Council's Liabilities

The total liabilities of Council were \$39.8 million (2012-2013 \$41.8 million). Council's liabilities include amounts owing to employees for annual leave, long service leave and sick leave entitlements of \$11.3 million (2012-2013 \$11.5 million), amounts payable to suppliers and contractors \$3.5 million (2012-2013 \$3.6 million), monies paid in advance to Council \$0.229 million (2012-2013 \$0.233 million) and loans \$24.1 million (2012-2013 \$25.2 million). Affordability indicators show that Council is well placed to service its debt position.

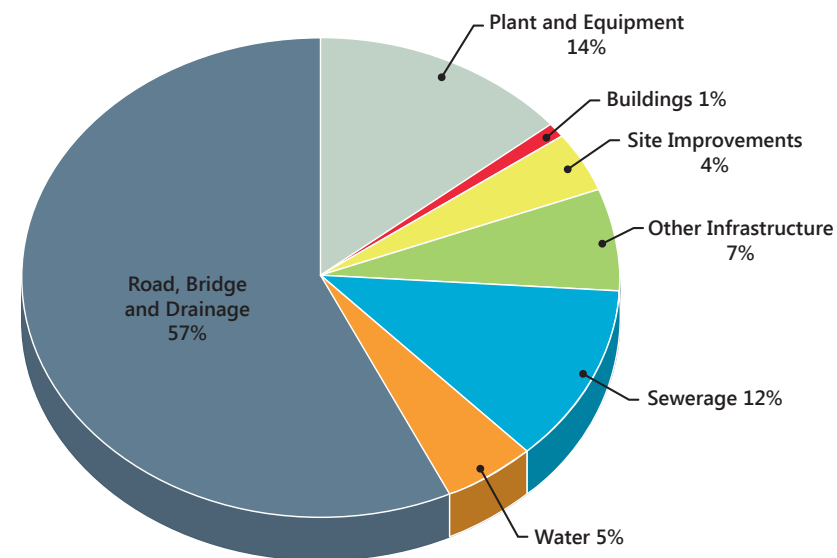
## Council's Community Equity

Council's Community Equity is the result of Council's assets less Council's liabilities – the wealth of the Region or what our community owns. The Community Equity was \$1.119 billion (2012-2013 \$1.088 billion).

	2013-2014	2012-2013	2011-2012
Assets	\$1,158,992,574	\$1,130,477,447	\$1,015,910,984
Less Liabilities	-\$39,841,301	-\$41,868,342	-\$42,500,743
Equity	\$1,119,151,273	\$1,088,609,105	\$973,410,241
<b>Represented by:</b>			
Retained Surplus/Deficit	\$681,453	\$393,907	\$143,699
Council Capital	\$615,988,922	\$597,546,651	\$584,398,706
Asset Revaluation Surplus	\$417,598,518	\$403,327,124	\$309,078,492
General Reserves	\$84,882,380	\$87,341,423	\$79,789,344
	<b>\$1,119,151,273</b>	<b>\$1,088,609,105</b>	<b>\$973,410,241</b>

## Council's Capital Works

Council's investment in community infrastructure or completed Capital Works was \$37 million (2012-2013 \$24 million).



Council's Capital Works

## 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 \$88.3 million (2012-2013 \$93.5 million).

	2013 - 2014	2012 - 2013	2011-2012
Cash Opening Balance	\$93,526,760	\$83,902,216	\$77,276,186
Plus Cash Received	\$103,902,234	\$107,658,120	\$120,473,853
Less Cash Spent	-\$109,176,830	-\$98,033,576	-\$113,847,823
<b>Cash Closing Balance</b>	<b>\$88,252,164</b>	<b>\$93,526,760</b>	<b>\$83,902,216</b>

## 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.

Cash on hand consists of:

- working capital cash – to meet the day to day funding requirements; and
- reserves – funds set aside by Council to meet future identified capital and operating projects.

The Financial Statements for the year to June 2014 show an operating surplus of \$2.48 million and for the year to June 2013 \$9.98 million. It is forecast that operating surpluses will continue to be achieved each year.

Council's capital value at June 2014 was \$1.05 billion compared to \$1.02 billion at June 2013, with further increases 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.



# Community financial report

## Council's Financial Sustainability Ratios

<b>Asset Sustainability Ratio</b>	<i>Capital Expenditure on Replacement Assets divided by Depreciation Expense</i>	<ul style="list-style-type: none"> <li>■ Indicator suggests percentage should be &gt;90%</li> <li>■ This indicator should be averaged over at least 10 years. Not an annual expectation.</li> <li>■ Shows the amount spent on replacement/renewal assets compared to the annual depreciation of those assets.</li> </ul>
<b>Asset Consumption Ratio</b>	<i>Written Down Value of Infrastructure Assets divided by Gross Replacement Cost of those Assets</i>	<ul style="list-style-type: none"> <li>■ Indicator Range is between 40% and 80%.</li> <li>■ The lower the percentage the older the assets and therefore closer to replacement.</li> </ul>
<b>Interest Coverage Ratio</b>	<i>Net Interest Expense on debt service divided by Total Operating Revenue</i>	<ul style="list-style-type: none"> <li>■ Indicator range is between 0% and 5%.</li> <li>■ This shows Council's capacity to fund additional borrowings.</li> <li>■ Gympie Regional Council has greater interest income than expense, hence the negative percentage result.</li> </ul>
<b>Working Capital Ratio</b>	<i>Current Assets divided by Current Liabilities</i>	<ul style="list-style-type: none"> <li>■ Guidance range is 1:1 to 4:1.</li> <li>■ Indicates ability to fund current liabilities from current asset sources.</li> </ul>
<b>Operating Surplus Ratio</b>	<i>Net Operating Result divided by Total Operating Revenue</i>	<ul style="list-style-type: none"> <li>■ Guidance range is 0% to 10%.</li> <li>■ Indicates ability to maintain and expand Council's capital value and services from own resources.</li> </ul>
<b>Net Financial Liability Ratio</b>	<i>Total Liabilities less Current Assets divided by Total Operating Revenue</i>	<ul style="list-style-type: none"> <li>■ Guidance range is – not greater than 60%.</li> <li>■ Gympie Regional Council has a negative percentage because current assets exceed total liabilities. This indicates a very strong financial position.</li> </ul>

		Actual Results		Long Term Financial Plan Projections – Budget Years									
Ratio	Target	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Asset Sustainability	>90%	106.08%	190.41%	129.12%	92.58%	55.65%	50.66%	75.95%	84.09%	83.13%	92.56%	97.67%	101.0%
Asset Consumption	40% - 80%	79.35%	78.16%	75.40%	74.60%	73.80%	73.10%	72.10%	71.20%	70.50%	69.70%	68.90%	73.6%
Interest Coverage	0% - 5%	-3.08%	-2.92%	-2.80%	-2.20%	-1.50%	-1.30%	-0.90%	-0.90%	-1.10%	-1.60%	-2.10%	-0.6%
Working Capital	1:1 - 4:1	5.7:1	5.6:1	5.2:1	5.0:1	5.4:1	5.4:1	5.6:1	5.6:1	5.9:1	6.4:1	6.9:1	6.4:1
Operating Surplus	0% - 10%	10.34%	3.13%	0.21%	1.48%	2.81%	5.07%	6.76%	8.24%	10.07%	12.42%	14.73%	17.0%
Net Financial Liability	<60%	-68.47%	-81.77%	-48.83%	-26.62%	-27.26%	-26.17%	-20.63%	-8.45%	-19.23%	-31.25%	-45.24%	-61.0%

# Appendix A: Minutes extract

Extracts of the minutes of the Ordinary Meeting of Council held on 19 February 2014.

M06/02/14

That the Councillor Expenses Reimbursement Policy (GRC-011) as presented be adopted.

A complete copy of the Councillor Expenses Reimbursement Policy is contained in Attachment 3 of the Ordinary Meeting minutes of 19 February 2014 available on Council's website.

*Note:*

*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.*



# Appendix B: 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 2012-2017.

Infrastructure ... planned, connected and safe	
Aerodromes	Parks
Caravan parks	Roads maintenance
Community facilities	Saleyards
Depots	Sewerage administration, planning and design
Disaster management	Sewerage maintenance
Engineering operations and administration	Sewerage operations
Fleet/plant operations	Small plant operations
Footpaths, verges and non-developed land	Swimming pools
Foreshores	Water administration, planning and design
Gravel resources	Water maintenance
Main Roads (contract work)	Water operations
Other recoverable works	
Economic Development ... vibrant, strong and resilient	
Compliance	Industry development
Development assessment and applications	Strategic and regional planning
Economic development	

Engaged Governance ... cohesive, responsible and transparent	
Capital works	Governance – legal
Change management	Information technology systems
Community complexes	Internal systems
Community/Regional engagement	Management accounting
Council business operations	People and organisational development and training
Council executive management	Procurement management and stores
Councillor support	Property management
Election services	Records management
Financial accounting	
Environment ... sustainable, managed and healthy	
Animal control services	Health services
Energy efficiency	Local Law services
Environmental planning	Preventative health
Environmental protection	Public amenities
Environmental services	Waste management
Social wellbeing ... active, diverse, creative and empowered	
Arts and culture (RADF)	Heritage planning and awareness
Art Gallery	Libraries
Community development	Open space and recreation
Community support	Youth development
Heritage facilities and museums	

# Appendix C: Report on water and sewerage services 2013/14

## Customer service standard

### Introduction

The *Water Supply (Safety and Reliability) Act 2008* requires registered service providers to prepare an annual report on their Customer Service Standard (CSS). This annual report provides a comparison of actual performance against targets set in the CSS.

### Overview of services

Council operates and maintains water supply schemes in Gympie, Imbil, Kandanga, Amamoor, Kilkivan, Goomeri, Rainbow Beach and Tin Can Bay/Cooloola Cove, as well as sewerage schemes in Gympie, Imbil, Kilkivan, Goomeri, Rainbow Beach, Tin Can Bay and Cooloola Cove. Summaries of scheme statistics are shown in the following tables.

Table 1: Water Supply Summary

Number of Assessments	12,965
Total water treated (ML)	2962
Average metered yearly water use per assessment (kL)	223
Total length of water mains (km)	434

Table 2: Sewerage Summary

Number of assessments	11,419
Total sewage flow (ML)	1753
Average yearly flow/assessment (kL)	153.5
Total length of sewer mains (km)	416

### Performance assessment

A summary of performance indicators, targets, actual performance and confidence levels for Council's water supply and sewerage schemes are presented in Tables 3 and 4.

The confidence levels (reliability and accuracy bands) used in our annual report are based on those in the Department of Environment and Resource Management's Guidelines for Preparing Strategic Asset Management Plans. An excerpt explaining the application of these confidence levels is included at the end of this report.

## Improvements in 2013-2014

Improvements to 2012-2013 include the following.

- A number of sewage pump stations have been upgraded or refurbished.
- New pump stations have been brought into service to accommodate growth in residential populations and the expansion of the sewer network to parts of Southside.
- Overflows to private properties have been reduced.
- The ongoing CCTV assessment program has identified where preventative and remedial action would be beneficial.
- As part of the ongoing program to connect urban allotments to sewerage, 80 properties in the Watson Road, Farmborough Court, Luckona Court and Koumala Road area were connected to sewerage. The work involved a new pump station, pressure line, sewers and house drains. Total cost was over \$1,500,000.

- A new system of sewage pump stations, pressure pipelines and trunk sewers has been constructed to service the Monkland area. Three pump stations were eliminated and two pump stations upgraded to provide increased capacity, and improved reliability, more flood immunity and improved control system. Total cost of the project was over \$1,600,000.
- A replacement pipeline has been constructed from Teewah Creek to the Tin Can Bay/ Cooloola Cove Water Treatment Plant to provide for future growth. The pipeline provides approximately 50% increase in capacity with potential for further increased capacity with pumping system upgrade. The total cost of the pipeline is approximately \$2,300,000. Construction work was carried out by Council, with the work being carried out over three (3) years due to delays caused by flooding, wet ground conditions and associated environmental constraints.
- An ongoing CCTV program has identified areas where preventative and remedial action would be beneficial. Planning has commenced to reline network sections of greatest concern in 2014/15.

Table 3: Water services performance assessment

Performance Indicator	Performance Measure	Target	Actual	Target Reached Yes/No	Confidence Reliability	Grading Accuracy
<b>Day-to-day continuity</b>						
Extent of unplanned interruptions (incidents)	Number/100km mains/year	<10	9.9	Y	C	4
Time for restoration of services	% restored within five hours	90%	98%	Y	C	4
Relative incidence of planned incidents	Ratio of unplanned:planned	1:1	1.1:1	Y	C	4
Response/reaction time to incidents	Average response time for complaints	90 min	60 min	Y	D	6
<b>Adequacy and quality of normal supply</b>						
Minimum pressure/flow	m head	>12m head >20 L/min	100%	Y	A	1
Drinking water quality (physical and chemical parameters)	% compliance	>98%	99% <sup>*1</sup>	Y	A	1
Drinking water complaints	Number/1000 connections/year	<10	1	Y	C	4
Drinking water quality complaints	Number incidents/year	<10	0	Y	A	1
<b>Continuity in the long term</b>						
Water main breaks and leaks	Per year	<50	42	Y	C	4
System water loss	Litres/connection/day	<100	151	N	A	3
Number of customers experiencing three repeat interruptions in 12 month period	Number of customers	<3	0	Y	C	4



# Appendix C: Report on water and sewerage services 2013/14

Performance Indicator	Performance Measure	Target	Actual	Target Reached Yes/No	Confidence Reliability	Grading Accuracy
Provision of Services						
48 hours notice for interruptions provided	% of planned interruptions where 48 hours notice given	90%	95%	Y	C	4
Installation of connection within 10 working days	% of connections completed within 10 working days	90%	95%	Y	C	4

\*1 Some water supplies have hardness which is slightly above the Aesthetic Guideline Limit. All results complied with the guidelines for health based physical and chemical parameters.

Table 4: Sewerage services performance assessment

Performance Indicator	Performance Measure	Target	Actual	Target Reached Yes/No	Confidence Reliability	Grading Accuracy
Effective transport of waste effluent						
Total sewage overflows	Number/100km mains/year	<10	25	N <sup>#1</sup>	C	4
Odour complaints	Number/1000 connections/year	<5	2	Y	C	4
Response/reaction time to incidents	Average time	90 mins	63 mins	Y	C	4
Continuity in the long term						
Sewer main breaks and chokes	Number/100km mains/year	<10	21	N <sup>#2</sup>	C	4
Sewer inflow/infiltration	Ratio of peak day flow: average day flow	<8:1	3.9:1	Y	A	2
Provision of Services						
Installation or connection within 10 working days	% of connections completed within 10 working days	90%	95%	Y	C	4

#1 A number of rain events have resulted in a high number of overflows throughout catchments.

#2 Council is about to commence an increased sewer mains assessment program to identify causes of the higher than expected number of overflows.

## Confidence gradings for levels of service data

A service provider should assign a "confidence grading" when reporting the actual level of service achieved against the level of service standards.

The "confidence grading" should identify a "reliability band" and an "accuracy band" for each item of data.

Reliability Bands		
A	Highly reliable	Data is based on sound records, procedures, investigations or analyses that are properly documented and recognised as the best available assessment methods.
B	Reliable	Generally as in "A", but with minor shortcomings e.g. some of the documentation is missing, the assessment is old, or some reliance on unconfirmed reports; or there is some extrapolation made (e.g. extrapolations from records that cover more than 50% of the service provider's system).
C	Unreliable	Generally as in "A" or "B", but data is based on extrapolations from records that cover more than 30% (but less than 50%) of the service provider's system.
D	Highly unreliable	Data is based on unconfirmed verbal reports and/or cursory inspections or analysis, including extrapolations from such reports/inspections/analysis.

Accuracy Bands	
1	+/- 1%
2	+/- 5%
3	+/- 10%
4	+/- 25%
5	+/- 50%
6	+/- 100%

*For example:* In reporting on achievements against the level of service target for the number of Drinking Water Quality Complaints per 1000 connections, the confidence grading assigned was A1, i.e. the data was based on sound records. Highly reliable – Band A) estimated to be within +/- 1% (Accuracy Band – 1). The grading assigned depends on the type and sophistication of monitoring systems that are in place. For example, system water loss was measured by comprehensive metering (higher grading) or simply by a drop test (lesser grading). The feasibility of employing different measurement tools will vary between service providers depending on the size, nature and complexity of the system and available resources.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Financial Statements

For the year ended 30 June 2014

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# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates and levies	3 (a)	61,726,179	57,867,843
Fees and charges	3 (b)	3,099,597	2,967,071
Rental and levies	3 (c)	288,781	272,123
Interest received	3 (d)	3,907,574	4,178,675
Sales of contract and recoverable works	3 (e)	4,630,369	4,880,768
Other recurrent income	3 (f)	213,408	438,749
Grants, subsidies, contributions and donations	4 (i)	5,362,782	25,968,855
Total operating revenue		<u>79,228,690</u>	<u>96,574,084</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4 (ii)	16,603,108	10,651,762
		<u>16,603,108</u>	<u>10,651,762</u>
<b>Total income</b>	2 (b)	<u>95,831,798</u>	<u>107,225,846</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(29,475,202)	(29,979,051)
Materials and services	7	(30,454,235)	(41,477,701)
Finance costs	8	(1,706,991)	(1,709,738)
Depreciation	9	<u>(15,113,448)</u>	<u>(13,422,710)</u>
Total operating expenses		<u>(76,749,876)</u>	<u>(86,589,200)</u>
<b>Capital expenses</b>			
Other capital expenses	10	<u>(2,811,148)</u>	<u>(5,020,467)</u>
<b>Total expenses</b>	2 (b)	<u>(79,561,024)</u>	<u>(91,609,667)</u>
<b>Net result</b>		<u><b>16,270,774</b></u>	<u><b>15,616,179</b></u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus		14,271,394	94,248,632
<b>Total other comprehensive income</b>		<u>14,271,394</u>	<u>94,248,632</u>
<b>Total comprehensive income for the period</b>		<u><u>30,542,168</u></u>	<u><u>109,864,811</u></u>

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



## GYMPIE REGIONAL COUNCIL

### Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash assets and cash equivalents	12	88,252,164	93,526,760
Investments	16	4,000,000	-
Trade and other receivables	13 (a)	10,611,725	12,530,239
Inventories	14	1,762,928	1,938,825
		<u>104,626,817</u>	<u>107,995,824</u>
<b>Non-current Assets</b>			
Trade and other receivables	13 (b)	288,985	18,551
Property, plant and equipment	17	1,054,076,772	1,022,463,072
		<u>1,054,365,757</u>	<u>1,022,481,623</u>
<b>TOTAL ASSETS</b>		<u>1,158,992,574</u>	<u>1,130,477,447</u>
<b>Current Liabilities</b>			
Trade and other payables	19	9,913,389	8,992,911
Provisions	20	3,972,587	4,442,591
Borrowings	21	1,168,265	1,100,921
Other	22	228,606	233,229
		<u>15,282,847</u>	<u>14,769,652</u>
<b>Non-current Liabilities</b>			
Trade and other payables	19	137,101	1,432,307
Provisions	20	1,464,505	1,542,226
Borrowings	21	22,956,848	24,124,157
		<u>24,558,454</u>	<u>27,098,690</u>
<b>TOTAL LIABILITIES</b>		<u>39,841,301</u>	<u>41,868,342</u>
<b>NET COMMUNITY ASSETS</b>		<u><u>1,119,151,273</u></u>	<u><u>1,088,609,105</u></u>
<b>Community Equity</b>			
Council capital	23	615,988,922	597,546,651
Asset revaluation surplus	24	417,598,518	403,327,124
Retained surplus (deficiency)	25	681,453	393,907
Reserves	26	84,882,380	87,341,423
<b>TOTAL COMMUNITY EQUITY</b>		<u><u>1,119,151,273</u></u>	<u><u>1,088,609,105</u></u>

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Statement of Changes in Equity For the year ended 30 June 2014

	Note	Total		Retained surplus (deficit)		Reserves		Asset revaluation surplus		Council Capital	
		2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Balance at beginning of period		1,088,609,105	973,410,241	393,907	143,699	87,341,423	79,789,344	403,327,124	309,078,492	597,546,651	584,398,706
Corrections to opening balances	34	-	5,334,053	-	-	-	-	-	-	-	5,334,053
Restated opening balances		1,088,609,105	978,744,294	393,907	143,699	87,341,423	79,789,344	403,327,124	309,078,492	597,546,651	589,732,759
Net result		16,270,774	15,616,179	16,270,774	15,616,179	-	-	-	-	-	-
Other comprehensive income for the period											
Revaluations											
Property, plant & equipment	17	14,271,394	94,248,632	-	-	-	-	14,271,394	94,248,632	-	-
<b>Total comprehensive income for period</b>		30,542,168	109,864,811	16,270,774	15,616,179	-	-	14,271,394	94,248,632	-	-
Transfers (to) from retained earnings to capital	25	-	-	(2,265,197)	(2,539,238)	-	-	-	-	2,265,197	2,539,238
Transfers (to) from retained earnings and recurrent reserves	25	-	-	9,647,670	(5,242,108)	(9,647,670)	5,242,108	-	-	-	-
Transfers (to) from capital reserves and capital	23	-	-	(23,365,701)	(7,584,625)	7,188,627	2,309,971	-	-	16,177,074	5,274,654
<b>Net transfers in the period</b>		-	-	(15,983,228)	(15,365,971)	(2,459,043)	7,552,079	-	-	18,442,271	7,813,892
Balance at end of period		1,119,151,273	1,088,609,105	681,453	393,907	84,882,380	87,341,423	417,598,518	403,327,124	615,988,922	597,546,651

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

## GYMPIE REGIONAL COUNCIL

### Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
General rates and utility charges		61,390,802	57,663,001
Rental and levies, fees and charges		2,998,616	2,805,444
Other income		8,079,460	4,888,780
GST received		5,401,320	5,775,248
Receipts from customers		77,870,198	71,132,473
Operating grants, subsidies and contributions		5,362,782	25,968,855
Interest received		3,905,770	4,230,227
<b>Payments</b>			
Payments for materials and services		(30,665,848)	(40,600,833)
Payment to employees		(30,058,595)	(30,256,453)
GST paid		(5,850,976)	(5,597,895)
Payments to suppliers and employees		(66,575,419)	(76,455,181)
Interest paid		(1,592,965)	(1,661,635)
<b>Net cash inflow (outflow) from operating activities</b>	32	<u>18,970,366</u>	<u>23,214,739</u>
<b>Cash flows from investing activities</b>			
State government subsidies and grants		14,271,145	3,496,267
Capital contributions		1,112,065	1,833,910
Payments for property, plant and equipment		(35,638,048)	(18,880,319)
Net transfer (to) from investments	16	(4,000,000)	-
Proceeds from sale of property, plant and equipment	5	1,380,274	981,276
Net movement in loans to community organisations		(270,433)	15,112
<b>Net cash inflow (outflow) from investing activities</b>		<u>(23,144,997)</u>	<u>(12,553,754)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	21	(1,099,965)	(1,036,441)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(1,099,965)</u>	<u>(1,036,441)</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<u>(5,274,596)</u>	<u>9,624,544</u>
Cash and cash equivalents at beginning of the financial year		93,526,760	83,902,216
<b>Cash and cash equivalents at end of the financial year</b>	12	<u><b>88,252,164</b></u>	<u><b>93,526,760</b></u>

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 1 Significant accounting policies

##### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

##### 1.2 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

##### 1.3 Constitution

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

##### 1.4 Date of authorisation

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

##### 1.5 Currency

The Council uses the Australian dollar as its functional currency and its presentation currency.

##### 1.6 Adoption of new and revised Accounting Standards

In the current year, 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 Council's accounting policies. However the Application of AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

	Effective for annual report periods beginning on or after:
AASB 9 Financial Instruments (December 2009)	1 January 2017
AASB 10 Consolidated Financial Statements	1 January 2014
AASB 11 Joint Arrangements	1 January 2014
AASB 12 Disclosure of interests in other entities	1 January 2014
AASB 127 Separate Financial Statements (replaces the existing standard together with AASB 10)	1 January 2014
AASB 128 Investments in Associates and Joint Ventures (replaces the existing standard)	1 January 2014
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2015
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014



## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	1 January 2014
Interpretation 21 Levies	1 January 2014

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2017 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value.

#### Consolidation Standards

The following accounting standards apply to Gympie Regional Council as from reporting periods beginning on or after 1 January 2014:

- AASB 10 Consolidated Financial Statements
  - AASB 11 Joint Arrangements
  - AASB 12 Disclosure of Interests in Other Entities
  - AASB 127 Separate Financial Statements
  - AASB 128 Investments in Associates and Joint Ventures
  - AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
  - AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities
- These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

AASB 12 contains the disclosure requirements for interests in other entities including unconsolidated structured entities. While the Council is yet to complete a review of disclosure, no significant changes are anticipated, based on those presently made.

#### 1.7 Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation and depreciation of property, plant and equipment - note 1.16 and note 18.
- Impairment of property, plant and equipment - note 1.17 and note 17.
- Provisions - note 20.
- Contingencies - note 29.

#### 1.8 Revenue

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

##### 1.8 (a) Rates and levies

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

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**1.8 (b) Grants and subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the constrained grants, subsidies and contributions reserve.

In prior years NDRRA flood damage grants received were reported as operational income and the flood expenditure as operational expenditure.

In the current year, this policy was changed and NDRRA flood grants are now reported as capital income with the corresponding flood expenditure being capitalised into the asset class affected by the flood. Assets that are damaged by the flood are written off in the year the event occurs.

Recurrent grants received and unspent at the end of the financial year are transferred to a recurrent reserve as restricted funds to meet future specific operating activities.

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

**1.8 (c) Non-cash contributions**

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

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

**1.8 (d) Cash contributions**

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

**1.8 (e) Rental income**

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

**1.8 (f) Interest and dividends**

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

**1.8 (g) Sales revenue**

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

The council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

**1.8 (h) Fees and Charges**

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

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

1.9

#### Financial assets and liabilities

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

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

##### Financial assets

Cash and cash equivalents (note 1.10)

Receivables - measured at amortised cost less any impairment (note 1.11)

Investments (note 1.15)

##### Financial liabilities

Payables - measured at amortised cost (note 1.19)

Borrowings - measured at amortised cost (note 1.21)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in note 35.

1.10

#### Cash and cash equivalents

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

1.11

#### Receivables

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

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

All known bad debts were written-off prior to 30 June. Where circumstances arise that management considered the collectability of a receivable is doubtful in the future, an impairment provision is made against the debtor at that time. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

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

1.12

#### Inventories

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

Inventories held for distribution (internal consumption) 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.

Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.

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

1.13

#### Other financial assets

Other financial assets are recognised at cost.

At present Council does not have any other financial assets.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements For the year ended 30 June 2014

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#### 1.14 Non-current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

#### 1.15 Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents.

#### 1.16 Property, plant and equipment

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

The classes of property plant and equipment recognised by the council are reported in note 17.

##### (a) Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### (b) Capital and operating expenditure

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

##### (c) Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate index for the region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound.

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

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

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



## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

(d) **Capital work in progress**

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

(e) **Depreciation**

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.

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

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

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

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

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

Details of the range of estimated useful lives for each class of asset are shown in note 17.

(f) **Land under roads**

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Gympie Regional Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1.17 **Impairment of non-current assets**

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

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

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements For the year ended 30 June 2014

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1. 18

#### Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

The council has no finance leases.

#### Operating leases

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

The council has no operating leases.

1. 19

#### Payables

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

1. 20

#### Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(a)

#### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is included in note 19 as a payable.

(b)

#### Annual leave

A liability for annual leave is recognised. In the 2013-2014 financial year all annual leave liability is treated as current.

(c)

#### Sick leave

A liability for sick leave is recognised where this entitlement is vested to the employee under their employment contract. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non-current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 19 as a payable.

(d)

#### Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in note 30.

(e)

#### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The full entitlement for employees with 7 years service or more is treated as current and for those employees with less than 7 years service, the estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

This liability is reported in note 20 as a provision.

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

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#### 1.21 Borrowings

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

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

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

#### 1.22 Council capital

In accordance with AASB101 paragraphs 5 and 6 the following disclosure is provided as the council considers such presentation is relevant to the understanding of the council's financial performance.

The Council's capital account at the reporting date, represents the amount the community has invested in capital assets to deliver future services, plus any equity and property investments it holds, less the amount it has borrowed to fund these assets. At the creation of the council any operating assets and liabilities that required to be recognised, were brought to account through the capital account.

The maintenance of the Council's capital (physical operating capability) is fundamental to its long term sustainability to continue to deliver essential services to the community, it has therefore been separately identified and the change in value is reported in the Statement of Changes in Equity and note 23. The balance of the asset revaluation surplus also forms part of the physical operating capability that must be maintained.

#### 1.23 Asset revaluation surplus

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

Increases and decreases on revaluation 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.

#### 1.24 Retained surplus (deficit)

The retained surplus represents that part of the Council's equity, that corresponds to the amount of cash (reported within cash and cash equivalents) that is held for this purpose, and has not been restricted to meet specific future funding needs at the reporting date. These funds are available as a general funding source in future years. A retained deficit represents an overall funding shortfall which needs to be recovered in future years to maintain a fully funded position.

#### 1.25 Reserves held for funding future capital expenditure

These are cash backed reserves and represent funds, from revenue sources, that are accumulated to meet anticipated future capital asset funding requirements. In each case the amount relates to a perceived future requirement which is not currently a liability.

##### Future capital sustainability reserve

Where the council has accumulated unspent cash arising from the funding of depreciation, (i.e. revenues have been received to fund the write down in the capital assets value through use (depreciation)), but this cash has not been reinvested in capital assets at the reporting date; the council restricts the future use of this cash to capital asset purchases or debt reduction only, to ensure the maintenance of its capital capacity to deliver future services (future sustainability). The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) that is held for this purpose. Should the asset management plans indicate a shortfall in funding, additional funding can be transferred from the retained surplus account. The timing of future expenditure from this reserve is based on the council's 10 year asset management plans.

Further details can be found in note 26 (a) .

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements For the year ended 30 June 2014

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#### **Unspent loan cash reserve**

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of approved loan funds from QTC that have been drawn down but not expended on the specific capital projects. As the funds are expended they are transferred to the council's capital account. Refer notes 12 and 26 (a) .

#### **Constrained grants and subsidy contributions reserve**

The amounts reported in this reserve at balance date correspond to the amount of cash (reported within cash and cash equivalents) which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

#### **Grants, subsidies and contributions reimbursed reserve**

This reserve is credited with grants, subsidies and contributions of monetary revenue received during the reported period which the council has identified as being a reimbursement of capital funds expended in a prior period.

#### **Capital projects reserve**

This reserve was established for the purpose of accumulating funds, allocated by the council, for funding specific capital projects in the future.

#### **Capital projects - Waste Management reserve**

This reserve was created and holds funds to contribute to the future replacement of the Council's waste management assets.

#### **Sewerage reserve**

This reserve was established to provide funds for future extensions to Council's Sewerage System.

#### **Water reserve**

This reserve was established to provide funds for future water reticulation services.

#### **Constrained flood grants reserve**

This reserve was created and holds NDRRA grant funds received for the reimbursement of flood damage and which was unexpended at the reporting date.

#### **Special projects reserve**

This reserve was created and holds funds allocated by the council to contribute to the funding of contingent expenditure (e.g. disaster management), that will arise from time to time.

#### **1.26 Reserves held for funding future recurrent expenditure**

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

#### **Constrained flood grants reserve**

This reserve was created to hold the funds for QRA flood work repairs received in advance. Funds held in this reserve at 30 June 2013 have been transferred to a capital flood grants reserve to align with current year recognition of flood grants being reported as capital income.

#### **General purpose reserve**

This reserve was created to meet the unexpected operational costs throughout the year. At June 30 2014 council has determined that funds in this reserve be transferred back to retained earnings for general use.

#### **Grants received in advance reserve**

This reserve was created to preserve Federal Grant monies received in advance. These funds will be used to fund expenditure in the 2013/2014 year.

#### **Unspent grants reserve**

This reserve was created to preserve operational grant monies received for specific projects and was unexpended at the reporting date.



## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

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**1.27 National competition policy**

The Council has reviewed its activities and has identified 3 activities that are business activities. Details of these activities can be found in note 36.

**1.28 Rounding and comparatives**

The financial statements have been rounded to the nearest \$1.

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

**1.29 Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

For details see note 31.

**1.30 Taxation**

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

The Council pays payroll tax to the Queensland Government on certain activities.

**1.31 Carbon Pricing**

In 2014, the Australian Government repealed the Clean Energy Legislation.

As previously stated, the council had carefully assessed the future political predictions on carbon tax pricing and had considered that the impact on the council's current financial position would not be materially affected. Accordingly no specific pricing adjustments were or have been made to council services as a result of the introduction of the carbon tax. While the effect on council costs, from the repeal of this tax, has yet to be evidenced, any potential savings in energy costs will flow through to the community as a reduction in the overall operating costs of the council.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

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#### 2 (a) Components of council functions

The activities relating to the Council's components reported on in Note 2 (b) are as follows

##### **Corporate Governance**

To set and achieve the Council's goals and objectives for the Citizens of the Gympie Region by providing direction, support, co-ordination, sound resource management policy and achieve effective and efficient management of Council's assets and resources.

##### **Engineering**

To provide well constructed safe efficient infrastructure networks and engineering services that will meet community needs.

##### **Community Services**

To enhance and preserve 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.

To provide and preserve a safe and attractive natural and built environment by preservation, protection, maintenance and development of the Region's open spaces and foreshores in accordance with community needs. To provide opportunities for the Region's residents and visitors to access information that will enhance quality of life and facilitate life long learning.

##### **Planning and Development**

To provide a planning framework that stimulates and co-ordinates investments in the Region while respecting the environmental and community values and infrastructure needs and the enhancement of lifestyles of residents.

##### **Water Program**

To meet the community needs for potable water by the efficient purchase, treatment, storage and distribution of water to consumers.

##### **Sewerage Program**

To protect public health, safety and the environment by the provision of an efficient system for safe collection, transportation, treatment and disposal of sewage waste.

GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2014

2 Analysis of results by program

(b) Income and expenses defined between recurring and capital, and assets are attributed to the following programs:-

For the year ended 30 June 2014

For the year ended 30 June 2014														
	Gross program income						Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets	
	Recurrent revenue		Capital revenue		Recurrent	Capital								
	Grants	Other	Grants	Other										
Programs	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$	2014	\$
	1,785,586		32,591,875		50,100		34,427,561		(8,668,382)		25,709,079		25,759,179	
	2,891,791		7,612,863		14,085,435		25,885,352		(2,503,633)		(17,699,628)		(4,822,563)	
	543,386		12,478,857		69,460		13,305,521		(20,023,281)		(7,001,038)		(6,717,760)	
	-		1,262,648		66,150		1,328,798		(4,524,314)		(3,261,666)		(3,195,516)	
Water Program	-		9,677,305		-		9,932,429		(7,327,668)		2,349,637		2,333,872	
Sewerage Program	-		10,384,379		-		10,952,137		(8,001,949)		2,382,430		2,913,562	
<b>Total</b>	<b>5,220,763</b>		<b>74,007,927</b>		<b>14,271,145</b>		<b>95,831,798</b>		<b>(76,749,876)</b>		<b>2,478,814</b>		<b>16,270,774</b>	
								</						

For the year ended 30 June 2013

	For the year ended 30 June 2013												
	Gross program income						Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets
	Recurrent revenue		Capital revenue		Recurrent	Capital							
	Grants	Other	Grants	Other									
	2013	\$	\$	2013	\$	\$	2013	\$	\$	2013	\$	2013	\$
Programs													
Corporate Governance													
Engineering													
Community Services													
Planning and Development													
Water Program													
Sewerage Program													
Total													

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>3 Revenue analysis</b>			
<b>(a) Rates and levies</b>	1.8(a)		
General rates		31,129,971	29,969,889
Separate rates		2,803,766	2,533,538
Special Levies		3,094,930	3,096,035
Water		8,780,447	7,925,677
Water consumption, rental and sundries		629,250	589,242
Sewerage		9,924,737	9,044,702
Sewerage trade waste		233,949	-
Garbage charges		8,151,646	7,606,704
Rates and utility charge revenue		64,748,696	60,765,787
Less: Discounts		(2,411,419)	(2,294,814)
Less: Pensioner remissions		(611,098)	(603,130)
Net rates and utility charges		61,726,179	57,867,843
<b>(b) Fees and Charges</b>	1.8(h)		
Statutory fees and charges include			
Search fees		280,019	218,048
Development fees		319,313	286,880
Animal registrations		132,139	68,617
Inspection fees		53,002	60,757
Licences and permits		77,525	125,667
Fines and infringements		10,481	3,835
Parking fees and fines		88,929	109,977
Other statutory fees		938,598	864,895
User fees and charges		1,199,591	1,228,395
		3,099,597	2,967,071
<b>(c) Rental and levies</b>	1.8(e)		
Rentals and leases		288,781	272,123
		288,781	272,123
<b>(d) Interest received</b>	1.8(f)		
Investments		3,220,900	3,538,478
Over due rates and utility charges		686,674	640,197
		3,907,574	4,178,675
<b>(e) Sales of contract and recoverable works</b>	1.8(g)		
Transport and Main Roads		4,529,282	4,842,137
Other		101,087	38,631
		4,630,369	4,880,768
The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.			
There are no contracts in progress at the period end.			
The contract work carried out is not subject to retentions.			
<b>(f) Other recurrent income</b>			
Other income		213,408	438,749
		213,408	438,749

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>4 Grants, subsidies, contributions and donations</b>	<b>1.8(b)</b>		
(i) <b>Recurrent - grants, subsidies, contributions and donations are analysed as follows:</b>			
General purpose grants		2,600,027	4,784,761
State government subsidies and grants		2,620,736	511,978
Flood relief Grant		-	20,666,122
Donations		-	3,050
Contributions		142,019	2,944
Total recurrent revenue		<u>5,362,782</u>	<u>25,968,855</u>
A prepayment of 2014/15 Financial Assistance Grant was not paid to Council in June 2014, resulting in the reduction of grant revenue recognised at June 2014. The prepaid grant of \$2,674,081 recognised in June 2013 for the 2013/2014 period, was set aside in a reserve at June 2013 and has now been transferred to retained earnings for funding in this period.			
(ii) <b>Capital - grants, subsidies, contributions and donations are analysed as follows</b>			
(a) Monetary revenue designated for capital funding purposes			
State government subsidies and grants		14,271,145	3,496,267
Contributions		1,322,835	1,833,910
		<u>15,593,980</u>	<u>5,330,177</u>
(b) Non-monetary revenue received is analysed as follows:-	1.8(c)		
Developer assets contributed by developers at fair value		967,128	5,321,585
Donations from third parties at fair value		42,000	-
		<u>1,009,128</u>	<u>5,321,585</u>
Total capital revenue		<u>16,603,108</u>	<u>10,651,762</u>
(iii) <b>Conditions over contributions</b>			
Non-reciprocal grants and contributions which were recognised as revenue during the reporting period and which were obtained on the condition that they be expended in a general specified manner (e.g. headworks) by the contributor but had not been expended at the reporting date.			
Grants for infrastructure		4,900,000	3,496,267
Contributions for infrastructure		1,165,818	1,833,910
		<u>6,065,818</u>	<u>5,330,177</u>
Non-reciprocal grants and contributions which were recognised as revenue during a previous reporting period and were expended during the current reporting period.			
Grants for infrastructure		887,945	-
Contributions for infrastructure		1,794,013	408,699
		<u>2,681,958</u>	<u>408,699</u>
<b>5 Gain (loss) on the disposal of capital assets</b>			
(a) Proceeds from the sale of plant and equipment		587,037	594,358
Less: Book value of plant and equipment sold		(619,070)	(594,122)
		<u>(32,033)</u>	<u>236</u>
(b) Proceeds from sale of other non-current assets		793,237	386,918
Less: Book value of other non-current assets sold		(1,288,698)	(638,293)
		<u>(495,461)</u>	<u>(251,375)</u>
Total gain (loss) on the disposal of capital assets	10	<u>(527,494)</u>	<u>(251,139)</u>



# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>6 Employee benefits</b>			
Total staff wages and salaries		20,942,548	23,104,619
Councillors' remuneration		600,650	598,168
Annual, sick and long service leave entitlements		5,129,286	5,321,348
Superannuation	30	3,368,724	3,517,388
		<u>30,041,208</u>	<u>32,541,523</u>
Other employee related expenses		788,918	722,598
		<u>30,830,126</u>	<u>33,264,121</u>
Less: Capitalised employee expenses		(1,354,924)	(3,285,070)
		<u>29,475,202</u>	<u>29,979,051</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total Council employees at 30 June		2014	2013
Elected members		9	9
Administration (Inside) staff		240	253
Depot and outdoors staff		207	215
Total full time equivalent employees		<u>456</u>	<u>477</u>
<b>7 Materials and services</b>			
Audit of annual financial statements by the Auditor-General of Queensland		74,088	111,875
Corporate and governance services		3,535,416	4,157,836
Engineering services		9,242,089	13,260,482
Community services		9,849,966	10,011,990
Planning and development		608,435	783,598
Water operations		2,659,115	2,974,342
Sewerage operations		2,444,235	2,301,610
Flood damage repairs		2,040,891	7,875,968
		<u>30,454,235</u>	<u>41,477,701</u>
<b>8 Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		1,592,965	1,661,635
Bank charges		42,512	42,008
Impairment of receivables and bad debts written-off		71,514	6,095
		<u>1,706,991</u>	<u>1,709,738</u>
<b>9 Depreciation</b>	1.16(e)		
<b>Depreciation of non-current assets</b>			
Land and Site Improvements		202,805	134,953
Buildings		1,034,118	749,861
Plant and equipment		811,286	614,718
Heavy plant		1,598,070	1,571,925
Road, bridge and drainage		6,961,595	5,209,390
Water		2,000,557	1,911,606
Sewerage		2,311,939	2,912,816
Other Infrastructure		185,154	183,313
Other Assets		7,924	134,128
		<u>15,113,448</u>	<u>13,422,710</u>
<b>10 Capital expenses</b>			
Loss on the sale of capital assets	5	527,494	251,139
Loss on write-off of capital assets	11	2,283,654	4,769,328
Total capital expenses		<u>2,811,148</u>	<u>5,020,467</u>
<b>11 Loss on write-off of capital assets</b>			
Buildings		-	493,279
Road, bridge and drainage		1,976,139	2,661,469
Water		270,889	246,488
Sewerage		36,626	278,180
Other Assets		-	1,089,912
	10	<u>2,283,654</u>	<u>4,769,328</u>

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>12 Cash assets and cash equivalents</b>	1.10		
Cash at bank and on hand		803,279	2,607,875
Deposits at call		84,448,885	83,918,885
Term deposits		3,000,000	7,000,000
Total cash and cash equivalents per cash flow statement		<u>88,252,164</u>	<u>93,526,760</u>
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use.			
These include:			
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent loan monies	26 (a) (ii)	-	3,420,012
Unspent government grants and subsidies	26 (a) (iii)	6,340,597	7,078,840
Unspent developer contributions	26 (a) (iii)	12,299,346	12,927,541
Internally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Funds set aside by council and held in reserves for future projects		66,242,437	63,915,030
Total unspent restricted cash held in reserves	26	<u>84,882,380</u>	<u>87,341,423</u>
Cash and deposits at call are held in the Commonwealth Bank in a normal business cheque account and by investment with QTC and various Financial Institutions.			
<b>13 Trade and other receivables</b>	1.11		
<b>(a) Current</b>			
Rateable revenue and utility charges		7,184,151	6,848,774
Fees and charges		746,926	399,580
Accrued capital contributions		210,770	-
Accrued interest		293,260	291,456
GST recoverable		743,119	293,463
Other debtors		1,001,309	4,220,464
Less: Impairment provision		(50,249)	-
		<u>10,129,286</u>	<u>12,053,737</u>
Prepayments		471,425	465,487
Loans and advances to community organisations		11,014	11,015
		<u>10,611,725</u>	<u>12,530,239</u>
<b>(b) Non-current</b>			
Loans and advances to community organisations		288,985	18,551
		<u>288,985</u>	<u>18,551</u>
Interest is charged on outstanding rates at a rate of 11% per annum.			
Accrued capital contributions relate to Transport Infrastructure Development Scheme (TIDS) being June contributions that were invoiced in July but accrued back to June 2014.			
All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.			
Movement in accumulated impairment losses (trade and other receivables)			
Opening balance		-	-
Impairment adjustment in period		50,249	-
Closing balance		<u>50,249</u>	<u>-</u>

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>14 Inventories</b>	1.12		
<b>Current</b>			
Inventories			
Quarry and road materials		856,643	935,252
Stores and materials		845,085	942,373
		<u>1,701,728</u>	<u>1,877,625</u>
Valued at cost, adjusted when applicable for any loss of service potential.			
Land purchased for development and sale	15	<u>61,200</u>	<u>61,200</u>
		<u>1,762,928</u>	<u>1,938,825</u>
<b>15 Land purchased for development and sale</b>	1.14		
Balance at beginning of the financial year		61,200	61,200
Balance at end of the financial year		<u>61,200</u>	<u>61,200</u>
Land purchased for development and sale is valued at the lower of cost and net realisable value.			
<b>16 Investments</b>			
Fixed term held with other institutions realisable between 3 and 12 months - unrestricted. Last year all term deposits were less than 3 months and therefore, reported as cash assets.		<u>4,000,000</u>	<u>-</u>
		<u>4,000,000</u>	<u>-</u>
Term deposits at fixed interest rates are held with the following financial institutions:- National Australia Bank (A1+), ANZ (A1+), Westpac (A1+), Bendigo & Adelaide Bank (A2), Heritage Bank (A2) and Wide Bay Australia Bank (A3). Maturity ranges from 3 to 12 months and bear interest rates from 3.50% to 3.80%.			

**GYMPIE REGIONAL COUNCIL**

Notes to the Financial Statements  
For the year ended 30 June 2014

**17 Property, plant and equipment**

Basis of measurement	Land and Site Improvements	Buildings	Plant and equipment	Heavy plant	Road, bridge and drainage	Water	Sewerage	Other Infrastructure	Other Assets	Work in progress		Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost		
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Values</b>												
Opening gross value as at 1 July 2013	71,285,071	113,976,227	6,858,760	25,809,216	731,736,375	138,599,224	149,310,776	8,347,650	575,187	19,627,238	1,266,125,724	
Additions at cost	3,091	-	1,397,138	3,492,073	-	-	-	-	-	30,745,746	35,638,048	
Contributed assets at fair value	-	42,000	-	-	798,980	17,365	150,783	-	-	-	1,009,128	
Internal transfers from work in progress	1,363,093	1,430,824	194,986	-	5,117,063	2,148,762	2,188,413	1,492,100	-	(13,935,241)	-	
Disposals	-	-	(1,187,100)	(5,559,185)	-	-	-	-	-	-	(6,746,285)	
Write-offs	-	-	-	-	(2,625,336)	(416,398)	(47,988)	-	-	-	(3,089,722)	
Revaluation adjustment to other comprehensive income. (refer the ARS*)	(69,592)	(1,216,405)	-	(2,653,861)	13,972,312	4,178,750	2,329,885	(204,450)	-	-	16,336,639	
Internal transfers between asset classes	(1,151,514)	-	25,600	-	51,152	-	-	1,649,949	(575,187)	-	-	
Closing gross value as at 30 June 2014	71,430,149	114,232,646	7,289,384	21,088,243	749,050,546	144,527,703	153,931,869	11,285,249	-	36,437,743	1,309,273,532	

Note

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013	1,346,515	13,325,074	2,397,352	14,298,417	117,375,692	58,568,338	34,652,697	1,656,218	42,349	-	243,662,652	
Depreciation provided in period	202,805	1,034,118	811,286	1,598,070	6,961,595	2,000,557	2,311,939	185,154	7,924	-	15,113,448	
Depreciation on disposals	-	-	(568,030)	(4,270,487)	-	-	-	-	-	-	(4,838,517)	
Depreciation on write-offs	-	-	-	-	(649,197)	(145,509)	(11,362)	-	-	-	(806,068)	
Revaluation adjustment to other comprehensive income. (refer the ARS*)	(104,633)	(1,026,996)	-	(5,048,077)	5,539,796	2,114,737	714,605	(124,187)	-	-	2,065,245	
Internal transfers to other asset classes	(21,745)	-	13,418	-	273	-	-	58,327	(50,273)	-	-	
Accumulated depreciation as at 30 June 2014	1,422,942	13,332,196	2,654,026	6,577,923	129,228,159	62,538,123	37,667,879	1,775,512	-	-	255,196,760	

Total written down value as at 30 June 2014	70,007,207	100,900,450	4,635,358	14,510,320	619,822,387	81,989,580	116,263,990	9,509,737	-	36,437,743	1,054,076,772	
Range of estimated useful life in years	10 - 150	15 - 150	1 - 25	5 - 10	7 - 100	10 - 150	5 - 80	8 - 100	5 - 100	-	-	
Range of residual values in percentage	0 - 100	0 - 70	0 - 48	10 - 45	0 - 100	0 - 80	0 - 80	0 - 40	-	-	-	
Addition of renewal assets	-	-	1,397,138	3,492,073	-	-	-	-	-	23,888,729	28,777,940	
Addition of other assets	3,091	42,000	-	-	798,980	17,365	150,783	-	-	6,857,017	7,869,236	
Total additions in period	3,091	42,000	1,397,138	3,492,073	798,980	17,365	150,783	-	-	30,745,746	36,647,176	

\* ARS denotes - Asset Revaluation Surplus

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2014

### 17 Property, plant and equipment - prior year

	Land and Site Improvements	Buildings	Plant and equipment	Heavy plant	Road, bridge and drainage	Water	Sewerage	Other Infrastructure	Other Assets	Work in progress	Total
	Fair Value 2013	Fair Value 2013	Cost 2013	Fair Value 2013	Fair Value 2013	Fair Value 2013	Fair Value 2013	Fair Value 2013	Fair Value 2013	Cost 2013	2013
Basis of measurement											
<b>Asset Values</b>											
Opening gross value as at 1 July 2012	\$ 71,162,473	\$ 105,622,819	\$ 6,374,495	\$ 25,639,394	\$ 664,860,438	\$ 123,574,446	\$ 140,583,318	\$ 8,287,255	\$ 3,042,847	\$ 29,496,308	\$ 1,178,643,793
Additions at cost	217,567	-	1,672,327	1,771,115	-	-	-	-	-	15,219,310	18,880,319
Contributed assets at fair value	-	-	-	-	4,448,782	230,343	642,460	-	-	-	5,321,585
Internal transfers from work in progress	1,450,373	4,112,173	154,301	-	13,187,590	2,612,264	3,324,522	-	247,157	(25,088,380)	-
Disposals	-	-	(1,342,363)	(2,008,984)	-	-	-	-	-	-	(3,351,347)
Write-offs	-	(703,552)	-	-	(4,741,820)	(614,904)	(315,773)	-	(2,714,817)	-	(9,090,866)
Revaluation adjust to other comprehensive income. (refer the ARS *)	(1,545,342)	4,944,787	-	407,691	53,995,165	12,748,524	5,078,163	93,252	-	-	75,722,240
Internal transfers between asset classes	-	-	-	-	(13,780)	48,551	(191,4)	(32,857)	-	-	-
Closing gross value as at 30 June 2013	71,285,071	113,976,227	6,858,760	25,809,216	731,736,375	138,599,224	149,310,776	8,347,650	575,187	19,627,238	1,266,125,724

Note

### Accumulated depreciation and impairment

Opening balance as at 1 July 2012	1,293,135	12,100,812	2,530,875	13,873,342	128,566,968	55,272,484	38,427,291	1,608,771	1,533,126	-	255,206,804
Depreciation provided in period	134,953	749,861	614,718	1,571,925	5,209,390	1,911,606	2,912,816	183,313	134,128	-	13,422,710
Depreciation on disposals	-	-	(748,241)	(1,370,691)	-	-	-	-	-	-	(2,118,932)
Depreciation on write-offs	-	(210,273)	-	-	(2,080,351)	(368,416)	(37,593)	-	(1,624,905)	-	(4,321,538)
Revaluation adjust to other comprehensive income. (refer the ARS *)	(81,573)	684,674	-	223,841	(14,320,699)	1,752,227	(6,649,380)	(135,482)	-	-	(18,526,392)
Internal transfers	-	-	-	-	384	437	(437)	(384)	-	-	-
Accumulated depreciation as at 30 June 2013	1,346,515	13,325,074	2,397,352	14,298,417	117,375,692	58,568,338	34,652,697	1,656,218	42,349	-	243,662,652

Total written down value as at 30 June 2013

69,938,556	100,651,153	4,461,408	11,510,799	614,360,683	80,030,886	114,658,079	6,691,432	532,838	19,627,238	1,022,463,072
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Range of estimated useful life in years

10 - 150	15 - 150	1 - 25	5 - 10	7 - 100	10 - 150	5 - 80	8 - 100	5 - 100		
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Range of residual values in percentage

0 - 100	0 - 70	0 - 48	10 - 45	0 - 100	0 - 80	0 - 80	0 - 40	-		
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\* ARS denotes - Asset Revaluation Surplus



**18 Fair value measurements**

**(i) Recognised fair value measurements**

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
  - Road, bridge and drainage
  - Water
  - Sewerage
  - Other Infrastructure

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 2.1 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

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

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

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

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 18 Fair value measurements - continued

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 Fair Value Measurement.

	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
		2014 \$	2014 \$	2014 \$
<b>Recurring fair value measurements</b>				
Property, plant and equipment	17			
- Land		61,394,078	-	61,394,078
- Site Improvements		-	8,613,129	8,613,129
- Buildings - pensioner units		360,000	-	360,000
- Buildings - other		-	100,540,450	100,540,450
- Heavy plant - standard design		496,649	-	496,649
- Heavy plant - customised design		-	14,013,671	14,013,671
- Road, bridge and drainage		-	619,822,387	619,822,387
- Water		-	81,989,580	81,989,580
- Sewerage		-	116,263,990	116,263,990
- Other Infrastructure		-	9,509,737	9,509,737
		62,250,727	950,752,944	1,013,003,671

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

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

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

Council adopted AASB13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

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

##### Property, plant and equipment

##### Land (level 2)

Land fair values were determined by independent valuer, APV Valuers & Asset Management effective 30 June 2014. The assets in this class were physically inspected in February 2014 as part of a comprehensive valuation effective 1 July 2013 to classify assets according to their fair value hierarchy, with a desktop valuation applying as at 30 June 2014.

Level 2 valuation inputs were used to value land in freehold title (investment and non-investment) as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation are price per square metre.

**GYMPIE REGIONAL COUNCIL**

**Notes to the Financial Statements**

For the year ended 30 June 2014

**18 Fair value measurements - continued**  
**Site Improvements (level 3)**

Site Improvements fair values were generated using the cost approach by APV Valuers & Asset Management effective 30 June 2014. The assets in this class were physically inspected in February 2014 as part of a comprehensive valuation effective 1 July 2013 to classify assets according to their fair value hierarchy, with a desktop valuation applying as at 30 June 2014.

The approach estimated the replacement cost for each building by componentising the site improvement where applicable into significant parts with different useful lives and taking into account a range of factors. These include actual construction or purchase prices for recent projects paid by the specific entity, appropriate APV database where actual costs from recent projects that are sourced directly from clients with preference to nearby locations. Rawlinson's Construction Guide or similar guides such as Cordells and benchmarking against other valuations.

The unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. The table below summarises the effect the changes in the most significant unobservable inputs would have on the valuation with a sensitivity of plus or minus 2.5% for unobservable market inputs:

The changes in land and site improvements (level 3) are detailed in note 17 (property, plant and equipment).

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Remaining useful lives	1-100 years	The higher the assessment of remaining life, the higher the fair value of the asset.
Residual value	\$0 - \$86,450	The higher the residual value the higher the fair value.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 18 Fair value measurements - continued

##### Buildings - pensioner units (level 2 and 3)

The fair values of buildings were also determined by independent valuer APV Valuers & Asset Management effective 30 June 2014. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

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.

The table below summarises the effect the changes in the most significant unobservable inputs would have on the valuation with a sensitivity of plus or minus 2.5% for unobservable market inputs.

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Remaining useful lives	1-100 years	The higher the assessment of remaining life, the higher the fair value of the asset.
Residual value	\$0 - \$1,914,805	The higher the residual value the higher the fair value.

**GYMPIE REGIONAL COUNCIL**

**Notes to the Financial Statements**

For the year ended 30 June 2014

**18 Fair value measurements - continued**

**Heavy plant (level 2 and 3)**

The fair value of heavy plant is measured at current market value as at 30 June 2014 as independently determined by APV Valuers & Asset Management. The assets in this class were physically inspected in March 2014.

The fair value of heavy 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 assets were 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.

Some items of plant however are unique in design or there was insufficient observable market evidence to support the valuation. As a result the valuation was performed using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. 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.

The table below summarises the effect the changes in the most significant unobservable inputs would have on the valuation.

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Remaining useful lives	1 - 18 years	The higher the assessment of remaining life, the higher the fair value of the asset.
Residual value	\$0 - \$230,000	The higher the residual value the higher the fair value.



# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2014

### 18 Fair value measurements - continued

#### Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

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

##### 1(a) Road, bridge and drainage - calculation of current replacement cost

#### Roads

Current replacement cost:

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Roads are split into segments which vary in length depending on the attributes of each segment and the previous construction history – as described below. All road segments have components of earthworks (formation, pavement and seal (where applicable)) - Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment, and across the region. 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 Enterprise Bargaining Agreement (EBA). 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.

The last full valuation of road infrastructure was undertaken effective 30 June 2013. A desktop valuation was undertaken by independent valuers, AssetVal Pty Ltd, effective 30 June 2014, resulting in 2.5% increase based on inputs from producer price, local government and construction indices being applied across all road components. A full valuation of road infrastructure is planned in 2016.

**18 Fair value measurements - continued****Accumulated depreciation:**

In determining the level of accumulated depreciation, roads are disaggregated into significant components which exhibit 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. Regular inspections are performed as part of the maintenance program to identify road infrastructure that is varying 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:**

A desktop valuation of bridge assets was undertaken by independent valuers, AssetVal Valuers, effective 30 June 2014. 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 yearly visual bridge condition inspections using a 0 - 6 condition 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 deflections.

**Drainage****Current replacement cost:**

A desktop valuation of drainages assets was undertaken by independent valuers, AssetVal Valuers, effective 30 June 2014.

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.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements For the year ended 30 June 2014

#### 18 Fair value measurements - continued

##### 1(b) Roads, drainage and Bridge network – Sensitivity of valuation to unobservable inputs

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Number of Labour hours	5-100hrs/linear metre, sqm or cubic metre	The higher the labour hours, the higher the fair value.
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Raw material usage quantities	Varies dependant of type and application	The higher the usage quantities, the higher the fair value.
Remaining useful life	1 - 100 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$1,750,000	The higher the residual value the higher the fair value.

##### 2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost

###### Water and sewerage infrastructure

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

###### Current replacement cost:

Water and sewerage infrastructure fair values were determined by independent valuers, AssetVal Valuers, effective 30 June 2014. 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 Goonem) 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.

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 18 Fair value measurements - continued

AssetVal's cost indices were derived from the following sources

- Local Government
- Producer price
- Engineering Design and Management Index
- Metal product manufacturing index
- Currency Fluctuations
- Electrical Equipment manufacturing index
- Electrical Cable manufacturing index
- Wage Index
- Non-Residential Building
- Local construction contractors

Valuation unit rates (replacement costs) were increased by 2% civil construction costs, 2.22% for mechanical and imported mechanical assets due to negligible currency swings, 1.08% for electrical assets and 2.1% for reticulation mains.

#### 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.

#### 2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect the changes in the most significant unobservable inputs would have on the valuation.

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Number of Labour hours	5-100hrs/linear metre or sqm	The higher the labour hours, the higher the fair value.
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value.
Remaining useful life	1 - 85 years	The longer the remaining useful life, the higher the fair value.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements For the year ended 30 June 2014

#### 18 Fair value measurements - continued

##### 3(a) Other Infrastructure – Calculation of written down current replacement cost

###### Current replacement cost:

Other Infrastructure fair values were generated using the cost approach by APV Valuers & Asset Management effective 30 June 2014. The assets in this class were physically inspected in February 2014 as part of a comprehensive valuation effective 1 July 2013 to classify assets according to their fair value hierarchy, with a desktop valuation applying as at 30 June 2014.

The approach estimated the replacement cost for each asset by componentising the other infrastructure into significant parts with different useful lives and taking into account a range of factors. These include actual construction or purchase prices for recent projects paid by the specific entity and an appropriate APV database where actual costs from recent projects are sourced directly from clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides such as Cordells and benchmarking against other valuation.

###### Accumulated depreciation:

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life. Refer to the condition rating table shown in site improvements.

##### 3(b) Other Infrastructure – Sensitivity of valuation to unobservable inputs

The method used to value councils' other infrastructure assets utilises a number of inputs that require judgement and are therefore classed as unobservable.

While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Asset condition (See Condition Rating Table)	0 (lowest) to 6 (highest)	The lower the asset condition, the higher the remaining life and therefore a higher fair value.
Remaining useful lives	5-100 years	The higher the assessment of remaining life, the higher the fair value of the asset.
Residual value	\$0 - \$345,682	The higher the residual value the higher the fair value.



GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2014

18 Fair value measurements - continued  
Condition Rating Table

Description	Consumption score	% RSP of depreciable amount				
		Straight-line	Low	Moderate	High	Extreme
New or very good condition - very high level of remaining service potential.	0	100%	100%	100%	100%	100%
Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	1	85%	92%	94%	98%	100%
Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	2	50%	65%	75%	85%	99%
Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	3	25%	40%	54%	70%	90%
Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	4	10%	20%	34%	45%	70%
At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	5	0%	0%	0%	0%	0%
Theoretical end of life.	6	Fully Written Off				

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 18 Fair value measurements - continued

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

The changes in level 3 assets with recurring fair value measurements are detailed in note 17 (property, plant and equipment). However, since the land and improvements, buildings and major plant disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 residential buildings are detailed below.

There have been no transfers between level 1, 2 or 3 measurements during the year.

	2014	
	Level 2 assets \$	Level 3 assets \$
<b>Changes in land and site improvements</b>		
<b>Asset value</b>		
Opening balance	61,253,771	10,031,300
Additions in period	248,131	1,118,053
Transferred in period	-	(1,151,514)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	(107,617)	38,025
Gross closing balance Buildings	61,394,285	10,035,864
<b>Accumulated depreciation</b>		
Opening balance	-	1,346,515
Depreciation in current period	-	202,805
Transferred in period	-	(21,745)
Revaluation adjustment direct to asset revaluation surplus	207	(104,840)
Closing balance of accumulated depreciation	207	1,422,735
Written down (fair value) at reporting date	61,394,078	8,613,129
<b>Changes in buildings</b>		
<b>Asset value</b>		
Opening balance	522,845	113,453,382
Additions in period	-	1,472,824
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	-	(1,216,405)
Gross closing balance Buildings	522,845	113,709,801
<b>Accumulated depreciation</b>		
Opening balance	162,845	13,162,229
Depreciation in current period	5,794	1,028,324
Revaluation adjustment direct to asset revaluation surplus	(5,794)	(1,021,202)
Closing balance of accumulated depreciation	162,845	13,169,351
Written down (fair value) at reporting date	360,000	100,540,450
<b>Changes in heavy plant</b>		
<b>Asset value</b>		
Opening balance	2,194,549	23,614,667
Additions in period	18,848	3,473,225
Disposals and write-offs in period	(117,160)	(5,442,025)
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	(1,580,740)	(1,073,121)
Gross closing balance Buildings	515,497	20,572,746
<b>Accumulated depreciation</b>		
Opening balance	1,766,292	12,532,125
Depreciation in current period	163,279	1,434,791
Accum. depreciation on disposals and write-offs in period	(92,498)	(4,177,989)
Revaluation adjustment direct to asset revaluation surplus	(1,818,225)	(3,229,852)
Closing balance of accumulated depreciation	18,848	6,559,075
Written down (fair value) at reporting date	496,649	14,013,671

##### (iv) Valuation processes

Council's valuation policies and procedures are confirmed by council at the time of the adoption of the Annual Report. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>19 Trade and other payables</b>	1.19		
<b>Current</b>			
Accruals		47,788	-
Creditors	1.19	3,499,215	3,663,325
Employee related accruals		227,784	470,034
Annual leave	1.20(b)	3,414,487	1,932,737
Sick leave		2,306,938	2,449,077
Other entitlements		417,177	477,738
		<u>9,913,389</u>	<u>8,992,911</u>
<b>Non-current</b>			
Annual leave	1.20(b)	-	1,243,312
Sick leave		137,101	188,995
		<u>137,101</u>	<u>1,432,307</u>
Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.			
The non-current portion of long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1.20			
<b>20 Provisions</b>			
<b>Current</b>			
Future election costs		-	222,738
Long service leave	1.20(e)	3,972,587	4,219,853
		<u>3,972,587</u>	<u>4,442,591</u>
<b>Non-Current</b>			
Long service leave	1.20(e)	1,464,505	1,542,226
		<u>1,464,505</u>	<u>1,542,226</u>
<b>Details of movements in provisions</b>			
<b>Long service leave</b>			
Balance at beginning of the financial year		5,762,079	5,559,571
Amount provided for in the period		1,202,889	691,760
Amount paid in the period		(1,527,876)	(489,252)
Balance at end of the financial year		<u>5,437,092</u>	<u>5,762,079</u>
<b>Future election costs</b>			
Opening balance		222,738	319,923
Net movement during the reporting period		(222,738)	(97,185)
Balance at end of the financial year		<u>-</u>	<u>222,738</u>
Current portion		-	222,738
Non-current portion		-	-
		<u>-</u>	<u>222,738</u>

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note	\$	\$
<b>21 Borrowings</b>		
(a) <b>Bank overdraft</b>		
The council does not have a bank overdraft facility.		
(b) <b>Unsecured borrowings</b>		
Unsecured borrowings are provided by the Queensland Treasury Corporation.		
All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 09 January 2017 to 21 May 2030.		
There have been no defaults or breaches of the loan agreement during the period.		
Principal and interest repayments are made quarterly in arrears.		
<b>Borrowings at balance date are</b>		
<b>Current</b>		
Queensland Treasury Corporation	1,168,265	1,100,921
<b>Non-current</b>		
Queensland Treasury Corporation	22,956,848	24,124,157
<b>Movements in borrowings</b>		
<b>Queensland Treasury Corporation</b>		
Balance at beginning of the financial year	25,225,078	26,261,519
Principal repayments	(1,099,965)	(1,036,441)
Balance at end of the financial year	24,125,113	25,225,078
Classified as		
Current	1,168,265	1,100,921
Non-current	22,956,848	24,124,157
	24,125,113	25,225,078
The loan market value at the reporting date was \$28,212,321.		
This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.		
No assets have been pledged as security by the council for any liabilities.		
Borrowings are all in \$A and are underwritten by the Queensland State Government.		
<b>22 Other liabilities</b>		
<b>Current</b>		
Unearned revenue	228,606	233,229
	228,606	233,229

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>23 Council capital</b>	<b>1.22</b>		
<b>(i) Calculation of capital value and retained surplus</b>			
Cash and cash equivalents		92,252,164	93,526,760
Less: restricted cash			
Reserves (excluding the asset revaluation)		(66,704,076)	(66,809,731)
Capital sustainability reserve		(18,178,304)	(17,111,680)
Unspent loan capital fund reserve		-	(3,420,012)
Revenue received in advance		(228,606)	(233,229)
Working capital cash (including employee entitlements)		(6,459,725)	(5,558,201)
Retained surplus (deficit) available for distribution	25	681,453	393,907
Total council capital value	23 (ii)	615,988,922	597,546,651
Total capital and retained surplus at end of period		616,670,375	597,940,558
<b>(ii)(a) Movement in council capital account</b>			
Balance at beginning of the financial year		597,546,651	584,398,706
Error correction to capital assets		-	5,334,053
<b>Adjustments from (to) retained surplus</b>			
Transfer of capital expenses in the period		(2,811,148)	(5,020,467)
Transfer of non-monetary capital revenue		1,009,128	5,321,585
Transfer of revenue expended on capital assets		4,067,217	238,120
Transfer of the working capital cash		-	2,000,000
Total transfers (to) from retained surplus		2,265,197	2,539,238
<b>Transfer (to) from restricted reserves</b>			
Net transfer (to) from Future capital sustainability reserve	26 (a)(i)	(1,066,624)	4,865,955
Net transfer (to) from Unspent loan cash reserve	26 (a)(ii)	3,420,012	-
Grants, subsidies and contributions reserve	26 (a)(iii)	11,867,401	408,699
<b>Transfer (to) from general reserves</b>	26 (b)(1)		
Capital projects reserve		319,790	-
Sewerage reserve		1,587,953	-
Water reserve		48,542	-
Total transfers (to) from reserves		16,177,074	5,274,654
Total council capital at end of the financial year		615,988,922	597,546,651
The amount by which the Council has increased (decreased) its capital capacity to deliver future services to the community before inflation adjustments		18,442,271	13,147,945



# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>24 (i) Asset revaluation surplus</b>			
Movements in the asset revaluation surplus			
Balance at beginning of the financial year		403,327,124	309,078,492
Adjustments to the property, plant and equipment through revaluations	17		
Land and Site Improvements		35,041	(1,463,769)
Buildings		(189,409)	4,260,113
Heavy plant		2,394,216	183,850
Road, bridge and drainage		8,432,516	68,315,864
Water		2,064,013	10,996,297
Sewerage		1,615,280	11,727,543
Other Infrastructure		(80,263)	228,734
Balance at end of the financial year		417,598,518	403,327,124
<b>(ii) Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:-			
Land and Site Improvements		29,318,121	29,283,080
Buildings		58,458,789	58,648,198
Heavy plant		3,261,625	867,409
Road, bridge and drainage		269,776,576	261,344,060
Water		27,837,371	25,773,358
Sewerage		26,461,625	24,846,345
Other Infrastructure		2,132,424	2,212,687
Other Assets		351,987	351,987
		417,598,518	403,327,124
<b>25 Retained surplus</b>	1.24		
<b>Movement in retained surplus</b>			
Balance at beginning of the financial year		393,907	143,699
Net result		16,270,774	15,616,179
		16,664,681	15,759,878
Transfers (to) from capital account		-	-
Transfer of capital expenses	10	2,811,148	5,020,467
Non-monetary capital revenue	4	(1,009,128)	(5,321,585)
General revenue used for capital funding purposes		(4,067,217)	(238,120)
Transfer to adjust the working capital cash		-	(2,000,000)
Net capital account transfers		(2,265,197)	(2,539,238)
Transfers (to)/ from capital reserves for future capital project funding, or from reserves funds that have been expended.			
Constrained grants and subsidy contributions reserve		(10,500,963)	(5,330,177)
Grants, subsidies and contributions reimbursed reserve		(157,017)	-
Capital projects - Waste Management reserve		(420,879)	(1,290,835)
Sewerage reserve		(1,182,430)	(266,546)
Water reserve		(1,349,637)	(697,067)
Constrained flood grants reserve		(10,347,413)	-
Special projects reserve		592,638	-
		(23,365,701)	(7,584,625)
Transfers (to) recurrent reserves for future project funding, or from reserves funds that have been expended.			
Constrained flood grants reserve		5,447,413	(5,447,413)
General purpose reserve		1,583,676	-
Grants received in advance reserve		2,674,081	205,305
Unspent grants reserve		(57,500)	-
		9,647,670	(5,242,108)
Balance at end of the financial year		681,453	393,907

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note	\$	\$
<b>26 Reserves</b>		
<b>(a) Restricted capital reserves</b>		
<b>(i) Future capital sustainability reserve</b>		
This cash forms part of council's capital value as the balance represents accumulated funded unspent depreciation cash plus additional cash funding, if required, to maintain the council's capital value under its' long term asset management plans.		
Balance at beginning of the financial year	17,111,680	21,977,635
Funded depreciation on capital assets in period	15,113,448	13,422,710
Less: Funds utilised in the period	(14,046,824)	(18,288,665)
Balance at end of the financial year	18,178,304	17,111,680
<b>(ii) Unspent loan cash reserve</b>		
This cash forms part of council's capital value as the balance represents loan cash drawn down but unspent at balance date. The cash is restricted to specific project funding.		
Balance at beginning of the financial year	3,420,012	3,420,012
Loan cash expended in period.	(3,420,012)	-
Balance at end of the financial year	-	3,420,012
<b>(iii) Constrained grants and subsidy contributions reserve</b>		
Balance at beginning of the financial year	20,006,381	15,084,903
Transfer from retained earnings non reciprocal grants, subsidies and contributions received and allocated to specific capital projects	10,536,963	5,330,177
Transfers to the capital account funds expended in the period	(11,867,401)	(408,699)
Transfer to retained earnings funds expended	(36,000)	-
Balance at end of the financial year	18,639,943	20,006,381
Total restricted capital reserves	36,818,247	40,538,073
<b>(b) Other reserves</b>		
<b>(1) Summary of capital reserves held for funding future projects</b>		
(i) Grants, subsidies and contributions reimbursed reserve	157,017	-
(ii) Capital projects reserve	24,504,259	24,824,049
(iii) Capital projects - Waste Management reserve	7,121,246	6,700,367
(iv) Sewerage reserve	1,683,061	2,088,584
(v) Water reserve	2,993,637	1,692,542
(vi) Constrained flood grants reserve	10,347,413	-
(vii) Special projects reserve	1,200,000	1,792,638
	48,006,633	37,098,180
<b>(2) Summary of recurrent reserves held for funding future projects</b>		
(i) Constrained flood grants reserve	-	5,447,413
(ii) General purpose reserve	-	1,583,676
(iii) Grants received in advance reserve	-	2,674,081
(iv) Unspent grants reserve	57,500	-
	57,500	9,705,170
Total other reserves	48,064,133	46,803,350
Total reserves	84,882,380	87,341,423

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note	\$	\$
<b>(1) Movements in capital reserves</b>		
<b>(i) Grants, subsidies and contributions reimbursed reserve</b>		
Transfer from retained earnings grants, subsidies and contributions received in the period which are a reimbursement	157,017	-
Balance at end of the financial year	157,017	-
<b>(ii) Capital projects reserve</b>		
Balance at beginning of the financial year	24,824,049	24,824,049
Transfer to the capital account funds expended in the period	(319,790)	-
Balance at end of the financial year	24,504,259	24,824,049
<b>(iii) Capital projects - Waste Management reserve</b>		
Balance at beginning of the financial year	6,700,367	5,409,532
Transfer from retained earnings for future expenditure	420,879	1,290,835
Balance at end of the financial year	7,121,246	6,700,367
<b>(iv) Sewerage reserve</b>		
Balance at beginning of the financial year	2,088,584	1,822,038
Transfer from retained earnings for future expenditure	1,182,430	266,546
Transfer to the capital account funds expended in the period	(1,587,953)	-
Balance at end of the financial year	1,683,061	2,088,584
<b>(v) Water reserve</b>		
Balance at beginning of the financial year	1,692,542	995,475
Transfer from retained earnings for future expenditure	1,349,637	697,067
Transfer to the capital account funds expended in the period	(48,542)	-
Balance at end of the financial year	2,993,637	1,692,542
<b>(vi) Constrained flood grants reserve</b>		
Balance at beginning of the financial year	-	-
Transfer from recurrent reserve - Constrained flood grants reserve	5,447,413	-
Transfer from unspent Capital Grants Received in financial year	4,900,000	-
Balance at end of the financial year	10,347,413	-
<b>(vii) Special projects reserve</b>		
Balance at beginning of the financial year	1,792,638	1,792,638
Transfer to retained earnings funds expended	(592,638)	-
Balance at end of the financial year	1,200,000	1,792,638
<b>(2) Movements in recurrent reserve</b>		
<b>(i) Constrained flood grants reserve</b>		
Balance at beginning of the financial year	5,447,413	-
Transfer from retained earnings for future expenditure	-	5,447,413
Transfer to Capital Reserve - Constrained flood grants reserve	(5,447,413)	-
Balance at end of the financial year	-	5,447,413
<b>(ii) General purpose reserve</b>		
Balance at beginning of the financial year	1,583,676	1,583,676
Transfer to retained earnings funds expended	(1,583,676)	-
Balance at end of the financial year	-	1,583,676
<b>(iii) Grants received in advance reserve</b>		
Balance at beginning of the financial year	2,674,081	2,879,386
Transfer from retained earnings for future expenditure	-	2,674,081
Transfer to retained earnings funds expended	(2,674,081)	(2,879,386)
Balance at end of the financial year	-	2,674,081
<b>(iv) Unspent grants reserve</b>		
Transfer from retained earnings for future expenditure	57,500	-
Balance at end of the financial year	57,500	-

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note	\$	\$
<b>27 Commitments for expenditure</b>		
<b>Contractual commitments</b>		
Contractual commitments at balance date but not recognised in the financial statements.		
Contract for Refuse Disposal - expires June 2021 - per year	3,271,000	3,226,500
Contract for Refuse Disposal - expires June 2014 - per year	-	115,000
Outstanding Purchase Orders as at balance date	960,459	-
	<u>4,231,459</u>	<u>3,341,500</u>
<b>Capital commitments</b>		
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities.		
Infrastructure & Other infrastructure	3,121,032	3,715,695
	<u>3,121,032</u>	<u>3,715,695</u>
These expenditures are payable		
Within one year	3,121,032	3,715,695
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>3,121,032</u>	<u>3,715,695</u>

### 28 Events after balance date

Council passed a resolution during the financial year to purchase the State Government's financial interest that it held in council controlled aged care facilities in the Gympie region. This transaction did not take place until after the 30 June 2014.

### 29 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities.

The various claims are pending against the Council. In the opinion of the Councils solicitor that the potential loss on all claims at 30 June 2014 should not exceed:

62,905	105,000
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The Council has disclaimed liability and no provision has been made within the financial statements pertaining to these claims.

Local government workcare.

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

1,191,766	1,172,111
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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 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

	2014	2013
Note	\$	\$
<b>30 Superannuation</b>		
The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits.		
The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.		
The scheme has three elements referred to as:		
- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund;		
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and		
- The Accumulation Benefits Fund (ABF).		
The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.		
Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.		
The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.		
To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had 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.		
Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.		
As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.		
The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."		
Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.		
Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.		
There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Gympie Council made less than 4% of the total contributions to the plan in the 2013-14 financial year.		
The next actuarial investigation will be conducted as at 1 July 2015.		
The amount of superannuation contributions paid by Gympie Regional Council to the scheme in this period for the benefit of employees was:	3,368,724	3,517,388



## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	\$	\$
<b>31 Trust funds</b>	1.29		
Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		279,892	284,946
Security deposits		1,140,619	1,199,542
		<u>1,420,511</u>	<u>1,484,488</u>
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 brought to account in these financial statements.			
<b>32 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		<u>16,270,774</u>	<u>15,616,179</u>
Non-cash operating items			
Impairment of receivables and bad debts written-off	8	71,514	6,095
Depreciation and amortisation	9	<u>15,113,448</u>	<u>13,422,710</u>
		<u>15,184,962</u>	<u>13,428,805</u>
Investing and development activities			
Capital grants, subsidies and contributions	4	(16,603,108)	(10,651,762)
Capital expenses	10	<u>2,811,148</u>	<u>5,020,467</u>
		<u>(13,791,960)</u>	<u>(5,631,295)</u>
Changes in operating assets and liabilities			
(Increase) decrease in receivables		2,063,707	(792,976)
(Increase) decrease in inventories (excluding land)		175,897	(77,062)
Increase (decrease) in payables		(380,666)	613,213
Increase (decrease) in provisions		(547,725)	105,323
Increase (decrease) in other liabilities		(4,623)	(47,448)
		<u>1,306,590</u>	<u>(198,950)</u>
<b>Net cash inflow from operating activities</b>		<u><u>18,970,366</u></u>	<u><u>23,214,739</u></u>

### 33 Controlled entities and related parties

Gympie Regional Council does not have any entities that qualify as controlled entities.

It does have two (2) recent entities that meet the definition of Related Parties as follows:-

Mary Valley Rattler Community Holdings Ltd ACN 168 618 326. Registered 18/03/2014.

Rattler Railway Company Ltd ABN 89 168 604 975 Registered 18/03/2014.

Neither of the two (2) entities have any transactions during the 2013/2014 financial year.

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 34 Financial Instruments

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

- credit risk
- liquidity risk
- market risk

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

#### Financial risk management

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

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

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

Gympie Regional Council does not enter into derivatives.

#### Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.

These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

The carrying amount of financial assets represents the maximum credit exposure.

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

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

	Note	2014 \$	2013 \$
<b>Financial Assets</b>			
Cash and cash equivalents - Bank	12	803,279	2,607,875
Cash investments held with - QTC	12	84,448,885	83,918,885
Cash equivalents held with other institutions	12	3,000,000	7,000,000
Investments held with other approved deposit taking institutions	16	4,000,000	-
Receivables - rates	13	7,184,151	6,848,774
Receivables - other	13	3,245,134	5,234,529
<b>Other credit exposure</b>			
Guarantee	29	1,191,766	1,172,111
<b>Total</b>		<b>103,873,215</b>	<b>106,782,174</b>

#### 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.

## GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2014

### 35 Financial instruments - continued

#### Other financial assets

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

#### Trade and other receivables

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

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural/forestry, there is also a concentration in the agricultural/forestry sector.

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

	Not past due \$	Past due			Less Impaired \$	Total \$
		31 to 60 days \$	61 to 90 days \$	Over 90 days \$		
Receivables						
2014	1,333,414	101,664	2,507	9,041,949	(50,249)	10,429,285
2013	3,216,334	132,313	16,112	7,861,426	-	11,226,185

#### Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

These facilities are disclosed in note 21.

	2014 \$	2013 \$
Overdraft - Bank working capital facility	-	-
- Available at 30 June	-	200,000

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

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
<b>2014</b>					
Trade and other payables	3,774,787	-	-	3,774,787	3,774,787
Loans QTC	2,692,375	9,998,592	25,336,687	38,027,654	24,125,113
	6,467,162	9,998,592	25,336,687	41,802,441	27,899,900
<b>2013</b>					
Trade and other payables	4,611,097	-	-	4,611,097	4,611,097
Loans QTC	2,692,931	10,313,017	27,553,679	40,559,627	25,225,078
	7,304,028	10,313,017	27,553,679	45,170,724	29,836,175

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

# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2014

### 35 Financial instruments - continued

#### Trade and other receivables - continued

##### Market risk

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

##### Interest rate risk

Gympie Regional Council is exposed to interest rate risk through investments with QTC and other financial institutions.

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

##### Sensitivity

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

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

2014	Net carrying amount	Change in profit or (loss) from		Change in equity from	
		1% increase	1% decrease	1% increase	1% decrease
Financial assets and liabilities that are held at variable interest rates total	\$	\$	\$	\$	\$
QTC cash funds	84,448,885	844,489	(844,489)	844,489	(844,489)
Loans - QTC at fixed and generic *	(24,125,113)				
Net total	60,323,772	844,489	(844,489)	844,489	(844,489)
2013	Net carrying amount	Change in profit or (loss) from		Change in equity from	
		1% increase	1% decrease	1% increase	1% decrease
QTC cash funds	83,918,885	839,189	(839,189)	839,189	(839,189)
Loans - QTC at variable **	(25,225,078)	(252,251)	252,251	(252,251)	252,251
Net total	58,693,807	586,938	(586,938)	586,938	(586,938)

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

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

\*QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

\*\*QTC Client Specific Pool - client specific pool products are often rebalanced to a target benchmark duration. This partially exposes clients to the level of interest rates at the time of rebalancing. Sensitivity on these products is provided by QTC through calculating the interest effect over the period.

##### 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 discussed below and disclosed in note 21.

## GYMPIE REGIONAL COUNCIL

### Notes to the Financial Statements

For the year ended 30 June 2014

#### 36 National Competition Policy

##### (a) Business activities to which the code of competitive conduct is applied

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

Building Certification  
Water & Sewerage  
Refuse Management

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

Revenue for services provided to the Council  
Revenue for services provided to external clients  
\* Community service obligations - see (c)

Less: Expenditure  
Surplus (deficiency)

Building Certification	Water & Sewerage	Refuse Management
2014	2014	2014
\$	\$	\$
-	-	-
89,629	19,166,007	10,221,119
-	409,121	387,961
89,629	19,575,128	10,609,080
140,331	13,930,419	8,427,305
(50,702)	5,644,709	2,181,775

##### (c) Description of CSO's provided to business activities during the reporting period.

Activities	CSO description
Water & Sewerage	Council Services
Refuse Management	Cleaning and refuse collection services



# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

### FINANCIAL STATEMENTS

For the year ended 30 June 2014

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#### MANAGEMENT CERTIFICATE

For the year ended 30 June 2014

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the Local Government Regulation 2012 (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that

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

  
\_\_\_\_\_  
Acting Mayor

Name: A J Perrett

Date: 08/10/2014

  
\_\_\_\_\_  
Chief Executive Officer

Name: B J Smith

Date: 08/10/2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Gympie Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Gympie Regional Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Mayor and the Chief Executive Officer.

#### *The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

# Appendix D: Financial statements

## *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of *Gympie Regional Council* for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

## **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D A STOLZFUS  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane



## GYMPIE REGIONAL COUNCIL

### Other Statements

For the year ended 30 June 2014

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#### Addendum to the financial statements

Current-year Financial Sustainability Statement

Long-Term Financial Sustainability Statement



# Appendix D: Financial statements

## GYMPIE REGIONAL COUNCIL

Current-year Financial Sustainability Statement  
For the year ended 30 June 2014

### Measures of Financial Sustainability

- (i) **Operating surplus ratio**  
Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).
- (ii) **Asset sustainability ratio**  
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.
- (iii) **Net financial liabilities ratio**  
Total liabilities less current assets divided by total operating revenue.

Council's performance at 30 June 2014 against key financial ratios:

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	3.13%	190.41%	-81.77%

### 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 2014.

### Certificate of Accuracy For the year ended 30 June 2014

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).  
In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

Acting Mayor

Name: A J Perrett

Date: 08/10/2014

Chief Executive Officer

Name: B J Smith

Date: 08/10/2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Gympie Regional Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Gympie Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Acting Mayor and Chief Executive Officer.

#### *The Council's Responsibility 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 Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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



# Appendix D: Financial statements

## *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

## *Opinion*

In accordance with s.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 2014, has been accurately calculated.

## *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn 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.

## **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

  
D A STOLZ FCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

## GYMPIE REGIONAL COUNCIL

### Long-Term Financial Sustainability Statement

Prepared as at 30 June 2014

#### Measures of Financial Sustainability

(i) **Operating surplus ratio**

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).

(ii) **Asset sustainability ratio**

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) **Net financial liabilities ratio**

Total liabilities less current assets divided by total operating revenue.

Council's performance at 30 June 2014 against key financial ratios

#### Target

Actuals at 30 June 2014

Projected for the years ended

30 June 2015
30 June 2016
30 June 2017
30 June 2018
30 June 2019
30 June 2020
30 June 2021
30 June 2022
30 June 2023

Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
between 0% and 10%	greater than 90%	not greater than 60%
3.13%	190.41%	-81.77%
0.21%	129.12%	-48.83%
1.48%	92.58%	-26.62%
2.81%	55.65%	-27.26%
5.07%	50.66%	-26.17%
6.76%	75.95%	-20.63%
8.24%	84.09%	-8.45%
10.07%	83.13%	-19.23%
12.42%	92.56%	-31.25%
14.73%	97.67%	-45.24%

#### Financial Management Strategy

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

The table above summarises how we performed against set targets for the three key financial performance indicators established in our financial strategy. In summary, we achieved or bettered the target range for these financial indicators, 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.

#### Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2014

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

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

Acting Mayor

Name: A J Perrett

Date: 08/10/2014

Chief Executive Officer

Name: B J Smith

Date: 08/10/2014

**Gympie Regional Council**

1300 307 800

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