



**ANNUAL
REPORT**

1 July 2018 to 30 June 2019

Contact Details and Distribution

Contact Council

To contact the Western Downs Regional Council you can:

1. Telephone our Customer Service Centre on **1300 COUNCIL** (1300 268 624) or 07 4679 4000 (interstate)
2. Visit in person at your local Customer Service Centre (listed)
3. Find us on Facebook, Twitter and Instagram
4. Email Council at: info@wdrc.qld.gov.au
5. Write to us, addressing all correspondence to:

Chief Executive Officer
Western Downs Regional Council
PO Box 551
DALBY QLD 4405

Customer Service Centre Locations

Local Communities - Local Service

Chinchilla - 80-86 Heeney Street
Dalby - 30 Marble Street
Jandowae - 22 George Street
Miles - 29 Dawson Street
Tara - 19 Fry Street
Wandoan - 6 Henderson Road

Distribution

Western Downs Regional Council's Annual Report is available in hardcopy or electronic format.

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Alternatively, you can visit Council's website at www.wdrc.qld.gov.au to download a copy for free.

About This Report

As well as being a legislative requirement for Local Government, Council's 2018/19 Annual Report serves to keep our stakeholders, including: residents, ratepayers, business and industry, employees, community groups, and partnering government agencies, informed of our performance over the previous financial year.

This Annual Report focuses on Council's financial and operational performance for the 2018/19 financial year against the Corporate Plan 2017-2022, which establishes the strategic direction of Council's programs and initiatives into prioritised and measurable actions.

This was achieved by structuring the Corporate Plan around the following four strategic priority areas which were workshoped with the local members representing our region, together with our management team to create a clear link between Council's planned delivery and the needs and expectations of our local communities:

Strong Economic Growth, Active Vibrant Communities, Great Liveability, Financial Sustainability.

Alignment to these four strategic priorities flows into Council budgets and operational plans, to ensure Council delivers against a shared vision for the Western Downs.

How to Read this Report

This report is divided into five chapters designed to help you find the information you're looking for.

Chapter 1: Setting the Scene - includes a profile of the Western Downs region, Council's role within the community, and a Community Financial Report consisting of key points highlighting our financial performance.

Chapter 2: Your Councillors - includes a message from the Mayor, shows our Councillors and their portfolios, and responds to the statutory information required for Councillors' Governance.

Chapter 3: Our Organisation - shows our organisational structure, includes a message from the CEO, and responds to the statutory information required for Corporate Governance.

Chapter 4: Reporting the Organisation's Performance - outlines our strategic direction, summarises our achievements toward meeting the objectives of the Corporate Plan, and provides an assessment of Council's overall performance by our Executive Team.

Chapter 5: Financial Reporting - includes our audited and certified General Purpose Financial Statements that detail Council's financial position for the year ending 30 June 2019.

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CHAPTER 1:

SETTING THE SCENE



The Region

On the back of its proud history of agricultural productivity and manufacturing innovation, an experienced supply chain and modern infrastructure are just a few of the attributes being used to promote and attract external investment to the region. The tourism, agriculture and renewable energy industries have continued to fuel new economic activity as local business gets on with driving the economy forward.

The Western Downs is quickly becoming recognised as the Energy Capital of Australia, given advancements in renewable energy technology, legacies of the Coal Seam Gas Industry and Government incentives in relation to the provision of green, clean, renewable energy products. Council approved nine (9) large scale solar power developments totalling more than 1,500 Mega Watts. There are additional development applications under assessment and numerous other projects at the pre-lodgement phase. More than 2,000 construction jobs are expected to be created as a result of this investment in the region, ensuring the long-term sustainability and diversification of the region's economy.

Positioned at the centre of a national transport network, the region's strategic location ensures greater accessibility and continued movement of freight within and through the Western Downs. Continuing upgrades to critical infrastructure such as the Warrego Highway and the Western Rail Line, together with National building projects outside the administrative boundary, including the Toowoomba Second Range Crossing and Brisbane West Wellcamp Airport, continue to improve the region's access to international markets.

A growing number of local jobs and affordable housing support opportunities for new residents to relocate to the Western Downs, and significant events and attractions also boost tourism and enhance the region's liveability.

The Western Downs region has continued to realise sustainable growth, delivering quality services and improving the region's natural, economic, social and cultural environment. The Western Downs means business.



People

Consistently enjoying population growth despite the trend of rural population decline, the Western Downs region welcomed 33 persons in the year to June 2018, representing a 3% increase over the past five years. Our residential population is expected to increase to 39,797 persons over the period to 2041, an average annual growth rate of 0.6% over 25 years.

As at March 2019 the unemployment rate was 6.85%. This is slightly higher than the average for Queensland (6.00%).

The largest industries by employment are agriculture, forestry and fishing, and mining and construction. Together they provide 39.6% of the total jobs in the region.

Economy

Mining makes the largest contribution to the regional economy, comprising 34.7% of the region's \$3.74 billion value add in 2017/18, followed by construction (22.1%), agricultural, forestry and fishing (11.5%), and electricity, gas, water and waste services (7.7%).

Despite the recent contraction in direct expenditure of the mining and resources sector, the Regional Gross Product (RGP) of the Western Downs region has grown by 26.3% over the past year (from \$3.2 billion in 2017 to \$4 billion in 2018).

Growth in Development Assessments equalling approximately \$1.5 billion during 2018/19 is an increase on previous years, signalling strong local economic growth activity for the Western Downs.

Lifestyle

It's the 'quality of life' and 'feeling of community' that are our region's greatest strengths. This is closely followed by 'clean living' with clean air and water identified by our residents, as another benefit of modern country living within our welcoming communities.

Adding to festivities across the region, Council provided support for several major events including the 2018 Miles Back to the Bush Festival, 2018 Dalby Delicious & DeLIGHTful Festival, 2019 Chinchilla Melon Festival and 2019 Big Skies Festival. These events are a successful draw card for visitors and regional communities alike, benefiting local businesses in the various towns.

Shell's QGC business supports Council's initiative to new residents to the Western Downs by funding the Welcoming Project.

It's the 'quality of life' and 'feeling of community' that are our region's greatest strengths.

Six Welcome Guides showcase everything the Western Downs has to offer – covering Chinchilla, Dalby, Jandowae, Miles, Tara and Wandoan. The Guides include handy information for new residents, such as where to eat, what schools are around and the many social events happening across the region every year.

The Welcome Guides are just one part of the partnership, with a series of events and other welcoming functions planned.

These booklets will be complemented by web-based community organisation data bases and events calendars.

Median house prices, less than half those of Brisbane, are one of the region's lifestyle advantages, further enhanced by the subtropical climate where all four seasons can be enjoyed. Average summer temperatures are between 18 - 30 degrees C, cooling for the winter months to between 5 - 20 degrees C.

Providing the appeal of our family friendly lifestyle, 46 residential dwellings were approved to be built in the Western Downs at a total value of approximately \$11.9 million, in the 12-month period to June 2019.

While spread across a large geographical area, communities in the Western Downs boast an impressive range of modern facilities from aquatic and fitness centres to galleries, museums, cinemas and civic centres, delivering the convenience of metropolitan centres in a scenic rural environment.



The Role of Council

At Western Downs Regional Council, we take our role as the front-line level of government seriously. It's important to us that we remain the most accessible level of government in our local communities, and that the decisions made today positively shape the region for the benefit of the next generation.

We believe in and adhere to the following principles of local government:

- a) Transparent and effective processes, and decision-making in the public interest;
- b) Sustainable development and management of assets and infrastructure, and delivery of effective services;
- c) Democratic representation, social inclusion and meaningful community engagement;
- d) Good governance of, and by, local government; and
- e) Ethical and legal behaviours of councillors and local government employees.

Council's Mission

We are part of the community we serve, working together to provide valued leadership and services to our diverse region.

Our Missions says:

Who Council is – Leaders who operate strategically and staff who deliver operationally

Why Council exists – To responsibly govern our region and provide services that deliver liveability

What Council does – Deliver service that meet community needs through strategic leadership, informed decision making, and an empowered team

What is unique about Council - Councillors and staff live and work in the diverse communities that they serve

Council's Vision

An innovative team – connected locally, united regionally

Our Visions is for Council to be:

Innovative – Responsive and willing to take managed risks that lead to innovative solutions

Connected – In touch with our local communities and their needs

United – a regional entity, working collaboratively

Council's Values

As elected representatives and staff of Western Downs Regional Council our behaviour reflects our values:



Council's Strategic Priorities

The services, projects and initiatives that Council is committed to delivering are in response to the strategic priorities identified under the following four focus areas of delivery for the Corporate Plan 2017 - 2022:

STRONG ECONOMIC GROWTH

- There is confidence in our strong and diverse economy
- We're open for business and offer investment opportunities that are right for our region
- We optimise our tourism opportunities, unique experiences and major events
- Business and industry in our region live local and buy local
- Our region is a recognised leader in energy, including clean, green renewable energies

ACTIVE VIBRANT COMMUNITIES

- We are a region without boundaries, united in community pride
- Our community members are the loudest advocates for what's great about our region
- Our social, cultural and sporting events are supported locally and achieve regional participation
- Our parks, open spaces, and community facilities are well utilised and connect people regionally
- A recognised culture of volunteerism is active throughout our communities

GREAT LIVEABILITY

- Our residents enjoy convenience of modern infrastructure and quality essential services
- Valued recreational spaces, sporting and community facilities are provided regionally
- A safe and well-maintained road network connects our region
- Our region remains an affordable place for families to live, work, prosper and play
- We're recognised as one of the safest regions in Queensland

FINANCIAL SUSTAINABILITY

- We are recognised as a financially intelligent and responsible Council
- Our long term financial planning guides informed and accountable decision making
- Our value for money culture enables us to deliver our core functions sustainably
- Our agile and responsive business model enables us to align our capacity with service delivery
- Effective asset management ensures that we only own and maintain assets that are utilised

The annual Operational Plan was purposefully aligned to the priorities represented in Western Downs Corporate Plan 2017 - 2022, ensuring delivery of a shared vision and creating local communities that our residents are proud of. Each of the four Strategic Priorities are explained in Chapter 4 of this report on page 26.

Community Financial Report

This report summarises Council's Financial position at 30 June 2019 in simple terms

Council is committed to ensuring it is financially sustainable in the long-term and ensuring that the Region is affordable for our families to live, work, prosper and play.

For 2018/19, Council has delivered on these commitments with its finances strengthened and families having to pay low relative rates and utility charges for the delivery of services.

This Community Financial Report consists of the following five key statements or elements:

1. Statement of Comprehensive Income (what most people would call a Profit and Loss Account)
2. Statement of Financial Position (what most people would call their assets and liabilities)
3. Statement of Changes in Equity (how Council's equity or net worth has grown from one year to the next)
4. Statement of Cash Flows (how Council has used and grown its cash)
5. Financial Sustainability Measures (how we sustain Council's business financially)

Significant achievements for 2018/19 include:

- Delivering an Operating Profit of \$16.8 million (Recurrent Revenue of \$157.4 million less Recurrent Expenses of \$140.6 million)
- Completing capital works of \$50.8 million
- Increasing our cash by \$15.0 million, and
- Paying out the remainder of our debt.

1. Statement of Comprehensive Income (Profit and Loss)

The Statement of Comprehensive Income details from where Council received its money and how it spent this money in delivering services to our Region. The difference is Council's profit or operating surplus which will be used, at some future time, to deliver services.

Financial Summary 2018/19

Revenue and Expenditure - Recent Operating Surpluses \$' million

Financial Year	2015/16	2016/17	2017/18	2018/19
Recurrent Revenue	145.1	152.9	147.5	157.4
Recurrent Expenditure	145.0	136.2	133.1	140.6
Operating Surplus	0.1	16.7	14.4	16.8

Our operating surplus is the outcome which results from deducting our day to day costs, including depreciation of our property plant and equipment, from our day to day revenues.

Revenue - Where does our money come from?

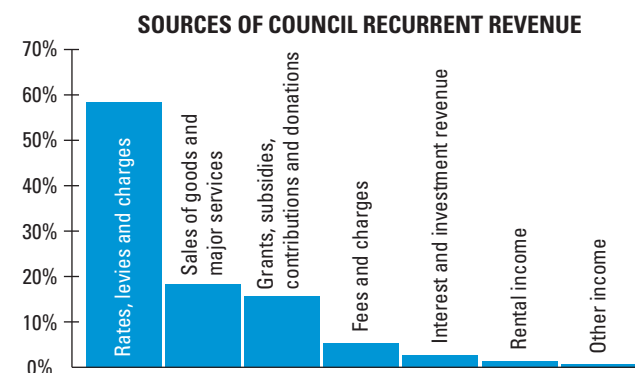
This year Council received \$172.3 million in revenue which consisted of \$157.4 million in recurrent revenue and \$14.9 million in capital revenue.

Recurrent or day to day income of \$157.4 million comprised:

- Rates, levies and utility charges \$91.2 million
- Operational grants, subsidies, and donations \$23.8 million
- Sale of major services of \$27.7 million, including sales of gravel from our quarry and gravel pits, revenue for the use of our saleyards and revenue from contracts to maintain and upgrade Queensland Government-owned roads
- Fee and charges \$8.0 million
- Rental and levies \$1.7 million
- Interest received \$3.8 million, and
- Other income \$1.2 million.

In addition, we received Capital Revenue of \$14.9 million of which the majority of this funding is grants provided by the State Government to assist in delivering projects like the Chinchilla Botanical Parklands.

The following graph shows the break-up of our recurrent revenue.



Expenses - Where was the money spent?

We incur both operating and capital expenditure in delivering services to our community.

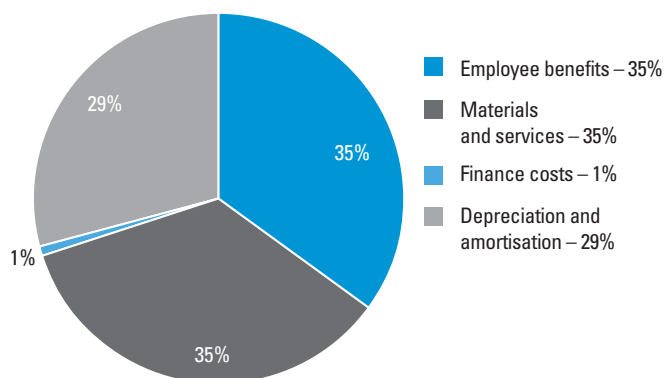
Depreciation expense is that component of our assets' (i.e. roads, bridges, buildings etc) service potential or life that is utilised over the course of the year.

Significant expenditure items during the 2018/19 year included:

Recurrent or day to day expenditure of \$140.6 million comprised:

- Employee costs of \$48.9 million
- Materials and services costs of \$49.7 million
- Depreciation and amortisation of \$40.4 million, and
- Finance costs of \$1.6 million.

RECURRENT OR DAY TO DAY EXPENDITURE



In addition, capital expenses totalled \$11.0 million which mainly related to the write-off of road and bridge infrastructure that needed to be replaced earlier than expected.

2. Statement of Financial Position (our Balance Sheet)

The Statement of Financial Position measures what we own (our assets) and what we owe (our liabilities), resulting in our net worth at the end of the financial year.

Assets: What do we own?

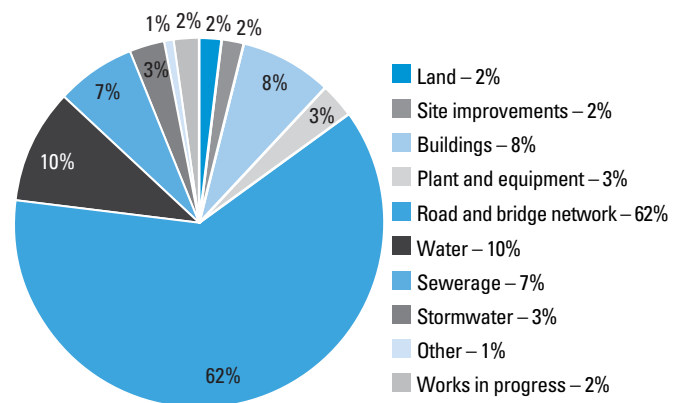
At 30 June 2019, Council assets were valued at \$1,662 million comprised:

- Property, plant and equipment including intangibles \$1,497 million,
- Cash and cash investments \$142 million,
- Trade and other receivables \$18 million, and
- Inventories \$5 million.

Council's most significant asset is our road and bridge network which is valued at \$931 million. The Region has over 7,500 km of Council owned roads which is by far the largest in Queensland and the second largest local government road network in Australia.

The break-up of Council's property, plant and equipment is graphically represented in the table below.

WHAT COUNCIL OWNS



Council uses this property, plant and equipment to provide services to the community. Therefore, it is necessary that we maintain these assets to an appropriate standard. Based on valuations provided by independent valuers, the remaining life as a percentage of these assets' useful lives averages 74%. This indicates our Assets are in very good condition. This percentage for Council's major asset classes is provided in the following table.

Major Asset Class	% of Useful Life Remaining
Buildings	65%
Road and Bridge Network	79%
Water	63%
Sewerage	71%

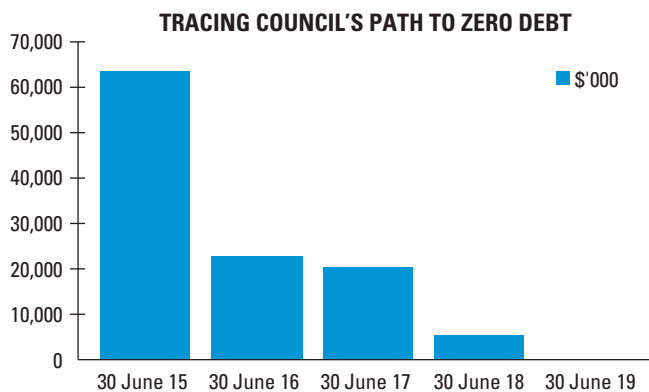
Liabilities: What do we owe?

At 30 June 2019, Council's liabilities totalled \$32 million. These liabilities fund 1.9% of our total assets. Our liabilities comprised:

- Trade and other payables \$13 million
- Employee leave liabilities \$12 million, and
- Provisions to restore Council's quarries, gravel pits and landfills \$7 million.

Our Debt

In March 2019, Council paid out its remaining debt. It is one of the few Queensland local governments that does not have debt.



Our Net Worth

Our net worth is \$1,630 million which comprised Assets of \$1,662 million less Liabilities of \$32 million.

3. Statement of Changes in Equity

The Statement of Changes in Equity measures the changes in our net worth and shows the movements in our retained earnings and asset revaluation surplus.

The decrease in our net worth (i.e. Equity) of \$39 million was due to a negative change in the value of our property plant and equipment of \$60 million and a positive net result of \$21 million (i.e. revenue of \$172 million less expenditure of \$151 million). The change in valuation of our assets was mainly brought about by changes in Council owned land values and changes in methodology to valuing our assets introduced by Council's independent valuers. The net result includes our operating profit of \$17 million and net capital revenue of \$4 million.

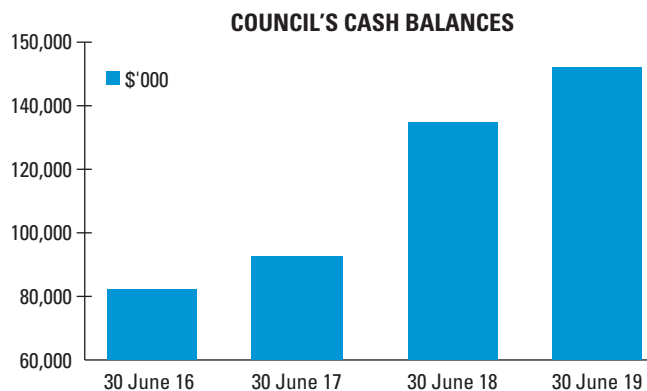
4. Statement of Cash Flows

The Statement of Cash Flows shows all the activities we undertake during the year that impact our cash balances.

Our cash balances increased by \$15 million over the course of the year. The majority of Council's cash balances are invested in the State Government capital guaranteed Queensland Treasury Corporation Cash Fund.

The growth in our cash balance is a result of net cash generated from our day to day operating activities of \$55 million together with capital revenues of \$15 million being greater than the funding required for capital works of \$50 million and to repay debt of \$5 million.

The following graph shows how our cash balance has improved since 30 June 2016: -



At 30 June 2019, Council had adequate cash to meet 12.1 months of operating and capital expenditure.

5. Financial Sustainability Measures - How strong is Council financially?

A local government is considered financially sustainable if it is able to maintain its financial capital (equity or net worth) and its infrastructure over the long-term. In forming a view of a local government's financial sustainability, a number of financial ratios are used.





Council's performance at 30 June 2019 against these key financial ratios is listed below:

Ratio	Benchmark	2017/18 Result	2018/19 Result	Outcome
Operating surplus ratio (measures Council profitability)	0% to 10%	9.7%	10.7%	✓
Asset sustainability ratio (measures the extent we are sustaining our asset base)	Greater than 90%	70.6%	78.7%	✗
Net financial liabilities ratio (measures the extent to which our financial liabilities can be serviced by our operating revenue)	Less than 60%	-76.7%	-84.5%	✓
Remaining useful life of assets ratio (measures the average life remaining in Council's portfolio of assets)	30 to 40 years	37 years	36 years	✓
Council controlled revenue ratio (measures the extent to which Council has control over its decision-making)	Greater than 60%	65.24%	63.0%	✓
Cash cover of operating expenses ratio (measures the number of months Council can survive without having to raise any revenue or having to borrow)	Greater than 4 months	11.5 months	12.1 months	✓

The above table indicates that Council is operating on a financially sustainable basis and is able to adequately deliver the range of services it provides to the Region.

The only ratio in which Council fails to meet its benchmark is the Asset Sustainability Ratio. Failure to meet this benchmark may mean that that Council is not maintaining its assets. Council has a minimal capital maintenance and replacement backlog and has

more than adequate cash (as indicated by its cash cover to operating expenses including depreciation ratio) to meet any unforeseen capital replacements and maintenance.

All other financial sustainable ratios are strong with outcomes well in excess of the benchmark or at the high end of the range if the benchmark is a range of outcomes.

Western Downs Regional Council engaged PricewaterhouseCoopers Consulting (Australia) Pty Ltd (PwC) to conduct an independent assessment of selected financial indicators compared to a sample of other Queensland local government areas (LGAs)

Below are extracts from the PwC Benchmarking FY19 budget report of 20 September 2018:

WDRC had a low annual increase in net rates and charges, 1.0% pa below the median of the sample of 21 local government areas

Sample population – change in net rates and charges

The reference rate for net rates and charges for WDRC increased from 2017-18 by approximately 1.5%. This places WDRC 1.0% pa below the *median* of the 21 LGAs sampled, or 6th in ascending order of indexation. Data necessary to estimate indexation was not available for two LGAs in the total sample.

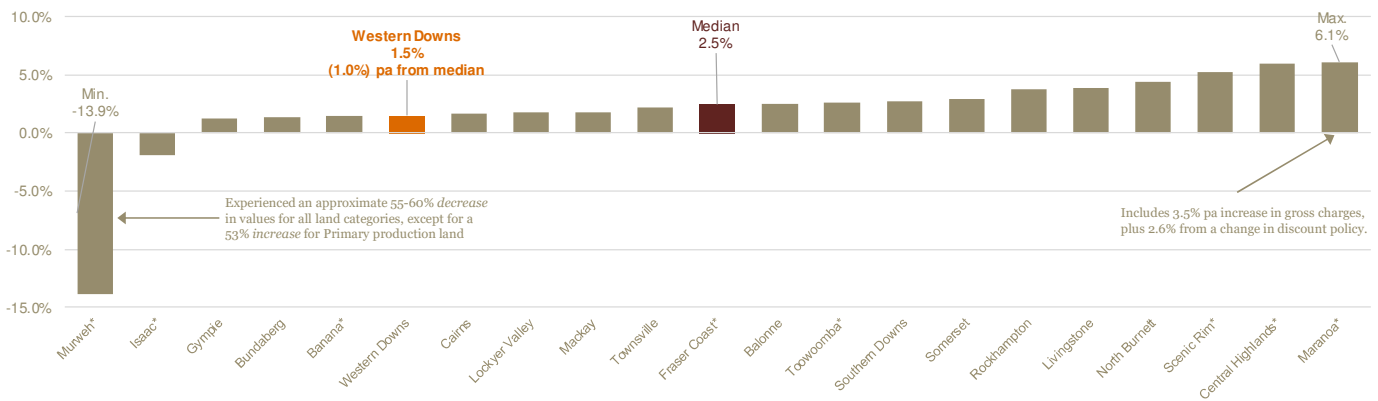
There are a range of factors which impact on the estimation of the net change in the reference values for net rates and charges between 2017-18 and 2018-19, and which may limit the reliability of comparisons in the sample.

These include:

- changes in land values for 2018-19 (which are not clearly attributed to specific localities used in the sample) – identified in the chart below
- changes in utilities charging
- changes in levies (e.g. adding or ceasing)
- changes in discounting policies.

Figure 6: Annual change in net rates and charges

Sample of 21 LGAs



* LGAs with a potential estimation bias from adjustments for new Valuer-General land valuations for 2018-19

WDRC general rates and charges are competitively positioned, compared to indicators of community service task

Comparing general rates and charges by regional variation

A comparison of variations in high level indicators of council services demand between LGAs indicates WDRC charges are competitively positioned relative to its community services requirements. Despite a reference value for general rates for WDRC approximately 9% less than the sample *median*, WDRC delivers services to:

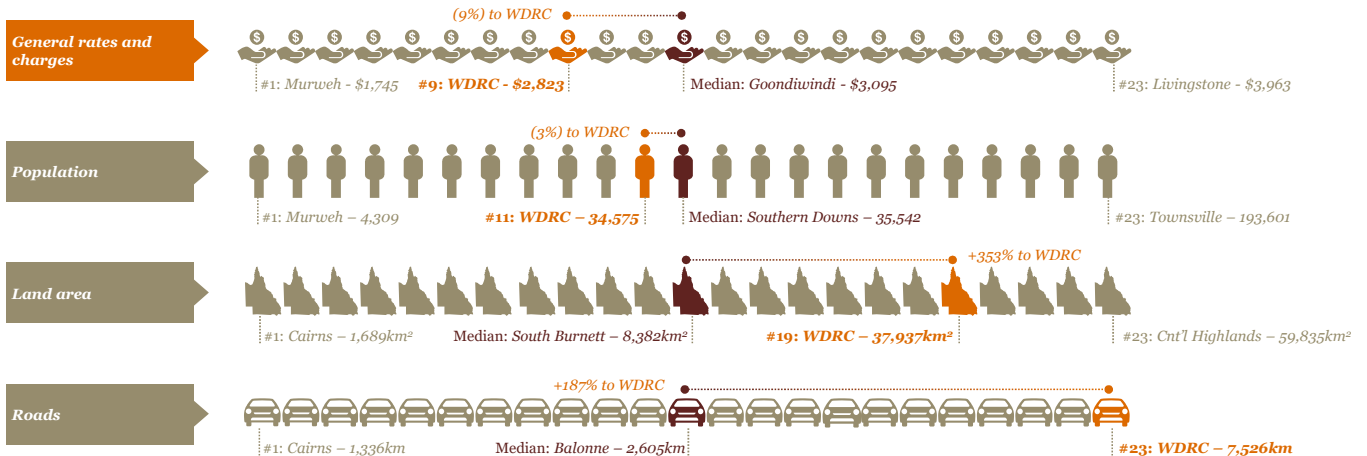
- a **population** approximately **equal** to the sample *median* (3% less)
- a **local government area** **350%** greater than the sample *median*
- a **road network** **190%** greater than the sample *median* – the largest council managed network in Queensland.

The reliability of a comparison between LGAs of net general rates and charges per rateable property is limited by a range of factors which may impact a specific LGA's general rates funding requirement.

There are a range of other factors not considered in this benchmarking assessment which may be relevant to a region's general rates funding requirement.

These might include:

- the number of rateable properties in a region, which may mitigate the impact of higher population on the average rates charge
- the scope for collection of higher value rates or charges revenue from commercial or industrial activities in a region
- alternative sources of recurring or non-recurring revenue available to a specific region (e.g. State or Federal Government funding).



CHAPTER 2:

YOUR COUNCILLORS



Mayor's Message

The Western Downs Region is coming under the national spotlight more and more as our renewable energy developments expand.

In 2018 we assessed \$1.9B worth of development applications by national and international investors.

This included an additional nine large-scale solar power developments, bringing the total of approved renewable projects to 22 at the end of June 2019, with a combined capacity of around 5,303 Megawatts.

We now have 20 solar farm and two wind farm approvals, with the Coopers Gap Wind Farm now under construction. This project alone represents an \$850 million investment. The solar farms are expected to generate more than 3000 jobs across the construction and operational phase.

These new developments are having a positive impact on our region's economy, with tangible GRP growth evident from the 2015/16 figure of \$2.660 billion, to over \$4 billion predicted for 2019/20.

Our agricultural sector also remains strong and in March this year, we held our second Intensive Animal Industry Conference which attracted over 90 delegates from our region and beyond.

The Dalby Saleyards sold in excess of 200,000 head of cattle and retained its accreditation for National Saleyards Quality Assurance and the European Union. These saleyards remain the largest same-day prime and store cattle yards in Australia.

We continue to work closely with external organisations such as the Toowoomba and Surat Basin Enterprise (TSBE) and our Chambers of Commerce and Industry to encourage further investment in the region. The Emerging Exporters program has provided new opportunities for some of our local businesses to explore new markets, nationally and internationally.

Once again, we have had outstanding success with our award-winning feral pest management program, with over 400 landholders accessing the program to cover 483,842 hectares of Council areas. An additional grant of \$159,800 was received from the Australian Government to specifically tackle the invasive weeds parthenium and giant rats tail grass as well as to further boost the efforts to manage wild dogs and feral pigs.

Our second biennial Drone Industry Forum was once again a huge hit in September, with new innovations in the rapidly growing world of drone technology explored including practical applications for agriculture and the resource sector.

I was thrilled to be a part of the official opening of the \$6 million Chinchilla Botanic Parkland in early June, an event which attracted thousands of locals and guests to enjoy this outstanding public space. The reality of a 40-year vision, the Parkland has many wonderful features for locals and visitors to enjoy all year round including a Megafauna Discovery Space, an innovative outdoor water play area and an outdoor amphitheatre for events.

We proclaimed 2019 as The Year of the Festivals and in the first six months the region came alive with thousands of visitors coming into the region for our bespoke events. Our second annual Big Skies Festival offered two weeks of activities that showcased the many features of our region, culminating with A Day on the Plain music festival.

We also supported Dalby's annual Delicious and DeLIGHTful Festival, the biennial Chinchilla Melon Festival and the Miles Back to the Bush Festival - all unique and diverse events that provide a tourism boost to the Western Downs.

Several touring events travelled across our towns with the goal of promoting Mental Health services and awareness-building including the 'Not Just for Laughs' event in October and the 2019 Outback Comedy Gala during April. These events not only reminded people of the ways to seek support for mental health concerns but also provided a bit of light relief during tough times.

In the coming year I look forward to working for and alongside our communities to further enhance the liveability, productivity and capacity of our region.



Mayor
Councillor Paul McVeigh
Portfolio - Executive Services

Phone: 07 4679 4004

Mobile: 0408 700 392

paul.mcveigh@wdrc.qld.gov.au

The \$6 million Chinchilla Botanic Parkland has many wonderful features for locals and visitors to enjoy all year round including a Megafauna Discovery Space, an innovative outdoor water play area and an outdoor amphitheatre for events.



Meet your Councillors for the 2018/2019 year

The Western Downs local government area is represented by eight elected Councillors and an elected Mayor who are responsible for the strategic direction of Council. There are no wards or divisions within the Western Downs region.

Council elections are held every four years with the most recent being held in March 2016.

For detailed information in relation to Councillor entitlements, remuneration packages, committee representation and meeting attendance, please refer to the next section of this report containing Statutory Information.



**Mayor
Councillor Paul McVeigh**
Portfolio - Executive Services
Phone: 07 4679 4004
Mobile: 0408 700 392
paul.mcveigh@wdrc.qld.gov.au



**Deputy Mayor
Councillor Andrew Smith**
Portfolio - Planning and Environment
Phone: 07 4679 4004
Mobile: 0438 755 896
andrew.smith@wdrc.qld.gov.au



Councillor Carolyn Tillman
Portfolio - Parks, Open Spaces and Cemeteries
Phone: 07 4679 4004
Mobile: 0401 662 352
carolyn.tillman@wdrc.qld.gov.au



Councillor Ian Rasmussen
Portfolio - Finance and Corporate Services
Phone: 07 4679 4004
Mobile: 0477 977 085
ian.rasmussen@wdrc.qld.gov.au



Councillor Ray Brown
Portfolio - Council Facilities
Phone: 07 4679 4004
Mobile: 0407 650 216
ray.brown@wdrc.qld.gov.au



Councillor Greg Olm
Portfolio - Works and Technical Services
Phone: 07 4679 4004
Mobile: 0477 977 082
greg.olm@wdrc.qld.gov.au



Councillor Donna Ashurst
Portfolio - Economic Development
Phone: 07 4679 4004
Mobile: 0475 268 207
donna.ashurst@wdrc.qld.gov.au



Councillor Kaye Maguire
Portfolio - Community and Cultural Development
Phone: 07 4679 4004
Mobile: 0475 007 555
kaye.maguire@wdrc.qld.gov.au



Councillor Peter Saxelby
Portfolio - Utilities
Phone: 07 4679 4004
Mobile: 0475 007 554
peter.saxelby@wdrc.qld.gov.au

Statutory Information – Councillors Governance

As the community's elected representatives, the Mayor and Councillors are responsible for the successful management of the Western Downs local government area. To ensure Council's leadership is fair and equitable, and that decisions are made in the best interest of our region, Council is required to act in accordance with the *Local Government Act 2009* (the LGA), *Local Government Regulation 2012* and associated State and Federal legislation.

Council Meetings

Council makes decisions at Ordinary Meetings of Council which are held on the 3rd Wednesday of each month. The Ordinary Meetings are held at the regional Customer Service Centres on a rotational basis, and Special Meetings are convened where required.

Statutory and Advisory Committees operated comprised of Councillors and external parties. All such Committees operate under a 'terms of reference' and while they do not have decision making authority, their purpose is to provide recommendations to Council.

All Ordinary Meetings of Council are open to the public with a scheduled public gallery question time, whereby a member of the public may apply to address Council on a particular matter of public interest.

Community deputations are also often received and can be arranged through the office of the Chief Executive Officer.

Council may at times resolve to temporarily close a meeting under section 275 of the *Local Government Regulation 2012* to discuss a confidential matter, however all decisions about such matters are made in an open meeting.

Council meetings are carried out in accordance with Council's Meetings Policy which is available on our website - www.wdrc.qld.gov.au.

The date, time and location of all Ordinary and Special Meetings are published at least annually and are available on Council's website as well as at all Customer Services Centres. Special meetings of Council are called as required, with the only item of business that may be conducted at these meetings being the business stated in the notice. The two Special Meetings identified in the 'Summary of Meeting Attendance' table below were in relation to the deliberations and adoption of the 2019/20 Budget.

A list of agenda items to be discussed at each meeting is also publicly available at least two days prior to the meeting, and the agenda reports (excluding confidential items) are published on Council's website at 9:30am on the morning of the Council meeting.

Minutes of all Council Meetings are published on our website within the statutory ten days following the meeting.

A total of 12 Ordinary Meetings and 2 Special Meetings were held from 1 July 2018 to 30 June 2019.

Strategy Sessions

In addition to regular Council meetings, strategy sessions are also held to inform Council of important issues. These sessions are not a decision-making forum, and therefore allow detailed discussion to explore options and develop a better understanding of the issue.

Summary of Meeting Attendance by Councillors - 1 July 2018 to 30 June 2019

Councillor	Ordinary Meetings Attended	Special Meetings Attended
Cr Paul McVeigh (Mayor)	12	2
Cr Andrew Smith (Deputy Mayor)	12	2
Cr Greg Olm	12	2
Cr Ian Rasmussen	11	2
Cr Carolyn Tillman	12	2
Cr Ray Brown	11	2
Cr Donna Ashurst	10	2
Cr Kaye Maguire	12	2
Cr Peter Saxelby	12	2

There were no attendances via teleconference for the year.

Decisions of Council can only be made during actual Council meetings.

Councillors are also representatives on numerous external organisation committees, as well as internal Council Committees, Business Enterprises and Groups - view the details at: <http://www.wdrc.qld.gov.au/about-council/councillors-connect/meet-your-councillors/>

Councillors Remuneration and Expenses Reimbursement Policy

Chapter 5 Part 3 of the *Local Government Regulation 2012* requires the Annual Report to detail the total remuneration, including superannuation contributions, paid to each Councillor for the financial year as well as expenses incurred in accordance with Council's expenses reimbursement policy.

Councillor remuneration is determined by the Local Government Remuneration Commission on an annual basis.

Particular Resolutions

One resolution was made under section 250(1) related to the amendment of the Councillor Expenses Reimbursement Policy for this financial year, occurring at Council's Ordinary Meeting held 12 December 2018. A copy of the resolution is available by following this link to our website: <https://www.wdrc.qld.gov.au/wp-content/uploads/2019/01/Ordinary-Meeting-of-Council-Minutes-CONFIRMED-12-December-2018.pdf>.

The Councillor Expenses Reimbursement - Council Policy, is available by following this link to our website: <http://www.wdrc.qld.gov.au/about-council/council-documents/policy-register/#C>

Expenditure from Councillor Discretionary Funds

Councillors do not have any formal legislated discretionary funds.

Overseas Travel

During this reporting period no Councillors travelled overseas for Council business.

Councillors' Remuneration, Superannuation, Expenses Incurred, and Facilities Provided 1 July 2018 to 30 June 2019

Councillor	Remuneration	Superannuation - 12%	Expenses Incurred	* Facilities Provided
Cr Paul McVeigh (Mayor)	\$127,789.77	\$15,334.82	\$11,597.00	\$20,352.00
Cr Andrew Smith (Deputy Mayor)	\$79,868.34	\$9,584.08	\$4,550.00	\$20,352.00
Cr Greg Olm	\$67,887.50	\$8,146.47	\$1,902.00	\$20,352.00
Cr Ian Rasmussen	\$67,887.50	\$8,146.47	\$2,658.00	\$20,352.00
Cr Carolyn Tillman	\$67,887.50	\$8,146.47	\$1,551.00	\$20,352.00
Cr Ray Brown	\$67,887.50	\$8,146.47	\$6,219.00	\$20,352.00
Cr Donna Ashurst	\$67,887.50	\$8,146.47	\$3,753.00	\$20,352.00
Cr Kaye Maguire	\$67,887.50	\$8,146.47	\$2,669.00	\$20,352.00
Cr Peter Saxelby	\$67,887.50	\$8,146.47	\$1,092.00	\$20,352.00
Totals:	\$682,870.61	\$81,944.19	\$35,991.00	\$183,168.00

*Motor Vehicle

Complaints about Councillor Conduct and Performance

The roles, responsibilities and obligations of Councillors are set out in the *Local Government Act 2009*, with provisions relating to complaints about their conduct and performance outlined in Chapter 5A. Further, the Code of Conduct for Councillors in Queensland sets out the standards of behaviour expected of Councillors when carrying out their roles, responsibilities and obligations as elected representatives of their communities. Amendments to the *Local Government Act 2009* relating to Councillor conduct commenced 3 December 2018.

There was one new complaint received during the 2018/19 year, as disclosed in the following table:

Complaint / Order and/or Recommendation Type	LGA Section	Number
1 July 2018 to 2 December 2018		
Complaints assessed as frivolous or vexatious or lacking in substance	Section 176C (2)	0
Inappropriate conduct referred to the Department's Chief Executive	Section 176C (3)(a)(i)	0
Inappropriate conduct referred to the Mayor	Section 176C (3)(a)(ii) or (b)(i)	0
Misconduct complaints referred to the Department's Chief Executive	Section 176C (4)(a)	0
Complaints of corrupt conduct		0
Complaints heard by Regional Conduct Review Panel		0
Complaints heard by Local Government Remuneration and Discipline Tribunal		0
Other complaints dealt with	Section 176C (6)	0
Orders and recommendations by Regional Conduct Review Panel or Local Government Remuneration and Discipline Tribunal	Section 180 (2) and (4)	0
Orders of reprimand for inappropriate conduct	Section 181	0
3 December 2018 to 30 June 2019		
Orders made by Chairperson regarding unsuitable meeting conduct	Section 150I (2)	0
Orders made by local government regarding inappropriate conduct	Section 150AH (1)	0
Decisions, Orders and Recommendations made by Conduct Tribunal regarding misconduct	Section 150AR (1)	0
Complaints referred to the Assessor by local government; a Councillor of LG & CEO of LG	Section 150P (2)(a)	0
Matters notified to Crime and Corruption Commission	Section 150P (3)	0
Notices given to the Assessor about particular conduct	Section 150R (2)	0
Notices given to the Assessor about misconduct	Section 150S (2)(a)	0
Decisions made by the Assessor	Section 150W (a)(b)(d)	1
Referral Notices	Section 150AC (3)(a)	0
Occasions Information given	Section 150AF (4)(a)	0
Occasions local government asked another entity to investigate suspected inappropriate conduct of a Councillor	Chapter 5A Part 3 Div 5	0
Applications heard by conduct tribunal about alleged misconduct of a Councillor		0

CHAPTER 3:

OUR ORGANISATION



CEO's Message

A real highlight this year was the announcement that Council had become debt-free, having paid the final instalment of our \$60 million debt in March this year. This significant financial milestone aligns us with only a few Councils across Queensland who operate debt-free.

Being able to operate more efficiently has provided a strong financial foundation for the future.

It is a credit to our staff that we have been able to reduce our operating budget without compromising the standard and high quality of our services. We are still able to confidently manage our many facilities and amenities as well as allocate funding for important improvements.

We continued to offer and support a large range of community events that are aligned with our corporate strategy of active, vibrant communities. A total of \$110,000 in community grants was allocated to 44 groups, to assist them with improving their events and facilities.

Our regional library activities, outdoor movie nights, art exhibitions, pool parties and touring cultural events have once again proved very popular in our towns.

"It is a credit to our staff that we have been able to reduce our operating budget without compromising the standard and high quality of our services."

The unveiling of the Big Melon tourist attraction in Chinchilla attracted national media attention and was a huge hit at this year's Melon Festival.

Council assumed management of the Dalby and Chinchilla cinemas last August and made several improvements including the establishment of an online ticketing platform, EFT facilities, gift cards and popcorn. We will continue to offer value-for-money experiences including premiering blockbuster hits at the same time as major cities across Australia.

In July our local procurement roadshow travelled to Dalby, Chinchilla and Miles, reinforcing Council's commitment to buy local. Over 50 representatives attended, providing us with opportunities to share upcoming work with local businesses. As a result, our annual local procurement spend this year has increased by an extra \$1.26 million.

Maintaining positive working relationship with other organisations such as the Department of Transport and Main Roads has resulted in an additional \$7.36 million in contracts being awarded to Council. This allows us the opportunity to provide cost-effective upgrades to the extensive state road network within our region.

Our *Early Career Development Program* continues to be successful with several of our trainees recognised at regional and state awards over the past year. We received an impressive 886 applications for our 2019

intake, a significant increase from the previous year. Six apprentices and 19 trainees were placed across the region including one school-based and two via the AFL SportsReady program. Two of these trainees have identified as having a disability and I am pleased to report that they are thriving within our flexible program.

It is very rewarding to see our young people commence their professional pathways within Council. Many of our graduates have gone on to secure permanent employment with us, which is testament to the success of this program. Next year we will extend the participant intake by 10, meaning that we will have 30 trainees join us. According to local manufacturers, locally trained apprentices are sought-after across Queensland due to a reputation for quality training that is completed within a deep pool of industry experience.

Council's commitment to enhancing the liveability of our region is evidenced by the Adopt A Street Tree program, with over 3,500 trees planted since this initiative began in 2017. Following completion of the Department of Transport and Main Roads Highway upgrades, the Warrego Highway landscaping project commenced early in 2019. Over 8,000 trees and shrubs have been planted, which have really boosted the look of our outdoor spaces. The new town entry signage installations greet highway traffic with a cheerful splash of colour.

I look forward to the completion of additional projects in our open spaces as the Regional Beautification project continues, boosting the pride of our towns and encouraging more visitors to stop and enjoy all the unique features that our region has to offer.

Ross Musgrove
Chief Executive Officer



Council's Organisational Structure

In consultation with our communities, the elected Council sets the strategic direction of the organisation under the authority of State Government via the *Local Government Act 2009*. Council's Corporate Plan 2017 - 2022 is our long-term vision for the Western Downs.

The Chief Executive Officer and Executive Team are responsible for carrying out the decisions of Council as well as providing professional advice on how to best achieve identified priorities within allocated resources.

In consultation with Council, the Executive Team and their staff develop annual Operational Plans and budgets aligned to the Corporate Plan. An assessment of progress against these plans is provided to Council each quarter via the Operational Plan review, and annually to the community via this Annual Report. This Annual Report accounts for the strategic priorities which were addressed in Council's 2018/19 Operational Plan.

To ensure our organisation is effectively undertaking its responsibilities, internal audits are carried out to evaluate systems and processes, and to encourage a culture of continuous improvement. Overseeing internal audit activities, the Audit Committee provides an independent and external review of the corporate governance framework.

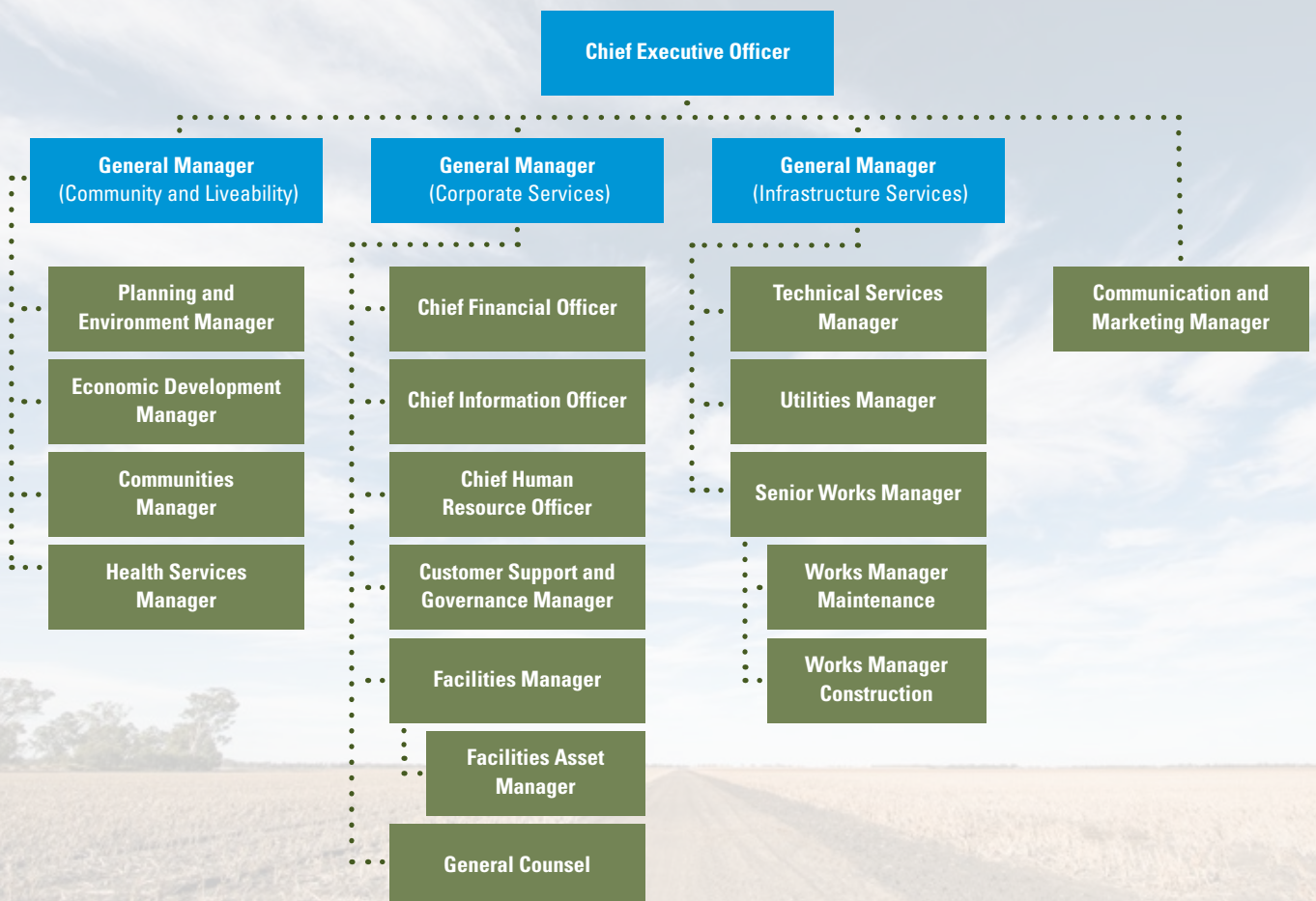
Western Downs Regional Council is structured into the following four divisions:

- Executive Services lead by the Chief Executive Officer
- Corporate Services lead by the General Manager (Corporate Services)
- Community and Liveability lead by the General Manager (Community and Liveability)
- Infrastructure Services lead by the General Manager (Infrastructure Services)

The Executive and Senior Management teams are responsible for the functions shown in the organisational chart below. Their role is to assist Council in making timely and informed decisions, backed by trusted advice and supported by effective and inclusive governance. As leaders of the organisation, the Executive and Senior Management Teams are responsible for ensuring their departments service the local communities effectively and efficiently.

Each division is further segmented into functional departments, as shown below.

Western Downs Regional Council Organisational Structure as at 30 June 2019



Statutory Information - Corporate Governance

Identifying Beneficial Enterprises

During this reporting period Council did not conduct any beneficial enterprises. A beneficial enterprise is one that Council considers is directed to benefit, and can be reasonably expected to benefit, the whole or part of the local government area.

Significant Business Activities

Western Downs Regional Council conducted eight significant business activities during 2018/19, as listed below.

- Commercial Works • Waste Management
- Water (type 2 significant business activity)
- Sewerage (type 2 significant business activity)
- Gas • Dalby Regional Saleyards @ Western Downs
- Jimbour Quarry • Washdown Bays

The competitive neutrality principle has been applied to these significant businesses with relevant adjustments made as a result. There were no new significant business activities commenced during the reporting period.

For a full list of business activities conducted by Council please refer to Chapter 5 of this report, see Note 23 'National Competition Policy' of the Financial Statements, on page 88.

Executive Team Remuneration

The Executive Team comprised of the roles of Chief Executive Officer, General Manager (Corporate Services), General Manager (Infrastructure Services), and General Manager (Community & Liveability). Incumbents in these roles were engaged under performance-based maximum term contract arrangements. Gross remuneration packages for the 2018/19 financial year totalled \$1,206,129.74. Three remuneration packages were within the bands of \$200,000 to \$300,000, and one remuneration package was within the band of \$300,000 to \$400,000.

Overseas Travel

During this reporting period one Council Officer travelled overseas in an official capacity. The Officer, Jodie Taylor General Manager (Community & Liveability) travelled to New Zealand on a Local Government Managers Australia (LGMA) exchange. No costs were incurred by Council.

Administrative Action Complaints

As part of Council's commitment to dealing with administrative action complaints, and to improve internal processes, the organisation maintains a collaborative working relationship with the Queensland Ombudsman's Office.

Complaints Management Process

The complaints management team are responsible for capturing and

identifying complaints received by Council, either by phone, email or in writing, and for ensuring they are responded to within agreed timeframes. The team also facilitate continuous improvement throughout the organisation by engaging with departments to resolve complaints. View Council's Customer Service Charter by following this link to our website: <http://www.wdrc.qld.gov.au/about-council/council-documents/>

Complaints received by Council during 2018/19 are listed in the table below.

The number of administrative action complaints made to Council	21
The number of administrative action complaints resolved by Council under the complaints management process	21
The number of administrative action complaints not resolved by the local government under the complaints management process	Nil
The number of administrative action complaints not resolved that were made in a previous financial year	Nil

Public Sector Ethics - Reporting

Council has a formal Code of Conduct for staff which incorporates the ethics, principles and obligations under the *Public Sector Ethics Act 1994*. Mandatory induction training for all new employees includes detail on the requirements and obligations of all staff under the Code of Conduct. All new employees completed corporate induction training during 2018/19. Council continued to deliver education and awareness sessions to all employees on their ethical obligations as part of Council's commitment to the highest standards of public sector ethics.

Internal Audit

The internal audit function is established under section 105 of the *Local Government Act 2009*. It is an integral component of Council's corporate governance framework designed to add value to our business operations through continuous improvement. Internal auditing is an independent function within the Council, reporting directly to the Chief Executive Officer and the Audit Committee. Operating under a charter approved by the Council, the mission of the internal auditing function is to independently examine and evaluate Council processes and activities, and provide assurance to Council, Management and the Community.

The scope of work each year is set out in the approved internal audit plan, which is endorsed by the Chief Executive Officer and the Audit Committee and approved by the Council. Audits and other activities undertaken during the financial year 2018/19 included:

- Risk assessment and development of annual internal audit plan;
- Regular progress reports to Audit committee on implementation of audit plan;
- Regular progress reports and statistics on implementation of external and internal audits recommendations;
- Ongoing continuous control monitoring activities;
- Audit of Workplace Health & Safety;
- Audit of Fraud Controls;
- Audit of Staff Leave Management;
- Audit of Repairs and Maintenance;
- Audit of Corporate Card Operations; and
- Internal review of procurement of Yellow Goods.

The Audit Committee

The Audit Committee was comprised of two Councillors and two external members.

The two external members were Mr Don Licastro (Chair) and Mr Neil Jackson. Councillors Paul McVeigh and Ian Rasmussen were the appointed Council representatives on the Committee, with Councillor Andrew Smith as the alternate member.

Audit Committee membership for 2018/19 was as follows:

- Mr Don Licastro - Chair
- Mr Neil Jackson
- Councillor Paul McVeigh
- Councillor Ian Rasmussen
- Councillor Andrew Smith (Alternate Member)

The primary objective of the Audit Committee is to help Council fulfil its obligations in corporate governance, and the oversight of financial management and reporting responsibilities imposed under sections 208 to 211 of the *Local Government Regulation 2012*. The Committee met four times during the financial year, examined draft financial statements, and reviewed reports presented by internal audit and external audit.

Registers

The following registers were kept by Council during the reporting period:

- Local Laws Register (s31 of LGA2009)
- Councillor Conduct Register (s150DX of LGA2009)
- Register of Cost Recovery Fees and Commercial Charges (s98 of LGA2009)
- Asset Register (s104 of LGA 2009)
- Delegation Register (s260 of LGA 2009)
- Register of Interests (s289 to 297 of LGR 2012)
- Business Activities Register (s56 of LGR 2012)
- Register of Beneficial Enterprises (s41 of LGA 2009)
- Register of Pre-Qualified Suppliers
- Environmentally Relevant Activities
- Registers under the *Plumbing and Drainage Regulation 2019*
 - Permits and Inspection Certificates (s112)
 - Testable backflow prevention devices (s113)
 - Greywater use & onsite sewage facilities (s114)
 - Show cause and enforcement notices (s115)

Financial Accountability

The Financial Statements of Western Downs Regional Council for the period 1 July 2018 to 30 June 2019, as audited by the Auditor-General, can be found in Chapter 5 of this report, from page 41.



For the current-year Financial Sustainability Statement as well as the long-term Financial Sustainability Statement for 2018/19, please refer to the General Purpose Financial Statements, on pages 95 and 100 respectively.

The Auditor-General's audit reports about our Financial Statements and the current-year Financial Sustainability Statement can be found in Chapter 5 of this Report, on pages 92 and 97 respectively.

Community Financial Report

A simplified version of our financial performance for the period 1 July 2018 to 30 June 2019 as reported in our audited Financial Statement is provided in the Community Financial Report in Chapter 1 of this Report, pages 8 to 11.

Grants to Community Organisations

Donations and grants paid to community organisations for the year totalled \$297,000.

Rates Rebates and Concessions

During 2018/19 special charges totalling \$74,000 were levied with respect to the maintenance of roads related to quarries.

In accordance with Council policy, pensioner concessions of \$439,000 and community organisation concessions of \$430,000 were granted during the year.

More detail is provided in Chapter 5 of this Report, in the Financial Statements under Note 3 (a) 'Rates, Levies and Charges', on page 52.

Changes to Council Tenders

No invitations to change tenders in accordance with *Local Government Regulation 2012*, were requested during the 2018/19 year.

Cooperation Between Local Governments

Western Downs Regional Council continued its involvement in the Queensland Water Regional Alliance Program (QWRAP). Council's commitment of approximately \$7,000 was spent during 2018/19 in the execution of the Alliance models for Utilities. The Alliance examines the benefits of a collaborative approach to particular Utilities operations.

In addition, while not a formal arrangement as defined in the regulation, Council also maintained an ongoing arrangement with South Burnett Regional Council with regard to skip bin collection and soil testing.

National Competition Policy

The financial performance of Council activities subject to competition reforms, namely commercial works and waste management, for the current and previous financial years is provided in Chapter 5 of this Report within the Financial Statements, see Note 23 under "National Competition Policy, on page 88.

At its Special Budget Meeting held on 20 June 2018, Council resolved to:

1. Adopt the Code of Competitive Conduct Policy.
2. Apply a Community Service Obligation Payment to the following businesses for 2018/19:
 - Waste Management, and
 - Washdown Bays.
3. Adopt the Dividend Policy, and receive Dividend payments from the following businesses during for 2018/19:
 - Commercial Works
 - Gas
 - Water
 - Sewerage
 - Jimbour Quarry, and
 - Dalby Regional Saleyards.

During the reporting period no competitive neutrality complaints were received.

Particular Resolutions

Council made no resolutions during the year under section 206 (2) of the *Local Government Regulation 2012*, in relation to the value of Council's non-current physical assets.

Particulars of any direction given to commercial business units

Council's code of Competitive Conduct Policy and Dividend Policy are available on the following links:

Code of Competitive Conduct Policy: <http://www.wdrc.qld.gov.au/about-council/council-documents/policy-register/#C>

Dividend Policy: <http://www.wdrc.qld.gov.au/about-council/council-documents/policy-register/#D>

Overall Performance Assessment

In Chapter 4 of this report, following the summary of the organisation's Performance Outcomes, the Chief Executive Officer provides an informed assessment of Council's overall performance against the Corporate Plan and annual Operation Plan, on pages 36 to 39.

CHAPTER 4:

REPORTING THE
ORGANISATION'S
PERFORMANCE

DALBY EVENTS CENTRE



Council's Strategic Direction

The Western Downs Regional Council's Corporate Plan 2017 - 2022 sets out Council's vision through four strategic priorities. These priorities are underpinned by the key success drivers that Council has committed to achieve, and which guide our Operational Plan.

As Council is just one key stakeholder in the delivery of our Communities' needs and expectations, the things Council is responsible for and contributes to, were identified and prioritised under each of the strategic priority areas; then programs and deliverables under each of the priority areas were identified to guide Council's operations for the term of this Corporate Plan.

Western Downs Regional Council is committed to delivering services, projects and initiatives in response to the following four strategic priorities of our Corporate Plan 2017 - 2022.

Council aims to play a primary role in building confidence in our communities and securing opportunities for our region.

We will also advocate for:

- A long term domestic and industrial water supply for our region
- A suite of regional health services providing our residents with 'Whole of Life' care
- Regional educational facilities and first-class education services
- Community participation programs that engage and inspire our local youth
- Modern and efficient telecommunication services that meet the needs of our region

Measuring Our Success

Alignment to these four strategic priority areas and to our Mission, Vision, Values, Advocacy and Risk strategies flows into Council budgets and operational work priorities for each financial year which is measured quarterly.

This Annual Report provides our community and key stakeholders with a broad overview and assessment of our performance for the 2018/19 financial year against our Corporate Plan 2017 - 2022. Highlights of important achievements under each strategic theme are shown overleaf in the Performance Outcome Highlights table, and the Chief Executive Officer's assessment of our progress concludes this chapter.

Strategic Priority 1: STRONG ECONOMIC GROWTH

- There is confidence in our strong and diverse economy
- We're open for business and offer investment opportunities that are right for our region
- We optimise our tourism opportunities, unique experiences and major events
- Business and industry in our region live local and buy local
- Our region is a recognised leader in energy, including clean, green renewable energies

Strategic Priority 2: ACTIVE VIBRANT COMMUNITIES

- We are a region without boundaries, united in community pride
- Our community members are the loudest advocates for what's great about our region
- Our social, cultural and sporting events are supported locally and achieve regional participation
- Our parks, open spaces, and community facilities are well utilised and connect people regionally
- A recognised culture of volunteerism is active throughout our communities

Strategic Priority 3: GREAT LIVEABILITY

- Our residents enjoy convenience of modern infrastructure and quality essential services
- Valued recreational spaces, sporting and community facilities are provided regionally
- A safe and well-maintained road network connects our region
- Our region remains an affordable place for families to live, work, prosper and play
- We're recognised as one of the safest regions in Queensland

Strategic Priority 4: FINANCIAL SUSTAINABILITY

- We are recognised as a financially intelligent and responsible Council
- Our long term financial planning guides informed and accountable decisions
- Our value for money culture enables us to deliver our core functions sustainability
- Our agile and responsive business model enables us to align our capacity with service delivery
- Effective asset management ensures that we only own and maintain assets that are utilised

Performance Outcome Highlights 2018/19

Strategic Priority 1: STRONG ECONOMIC GROWTH

There is confidence in our strong and diverse economy

- Our Development Assessment team continues to refine its processes and procedures, meaning that development applications are decided in an average of 12 business days. The statutory timeframe is 70 days.
- Primary Producers around Chinchilla benefited from major upgrades to Auburn Road to allow heavy vehicles to access the road. Auburn Road cuts through a large agriculture area northwest of Chinchilla with sections too narrow for heavy vehicles and road trains to use. Restrictions meant primary producers travelled hundreds of additional kilometres to access feedlots and saleyards, negatively affecting business. The upgrade was a joint project between Western Downs Regional Council and the Department of Transport and Main Roads.
- The intersection of Wilds Road and Dalby-Cecil Plains Road was upgraded enabling permits to be issued for type 1 road trains to access the intersection. This will improve the productivity of freight movements using this intersection.

We're open for business and offer investment opportunities that are right for our region

- Delivery of the 2018 Dalby Drone Industry Forum in September 2018 saw a record-breaking number of drone enthusiasts in attendance from across Australia.
- As part of the Western Downs Regional Council and Toowoomba and Surat Basin Enterprise (TSBE) Partnership, TSBE in close cooperation with Council's Economic Development team, held the Intensive Animal Industry Conference in Dalby on 7 March 2019, with approximately 90 delegates attending.
- The Economic Development team has worked with all Chambers of Commerce in the region to develop a investment prospectus for their respective towns/districts. These A4 prospectus have been distributed to Chambers and will be a key resource to promote discussion about investment attraction.

We optimise our tourism opportunities, unique experiences and major events

- Travel company Wotif announced the Western Downs as home to Australia's next big tourist attraction - The Big Melon. Plans are underway to supplement The Big Melon tourist attraction with picnic tables, seating and feature lighting.
- Dalby Events Centre was officially opened in style at beginning of October 2018 by Jennifer Howard MP, Assistant Minister for Veterans' Affairs and State.
- Successful grant application for up to \$200,000 to develop masterplans for four popular tourist destinations across the region, including the Chinchilla Weir, Lake Broadwater, Caliguell Lagoon and bike trails in the Bunya Mountains.
- Many successful festivals were held across the region including Dalby Delicious & DeLIGHTful Festival, the Miles Back to the Bush Festival and the Chinchilla Melon Festival.
- The new tourism website for the Western Downs www.westerndownsqueensland.com.au officially went live.
- The second annual Big Skies Festival again showcased everything the Western Downs region has to offer. Events included the Dalby Picnic Races, regional bus tours, saleyards tours, a Garden & Gallery Champagne Picnic, the Chef's Table and the Day on the Plain rock concert featuring Jon Stevens, Ross Wilson, John Paul Young, Pseudo Echo, Deni Hines and rising stars Pepper Jane & Jacques Van Lill. The Festival concluded with a Heritage Street Parade and community markets in Dalby held in collaboration with the Dalby Chamber of Commerce.
- The Major Events Team developed an Events Tool Kit. This tool kit was printed and uploaded onto Council's Website for use by Community Groups across the region. This resource covers areas such as an event management guide; traffic management considerations; safety and security; public health considerations (i.e. food stalls); infrastructure; insurance; promotion etc and includes sample templates.

Performance Outcome Highlights 2018/19

Strategic Priority 1: STRONG ECONOMIC GROWTH

Business and industry in our region live local and buy local

- Council's Economic Development team supported the Tara Year Ahead Series & Tara EXPO held by the Tara Futures Group and the Jandowae Jamboree held by the Jandowae Business and Community Group in February 2019. The Tara Year Ahead Series addressed the development happening in Tara, with the Jandowae Jamboree show casing local community organisations and businesses.
- To encourage further investment in the region and provide local businesses with information to assist in sourcing further business opportunities, as part of the WDRC/TSBE Partnership, TSBE in collaboration with Council designed and produced the Western Downs Development Status Report in January 2019, which was launched at the February TSBE Enterprise Evening in Toowoomba.
- Council hosted the Dalby Chamber Business After Hours Event at the Dalby Events Centre in March 2019. The objective of the event was to showcase the new Events Centre and encourage use of the facility for Business Events / Conferences, Weddings etc.
- Wedding Fair Western Downs attracted a total of 23 business to showcase their products and services. Additionally, 3 businesses provided set-up, styling and audio equipment under an in-kind agreement. A live DJ show and 5 local artists provided entertainment throughout the Fair and 3 local businesses sold food and beverages. Attendance was around 200 people, coming from various parts of Queensland.
- A booklet has been designed to promote the Dalby Events Centre as a wedding location. There has also been a booklet designed to promote Conferences at the Dalby Events Centre which Wellcamp Airport are displaying and distributing.
- The Dalby Regional Saleyards passed external audits to retain National Saleyards Quality Assurance and European Union accreditation. Throughput for the Dalby Regional Saleyards for 2018/19 was 242,037 head compared to 204,825 head in 2017/18 representing an 18% increase in cattle yarded.

Our region is a recognised leader in energy, including clean, green renewable energies

- Solar Inverters have produced 175,710 kWh of electricity which accounts for 24% of Council's electricity consumption.
- There has been a significant saving of \$121,600 on contestable electricity since January 2019.

Strategic Priority 2: ACTIVE VIBRANT COMMUNITIES

**We are a region
without boundaries,
united in community
pride**

- Council supported / promoted the 4th year of the 'Not Just for Laughs' events featuring comedians Merrick Watts and Mel Buttle as well as country music stars Adam Eckersley and Brooke McClymont. In a boost to the region local community groups ran the bars and canteens for the events in exchange for the proceeds. The event brought positive outcomes across the region - an example being Drillham Hall which attracted a crowd that would not normally have engaged with the hall and local watering holes.
- As part of October 2018's theme 'Youth on the Move', regional Ninja Warrior and Parkour events were organised across the region. These events were solely aimed at our regional youth and were held in Chinchilla, Dalby, Miles, Tara and Jandowae.
- A \$1.7 million landscaping project jointly funded by Council and the Department of Transport and Main Roads is transforming the Warrego Highway through Dalby. With over 8,000 plants including figs, flame trees, crepe myrtles and kauri pines planted, the project is part of an ongoing strategic plan to improve the look of our towns and grow community pride.
- A Community Planting Day was held at the Chinchilla Botanic Parklands where the local community planted 15,000 seedlings in the 'Crop Circle' flower beds.
- The very popular Adopt a Street Tree program continued in 2018/19 with approx. 3,000 trees planted since the program began.
- New Town Entry signage was installed in the smaller towns throughout the region as part of Stage 2 of the Town Entry Signage Project.
- New "Welcome To" banners were created for the individual towns and installed on 115 banner poles across the region to supplement the Regional Event Banners. Banner poles were installed in Thomas Jack Park (Dalby) fronting the Warrego Highway to promote community events across the Western Downs Region.
- Australia Day celebrations were held across the region to recognise the contribution that individuals, community groups and organisations make to the community across the region. The Region welcomed 17 new Australians at the Dalby Australia Day celebrations.

**Our community
members are the
loudest advocates
for what's great
about our region**

- This year Western Downs Regional Council took part in the 2018 'Big Draw Festival' in the month of October 2018. The Big Draw is the world's biggest drawing festival that promotes visual literacy and the universal language of drawing as a tool for learning, expression and invention. This was a wonderful opportunity to provide our community with a unique and easy way to express themselves, have some fun, and provide an interesting topic of conversation throughout the region.
- Council's Community Grants team approved funding totalling \$111,416 to 44 Community groups through its Local Events and Minor Grants Programmes to assist local groups improve their events and facilities. Also \$10,282 was granted to 18 community groups towards reimbursement of Public Liability Insurance and Building Application Fees costs for groups voluntarily managing Council-owned facilities. 10 individuals received \$2,500 towards the costs of representing the region at State or Nation level. \$9,510 has so far been allocated by way of In Kind Assistance to 13 applicants. 4 community groups received funding through RADF for \$15,840 to facilitate Arts-based projects.
- Council hosted the Red Bull Holden Racing team for the launch of their 2019 Commodore Supercar in Dalby on 6 January. The event held at the Dalby Aerodrome, featured seven-time Bathurst 1000 Champion and Red Bull Holden Racing driver, Craig Lowndes.
- Grant writing workshops were held across the region to prepare community groups for the next round of Council grants.

Performance Outcome Highlights 2018/19

Strategic Priority 2: ACTIVE VIBRANT COMMUNITIES

Our social, cultural and sporting events are supported locally and achieve regional participation

- Western Downs Regional Council teamed up with community organisations to provide live musical entertainment 'Groovin' into town' at many local events including local markets, library *Fun Palaces* events and two art exhibition opening nights. Over 80 guests were treated to vibrant live music, tasty food platters and a wonderful art exhibition to open the biennial Bloomin' Creative Showcase opening at the Tara Memorial Hall which ran from 1-5 September 2018.
- The Community Activation team delivered very successful family friendly Movie Nights across the region in collaboration with community groups. Christmas Movie nights were held in December in Bell, Brigalow, Condamine, Jandowae and Meandarra.
- Regional Christmas events delivered via community partnering across the region with approximately 500 people attending Chinchilla Christmas event alone.
- Western Downs Libraries have had huge success with Yoga Storytime across the region. The programs held in Dalby and Chinchilla focus on creating positive child-caregiver interactions through sessions that involve storytelling, singing, dancing and stretching.
- Council continued to deliver more performing arts by bringing the 2019 Outback Comedy Gala to the region in April 2019 with events held in Kaimkillenbun, Tara and Miles.
- Record-breaking attendance at the People Like Us exhibition held at Dogwood Crossing.

Our parks, open spaces, and community facilities are well utilised and connect people regionally

- The long campaigned for new Chinchilla Skate park was opened in November 2018.
- As part of the 'Slide out of Summer' theme, pool parties were organised throughout the region in conjunction with Swim Fit. Pool parties were held in Miles, Meandarra, Dalby, Wandoan and Chinchilla throughout January and February 2019, with over 1,000 people attending.
- Funded by the Queensland Government Works for Queensland program, works commenced on a new viewing platform and upgrades to the beautiful Fishers Lookout at the Bunya Mountains. Works include an elevated viewing platform; the upgrades will involve aesthetic improvements around the existing viewing area including new seating and covered area along with improved car and bus parking space.
- Council delivered 1,425 metres of new footpaths and replaced 195 metres of existing footpath at the end of its useful life.

A recognised culture of volunteerism is active throughout our communities

- During 2018/19 we held three volunteer famils/forums to engage with and develop the local knowledge of our tourism ambassadors.
- A Volunteer Reference Group was established with Volunteer Qld.
- A Volunteer recognition program was held during Volunteer Week in May 2019 with 136 volunteers receiving a volunteer recognition honour badge.

Strategic Priority 3: GREAT LIVEABILITY

Our residents enjoy convenience of modern infrastructure and quality essential services

- Council's Facilities Department assumed the running of the cinemas in Dalby and Chinchilla and commenced promoting and building attendance at these great facilities. The Western Downs Cinemas attendance increased at the Dalby Cinema by 4.12 % and the Chinchilla Cinema by 3.44% from 2017/18.
- Water main replacements were completed for Chinchilla, Dalby and Jandowae.
- A new Dalby bore was completed in June 2019, constructed to a depth of 970 metres, tapping into the Great Artesian Basin Precipice Sandstone Aquifer to cater for the town's growing population.
- Construction of the Meandarra Waste and Recycling Centre has been completed, with the facility opening in late June 2019. With the new transfer station coming online, the rehabilitation of the former landfill site has commenced.
- Council's Drinking Water Quality Management Plan was amended to include Tara and then approved by the Department of Natural Resources Mines and Energy on the 20 June 2019. The progressive infrastructure upgrades and highly skilled Tara operational staff have demonstrated Council's ability to consistently supply high quality drinking water.
- Council has completed a substantial water mains replacement and sewer relining program to reduce water and sewerage service interruptions and improve asset condition.

Valued recreational spaces, sporting and community facilities are provided regionally

- The Tara Showground grandstand was brought to life with a refurbishment which included structural reinforcement, new timber decking, dual access staircase, concrete pathways and new powder coated stairs, handrails and balustrades. The project was successfully delivered in collaboration with various Tara community groups.
- The \$6.021 million Chinchilla Botanic Parklands Project was completed and was officially opened to the community over a series of events including a VIP Day, the Official Opening on 28 May 2019 and culminating in a Community Fun Day held 1 June 2019 with a crowd of over 3,000 in attendance.
- \$800,000 worth of works to the grandstand at the Dalby Pool commenced in February 2019. Works include updated toilet and shower facilities, more comfortable seating, new balustrades, additional stairways and a paint job to give the entire grandstand a fresh new face.
- The regions pools and aquatic centres received a much-needed revamp during the last 6 months as part of the funding supplied to Council under the Works for Queensland Regional Aquatic Centre Project.
- The Tara Lions Park upgrade project was completed which now provides the Tara community with an inviting park in which to hold small events, have picnics and utilise the amazing new rock-climbing structure.

A safe and well-maintained road network connects our region

- Council's annual reseal program was completed in the third quarter of the financial year with 403,000m² of urban seals and 462,000m² of rural seals completed. The works were delivered earlier than usual to gain greater value for money by engaging contractors before the traditional market peak and to reduce the risk of seal failure due to early cold weather.
- Council provided a cost-effective means of delivery for the Department of Transport and Main Roads to rehabilitate lower order state-controlled roads within the region. This value for money initiative allowed for the scope of work to be maximised, resulting in the rehabilitation of 22.33km of roads, and intensive maintenance to 9.2km of sealed roads on the state-controlled road network.
- Council continues to renew and upgrade its transport network in accordance with the Corporate Plan with 6km of Council's sealed road network reconstructed, 6.7km of Council's road network upgraded from gravel to bitumen construction and 101km of gravel resheeting completed. Additionally, 1.6km of new footpath was constructed.
- Five additional bitumen dust suppression projects were delivered across the region in conjunction with Council's gravel resheet program.

Performance Outcome Highlights 2018/19

Strategic Priority 3: GREAT LIVEABILITY

Our region remains an affordable place for families to live, work, prosper and play

- Community Grant funding opportunities were widely promoted, with applicants lodging grant submissions via the Smarty Grants portal.
- Council's libraries hosted Fun Palaces again, which once again proved to be massively popular with more than 2,000 attendees across the regional being able to benefit from the experience.
- Bell, and the wider Bell region, was given a boost with the approval of a new health care precinct by Western Downs Regional Council. Council approved a proposal for a pharmacy with an adjoining health care centre.
- The new AVData water standpipe located in front of the Water Treatment Plant on Aerodrome Road Chinchilla is open for business, replacing the previous one on Railway Street. The new facility is capable of handling multiple heavy vehicles and moves the vehicle traffic away from the town area.
- Council implemented a new water restriction schedule that provides more flexibility for residential watering while encouraging efficient water use.
- The Health Services Team implemented the new Quality Aged Care Standards across both Aged Care Facilities and Community Care Services.

We're recognised as one of the safest regions in Queensland

- Carinya Residential Aged Care Facility achieved a full three-year reaccreditation following two days of external auditing by the Australian Aged Care Quality Agency.
- CCTV monitoring has been installed at MyAll107 to increase security at the community facility for library, gallery and cinema patrons.
- The Rural Services team have issued a record number of stock permits, with mobs travelling stock routes as a result of drought conditions affecting many regions across Queensland.
- The Western Downs' first electric vehicle charging station was installed and commissioned in Dalby and saw the first customer use the facility.

Strategic Priority 4: FINANCIAL SUSTAINABILITY

We are recognised as a financially intelligent and responsible Council

- Western Downs Regional Council become one of only a handful of Council's in Queensland to be debt-free, paying the final instalment of its \$60 million debt. This was achieved through very stringent financial planning to increase cash reserves and at the same time eradicating debt since 2015, all while still providing great facilities, amenities and services across the region.
- The 2018/19 Operating Surplus will be approximately \$17 million once accruals and restoration provisions are finalised.
- Council holds cash reserves of \$142 million at 30 June 2019.
- Council's 2017/18 Financial Statements were unqualified and certified by the Office of the Auditor General within the statutory timeframes.

Our long term financial planning guides informed and accountable decisions

- A successful test of Council's Business Continuity Framework was conducted by an independent consultant during the November 2018 Managers Meeting. A report on the test and the wider continuity framework was provided by the consultant with suggestions for improvement identified.

Strategic Priority 4: FINANCIAL SUSTAINABILITY

Our value for money culture enables us to deliver our core functions sustainably

- The Local Procurement Roadshows were held in Dalby, Chinchilla and Miles, demonstrating Council's commitment to buy local. Over 50 business representatives attend the roadshows, which provides Council with the opportunity to communicate with the local business community about the upcoming opportunities in Council's Budget for the 2018/19 financial year.
- An ongoing commitment to building an excellent working relationship with the Department of Transport and Main Roads resulted in an additional \$7.36M of commercial contracts being awarded to Council. The works provide profit to Council as well as cost effective upgrades to the state network within the Western Downs Region. Works were delivered to a high standard and collaborative relationship with DTMR, increasing the likelihood of further works being awarded.

Our agile and responsive business model enables us to align our capacity with service delivery

- New technology has been implemented to improve Internet speed and reliability at the Moonie Rural Transaction Centre.
- A new Authority Customer Request Management Pilot was successful, and all departments have transitioned to the new system.
- Outlook email data was migrated from our on-premise servers to being hosted by Microsoft. This provides increased reliability, especially in disaster situations.
- Council has implemented a rate cap of 6.25% per annum to limit the impact of very large property value movements on a large number of ratepayers.
- Council's average increase in general rates and utility charges (excepting Waste) are 1.25%. Kerbside waste collection increases are 2.5% for domestic ratepayers. These would be, if not, close to the lowest in the State.
- Four Pest Management groups participated in the Queensland Feral Pest Initiative Funding Program during July to December 2018. Outstanding results were achieved: 402 landholders participated, 483,842 hectares of the Council area were covered, 2118 feral pigs and 23 wild dogs were destroyed.
- Council welcomed an additional \$159,800 funding grant from the Australian Government, which will provide the opportunity to continue to attack pests on the Western Downs. The grant, titled "Communities Combating Pests and Weed Impacts During Drought Program – Biosecurity Management of Pests and Weeds" will be used to enhance Council's current program. The aim of Council's program is to deliver coordinated impact-based programs including the eradication of parthenium and giant rat's tail (GRT), wild dog and feral pig control in targeted areas.

Effective asset management ensures that we only own and maintain assets that are utilised

- Comprehensive valuations on water and sewer assets was undertaken.
- Upgrading asset registers and capitalising projects were completed.
- The 2018/19 civil design program was completed in the third quarter, allowing the design team to progress on the proposed 2019/20 capital works projects ahead of the new financial year.

Performance Outcome Highlights 2018/19

Our People

- The "We are WDRC" Awards were held in the newly refurbished Dalby Events Centre, with individual award winners Karen Postle receiving the WDRC Star Award, Logan Schultz the Rising Star Award, Jessica Wilson the COLIN's Champion Award and Stephen Cumes the Safety-First Award.
- WDRC's Customer Contact Centre shone again as finalists in the National Local Government Customer Service Awards.
- Council's Trainees and Apprentices excelled during the year:-
 - Shyann Doyle was awarded the 2018 Darling Downs South West Regional Trainee of the Year;
 - Josiah Gaul was awarded the Mobile Plant and Diesel Fitting Apprentice of the Year Award at the Queensland Skills Tech Apprentice Awards;
 - after completing AFL SportsReady traineeships with Council, Ally Engle and Merranda Poole won top awards at the AFL SportsReady Graduation and Awards Ceremony from a pool of 80 trainees and one apprentice from across Queensland and northern NSW. Ally took out the Chris Johnson Cup with Merranda receiving the Host Plus Rising Star Award;
 - Karsha Dewis and Kyla-Rae Saltner-Johnston were both named finalists in the Darling Downs South West Queensland Training Awards. Council was also selected as a finalist for the Large Employer of the Year Award.
- Council's Rural Services team and WorkVibe initiative were finalists in the LGMA Queensland Awards for Excellence. The Rural Services team were finalists in the Collaboration Award for their efforts with local landholders across the region in the 'Pests, Partnership and People Power' project. WorkVibe were finalists in the Workplace Wellbeing Award for the internal initiative focusing on fostering a healthy workplace to ensure employees are happy and productive at work.
- Western Downs Libraries received the Excellence Award at the QPLA Local Government Awards for their Language to Literacy Conference.
- Australian HR Award Finalists in two (2) categories, Australian HR Rising Star Award (Fiona Henderson) and Australian HR CEO Champion Award (Ross Musgrove).
- Facilities Parks and Open Spaces Coordinator, Matthew Robertson was invited to be a judge in the Parks & Leisure Australia, Park of the Year Award for 2019.
- Council's 2019 Early Career Program received an overwhelming 887 applications for all Apprentice and Trainee positions, including the KickStart Disability and AFL SportsReady Indigenous Traineeships, a significant increase from the 241 applications received in 2018. A total of 6 apprentices and 18 trainees were placed across the region. In addition, Council supports a local senior high school student to complete a school-based traineeship. The Traineeship Program was expanded to provide opportunities for disability trainees in our region.
- Seven (7) regional graduating high school students were awarded WDRC Community Spirit Bursary Awards, with 9 taking the opportunity to complete paid work placements whilst completing their university studies, including prior bursary recipients continuing to undertake work placements across WDRC.
- Many staff were recognised for their dedicated service to Council with new special years of service badges. Awards were given for 10 to 45 years of service, with Russell Priestly awarded for over 45 years service with Council.
- Employee workplace wellbeing initiatives included:-
 - 'Mind Matters' events held across the region focusing on staff mental health and wellbeing;
 - an influenza vaccination program;
 - Council undertook Work Health and Safety inspections of noisy work environments; 116 employees were identified as working in noisy environments within Council. As a result, the hearing of these employees will be monitored with hearing assessments being booked for these identified employees.
- Eight (8) staff have been accepted in the GROW @ Work program aimed at providing staff an opportunity to develop their skill set and gain a deeper understanding of other Council departments;
- The rollout of the revised Code of Conduct to all staff and Statement of Declaration - Standards of Conduct to all Managers, Coordinators and Supervisors has been conducted.
- A policy and a register to deal with secondary employment declarations was developed and implemented.
- Payroll successfully implemented Single Touch Payroll (STP). This is a requirement of the ATO for employers to report their employees' tax and super information to the ATO.
- Council launched its QUT bespoke Leadership Program - WDRC Great Leaders. Participants had the opportunity to attend 3 one day

workshops, targeted group coaching sessions and outside of hours formal personal assessment activities.

- A WHS Strategic Plan was developed and implemented to provide a framework to establish and maintain an effective health and safety management system and a structured approach to WHS to achieve a consistently high standard of safety performance.
- Through improved WHS and RRTW systems there was an 8% reduction in the premium payable in relation to workers' compensation insurance. This equates to a saving of approx. \$51,000.
- An improved escalation and reporting process has been developed and implemented regarding issues raised at the Functional Steering Groups (WHS Safety Employee Representatives).
- The WHS Policy was reviewed and amended to more appropriately reflect the current position of Council's commitment to Workplace Health and Safety.
- The Terms of Reference related to the Executive Safety Steering Group (ESSG) were reviewed and amended to more appropriately capture the scope, purpose and intent of the committee.



Performance Assessment

An informed assessment of how Council performed in 2018/19 against each of the strategic priorities expressed in the Corporate Plan 2017 - 2022, has been compiled by the Chief Executive Officer and is shown on the following pages.

Assessment Key

The following symbols indicate our progress at the end of the 2018/19 financial year:



ACHIEVED



ON TARGET















NEEDS IMPROVEMENT


















SCHEDULED LATER IN CORPORATE PLAN CYCLE

Strategic Priority 1: STRONG ECONOMIC GROWTH

There is confidence in our strong and diverse economy	<ul style="list-style-type: none"> We focus on improving our engagement with our customers. 	
	<ul style="list-style-type: none"> Improve access to the Councils road network for Higher Productivity Vehicles (HPV) to benefit local businesses. 	
	<ul style="list-style-type: none"> Our Development Assessment processing timeframes will continue to be our key point of difference and amongst the best in the state. 	
We're open for business and offer investment opportunities that are right for our region	<ul style="list-style-type: none"> Promote we are "Open for Business". 	
	<ul style="list-style-type: none"> Identify opportunities that facilitate investment attraction and value add opportunities to existing businesses in the region. 	
We optimise our tourism opportunities, unique experiences and major events	<ul style="list-style-type: none"> Identify opportunities that facilitate engagement with tourism target markets to extend visitor night stay and economic investment in the region. 	
	<ul style="list-style-type: none"> Value-add to and enable the growth and development of the region's major events. 	
	<ul style="list-style-type: none"> Take a lead role in social media engagement and digital marketing to optimise attendance at our major regional events. 	
Business and industry in our region live local and buy local	<ul style="list-style-type: none"> Residential and Community based health Services buy local where possible; recruit and attract staff to live local and support local communities. 	
	<ul style="list-style-type: none"> Effective engagement of local suppliers increases local procurement. 	
Our region is a recognised leader in energy, including clean, green renewable energies	<ul style="list-style-type: none"> Reduce the operational costs of Councils power through renewable energy. 	

Strategic Priority 2: ACTIVE VIBRANT COMMUNITIES	
We are a region without boundaries, unites in community pride	<ul style="list-style-type: none"> We deliver high quality customer service outcomes that meet the expectations of our community. 
Our community members are the loudest advocates for what's great about our region	<ul style="list-style-type: none"> We "connect" with our customers by providing contemporary customer services delivery systems. 
	<ul style="list-style-type: none"> Support Health Services Clients to participate in their local communities and encourage the wider community to engage with the services / aged care facilities. 
	<ul style="list-style-type: none"> Actively seek community engagement and advocacy for Council initiatives. 
Our social, cultural and sporting events are supported locally and achieve regional participation	<ul style="list-style-type: none"> Our Arts and Cultural spaces are actively used by the community through an active and vibrant network of artists and regional community groups in the Western Downs. 
	<ul style="list-style-type: none"> Our community groups are supported through engagement and capacity building activities. 
	<ul style="list-style-type: none"> Create and implement a region-wide approach towards targeted community activations, programs and initiatives and embed collaborative practice both internally and externally. 
Our parks, open spaces, and community facilities are well utilised and connect people regionally	<ul style="list-style-type: none"> We have programs in place that leverage community pride to improve our streetscapes. 
	<ul style="list-style-type: none"> Our community facilities are well utilised. 
A recognised culture of volunteerism is active throughout our communities	<ul style="list-style-type: none"> We foster a volunteer program that provides multi-faceted opportunities across a diverse range of Council functions. 
	<ul style="list-style-type: none"> Provide opportunities for SES and other volunteer groups to carry out open days and volunteer drives. Support SES in targeting adequate group number and capabilities. 
	<ul style="list-style-type: none"> Provide professional, standardised and well-maintained facilities and vehicles for SES use. Each SES building has scheduled inspections and maintenance activities all up to date. 

Strategic Priority 3: GREAT LIVEABILITY		
Our residents enjoy convenience of modern infrastructure and quality essential services	<ul style="list-style-type: none"> We'll continue to make improvements and increase compliance of Council's Waste Facilities. 	
	<ul style="list-style-type: none"> We deliver quality public access Wi-Fi in significant community places. 	
	<ul style="list-style-type: none"> Improve water supply systems (quality and operations) to ensure residents have access to quality water supplies across the region. 	
	<ul style="list-style-type: none"> Improve wastewater treatment processes to improve customer satisfaction and allow for better utilisation of effluent water. 	
	<ul style="list-style-type: none"> Provide quality regional cemeteries for burial and memorialisation services that meet the expectations of the community. 	
Valued recreational spaces, sporting and community facilities are provided regionally	<ul style="list-style-type: none"> Libraries service delivery is aligned to community needs and is relevant, sustainable and future-fit. 	
	<ul style="list-style-type: none"> Implement major community projects to improve the liveability and economic development opportunities in the region. 	
A safe and well-maintained road network connects our region	<ul style="list-style-type: none"> Continuous improvement of the strategic framework for the delivery of programmed transport asset maintenance. 	
	<ul style="list-style-type: none"> Utilise software systems to increase in-field access to mobile data and streamline documentation distribution and record keeping to ensure the road network is monitored effectively. 	
	<ul style="list-style-type: none"> We will implement systems to improve road safety across the region. 	
	<ul style="list-style-type: none"> The survey and design program is to align with the adopted work program to provide lead time for constructions. 	
	<ul style="list-style-type: none"> Quarry material production is to be well planned and aligned with works programs. 	
	<ul style="list-style-type: none"> We have an up to date 10-year capital works program in place. 	
Our region remains an affordable place for families to live, work, prosper and play	<ul style="list-style-type: none"> Improved maintenance management systems for logging defects and programming across Council and TMR works. 	
	<ul style="list-style-type: none"> We deliver responsible budgets based on long term financial forecasts to ensure fully informed decisions are made and impacts on future financial periods are known. 	
We're recognised as one of the safest regions in Queensland	<ul style="list-style-type: none"> Ensure our local laws enable business, reduce red-tape and meet the needs of Council and the community. 	
	<ul style="list-style-type: none"> Responsible pet ownership programs demonstrate Council commitments to responsible pet ownership. 	
	<ul style="list-style-type: none"> Our environmental health programs focus on improving outcomes for our community. 	
	<ul style="list-style-type: none"> We maintain a reliable CCTV network that enhances public safety in our major town centres. 	
	<ul style="list-style-type: none"> Ensure reliability and availability of the WDRC river and rain monitoring system to ensure timely and accurate early warning during flood events. 	
	<ul style="list-style-type: none"> Ensure we have a high functioning LDMG with the skills and competencies required to perform the role. 	
	<ul style="list-style-type: none"> Ensure processes and systems are in place to maintain a high state of disaster readiness. 	

Strategic Priority 4: FINANCIAL SUSTAINABILITY		
We are recognised as a financially intelligent and responsible Council	• Council's financial control environment is sound.	
	• Financial Statements are finalised in accordance with the audit plan.	
	• We will control employee costs to assist financial sustainability.	
	• Core software and communication systems are available to ensure Council is able to deliver services.	
	• Council will maintain a strong enterprise risk framework which ensures a mature approach to monitoring and managing risk.	
	• Property assets are effectively managed in order to provide maximum value to the community and mitigate Council's exposure to risk.	
Our long term financial planning guides informed and accountable decisions	• Councils' actual outcomes and long term financial forecasts indicate Council remains in a sound financial position.	
	• We will utilise the whole of life costing model to ensure future impacts of major projects are catered for.	
Our value for money culture enables us to deliver our core functions sustainability	• Council owned Health Services deliver financially responsible service models to our local communities.	
	• Council provides a well-controlled and safe gas network to the community.	
Our agile and responsive business model enables us to align our capacity with service delivery	• We will take a strategic approach to compliance matters, by dealing with both routine and reactive compliance activities.	
	• Our annual action plans will guide how we target propriety pests in specific areas.	
	• Our fleet is utilised efficiently and effectively.	
	• Ensure field staff have access as needed to electronic information systems.	
Effective asset management ensures that we only own and maintain assets that are utilised	• Asset Management Plan - Improvement Plans are to be actioned to ensure continued focus on delivering fit for purposed levels of services to the community.	
	• We effectively manage our property assets to enhance long term sustainability and service delivery.	

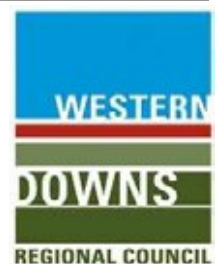
CHAPTER 5:

FINANCIAL
REPORTING



Western Downs Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Western Downs Regional Council

General Purpose Financial Statements

for the year ended 30 June 2019

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Western Downs Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Income from Continuing Operations			
<i>Revenue</i>			
<i>Recurrent Revenue</i>			
Rates, Levies and Charges	3a	91,163	88,035
Fees and Charges	3b	7,980	8,170
Rental Income		1,715	1,650
Interest and Investment Revenue	3c	3,847	3,412
Sales of Goods and Major Services	3d	27,752	21,655
Other Income		1,232	1,136
Grants, Subsidies, Contributions and Donations	4a	23,780	23,402
Total Recurrent Revenue		157,469	147,460
<i>Capital Revenue</i>			
Grants, Subsidies, Contributions and Donations	4b	14,733	24,612
Capital Income	5	135	311
Total Income (Continuing Operations)		172,337	172,383
Expenses from Continuing Operations			
<i>Recurrent Expenses</i>			
Employee Benefits	6	48,922	45,863
Materials and Services	7	49,752	43,479
Finance Costs	8	1,564	2,805
Depreciation and Amortisation		40,387	40,948
Total Recurrent Expenses		140,625	133,095
Capital Expenses	9	11,020	19,122
Total Expenses (Continuing Operations)		151,645	152,217
Net Result From Continuing Operations		20,692	20,166
Other Comprehensive Income			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	17	(59,628)	63,262
Total Other Comprehensive Income/(Loss)		(59,628)	63,262
Total Comprehensive Income		(38,936)	83,428

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

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Western Downs Regional Council

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	142,252	127,211
Trade and Other Receivables	11	17,998	15,126
Inventories	12	4,736	6,233
Total Current Assets		164,986	148,570
Non-Current Assets			
Property, Plant and Equipment	13	1,495,916	1,554,921
Intangible Assets		1,308	1,375
Total Non-Current Assets		1,497,224	1,556,296
TOTAL ASSETS		1,662,210	1,704,866
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	16,756	15,562
Borrowings	15	-	354
Provisions	16	6,474	9,619
Total Current Liabilities		23,230	25,535
Non-Current Liabilities			
Borrowings	15	-	4,641
Provisions	16	8,760	5,333
Total Non-Current Liabilities		8,760	9,974
TOTAL LIABILITIES		31,990	35,509
Net Community Assets		1,630,220	1,669,357
COMMUNITY EQUITY			
Asset Revaluation Reserve	17	676,648	736,276
Retained Surplus		953,572	933,081
Total Community Equity		1,630,220	1,669,357

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

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Western Downs Regional Council

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Total Equity \$'000
2019				
Opening Balance		736,276	933,081	1,669,357
Adjustment on Initial Application of AASB 9	1.C	-	(201)	(201)
Revised Opening Balance (as at 1/7/18)		736,276	932,880	1,669,156
Net Operating Surplus for the Year		-	20,692	20,692
Other Comprehensive Income	17	(59,610)	-	(59,610)
- Impairment (loss) reversal relating to Property, Plant and Equip.	9, 13	(18)	-	(18)
Other Comprehensive Income		(59,628)	-	(59,628)
Total Comprehensive Income		(59,628)	20,692	(38,936)
Equity Balance as at 30 June 2019		676,648	953,572	1,630,220
2018				
Opening Balance		673,014	912,915	1,585,929
Net Operating Surplus for the Year		-	20,166	20,166
Other Comprehensive Income	17	63,262	-	63,262
Total Comprehensive Income		63,262	20,166	83,428
Equity Balance as at 30 June 2018		736,276	933,081	1,669,357

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

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Western Downs Regional Council

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		159,159	151,427
Payments to Suppliers and Employees		(106,846)	(98,512)
		52,312	52,915
Receipts:			
Interest Received		3,847	3,412
Payments:			
Interest Expense		(887)	(2,534)
Net Cash - Operating Activities	21	55,272	53,793
Cash Flows from Investing Activities			
Receipts:			
Maturing of Term Deposits		-	19,000
Sale of Property, Plant and Equipment		908	1,960
Grants, Subsidies, Contributions and Donations		14,733	23,296
Other Investing Activity Receipts		2	-
Payments:			
Purchase of Property, Plant and Equipment		(50,836)	(46,906)
Other Investing Activity Payments		(44)	-
Net Cash - Investing Activities		(35,236)	(2,650)
Cash Flows from Financing Activities			
Payments:			
Repayment of Borrowings and Advances		(4,995)	(13,074)
Net Cash Flow - Financing Activities		(4,995)	(13,074)
Net Increase/(Decrease) for the year		15,041	38,069
plus: Cash and Cash Equivalents - beginning		127,211	89,142
Cash and Cash Equivalents - closing	10	142,252	127,211

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

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Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

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

They comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). To the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which are measured at fair value. This is further identified in Note 13.

(1.b) Constitution

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

(1.c) New and Revised Accounting Standards

In the current year, Council adopted all 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.

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, *except for receivables which decreased by \$201,190 due to an increase in*

impairment under the new rules. A corresponding adjustment was made to retained earnings as at 1 July 2018.

Financial asset/liability	Measurement Category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

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

Effective for annual reporting periods beginning on or after 1 July 2019

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, these grants are recognised as revenue when received.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations. These are expected to continue being recognised as revenue when received assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

to the timing of revenue from sales of the Council's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that Council has received payment but has not met its associated performance obligations (these amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time, prepaid rates will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if the new standards had been adopted in the current financial year, it would have had the following impacts:

- Revenue decrease of \$1,983,701 due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).
- There would be an equal reduction in reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- Net result would be lower on initial application as a result of decreased revenue. A range of new disclosures will also be required by the new standards in respect of Council's revenue.

Transition method

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

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

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

Leases in which Council is a lessee

Council has evaluated its current operating leases and concluded that they are immaterial individually and in total. Therefore, the changes to AASB 16 Leases do not require any disclosure because of the low value nature of the operating leases both individually and in total.

The right-of-use asset is depreciated over the term of the lease and the interest expensed using an implied interest rate recognised as the present value of the liability is unwound. Exceptions to this accounting treatment are short term leases (< 12 months) and leases of low value assets.

No significant impact is expected for Council's finance leases.

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

- Lease assets and financial liabilities on the balance sheet will increase/decrease by \$122,171 (based on the facts available to Council at the date of assessment).
- There will be a minor reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- The Net result will be slightly lower on initial application as depreciation and lease liability interest will be initially higher than operating lease expenses previously recorded.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn Leases

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

Transition method

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

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

The following list identifies all the new and amended Australian Accounting Standards, and Interpretations, that were issued but not yet effective at the time of compiling these illustrative statements.

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 16 Leases (Appendix D)
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1058 Income of Not-for-Profit Entities (Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

(1.d) Estimates and Judgements

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.

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

- Impairments - Receivables - Note 11
- Valuation and depreciation of Property, Plant & Equipment - Note 13
- Impairment of Property, Plant and Equipment - Note 13
- Provisions - Note 16.
 - Provision for Restoration of Waste Landfills
 - Provision for Restoration of the Quarry & Gravel Pits.
 - Provision for Long Service Leave.
- Financial instruments and financial assets - Note 24

(1.e) Rounding and Comparatives

The financial statements are in Australian dollars that have been rounded to the nearest \$1,000 unless otherwise indicated. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(1.f) Taxation

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

Western Downs Regional Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 2(a). Council Functions - Component Descriptions

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

GENERAL OPERATIONS

Efficient and effective delivery of services that maintain and improve the liveability of the community.

COMMERCIAL WORKS

Undertake works for customers on a commercial basis. Typically the works will relate to Non-Council owned roads, water and sewerage infrastructure.

WASTE MANAGEMENT

Provide and maintain an environmentally sensitive waste collection and disposal service.

WATER SERVICES

Manage Council's water supply systems to achieve a reliable, safe and cost effective water service.

GAS SUPPLY

Manage the gas network to achieve a reliable, safe and cost effective gas supply service.

DALBY REGIONAL SALEYARDS

Manage the operations of the Dalby Regional Saleyards to deliver a safe and cost effective livestock selling facility.

QUARRIES

Operate Council's quarries and gravel pits to meet Council's needs and to sell at commercial rates to other customers.

SEWERAGE SERVICES

Manage the sewerage system to achieve a reliable, safe and cost effective and environmentally sensitive sewage disposal service.

WASHDOWN BAYS

Provide and maintain an environmentally sensitive and cost effective vehicle washdown service.

Western Downs Regional Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 2(b). Analysis of Results by Function

Income and expenses defined between recurring and capital, and assets are attributed to the following functions;

Functions	Gross Program Income						Total Income		Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital		Other	Total	Recurring	Capital						
	Grants	Other	Grants	Other					Recurring	Capital				
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
General Operations	23,780	77,139	14,238	196	115,353	(94,701)	(9,944)	(104,645)	6,218	10,708	1,348,622			
Washdown Bays	-	658	-	-	658	(486)	-	(486)	172	172	2,082			
Commercial Works	-	13,870	-	-	13,870	(10,135)	-	(10,135)	3,736	3,736	11,088			
Waste Management	-	6,135	-	(61)	6,074	(7,112)	-	(7,112)	(977)	(1,038)	161,638			
Water Services	-	13,325	298	-	13,623	(12,094)	(849)	(12,942)	1,231	681	110,919			
Sewerage Services	-	8,120	197	-	8,317	(5,590)	(52)	(5,642)	2,530	2,675	4,271			
Gas Supply	-	2,885	-	-	2,885	(2,023)	(1)	(2,024)	862	861	11,172			
Dalby Regional Saleyards	-	3,828	-	-	3,828	(2,909)	(173)	(3,082)	919	746	11,988			
Quarries	-	7,729	-	-	7,729	(5,576)	-	(5,576)	2,152	2,152	430			
Total	23,780	133,689	14,733	135	172,337	(140,625)	(11,020)	(151,645)	16,844	20,692	1,662,210			

Functions	Gross Program Income						Total Income		Gross Program Expenses		Total Expenses	Net Result from Recurring Operations	Net Result	Total Assets
	Recurring		Capital		Other	Total	Recurring	Capital						
	Grants	Other	Grants	Other					Recurring	Capital				
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
General Operations	23,402	75,084	20,742	199	119,427	(87,063)	(9,175)	(96,238)	11,423	23,189	1,355,764			
Washdown Bays	-	475	-	-	475	(429)	-	(429)	46	46	1,266			
Commercial Works	-	8,266	-	-	8,266	(6,415)	-	(6,415)	1,851	1,851	1,345			
Waste Management	-	6,014	-	112	6,126	(8,056)	-	(8,056)	(2,042)	(1,930)	15,086			
Water Services	-	12,906	3,527	-	16,433	(15,137)	(9,638)	(24,775)	(2,231)	(8,342)	179,664			
Sewerage Services	-	8,107	173	-	8,281	(6,276)	(165)	(6,441)	1,832	1,840	119,009			
Gas Supply	-	3,150	170	-	3,320	(2,264)	(119)	(2,383)	886	937	11,068			
Dalby Regional Saleyards	-	3,178	-	-	3,178	(2,429)	(25)	(2,454)	749	724	17,686			
Quarries	-	6,877	-	-	6,877	(5,026)	-	(5,026)	1,851	1,851	3,978			
Total	23,402	124,057	24,612	311	172,383	(133,095)	(19,122)	(152,217)	14,365	20,166	1,704,866			

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue Analysis

	2019 \$'000	2018 \$'000
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Revenue is recognised at the fair value of consideration received or receivable net of discounts and rebates.

(a) Rates, Levies and Charges

Revenue for rates and utility charges is recognised upon issue of the levies within the respective rating period. If rates are prepaid, they are recognised on receipt.

General Rates	69,915	66,982
Special Rates	74	87
State and Rural Fire Levy	58	73
Water	5,472	5,385
Water Consumption, Rental and Sundries	7,043	6,724
Sewerage	8,360	8,341
Waste Management	5,004	4,914
Total Rates and Charges Revenue	95,926	92,506
Less: Discounts	(4,324)	(4,072)
Less: Pensioner Remissions	(439)	(399)
TOTAL RATES, LEVIES AND CHARGES	91,163	88,035

(b) Fees and Charges

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

Fees and Charges	3,036	3,572
Waste Disposal Fees	1,240	1,240
Water Sales	1,064	922
Town Planning Application Fees	342	216
Animal Registration Fees	310	417
Building Inspections	140	144
Washdown Bay Fees	568	475
Cemetery Fees	448	405
Rates Searches	150	183
Other	682	596
TOTAL FEES AND CHARGES	7,980	8,170

(c) Interest and Investment Revenue

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

Interest on Cash Investments	3,276	2,825
Interest Received from Other Sources	144	172
Interest from Overdue Rates and Utility Charges	427	415
TOTAL INTEREST AND INVESTMENT REVENUE	3,847	3,412

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue Analysis (continued)

	2019 \$'000	2018 \$'000
(d) Sale of Goods and Major Services		
<p>The sale of goods is recognised when the customer takes delivery of the goods. Revenue from services is recognised when the service is rendered.</p> <p>Revenue from contracts and recoverable works are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received in advance, it is included in other liabilities as payments received in advance. Subsequently it is recognised as revenue in the period when the service is performed.</p>		
Sale of services		
Contract and Recoverable Works	13,294	8,512
Saleyard Services	3,828	3,154
Total Sale of Services	17,122	11,666
Sale of goods		
Gas Sales	2,851	3,112
Quarry Sales	7,729	6,877
Other - Sale of Land Held for Resale	50	-
Total Sale of Goods	10,630	9,989
TOTAL SALES REVENUE	27,752	21,655

Note 4. Grants, Subsidies, Contributions and Donations

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them as required by the Australian Accounting Standards. Council receives 3 types of contributions from developers with respect to infrastructure charges.

- Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as capital revenue and as non-current assets when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of these assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as an expense.
- Council receives cash contributions from property developers to construct assets, including roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and developers relating to these contributions are determined to fall within the scope of *AASB Interpretation 18 Transfers of Assets from Customers*, these contributions are recognised as capital revenue when the related service obligations are fulfilled.
- 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 capital revenue when received.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Grants, Subsidies, Contributions and Donations (continued)

	Notes	2019 \$'000	2018 \$'000
(a) Recurrent			
General Purpose Grants		16,352	17,028
Government Subsidies and Grants		7,129	6,193
Contributions		299	181
TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		23,780	23,402
(b) Capital			
Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investments in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.			
<i>Monetary revenue designated for Capital Funding Purposes:</i>			
Government Subsidies and Grants		9,442	16,390
Contributions		5,291	6,906
		<u>14,733</u>	<u>23,296</u>
<i>Non-Monetary revenue received:</i>			
Developer Assets Contributed by Developers at Fair Value		-	1,316
		<u>-</u>	<u>1,316</u>
TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS		14,733	24,612

Note 5. Capital Income

(a) Gain/(loss) on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		898	1,543
Less: Book Value of Property, Plant and Equipment Disposed	13	<u>(685)</u>	<u>(1,173)</u>
		213	370
Proceeds from Disposal of Land and Buildings		10	417
Less: Book Value of Land & Buildings Disposed	13	<u>(29)</u>	<u>(588)</u>
		<u>(19)</u>	<u>(171)</u>
Gain/(loss) on disposal of non-current assets		<u>194</u>	<u>199</u>
(b) Other Income			
Restoration of Quarry Gravel Pits and Waste Sites	16	<u>(61)</u>	<u>112</u>
		<u>(61)</u>	<u>112</u>
(c) Other			
Other Capital Income		2	-
TOTAL CAPITAL INCOME		135	311

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Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6. Employee Benefits

	Notes	2019 \$'000	2018 \$'000
Wages and Salaries		39,738	37,883
Annual, Sick and Long Service Leave Entitlements		7,703	7,479
Superannuation	20	4,666	4,860
Councillors' Remuneration		683	668
		<u>52,790</u>	<u>50,890</u>
Other Employee Related Expenses		1,216	1,433
		<u>54,006</u>	<u>52,323</u>
Less: Capitalised Employee Expenses		(5,084)	(6,460)
TOTAL EMPLOYEE BENEFITS		<u><u>48,922</u></u>	<u><u>45,863</u></u>

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

Note 7. Materials and Services

Advertising	384	272
Audit Fees	178	190
Consultancy Services	946	1,013
Diesel and Fuel	3,511	3,089
Donations and Grants Paid	971	1,310
Insurance	1,487	1,491
Legal Fees	761	1,001
Purchase of Gas	1,215	1,062
Utilities	3,635	3,841
Rentals - Operating Leases	280	753
Repairs and Maintenance - Roads and Bridges - Materials and Services	5,862	5,136
Revaluation of Land for Resale (Classified as Inventory)	78	62
Services - Contractors	26,797	22,248
Telecommunications	453	488
Subscriptions and Registrations	467	461
Precept Payment	455	262
Other	2,272	800
TOTAL MATERIALS AND SERVICES	<u><u>49,752</u></u>	<u><u>43,479</u></u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Finance Costs

	Notes	2019 \$'000	2018 \$'000
Finance Costs - Queensland Treasury Corporation		753	2,217
Bank Charges		126	277
Impairment of Receivables and Bad Debts Written Off		555	207
Provision for Quarry - change in present value over time		24	19
Provision for Refuse Sites - change in present value over time		101	81
Provision for Gravel Pits - change in present value over time		5	4
TOTAL FINANCE COSTS		1,564	2,805

Note 9. Capital Expenses

Loss on Impairment of Capital Assets	13	82	-
Revaluation down of Property, Plant and Equipment	13	1,781	-
Loss on Write-Off of Capital Assets (refer below)		9,157	19,122
TOTAL CAPITAL EXPENSES		11,020	19,122
Loss on impairment			
Impairment of Property, Plant and Equipment:			
Road and Bridge Network		100	-
Total impairment losses		100	-
less: Impairment Offset in ARR (Equity)			
Road and Bridge Network		(18)	-
	13, 16	(18)	-
Impairment (gain)/losses recognised in the Net Result		82	-
Loss on Write-Off of Capital Assets			
<i>Loss on Write-Off of Assets</i>			
Land		13	-
Site Improvements		1,431	493
Buildings		415	51
Plant and Equipment		15	193
Furniture and Fittings		-	2
Road and Bridge Network		6,368	8,804
Water		799	9,440
Sewerage		22	-
Stormwater		93	20
Gas Infrastructure		1	119
		9,157	19,122

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Cash, Cash Equivalents and Investments

	2019 \$'000	2018 \$'000
Cash and Cash Equivalents		
Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, and deposits held at call with financial institutions.		
Cash at Bank and on Hand	2,587	3,265
Cash Equivalent Assets		
- Deposits at Call	139,665	123,946
Total Cash and Cash Equivalents	142,252	127,211

Council's Cash and Cash Equivalents are subject to external restrictions that limit amounts available for discretionary future use.

These include:

Unspent Government Grants and Subsidies	1,984	3,100
Total External Restrictions	1,984	3,100

Cash at bank and on hand at 30 June includes \$1,062,294 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which comes into effect from 1 July 2019.

Note 11. Trade and Other Receivables

Receivables are amounts owed to Council at year end. They are recognised at the time of sale or service delivery. Settlement of these amounts is required within 30 days from the date of invoice.

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

Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rates and charges, Council does not impair any rates and charges receivables unless Council forms the view that the likely amount to be recovered through the sale is less than the outstanding debt.

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

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Trade and Other Receivables (continued)

	2019 \$'000	2018 \$'000
Current		
Trade and Other Receivables (Financial Instruments)		
Rates and Charges	8,840	8,335
Gas Utility	269	215
Infringements	198	184
Grant Funding	51	-
Commercial Works	3,953	2,301
Capital Works Recoveries	3,039	1,022
Sundry	1,581	1,263
	<u>17,930</u>	<u>13,320</u>
Less: Loss Allowance	(1,495)	(816)
	<u>16,435</u>	<u>12,504</u>
Receivables (Non-Financial Instruments)		
Water charges not yet levied	123	323
Gas charges not yet levied	610	605
GST Recoverable	769	859
Prepayments	60	835
	<u>1,562</u>	<u>2,622</u>
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	<u>17,998</u>	<u>15,126</u>

Interest was charged on outstanding rates and charges at 11% per annum compounding daily on any amounts outstanding, 30 days after the due date. No interest is charged on other debtors. While there is a geographic concentration of credit risk in the Western Downs local government area, there is relatively low concentration of credit risk with a large debtor or debtors for rates and utility charges, fees and other amounts receivable.

(a) Movement in provision for impairment:

Opening Balance at 1 July	(816)	(915)
Adjustment to opening balance upon application of AASB 9	(201)	-
Debts written off during the year	92	267
Additional impairments recognised	(581)	(195)
Impairments reversed	11	27
Closing Balance at 30 June	<u>(1,495)</u>	<u>(816)</u>

Council has applied AASB 9 for the first time. Consequently, Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, has been recalculated using this new methodology and results in an opening balance adjustment of \$201,190. The balance of Trade and Other Receivables is at amortised cost. Further details of Council's expected credit loss assessment are contained in note 22.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Inventories

	2019 \$'000	2018 \$'000
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Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

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

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

Council has previously recognised land acquired with the intention of reselling it (with or without further development) as inventory. The land was valued at the lower of cost or net realisable value. As an inventory item, land held for resale was treated as a current asset. The sale of a parcel of land was recognised as sales revenue on the signing of a valid unconditional contract of sale. Considering current market conditions, additional information and greater experience in the 2019 financial year, this land has been transferred into non-current assets under the Land classification.

Current Inventories

(a) Inventories Held for Distribution

Quarry and Road Materials	2,965	2,469
Stores and Materials	1,771	1,827
	<u>4,736</u>	<u>4,296</u>

(b) Land Purchased for Development and Sale

	<u>-</u>	<u>1,937</u>
TOTAL CURRENT INVENTORIES	<u><u>4,736</u></u>	<u><u>6,233</u></u>

Western Downs Regional Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 13. Property, Plant and Equipment

30 June 2019	Measurement Basis		Note	Land	Site Improvements	Buildings	Plant and Equipment	Furniture and Fittings	Road and Bridge Network**	Water	Sewerage	Stormwater	Gas Infrastructure	Heritage Assets	Works in Progress	Total
	\$'000	Fair Value														
Opening Gross Balance - at Cost	-	-	-	-	-	-	72,040	506	-	-	-	-	-	-	-	114,966
Opening Gross Balance	44,816	189,233	-	189,233	47,639	189,233	72,040	-	1,123,267	222,286	164,633	55,519	14,715	13,346	42,440	1,875,454
Opening Gross Balance	44,816	189,233	-	189,233	47,639	189,233	72,040	506	1,123,267	222,286	164,633	55,519	14,715	13,346	42,440	1,990,440
Additions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,818
Disposals	(29)	-	-	-	-	(2,696)	-	-	-	-	-	-	-	-	-	(2,725)
Write-offs	(13)	(462)	-	(462)	(2,757)	(626)	-	(62)	(18,720)	(1,745)	(65)	(93)	(2)	-	-	(24,565)
Revaluation Decrements to Equity (ARR)	(10,754)	(5,409)	-	(15,262)	(5,409)	(5,262)	-	-	-	-	(16,027)	-	-	(1,582)	-	(39,034)
Revaluation Increments to Equity (ARR)	17	-	-	-	-	-	-	-	21,690	11,051	-	2,370	438	-	-	35,549
Work in Progress Transfers	919	2,741	-	5,382	2,741	-	5,872	20	45,721	2,715	1,031	1,830	-	-	(66,229)	2
Transfers from/(to) Held for Sale category	1,854	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,854
Adjustments and Other Transfers	-	(77)	-	-	(77)	-	102	-	(25)	-	-	-	-	-	-	-
Total Gross Value of Property, Plant and Equipment - at Cost	-	-	-	-	-	-	74,692	464	-	-	-	-	-	-	-	27,029
Total Gross Value of Property, Plant and Equipment - at Fair Value	36,793	188,891	-	188,891	42,137	188,891	74,692	-	1,171,933	234,307	149,552	59,626	15,151	11,764	-	1,910,154
Total Gross Value of Property, Plant and Equipment	36,793	188,891	-	188,891	42,137	188,891	74,692	464	1,171,933	234,307	149,552	59,626	15,151	11,764	27,029	2,012,339
Opening Accumulated Depreciation and Impairment	-	-	-	-	-	-	34,274	243	224,320	57,991	49,942	16,454	4,369	4,057	-	435,519
Depreciation Expense	-	1,345	9	2,850	1,345	4,894	4,894	69	23,955	3,634	2,722	587	264	-	-	40,320
Disposals	-	-	-	-	-	(2,012)	-	-	-	-	-	-	-	-	-	(2,012)
Write-offs	-	(1,328)	5,9	(47)	(1,328)	(611)	-	(62)	(12,352)	(946)	(63)	-	(1)	-	-	(15,410)
Revaluation Decrements to P&L	-	193	10	-	193	-	-	-	-	-	-	-	-	1,588	-	1,781
Revaluation Increments to Equity (ARR)	-	2,505	17	-	2,505	32,192	-	-	4,429	25,134	(9,462)	699	139	-	-	(9,462)
Revaluation Decrements to Equity (ARR)	-	(4)	17	-	(4)	-	4	-	-	-	-	-	-	489	-	65,587
Adjustments and Other Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Accumulated Depreciation of Property, Plant and Equipment	-	15,649	-	65,926	15,649	36,549	36,549	250	240,352	85,813	43,139	17,740	4,771	6,134	-	516,323
Total Impairment of Property, Plant and Equipment	-	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100
Total Accumulated Depreciation and Impairment of Property, Plant and Equipment	-	15,649	-	65,926	15,649	36,549	36,549	250	240,452	85,813	43,139	17,740	4,771	6,134	-	516,423
Total Net Book Value of Property, Plant and Equipment	36,793	26,488	-	122,965	26,488	38,143	38,143	214	931,481	148,494	106,413	41,886	10,380	5,630	27,029	1,495,916
Other Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Range of Estimated Useful Life (years)	Not Depreciated	5 - 150	10 - 150	2 - 70	3-23	10 - 100	15-150	60 - 150	5 - 185	10 - 100	15-150	Not Depreciated	-	-	-	-
*Asset Additions Comprise	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Renewals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,871
Other Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,947
Total Asset Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,818

Western Downs Regional Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 13. Property, Plant and Equipment

30 June 2018	Measurement Basis		Note	Land	Site Improvements	Buildings	Plant and Equipment	Furniture and Fittings	Road and Bridge Network	Water	Sewerage	Stormwater	Gas Infrastructure	Heritage Assets	Works in Progress	Total
	\$'000	\$'000														
	Fair Value	Cost														
Opening Gross Balance - at Cost	-	71,448		-	-	-	71,448	515	-	-	-	-	-	-	53,736	125,689
Opening Gross Balance - at Fair Value	46,312	185,739		46,741	185,739	189,233	185,739	-	1,103,061	212,081	158,779	54,447	14,405	13,155	-	1,834,720
Opening Gross Balance	46,312	185,739		46,741	185,739	189,233	185,739	-	1,103,061	212,081	158,779	54,447	14,405	13,155	53,736	1,960,419
Additions*	-	-		-	-	-	-	-	-	-	-	-	-	-	46,906	46,906
Contributed Assets	-	-		-	-	-	-	-	966	328	22	-	-	-	1,316	1,316
Disposals	(160)	(466)		-	-	-	(4,147)	-	-	-	-	-	-	-	-	(4,793)
Write-offs	-	(71)		-	(594)	-	(393)	(19)	(16,333)	(14,363)	-	(28)	(147)	-	-	(31,948)
Revaluation Decrements to Equity (ARR)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Increments to Equity (ARR)	(1,336)	-		656	-	-	-	-	1,683	7,822	5,767	1,029	273	191	-	(1,336)
Work in Progress Transfers	-	836		836	1,596	-	5,132	10	33,890	16,418	65	71	184	-	(58,202)	19,976
Total Gross Value of Property, Plant and Equipment - at Cost	-	72,040		-	-	-	72,040	506	-	-	-	-	-	-	42,440	114,986
Total Gross Value of Property, Plant and Equipment - at Fair Value	44,816	189,233		47,639	189,233	189,233	189,233	-	1,123,267	222,286	164,633	55,519	14,715	13,346	-	1,875,654
Total Gross Value of Property, Plant and Equipment	44,816	189,233		47,639	189,233	189,233	189,233	506	1,123,267	222,286	164,633	55,519	14,715	13,346	42,440	1,990,440
Opening Accumulated Depreciation and Impairment	-	32,537		11,475	27,985	27,985	32,537	206	257,102	56,992	45,474	15,596	4,058	3,829	-	455,254
Depreciation Expense	-	1,306		1,306	2,765	2,765	4,911	54	24,381	3,891	2,718	560	259	-	-	40,845
Disposals	-	(58)		-	(58)	-	(2,974)	-	-	-	-	-	-	-	-	(3,032)
Write-offs	-	(100)		-	(20)	-	(200)	(17)	(7,530)	(4,923)	(7)	(7)	(29)	-	-	(12,826)
Revaluation Increments to Equity (ARR)	-	-		-	-	-	-	-	(48,633)	-	-	-	-	-	-	(49,633)
Revaluation Decrements to Equity (ARR)	-	257		257	-	-	-	-	-	2,031	1,750	305	81	228	-	4,911
Total Accumulated Depreciation and Impairment of Property, Plant and Equipment	-	34,274		12,938	30,931	30,931	34,274	243	224,320	57,991	49,942	16,454	4,369	4,057	-	435,519
Total Net Book Value of Property, Plant and Equipment	44,816	158,302		34,701	158,302	158,302	37,766	263	896,947	164,295	114,691	39,065	10,346	9,289	42,440	1,554,921
Other Information																
Range of Estimated Useful Life (years)	Not Depreciated	5 - 100		5 - 150	3 - 35	7 - 10	10 - 200	5 - 200	5 - 150	60 - 150	10 - 100	Not Depreciated	Not Depreciated			
*Asset Additions Comprise																
Asset Renewals	-	-		-	-	-	-	-	-	-	-	-	-	-	41,945	41,945
Other Additions	-	-		-	-	-	-	-	-	-	-	-	-	-	22,004	22,004
Total Asset Additions	-	-		-	-	-	-	-	-	-	-	-	-	-	63,949	63,949

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

(13.a) Recognition

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 \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

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.

(13.b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above), less, where applicable, any accumulated depreciation and accumulated impairment loss.

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

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

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

(13.c) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land is not depreciated as it has an unlimited useful life. Earthworks and Formations which are assessed as having an unlimited useful life are deemed non-depreciable as per *UIG 1055*. Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believes that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

(13.c) Depreciation (continued)

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

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

Depreciation methods, estimated useful lives, and non-depreciable 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.

(13.d) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(13.e) Valuation

(i) Valuation Process

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*, AASB 13 *Fair Value Measurement* and the *Local Government Regulation 2012*. Other plant and equipment and work in progress are measured at cost.

Council's valuation policies and procedures are set by the Executive Management Team which includes the Chief Executive Officer, General Managers and the Chief Finance Officer. The core policy is that comprehensive valuations are to be undertaken every three years. In the intervening years, desktop valuations will be performed. Comprehensive valuations must be undertaken by external valuation experts while desktop valuations can be undertaken by internal staff or by external experts. The valuation reports are analysed for accuracy and soundness by staff in Council's Finance and Technical Services divisions. Reports on both the comprehensive and desktop valuations are then prepared and reviewed by Council's Asset Steering Group prior to review by Council's Audit Committee.

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 reporting date. Comprehensive valuations involve engaging independent, professionally qualified valuers to determine the fair value for all relevant classes of property, plant and equipment assets once every 3 years, or when Council assesses that there has been a material change in the fair value of assets. This process involves the valuer physically sighting Council's assets across all asset classes and making their assessments of the condition of the assets at the date of inspection.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

(13.e) Valuation (continued)

(i) Valuation Process (continued)

With respect to the valuations in the intervening years, management engages 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.

Any revaluation increment arising from 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 a capital expense. A decrease in the carrying amount on revaluation is charged as a capital 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.

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, such as prices for similar assets, for the asset or liability (Level 2), or
- Fair value based on unobservable inputs for the asset and liability (Level 3).

There were transfers between levels 1 and 2 during the year, but none between levels 2 and 3. The transfers between Level 1 and Level 2 were considered immaterial.

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

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

(1) All assets measured and recognised at fair value

	Fair Value Measurement using:		Total
	Level 2	Level 3	
	Significant observable inputs	Significant unobservable inputs	
	\$'000	\$'000	\$'000
2019			
Property, Plant and Equipment			
- Land	36,793	-	36,793
- Site Improvements	-	26,488	26,488
- Buildings			
- Non-Specialised Buildings	3,741	-	3,741
- Specialised Buildings	-	119,224	119,224
- Road and Bridge Network	-	931,481	931,481
- Water Infrastructure	-	148,494	148,494
- Sewerage Infrastructure	-	106,413	106,413
- Stormwater Infrastructure	-	41,886	41,886
- Gas Infrastructure	-	10,380	10,380
- Heritage Assets	-	5,630	5,630
Total Property, Plant and Equipment	40,534	1,389,996	1,430,530
2018			
Property, Plant and Equipment			
- Land	44,816	-	44,816
- Site Improvements	-	34,701	34,701
- Buildings			
- Non-Specialised Buildings	3,790	-	3,790
- Specialised Buildings	-	154,512	154,512
- Road and Bridge Network	-	898,947	898,947
- Water Infrastructure	-	164,295	164,295
- Sewerage Infrastructure	-	114,691	114,691
- Stormwater Infrastructure	-	39,065	39,065
- Gas Infrastructure	-	10,346	10,346
- Heritage Assets	-	9,289	9,289
Total Property, Plant and Equipment	48,606	1,425,846	1,474,452

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

Valuation techniques used to derive fair values

General Comment on Asset Classes

In accordance with the depreciation requirements of AASB 116 *Property, Plant and Equipment*, assets capable of disaggregation into significant components are componentised and depreciated separately based on their estimated useful life and expected pattern of consumption of their future economic benefit.

Land (Level 2)

Land fair values were determined by an independent registered valuer, Australis (Qld Reg No. 2997), which undertook a comprehensive valuation effective 30 June 2019.

Land has been assessed based on the estimated amount which the interest in each property being valued might reasonably expect to realise on the date of valuation in an orderly transaction between market participants given the highest and best use of the asset in its principal market, or in the absence of a principal market, its highest and best use in its most advantageous market. The values were determined by analysis of price movements in the local property market, discussions with local and active agents and valuers as well as a review of statistical data from the Australian Bureau of Statistics, the Real Estate Institute of Queensland Market Monitor and the Department of Environment and Resource Management (DERM).

Site Improvements (Level 3)

Site Improvement fair values were determined by an independent registered valuer, Australis (Qld Reg No. 2997), which undertook a comprehensive valuation effective 30 June 2019.

Site Improvements are valued using the cost approach. Under this approach, the valuer estimates what the current cost to replace the asset would be at the valuation date after analysing industry and sector indices together with price guides and quotes from industry participants.

Accumulated Depreciation

In determining the level of accumulated depreciation, Australis undertook a review of the useful lives, remaining useful lives and non-depreciable value and determined that there were significant changes to these values, due mainly to changes in useful lives and remaining useful lives. Useful lives are disclosed in the tables at the beginning of this note.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

Buildings (Level 2 and 3) and Heritage Assets (Level 3)

The fair value of buildings & heritage assets was determined by an independent registered valuer, Australis (Qld Reg No. 2997), which undertook a comprehensive valuation effective 30 June 2019.

Level 2

Market (Direct Comparison) - These were used to determine the fair value of a range of residential, industrial and commercial properties where the relevant inputs were able to be observed from current market evidence. The residential properties' fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size and condition.

The values of commercial and industrial buildings have been generally derived using the sales direct comparison approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size and taking into account current rental yields, vacancy rates and price per square metre.

Level 3

Cost (Depreciated) – This includes specialised buildings that were valued using the cost approach. Under this approach the cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation. The valuer disaggregates the building into different components and for each component determines a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence.

Accumulated Depreciation

In determining the accumulated depreciation, Australis estimated the remaining useful life for each individual component part based on its useful life, remaining useful life and condition assessment. There were significant adjustments to some useful lives and remaining useful lives. Useful lives are disclosed in the tables at the beginning of this note.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

Water and Sewerage Infrastructure (Level 3)

A comprehensive valuation was conducted by Australis (QLD, Reg No 2997) as at 30 June 2019.

Council categorises its water infrastructure into water mains, rising water mains and active water treatment plants.

Council categorises its sewerage infrastructure into sewer gravity mains, rising sewer mains, sewerage treatment plants and sewerage pump stations.

All water and sewerage network infrastructure assets were valued with level 3 valuation inputs 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 square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and, therefore, impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Accumulated Depreciation

In determining the accumulated depreciation Australis estimated the remaining useful life for each individual component part based on its useful life, remaining useful life and condition assessments. There were adjustments to some useful and remaining useful lives.

Estimated useful lives are disclosed in the tables at the beginning of this note.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

Roads, Bridges and Footpaths (Level 3)

Council categorises its road, bridge and footpath infrastructure as per below:

- Roads: urban and rural roads and then further sub-categorises these into sealed and unsealed roads.
- Bridges: bridge, foot bridge (minor) and further, the bridge type.
- Footpath: concrete, bitumen, pavers and rubber footpaths.

The indices for Roads, Bridges and Footpaths were determined by an independent registered valuer AssetVal Pty Ltd (GradIEAust 3719600) by completing a desktop revaluation for the period 1 July 2018 to 30 June 2019.

In determining the indices the valuers considered Council's units rates which take into account Council's wage, plant, gravel costs and relevant industry indices. Consequently, for the Road and Bridge assets, Council has adopted a 1.84% increase from 1 July 2018 to 30 June 2019.

For Footpath assets, AssetVal Pty Ltd applied a composite civil index. This resulted in a 4.1% increase from 1 July 2018 to 30 June 2019.

No changes were made to the useful lives or the remaining useful lives of these assets.

The next comprehensive valuation will be at 31 March 2021.

Accumulated Depreciation

In determining the level of accumulated depreciation, Roads, Bridges and Footpaths are disaggregated into significant components which exhibit different useful lives. Council undertook a review of useful lives, remaining useful lives and non-depreciable values. Consequently there was no impact on accumulated depreciation.

Stormwater Infrastructure (Level 3)

Council categorises its Stormwater Infrastructure into Stormwater Pipes, Stormwater Manholes and Stormwater Structures.

The determination of a price index for all categories of stormwater assets was undertaken by AssetVal Pty Ltd (GradIEAust 3719600) as at 30 June 2019.

For Stormwater assets, AssetVal Pty Ltd applied a composite civil index. This resulted in a 4.1% increase, from 1 July 2018 to 30 June 2019.

The next comprehensive valuation will be at 31 March 2020.

Accumulated Depreciation

In determining the level of accumulated depreciation, stormwater assets are disaggregated into significant components which exhibit different useful lives. Council undertook a review of useful lives and remaining useful lives. Consequently there was no impact on accumulated depreciation.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Property, Plant and Equipment (continued)

Gas Infrastructure (Level 3)

Council categorises its Gas infrastructure into Gas Mains, Gas Regulators and Gas Gate Station.

The indices for Gas infrastructure were determined by AssetVal Pty Ltd (GradIEAust 3719600) an independent registered valuer. In determining the indices, the valuers considered relevant industry indices.

The Gas Regulator and Gas Gate Station assets were assessed by applying the Machinery and Equipment Manufacturing Index 24, series ID A2305934F. Consequently, for the Gas Regulator and Gas Gate Station assets, Council has adopted a 1.8% increase from 1 July 2018 to 30 June 2019.

For Gas Main assets, AssetVal Pty Ltd (GradIEAust 3719600) applied the Engineering Design and Management Index and the Polymer Product Manufacturing Index. This resulted in a 3.2% increase from 1 July 2018 to 30 June 2019.

The next comprehensive valuation will be at 31 March 2020.

Accumulated Depreciation

In determining the level of accumulated depreciation, gas infrastructure assets are disaggregated into significant components which exhibit different useful lives. Council undertook a review of useful lives and remaining useful lives. Consequently, there were no changes to accumulated depreciation.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Trade and Other Payables

	2019	2018
	\$'000	\$'000
<p>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 settled in the week all authorisations and approvals are received for payment. Officially, Council's term for payment is 30 days.</p> <p>Liabilities are recognised for employee benefits, including wages and salaries, annual and long service leave, in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.</p> <p>As Council does not have an unconditional right to defer the settlement of annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.</p> <p>Council has no obligation to pay sick leave on termination and therefore a liability has not been recognised for this obligation.</p>		
Current		
Creditors	6,669	6,292
Payments Received in Advance	2,388	1,000
Accrued Expenses	3,404	4,163
Annual Leave	4,058	3,875
Other Entitlements	237	232
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>16,756</u>	<u>15,562</u>

Note 15. 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.

Council paid out all existing borrowings in March 2019.

Current		
Loans - Queensland Treasury Corporation	-	354
<u>TOTAL CURRENT BORROWINGS</u>	<u>-</u>	<u>354</u>
Non-current		
Loans - Queensland Treasury Corporation	-	4,641
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>-</u>	<u>4,641</u>
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	4,995	18,069
Principal Repayments	(4,995)	(13,074)
Book Value at End of Financial Year	-	4,995

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Provisions

Long Service Leave

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

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

Restoration Provisions

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

Within each restoration provision, there may be many site locations some of which can be on Council controlled land and some that are not. The following accounting treatments apply depending on the site location:

Restoration on land not controlled by Council

Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites is treated as an expense in the year the provision is first recognised. Changes in the provision due to either time, discount rate or expected future costs are treated as a capital expense or capital income in the reporting period in which they arise.

Restoration on land controlled by Council

A provision is recognised for the estimated discounted cost of restoration, where required. The estimated cost of restoration is capitalised within land and improvement assets and is not immediately expensed.

As land and improvement assets are measured at fair value, the effects of a change in the measurement of a restoration provision that results from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate are recognised within the asset revaluation surplus as follows:

- i) Changes to the provision resulting from the passing of time (the periodic unwinding of the discount) are treated as a finance cost as it occurs.
- ii) A decrease in the restoration provision is recognised as other comprehensive income and increases the revaluation surplus within equity, except to the extent that it reverses a revaluation decrease on the asset that was previously recognised in the Statement of Comprehensive Income, in which case it is recognised in the Statement of Comprehensive Income.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Provisions (continued)

	2019 \$'000	2018 \$'000
Restoration on land controlled by Council (continued)		
iii) An increase in the restoration provision is recognised in comprehensive income and decreases the revaluation surplus to the extent that there are any credit balances within the Asset Revaluation Reserves. Any additional movement is recognised as capital expense in the Statement of Comprehensive Income.		
The Council has the following restoration provisions:		
<i>Refuse Sites Restoration</i>		
The refuse provision represents the present value of the anticipated future costs associated with the closure of the refuse sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions including application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time.		
<i>Quarry and Gravel Pit Restoration</i>		
The provision represents the present value of the anticipated future costs associated with the closure, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time.		
Current		
Long Service Leave	6,084	5,888
Property Restoration		
Refuse Restoration	254	3,705
Gravel Pit Restoration	136	26
TOTAL CURRENT PROVISIONS	6,474	9,619
Non-current		
Long Service Leave	2,047	2,105
Property Restoration		
Quarry Rehabilitation	1,771	1,299
Refuse Restoration	3,585	1,663
Gravel Pit Restoration	1,357	266
TOTAL NON-CURRENT PROVISIONS	8,760	5,333

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Provisions (continued)

	2019	2018
	\$'000	\$'000
Details of movements in Provisions:		
Long Service Leave		
Balance at Beginning of Financial Year	7,992	8,066
Amount Provided for in the Period	774	601
Amount Paid in the Period	(635)	(675)
Balance at End of Financial Year	<u>8,131</u>	<u>7,992</u>
Quarry Rehabilitation		
Balance at Beginning of Financial Year	1,299	1,258
Increase in Provision - due to Unwinding of Discount	24	19
Increase (Decrease) in Estimate of Future Cost	448	22
Balance at End of Financial Year	<u>1,771</u>	<u>1,299</u>
<p>This is the present value of the estimated cost of restoring the quarry site to a useable state at the end of its useful life. The projected cost of \$1,771,415 is expected to be incurred over the years 2032 to 2036.</p>		
Refuse Restoration		
Balance at Beginning of Financial Year	5,369	5,428
Additional Provision	(1)	-
Increase in Provision - due to Unwinding of Discount	101	81
Increase (Decrease) in Estimate of Future Cost	(1,630)	(140)
Balance at End of Financial Year	<u>3,839</u>	<u>5,369</u>
<p>This is the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of their useful lives. The projected cost of \$3,838,847 is expected to be incurred over the years 2019 to 2040.</p>		
Gravel Pit Restoration		
Balance at Beginning of Financial Year	292	301
Increase in Provision - due to Unwinding of Discount	5	4
Increase (Decrease) in Estimate of Future Cost	1,196	(13)
Balance at End of Financial Year	<u>1,493</u>	<u>292</u>
<p>This is the present value of the estimated cost of restoring the gravel pit sites to a useable state at the end of their useful lives. The projected cost of \$1,492,130 is expected to be incurred over the years 2019 to 2065.</p>		

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Asset Revaluation Reserve

	2019 \$'000	2018 \$'000
<p>The Asset Revaluation Reserve comprises adjustments relating to changes in the value of property, plant and equipment that do not result from the use of these assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the Asset Revaluation Reserve. Increases and decreases on revaluation are offset within a class of assets.</p> <p>Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the Asset Revaluation Reserve in respect of that class. Any excess is treated as a capital expense.</p> <p>When an asset is disposed of, the amount reported in the Asset Revaluation Reserve in respect of that asset is retained in the Asset Revaluation Reserve and not transferred to the Retained Surplus.</p> <p>Movements in the Asset Revaluation Reserve:</p>		
Balance at beginning of financial year	736,276	673,014
<p>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</p>		
Land	(10,754)	(1,336)
Site Improvements	(7,914)	399
Buildings	(37,454)	2,196
Road and Bridge Network	17,261	51,316
Water	(14,083)	5,791
Sewerage	(6,565)	4,017
Stormwater	1,671	724
Gas Infrastructure	299	192
Heritage Assets	(2,071)	(37)
	13	63,262
<p>Less Impairment:</p>		
Road and Bridge Network	(18)	-
	10	-
Balance at End of Financial Year	<u>676,648</u>	<u>736,276</u>
<p>Asset Revaluation Reserve analysis</p> <p>The closing balance is comprised of the following asset categories:</p>		
Land	17,736	28,490
Site Improvements	-	7,914
Buildings	40,155	77,609
Road and Bridge Network	411,639	394,396
Water	96,536	110,619
Sewerage	64,080	70,645
Stormwater	42,445	40,774
Gas Infrastructure	4,057	3,758
Heritage Assets	-	2,071
Balance at End of Financial Year	<u>676,648</u>	<u>736,276</u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Commitments for Expenditure

	2019	2018
	\$'000	\$'000
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Within 1 Year	15,518	18,530
From 1 Year to 5 Years	10,189	13,699
	<u>25,707</u>	<u>32,229</u>

Note 19. Contingent Liabilities

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

Local Government Mutual

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 to the total pool contributions in respect of any year that a deficit arises.

As at 30 June 2018 (the latest report available to Council), the financial statements of LGM Queensland reported an operating surplus and significant equity holdings. It is, therefore, not anticipated any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme, Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there is insufficient funds available to cover outstanding liabilities. Only the Queensland Government's Workers Compensation Regulatory Authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$994,473 (2018: \$1,016,089.17).

Native Title Claims over Council's Land

At 30 June 2019, Council had acquired Native Title rights and interests pursuant to s9.7 of the Acquisition of Land Act 1967, s2MD of the Native Title (Commonwealth) Act 1993 and s144 of the Native Title (Queensland) Act in respect of 5 allotments purchased in the Wandoan area, covering 12.94 hectares. At reporting date, it is not possible to make an estimate of any probable outcome associated with the acquisition of these rights and interest or any financial effect.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Superannuation

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the Scheme), at the rate of 12% for each of its 40 employees by headcount who are defined benefit members. The remaining 748 employees by headcount contribute to an accumulation fund.

The rate of 12% for contributions to the Scheme is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

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

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

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

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

The next valuation review is scheduled for 1 July 2021.

The most significant risks that may result in LGIAsuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the Scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

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

As Council has 40 employees by headcount that are members of the Scheme, any increase in contributions is likely to be minor.

There are currently 62 entities contributing to the Scheme and any changes in contribution rates would apply equally to all 62 entities.

	Notes	2019 \$'000	2018 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		334	320
Other superannuation contributions for employees		4,332	4,540
Total superannuation contributions paid by Council for employees	6	4,666	4,860

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Reconciliation of Net Result from Continuing Operations to Net Cash from Operating Activities

Notes	2019 \$'000	2018 \$'000
Net Result from Continuing Operations	20,692	20,166
Non-cash items		
Depreciation and Amortisation	40,387	40,948
Impairment of Receivables and Bad Debts written off	82	-
	<u>40,469</u>	<u>40,948</u>
Change in restoration provisions expensed to finance costs	130	104
Write Offs relating to the Fair Valuation of Property, Plant and Equipment	1,781	-
Land Held for Resale Revaluation Loss	78	62
	<u>1,989</u>	<u>166</u>
Investing and development activities		
Net Losses/(Gains) on Disposal of Assets	(194)	(199)
Loss on Write-Off of Assets	9,157	19,122
Capital Grants and Contributions	(14,733)	(23,296)
Contributed Assets	-	(1,316)
Impairment Offset in Equity	(18)	-
	<u>(5,788)</u>	<u>(5,689)</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in Trade and Other Receivables	(3,551)	2,444
Increase/(Decrease) in Provision for Doubtful Debts	679	(99)
(Increase)/Decrease in Inventories	(440)	241
Increase/(Decrease) in Trade and Other Payables	377	(1,668)
Increase/(Decrease) in Other Liabilities	817	(2,511)
Increase/(Decrease) in Employee Leave Entitlements	138	(73)
Increase/(Decrease) in Other Provisions	14	(132)
Equity adjustment due to implementation of AASB 9	(201)	-
Bad Debts Written off which were not provided for	78	-
	<u>(2,089)</u>	<u>(1,798)</u>
Net cash provided by Operating Activities from the Statement of Cash Flows	<u>55,272</u>	<u>53,793</u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments

Risk Management

Council is responsible for establishing and overseeing the risk management framework, together with developing and monitoring risk management policies.

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

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. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council.

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

Council does not enter into derivatives.

Council has exposure to the following risks arising from financial instruments; (i) credit risk, (ii) liquidity risk, and (iii) market risk.

Credit Risk Exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from Council's investments and from transactions with 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*. Council only invests with financial institutions that have an equivalent Standard and Poor's long term rating of A with a neutral outlook or better.

No collateral is currently held as security relating to the financial assets held by Council. At times, Council may hold collateral depending on the assessment of risk associated with that counterparty.

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

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

	2019	2018
	\$'000	\$'000

Cash and Cash Equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of highly credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed by the State of Queensland.

Trade and Other Receivables

In the case of rate and utility charge receivables, Council has the power to sell the property to recover any defaults. In effect, this power protects Council against credit risk in the case of defaults. However, in certain instances, Council will consider creating a doubtful debt provision for properties with overdue rates and charges, if analysis indicates the amount recoverable by way of sale is likely to be less than the rates and charges (including interest and legal costs) outstanding.

In other cases and depending on the size of the potential exposures, Council will assess the credit risk of a counterparty before providing goods or services and will apply normal business credit protection procedures to manage the risk.

By the nature of Council's operations, there is a geographical concentration of risk to Council's local government area. There is also a concentration of risk to the agricultural and the resource sectors.

Council will, where it believes it to be appropriate, require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised.

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

Rates and Charges	7,449	6,993
Rates and Charges - Other*	1,515	1,665
Gas Sales	879	820
Penalties	198	184
GST recoverable	769	860
Grant Funding	51	-
Commercial Works	3,953	2,301
Capital Works Recoveries	3,038	1,022
Other Receivables	1,580	1,263
Prepayments	60	834
Total	19,492	15,942

*Rates and Charges - Other relates to properties which council considers that the proceeds through sale of land would not cover the outstanding rates and charges.

Refer to Note 11 for further details.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

A summary of the Council's exposure to credit risk at 30 June 2019 for which impairment requirements of AASB9 Financial Instruments have been applied, being for rates and charges - other, gas sales, penalties, capital works recoveries and other receivables.

	2019 Credit - impaired \$'000	2018 Credit - impaired \$'000
Subject to impairment		
Not past due	4,295	2,172
Past due 31-60 days	239	62
Past due 60-90 days	329	502
More than 90 days	1,737	1,612
Total gross carrying amount	<u>6,600</u>	<u>4,349</u>
Loss allowance	(1,495)	(816)
	<u>5,105</u>	<u>3,533</u>
Not subject to impairment		
Rates and Charges	7,326	6,670
Grants	51	-
Commercial Works	3,953	2,301
	<u>11,330</u>	<u>8,971</u>

Refer to Note 11 for further details.

Accounting policies - Receivables and Trade Debtors

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

Accounting policies - Grouping

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

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

Council has identified eight distinctive groupings of its receivables: Rates and Charges, Rates and Charges - Other, Grants, Commercial Works, Gas Sales, Penalties, Capital Works Recoveries and Other Receivables.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

Rates and Charges and Rates and Charges - Other: Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rates and charges debts. This results in immaterial Expected Credit Losses (ECL). As a general rule, Council does not impair rates and charges. Council will impair a specific category of rates and charges if arrears are deemed to be greater than the proceeds Council would likely receive from the sale of the respective property.

Grants: payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings. Accordingly, Council determines the level of credit risk exposure to be immaterial. Council does not calculate ECL for grants.

Commercial Works are construction and maintenance works which Council undertake on behalf of another party. These projects are considered to have a low expected credit loss probability due to the high credit worthiness of the third party. The majority of the exposure is to a State Government department.

Penalties include infringement notices for penalty offences including failure to contain animals, failure to keep a property in a reasonable condition, failure to comply with conditions etc. Infringements have a high risk of loss with the expected loss being based on historical information and current receivables.

Gas Sales: These are outstanding balances in relation to the provision and delivery of gas to residential, commercial and industrial customers. Council recognises impairment on these sales based on historical analysis.

Capital Works Recoveries relates to funding agreed to be provided to improve Council's capital infrastructure (mostly roads). A minor loss allowance has been established. This is based on the low risk associated with the other parties. The majority of the exposure is to State and Commonwealth government departments.

Other Receivables: Council identifies other receivables as receivables which do not fall into any of the other seven categories. Expected credit losses have been calculated using assessments on historical information and current market trends.

Disclosure – Credit risk exposure and impairment of receivables

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

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

Disclosure – Initial application of forward looking adjustments to impairment of receivables

After reviewing macro economic conditions, Council has reached the conclusion that based on foreseeable economic conditions indicated there are no expected deviations from historically calculated ratios, thus no forward looking adjustments have been made.

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

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

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

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

	Aging	Opening Balance at 1/7/2018	Historical Probability of Default	Loss Given Default	Lifetime Expected Credit Loss
The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2018:					
Initial recognition due to transition from AASB 139 to AASB 9 - Expected Credit Losses (ECL)					
Rates and Charges	N/A	6,670	0%	0%	-
Grants	N/A	-	0%	0%	-
Commercial Works	N/A	2,301	0%	0%	-
Rates and Charges - Other	Current	-	0.00%	0%	-
	1-30 Days	-	0.00%	0%	-
	31-60 Days	-	0.00%	0%	-
	61-90 Days	447	42.80%	100%	192
	90+ Days	1,218	42.80%	100%	521
	AASB 139 Impaired	713	100%	100%	713
					<u>713</u>
Gas Sales	Current	136	10.00%	100%	14
	1-30 Days	-	0.00%	100%	-
	31-60 Days	11	12.50%	100%	1
	61-90 Days	4	25.00%	100%	1
	90+ Days	63	83.80%	100%	53
	AASB 139 Impaired	24	100%	100%	24
					<u>69</u>
Penalties	Current	4	0.00%	100%	-
	1-30 Days	9	2.00%	100%	-
	31-60 Days	4	5.00%	100%	-
	61-90 Days	6	15.00%	100%	1
	90+ Days	160	66.00%	100%	106
	AASB 139 Impaired	54	100%	100%	54
					<u>107</u>
Capital Works Recoveries	Current	1,022	0.00%	100%	-
	1-30 Days	-	0.10%	100%	-
	31-60 Days	-	0.00%	100%	-
	61-90 Days	-	0.00%	100%	-
	90+ Days	-	0.00%	100%	-
	AASB 139 Impaired	-	100%	100%	-
					<u>-</u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

Other Receivables					
	Current	973	0.00%	100%	-
	1-30 Days	27	4.00%	100%	1
	31-60 Days	46	23.00%	100%	11
	61-90 Days	45	44.00%	100%	20
	90+ Days	171	63.00%	100%	108
	AASB 139 Impaired	25	100%	100%	25
					140
Total: Opening Expected Credit Losses					1,028
Less: GST on Expected Credit Losses					(11)
Less: Balance of Loss Adjustment					(816)
Initial ECL Recognition					202

Loss rates are based on actual credit loss trends experienced in previous financial years. These rates are multiplied by scalar factors (as detailed in the loss given default column) to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Disclosure - end of period application of forward looking adjustments to impairment of receivables

At 30 June 2019, Council determined that there had been no change to the Lifetime Expected Credit Loss.

Write offs throughout the year and the end of Period Expected credit losses for Receivables

	Aging	Opening Balance at 1/7/2019	Historical Probability of Default	Loss Given Default	Lifetime Expected Credit Loss
Rates and Charges	N/A	7,326	0%	0%	-
Grants	N/A	51	0%	0%	-
Commercial Works	N/A	3,953	0%	0%	-
Rates and Charges - Other					
Rates and Charges - Other before write offs		1,515			
Write offs throughout the year		-			
Rates and Charges - Other after write offs		1,515			
Rates and Charges - Other	Current	-	0.00%	0%	-
	1-30 Days	-	0.00%	0%	-
	31-60 Days	-	0.00%	0%	-
	61-90 Days	220	71.67%	100%	158
	90+ Days	1,295	71.67%	100%	928
	#	1,515			1,086

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

Gas Sales

Gas sales before write offs	293			
Write offs throughout the year	(24)			
Gas sales after write offs	269			
Gas Sales				
Current	-	10.00%	100%	-
1-30 Days	170	10.00%	100%	17
31-60 Days	14	12.50%	100%	2
61-90 Days	5	25.00%	100%	1
90+ Days	79	83.80%	100%	67
	269			87
Less: GST				(8)
				79

Penalties

Penalties before write offs	252			
Write offs throughout the year	(54)			
Penalties after write offs	198			
Penalties				
Current	2	0.00%	100%	-
1-30 Days	3	2.00%	100%	-
31-60 Days	6	5.00%	100%	-
61-90 Days	11	15.00%	100%	2
90+ Days	176	66.00%	100%	116
	198			118

Capital Works Recoveries

Capital Works Recoveries before write offs	3,038			
Write offs throughout the year	-			
Capital Works Recoveries after write offs	3,038			
Capital Works Recoveries				
Current	3,038	0.00%	100%	-
1-30 Days	-	0.10%	100%	-
31-60 Days	-	0.00%	100%	-
61-90 Days	-	0.00%	100%	-
90+ Days	-	0.00%	100%	-
	3,038			-

Other Receivables

Other Receivables Recoveries before write offs	1,606			
Write offs throughout the year	(25)			
Other Receivables Recoveries after write offs	1,580			
Other Receivables				
Current	155	0.00%	100%	-
1-30 Days	927	3.00%	100%	28
31-60 Days	219	19.75%	100%	43
61-90 Days	93	44.99%	100%	42
90+ Days	187	57.10%	100%	107
	1,580			220
Less: GST				(7)
				213

Refer to Note 11 for the movement in the allowance for impairment for receivables during the year.

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

Liquidity Risk

Liquidity risk refers to situations where Council may encounter difficulty in meeting its obligations associated with liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its normal business activities.

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

Council manages its exposure to liquidity risk by maintaining sufficient cash and cash deposits to cater for unexpected volatility in cash flows.

Council does not have an overdraft facility (2018: nil).

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

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2019					
Trade and Other Payables	10,071	-	-	10,071	12,461
Loans - QTC	-	-	-	-	-
	<u>10,071</u>	<u>-</u>	<u>-</u>	<u>10,071</u>	<u>12,461</u>
2018					
Trade and Other Payables	10,455	-	-	10,455	11,455
Loans - QTC	589	2,357	3,504	6,450	4,995
	<u>11,044</u>	<u>2,357</u>	<u>3,504</u>	<u>16,905</u>	<u>16,450</u>

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

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial Instruments (continued)

Market Risk

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

Council is exposed to interest rate risk through investments with Queensland Treasury Corporation and/or other financial institutions in which it may invest from time to time.

Council manages interest rate risk by accessing an appropriate mix of variable and fixed rate options through QTC and in the case of investments, with financial institutions.

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

Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date will not affect profit or loss.

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

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2019					
QTC Cash Fund	139,665	1,397	(1,397)	1,397	(1,397)
Loans - QTC	-	-	-	-	-
Net	<u>139,665</u>	<u>1,397</u>	<u>(1,397)</u>	<u>1,397</u>	<u>(1,397)</u>
2018					
QTC Cash Fund	123,945	1,239	(1,239)	1,239	(1,239)
Loans - QTC	(4,995)	-	-	-	-
Net	<u>118,950</u>	<u>1,239</u>	<u>(1,239)</u>	<u>1,239</u>	<u>(1,239)</u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. National Competition Policy

Business activities to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following business activities:

Commercial Works
Waste Management
Water Services
Sewerage Services
Gas Supply
Quarries
Washdown Bays
Dalby Regional Saleyards

Local governments may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to roads business activity is compulsory. Council's roads business activity is classified as commercial works in the above list.

The CSO value is determined by Council, and represents the extent to which Council subsidises the activity. Council provides funding from general revenue to the business activity to cover the CSO.

The following activity statements are for activities subject to the Code of Competitive Conduct:

	Commercial Works	Waste Management	Water Services	Sewerage Services
	\$'000	\$'000	\$'000	\$'000
Revenue for services provided to Council	-	137	1,008	315
Revenue for services provided to external clients	13,870	6,135	13,325	8,120
Community service obligations	-	1,294	-	-
	<u>13,870</u>	<u>7,566</u>	<u>14,333</u>	<u>8,435</u>
Less : Expenditure	(11,742)	(7,566)	(13,525)	(6,389)
Surplus/(Deficit)	<u>2,128</u>	<u>0</u>	<u>808</u>	<u>2,046</u>

	Gas Supply	Quarries	Washdown Bays	Dalby Regional Saleyards
	\$'000	\$'000	\$'000	\$'000
Revenue for services provided to Council	72	2,017	-	-
Revenue for services provided to external clients	2,885	7,729	568	3,828
Community service obligations	-	-	80	4,294
	<u>2,957</u>	<u>9,746</u>	<u>648</u>	<u>8,122</u>
Less : Expenditure	(2,320)	(5,929)	(648)	(8,122)
Surplus/(Deficit)	<u>637</u>	<u>3,817</u>	<u>0</u>	<u>0</u>

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. National Competition Policy (continued)

Activities	CSO Description	Actual \$'000
Description of CSOs provided to business activities:		
Waste Management	To transfer general revenue for the shortfall in revenue	1,294
Washdown Bays	To transfer general revenue for the shortfall in revenue	80
Dalby Regional Saleyards	To transfer general revenue for the shortfall in revenue	4,294

Note 24. Transactions with Related Parties

(a) Subsidiaries (ie. Entities and Operations controlled by Council)

Council has no Subsidiaries or Controlled Entities.

(b) Key Management Personnel (KMP)

Key Management Personnel are:

Councillors

Paul M McVeigh - Mayor
 Andrew Smith - Deputy Mayor
 Donna Ashurst
 Ray Brown
 Kaye Maguire
 Greg M Olm
 Ian Rasmussen
 Peter T. Saxelby
 Carolyn Tillman

Management

Ross Musgrove - Chief Executive
 Graham Cook - General Manager
 Scott Peut - General Manager
 Jodie Taylor - General Manager

	2019 \$'000	2018 \$'000
Short-Term Employee Benefits	1,810	1,798
Post-Employment Benefits	187	206
Long-Term Benefits	25	25
Total	2,022	2,029

Western Downs Regional Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Transactions with Related Parties (continued)

(c) Transactions with Other Related Parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members.

Close family members include a spouse, child and dependant of a KMP or their spouse.

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

Details of Transaction	Additional Information	2019 \$'000	2018 \$'000
Fees and charges charged to KMP or entities controlled by key management personnel	26(c)(i)	-	3
Employee expenses for close family members of key management personnel	26(c)(ii)	404	400
Purchase of materials and services from related parties of key management personnel	26(c)(iii)	30	11

26c(i) The fees and charges charged to entities controlled by key management personnel were on an arm's length basis in accordance with the schedule of fees and charges adopted by Council. The total disclosed includes the following:

Fees and Charges charged to KMP or entities controlled by KMP	Details of related party	2018 \$'000
Infrastructure charges	Picabeen Group Pty Ltd (Picabeen) is the Trustee for The Stephens Family Trust, a member of which is the CEO's partner. Picabeen made an application on behalf of the Chief Executive for a material change of use in accordance with Council's normal terms and conditions.	3
Total		3

26c(ii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the work they perform.

The Council employs 647 FTEs of which 5 are close family members of key management personnel.

26c(iii) Council purchased the following material and services from related parties of key management personnel. All purchases were at arm's length and were in the normal course of Council operations.

	2019 \$'000	2018 \$'000
Slashing Services	-	5
Fabricate/Install Sign Rails with Adjustable Hooks	-	2
Bus Hire - Miles/Chinchilla to Dalby	6	1
Goods sold on consignment to Moonie Regional Tourist Centre	3	3
Machinery Servicing	21	-
Total	30	11

(d) Transactions with Related Parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Western Downs Region.

Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties.

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

Western Downs Regional Council

General Purpose Financial Statements
for the year ended 30 June 2019

Management Certificate

for the year ended 30 June 2019

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 49, 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.



Paul McVeigh

MAYOR

10 October 2019



Ross Musgrove

CHIEF EXECUTIVE OFFICER

10 October 2019



INDEPENDENT AUDITOR'S REPORT

To the Councillors of Western Downs Regional Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Western Downs Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended;
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Western Downs Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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



- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

Patrick Flemming
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office
Brisbane

Western Downs Regional Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2019

	Actual 2019	Target 2019
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	10.70%	0 - 10%
Total Operating Revenue (excluding capital items)		

An indicator of the extent to which revenues raised covers operational expenses, or are available for capital funding or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)	79.05%	more than 90%
Depreciation Expense		

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

Over the previous six (6) years to 30 June 2018, Council's Asset Sustainability Ratio averaged 155.76% due to an extensive capital replacement program brought about by flood recovery of the road network and the end of life of water and sewerage treatment assets. Consequently, Council's assets are relatively new and Council did not meet this statutory target in 2018-19. Council has only a minor backlog in its capital maintenance program. Council has adequate cash to meet any backlog maintenance and unplanned capital maintenance over the forthcoming years.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-84.46%	less than 60%
Total Operating Revenue (excluding capital items)		

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

Note 1 - Basis of Preparation

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

Western Downs Regional Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2019

Certificate of Accuracy

for the year ended 30 June 2019

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

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



Paul McVeigh

MAYOR

10 October 2019



Ross Musgrove

CHIEF EXECUTIVE OFFICER

10 October 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Western Downs Regional Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Western Downs Regional Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Western Downs Regional Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Western Downs Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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



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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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



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

A handwritten signature in blue ink, appearing to read "Patrick Flemming".

Patrick Flemming
as delegate of the Auditor-General

14 October 2019

Queensland Audit Office
Brisbane

Western Downs Regional Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2019

Western Downs Regional Council Financial Management Strategy

The strategy comprises 4 main platforms:

1. Revenue Generation

Council implements a rates and charges regime not generally seen as onerous on ratepayers, businesses and individuals.

2. Services Delivered

The services delivered by Council are regularly reviewed and are delivered in a financially sustainable manner having regard to sound procurement and expenditure management practices.

3. Disciplined Asset Management and Investment

Council regularly reviews its asset base and manages its assets in a manner which optimises its investment over the long-term.

4. Prudent Financial Management

Council maintains a Moderate credit rating with QTC as this provides Council with the necessary discipline and flexibility in managing its business and provides Council adequate capacity to manage shocks and the ups and downs of an economic cycle.

Council achieves this by:

- Establishing and maintaining sound governance processes.
- Over the long-term (i.e. 10 years), achieving a cumulative operating surplus before capital grants and subsidies with more years having an operating surplus than years with an operating loss
- Considering the various options to deliver Council services and capital works. While outsourcing may represent the best option, this needs to be considered in the context of the impact on employment in the region and the level of market competition.
- Regularly reviewing the asset base to determine the future need for these assets and, if needed, utilising the optimal replacement and upgrade strategy.
- Considering the various options for delivery of the capital program including whole of life costs.
- Weighting a preference to local contractors/firms as this better ensures the long-term sustainability of the region.
- Utilising borrowings, where necessary, to fund revenue producing assets and, in limited circumstances, non-revenue earning assets where there is a significant community need.
- Maintaining borrowing terms that are shorter than the estimated life of the asset.
- Ensuring the maintenance of capital is the priority when making financial investments.

Western Downs Regional Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2019

Key Assumptions

Council, in developing its Long Term Financial Sustainability Forecast, has utilised the following key assumptions:

- Inflation
 - o Inflation is expected to be 2.5% over the forecast period. This is consistent with the midpoint of the Reserve Bank's preferred inflation outcome. Current 5, 7 and 10-year Commonwealth government bond rates indicate that inflation is unlikely to be a concern.
- Rateable Property Growth
 - o No rateable property growth is forecast. While the Queensland Government Statistician's Office expects population growth to average 0.9% per annum to 2036, no growth in rateable properties has been included in the forecast. This is because population growth and rateable property growth is expected to be patchy. Any rateable property growth would therefore be positive to Council's financial outcomes as this growth is not likely to require any investment in additional trunk infrastructure.
 - o General Rates are forecast to grow by 1.25% in 2019/20 and by 0.4% above inflation for the remainder of the forecast period.
 - o Water, Sewerage and Gas Utility charges are forecast to grow by 1.25% in 2019/20 and by 0.4% above inflation for the remainder of the forecast period.
 - o Waste charges are forecast to grow by 2.5% in 2019/20 and by 0.4% above inflation for the remainder of the forecast period.
 - o Fees and charges Revenue are forecast to grow by 1.5% in 2019/20 and by 0.4% above inflation for the remainder of the forecast period.
- Expenditure
 - o Employee growth of -0.9% due to employee attrition.
 - o Employee Benefits indexed at inflation from 2019/20.
 - o Materials and Services Costs to grow by inflation over the forecast period.
- Capital Expenditure
 - o Indexed at forecast inflation over the forecast period.

Western Downs Regional Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2019

Measures of Financial Sustainability

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

Council measures its performance against this strategy through the following statutory measures:

1. Achieving an **Operating Surplus Ratio** of 1% (legislative requirement 0%-10%)
2. Maintaining an **Asset Sustainability Ratio** of 90%.
3. Maintaining a **Net Financial Liabilities Ratio** of less than 40% (legislative requirement less than 60%)

Statutory Measures of Financial Sustainability

	Target		Actual		Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1. Operating Surplus Ratio											
Net Result (excluding capital items)	10.70%	1.24%	1.17%	1.48%	1.52%	2.22%	2.56%	2.98%	3.44%	3.83%	4.30%
Total Operating Revenue (excluding capital items)											
An indicator of the extent to which revenues raised covers operational expenses, or are available for capital funding or other purposes.											
2. Asset Sustainability Ratio											
Capital Expenditure on the Replacement of Assets (renewals) Depreciation Expense	> 90%	71.25%	92.12%	83.46%	85.40%	84.04%	80.10%	82.01%	80.76%	79.58%	81.86%

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

Western Downs Regional Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2019

	Target	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
			Forecast									
3. Net Financial Liabilities Ratio												
Total Liabilities less Current Assets		-84.46%	-96.07%	-98.22%	-101.40%	-104.24%	-108.30%	-111.95%	-115.42%	-118.65%	-123.35%	-128.31%
Total Operating Revenue (excluding capital items)	< 60%											
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.												
In addition to these statutory ratios, Council also utilises the following ratios to assist in better understanding its long-term sustainability.												
1. Cash Cover of Operating Expenses												
Cash and investments	> 4 Months	12.1	12.0	12.2	12.6	12.9	13.4	13.8	14.3	14.7	15.3	16.0
Operating expenses (inc. depreciation)												
Indicates the extent to which Council can meet its operating and capital expenditure commitments without receiving any form of revenue and without having to borrow .												
2. Council Controlled Revenue Ratio												
Council Controlled Revenue	> 60%	62.96%	65.25%	66.84%	67.23%	67.57%	67.90%	68.20%	68.50%	68.78%	69.05%	69.29%
Total Operating Revenue (excluding capital items)												
Operating revenue that Council controls through its own decision-making as a percentage of total operating revenue.												
3. Remaining Useful Life of Assets Ratio												
Property, Plant and Equipment	30-40 Years	36.4	34.9	34.2	34.5	34.2	34.7	34.8	34.9	35.0	35.0	35.1
Depreciation												

Western Downs Regional Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2019

Operating Surplus Ratio

The Operating Surplus Ratio is forecast to range between 1.17% and 4.30% over the forecast period. Council's minimum targeted outcome is a surplus of 1.0%.

The major risk to Council's operating surplus is a reduction in revenue. Generally, rates and utilities charges revenue is not normally at risk, however, because of the region's unique circumstances there is a component of this revenue that is at risk. Council has not factored any rateable property growth in its forecasts even though the State's Statistician forecasts average rateable property growth of 0.9% per annum out to 2036. In addition, Council's low relative rating regime for residential and rural ratepayers provides Council with flexibility if there is a decline in rates and utility charges from other areas.

Economic forecasts and Commonwealth bond rates indicate that inflation is unlikely to be a significant issue over the forecast period. If inflation increased significantly, Council would look at ways to reduce its expenditure and potentially apply higher increases to its Rates and Utilities Charges. Currently, Council has a very moderate rating regime for residential and rural ratepayers.

Asset Sustainability Ratio

Council's Asset Sustainability Ratio varies between 71.2% and 92.1% over the forecast period with an average of 82.1%. This is below the 90% benchmark. During the 7 year period 1 July 2012 to 30 June 2019, Council's Asset Sustainability Ratio averaged 144.8% due to flood recovery work and the need to replace critical infrastructure. As a consequence of this large capital maintenance and replacement program, Council's assets are relatively new and therefore the requirement for capital maintenance and replacement over the forecast period is less than the legislative benchmark. Council has only a minor backlog in its capital maintenance program. This is evidenced by the remaining useful life of Council's Property, Plant And Equipment being 73.9% of their total lives. Council is forecasting its cash balances to grow by \$91.5 million to \$234.7 million and is, therefore, confident that it will be able to meet any future and unforeseen, capital maintenance and replacement commitments.

Net Financial Liability Ratio

Council's Net Financial Liability Ratio remains very strong over the forecast period increasing from -84.5% at 30 June 2019 to -128.3% by 30 June 2029. This Ratio remains very strong due to Council having no current and forecast debt and only minor liabilities together with strong current and forecast cash balances. Therefore, Council has an excellent capacity to deal with adverse shocks and urgent uncommitted funding requirements.

Western Downs Regional Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2019

Cash Cover Ratio (Council Benchmark 4 months)

Council's Cash Cover Ratio increases from 12.1 months at 30 June 2019 to 16.0 months at 30 June 2020. A ratio of 12 months means that Council has sufficient cash to meet its operating and capital expenditure for the next year without having to rely on revenue. This indicates that Council has a very strong capacity to meet any emergency expenditures.

Council Controlled Revenue Ratio

Council's Controlled Revenue Ratio varies between 65.2% and 69.3% based on Queensland Treasury Corporation's definition of own sourced revenue which only includes Rates and Utility Charges and Fees and Charges. These ratios indicate that Council has a sound capacity to influence its revenue outcomes by the decision it makes. Council is of the view that it undertakes other activities for which it has significant control over revenue.

Remaining Useful Life of Assets Ratio

The Remaining Useful Life of Asset Ratio varies between 34.2 years and 35.1 years. This ratio is at the mid-point of the expected range for a local government. It indicates that Council is appropriately depreciating its assets, replacing assets when needed and maintaining its assets in good condition.

Western Downs Regional Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2019

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

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



Paul McVeigh

MAYOR

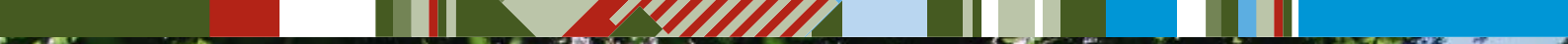
10 October 2019



Ross Musgrove

CHIEF EXECUTIVE OFFICER

10 October 2019



OUR COMMUNITIES | OUR FUTURE

