

QPRC



2017-18 Annual Report

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Message from the Mayor and CEO

Welcome to Queanbeyan-Palerang Regional Council's Annual Report for the 2017-18 financial year. This year has been a busy, rewarding and challenging one for QPRC as we continue to develop as an organisation following the merger of Queanbeyan and Palerang councils in May 2016.

QPRC's first elected Council was announced in September 2017 with a mix of councillors from the two former councils and some fresh faces. Following the election, Council has continued to put an emphasis on engaging with the community, whether through the formal exhibition of strategies and plans, regular community forums in the main towns, live streaming Council meetings, or the more informal meet and greets across the community; as well as facilitating significant events in the three main towns.

We adopted the Community Strategic Plan in late 2017 and used the community's input and thoughts to shape our Delivery Program for 2018-21. The Community Strategic Plan and Delivery Program were both developed following extensive community engagement and have provided Council with a clear path to focus on over the next three years. Aside from the essentials of roads, waste, water and sewer, Council will be investing in our town centres to drive economic growth and sporting facilities to support recreational and health activities.

We have been very fortunate over the past 18 months to receive a substantial amount of grant funding from the Federal and State Governments to allow us to progress some exciting infrastructure projects. Of significant note is the \$70m Monaro Roads Package which will see Nerriga Rd fully sealed, the duplication of Old Cooma Rd to Googong and the construction of a roundabout in Bungendore. Together with this funding, Council has progressed a number of recreational and community facility projects that were funded under the NSW Government's \$9m Stronger Communities Fund which was provided to all merged councils.

Internally, Council has focused on the mammoth task of bringing the two former organisations together. This hasn't been an easy task and has required the juggling of resources to ensure our normal business practices can continue. The organisation is nearing the end of implementing a new technology platform, with a fully integrated system to be delivered in 2019.

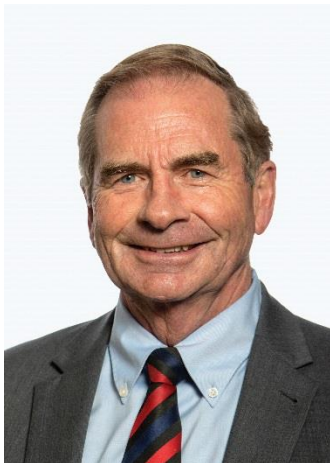


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Some of the highlights of the 2017-18 financial year include:

- Completion of the wet play area at the Queanbeyan Aquatic Centre
- Progression of town centre improvements in Braidwood and Bungendore
- Upgrade of Queanbeyan Park playground
- Development of new dog park at Googong
- Commencement of construction on the Ellerton Drive extension
- Delivery of a number of local and regional community events, including Symphony by the River at Queen Elizabeth II Park, Community Christmas Parties, Australia Day, Multicultural Festival, Christmas in July and more.
- Installation of new lights at Seiffert Oval and Margaret Donoghue Oval in Queanbeyan and the Braidwood Recreation Ground
- Significant progress on the replacement of Back Creek Bridge
- Adoption of a number of key strategies, including the Community Strategic Plan Strategic Sports Facilities Plan, Tourism Plan, Digital Economy and Smart Community Strategy, and Events Strategy.
- Consideration and approval of a number of significant development applications, including a cinema in Queanbeyan, alterations to the Royal Hotel, Queanbeyan, and a new childcare centre in Bungendore for example.

Our audited Financial Statements for 2017-18 show that Council is performing satisfactorily against the financial benchmarks set by the NSW Government. And it's important to recognise and thank our staff for their commitment to continue to deliver high quality services and assets for the community.



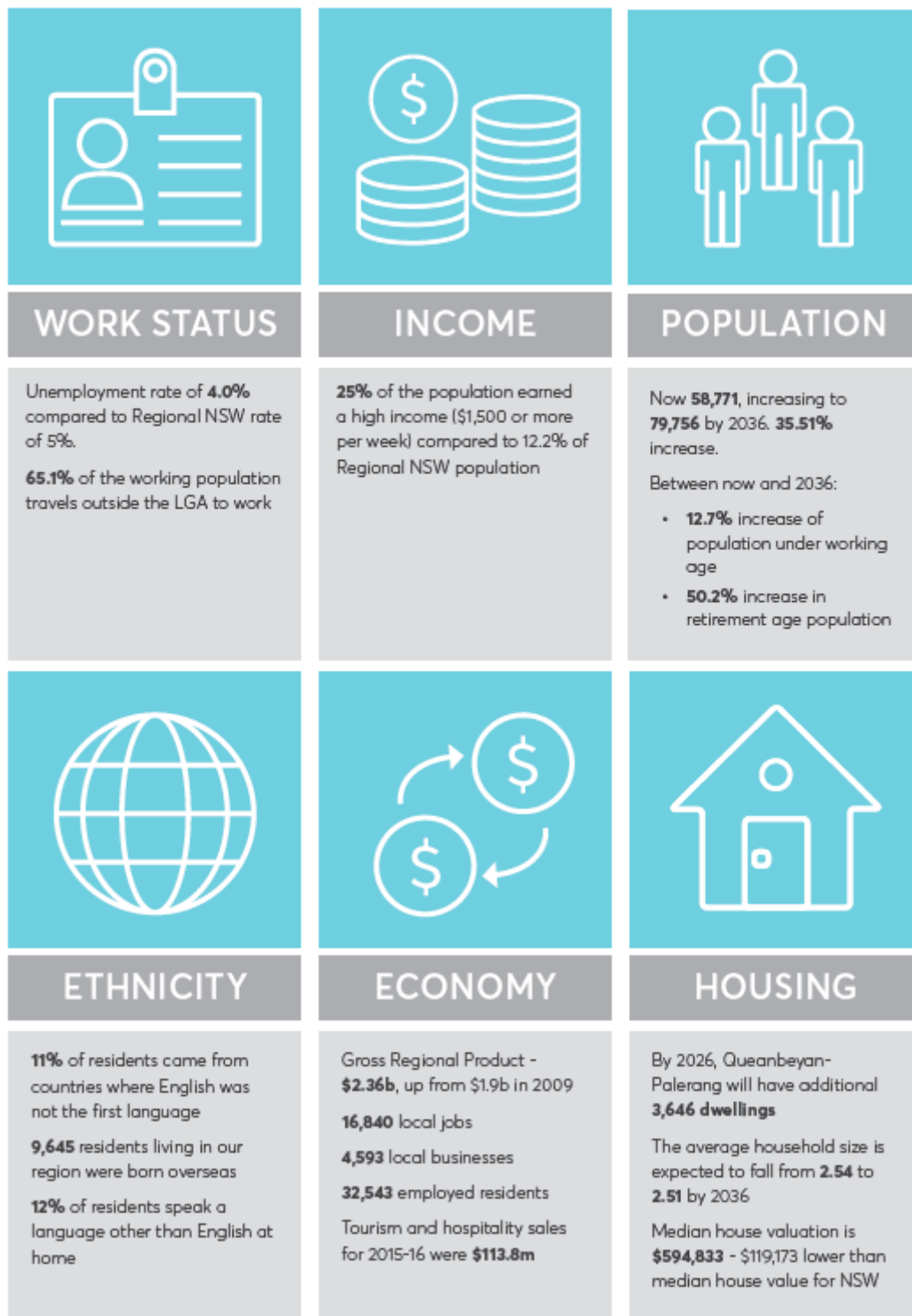
QPRC Mayor
Cr Tim Overall



QPRC CEO
Mr Peter Tegart

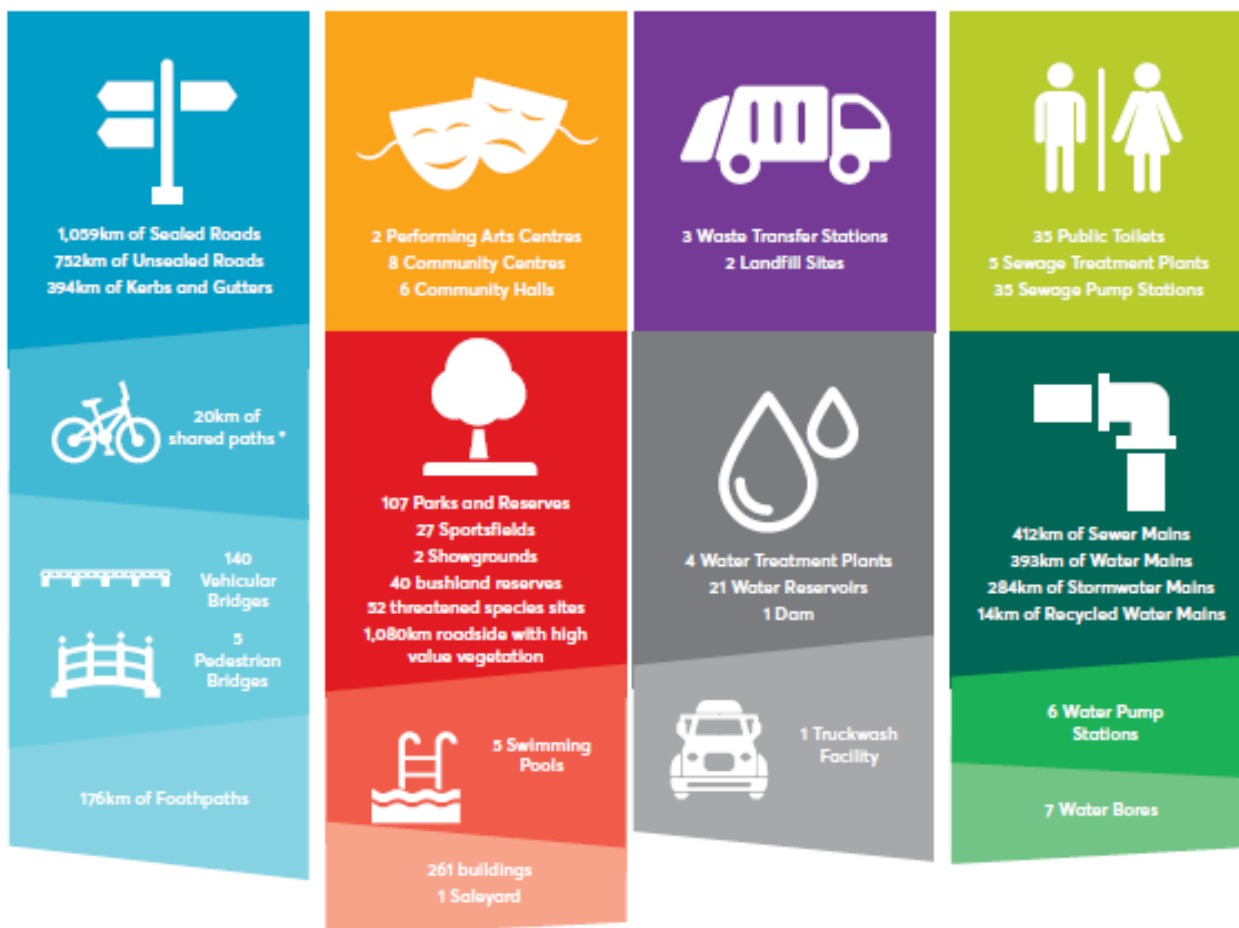
Queanbeyan-Palerang – who are we?

Queanbeyan-Palerang is located in south-eastern NSW and lies adjacent to the Australian Capital Territory (ACT). The local government area stretches to the bottom of the Clyde Mountain in the east, the Shoalhaven River in the north-east, Collector in the north and borders Snowy Monaro Council in the south. The Council came about after a merger in 2016 of the former Queanbeyan City and Palerang councils. QPRC's population for 2017 was 58,771 and is expected to grow to more than 79,000 by 2036.



QPRC Assets

Queanbeyan-Palerang Regional Council has a total asset base of \$1.7 billion. The majority of Council's assets are either road, water or sewer assets, with significant investment made in those categories to ensure assets are maintained and renewed.



Your elected representatives

Elections for all merged councils were held in September 2017. The Queanbeyan-Palerang community elected 11 councillors. At an Extraordinary Meeting on 20 September 2017, councillors elected Cr Tim Overall as Mayor for a two-year term and Cr Trevor Hicks as Deputy Mayor for a one-year term.



Cr Tim Overall
Mayor



Cr Trevor Hicks
Deputy Mayor



Cr Michele Biscotti



Cr Peter Bray AM



Cr Brian Brown



Cr Radmila Noveska



Cr Mark Schweikert



Cr Trudy Taylor



Cr Pete Harrison



Cr Peter Marshall



Cr Kenrick Winchester

Our organisation

Queanbeyan-Palerang Regional Council is one of the largest employers in the area, with more than 500 staff members working across a range of services. QPRC's audited Financial Statements show that as at 30 June 2018, 455 full time equivalent staff members (including vacancies) were employed by Council. The organisation structure endorsed by Council with the Operational Plan in June 2018, is illustrated below.



Peter Tegar
CEO (General Manager)



Jacquelyn Richards
Portfolio General
Manager, Community
Choice



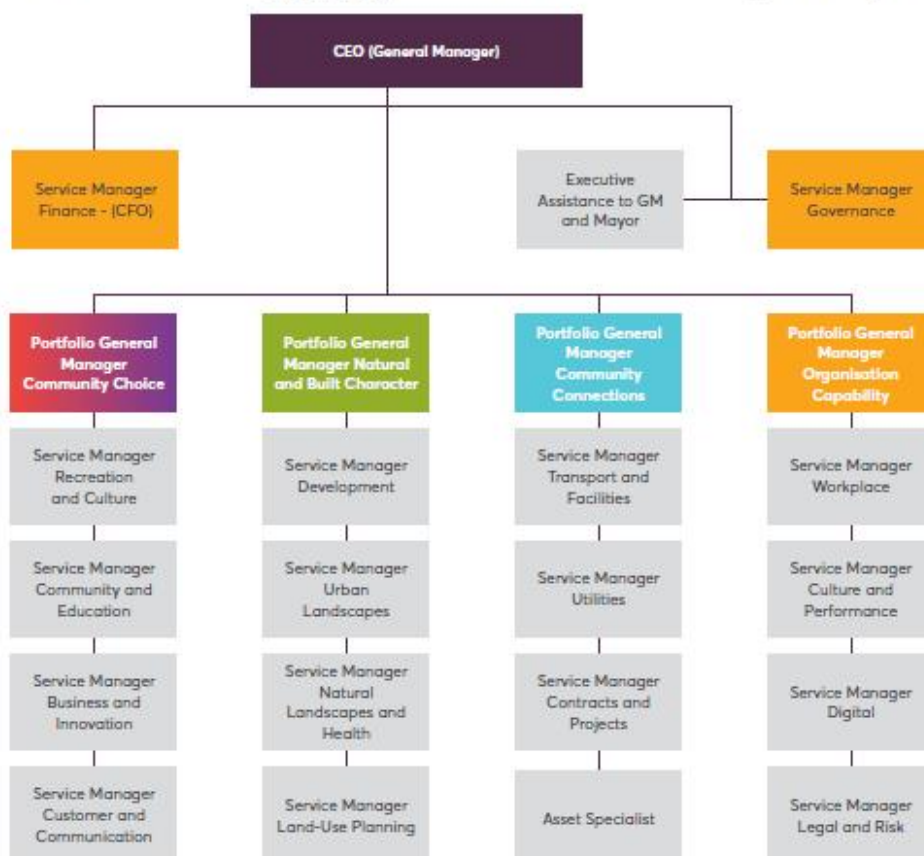
Michael Thompson
Portfolio General
Manager, Natural and
Built Character



Phil Hansen
Portfolio General
Manager, Community
Connections



Peter Neil
Portfolio General
Manager
Organisation Capability



Our Strategic Pillars

As an interim measure until Queanbeyan-Palerang Regional Council's Community Strategic Plan was adopted, a set of Strategic Directions for the organisation were developed in 2016-17. These five Strategic Directions were based on those of the previous councils and formed the basis of the 2017-18 Operational Plan

Over the coming pages, the projects and measures aligned to each of the five Strategic Pillars are shown with commentary and progress status

| COMMUNITY | |
|--|---|
| A vibrant and active QUEANBEYAN- PALERANG | A safe harmonious, happy and healthy community leading fulfilled lives |
| CHOICE | |
| A prosperous QUEANBEYAN- PALERANG | A diverse, resilient and smart economy that creates choice and job opportunities |
| CHARACTER | |
| A sustainably managed QUEANBEYAN- PALERANG | A clean, green community that cherishes its natural and physical character |
| CONNECTION | |
| A connected QUEANBEYAN- PALERANG | A well connected community with quality infrastructure which enhances our lifestyle |
| CAPABILITY | |
| A well governed QUEANBEYAN- PALERANG | A capable organisation that leads a community which is engaged and participative |

Community



Strategic Pillar 1, Community – Key Strategies

- 1.1 Local recreational and sporting facilities reflect the needs and interests of the community
- 1.2 Build on and strengthen community, cultural life and heritage
- 1.3 Strengthen partnerships between Council, ACT Government, Commonwealth, State Agencies and community groups
- 1.4 Residents have access to education, training opportunities and health services
- 1.5 Maintain long term planning approach that caters for diversity and choice in lifestyles

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2017-18 financial result

Strategic Pillar 1, Community is made up of four services, Culture, Community, Education and Recreation.

| Service | Total Expenditure \$,000 | Total Income \$,000 | Budget Result (Net Service Cost) \$,000 | Rates Funding Required \$,000 |
|------------------|-----------------------------|------------------------|---|-------------------------------------|
| S01 - Culture | 3,754 | (1,800) | 2,677 | 2,665 |
| S02 - Community | 3,174 | (1,567) | 1,107 | 1,107 |
| S03 - Education | 2,594 | (442) | 2,562 | 2,359 |
| S04 - Recreation | 2,717 | (2,237) | 1,246 | 1,172 |

Key programs and projects

A full list of programs and projects associated with Strategic Pillar 1, Community can be found at Appendix 1

| Action | Status | % complete | Progress comments | Responsible branch |
|--|-----------|------------|--|------------------------|
| 1.1.1.1 Stronger Communities \$9m – Wet play area Queanbeyan Aquatic | Completed | 100 | The project was completed and opened to the public on 20 January 2018. | Recreation and Culture |



| | | | | |
|--|-----------|-----|------------------------------------|------------------|
| 1.1.1.5 Stronger Communities \$9m - Dog Park Googong | Completed | 100 | Project completed 30 November 2017 | Urban Landscapes |
|--|-----------|-----|------------------------------------|------------------|



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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|-------------------------|
| 1.1.1.6 Stronger Communities \$9m – Refurbish netball courts Karabar | In Progress | 85 | New fencing, painting and concrete work complete. Currently designing wheelchair facilities. | Urban Landscapes |
| 1.1.1.10 Stronger Communities \$9m – Queanbeyan Park central playground | Completed | 100 | Works complete, playground being used, positive community feedback | Urban Landscapes |
| 1.1.2.1 Reconciliation Walk | Completed | 100 | Successful event held with over 2500 participants 29 May 2018. | Community and Education |
| 1.1.2.1 Season shows – The Q | In Progress | 79 | The Q 2017 season concluded, and the 2018 season will launch in December. | Recreation and Culture |
| 1.1.2.3 Braidwood Archaeological Study | In Progress | 72 | Work on this project included the development of a project plan, the formation of an internal committee, the procurement of a consultant commenced, refinement of project method and plan. Discussions have concluded with the NSW Heritage Branch on the best way to proceed and an amended project brief has been awarded and work has commenced. | Land-use Planning |
| 1.1.2.6 Multicultural Festival | Completed | 100 | The Multicultural Festival successfully took place on 4 March 2018 | Recreation and Culture |



| | | | | |
|-----------------------------------|-----------|-----|--|------------------------|
| 1.1.2.8 Music By the River | Completed | 100 | The Music by the River Event successfully took place on 3 March 2018 | Recreation and Culture |
| 1.1.2.9 Christmas in July | Completed | 100 | This event was completed and delivered to the community. | Recreation and Culture |

Choice



Strategic Pillar 2, Choice – Key Strategies

- 2.1 Continuous progress towards delivery of local economic development including local employment and training opportunities
- 2.2 Encourage local business and industry leadership
- 2.3 The on-going revitalisation of the Queanbeyan CBD, suburban and rural town centres
- 2.4 Creating business opportunities for youth and seniors
- 2.5 Improve presentation of town centres and entrances.

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2017-18 financial result

Strategic Pillar 2, Choice is made up of two services, Business and Health.

| Service | Total Expenditure \$,000 | Total Income \$,000 | Budget Result (Net Service Cost) \$,000 | Rates Funding Required \$,000 |
|----------------|-----------------------------|------------------------|---|-------------------------------------|
| S11 - Business | 1,259 | (484) | 1,024 | 984 |
| S12 - Health | 753 | (631) | 238 | 225 |

Key programs and projects

A full list of programs and projects associated with Strategic Pillar 2, Choice can be found at Appendix 1

| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|--|--------------------------|
| 2.1.1.1 Retail Strategy | In Progress | 75 | A first draft has been received. Expect completion by the end of 2018 | Business and Innovation |
| 2.1.1.3 Economic Development Strategy | In Progress | 95 | Regional Economic Development Strategy (REDS) community consultations complete. A Draft has been received and is currently being reviewed. Expect completion by the end of November 2018 | Business and Innovation |
| 2.1.1.4 QPop and Markets | Ongoing | 100 | The markets are up and running every Thursday in Crawford St. | Business and Innovation |
| 2.1.2.2 Bungendore and Braidwood Connect | Ongoing | 100 | Both are ongoing each month. Queanbeyan Connect commenced in March 2018 and is now ongoing on the second Wednesday of each month | Business and Innovation |
| 2.1.3.1 CBD Master Planning | In Progress | 25 | CBD Community Values work complete. Procurement complete and Hames Sharley appointed to complete the project. A gap analysis has been complete. Expect completion at the end of 2018. | Business and Innovation |
| 2.1.3.1 Smart Cities Digital Plan | Completed | 100 | Smart Community and Digital Economy Plan was endorsed at 25 October Council meeting and uploaded to QPRC website | Transport and Facilities |
| 2.1.3.1 Stronger Communities \$9m – Town centre improvements Bungendore | In Progress | 95 | Trees planted, gardens refurbished and paths underway. Furniture installed, just awaiting art work for wayfinding signage | Urban Landscapes |



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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|-------------------------|
| 2.1.3.3 Stronger Communities \$9m – Streetscape improvements, commercial | Completed | 100 | Funding complements grant received from NSW Government for works around Karabar commercial area, landscaping works largely complete, awaiting the installation of a light and bollards. Works complete | Urban Landscapes |
| 2.1.5.1 CBD Christmas Decorations | Completed | 100 | <p>Ongoing Christmas decoration activities covered for 2017-18 include:</p> <ul style="list-style-type: none"> Queanbeyan – Monaro St median sails and pole units; Decorated tree in Queen Elizabeth II Park Bungendore – a community-based project with the Lake George Men's Shed – ply wood cut out Christmas trees in three different sizes that were painted background colours of red & green. Community groups schools etc then decorated the trees (120) with QPRC staff then installing them in and around the village. Braidwood – New festoon lights for the traditional Christmas tree in Ryrie Park. For 2018-19 – plans to introduce a similar community project as was trialled in Bungendore with the ply wood trees to Queanbeyan and Braidwood, working with the Men's Shed and community groups. For Queanbeyan, the current pole units and tree decorations will be renewed and a possible new tree similar to the Queanbeyan model will be purchased for Bungendore, budget permitting | Business and Innovation |
|  | | | | |
| 2.1.5.2 Stronger communities \$9m - Town centre improvements Braidwood | In Progress | 24 | Community engagement substantially complete, Council workshop 7 February 2018. Design and consultation complete, new bins and BBQ ordered, seats being refurbished | Urban Landscapes |

Character



Strategic Pillar 3, Character – Key Strategies

- 3.1 Consider the environmental impacts of future planning
- 3.2 Promote and implement resource and energy conservation and good environmental practice
- 3.3 Establish environmental education programs for community and staff
- 3.4 Provide strategic land supply for residential and economic activities

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2017-18 financial result

Strategic Pillar 3, Character is made up of five services, Development, Urban Landscapes, Natural Landscapes, Sustainability and Strategic Planning.

| Service | Total Expenditure \$,000 | Total Income \$,000 | Budget Result (Net Service Cost) \$,000 | Rates Funding Required \$,000 |
|--------------------------|-----------------------------|------------------------|---|-------------------------------------|
| S21 - Development | 4,231 | (2,714) | 3,438 | 3,438 |
| S23 - Urban Landscapes | 12,710 | (5,989) | 8,075 | 7,120 |
| S24 - Natural Landscapes | 2,446 | (478) | 2,684 | 2,683 |
| S25 - Sustainability | 234 | (76) | 234 | 234 |
| S26 - Strategic Planning | 3,452 | (22,230) | (18,084) | 2,424 |

Key programs and projects


A full list of programs and projects associated with Strategic Pillar 3, Character can be found at Appendix 1

| Action | Status | % complete | Progress comments | Responsible branch |
|------------------------------------|-------------|------------|---|--------------------|
| 3.1.1.1 Various planning proposals | In Progress | 72 | <p>This covers a number of planning proposals other than the Queanbeyan-Palerang Comprehensive LEP.</p> <p>Projects reported on include</p> <ul style="list-style-type: none"> planning proposal which updates clauses and schedules in Queanbeyan Local Environmental Plan 2012 and which was notified on 16 February the rezoning of Lot 3 Majara Street Bungendore which was notified on 22 June 7 Turallo Terrace which was listed as a heritage item and notified on 1 June the North Elmslea Planning Proposal which has had its planning proposal basically finalised and which has been referred to and commented on by a number of public authorities the Bungendore East Planning Proposal which has involved meetings with the Department of Planning and Environment and the proponents and which is also impacted by the lack of secure water. Sutton Planning Proposal which has had flora and fauna reports completed Memorial Park Planning Proposal which has included the completion of four background studies Federal Highway Caravan Park Planning Proposal which staff are currently surveying to determine what is there and in what state. | Land-use Planning |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|--------------------|
| 3.1.1.2 Various Section 94 Plan Reviews | In Progress | 70 | <p>This include three projects</p> <ul style="list-style-type: none"> • South Jerrabomberra Section 94 Plan which was finalised and notified in May (about 50% completed) • review of the Queanbeyan Section 94 Contribution Plan (about 10% completed) • A new Section 94 A Plan for Queanbeyan CBD (about 10% completed). Work done so far includes preliminary work with staff reviewing the existing section 94 plans and the issues that need to be addressed in any review. • Outside of nominated projects staff have also reviewed Palerang Section 94 Plan No. 11-Off-Street Car parking at Bungendore. This was finalised and notified in April. | Land-use Planning |
| 3.1.1.3 Comprehensive LEP for QPRC | In Progress | 55 | <p>Work includes the preparation of an issues paper, the preparation of a draft local environmental plan (LEP), research into issues, the preparation of major background papers, the holding of three workshops with councillors, the preparation of a draft planning proposal and the preparation of three reports and the reporting of them to Council's meetings of 13 December (Items 12.4 and 12.5) and 28 February (Item 12.8). It also includes substantial work on the required LEP maps as well as negotiations on these with the Department of Planning and Environment. In addition, work on the associated E4 zones at Bywong and Wamboin as resolved by Council at the meeting of 13 December has involved clarification of the Department of Planning and Environment's requirements as well as those of the Office of Environment and Heritage, drafting of a brief and the identification of suitable consultants.</p> | Land-use Planning |
| 3.1.1.4 Googong LPA Review | In Progress | 72 | <p>Provisions of this local planning agreement need to be upgraded. These have been subject to a number of meetings with the developers, GTPL as well as internally. Responses to the changes proposed by the developers have been forwarded to them and at the end of the financial year the developers responses had not been received although a meeting had been organised with them to discuss them.</p> | Land-use Planning |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|--|------------|--|-------------------------------|
| 3.1.2.2 Platypus Conservation projects | In Progress | 10 | Project funds over several years of have been put into reserve for the construction of a Platypus Viewing Platform and education deck. The idea is to incorporate an open burrow like entrance with 3d platypus and audio presentation. Total cost of project is estimated to be \$230,000. Total funds of \$112,849 has been saved in reserve for this project. Grants could be sought to assist in funding this project. | Natural Landscapes and Health |
| |  | | | |
| 3.1.2.2 Stronger Communities \$9m - Seiffert Oval Lights Queanbeyan | Completed | 100 | Lights installed, tested and certified 500LUX | Urban Landscapes |
| 3.1.2.3 Stronger Communities \$9m – Upgrade lighting Margaret Donohue | Completed | 100 | Lights complete and tested. Certified 300 LUX | Urban Landscapes |



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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|--|-------------------------------|
| 3.1.2.8 Native Fish Restocking of Queanbeyan River | Completed | 100 | Early in 2018, Council and NSW Fisheries released 5,000 Golden Perch into the Queanbeyan River and 5,000 Golden perch into Captains Flat Dam. | Natural Landscapes and Health |
|  | | | | |
| 3.1.2.9 River Rehab - River Drive | In Progress | 30 | Natural Landscapes and Health Team will be undertaking maintenance work along the river. This will give weed sprayers variation in duties and progress ongoing regular activity. New issues have been identified such as fallen trees in river, works required on Barracks Flat Creek and landscaping in front of caravan park required in 2019. | Natural Landscapes and Health |
| 3.1.3.1 Community events | Completed | 100 | Enviro Expo appeared at Queanbeyan, Braidwood and Bungendore Shows during financial year. Information report presented to Council in April 2018 which provided an overview of events. Community feedback from the three events was extremely positive with members of the public highlighting how great it was to see Council out and about in the region. The Expos were completed within the budget of \$7,000 plus the staff time involved. | Customer and Communications |
| 3.1.4.1 Bungendore Structure Plan review | In Progress | 71 | Actions on this project include background research into economic, heritage and other matters and the development of a draft Structure Plan discussion paper which is well under way. In addition, two internal Council workshops have been held and a third has been organised. However the availability of secure water remains outstanding and further work on this project is limited until this is confirmed. | Land-use Planning |

Connection



Strategic Pillar 4, Connection – Key Strategies

- 4.1 Undertake planning to ensure infrastructure is prepared for future growth
- 4.2 Continue to improve integration of land use and transport
- 4.3 Investigate sustainable transport options
- 4.4 Continue to implement improvements to local road network
- 4.5 Develop sustainable and integrated water and waste management

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2017-18 financial result

Strategic Pillar 4, Connections is made up of six services, Transport, Water, Sewer, Waste, Facilities and Logistics.

| Service | Total Expenditure \$,000 | Total Income \$,000 | Budget Result (Net Service Cost) \$,000 | Rates Funding Required \$,000 |
|------------------|-----------------------------|------------------------|---|-------------------------------------|
| S31 - Transport | 32,764 | (22,068) | 10,698 | 4,761 |
| S32 - Water | 26,940 | (4,526) | 22,414 | 17,575 |
| S33 - Sewer | 21,044 | (4,706) | 16,659 | 12,293 |
| S34 - Waste | 7,804 | (2,223) | 5,841 | 5,591 |
| S35 - Facilities | 4,945 | (235) | 142 | (1,564) |
| S36 - Logistics | 56,570 | (40,459) | 22,347 | 20,402 |

Key programs and projects

A full list of programs and projects associated with Strategic Pillar 4, Connection can be found at Appendix 1

| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|--------------------------|
| 4.1.1.1 Memorial Park | In Progress | 75 | 'Gateway' process underway. All environmental studies and assessments complete. | Urban Landscapes |
| 4.1.1.2 Queanbeyan Sewage Treatment Plant Upgrade | In Progress | 4 | Icon Water has withdrawn from the Project. The following milestones have been completed: <ul style="list-style-type: none"> An expression of interest has been submitted to the SSWP for the Project. Tenders were called for the design, negotiations are underway | Contracts and Projects |
| 4.1.3.2 Stronger Communities \$9m – River path incl. low level footbridge | In Progress | 10 | Community consultation complete. Flood analysis has been completed. Site investigations have been completed. REF still to be finalised. Design and construct tender to be called in late 2018 | Contracts and Projects |
| 4.1.3.3 Bicycle Paths - River Corridor Stage 1 | In Progress | 95 | Path works nearing completion. Waiting for finalisation of bridge design. | Transport and Facilities |



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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|--|--------------------------|
| 4.1.4.1 Ellerton Drive Extension | In Progress | 45 | Construction contract has been awarded. Work has commenced. In-house noise mitigation inspections have commenced with initial draft reports submitted. Once agreement has been reached with property owners, works will commence in noise catchment works. | Contracts and Projects |
| 4.1.4.2 Roads to Recovery Program | Completed | 100 | The Roads to Recovery budget for the 2017-18 financial year has been spent on reconstruction projects on Nerriga Rd (Black Bobs Project) and Captains Flat Rd (Kearns Parade Project). | Transport and Facilities |
| 4.1.4.9 MR270 Regional Roads Repair Program Rehab Molonglo River Dr to Douglas Cl | Completed | 100 | This project is now complete. | Transport and Facilities |
| 4.1.4.10 MR92 Roads to Recovery Construct and seal Nerriga Rd (Grants Rd toward Charleyong) | Completed | 100 | The budget for this project was removed and reallocated to the Captains Flat Rd reconstruction project, due to receiving State Government funding to reconstruct Nerriga Rd. | Transport and Facilities |
| 4.1.4.11 MR584 Regional Roads Repair Program Rehabilitation Old Cooma Rd | In Progress | 40 | Funding for this project is from the RMS Regional Roads Repair Program, which has been split over the 2017-18 and 2018-19 financial years. Council is currently undertaking the survey and design for the reconstruction works. Awaiting Environmental approvals before works can commence onsite. Preparing for construction works to commence in October 2018. | Transport and Facilities |
| 4.1.4.12 Back Creek Bridge replacement (MR270) | In Progress | 90 | The bridge construction works have been completed. Council staff are currently constructing the approaches to the bridge. Works are due to be completed in September 2018. | Transport and Facilities |



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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|--------------------|
| 4.1.5.1 WAMI Community Recycling Facility Shed | In Progress | 98 | Awaiting certificate of occupancy from Health and Building. Awaiting installation of security cameras from Transport and Facilities. Awaiting EPA formal launch date. Other than those, the project is complete | Utilities |
| 4.1.5.2 Googong Development Project – Water Recycling Plant | In Progress | 96 | This project relates to engagement of owner's consultant (GHD) for stage C development of the Googong WRP. Stage C of the WRP has been commissioned and is currently under proving operation of the constructing contractor. Handover is expected late August or early September 2018 | Utilities |



Capability



Strategic Pillar 5, Capability – Key Strategies

- 5.1 Raise the local profile
- 5.2 Improve and promote Council's image
- 5.3 Encourage community and business leadership
- 5.4 Provide strong local democracy and civic governance
- 5.5 Promote and encourage an engaged community

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2017-18 financial result

Strategic Pillar 5, Capability is made up of six services, People, Technology, Financial, Risk, Strategy and Executive.

| Service | Total Expenditure \$,000 | Total Income \$,000 | Budget Result (Net Service Cost) \$,000 | Rates Funding Required \$,000 |
|------------------|-----------------------------|------------------------|---|-------------------------------------|
| S41 - People | 3,076 | (74) | (45) | (49) |
| S42 - Technology | 7,506 | (520) | 1,966 | 1,441 |
| S43 - Financial | 2,543 | (94,200) | (91,543) | (91,555) |
| S45 - Risk | 3,807 | (175) | 1,987 | 1,986 |
| S51 - Strategy | 585 | (5) | 765 | 765 |
| S52 - Executive | 6,980 | (3,601) | 4,007 | 3,931 |

Key programs and projects

A full list of programs and projects associated with Strategic Pillar 5, Capability can be found at Appendix 1

| Action | Status | % complete | Progress comments | Responsible branch |
|---------------------------|-------------|------------|---|-------------------------|
| 5.1.1.1 Tourism website | In Progress | 75 | Wireframes developed and coding commenced. Web content almost complete. | Business and Innovation |
| 5.1.1.2 Visitor guide | Not Started | 0 | Grant funding unlikely to be available - Will not proceed in 2017-18 but may be developed in 2018-19 pending budget | Business and Innovation |
| 5.1.1.3 Tourism promotion | Completed | 100 | Videos and still images developed to promote tourism and businesses in the LGA | Business and Innovation |



| Action | Status | % complete | Progress comments | Responsible branch |
|---------------------------------------|-------------|------------|--|-------------------------|
| 5.1.4.1 Corporate Development Plan | In Progress | 70 | <p>Work continues on the development of the Organisational Development Strategy (ODS), subsequent plans and interrelated frameworks. The ODS is based on FOUR key objectives; building capability, developing capacity, maximising employee engagement and achieving organisational excellence.</p> <ul style="list-style-type: none"> • Building capability – A corporate LinkedIn company page has been re-established to develop employer brand and attract new talent pools. To increase collaboration and industry wide relationships, QPRC has been established as the pilot organisation for web-based national LGNSW HR meetings in the Southern Region. • Developing capacity - a total performance management framework has been endorsed to align with a dedicated system to manage talent. Work has commenced on the scoping of this new software and the design of our performance management templates. A number of strategies for leadership development are being explored at Executive level. A strategic approach to learning and development has been taken with a matrix designed for each role, deploying and online learning management system and automation of scheduling with customers being able to select their preferred sessions. • Maximising Employee Engagement - A draft Employee Engagement Framework has been developed for QPRC along with the launch of an organisational wide cultural survey that will involve all staff and elected members. New organisational Values are being implemented throughout the organisation with our branding progressing through conceptual phase. • Achieving Organisational Excellence - With a focus on quality, we have implemented software to manage integrated planning requirements and aligning the Delivery Program, Operational Plan, HSEQ KPIs and Service Statements. Participating in the PWC Performance Excellence Program to continue benchmarking with other councils with the utilisation of a dedicated regional portal. The implementation of service plans that incorporate components from | Culture and Performance |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--------|--------|------------|---|--------------------|
| | | | all sources to identify how services are delivered. A service review deep dive completed for Transport service with recommendations to implement various improvements. With the organisational headcount and full time equivalent data provided at the most recent Executive meeting in July, we are now in a position to commence the workforce analysis and forecasting to produce a detailed ODS over the coming period. | |



| | | | | |
|--|-------------|-----|--|-----------------------------|
| 5.1.4.1 State of the City – End of Term Report | Completed | 100 | End of Term report finalised and distributed to former councillors in March 2018 | Customer and Communications |
| 5.1.4.1 IT Tablet and Phone Purchases | In Progress | 90 | New Surface Pro and mobile devices are ready to be deployed. About three-quarters of all Service Managers have a Surface Pro 4/5/iPad Pro. The rest of the group should be completed in August. | Digital |
| 5.1.4.1 Office Renovation | Completed | 100 | This project was completed during the financial year. | Land-use Planning |
| 5.1.4.2 Hardware Refresh – IT equipment-Budget Income | In Progress | 90 | The Citrix server farm backend and thin client management server configuration completed. IGEL (thin client) unit's optimisation and configuration testing completed. Citrix Windows 10 pilot group is currently trialling out the new server farm. Pilot testing has been progressing well with good feedback from the users. | Digital |

Statutory Disclosures

Special rate variation

The former Queanbeyan City Council gained approval for a one-off Special Rate Variation of 5.8% in 2010. The 5.8% increase was applied in the 2010-11 financial year and has remained in the rate base since.

The Special Rate Variation was introduced to fund the CityCARE program of works, including the maintenance and renewal of roads, footpaths and parks and sportsfields in the former Queanbeyan City Council local government area. The projects funded by this Special Rate Variation are identified in Council's Operational Plan and are listed below:

| Special Rate Variation - Former Queanbeyan City Council | 2017-18 Budget \$,000 |
|--|--------------------------|
| SRV - Footpath Grinding | 50 |
| SRV - Footpath Replacement | 195 |
| Pavement Rehabilitation | 225 |
| Bitumen Reseal | 448 |
| SRV-Riverside - Upgrade Lights | 175 |
| SRV- Hayley Park East - Replace furniture, landscape upgrade | 40 |
| SRV-Ingleside Park-Upgrade Softfall and Shade | 40 |
| SRV- Jane Hodgson Park- Upgrade equipment and Softfall | 52 |
| Total SRV Program Works | 1,225 |

Rates and charges written off

| Rates and charges written off | Amount \$,000 |
|--|------------------|
| Rates relief | 6 |
| Rates and charges (pension concessions) | 906 |
| Special Rate Variation pension concessions (Council-funded) Queanbeyan only | 66 |
| Water meter size Reassessment Policy | 22 |
| Water undetectable leak write offs | 18 |
| Small balance/interest write offs | 5 |

Overseas visits

Council's Service Manager, Legal and Risk, in his capacity as Chair of Statewide Mutual Insurance, attended insurance negotiations and briefing with insurers in London in March 2018. All expenses were met by Statewide Mutual. No other overseas visits were undertaken by staff or councillors.

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Contracts awarded

Council established several panels to facilitate pre-approved suppliers, including plant hire, traffic management and gravel supply and quarry materials. Council also awarded the following contracts valued at more than \$150,000 during the 2017-18 financial year:

| Nature of contract | Name of Contractor | Contract amount |
|---|--|------------------------|
| Queanbeyan Park Playground | CRS Creative Recreation | \$234,768.91 ex GST |
| Lighting and Sound Design and Services for Theatre and Events | Eclipse Lighting & Sound Pty Ltd, | Schedule of Rates |
| Design and Construct Wet Play - Q One Aquatics | Swimplex | \$266,217.00 |
| Replacement of Back Creek Bridge on Cooma Road Braidwood | Bridge and Civil PL | \$1,402,500 incl GST |
| Gravel Supply - Supply and Import of DGB20 and Select Material | Schmidt Quarries Pty | \$402,050.00 |
| Gravel Supply - Supply and Import of DGB20 and Select Material | Schmidt Quarries Pty | \$539,000.00 |
| Demolition of 257 Crawford Street and 259 Crawford Street Queanbeyan and adjacent buildings | Caylamax Demolitions Pty Ltd | \$489,300.00 ex GST |
| QPRC Head Office and Smart Hub - Principal Authorised Person Engagement | APP Corporation Pty Ltd | \$544,943.00 ex GST |
| Design and Construction of a 0.5ML Reservoir at Captains Flat | SRG Civil Pty Ltd | \$549,502.00 inc GST |
| Horizontal Grinder | Lincom Pacific Equipment Pty Ltd | \$1,028,500.00 inc GST |
| Plant Hire Panel | A and Power Formwork Allcott Hire Pty Ltd Aqua- Assets Pty Ltd Australian Regional Investment Avijohn Contracting Barry Bros Braidwood Earthmoving Braidwood Excavations Braidwood Ground Spread & Bulk Haulage Brema Group Pty Ltd Charman Earthmoving & Heavy Haulage Dave Apps Earthworks Develin Engineering Downer EDI Works Fenech Group Pty Ltd HJ Haulage Pty Ltd Huggett's Grader Hire J G Earthworx Kennards Hire Pty Ltd Mark Hunt Cartage Pty Ltd Mount Fairy Mowing Nicol Contracting Premair Hire RD Miller Pty Ltd Rollers Australia Shoemark Group TFH Hire Services The Wires Pastoral Company Toeys Transport P/L Universal Mobile Tower Hire Yass Earthmovers | Schedule of Rates |

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| Nature of contract | Name of Contractor | Contract amount |
|--|---|---|
| Gravel Supply and Quarry Materials | Bowerman Family Trust t/a Peter Bowerman Transport Hanson Construction Materials Pty Ltd Holcim Quarries Multiquip Pty Ltd Raymond Parnell Hall t/a Braidwood Cattle Co Schmidt Quarries | Schedule of Rates |
| Sportsfield lighting for Seiffert Oval, Riverside Oval and Braidwood Recreation Ground | Gasnier's Electrical | Seiffert Oval and Riverside Oval - \$413,424.63 ex GST Braidwood Recreation Ground - \$315,788.00 Ex GST |
| Macs Reef Road Landfill Closure | Dale & Hitchcock Civil | \$1,528,449.00 |
| Traffic Management Services | Care Traffic Pty Ltd Complete Traffic Solutions Integrated Engineering Pty Limited (technical traffic services only.) K&D Traffic Management Pty Ltd Real Traffic Solutions Stop Slow Traffic Control (NSW) Pty Ltd Titanium Traffic Management | Schedule of Rates |
| Queanbeyan River Shared Path and Waterfall Drive Path Design and Construction | CB Excavations | \$1,526,884.25 |
| Captains Flat Rural Fire Station Design and Construct | CBC Project Management | \$361,726.00 |
| Queanbeyan Smart City Precinct | Telstra Corporation Limited | \$595,000.00 excl GST |

Legal Proceedings

Council is required to report on the cost of legal proceedings taken by or initiated against Council in addition to an update of each legal proceeding and the result. In the financial year ending 30 June 2018, Council expended \$1,261,180 on legal costs which included \$699,566 on litigation and court proceedings.

The following matters have been dealt with by the courts. Some issues are currently under investigation and have not been included:

| Description of matter | Action | Result | Expenses 2017-18 | Costs awarded |
|--|--------------------------------|---|--|------------------------------|
| NSW Land and Environment Court. | | | | |
| Application to have a party recognised as a compensable interest in response of a <i>Just Terms</i> land acquisition - EDE | Matter heard in September 2017 | The application was not supported by the court | \$80,246 | \$110,000 awarded to Council |
| Action by land owner against the Valuer-General's determination regarding compensation in respect of a <i>Just Terms</i> land acquisition – Ellerton Drive Extension | Matter heard in May 2018 | Negotiated settlement on legal advice of \$1,000,000 inclusive of all costs | \$479,413 (These costs are part of the Ellerton Drive Extension construction) | Nil Party/Party costs. |

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| Description of matter | Action | Result | Expenses 2017-18 | Costs awarded |
|---|--|--|------------------|--|
| Prosecution in respect of the operation a junkyard on rural property | Heard in the Land and Environment Court | Landowner given a six-month stay to "clean up" the site and then to be re-considered. | \$18,027 | Costs yet to be filed - \$58,000 |
| Appeal against the Council for refusal to grant approval for a 50 place child care centre at Bungendore | Heard in the Land and Environment Court | The Court upheld the appeal and matter resolved by s34. Agreement for reduced size. | \$11,542 | Nil |
| Appeal against conviction in the Local Court for illegal earthworks | Heard in the Land and Environment Court and originally in the Local Court. | Appeal dismissed and referred to the Local Court for sentence. Applicant has made an appeal for the matter to be considered by Court of Criminal Appeal. No decision as yet. | \$46,531 | \$12,000 initially awarded by Local Court. |
| Appeal against Council for refusal to grant approval for a subdivision at Braidwood. | Heard in the Land and Environment Court | The appeal was dismissed. | \$55,777 | Nil |
| Sub Total | | | \$691,536 | \$180,000 |
| NSW Local Court | | | | |
| SEWOL prosecutions in accordance with <i>Road Transport (General) Act 2005</i> | Heard in the Local Court | Court upheld penalty infringement notices issued. | \$1,092 | Estimated \$500 |
| Prosecution in respect of tampering with water meter | Heard in the Local Court | Defendant pleaded guilty | \$3,490 | \$1,900 |
| Miscellaneous Dog Matters | Heard in the Local Court | Minor matters prosecuted in Local Court. All were successful. | \$3,448 | Varied |
| Sub Total | | | \$8,030 | \$1,900 |
| Total | | | \$699,566 | \$181,900 |

Further costs of \$58,598 were incurred in respect of potential future legal actions for planning and environmental breaches. With the development of CBD projects and new headquarters options, costs of \$106,240 were incurred.

Costs of \$53,583 were incurred for specialised legal advice in respect of a threatened development of a paper subdivision. Legal costs associated with the Ellerton Drive project were \$62,295. The cost of pursuing overdue rates and charges through a debt collection agency was \$5,056. These costs are recovered from individual property owners. Specialised planning advice costs regarding the new development of area of South Tralee were incurred totalling \$16,959. Advice and support regarding land acquisition projects total \$44,647 and \$40,052 was expended on contracts for new Council systems. The balance of non-court legal costs (\$174,184) was for general legal advice, potential litigation, acquisition and leasing, insurance, planning advice, legal document preparation and similar matters.

Donations and contributions

Council made the following donations and contributions during the 2017-18 financial year.

Public Schools

Public schools located within the Queanbeyan-Palerang Regional Council Local Government Area received a donation for their annual prize giving/speech day ceremonies. The donation was increased by the annual rate peg amount, rounded up to the nearest \$5 starting from \$100.

Donations equivalent to ordinary rates

A donation equivalent to the ordinary rates levied for the year to the following organisations and facilities located within the Queanbeyan-Palerang Regional Council Local Government Area:

- Any Scouts Australia group
- Braidwood & District Historical Society
- Braidwood Show Society
- Any Country Women's Association branch
- Any service club including Lions and Rotary
- Any registered pre-school
- Bungendore War Memorial Hall
- Araluen Community Hall
- Charleys Forest Community Hall
- Gundillion Community Hall
- Majors Creek Community Hall
- Nerriga Community Hall
- Any men's shed registered with the Australian Association of Men's Sheds

Note: The Captains Flat Community Hall, and Queanbeyan halls and community centres are under Council's control.

Tathra bushfire donation

Council resolved to donate \$10,000 to the Tathra Bushfire Appeal

Cultural assistance scheme

Braidwood Central School Parents and Citizens Association - \$1,500

Other donations

2017 Queanbeyan Gift - \$270

Araluen Recreation Ground Reserve Trust – development application - \$3,316.10

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General donations program

Council established a Donations Policy in 2017-18, providing for three categories of grants, including general donations sought in June each year.

| | |
|--|---------|
| Braidwood Quilters | \$1,000 |
| CampbellPage Helping Hands Program | \$1,000 |
| HOME in Queanbeyan | \$500 |
| Jerrabomberra Combined Probus Club | \$1,000 |
| Lions Club of Queanbeyan | \$2,000 |
| SPANQbn – Suicide Prevention Awareness Network Queanbeyan | \$2,000 |
| Twin City Church | \$1,000 |
| VIEW Clubs – Queanbeyan, Lake George and Bungendore | \$2,000 |
| Wildcare Queanbeyan Inc | \$2,000 |
| Queanbeyan Legacy - | \$1,000 |
| Anglicare Food Fair Queanbeyan | \$2,000 |
| Braidwood Girl Guides | \$500 |
| Braidwood Life Centre | \$2,000 |
| Braidwood Lions | \$500 |
| Bungendore Hoedown | \$1,000 |
| Fernleigh Park s.355 Committee (verandah windbreak) | Total |
| Fernleigh Park s.355 Committee (tables, banners) | \$1,500 |
| Fernleigh Park s.355 Committee (storage) | |
| Greek Orthodox Church of St Demetrios | \$500 |
| High Street Care | \$2,000 |
| Karabar Housing Cooperative Ltd | \$2,000 |
| Karabar Preschool | \$500 |
| Life Education NSW | \$2,000 |
| Queanbeyan Arts Society | \$2,000 |
| Queanbeyan Sing Australia Community Choir | \$500 |
| Queanbeyan Show Society Inc | \$500 |
| Rotary Club of Canberra Inc | \$500 |
| St Benedicts Community Centre | \$2,000 |
| The Shepherd Centre for Deaf Children | \$2,000 |
| 1 st Tinderry Scout Group | \$1,000 |
| Bungendore Playgroup | \$500 |
| Bungendore Spring Ball | \$1,000 |
| Captains Flat Community Association | \$500 |
| Googong Mainly Music | \$500 |
| Jerrabomberra Playgroup | \$2,000 |
| Knitters Guild NSW | \$432 |
| Queanbeyan Bush Poets | \$500 |
| Queanbeyan Camera Group | \$500 |
| Queanbeyan Landcare Inc | \$500 |
| Queanbeyan Quilters Inc | \$2,000 |
| Queanbeyan Toastmasters | \$500 |
| QWriters | \$500 |
| University of the Third Age (U3A) | \$1,000 |
| Upper Murrumbidgee Catchment Network Inc | \$500 |
| WayAhead Mental Health Association / Anxiety Support Group | \$330 |
| ACT Maori Performing Arts | \$1,000 |
| Australian Red Cross | \$2,000 |
| The City of Queanbeyan Pipes and Drums Band | \$1,000 |
| Queanbeyan Red Cross | \$500 |
| Red Nose | \$1,500 |
| Charity Book Fair | \$2,000 |

Equal Employment Opportunities (EEO) Management Plan

Council's Equal Employment Opportunity (EEO) Policy and Plan continue to be reviewed as part of Council's policy harmonisation program. Former Council policies and practices continue for Council's recruitment and selection, training and development, promotion and temporary transfer and terms and conditions of employment processes.

EEO Statistical Information

Council employees are asked to self-identify on commencement of employment if they come from a culturally diverse background or if they are Aboriginal or have a disability. At the end of the 2017-18 financial year, the percentage of staff members for Council within each target group are:

| Group | 2016-17 | 2017-18 |
|--------------------|---------|---------|
| Women | 36.5% | 34.8% |
| Culturally Diverse | 14.1% | 11.3% |
| Aboriginal | 2.5 % | 2% |
| Disability | 1% | 1% |

The age demographic for all employees is outlined below. There was a 2% increase to 28% of staff aged 55 or over and the percentage of employees aged under 40 years of age remained stable compared to last reporting period at 28.5% of staff.

| Age Group – Staff aged: | % 16-17 | % 17-18 |
|-------------------------|------------|------------|
| 15 to 19 years | 0.0% | 0.7% |
| 20 to 24 years | 6.8% | 5.6% |
| 25 to 29 years | 7.1% | 7.1% |
| 30 to 34 years | 6.8% | 7.8% |
| 35 to 39 years | 7.8% | 7.3% |
| 40 to 44 years | 10.3% | 10.5% |
| 45 to 49 years | 16.1% | 15.1% |
| 50 to 54 years | 18.9% | 17.8% |
| 55 to 59 years | 12.8% | 15.1% |
| 60 to 64 years | 11.3% | 10.7% |
| 65 years or older | 2.0% | 2.2% |

Activities to Implement Equal Employment Opportunities (EEO) Management Plan

| Objective | Activities |
|---|---|
| A. Communication and Awareness <i>Continual communication of the responsibilities of Council's EEO principles and practices to all current and potential employees through proactive presentations and other communication mechanisms.</i> | Strategies utilised during the reporting period to increase awareness of Council's EEO Policy included providing links to the web page and intranet for members of the community and staff members to view Council's policies. Additionally, staff are introduced to EEO principles and practices during Council's induction program. |

| Objective | Activities |
|--|--|
| B. Recruitment and Selection <i>To ensure that all recruitment and selection in Council is undertaken in accordance with Council's policy and procedures, is inclusive and reflects Council's EEO and merit principles.</i> | <ul style="list-style-type: none"> Council's interim recruitment and selection process (due to merger) continues to dominate recruitment and selection activities and ensures a fair and equitable process for all employees choosing to apply for roles. All panels were made up of staff members who were representative of the different EEO groups. In particular, an Aboriginal staff member was on every selection panel for vacant positions that attracted applications from Aboriginal or Torres Strait Islander candidates. All job advertisements for vacancies within Council encourage applications from groups identified in the EEO Policy and Plan. |
| C. Training and Development <i>To review training and development policies and procedures to ensure they conform with EEO principles, which incorporates opportunities for training and development for EEO target group members</i> | <ul style="list-style-type: none"> Learning and Development for the financial year focused on work health and safety compliance and job specific requirements. Council's Learning and Development Plan takes into account the development requirements for the organisation and its future workforce requirements. |
| D. Promotion advancement and higher duties. <i>To ensure all instances of promotion, transfer and the allocation of higher duties offered following fair and consistent processes where eligible employees receive due consideration where applications are received and merit is established.</i> | <ul style="list-style-type: none"> As per Section 354H of the <i>Local Government Act 1993</i>, all vacancies are advertised internally to assess staff suitability before a vacant position is advertised externally. The transition structure was implemented during the reporting period providing promotional opportunities for staff. Access to higher duties and temporary transfer at level was undertaken in accordance with the merit principle. |
| E. Grievance Procedures <i>To ensure any grievance that is raised is treated equitably and in accordance with Council's procedure.</i> | <ul style="list-style-type: none"> All formal staff complaints or grievances notified were dealt with in accordance with Council's processes. |
| F. Internal Partnerships <i>Council is committed to working with target groups to assist in implementing and considering EEO principles in their decision making processes.</i> | <ul style="list-style-type: none"> Council's Workplace Consultative Committee is consulted on matters within its constitution and scope in accordance with the <i>Local Government (State) Award 2017</i>. |
| G. Terms and Conditions of Employment. <i>To ensure all employees' conditions of service confirm with EEO principles.</i> | <ul style="list-style-type: none"> All employment conditions administered by Council during the reporting period were compliant with Council's EEO principles and the <i>Local Government (State) Award 2017</i>. A harmonised Salary System was developed and implemented during the reporting year – ensuring equity of pay entitlements across the organisation. |

Chief Executive Officer remuneration package

The CEO's total remuneration package comprising salary and superannuation, was valued at \$318,682.72 plus a vehicle allowance.

Senior staff remuneration package

Queanbeyan-Palerang Regional Council employed four senior staff members (excluding the CEO) during 2017-18. The total remuneration package for senior staff was \$1,218,109.74 (including superannuation and payments that were not included in a salary portion of their package).

Stormwater levy

A stormwater levy has been applied to residential and business properties within the Queanbeyan urban area (including Googong). Properties classified as residential and business are charged \$20 per year for the Stormwater Levy, while residential (strata/flats) and business strata units are charged \$12.50.

During 2017-18, stormwater rehabilitation works were undertaken on the next tranche of identified works. This rehabilitation work will improve existing stormwater services network. Further condition inspection and rehabilitation works need to continue to improve the stormwater network system improvement.

Swimming pools

Under section 18 of the *Swimming Pools Act 1992*, Council is required to report on its activities regarding swimming pool inspections.

During the period 1 July 2017-30 June 2018, Queanbeyan-Palerang Regional Council undertook the following:

| Swimming pool inspections | |
|--|----|
| Inspections of Tourist and visitor accommodation | 10 |
| Inspections of dwellings with more than 2 dwellings | 2 |
| Inspections resulting in Compliance Certificates under 22D | 33 |
| Inspections resulting in Non-Compliance Certificates under 18B | 2 |

Partnerships, cooperatives and joint ventures

Council has an interest or membership of the following organisations in accordance with the under-listed arrangements:

- Statewide Mutual - A mutual pool scheme providing liability and general insurance cover to NSW councils.
- StateCover Mutual – A mutual providing workers compensation insurance cover to NSW councils.
- South East Weight of Loads (SEWOL) – Council has a management role and has four inspectors in two vehicles patrolling roads in 11 constituent councils of the region.
- ACT and NSW Strategic Land Use and Infrastructure Planning Group.
- Joint Regional Planning Panel which provides merit-based decision making on regional development within the framework of the NSW planning system.
- Canberra Region Joint Organisation (CRJO) formerly (*the South East Regional Organisation of Councils*) is a regional organisation of 8 Councils in conjunction with the ACT Government that facilitates opportunities and partnerships to create sustainable vibrant communities, and was proclaimed formally as a joint organisation in May 2018. The CRJO has developed several special purpose interest groups for

regional resource sharing and information exchange. The CRJO will be constituted in accordance with the *Local Government Act 1993* from 1 July 2018.

- Southern Phone Company - \$2 shareholder.

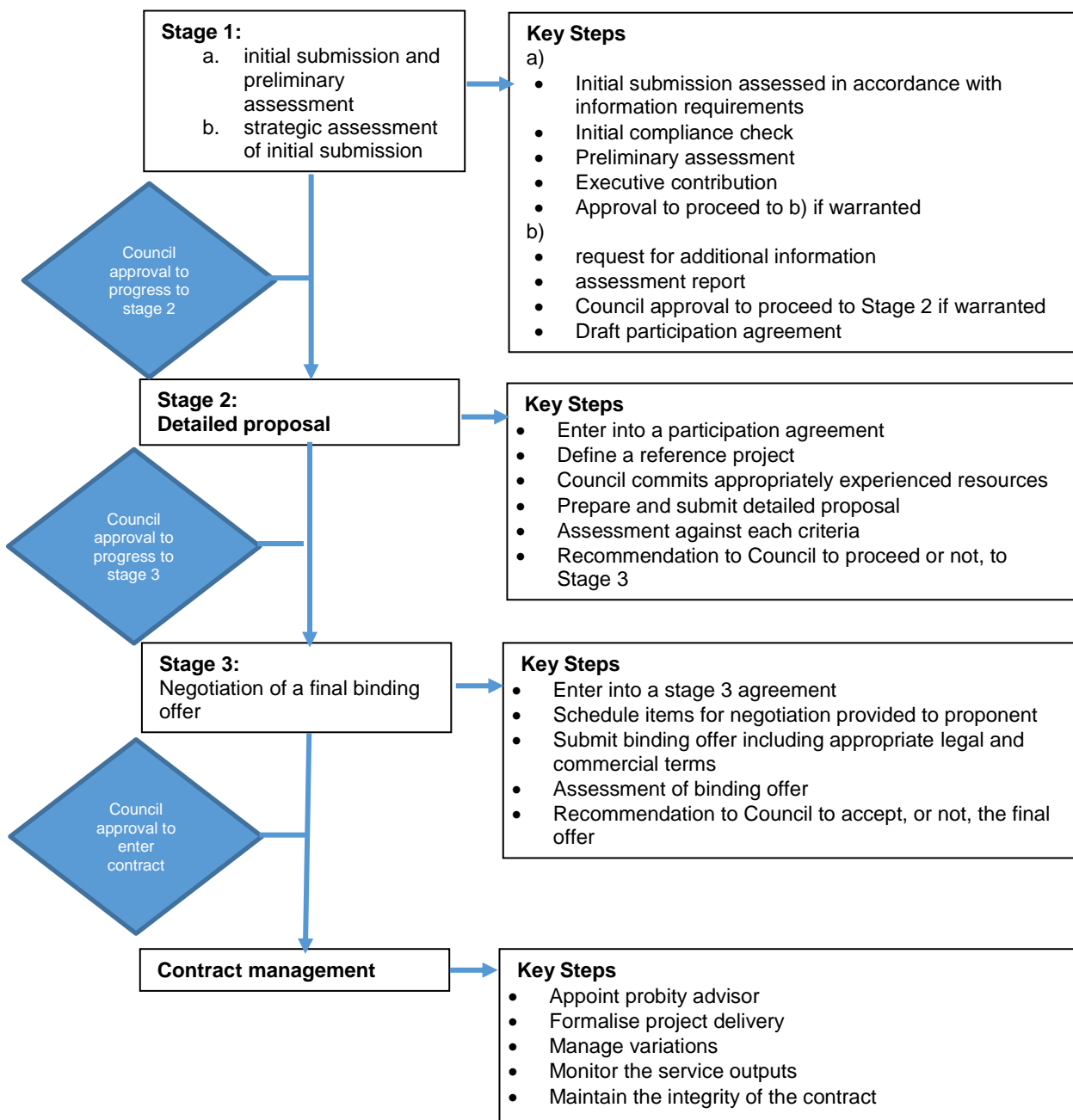
Unsolicited Proposals

From time-to-time, Council receives unsolicited proposals from parties seeking partner with Council in a development or project.

To provide some guidance and structure in dealing with such representations, Council has adopted a Procedure for Dealing with Unsolicited Proposals.

In summary the process is in stages as outlined below:

Key stages in the consideration of unsolicited proposals



To date the Council has received two proposals. Firstly, from Downtown Q Pty Ltd for development of Council land in the civic centre precinct where stage 1 has been delivered and Council has approved the proposal progressing to stage 2.

Moran (Queanbeyan) Pty Ltd has presented a concept to Council which is very preliminary and is being considered at the stage 1 level. In future years more detail of these proposals will be outlined.

Privacy and Personal Information ACT 1998

The *Privacy and Personal Information Protection Act 1998 (PPIP Act)* was introduced to provide central safeguards to an individual's privacy in relation to a wide variety of personal information held by public sector agencies including councils. Council must ensure compliance with the requirements of the Act and has adopted the Model Privacy Management Plan issued by the Office of Local Government.

Council is required under the provisions of the *PPIP Act* to include in information collected about individuals the following:

- the nature of personal information we collect
- the purpose for which we collect personal information
- an individual's right to access their personal information.

Council collects personal information for the following purposes:

- building certificates
- compliance certificates
- consents and approvals
- land transactions
- licences held
- occupation certificates
- notification of adjoining premises of development proposals
- rates records
- record of approvals
- records of impounding
- register of pecuniary interests
- subdivision and zoning certificates
- provision of care and support
- job applications
- employment.

The purpose for collecting this information is to allow Council to complete its statutory responsibilities under the *Local Government Act 1993* and other legislation. Under the provisions of the *PPIP Act* individuals have the right to access their own personal information that we hold.

No applications were made for information under the Act during 2017-2018 and no review of the Act or Council's procedures were required. Further information on gaining access to this information can be obtained from the Council's Public Officer on 6285 6513.

Disability Inclusion Action Plan

The QPRC Disability Inclusion Action Plan 2017- 2021 is guiding Council to meet its requirements under the *NSW Disability Inclusion Act 2014*.

The plan has four focus areas:

- Creating Liveable Communities
- Improving Access to Services through better Systems and Processes
- Promoting Positive Community Attitudes and Behaviours
- Supporting Access to Meaningful Employment.

A detailed implementation plan and evaluation framework supports the plan and measures our progress. An Access Committee with representatives from across the region is overseeing the implementation of the plan.

Annual Progress for 2017-2018

- The upgrade to Queanbeyan Aquatic included an accessible wet area.
- An amphibious aquatic wheelchair was purchased for the Queanbeyan Aquatic Centre (see photo below).
- There was a donation of an adult change table from a local organisation, which Council will place into Queanbeyan Aquatic Centre accessible change rooms.
- The installation of an accessible play space at Apex Park was completed with community consultation.
- Community Development officers have participated in training to build their skills and knowledge to support access.
- Council continues to be committed to consulting with people with disability on a variety of issues. This includes facilitating the Access Committee to provide advice to Council on access matters.
- Council has worked to increase opportunities for people with a disability to participate in and build community capacity in implementing accessible community events. This includes the development and implementation of an accessible event checklist (see photo on right).
- To acknowledge less visible disabilities, Community Development officers acknowledged Epilepsy Awareness week in collaboration with other Council portfolios (see photo right).
- Access guides were purchased to be used as a resource for the Access Committee, Council libraries and Community team.



Public Interest Disclosures Act 1994

Council is required as a public authority to report half yearly on any public interest disclosures that are reported. No disclosures were reported or finalised in the current year.

Council has established an internal reporting policy and the General Manager has taken action to promote staff awareness of Council's obligations including:

- policy briefings for senior managers:
- as part of induction, staff indicate that they have read and understood the internal reporting policy:
- training provided to new staff during induction;
- appropriate links on the intranet site,
- and messages in staff newsletters and circulars.

| | Made by Public Officials performing their day to day functions | Under a statutory or legal obligation | All other PIDSA |
|--|--|---------------------------------------|-----------------|
| No of public officials who made public interest disclosures to your public authority | 0 | 0 | 0 |
| No of public interest disclosure received by your public authority | 0 | 0 | 0 |
| No of public interest disclosures that have been finalised in this reporting period | 0 | 0 | 0 |
| No of public interest disclosures received, how many were primarily about: | 0 | 0 | 0 |
| Corrupt conduct | | | |
| Maladministration | 0 | 0 | 0 |
| Serious and substantial waste | 0 | 0 | 0 |
| Government information contravention | 0 | 0 | 0 |
| Local government pecuniary interest contravention | 0 | 0 | 0 |
| No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period. | 0 | | |
| Have you established an internal reporting policy? | Yes | | |
| Has the head of your public authority taken action to meet their staff awareness obligations? | Yes | | |
| If so, please select how staff have been made aware: | | | |
| – Policy briefing from senior managers; | | | |
| – staff undertaking that they have read and understood your organisation’s internal reporting policy; | | | |
| – training provided to new staff during induction; | | | |
| – links to intranet site; | | | |
| – messages in staff newsletters; | | | |
| – messages in circulars | | | |

External bodies exercising Council functions

The following external bodies have been delegated functions by Council for 2017-18:

- Araluen Area Committee
- Braidwood Gymnasium Committee
- Braidwood National Theatre Community Centre Committee
- Braidwood Recreation Ground Committee
- Braidwood Showground Reserve Trust
- Bungendore School Hall Management Committee
- Bungendore School of Arts Management Committee
- Bungendore Town Centre and Environs Committee
- Bungendore War Memorial Committee
- Burra/Cargill Park Management Committee
- Canning Close Reserve Management Committee
- Captains Flat Area Committee
- Carwoola/Stoney Creek Area Management Committee
- Fernleigh Park Management Committee
- Greenways Management Committee
- Hoskinstown Community Hall Committee
- Les Reardon Reserve Facility Management Committee
- Mick Sherd Oval Canteen Facility Committee
- Nerriga Sports Ground Reserve Committee
- Royalla Common Committee
- Wamboin Community Hall Management Committee
- Araluen/Majors Creek Locality Committee
- Braidwood/Mongarlowe Locality Committee
- Bungendore Locality Committee
- Burra/Urila/Royalla/Fernleigh Park Locality Committee
- Captains Flat/Hoskinstown/Carwoola Locality Committee
- Wamboin/Bywong Locality Committee

Controlling interests in companies

Council does not have a controlling interest in any companies.

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Government Information (Public Access) Act 2009 - statistical report

Clause 7A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review.

| Reviews carried out by the agency | Information made publicly available by the agency |
|-----------------------------------|---|
| No | No |

Clause 7B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

| Total number of applications received |
|---------------------------------------|
| 25 |

Clause 7C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

| Number of Applications Refused | Wholly | Partly | Total |
|--------------------------------|--------|--------|----------|
| | 0 | 0 | 0 |
| % of Total | 0% | 0% | |

Schedule 2 Statistical information about access applications to be included in annual report Table A: Number of applications by type of applicant and outcome*

| | Access Granted in Full | Access Granted in Part | Access Refused in Full | Info not Held | Info Already Available | Refused to Deal with Application | Refused to Confirm/Deny whether information is held | Application Withdrawn | Total | % of Total |
|--|------------------------|------------------------|------------------------|---------------|------------------------|----------------------------------|---|-----------------------|-------|------------|
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Private sector business | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 4% |
| Not for profit organisations or community groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Members of the public (by legal representative) | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 20% |
| Members of the public (other) | 12 | 2 | 0 | 0 | 0 | 0 | 0 | 5 | 19 | 76% |
| Total | 17 | 3 | 0 | 0 | 0 | 0 | 0 | 5 | 25 | |
| % of Total | 68% | 12% | 0% | 0% | 0% | 0% | 0% | 20% | | |

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome*.

| | Access Granted in Full | Access Granted in Part | Access Refused in Full | Info not Held | Info Already Available | Refused to Deal with Application | Refused to Confirm/Deny whether information is held | Application Withdrawn | Total | % of Total |
|--|------------------------|------------------------|------------------------|---------------|------------------------|----------------------------------|---|-----------------------|-------|------------|
| Personal information applications* | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 25% |
| Access applications (other than personal information applications) | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 20 | 70% |
| Access applications that are partly personal information applications and partly other | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 4 | 5% |
| Total | 19 | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 25 | |
| % of Total | 70% | 5% | 25% | 0% | 0% | 0% | 0% | 0% | | |

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

| Reason for invalidity | No of applications | % of Total |
|---|--------------------|------------|
| Application does not comply with formal requirements (section 41 of the Act) | 0 | 0% |
| Application is for excluded information of the agency (section 43 of the Act) | 0 | 0% |
| Application contravenes restraint order (section 110 of the Act) | 0 | 0% |
| Total number of invalid applications received | 0 | 0% |
| Invalid applications that subsequently became valid applications | 0 | 0% |

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

| | Number of times consideration used* | % of Total |
|---|-------------------------------------|-------------|
| Overriding secrecy laws | 0 | 0% |
| Cabinet information | 0 | 0% |
| Executive Council information | 0 | 0% |
| Contempt | 0 | 0% |
| Legal professional privilege | 0 | 0% |
| Excluded information | 0 | 0% |
| Documents affecting law enforcement and public safety | 0 | 0% |
| Transport safety | 0 | 0% |
| Adoption | 0 | 0% |
| Care and protection of children | 0 | 0% |
| Ministerial code of conduct | 0 | 0% |
| Aboriginal and environmental heritage | 0 | 0% |
| Total | 0 | 100% |

*More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

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Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

Personal details (*name address, phone number etc.*) is never released by the Council and is redacted in any information provided.

| | Number of times consideration used* | % of Total |
|--|-------------------------------------|------------|
| Responsible and effective government | 0 | 0% |
| Law enforcement and security | 0 | 0% |
| Individual rights, judicial processes and natural justice | 1 | 50% |
| Business interests of agencies and other persons | 1 | 50% |
| Environment, culture, economy and general matters | 0 | 0% |
| Secrecy provisions | 0 | 0% |
| Exempt documents under interstate Freedom of Information legislation | 0 | 0% |
| Total | 2 | |

Table F: Timeliness

| | Number of applications | % of Total |
|--|------------------------|------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 25 | 100% |
| Decided after 35 days (by agreement with applicant) | 0 | 0% |
| Not decided within time (deemed refusal) | 0 | 0% |
| Total | 25 | |

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total | % of Total |
|--|-----------------|-----------------|----------|------------|
| Internal review | 1 | 1 | 2 | 67% |
| Review by Information Commissioner* | 1 | 0 | 1 | 33% |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 | 0% |
| Review by NCAT | 0 | 0 | 0 | 0% |
| Total | 2 | 1 | 3 | |
| % of Total | 67% | 33% | | |

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

| | Number of applications for review | % of Total |
|---|-----------------------------------|------------|
| Applications by access applicants | 2 | 100% |
| Applications by persons to whom information the subject of access application relates (see <i>section 54 of the Act</i>) | 0 | 0% |
| Total | 2 | |

Table I: Applications transferred to other agencies.

| | Number of applications transferred | % of Total |
|---------------------------------|------------------------------------|------------|
| Agency-Initiated Transfers | 0 | 0% |
| Applicant - Initiated Transfers | 0 | 0% |
| Total | 0 | |

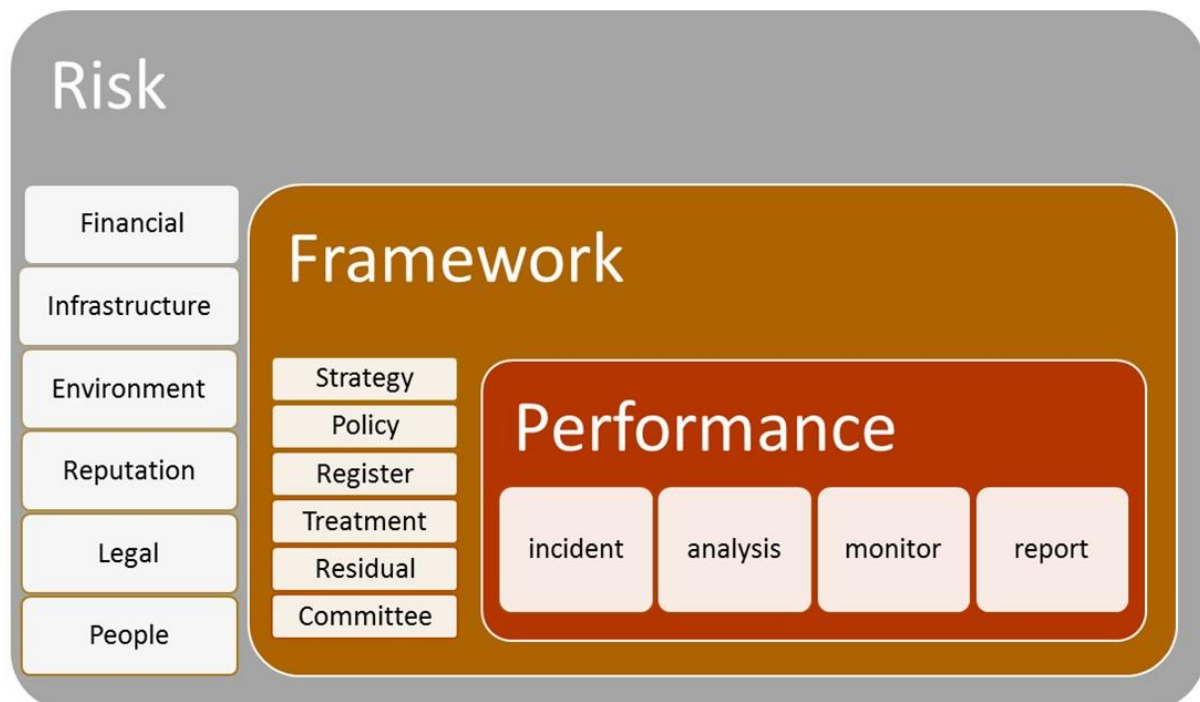
Risk Management

Risk Management in Local Government is seen as good business practice having developed from an appreciation of insurable risk and is progressing to an Enterprise Risk Management perspective.

Amendments to the *Local Government Act 1993* recognise that councils must undertake sound risk management practices and extends the scope of the Audit Committee to also capture "Risk Management" and "Business Improvement". This Committee will now be known as the Audit, Risk Management and Improvement Committee and its charter has been broadened to reflex this expanded role.

The Audit Risk and Improvement Committee also now has a greater role in Risk Management and an Internal Risk Management Group has been established to work with the Council Executive, management and the Committee to develop an Enterprise Risk Framework for the organisation.

During the past 12 months, a statement of risk appetite, a risk management directive, a revised Risk Management Policy and a risk register have been developed in accordance with the under-listed framework.



The policy will be placed on public exhibition in early 2018-19 and provides for:

- details the objectives of Council's risk management framework.
- summarises Council's risk appetite, which is articulated in detail in the Directive along with tools for assessing and evaluating specific risks.
- defines accountabilities and responsibilities for managing risk in a manner that is consistent with the current Australian / New Zealand standard on risk management.

These improvements will provide assurance identify any gaps in the three lines of defence matrix.

It is a Council priority to better integrate Risk Management into our planning and reporting practices and other corporate activities. The work undertaken during the year are steps forward to embed sound enterprise risk management practices into our operations.

Fraud control

Council has zero appetite for any form of fraud or corruption, and has adopted a fraud control framework and implemented fraud prevention systems and strategies. An internal audit of Council's fraud control framework was undertaken in 2016-17 and during the current year the Council has progressed the results of that review. Fraud control awareness is included as part of induction for new employees and regularly communicated to staff.

Staff are also encouraged to utilise protections available under the *Public Interest Disclosures Act 1994* if they are aware of fraud within the organisation. The Act encourages and facilitates the reporting and investigation of corrupt conduct, maladministration, serious and substantial waste, government information contravention and local government pecuniary interest contravention thorough:

- enhancing and supporting established procedures for making disclosures concerning such matters
- protecting persons making disclosures from reprisals
- providing for disclosures to be properly investigated and dealt with.

Guidance has been provided to the Council by the model NSW local government Code of Conduct and Procedures for the Administration of the Model Code of Conduct, which addresses:

- general conduct obligations
- pecuniary interests
- non-pecuniary conflicts of interest
- personal benefit
- relationships between council officials
- access to information and council resources.

Both the Code and the Procedures will be reviewed in 2018-19. The Council has also adopted the model Code of Meeting Practice which is designed to achieve a range of outcomes, including:

- promoting the making of decisions by the governing bodies of councils that are in the best interests of the council and the community as a whole
- promoting more accessible, orderly, effective and efficient meetings and to provide councils with the tools to achieve these outcomes
- codifying areas of common practice across councils in a way that is clear, efficient, leads to better informed and more effective decision making and that is consistent with the requirements of the Local Government Act 1993.

Material addressing fraud and corruption control at the operational level includes:

- fraud control policy, fraud control plan and fraud risk register developed as part of part of the internal audit of Council's fraud control practices
- fraud and corruption awareness training material delivered as part of Council's implementation of an eLearning platform and strategy.

Guidance in respect of fraud control is also provided by the Council's insurers. No specific instances of fraud or corrupt behavior was detected during the financial year.

Complaints handling

Complaints are defined in the Council's Complaint handling policy as an *expression of dissatisfaction with the Council's level or quality of service or policies or procedures*. Dissatisfaction may arise from the service or behaviour provided by Council staff, councillors, or contractors or from the impact of a particular policy or procedure.

A complaint **does not** include:

- A request for services
- A request for information or explanation of policies or procedures or decisions of Council
- Reports of damaged or faulty infrastructure (eg. pothole)
- Reports of hazards (eg. fallen trees etc.)
- Reports concerning neighbours or neighbouring property (eg. noise complaints etc.)
- A comment on Social Media.
- The lodging of an appeal in accordance with procedure or policy.

The Council has a system which records and tracks the progress of work requests that are received. Any formal complaint is processed in accordance with the Complaints handling policy. During the reporting period only three formal complaints were processed in accordance with the policy. No resolution of the complaint could be achieved.

Code of Conduct

Queanbeyan-Palerang Regional Council adopted its Code of Conduct on 12 October 2016, based on the Model Code of Conduct prepared by the Office of Local Government. Council is required to report annually to the Office of Local Government for the period ending 30 September on Code of Conduct matters. During 2017-18, five complaints were lodged against councillors. One was referred to the Office of Local Government for preliminary assessment, but was returned to Council to deal with and has progressed to an investigation by a sole reviewer. The outcome is pending.

One complaint was made against the Administrator which was handed to the Office of Local Government. The Office of Local Government's finding was that there was a breach of the Code of Conduct by the Administrator by failing to comply with the conflict of interest and management requirements in regard to a non-pecuniary interest at the Ordinary Meeting of Council on 23 November 2016, in respect to the consideration of a report titled 'Queanbeyan CBD Property Proposal and Queanbeyan Office'.

Three complaints have been resolved and the outcomes of two other complaints are pending.

| Number of complaints and associated costs | |
|--|----------|
| The total number of Code of Conduct complaints made about the Mayor and the General Manager under the Code of Conduct. | 1 |
| The number of Code of Conduct complaints referred to a conduct reviewer. | 5 |
| The number of Code of Conduct complaints investigated by a conduct reviewer. | 1 |
| The number of Code of Conduct complaints investigated by a conduct review committee. | 0 |
| The total cost of dealing with Code of Conduct complaints made about councillors and the General Manager, including staff costs. | \$25,000 |

| Preliminary Assessment Statistics | |
|--|---|
| The number of Code of Conduct complaints finalised by a conduct reviewer at the preliminary assessment stage. | 2 |
| The number of those complaints finalised by any of the following recommendations: | |
| To take no action. | 0 |
| To resolve the matter back to the General Manager or the Mayor, for resolution by alternative and appropriate strategies. | 2 |
| To refer the matter to another agency or body such as, but not limited to, the ICAC, the NSW Ombudsman, the OLG or the Police. | 0 |
| To resolve the complaint by alternate and appropriate strategies | 0 |
| To investigate the matter. | 1 |
| The recommend that the Complaints Coordinator convene a conduct review committee to investigate the matter. | 0 |

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| Final Investigation Statistics | |
|--|---|
| The number of Code of Conduct complaints investigated by a conduct reviewer or conduct review committee | 1 |
| The number of these complaints finalised by any of the following: | |
| That the Council revise any of its policies or procedures. | 0 |
| That the subject person undertake any training or other education relevant to the conduct giving rise to the breach. | 0 |
| That the subject person be counselled for their conduct. | 0 |
| That the subject person apologise to any person or organisation affected by the breach. | 0 |
| That findings of inappropriate conduct be made public. | 0 |
| In the case of a breach by the General Manager, that action be taken under the General Manager's contract for the breach. | 0 |
| In the case of a breach by a councillor, that the councillor be formally censured for the break under section 400G of the Act. | 0 |
| In the case of a breach by a councillor, that the matter be referred to the OLG for further action. | 0 |

| Complaints reviewed by the OLG | |
|--|---|
| Number of matters reviewed by the Division | 0 |
| Outcome: Decision sustained | 0 |
| Outcome: Decision overturned | 0 |

Audit Risk and Improvement Committee

The Council's Audit, Risk and Improvement Committee has been established as a demonstration of best practice to provide independent assurance and assistance to the Queanbeyan-Palerang Regional Council. The role and responsibilities of the Committee, defined in its charter, are to assess the effectiveness of Council's frameworks, actions and controls in relation to:

- risk management
- Council's control framework
- external accountability, including preparation and publication of council's annual financial statements
- legislative compliance
- internal & external audit
- process improvement.

The Committee's membership comprised three independent external members, two councillors and the General Manager's nominee. Membership and meeting attendance of the Committee during 2017-18 is as follows:

| | Meetings attended |
|------------------------------|-------------------|
| Mr Andrew Cox (Chair) | 5 |
| Dr Ken Crofts | 5 |
| Mr Max Shanahan | 5 |
| Mr Peter Neil (GMs Nominee) | 3 |
| Cr Brian Brown | 1 |
| Cr Peter Harrison | 1 |

Significant matters considered by the Committee during 2017-18 included:

- efforts to obtain certification of Council's Work, Health and Safety and Environmental Management systems
- updates on major projects and implementation of a Council Project Management Office
- Council's practices for administration of delegations
- arrangements for reporting against the Integrated Reporting Framework

- preparation and audit of Council's annual financial statements and the formation of a financial statement subcommittee to provide ongoing assurance in relation to financial reporting issues
- the client service plan prepared by the NSW Audit Office detailing their strategies and key issues for the audit of Council's 2017-18 annual financial statements.

Internal Audit Activity for 2017-18

Council's Internal Audit program was undertaken through the engagement of a contracted external provider, Oakton, who:

- completed audits in accordance with the Council's Internal Audit Charter and 2017-18 Internal Audit Plan, which focused on key risks arising from amalgamation and transition of Council's systems and business activities following the merger
- conducted detailed planning for each audit in consultation with Council management
- reported on progress against that plan and the results of each audit to Committee meetings progressively through the year.

Audits considered by the Committee during 2017-18 addressed:

- implementation of Transition Plan activities
- Information and Communication Technology general controls
- physical security of infrastructure assets
- financial controls
- implementation of the TechnologyOne OneCouncil suite of applications including financial and human resource management, and revenue and rates
- management of Council's family day care program.

Actions taken by Council management to implement agreed recommendations made by Internal Audit, and the auditors of Council's annual financial statements are reported to each meeting of the Committee.

Similarly, the Committee notes that:

- transitioning from systems and business practices inherited from the former Palerang and Queanbeyan City councils to contemporary whole of QPRC frameworks remains a key point of focus for Council and topic for consideration by the Committee.
- efforts to implement an integrated and aligned frameworks for risk management, inclusive of fraud control, business continuity management and disaster recovery arrangements are ongoing. The Committee will continue to review the implementation of these frameworks, as they are key to ensuring management of Council's activities is informed by, and responsive to the risks inherent to those activities and ongoing transition to a regional council.
- maintenance of effective governance and management arrangements for major projects remains a key issue for Council, and the Committee will consider reports and presentations in relation to these efforts.

The Committee has conducted a performance self-assessment to assist in identifying and addressing any areas that can be addressed to enhance the effectiveness of the Committee's contribution to Council's management and governance. The outcomes of this assessment have identified a number of opportunities to enhance the effectiveness of the Committee, which will be implemented through the remainder of 2017-18.

Member contributions to other Council activities

In addition to their participation in the activities of the Audit, Risk and Improvement Committee:

- Mr Andrew Cox has been a member of the Implementation Advisory Group, which has provided advice to the Mayor on transition for the Council.
- Mr Max Shanahan has acted as Chair of the Carwoola Bushfire Appeal Panel, which has provided oversight of the distribution of funds donated to the Carwoola Bushfire Appeal, to assist property owners and occupiers whose homes were destroyed or substantially damaged as a result of the 17 February 2017 Carwoola bushfire. The Panel oversaw the distribution of approximately \$199,000 in the form of payments direct to eligible people and to fund assessments of dangerous trees. The Panel's final meeting was held on 9 April 2018.

Companion Animals

The animal management expenditure in the 2017-18 financial year was \$346,974. Income from companion animal activities in 2017-18 was \$153,671. Queanbeyan-Palerang Regional Council has 15,199 (as at 15 May 2018) dogs registered in the Local Government Area, with 1,994 cats registered.

During the financial year, resourcing was an issue within the team and was not adequately addressed until January 2018 when two new Animal Management Officers started with Council. One of these positions represented a new full time equivalent staff member and now means that two AMOs are based in Queanbeyan and one is based in Bungendore, patrolling areas such as Bungendore, Bywong/Wamboin, Captains Flat and Braidwood.

Council undertook a number of community education programs during the year, via groups and some one-on-one meetings. Responsible dog ownership articles were placed in Council's community newsletter, QPRC News, regarding animal management. QPRC News is distributed to more than 28,000 households in the Queanbeyan-Palerang Local Government Area. Animal Management Rangers continue to offer ongoing education of customers at the Pound, regularly providing information on pet ownership to customers of the animal management facility.

Council is grateful for the work undertaken by rescue groups within the region, behavioural experts who assist with temperament assessments and volunteers who regularly walk the animals. Assistance provided by these three groups provide Council with information to provide the best opportunity for animals to be re-homed in a suitable environment.

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Corporate Sponsorships

| Name of organisation | Relationship | What the sponsor agreed to provide | What Council agreed to provide | Financial commitment to Council | Approximate value provided to Council |
|--|--|---|---|---------------------------------|---|
| Queanbeyan Multicultural Festival | | | | | |
| Westpac bank corporation | Partnership | \$2500.00 to event. No other banking institution part of the event. Signage on main stage. Name of stage from mc throughout the day. Raffle prize. Prime vender location near main stage | Prime vender location near main stage. MC to announce stage name Raffle prize to be drawn on main stage. Promotion of banking staff multicultural diversity prior to the event | \$2500.00 | \$2500.00 |
| Music By The River | | | | | |
| Icon Water | Double partnership with icon water and CSO | Payment of Canberra symphony orchestra performance | Event and event management and promotion | \$20.000 | \$20.000 |
| Shop and Win Promotion | | | | | |
| Braidwood Community Bank | Financial partner/sponsor | Provide financial sponsorship for Christmas Shop & Win 2017 | Promotion of business logo on all printed/electronic material relative to Braidwood Christmas Shop & Win | \$2,000 | \$2,000 |
| Bungendore Community Bank | Financial partner/sponsor | Provide financial sponsorship for Christmas Shop & Win 2017 | Promotion of business logo on all printed/electronic material relative to Bungendore Christmas Shop & Win | \$2,000 | \$2,000 |
| Bungendore Chamber of Commerce & Industry | Financial partner/sponsor | Provide financial sponsorship for Bungendore Christmas Shop & Win 2017 | Promotion of business logo on all printed/electronic material relative to Bungendore Christmas Shop & Win | \$3,000 | \$3,000 |
| Places and Spaces activation | | | | | |
| Vincenzo and Maria Suraci | QBN Landlord in-kind sponsorship | Use of commercial space at 58 Monaro St QBN for a 10 day period at no charge | To conduct a pop-up retail space for a 7 day period with a bump in and bump out period on either side of the trading days; to cover all staff and area with appropriate insurances and to leave the space as it was found. | 0 | \$500 (approx. weekly rent \$300 x half again = \$450 + electricity = \$50) |
| Summer Activation events | | | | | |
| Coles Queanbeyan | Q-One Aquatics Summer Activation | Provide for the QBN, Captains Flat, Braidwood and Googong Events: 2300 Sausages, 230 loafs (x10) bread, 100 packets (x6) juice boxers, 100 packets (x24) Water , 40 bottles tomato & barbeque sauces, 50 packets (x50) serviettes, and 20 bags ice. 50 packets of onion | Coles Queanbeyan will receive acknowledgement by the following: • Coles online delivery service flyers • Display of a sponsorship banner supplied by QPRC • Acknowledgement by Service Manager Recreation & Culture at opening | In-Kind | \$2,700 (based on the details in blue) |

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| | | | | | |
|------------------------|----------------------------------|---|---|---------|-------------------------------------|
| IGA Bungendore | Q-One Aquatics Summer Activation | Provide for the Bungendore Events: 250 Sausages, bread, juice boxers, water, tomato & barbeque sauces, serviettes, and ice. Provided watermelon staff and cooked it as well. | IGA Bungendore will receive acknowledgement by the following: • IGA Marquee & flags at the event. • Display of a sponsorship banner supplied by QPRC • Acknowledgement by Service Manager Recreation & Culture at opening | In-Kind | \$1,000 (estimate) |
| Riverside Plaza | Q-One Aquatics Summer Activation | \$5 Food Court Vouchers | Acknowledgement by Service Manager, Recreation & Culture at the closing of each event. | In-Kind | \$1,500 based on 300 being used. |

Appendix 1 – Progress of Projects and Programs

Strategic Pillar 1, Community Projects and programs

| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|--------------------------|
| 1.1.1.1 Stronger Communities \$9m – Wet play area Queanbeyan Aquatic | Completed | 100 | The project was completed and opened to the public on 20 January 2018. | Recreation and Culture |
| 1.1.1.1 Fernleigh Park Community Hall refurbishment | Completed | 100 | Project complete | Transport and Facilities |
| 1.1.1.1 Goal Post renewal program | Completed | 100 | Three sets of goals replaced | Urban Landscapes |
| 1.1.1.2 Stronger Communities \$9m – Aquatic Centre paint and restore | In Progress | 25 | Upon testing there were bubbles under the outside surface, caused by water, to over 80% of the covering. This means the surface needs to be replaced. A specialist company is currently developing a sample for the replacement of the pebblecrete surface. Upon receiving the sample the Heritage Committee will be consulted. | Recreation and Culture |
| 1.1.1.2 SRV-Ingleside Park-Upgrade softfall and shade | Completed | 100 | Playground upgrade complete, new fence shade and improvements | Urban Landscapes |
| 1.1.1.3 Stronger Communities \$9m - Eastern Pools | In Progress | 45 | The proposed works are now almost finalised, as part of a wider Ryrie Park project. Development application to be submitted in August, with works to be undertaken in the 2019 pool off season. | Recreation and Culture |
| 1.1.1.3 SRV-Hayley Park East - Replace furniture landscape upgrade | Completed | 100 | Playground upgrades completed | Urban Landscapes |
| 1.1.1.4 SRV- Jane Hodgson Park-Upgrade equipment and softfall | Completed | 100 | Playground upgrades completed | Urban Landscapes |
| 1.1.1.5 Stronger Communities \$9m - Dog Park Googong | Completed | 100 | Project completed 30 November 2017 | Urban Landscapes |
| 1.1.1.6 Stronger Communities \$9m – Refurbish netball courts Karabar | In Progress | 85 | New fencing, painting and concrete work complete. Currently designing wheelchair facilities. | Urban Landscapes |
| 1.1.1.7 Stronger Communities \$9m – Seiffert Oval spectator entrance | In Progress | 85 | New fencing, painting and concrete work complete. Currently designing wheelchair facilities. | Urban Landscapes |
| 1.1.1.8 Stronger Communities \$9m – Braidwood | In Progress | 25 | Design and consultation complete, fisheries application lodged, currently obtaining quotes. | Urban Landscapes |

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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|-------------------------|
| Rec Ground Stage 2 | | | | |
| 1.1.1.9 Stronger Communities \$9m – Bungendore Rec Ground Stage 1 | In Progress | 5 | Negotiations with property owner underway, Council endorsed site and process. Survey commissioned and design work started | Urban Landscapes |
| 1.1.1.10 Stronger Communities \$9m – Queanbeyan Park central playground | Completed | 100 | Works complete, playground being used, positive community feedback | Urban Landscapes |
| 1.1.1.11 Stronger Communities \$9m – Glebe Park Playground Queanbeyan | In Progress | 100 | Works complete, playground being used, positive community feedback | Urban Landscapes |
| 1.1.1.12 Stronger Communities \$9m – Henderson Road Recreation Area | In Progress | 75 | Shade sails installed, solar light installed | Urban Landscapes |
| 1.1.1.13 Stronger Communities \$9m – Upgraded community facilities Captains Flat | In Progress | 90 | Tree Planting complete and amenities painted, playground improved and horse trough recommissioned. Community to work with artist on mural | Urban Landscapes |
| 1.1.2.1 Reconciliation Walk | Completed | 100 | Successful event held with over 2500 participants 29 May 2018. | Community and Education |
| 1.1.2.1 Special Heritage Fund 2017-18 | In Progress | 95 | During the period a number of actions were undertaken. These included advertising for applications for Special Heritage Fund Grants, receiving and assessing two applications and reporting on these to Council's meeting of 28 February 2018. As a result Council agreed to fund two applications (Resolution No. 069/18 - 28 February 2018) with one being fully acquitted by the end of the financial year and the other being acquitted up to 40%. In relation to the latter application Council resolved (PLA067/18 - 13 June 2018). | Land-use Planning |
| 1.1.2.1 Season shows – The Q | In Progress | 79 | The Q 2017 season concluded, and the 2018 season will launch in December. | Recreation and Culture |
| 1.1.2.2 Youth projects | Completed | 100 | Youth Week and LiquidFest - Successful events completed over 400 attendees for both events. Early Intervention Participation Program achieved set targets from FACS, report submitted to FACS. FACS funded Young Parents Group held weekly - meeting attendance targets each week. School Holiday Programs - September, December /January, April all completed with good attendance, within budget. School programs - all sports programs completed for the year - moving into 2018/2019. Over 60 attendees each week from both QBN High Schools. | Community and Education |

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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|-------------------------|
| | | | Drop in - weekly targets achieved all year. Youth Interagency Network Meetings - held bi-monthly - met targets of 6/year New programs - Basketball, Girls Zone, Koori Group ongoing, meeting weekly targets. Boxing program completed. | |
| 1.1.2.2 Special Heritage Fund – allocated in 2017 | Completed | 100 | During the period a number of actions were undertaken. Three of these were completed by September 2017 and one was further considered by the Administrator and as result was deemed to be an application for the 2017 -18 period (Minute No 122/17 - 26 April 2017). This was completed at the end of May 2018. | Land-use Planning |
| 1.1.2.2 Queanbeyan River Festival | Not Started | 0 | As per Council Resolution, The River Festival was removed from the annual calendar or events. | Recreation and Culture |
| 1.1.2.2 Stronger Communities \$9m – Showground Grandstand Queanbeyan | In Progress | 85 | Upper and lower timber floors restored, roofing iron relaced and sub-floor pest management complete. Further work required in amenities. | Urban Landscapes |
| 1.1.2.3 Rusten House Arts Centre | In Progress | 20 | Funding in place, DA approved, Architect appointed. Preliminary interior work commenced. Transport and Facilities to project manage building component of project. | Community and Education |
| 1.1.2.3 Braidwood Archaeological Study | In Progress | 72 | Work on this project included the development of a project plan, the formation of an internal committee, the procurement of a consultant commenced, refinement of project method and plan. Discussions have concluded with the NSW Heritage Branch on the best way to proceed and an amended project brief has been awarded and work has commenced. | Land-use Planning |
| 1.1.2.3 Carols in the Park | Completed | 100 | The Carols in the park event was merged with the QBN Christmas Party on the River. | Recreation and Culture |
| 1.1.2.4 Stronger Communities \$9m –Rusten House Queanbeyan | In Progress | 20 | Funding in place, DA approved, Architect appointed. Preliminary interior work commenced. Transport and Facilities to project manage building component of project. | Community and Education |
| 1.1.2.4 Australia Day Event | Completed | 100 | The Australia Day Event(s) are planned and ready to be delivered on Australia Day. | Recreation and Culture |
| 1.1.2.5 Seniors Week | Completed | 100 | Several events were held during Seniors week across the QPRC region. | Community and Education |
| 1.1.2.5 Queanbeyan Gift | Completed | 100 | The Queanbeyan Gift was run by external event organisers, and Council provided sponsorship | Recreation and Culture |
| 1.1.2.6 Multicultural Festival | Completed | 100 | The Multicultural Festival successfully took place on 4 March 2018 | Recreation and Culture |
| 1.1.2.7 Oktoberfest | Completed | 100 | The Oktoberfest was run by external event organisers, and Council provided sponsorship | Recreation and Culture |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-----------|------------|---|-------------------------|
| 1.1.2.8 Music By the River | Completed | 100 | The Music by the River Event successfully took place on 3 March 2018 | Recreation and Culture |
| 1.1.2.9 Christmas in July | Completed | 100 | This event was completed and delivered to the community. | Recreation and Culture |
| 1.1.2.10 Christmas Party – Queanbeyan | Completed | 100 | This event was completed and delivered. | Recreation and Culture |
| 1.1.2.11 Christmas Party - Bungendore | Completed | 100 | This event was prepared and ready, however, was cancelled due to forecast heavy rain. | Recreation and Culture |
| 1.1.2.12 Christmas Party - Braidwood | Completed | 100 | This event was prepared and ready, however, was cancelled due to forecast heavy rain. | Recreation and Culture |
| 1.1.2.14 Events brand creation | Completed | 100 | Creation of Q-One Events has now been completed. | Recreation and Culture |
| 1.1.4.1 Purchase of E-Books | Completed | 100 | Monthly and annual purchase targets were met - within budget. New contracts in place for 2018-19 | Community and Education |
| 1.1.4.2 Domestic Violence initiatives | Completed | 100 | Completed the White Ribbon School Event in November 2017, over 250 students attended the lunch held in Bicentennial Hall. | Community and Education |

Key performance indications – Strategic Pillar 1 - Community

| KPI | Result | Responsible Officer | Comment |
|--|---------|--|---|
| Improved net returns from performance programs | 24.30% | Service Manager, Recreation and Culture | The Q's net cost to Council reduced by 24.3%. *Note this excludes internal attribution charges which vary from year to year. |
| Community and Education : Increased community participation in community service programs | 5% | Service Manager, Community and Education | Aim for increase in community participation of 5 % p.a. 2017-2018 is the first full year of branch operations. Data will form a baseline for future years. |
| Libraries : Increased community patronage and borrowings from libraries | 5 | Service Manager, Community and Education | Aim for growth in community participation of 5% p.a. Library usage is changing and participation will now include programs, events, outreach activities, loans, use of technology and usage of the library as a space. Includes mobile services, and activities across the 3 branches. |
| Increased community participation in cultural events and exhibitions and utilisation of centres | No data | Service Manager, Recreation and Culture | All events have increased attendance numbers and all community venues had increased hire revenues. |
| Sporting fields prepared and presented for sports in seasons | 100 | Service Manager, Urban Landscapes | All sporting facilities prepared on time and to standard. |
| Improved net result from indoor sports and aquatic centres | -9.60 | Service Manager, Recreation and Culture | Indoor Sports and Aquatic Centres net cost to Council increased by 9.6%. *Note this excludes internal attribution charges which vary from year to year. |

Strategic Pillar 2, Choice Projects and Programs

| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|--------------------------|
| 2.1.1.1 Retail Strategy | In Progress | 75 | A first draft has been received. Expect completion by the end of 2018 | Business and Innovation |
| 2.1.1.2 Economic Prospectus | Not Started | 0 | Economic Prospectus was an anticipated component of the BBRF grant which was activated on 2 February 2018. However, budgetary constraints may prevent this from being developed. Awaiting final costings on BBRF associated projects before deciding if there are available funds for a prospectus. | Business and Innovation |
| 2.1.1.3 Economic Development Strategy | In Progress | 95 | Regional Economic Development Strategy (REDS) community consultations complete. A Draft has been received and is currently being reviewed. Expect completion by the end of November 2018 | Business and Innovation |
| 2.1.1.4 QPop and Markets | Ongoing | 100 | The markets are up and running every Thursday in Crawford St. | Business and Innovation |
| 2.1.2.1 Business Awards | Ongoing | 75 | Business Awards are ongoing. 2018 Awards are currently open for nominations | Business and Innovation |
| 2.1.2.2 Bungendore and Braidwood Connect | Ongoing | 100 | Both are ongoing each month. Queanbeyan Connect commenced in March 2018 and is now ongoing on the second Wednesday of each month | Business and Innovation |
| 2.1.2.3 Business Retention and Expansion Survey | Deferred | 0 | Not proceeding. The Retail Growth Strategy included a significant shopper and business research component from which data can be drawn. Budget transferred to CBD Spatial Business Plan as per third quarter review | Business and Innovation |
| 2.1.3.1 CBD Master Planning | In Progress | 25 | CBD Community Values work complete. Procurement complete and Hames Sharley appointed to complete the project. A gap analysis has been complete. Expect completion at the end of 2018. | Business and Innovation |
| 2.1.3.1 Smart Cities Digital Plan | Completed | 100 | Smart Community and Digital Economy Plan was endorsed at 25 October Council meeting and uploaded to QPRC website | Transport and Facilities |
| 2.1.3.1 Stronger Communities \$9m – Town centre improvements Bungendore | In Progress | 95 | Trees planted, gardens refurbished and paths underway. Furniture installed, just awaiting art work for wayfinding signage | Urban Landscapes |
| 2.1.3.2 Placemaking, Public Art and Laneways Plan and implementation | Not Started | 0 | Included in the CBD Spatial Business Plan (CBD Masterplan Renew) - Budget transferred to the CBD Spatial Business Plan development as per third quarter review | Business and Innovation |
| 2.1.3.2 Stronger Communities \$9m – Streetscape improvements, Karabar | Completed | 100 | Works completed late 2017. | Urban Landscapes |

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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|--|-------------------------|
| 2.1.3.3 Stronger Communities \$9m – Streetscape improvements, commercial | Completed | 100 | Funding complements grant received from NSW Government for works around Karabar commercial area, landscaping works largely complete, awaiting the installation of a light and bollards. Works complete | Urban Landscapes |
| 2.1.3.4 Stronger Communities \$9m – Lascelles street upgrade Braidwood | In Progress | 10 | Design with Engineers | Urban Landscapes |
| 2.1.4.1 Incubator development | Not Started | 0 | Grants unlikely to be available - will not proceed | Business and Innovation |
| 2.1.5.1 CBD Christmas Decorations | Completed | 100 | <p>Ongoing Christmas decoration activities covered for 2017-18 include:</p> <ul style="list-style-type: none"> Queanbeyan – Monaro St median sails and pole units; Decorated tree in Queen Elizabeth II Park Bungendore – a community-based project with the Lake George Men's Shed – ply wood cut out Christmas trees in three different sizes that were painted background colours of red & green. Community groups schools etc then decorated the trees (120) with QPRC staff then installing them in and around the village. Braidwood – New festoon lights for the traditional Christmas tree in Ryrie Park. <p>For 2018-19 – plans to introduce a similar community project as was trialled in Bungendore with the ply wood trees to Queanbeyan and Braidwood, working with the Men's Shed and community groups.</p> <p>For Queanbeyan, the current pole units and tree decorations will be renewed and a possible new tree similar to the Queanbeyan model will be purchased for Bungendore, budget permitting</p> | Business and Innovation |
| 2.1.5.1 Queanbeyan Town Approaches Projects | In Progress | 60 | Yass Rd roundabout re-landscaped, new trees at Caltex and all medians given fresh mulch | Urban Landscapes |
| 2.1.5.2 Stronger communities \$9m - Town centre improvements Braidwood | In Progress | 24 | Community engagement substantially complete, Council workshop 7 February 2018. Design and consultation complete, new bins and BBQ ordered, seats being refurbished | Urban Landscapes |
| 2.1.5.3 Stronger Communities \$9m – Queens Bridge approach enhancement | In Progress | 50 | Design complete and exhibited. Some trees removed, landscaping commenced near art gallery and trees planted. | Urban Landscapes |

Strategic Pillar 3, Character Projects and Programs

| Action | Status | % complete | Progress comments | Responsible branch |
|------------------------------------|-------------|------------|---|--------------------|
| 3.1.1.1 Various planning proposals | In Progress | 72 | <p>This covers a number of planning proposals other than the Queanbeyan-Palerang Comprehensive LEP.</p> <p>Projects reported on include</p> <ul style="list-style-type: none"> planning proposal which updates clauses and schedules in Queanbeyan Local Environmental Plan 2012 and which was notified on 16 February the rezoning of Lot 3 Majara Street Bungendore which was notified on 22 June 7 Turallo Terrace which was listed as a heritage item and notified on 1 June the North Elmslea Planning Proposal which has had its planning proposal basically finalised and which has been referred to and commented on by a number of public authorities the Bungendore East Planning Proposal which has involved meetings with the Department of Planning and Environment and the proponents and which is also impacted by the lack of secure water. Sutton Planning Proposal which has had flora and fauna reports completed Memorial Park Planning Proposal which has included the completion of four background studies Federal Highway Caravan Park Planning Proposal which staff are currently surveying to determine what is there and in what state. | Land-use Planning |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|--------------------|
| 3.1.1.2 Various Section 94 Plan Reviews | In Progress | 70 | <p>This include three projects</p> <ul style="list-style-type: none"> • South Jerrabomberra Section 94 Plan which was finalised and notified in May (about 50% completed) • review of the Queanbeyan Section 94 Contribution Plan (about 10% completed) • A new Section 94 A Plan for Queanbeyan CBD (about 10% completed). Work done so far includes preliminary work with staff reviewing the existing section 94 plans and the issues that need to be addressed in any review. • Outside of nominated projects staff have also reviewed Palerang Section 94 Plan No. 11- Off-Street Car parking at Bungendore. This was finalised and notified in April. | Land-use Planning |
| 3.1.1.3 Comprehensive LEP for QPRC | In Progress | 55 | <p>Work included the preparation of an issues paper, the preparation of a draft local environmental plan (LEP), research into issues, the preparation of major background papers, the holding of three workshops with councillors, the preparation of a draft planning proposal and the preparation of three reports and the reporting of them to Council's meetings of 13 December (Items 12.4 and 12.5) and 28 February (Item 12.8). It also includes substantial work on the required LEP maps as well as negotiations on these with the Department of Planning and Environment. In addition, work on the associated E4 zones at Bywong and Wamboin as resolved by Council at the meeting of 13 December has involved clarification of the Department of Planning and Environment's requirements as well as those of the Office of Environment and Heritage, drafting of a brief and the identification of suitable consultants.</p> | Land-use Planning |
| 3.1.1.4 Googong LPA Review | In Progress | 72 | <p>Provisions of this local planning agreement need to be upgraded. These have been subject to a number of meetings with the developers, GTPL as well as internally. Responses to the changes proposed by the developers have been forwarded to them and at the end of the financial year the developers responses had not been received although a meeting had been organised with them to discuss them.</p> | Land-use Planning |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|--|-------------------------------|
| 3.1.2.1 Alternate Energy Efficiency implementation under Climate Change Action Plan | In Progress | 95 | Solar Panels have been installed. The installation of security cages around the inverters is required before the panels can be powered up. This will be completed in September | Transport and Facilities |
| 3.1.2.1 SRV-Riverside - Upgrade lights | In Progress | 75 | Tender let, geotech and final detail design complete, equipment has arrived, awaiting end of football season to install. | Urban Landscapes |
| 3.1.2.2 Platypus Conservation projects | In Progress | 10 | Project funds over several years of have been put into reserve for the construction of a Platypus Viewing Platform and education deck. The idea is to incorporate an open burrow like entrance with 3d platypus and audio presentation. Total cost of project is estimated to be \$230,000. Total funds of \$112,849 has been saved in reserve for this project. Grants could be sought to assist in funding this project. | Natural Landscapes and Health |
| 3.1.2.2 Trees for Cars/ National Tree Day | Completed | 100 | National Tree Day 2017 was held on Sunday 30 July and a small planting was undertaken in Braidwood with the school. Discussions are occurring with NPWS for a community planting in Queanbeyan Nature Reserve. This will involve some community engagement with local high school students to help promote the significant threatened species values of the area. | Natural Landscapes and Health |
| 3.1.2.2 Stronger Communities \$9m - Seiffert Oval Lights Queanbeyan | Completed | 100 | Lights installed, tested and certified 500LUX | Urban Landscapes |
| 3.1.2.3 Biosecurity Weed Management contract - Crown Land | Completed | 100 | Grant funded weed spraying on Crown Land. Control of various weed species on Crown Land in Majors Creek and Bendoura completed to protect priority environmental sites. | Natural Landscapes and Health |
| 3.1.2.3 Stronger Communities \$9m – Upgrade lighting Margaret Donohue | Completed | 100 | Lights complete and tested. Certified 300 LUX | Urban Landscapes |
| 3.1.2.4 Biosecurity Weed Management Contract - LLS Land | In Progress | 90 | Grant funded weed spraying on LLS land continuing. Most weed planning, control and education activities completed. Final works in progress. | Natural Landscapes and Health |
| 3.1.2.5 River Water Sampling Plan | Completed | 100 | Monthly sampling has been continuing. New sites at Beltana pond and Shoalhaven River to be added to the program. | Natural Landscapes and Health |
| 3.1.2.6 Bushland Maintenance | Completed | 100 | Ongoing program restricting vehicle access and maintenance of tracks and walkways. Engaged Conservation Volunteers to do planting, path management and fire management activities on Mount Jerrabomberra. | Natural Landscapes and Health |

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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|-------------------------------|
| 3.1.2.7 Jerrabomberra Lake Cleanout | In Progress | 30 | There are three proposals we are currently looking at: 1. Quotes for a fountain or aeration device to provide a safe zone for fish came in over budget. Looking for an alternative. 2. Hyperspectral Phytoplakton monitoring in partnership with CSIRO has been installed. 3. Quotes from University of Canberra for sensitive monitoring. The reports will integrate and analyse weather, water quality and blue-green algal data to both identify the major drivers of water quality in the Lake and refine the evaluation of options included in the Reservoir Doctor's (2017) report. UC believe the issues at Lake Jerrabomberra provide an ideal opportunity to undertake a student project that would leverage the capacity of UC and CSIRO in improving our understanding of the processes leading to water quality issues at the lake. Quote came in over budget and working to reduce monitoring. 4. Data loggers have been purchased direct from the manufacturer. 5. Seeking quotes for an aeration sculpture, from the company who did one at Olympic Park. | Natural Landscapes and Health |
| 3.1.2.8 Native Fish Restocking of Queanbeyan River | Completed | 100 | Early in 2018, Council and NSW Fisheries released 5,000 Golden Perch into the Queanbeyan River and 5,000 Golden perch into Captains Flat Dam. | Natural Landscapes and Health |
| 3.1.2.9 River Rehab - River Drive | In Progress | 30 | Natural Landscapes and Health Team will be undertaking maintenance work along the river. This will give weed sprayers variation in duties and progress ongoing regular activity. New issues have been identified such as fallen trees in river, works required on Barracks Flat Creek and landscaping in front of caravan park required in 2019. | Natural Landscapes and Health |
| 3.1.3.1 Community events | Completed | 100 | Enviro Expo appeared at Queanbeyan, Braidwood and Bungendore Shows during financial year. Information report presented to Council in April 2018 which provided an overview of events. Community feedback from the three events was extremely positive with members of the public highlighting how great it was to see Council out and about in the region. The Expos were completed within the budget of \$7,000 plus the staff time involved. | Customer and Communications |

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| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|--|-------------------------------|
| 3.1.3.1 Save our Scarlet Robin Weed Management project | Completed | 100 | Program of controlling blackberry and sweet briar in progress. | Natural Landscapes and Health |
| 3.1.3.2 Sustainability workshops (3) | Completed | 100 | Council attended the Queanbeyan, Bungendore and Braidwood Shows during the financial year to conduct Sustainability Workshops. | Natural Landscapes and Health |
| 3.1.3.3 Smarter Action Squad | Completed | 100 | Group has been expanded with new members from Bungendore and Braidwood office, meetings and activities progressing. | Natural Landscapes and Health |
| 3.1.4.1 Bungendore Structure Plan review | In Progress | 71 | Actions on this project include background research into economic, heritage and other matters and the development of a draft Structure Plan discussion paper which is well under way. In addition, two internal Council workshops have been held and a third has been organised. However the availability of secure water remains outstanding and further work on this project is limited until this is confirmed. | Land-use Planning |

Key performance indications – Strategic Pillar 3 - Character

| KPI | Result | Responsible branch | Comment |
|---|--------|------------------------------------|--|
| Involvement of community and other stakeholders in environmental studies and structure plans | | Service Manager, Land-Use Planning | Environmental studies and Structure Plans are yet to reach the stage of community consultation. However when they reach this stage then community consultation will be undertaken. |
| CBD, town centres and town entries well prepared and presented for events, holiday periods and seasons | 100% | Service Manager, Urban Landscapes | CBDs and entries maintained to high standard |
| Statutory planning instruments (LEP, DCP) revised on five-yearly cycle | 30% | Service Manager, Land-Use Planning | This is an ongoing process and for the period three LEPs were finalised and notified and one DCP. Consequently, the Branch is on track. |

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Strategic Pillar 4, Connection Projects and Programs

| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|--|--------------------------|
| 4.1.1.1 Main Admin Building - Redevelopment | In Progress | 3 | Following the withdrawal of the major tenant, the site has been finalised as 257 Crawford St. Council has resolved to commission a design consultancy in 2019-20 aiming for construction in 2020-22 | Contracts and Projects |
| 4.1.1.1 Memorial Park | In Progress | 75 | 'Gateway' process underway. All environmental studies and assessments complete. | Urban Landscapes |
| 4.1.1.2 Queanbeyan Sewage Treatment Plant Upgrade | In Progress | 4 | Icon Water has withdrawn from the Project. The following milestones have been completed: <ul style="list-style-type: none"> An EOI has been submitted to the SSWP for the Project. Tenders were called for the design, negotiations are underway | Contracts and Projects |
| 4.1.3.1 SRV - Footpath Grinding | Completed | 100 | Annual program complete. | Transport and Facilities |
| 4.1.3.2 Stronger Communities \$9m – River path incl. low level footbridge | In Progress | 10 | Community consultation complete. Flood analysis has been completed. Site investigations have been completed. REF still to be finalised. Design and construct tender to be called in October | Contracts and Projects |
| 4.1.3.2 SRV - Footpath Replacement | Completed | 100 | Annual program complete. | Transport and Facilities |
| 4.1.3.3 Bicycle Paths - River Corridor Stage 1 | In Progress | 95 | Path works nearing completion. Waiting for finalisation of bridge design. | Transport and Facilities |
| 4.1.3.4 Fleet purchases | Completed | 100 | Program complete for this financial year. | Utilities |
| 4.1.4.1 Ellerton Drive Extension | In Progress | 45 | Construction contract has been awarded. Work has commenced onsite. In-house noise mitigation inspections have commenced with initial draft reports submitted. Once agreement has been reached with property owners, works will commence in noise catchment works. | Contracts and Projects |
| 4.1.4.1 Local Roads Operations | Completed | 100 | Annual local roads operations program complete. | Transport and Facilities |
| 4.1.4.2 Roads to Recovery Program | Completed | 100 | The Roads to Recovery budget for the 2017-18 financial year has been spent on reconstruction projects on Nerriga Rd (Black Bobs Project) and Captains Flat Rd (Kearns Parade Project). | Transport and Facilities |
| 4.1.4.3 Main road operations | Completed | 100 | Annual RMCC contract has been completed on time and within budget. | Transport and Facilities |
| 4.1.4.4 Regional road operations | Completed | 100 | Regional Road Operations have been completed. All block grant, Repair program and funds have been utilised. | Transport and Facilities |
| 4.1.4.5 State roads operations | Completed | 100 | Works on the RMCC contract have been completed. Works orders completed for RMS have all been completed successfully. | Transport and Facilities |

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| Action | Status | % complete | Progress comments | Responsible branch |
|------------------------------|-------------|------------|--|--------------------------|
| 4.1.4.6 Road Safety Projects | In Progress | 75 | <ul style="list-style-type: none"> • New Three Year Road Safety Action Plan for QPRC approved by RMS in July 2017 for 2017-2020 • Review of road network resulting in identification of 12 sites that were investigated for black spot funding. Lodgement of three submissions for black spot funding in July 2017 • Implementation and review of a new pedestrian crossing at Bus Interchange as result of funding gained through Pedestrian Infrastructure Safety Around Schools Nominations • \$50k of funding obtained for pedestrian safety upgrades at Bus Interchange. Working with access consultants on design and currently preparing for construction • Speed trailer deployed to seven sites including first sites in Bungendore, Braidwood and 90km/h country road in Wamboin with speed reductions achieved from 2-9km. • Fatigue Project – free travel cups campaign run for Christmas and Australia Day supporting Braidwood Driver Reviver. Additional promotion of fatigue with banners (July for snow and Jan for summer traffic), electronic messages at VIC and social media for holiday periods. • Motorcycle Project – Joe Rider campaign conducted with local stakeholders in Queanbeyan and extended this year to Bungendore and Braidwood for Motorcycle Awareness Week. • Drink Drive – new Plan B promotion run with Oktoberfest obtaining \$4000 worth of funding to giveaway taxi vouchers to local resident to travel to and from the event. Breath testing trailer attended event in Bungendore and currently planning for breath testing trailer and Plan B support messages for Braidwood event. • Young Drivers – two workshops conducted with local schools, including first in Braidwood for parents teaching learner drivers. Changes to Learner and P licencing conditions promoted in community and resources distributed to relevant stakeholders including Aboriginal Specific Road Safety Resources. Planning for 2018 workshop. | Transport and Facilities |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-----------|------------|---|--------------------------|
| | | | <ul style="list-style-type: none"> Older Drivers – two older driver presentations conducted with local groups, including first in Braidwood and Bungendore. Schools Zone Safety – 700 road safety kindergarten packs distributed to all schools in LGA. Four new banners to be rolled out in schools in 2018 educating road rules for pick up/drop off in school zones. School speed zones promoted with banner, on webpage, electronic messages and social media. A number of engineering changes implemented in school zones – including six changes at Jerrabomberra Public school to improve safety, changes at Queanbeyan South and Googong. Kings Highway – coordinated summer campaign – the second year of new 'Slow Down – your family is counting on it' Pedestrian Safety - 40 pedestrian 'Look' stickers reviewed and new schedule created for roll-out of phase 2 of 'Look' stickers. Bus Safety – supported NSW Bus Safety week in Nov 2017 working with local stakeholders distributing resources, displaying messages at schools, bus interchange and bus depot Country Road Project – supported the NSW launch of this new campaign that occurred in Queanbeyan. Currently identifying roads for possible Country Road activation. In last six months ran coordinated effort on Macs Reef Road to address issues including collecting data, crash review, traffic data review, signage review, deployment of speed trailer, discussion with Police and RMS about enforcement strategies – have seen increased perception by locals on social media of police presence and enforcement on the road. Achieved 3km reduction in 85th speed percentile from speed trailer. | |
| 4.1.4.7 MR92 - Nerriga Rd - resheeting | Completed | 100 | Council has undertaken the resheeting works on Nerriga Road. | Transport and Facilities |
| 4.1.4.8 MR270 - Captains Flat Rd | Completed | 100 | The routine capital works on Captains Flat Road for 2017-18 have been completed. | Transport and Facilities |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|---|--------------------------|
| 4.1.4.9 MR270 Regional Roads Repair Program Rehab Molonglo River Dr to Douglas CI | Completed | 100 | This project is now complete. | Transport and Facilities |
| 4.1.4.10 MR92 Roads to Recovery Construct and seal Nerriga Rd (Grants Rd toward Charleyong) | Completed | 100 | The budget for this project was removed and reallocated to the Captains Flat Road reconstruction project, due to receiving State Government funding to reconstruct Nerriga Road. | Transport and Facilities |
| 4.1.4.11 MR584 Regional Roads Repair Program Rehabilitation Old Cooma Rd | In Progress | 40 | Funding for this project is from the RMS Regional Roads Repair Program, which has been split over the 2017-18 and 2018-19 financial years. Council is currently undertaking the survey and design for the reconstruction works. Awaiting environmental approvals before works can commence onsite. Preparing for construction works to commence in October 2018. | Transport and Facilities |
| 4.1.4.12 Back Creek Bridge replacement (MR270) | In Progress | 90 | The bridge construction works have been completed. Council staff are currently constructing the approaches to the bridge. Works are due to be completed in September 2018. | Transport and Facilities |
| 4.1.5.1 WAMI Community Recycling Facility Shed | In Progress | 98 | Awaiting certificate of occupancy from Health and Building. Awaiting installation of security cameras from Transport and Facilities. Awaiting EPA formal launch date. Other than those, the project is complete | Utilities |
| 4.1.5.2 Googong Development Project – Water Recycling Plant | In Progress | 96 | This project relates to engagement of owner's consultant (GHD) for stage C development of the Googong WRP. Stage C of the WRP has been commissioned and is currently under proving operation of the constructing contractor. Handover is expected late August or early September 2018 | Utilities |
| 4.1.5.4 Water and sewer telemetry upgrade | In Progress | 93 | These works are stage 1 of an overall project that are likely to continue into the 19/20 financial year. The microwave IP based backbone of both the former Palerang and Queanbeyan systems have been commissioned. Site rollout of out stations is now underway with the majority of former Palerang Sewage pump stations, the first pilot Queanbeyan SPS site and all Googong sites expected to be commissioned by August 2018. | Utilities |
| 4.1.5.4 Sewer Mains Rehabilitation | Completed | 100 | This is an ongoing project conducted over multiple financial years through specialised contractor. The 2017-18 tranche of works are complete | Utilities |
| 4.1.5.6 Bayside Sewer Pump Station Mechanical Repairs | Deferred | 0 | The works have been deferred pending a stocktake of priorities. | Utilities |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|--|--------------------|
| 4.1.5.6 Network capital | In Progress | 92 | First major works in this program (McKeahnie St water main replacement) is due for completion early in 2018-19 financial year. | Utilities |
| 4.1.5.8 Jerrabomberra Reservoir Cathodic Protection and Internal Painting | Deferred | 0 | These works are up for review. The Jerrabomberra reservoir does not enjoy any redundancy and serves to operate as the principal supply point for much of the city of Queanbeyan. Any proposal to temporarily take this reservoir off line for repairs will need a comprehensive plan for maintaining supply. A detailed review is proposed which will be undertaken in the 2018-19 year. | Utilities |
| 4.1.5.8 Braidwood Sewer – Manhole upgrades | In Progress | 95 | First major round complete. The project is ongoing with additional significant funding in 2018-19 | Utilities |
| 4.1.5.10 Braidwood SPS#1 – Upgrade pump set | In Progress | 78 | Pump sets ordered. Specialist pipework contractor engaged. Level 1 electrical contractor engaged to upgrade to 100A supply. Electrical contractor engaged to provide new VSD enclosure and arrangement. Pumps on 12 week delivery schedule. Expect project completion late October | Utilities |
| 4.1.5.10 Braidwood Water Services Replacement | Completed | 100 | These are works that are packaged in sections each year. A similar program is planned for 2018-19. 2017-18 tranche are now complete | Utilities |
| 4.1.5.11 Upgrade of Shoalhaven Pump building (Braidwood) | In Progress | 54 | Tender out and closes mid-August 2018. Expect report to Council say September with works complete by end March 2019 | Utilities |
| 4.1.5.12 Queanbeyan Stormwater Network Maintenance | Completed | 100 | These are routine works. | Utilities |
| 4.1.5.13 Stormwater Improvements | In Progress | 30 | Works being undertaken by contractor as per program. | Utilities |
| 4.1.5.14 Googong Surface and Ground water monitoring | Completed | 100 | Works continuing although program has been modified downward as an interim measure in response to delayed commissioning of the recycled water system. | Utilities |
| 4.1.5.15 Ground Water Monitoring | Completed | 100 | The 2017 study has been completed. The consultant has issued the draft report and Council comment have been returned | Utilities |
| 4.1.5.16 Water and Sewerage Recovery Action Plans | Deferred | 0 | | Utilities |
| 4.1.5.17 Water Supply Operations | Completed | 100 | These are the routine works associated with managing Council's water supply network. Program is ongoing | Utilities |
| 4.1.5.18 Water/sewer connections | Completed | 100 | Works progressing as applications come in. Program is ongoing. | Utilities |

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| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|--|--------------------|
| 4.1.5.19 Bungendore Recycled Water s60 management | In Progress | 50 | This project has commenced. The first s60 risk management workshop was held on 20 June. This involved Council staff, EPA, DPIWater Dept of Health. Soil sampling is set down for 31 July. Aim is for detailed design for STP upgrade by 31 December 2018. Budget Variation proposal to be forthcoming for required capital works thereafter. | Utilities |
| 4.1.5.22 Water/Sewer Pricing and Section 64 policy review/development | In Progress | 85 | Relates to Palerang systems Integrated Water Cycle Management Plan study. Issues paper complete. Final two PRGs to be conducted. Expected to be held concurrently | Utilities |
| 4.1.5.23 Recycled Water Audit | In Progress | 88 | Minor matters to be undertaken. Awaiting handover of Stage C of the Googong STP (WRP) | Utilities |
| 4.1.5.24 Braidwood Inflow/Infiltration Study | Completed | 100 | Study complete. Next tranche is relining funded in the 2018-19 FY | Utilities |
| 4.1.5.25 Bungendore Sewer - SPS#5 refurbishment | Deferred | 0 | Has been planned as revote to 2018-19 year | Utilities |
| 4.1.5.26 Googong Surface and Ground water monitoring | Completed | 100 | Ongoing engagement. Program relaxed somewhat in light of delay to recycled system implementation. | Utilities |

Strategic Pillar 5, Capability Projects and Programs

| Action | Status | % complete | Progress comments | Responsible branch |
|---|-------------|------------|---|-------------------------|
| 5.1.1.1 Tourism website | In Progress | 75 | Wireframes developed and coding commenced. Web content almost complete. | Business and Innovation |
| 5.1.1.2 Visitor guide | Not Started | 0 | Grant funding unlikely to be available - Will not proceed in 2017-18 but may be developed in 2018-19 pending budget | Business and Innovation |
| 5.1.1.3 Tourism promotion | Completed | 100 | Videos and still images developed to promote tourism and businesses in the LGA | Business and Innovation |
| 5.1.4.1 Corporate Development Plan | In Progress | 70 | <p>Work continues on the development of the Organisational Development Strategy (ODS), subsequent plans and interrelated frameworks. The ODS is based on FOUR key objectives; building capability, developing capacity, maximising employee engagement and achieving organisational excellence.</p> <ul style="list-style-type: none"> Building capability – A corporate LinkedIn company page has been re-established to develop employer brand and attract new talent pools. To increase collaboration and industry wide relationships, QPRC has been established as the pilot organisation for web-based national LGNSW HR meetings in the Southern Region. Developing capacity - a total performance management framework has been endorsed to align with a dedicated system to manage talent. Work has commenced on the scoping of this new software and the design of our performance management templates. A number of strategies for leadership development are being explored at Executive level. A strategic approach to learning and development has been taken with a matrix designed for each role, deploying and online learning management system and automation of scheduling with customers being able to select their preferred sessions. Maximising Employee Engagement - A draft Employee Engagement Framework has been developed for QPRC along with the launch of an organisational wide cultural survey that will involve all staff and elected members. New organisational Values are being implemented throughout the organisation with our branding progressing through conceptual phase. Achieving Organisational Excellence - With a focus on quality, we have implemented software to manage integrated planning | Culture and Performance |

Annual Report 2017-18

| Action | Status | % complete | Progress comments | Responsible branch |
|--|-------------|------------|--|-----------------------------|
| | | | requirements and aligning the Delivery Program, Operational Plan, HSEQ KPIs and Service Statements. Participating in the PWC Performance Excellence Program to continue benchmarking with other councils with the utilisation of a dedicated regional portal. The implementation of service plans that incorporate components from all sources to identify how services are delivered. A service review deep dive completed for Transport service with recommendations to implement various improvements. With the organisational headcount and full time equivalent data provided at the most recent Executive meeting in July, we are now in a position to commence the workforce analysis and forecasting to produce a detailed ODS over the coming period. | |
| 5.1.4.1 State of the City – End of Term Report | Completed | 100 | End of Term report finalised and distributed to former councillors in March 2018 | Customer and Communications |
| 5.1.4.1 IT Tablet and Phone Purchases | In Progress | 90 | New Surface Pro and mobile devices are ready to be deployed. About three-quarters of all Service Managers have a Surface Pro 4/5/iPad Pro. The rest of the group should be completed in August. | Digital |
| 5.1.4.1 Office Renovation | Completed | 100 | This project was completed during the financial year. | Land-use Planning |
| 5.1.4.2 Hardware Refresh – IT equipment-Budget Income | In Progress | 90 | The Citrix server farm backend and thin client management server configuration completed. IGEL (thin client) unit's optimisation and configuration testing completed. Citrix Windows 10 pilot group is currently trialling out the new server farm. Pilot testing has been progressing well with good feedback from the users. | Digital |

Key performance indications – Strategic Pillar 5 - Capability

| KPI | Result | Responsible Branch | Comment |
|---|--------|---|--|
| Clear line of sight of strategic directions to services and projects, and into budgets and workforce plans | 75 | Service Manager, Customer and Communication | |
| Improvements lead to increased contribution to annual productivity dividend | 25 | Service Manager, Culture and Performance | Implementation of the LMS has resulted in significant savings in operational time and facilitation costs. This has resulted savings estimated at \$150,000. Review of software licenses and usage has saved \$15,100 annually. The use of google forms has increased productivity and resulted in resource and time savings. |
| Advancement towards quality assurance accredited systems | 100% | Service Manager, Culture and Performance | A Stage 3, Health, Safety, Environment & Quality (HSEQ) Certification Audit was conducted on Council to identify the level of compliance against ISO14001; 2015 |

Annual Report 2017-18

| KPI | Result | Responsible Branch | Comment |
|--|----------------|---------------------------------|--|
| | | | <p>Environmental Management Systems, AS4801 OHS Management Systems and ISO9001 Quality Management Systems</p> <p>The audit commenced on 12 June, 2018, the auditor was able to broadly sample aspects of QPRC activities, personnel, services and products.</p> <p>Council received Multi Site Certification on 12 August 2018.</p> |
| Fit for Future financial benchmarks retained over five-year cycle | | Service Manager, Finance | <p>Through adopted Delivery Program</p> <p>Operating performance ratio: 18/19 3.84% 19/20 1.99% 20/21 0.46% Benchmark >0.00%</p> <p>Own Source Operating Revenue 18/19 52.13% 19/20 56.20% 20/21 54.26% Benchmark >60.00%</p> <p>QPRC is still not meeting own source operating revenue benchmark.</p> <p>Debt Service Cover Ratio 18/19 4.85x 19/20 3.11x 20/21 2.62x Benchmark >2.00x</p> <p>Infrastructure Renewals Ratio 18/19 298% 19/20 92% 20/21 79% Benchmark >100%</p> <p>QPRC is proposing to drop off the renewals effort.</p> <p>Asset Maintenance Ratio 18/19 2.09 19/20 1.49 20/21 1.41 Benchmark >1.00</p> <p>QPRC is reducing spend on maintenance to allow greater efforts in renewals and new assets.</p> |
| Reduced level of unplanned network and integration failure | 99 | Service Manager, Digital | Two major unplanned network outages for the month of July' 18 , total of 12 hours lost |
| Unqualified external and internal audits | 100% | Service Manager, Legal and Risk | External audit complete and management action being progressed: internal audit program conducted and audit actions being progressed |
| Reduced level of staff unplanned absences | 121 hours | Service Manager, Workplace | Total organisational sick leave taken for 2017-18 was 29,268.64 hours. This is a decrease of 121.78 hours from 2016-17. |
| Reduced level of staff turnover | 1.5% reduction | Service Manager, Workplace | Permanent employees turnover in 2017/18 was 9.5% compared with 11% in 2016/17. |

Annual Report 2017-18

| KPI | Result | Responsible Branch | Comment |
|-----|--------|--------------------|---|
| | | | A reduction of 1.5% The above percentage does not include casual employees. |

Queanbeyan-Palerang Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018



Queanbeyan-Palerang Regional Council

General Purpose Financial Statements for the year ended 30 June 2018

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Overview

Queanbeyan-Palerang Regional Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

256 Crawford Street
Queanbeyan NSW 2620

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.qprc.nsw.gov.au.

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial statements:

- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 26 September 2018.



Tim Overall
Mayor
26 September 2018



Mark Schweikert
Councillor
26 September 2018



Peter Tegart
General Manager
26 September 2018



Shane Taylor
Responsible Accounting Officer
26 September 2018

Queanbeyan-Palerang Regional Council

Income Statement

for the year ended 30 June 2018

| Original unaudited budget 2018 | \$ '000 | Notes | Actual 2018 | Actual 13/5/16 to 30/6/17 |
|--|--|-------|----------------|---------------------------------|
| Income from continuing operations | | | | |
| Revenue: | | | | |
| 66,730 | Rates and annual charges | 3a | 66,612 | 68,027 |
| 28,994 | User charges and fees | 3b | 37,468 | 43,895 |
| 4,315 | Interest and investment revenue | 3c | 5,654 | 5,288 |
| 2,532 | Other revenues | 3d | 1,777 | 2,847 |
| 11,577 | Grants and contributions provided for operating purposes | 3e,f | 15,951 | 26,423 |
| 25,407 | Grants and contributions provided for capital purposes | 3e,f | 50,596 | 82,123 |
| Other income: | | | | |
| 3 | Net gains from the disposal of assets | 5 | — | 210 |
| 139,558 | Total income from continuing operations | | 178,058 | 228,813 |
| Expenses from continuing operations | | | | |
| 41,114 | Employee benefits and on-costs | 4a | 40,023 | 42,322 |
| 2,525 | Borrowing costs | 4b | 2,188 | 2,708 |
| 45,461 | Materials and contracts | 4c | 49,705 | 55,039 |
| 20,960 | Depreciation and amortisation | 4d | 22,166 | 24,905 |
| 10,925 | Other expenses | 4e | 11,699 | 12,655 |
| — | Net losses from the disposal of assets | 5 | 3,557 | — |
| | Revaluation decrement / impairment of IPP&E | 4d | 2,259 | — |
| 120,985 | Total expenses from continuing operations | | 131,597 | 137,629 |
| 18,573 | Operating result from continuing operations | | 46,461 | 91,184 |
| 18,573 | Net operating result for the year | | 46,461 | 91,184 |
| Gain on local government amalgamation | | | | |
| — | Assets and liabilities transferred from former councils | | — | 1,293,991 |
| 18,573 | Net result for the year | | 46,461 | 1,385,175 |
| 18,573 | Net result attributable to Council | | 46,461 | 1,385,175 |
| Net operating result for the year before grants and contributions provided for capital purposes | | | | |
| (6,834) | | | (4,135) | 9,061 |

Queanbeyan-Palerang Regional Council

Statement of Comprehensive Income
for the year ended 30 June 2018

| \$ '000 | Notes | 2018 | 13/5/16 to 30/6/17 |
|--|-------|---------------|-----------------------|
| Net result for the year (as per Income Statement) | | 46,461 | 1,385,175 |
| Other comprehensive income: | | | |
| Amounts that will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of IPP&E | 10a | 7,808 | — |
| Total items which will not be reclassified subsequently to the operating result | | 7,808 | — |
| Total other comprehensive income for the year | | 7,808 | — |
| Total comprehensive income for the year | | 54,269 | 1,385,175 |
| Total comprehensive income attributable to Council | | 54,269 | 1,385,175 |

Queanbeyan-Palerang Regional Council

Statement of Financial Position
as at 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6a | 16,176 | 22,612 |
| Investments | 6b | 70,687 | 63,111 |
| Receivables | 7 | 15,028 | 11,455 |
| Inventories | 8 | 266 | 417 |
| Other | 8 | 885 | 609 |
| Non-current assets classified as 'held for sale' | 9 | 120 | 120 |
| Total current assets | | 103,162 | 98,324 |
| Non-current assets | | | |
| Investments | 6b | 80,250 | 72,250 |
| Receivables | 7 | 535 | 573 |
| Infrastructure, property, plant and equipment | 10 | 1,318,972 | 1,281,879 |
| Intangible assets | 11 | 3,059 | – |
| Total non-current assets | | 1,402,816 | 1,354,702 |
| TOTAL ASSETS | | 1,505,978 | 1,453,026 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 12 | 13,775 | 12,298 |
| Income received in advance | 12 | 177 | 1,841 |
| Borrowings | 12 | 1,619 | 1,555 |
| Provisions | 13 | 12,119 | 11,718 |
| Total current liabilities | | 27,690 | 27,412 |
| Non-current liabilities | | | |
| Borrowings | 12 | 35,218 | 36,782 |
| Provisions | 13 | 3,626 | 3,657 |
| Total non-current liabilities | | 38,844 | 40,439 |
| TOTAL LIABILITIES | | 66,534 | 67,851 |
| Net assets | | 1,439,444 | 1,385,175 |
| EQUITY | | | |
| Accumulated surplus | | 1,431,636 | 1,385,175 |
| Revaluation reserves | 14 | 7,808 | – |
| Council equity interest | | 1,439,444 | 1,385,175 |
| Total equity | | 1,439,444 | 1,385,175 |

Queanbeyan-Palerang Regional Council

Statement of Changes in Equity
for the year ended 30 June 2018

| | Notes | 2018 Accumulated surplus | IPP&E revaluation reserve | Total equity | 13/5/16 to 30/6/17 Accumulated surplus | IPP&E revaluation reserve | Total equity |
|--|-------|--------------------------------|---------------------------------|------------------|---|---------------------------------|------------------|
| \$ '000 | | | | | | | |
| Opening balance | | 1,385,175 | – | 1,385,175 | – | – | – |
| Net result for the year | | 46,461 | – | 46,461 | 1,385,175 | – | 1,385,175 |
| Other comprehensive income | | | | | | | |
| – Gain (loss) on revaluation of IPP&E | | – | 7,808 | 7,808 | – | – | – |
| Other comprehensive income | 10a | – | 7,808 | 7,808 | – | – | – |
| Total comprehensive income (c&d) | | 46,461 | 7,808 | 54,269 | 1,385,175 | – | 1,385,175 |
| Equity – balance at end of the reporting period | | 1,431,636 | 7,808 | 1,439,444 | 1,385,175 | – | 1,385,175 |

Queanbeyan-Palerang Regional Council

Statement of Cash Flows
for the year ended 30 June 2018

| Original unaudited budget 2018 | \$ '000 | Notes | Actual 2018 | Actual 13/5/16 to 30/6/17 |
|---|--|-------|-----------------|---------------------------------|
| Cash flows from operating activities | | | | |
| <u>Receipts:</u> | | | | |
| 66,730 | Rates and annual charges | | 66,011 | 79,007 |
| 28,994 | User charges and fees | | 34,329 | 41,560 |
| 4,315 | Investment and interest revenue received | | 4,601 | 5,073 |
| 16,475 | Grants and contributions | | 47,242 | 49,309 |
| | Bonds, deposits and retention amounts received | | 1,192 | 3,090 |
| 2,532 | Other | | 8,679 | 7,420 |
| <u>Payments:</u> | | | | |
| (42,859) | Employee benefits and on-costs | | (39,819) | (41,160) |
| (45,461) | Materials and contracts | | (55,910) | (67,001) |
| (2,525) | Borrowing costs | | (2,040) | (2,919) |
| – | Bonds, deposits and retention amounts refunded | | (1,675) | (2,573) |
| (9,181) | Other | | (11,405) | (8,618) |
| 19,020 | Net cash provided (or used in) operating activities | 15b | 51,205 | 63,188 |
| Cash flows from investing activities | | | | |
| <u>Receipts:</u> | | | | |
| 28,705 | Sale of investment securities | | 100,417 | 96,674 |
| 3 | Sale of infrastructure, property, plant and equipment | | 1,628 | 1,021 |
| <u>Payments:</u> | | | | |
| – | Purchase of investment securities | | (114,802) | (126,624) |
| (74,120) | Purchase of infrastructure, property, plant and equipment | | (40,270) | (34,930) |
| – | Purchase of intangible assets | | (3,059) | – |
| (45,412) | Net cash provided (or used in) investing activities | | (56,086) | (63,859) |
| Cash flows from financing activities | | | | |
| <u>Receipts:</u> | | | | |
| 27,750 | Proceeds from borrowings and advances | | – | – |
| <u>Payments:</u> | | | | |
| (1,354) | Repayment of borrowings and advances | | (1,555) | (1,801) |
| 26,396 | Net cash flow provided (used in) financing activities | | (1,555) | (1,801) |
| 4 | Net increase/(decrease) in cash and cash equivalents | | (6,436) | (2,472) |
| 22,612 | Plus: cash and cash equivalents – beginning of year | 15a | 22,612 | – |
| – | Plus: cash transferred on amalgamation of councils | | – | 25,084 |
| 22,616 | Cash and cash equivalents – end of the year | 15a | 16,176 | 22,612 |
| Additional Information: | | | | |
| | plus: Investments on hand – end of year | 6b | 150,937 | 135,361 |
| | Total cash, cash equivalents and investments | | 167,113 | 157,973 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

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n/a – not applicable

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 26th September 2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions. Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked .

(a) New and amended standards adopted by Council

Council adopted the following Australian accounting standard amendments for these financial statements:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt. Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 15 (c).

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard means that Not-for-profit entities (and therefore Council) no longer need to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

Instead it is expected that for Not-for-profit entities holding non-cash-generating the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 13 Fair Value Measurement.

- AASB 124 Related Party Disclosures was adopted for the first time in the financial statements.

The impact adopting this standard has had no impact on the reporting of Council's financial position or performance.

Note 21 has now been included in these financial statements for related parties and incorporates all required related party disclosures.

Queanbeyan-Palerang Regional Council

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

Note 1. Basis of preparation (continued)

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

(c) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (ii) estimated tip remediation provisions – refer Note 13,
- (iii) employee benefit provisions – refer Note 13.

Significant judgements in applying the Council's accounting policies

- (iv) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

The following Trust monies and other assets are held by Council but are not considered to be under the control of Council and therefore are excluded from these financial statements:

- Canberra Region Joint Organisation
- South East Weights and Loads

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both *business model* and *cash flow characteristics* tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires councils to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) of full lifetime
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The available-for-sale investments held will be classified at fair value through OCI and will no longer be subject to impairment testing. Currently QPRC did not recognise an impairment loss in the current year financial statements.

The model for determining impairment losses in relation to receivables will be amended. The impact of the new model has not yet been quantified, although some impairment may be recognised earlier.

Other impacts on the reported financial position and performance have not yet been determined.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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*

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

AASB15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications), and improve guidance for multiple-element arrangements.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- AASB 16 *Leases*

AASB 16 will result in most of the operating leases of an entity being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments.

A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

While the impact of AASB16 has not yet been fully determined, council currently has \$123,000 of operating leases annual payment which are likely to be brought to account.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2(b). Council functions/activities – component descriptions

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

Community

- We are a friendly and caring community.
- We feel safe in the places we visit in our built and natural environment.
- We respect the indigenous relationships with the land we live on.
- Our community and our identity are made vibrant by the expression of arts and culture around us.

Choice

- We have a diverse, resilient and smart economy fostering businesses that create jobs and wealth for all in our community.

Character

- We enjoy the natural beauty and opportunity of our natural environment, and act to protect it through our management of waste and energy.

Connection

- We are well connected to accessible services and facilities that provide our needs for living, work and leisure.

Capability

- We are served by a Council that listens to us and responds in our best interests in all their actions, and provides the leadership we need to achieve our common aspirations.

Queanbeyan-Palerang Regional Council

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

Note 3. Income from continuing operations

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| (a) Rates and annual charges | | |
| Ordinary rates | | |
| Residential | 26,666 | 25,599 |
| Farmland | 2,364 | 2,362 |
| Mining | 24 | 24 |
| Business | 5,801 | 5,634 |
| Less: pensioner rebates (mandatory) | (579) | (536) |
| Total ordinary rates | 34,276 | 33,083 |
| Special rates | | |
| Nil | | |
| Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | |
| Domestic waste management services | 6,600 | 6,974 |
| Stormwater management services | 355 | 393 |
| Water supply services | 6,440 | 7,335 |
| Sewerage services | 15,328 | 16,637 |
| Waste management services (non-domestic) | 3,611 | 3,808 |
| Recycled water services | 395 | 340 |
| Less: pensioner rebates (mandatory) | (393) | (543) |
| Total annual charges | 32,336 | 34,944 |
| TOTAL RATES AND ANNUAL CHARGES | 66,612 | 68,027 |

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|---|---------------|-----------------------|
| (b) User charges and fees | | |
| Specific user charges (per s.502 – specific 'actual use' charges) | | |
| Water supply services | 16,775 | 15,771 |
| Sewerage services | 1,027 | 889 |
| Waste management services (non-domestic) | 31 | 61 |
| Total specific user charges | 17,833 | 16,721 |
| Other user charges and fees | | |
| (i) Fees and charges – statutory and regulatory functions (per s.608) | | |
| Inspection services | 142 | – |
| Planning and building regulation | 1,935 | 2,362 |
| Private works – section 67 | 562 | 296 |
| Regulatory/ statutory fees | 121 | 14 |
| Registration fees | 32 | 30 |
| Section 149 certificates (EPA Act) | 151 | 175 |
| Section 603 certificates | 145 | 150 |
| Town planning | 609 | 1,062 |
| Other (noxious weeds certificates) | 6 | 8 |
| Other | 18 | 8 |
| Total fees and charges – statutory/regulatory | 3,721 | 4,105 |
| (ii) Fees and charges – other (incl. general user charges (per s.608)) | | |
| Cemeteries | 836 | 759 |
| Child care | 73 | 62 |
| Community centres | 377 | 389 |
| Lease rentals | 599 | 637 |
| Leaseback fees – Council vehicles | 242 | 241 |
| Library and art gallery | 27 | 16 |
| Park rents | – | 3 |
| Recycling income (non-domestic) | 93 | – |
| RMS (formerly RTA) charges (state roads not controlled by Council) | 8,912 | 15,988 |
| Saleyards | 238 | 282 |
| Sundry sales | 121 | – |
| Swimming centres | 1,175 | 1,582 |
| Waste disposal tipping fees | 1,111 | 1,366 |
| Hall rents | – | 54 |
| Gas mains | 43 | 51 |
| Health inspections and licenses fees | 55 | 56 |
| Plant and equipment hire | 25 | 23 |
| Pound fees | 75 | 95 |
| The Q ticket sales | 1,553 | 1,392 |
| Kiosk Sales | 294 | – |
| Indoor sports centre sales | 59 | 73 |
| Other | 6 | – |
| Total fees and charges – other | 15,914 | 23,069 |
| TOTAL USER CHARGES AND FEES | 37,468 | 43,895 |

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|---|---------------------|-----------------------|
| (c) Interest and investment revenue (including losses) | | |
| Interest | | |
| – Overdue rates and annual charges (incl. special purpose rates) | 396 | 371 |
| – Cash and investments | 4,067 | 4,575 |
| Fair value adjustments | | |
| – Fair valuation movements in investments (at fair value or held for trading) | 1,191 | 342 |
| <u>TOTAL INTEREST AND INVESTMENT REVENUE</u> | <u>5,654</u> | <u>5,288</u> |
| Interest revenue is attributable to: | | |
| Unrestricted investments/financial assets: | | |
| Overdue rates and annual charges (general fund) | 396 | 371 |
| General Council cash and investments | 2,023 | 2,081 |
| Restricted investments/funds – external: | | |
| Development contributions | | |
| – Section 7.11 | 308 | 222 |
| – Section 64 | 252 | 291 |
| Water fund operations | 446 | 463 |
| Sewerage fund operations | 1,783 | 1,564 |
| Domestic waste management operations | 446 | 296 |
| Total interest and investment revenue recognised | <u>5,654</u> | <u>5,288</u> |

Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|---|---------------------|-----------------------|
| (d) Other revenues | | |
| Fines | 361 | 400 |
| Legal fees recovery – rates and charges (extra charges) | 250 | 162 |
| Legal fees recovery – other | – | 73 |
| Commissions and agency fees | 17 | 2 |
| Diesel rebate | 42 | 83 |
| Insurance claim recoveries | 40 | 82 |
| Recycling income (non-domestic) | – | 39 |
| Sales – general | – | 18 |
| Share dividends – southern phone | 29 | 79 |
| Motor vehicle income | 9 | 481 |
| Other reimbursements | 22 | 103 |
| Water meter replacement | – | 240 |
| CBRJO environmental income | – | 165 |
| OHS rebate | 308 | 295 |
| Other | 699 | 625 |
| <u>TOTAL OTHER REVENUE</u> | <u>1,777</u> | <u>2,847</u> |

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 Operating | 13/5/16 to 30/6/17 Operating | 2018 Capital | 13/5/16 to 30/6/17 Capital |
|--|-------------------|------------------------------------|-----------------|----------------------------------|
| (e) Grants | | | | |
| General purpose (untied) | | | | |
| Current year allocation | | | | |
| Financial assistance – general component | 1,788 | 3,453 | – | – |
| Financial assistance – local roads component | 1,182 | 2,195 | – | – |
| Payment in advance – future year allocation | | | | |
| Financial assistance | 1,846 | 1,769 | – | – |
| Financial assistance – general component | 1,197 | 1,126 | – | – |
| Other | | | | |
| Pensioners' rates subsidies – general component | 254 | 279 | – | – |
| Total general purpose | 6,267 | 8,822 | – | – |
| Specific purpose | | | | |
| Pensioners' rates subsidies: | | | | |
| – Water | 91 | 97 | – | – |
| – Sewerage | 90 | 96 | – | – |
| – Domestic waste management | 62 | 59 | – | – |
| Water supplies | – | – | – | 90 |
| Sewerage services | – | – | – | 2 |
| Bushfire and emergency services | 656 | 532 | – | 31 |
| Community care | 1,145 | 1,250 | – | – |
| Employment and training programs | 8 | 47 | – | – |
| Environmental protection | 157 | 79 | 15 | – |
| Heritage and cultural | 37 | 23 | 1 | – |
| Library | 155 | 189 | 171 | – |
| Noxious weeds | 645 | 560 | – | – |
| Recreation and culture | 20 | – | 2,886 | 195 |
| Street lighting | 167 | 168 | – | – |
| Transport (roads to recovery) | – | 1,333 | 2,071 | – |
| Transport (other roads and bridges funding) | – | 4,088 | 17,331 | 2,316 |
| Transport (road safety) | 72 | 64 | – | 67 |
| Other (stronger communities) | – | 6,248 | – | 9,000 |
| Other Regional Roads | – | – | 1,917 | – |
| Other | 5 | 174 | 302 | – |
| Total specific purpose | 3,310 | 15,007 | 24,694 | 11,701 |
| Total grants | 9,577 | 23,829 | 24,694 | 11,701 |
| Grant revenue is attributable to: | | | | |
| – Commonwealth funding | 974 | 5,009 | 4,280 | 2,627 |
| – State funding | 8,588 | 18,810 | 20,220 | 9,074 |
| – Other funding | 15 | 10 | 194 | – |
| | 9,577 | 23,829 | 24,694 | 11,701 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | Notes | 2018 Operating | 13/5/16 to 30/6/17 Operating | 2018 Capital | 13/5/16 to 30/6/17 Capital |
|---|-------|-------------------|------------------------------------|-----------------|----------------------------------|
| (f) Contributions | | | | | |
| Developer contributions: | | | | | |
| (s7.4 & s7.11 – EP&A Act, s64 of the LGA): | | | | | |
| Cash contributions | | | | | |
| S 7.11 – contributions towards amenities/services | | 6,053 | 278 | 2,169 | 1,633 |
| S 64 – water supply contributions | | – | – | 1,162 | 568 |
| S 64 – sewerage service contributions | | – | – | 137 | 569 |
| Googong offsite roads | | – | – | 3,749 | 4,360 |
| Total developer contributions – cash | | 6,053 | 278 | 7,217 | 7,130 |
| Non-cash contributions | | | | | |
| Googong Gifted Assets from Developer | | – | – | 18,625 | 62,520 |
| Total developer contributions – non-cash | | – | – | 18,625 | 62,520 |
| Total developer contributions | 22 | 6,053 | 278 | 25,842 | 69,650 |
| Other contributions: | | | | | |
| Cash contributions | | | | | |
| Bushfire services | | – | 2 | – | – |
| Other councils – joint works/services | | – | 45 | – | – |
| Recreation and culture | | – | 27 | 60 | – |
| RMS contributions (regional roads, block grant) | | – | 1,559 | – | 744 |
| Sewerage (excl. section 64 contributions) | | – | 19 | – | – |
| Other | | – | 113 | – | – |
| Family day care operations | | 233 | 268 | – | – |
| Other | | 88 | 283 | – | 28 |
| Total other contributions – cash | | 321 | 2,316 | 60 | 772 |
| Total other contributions | | 321 | 2,316 | 60 | 772 |
| Total contributions | | 6,374 | 2,594 | 25,902 | 70,422 |
| TOTAL GRANTS AND CONTRIBUTIONS | | 15,951 | 26,423 | 50,596 | 82,123 |

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed above.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| (g) Unspent grants and contributions | | |
| Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Operational & Capital grants | | |
| Unexpended at the close of the previous reporting period | 12,715 | 1,162 |
| Add: capital grants recognised in the current period but not yet spent | 6,742 | 16,024 |
| Less: capital grants recognised in a previous reporting period now spent | (4,211) | (4,471) |
| Unexpended and held as restricted assets (capital grants) | 15,246 | 12,715 |
| Contributions | | |
| Unexpended at the close of the previous reporting period | 40,199 | 35,060 |
| Add: contributions recognised in the current period but not yet spent | 27,090 | 5,950 |
| Less: contributions recognised in a previous reporting period now spent | (24,186) | (811) |
| Unexpended and held as restricted assets (contributions) | 43,103 | 40,199 |

Queanbeyan-Palerang Regional Council

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

Note 4. Expenses from continuing operations

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| (a) Employee benefits and on-costs | | |
| Salaries and wages | 30,444 | 32,491 |
| Employee termination costs (where material – other than vested leave paid) | 262 | 366 |
| Travel expenses | 101 | 129 |
| Employee leave entitlements (ELE) | 3,368 | 3,860 |
| Superannuation | 1,911 | 2,249 |
| Superannuation – defined contribution plans | 1,141 | 1,305 |
| Superannuation – defined benefit plans | 348 | 26 |
| Workers' compensation insurance | 1,783 | 1,815 |
| Fringe benefit tax (FBT) | 124 | 116 |
| Payroll tax | 126 | 127 |
| Training costs (other than salaries and wages) | 282 | 468 |
| Protective clothing | 236 | 191 |
| Other | 30 | 28 |
| Total employee costs | 40,156 | 43,171 |
| Less: capitalised costs | (133) | (849) |
| TOTAL EMPLOYEE COSTS EXPENSED | 40,023 | 42,322 |
| Number of 'full-time equivalent' employees (FTE) at year end | 406 | 421 |
| Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies) | 455 | 436 |

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 17 for more information.

| | | | | |
|---|----|--|--------------|-----------------------|
| (b) Borrowing costs | | | 2018 | 13/5/16 to 30/6/17 |
| (i) Interest bearing liability costs | | | | |
| Interest on loans | | | 2,101 | 2,560 |
| Total interest bearing liability costs expensed | | | 2,101 | 2,560 |
| (ii) Other borrowing costs | | | | |
| Discount adjustments relating to movements in provisions (other than ELE) | | | | |
| – Remediation liabilities | 13 | | 32 | 77 |
| Interest applicable on interest free (and favourable) loans to Council | | | 55 | 71 |
| Total other borrowing costs | | | 87 | 148 |
| TOTAL BORROWING COSTS EXPENSED | | | 2,188 | 2,708 |

Accounting policy for borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|---|---------------|-----------------------|
| (c) Materials and contracts | | |
| Raw materials and consumables | 4,463 | 7,479 |
| Contractor and consultancy costs | 20,257 | 30,946 |
| Auditors remuneration ⁽²⁾ | 352 | 352 |
| Legal expenses: | | |
| – Legal expenses: planning and development | – | 190 |
| – Legal expenses: debt recovery | 221 | – |
| – Legal expenses: other | 462 | 382 |
| Operating leases: | | |
| – Operating lease rentals: minimum lease payments ⁽¹⁾ | 123 | 255 |
| IT Software | 1,418 | – |
| Cleaning | 393 | – |
| Water charges – ACTEW | 13,236 | 13,529 |
| Security Contracts | 250 | – |
| Repairs and maintenance | 1,110 | 608 |
| Motor vehicle expenses | 3,068 | 1,298 |
| Reimbursement Developer Contributions | 5,772 | – |
| Total materials and contracts | 51,125 | 55,039 |
| Less: capitalised costs | (1,420) | – |
| TOTAL MATERIALS AND CONTRACTS | 49,705 | 55,039 |
| Operating leases | | |
| Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. | | |
| 1. Operating lease payments are attributable to: | | |
| Computers | 123 | 255 |
| | 123 | 255 |
| 2. Auditor remuneration | | |
| During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms | | |
| Auditors of the Council – NSW Auditor-General: | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | 228 | 143 |
| Remuneration for audit and other assurance services | 228 | 143 |
| Total Auditor-General remuneration | 228 | 143 |
| Non NSW Auditor-General audit firms: | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | – | 55 |
| Other audit and assurance services (internal audit services) | 124 | 142 |
| Remuneration for audit and other assurance services | 124 | 197 |
| (ii) Non-assurance services | | |
| Other services | – | 12 |
| Remuneration for non-assurance services | – | 12 |
| Total remuneration of non NSW Auditor-General audit firms | 124 | 209 |
| Total Auditor remuneration | 352 | 352 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | 2018 | 13/5/16 to 30/6/17 |
|---|---------|---------------|-----------------------|
| (d) Depreciation, amortisation and impairment | | | |
| Depreciation and amortisation | | | |
| Plant and equipment | | 2,292 | 2,439 |
| Office equipment | | 689 | 593 |
| Furniture and fittings | | 38 | 48 |
| Park structures | | 1,069 | 1,131 |
| Infrastructure: | | | |
| – Buildings – non-specialised | | 867 | 978 |
| – Buildings – specialised | | 1,386 | 1,542 |
| – Roads | | 6,716 | 7,484 |
| – Bridges | | 703 | 788 |
| – Footpaths | | 378 | 397 |
| – Other road assets | | 535 | 582 |
| – Stormwater drainage | | 1,683 | 2,005 |
| – Water supply network | | 1,535 | 2,071 |
| – Sewerage network | | 3,630 | 3,520 |
| – Recycled water network | | – | 1,065 |
| – Swimming pools | | 86 | 97 |
| Other assets: | | | |
| – Library books | | 97 | 165 |
| Reinstatement, rehabilitation and restoration assets: | | | |
| – Tip assets | 10 & 13 | 462 | – |
| Total depreciation and amortisation costs | | 22,166 | 24,905 |
| Impairment/Revaluation decrement of IPP&E | | | |
| Infrastructure: | | | |
| – Sewerage network | | 2,259 | – |
| Total IPP&E Impairment/Revaluation decrement costs / (reversals) | | 2,259 | – |
| TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED | | 24,425 | 24,905 |

Accounting policy for depreciation, amortisation and impairment expenses**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 11 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|----------------------|-----------------------|
| (e) Other expenses | | |
| Advertising | 421 | 490 |
| Bad and doubtful debts | 3 | 11 |
| Bank charges | 287 | 292 |
| Cleaning | 1 | 133 |
| Computer software charges | 3 | 146 |
| Contributions/levies to other levels of government | 8 | 60 |
| – NSW rural fire service levy | – | 24 |
| – QCC library | – | 1 |
| – Other contributions/levies | – | 68 |
| Councillor expenses – mayoral fee | 76 | 245 |
| Councillor expenses – councillors' fees | 169 | 169 |
| Councillors' expenses (incl. mayor) – other (excluding fees above) | 33 | 19 |
| Donations, contributions and assistance to other organisations (Section 356) | 1,464 | 1,398 |
| – Stronger communities | – | 1,000 |
| Election expenses | 324 | – |
| Electricity and heating | 1,658 | 1,921 |
| Insurance | 1,222 | 1,526 |
| Office expenses (including computer expenses) | 3 | 133 |
| Postage | 216 | 249 |
| Printing and stationery | 413 | 358 |
| Street lighting | 689 | 811 |
| Subscriptions and publications | 514 | 337 |
| Telephone and communications | 821 | 496 |
| Rating Valuation fees | 164 | 143 |
| Licence fees | 627 | 59 |
| Water usage | 1,854 | 950 |
| Asset Valuation Fees | 85 | – |
| Rent | 2 | 179 |
| Meeting expenses | 55 | 69 |
| Child care – parent fees | 972 | 1,160 |
| Waterwise subsidy | 51 | 55 |
| RMS Administration Expenses | 9 | – |
| Other | 417 | 153 |
| Total other expenses | 12,561 | 12,655 |
| Less: capitalised costs | (862) | – |
| <u>TOTAL OTHER EXPENSES</u> | <u>11,699</u> | <u>12,655</u> |

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

| \$ '000 | Notes | 2018 | 13/5/16 to 30/6/17 |
|--|-------|----------------|-----------------------|
| Property (excl. investment property) | 10 | | |
| Proceeds from disposal – property | | 44 | – |
| Net gain/(loss) on disposal | | 44 | – |
| Plant and equipment | 10 | | |
| Proceeds from disposal – plant and equipment | | 1,578 | 1,021 |
| Less: carrying amount of plant and equipment assets sold/written off | | (852) | (811) |
| Net gain/(loss) on disposal | | 726 | 210 |
| Infrastructure | 10 | | |
| Less: carrying amount of infrastructure assets sold/written off | | (4,333) | – |
| Net gain/(loss) on disposal | | (4,333) | – |
| Financial assets | 6 | | |
| Proceeds from disposal/redemptions/maturities – financial assets | | 100,417 | 96,674 |
| Less: carrying amount of financial assets sold/redeemed/matured | | (100,417) | (96,674) |
| Net gain/(loss) on disposal | | – | – |
| Library Books | | | |
| Proceeds from disposal – Library Books | | 6 | – |
| Net gain/(loss) on disposal | | 6 | – |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | (3,557) | 210 |

Accounting policy for disposal of assets

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is derecognised.

Note 6(a). Cash and cash equivalent assets

| \$ '000 | 2018 | 2017 |
|--|---------------|---------------|
| Cash and cash equivalents | | |
| Cash on hand and at bank | 6,288 | 8,904 |
| Cash-equivalent assets | | |
| – Deposits at call | 9,888 | 13,708 |
| Total cash and cash equivalents | 16,176 | 22,612 |

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Queanbeyan-Palerang Regional Council

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

Note 6(b). Investments

| \$ '000 | 2018 | 2018 | 2017 | 2017 |
|---|---------------|---------------|---------------|---------------|
| | Current | Non-current | Current | Non-current |
| Investments | | | | |
| a. 'At fair value through the profit and loss' | | | | |
| – 'Held for trading' | 22,937 | – | 11,714 | – |
| b. 'Held to maturity' | 47,750 | 80,250 | 51,397 | 72,250 |
| Total investments | 70,687 | 80,250 | 63,111 | 72,250 |
| TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS | 86,863 | 80,250 | 85,723 | 72,250 |
| Financial assets at fair value through the profit and loss | | | | |
| Managed funds | 22,937 | – | 11,714 | – |
| Total | 22,937 | – | 11,714 | – |
| Held to maturity investments | | | | |
| Long term deposits | 43,000 | 29,000 | 42,397 | 28,000 |
| NCD's, FRN's (with maturities > 3 months) | 4,750 | 51,250 | 9,000 | 44,250 |
| Total | 47,750 | 80,250 | 51,397 | 72,250 |

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Queanbeyan-Palerang Regional Council

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

Note 6(c). Restricted cash, cash equivalents and investments – details

| \$ '000 | 2018 | 2018 | 2017 | 2017 |
|--|---------|-------------|---------|-------------|
| | Current | Non-current | Current | Non-current |
| Total cash, cash equivalents and investments | 86,863 | 80,250 | 85,723 | 72,250 |
| attributable to: | | | | |
| External restrictions (refer below) | 62,584 | 80,250 | 53,253 | 72,250 |
| Internal restrictions (refer below) | 20,640 | – | 28,296 | – |
| Unrestricted | 3,639 | – | 4,174 | – |
| | 86,863 | 80,250 | 85,723 | 72,250 |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

Details of restrictions

External restrictions – included in liabilities

| | | |
|---|-----|-----|
| Specific purpose unexpended loans – general | 510 | 531 |
| Specific purpose unexpended loans – water | 269 | 284 |
| External restrictions – included in liabilities | 779 | 815 |

External restrictions – other

| | | |
|--------------------------------------|---------|---------|
| Developer contributions – general | 25,208 | 18,874 |
| Developer contributions – water fund | 6,515 | 6,116 |
| Developer contributions – sewer fund | 11,380 | 15,209 |
| Specific purpose unexpended grants | 15,246 | 12,715 |
| Water supplies | 18,821 | 15,077 |
| Water supplies – other | 815 | 815 |
| Sewerage services | 52,327 | 42,576 |
| Sewerage services – other | 1,979 | 2,062 |
| Domestic waste management | 6,726 | 6,973 |
| Stormwater management | 972 | 801 |
| CBRJO (SERO) | 1,157 | 1,157 |
| Sale of land for unpaid rates | 459 | 459 |
| Other | 450 | 1,854 |
| External restrictions – other | 142,055 | 124,688 |
| Total external restrictions | 142,834 | 125,503 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(c). Restricted cash, cash equivalents and investments – details (continued)

| \$ '000 | 2018 | 2017 |
|--|----------------|----------------|
| Internal restrictions | | |
| Plant and vehicle replacement | 2,000 | 3,319 |
| Infrastructure replacement | 316 | 1,653 |
| Employees leave entitlement | 1,480 | 1,675 |
| Carry over works | 2,917 | 2,328 |
| Deposits, retentions and bonds | 644 | 1,461 |
| Construction of buildings/strategic priorities | 13 | 1,728 |
| Computer and it services | 51 | 388 |
| Multi purpose sporting complex | – | 12 |
| Interest equalisation | – | 90 |
| Business waste management | 1,102 | 873 |
| Deposits bonds and retentions | 340 | 549 |
| Footpath program | 20 | 83 |
| WH&H | 193 | – |
| Investigation for future/strategic development | – | 2 |
| Risk Management | 418 | – |
| Heritage Grant Program | 73 | – |
| Merger savings | 154 | 459 |
| Main roads contract/state roads | 2,208 | 388 |
| Enviromental & Sustainability | 302 | – |
| Training | 15 | 16 |
| Private works | 201 | 201 |
| New cemetery reserve | – | 100 |
| Corporate information systems | – | 247 |
| Elections | 146 | 482 |
| Parks embellishment | 481 | 653 |
| Waste management non-domestic asset renewals | 973 | 973 |
| Revolving energy reserve | 399 | 359 |
| Saleyards capital improvements | 266 | 168 |
| Property development | 358 | 397 |
| Planning | 19 | 30 |
| Fire services | 36 | 20 |
| State of environment | 10 | 10 |
| Flood mitigation | – | 131 |
| Waste management non-domestic | 4,335 | 3,705 |
| Financial assistance grant | – | 2,896 |
| Strategic Development | 94 | – |
| Other | 1,076 | 2,900 |
| Total internal restrictions | 20,640 | 28,296 |
| TOTAL RESTRICTIONS | 163,474 | 153,799 |

Queanbeyan-Palerang Regional Council

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

Note 7. Receivables

| \$ '000 | 2018 | | 2017 | |
|--|---------------|-------------|---------------|-----------------------|
| | Current | Non-current | Current | Non-current |
| Purpose | | | | |
| Rates and annual charges | 2,561 | 332 | 1,946 | 346 |
| Interest and extra charges | 621 | 75 | 468 | 83 |
| User charges and fees | 8,295 | – | 6,285 | – |
| Accrued revenues | | | | |
| – Interest on investments | 830 | – | 1,113 | – |
| – Other income accruals | 65 | – | 888 | – |
| Deferred debtors | 32 | 128 | 16 | 144 |
| Government grants and subsidies | 2,626 | – | 516 | – |
| Net GST receivable | 122 | – | 345 | – |
| Total | 15,152 | 535 | 11,577 | 573 |
| Less: provision for impairment | | | | |
| Rates and annual charges | (54) | – | (54) | – |
| User charges and fees | (70) | – | (68) | – |
| Total provision for impairment – receivables | (124) | – | (122) | – |
| TOTAL NET RECEIVABLES | 15,028 | 535 | 11,455 | 573 |
| Externally restricted receivables | | | | |
| Water supply | | | | |
| – Rates and availability charges | 436 | – | 254 | – |
| – Other | 4,709 | – | 4,461 | – |
| Sewerage services | | | | |
| – Rates and availability charges | 674 | – | 923 | – |
| – Other | 840 | – | 574 | – |
| Total external restrictions | 6,659 | – | 6,212 | – |
| Internally restricted receivables | | | | |
| Nil | | | | |
| Unrestricted receivables | 8,369 | 535 | 5,243 | 573 |
| TOTAL NET RECEIVABLES | 15,028 | 535 | 11,455 | 573 |
| Movement in provision for impairment of receivables | | | 2018 | 13/5/16 to 30/6/17 |
| Balance at the beginning of the year | | | 122 | 110 |
| + new provisions recognised during the year | | | 2 | 12 |
| Balance at the end of the year | | | 124 | 122 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

Queanbeyan-Palerang Regional Council

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

Note 8. Inventories and other assets

| \$ '000 | 2018 | | 2017 | |
|---|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| (a) Inventories | | | | |
| (i) Inventories at cost | | | | |
| Stores and materials | 266 | — | 417 | — |
| Total inventories at cost | 266 | — | 417 | — |
| TOTAL INVENTORIES | 266 | — | 417 | — |
| (b) Other assets | | | | |
| Prepayments | 885 | — | 609 | — |
| TOTAL OTHER ASSETS | 885 | — | 609 | — |
| Externally restricted assets | | | | |
| Water | | | | |
| Stores and materials | — | — | 185 | — |
| Total water | — | — | 185 | — |
| Sewerage | | | | |
| Stores and materials | — | — | 3 | — |
| Total sewerage | — | — | 3 | — |
| Total externally restricted assets | — | — | 188 | — |
| Total unrestricted assets | 1,151 | — | 838 | — |
| TOTAL INVENTORIES AND OTHER ASSETS | 1,151 | — | 1,026 | — |

Accounting policy**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Non-current assets classified as held for sale (and disposal groups)

| \$ '000 | 2018 | 2018 | 2017 | 2017 |
|---|------------|-------------|------------|-------------|
| | Current | Non-current | Current | Non-current |
| (i) Non-current assets and disposal group assets | | | | |
| Non-current assets 'held for sale' | | | | |
| Land | 120 | – | 120 | – |
| Total non-current assets 'held for sale' | 120 | – | 120 | – |
| TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE' | 120 | – | 120 | – |

(ii) Details of assets and disposal groups

The assets held for sale represent small parcels of land previously identified and agreed by Council to be sold as soon as practicable, the timing of which is reflective of the activities required to be undertaken.

| \$ '000 | Assets 'held for sale' | |
|---------|------------------------|-----------------------|
| | 2018 | 13/5/16 to 30/6/17 |

(iii) Reconciliation of non-current assets 'held for sale' and disposal groups

| | | |
|---|------------|------------|
| Opening balance | 120 | 120 |
| Closing balance of 'held for sale' non-current assets and operations | 120 | 120 |

Accounting policy for non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment property that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Queanbeyan-Palerang Regional Council

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

Note 10(a). Infrastructure, property, plant and equipment

| Asset class \$ '000 | as at 30/6/2017 | | | Asset movements during the reporting period | | | | | | | as at 30/6/2018 | | |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|--|---------------|--|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in P/L) | WIP transfers | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| Capital work in progress | 35,503 | – | 35,503 | 6,755 | 14,761 | – | – | – | (27,424) | – | 29,595 | – | 29,595 |
| Plant and equipment | 20,433 | 11,167 | 9,266 | – | 4,456 | (852) | (2,292) | – | 67 | – | 21,504 | 10,859 | 10,645 |
| Office equipment | 3,102 | 2,041 | 1,061 | – | 2,629 | – | (689) | – | 1,517 | – | 7,248 | 2,730 | 4,518 |
| Furniture and fittings | 392 | 242 | 150 | – | – | – | (38) | – | 38 | – | 430 | 275 | 155 |
| Land: | | | | | | | | | | | | | |
| – Operational land | 53,138 | – | 53,138 | – | 4,707 | – | – | – | – | – | 57,845 | – | 57,845 |
| – Community land | 84,911 | – | 84,911 | – | – | – | – | – | 52 | – | 84,963 | – | 84,963 |
| – Land under roads (post 30/6/08) | 255 | – | 255 | – | – | – | – | – | 33 | – | 288 | – | 288 |
| Park structures | 38,835 | 11,712 | 27,123 | 28 | 470 | (66) | (1,069) | – | 2,733 | – | 41,941 | 12,722 | 29,219 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings – non-specialised | 44,417 | 23,335 | 21,082 | 42 | 3 | – | (867) | – | 325 | – | 44,787 | 24,202 | 20,585 |
| – Buildings – specialised | 72,583 | 27,877 | 44,706 | – | 51 | (16) | (1,386) | – | 1,341 | – | 73,920 | 29,224 | 44,696 |
| – Roads | 631,641 | 81,281 | 550,360 | 4,808 | 7,111 | (3,793) | (6,716) | – | 12,351 | – | 649,640 | 85,518 | 564,122 |
| – Bridges | 70,388 | 30,180 | 40,208 | – | – | (227) | (703) | – | 952 | – | 70,147 | 29,917 | 40,230 |
| – Footpaths | 33,269 | 9,511 | 23,758 | – | 1,851 | (76) | (378) | – | 775 | – | 35,797 | 9,866 | 25,931 |
| – Other road assets (Car Parks and K&G) | 47,443 | 16,647 | 30,796 | – | 1,513 | (59) | (535) | – | 1,114 | – | 49,948 | 17,120 | 32,828 |
| – Stormwater drainage | 171,957 | 63,031 | 108,926 | – | 2,235 | (19) | (1,683) | – | 1,520 | – | 175,678 | 64,699 | 110,979 |
| – Water supply network | 143,842 | 50,849 | 92,993 | – | 659 | (77) | (1,535) | – | 2,583 | 7,808 | 155,905 | 53,474 | 102,431 |
| – Sewerage network | 234,534 | 80,594 | 153,940 | 4,387 | 2,421 | – | (3,630) | (2,259) | 2,023 | – | 241,318 | 84,435 | 156,883 |
| – Swimming pools | 4,356 | 2,167 | 2,189 | – | – | – | (86) | – | – | – | 4,356 | 2,252 | 2,104 |
| Other assets: | | | | | | | | | | | | | |
| – Library books | 773 | 564 | 209 | – | – | – | (97) | – | – | – | 773 | 661 | 112 |
| Reinstatement, rehabilitation and restoration assets (refer Note 13): | | | | | | | | | | | | | |
| – Tip assets | 5,089 | 3,784 | 1,305 | – | – | – | (462) | – | – | – | 5,089 | 4,246 | 843 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP. | 1,696,861 | 414,982 | 1,281,879 | 16,020 | 42,867 | (5,185) | (22,166) | (2,259) | – | 7,808 | 1,751,172 | 432,200 | 1,318,972 |

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Plant and equipment | Years | Other equipment | Years |
|-----------------------------------|--------------|--------------------------------------|--------------|
| Office equipment | 5 to 25 | Playground equipment | 1 to 100 |
| Office furniture | 10 to 10 | Benches, seats etc. | 1 to 100 |
| Computer equipment | 4 | Library Books | 5 |
| Vehicles | 5 to 10 | Buildings | |
| Heavy plant/road making equipment | 5 to 10 | Buildings: masonry | 3 to 100 |
| Other plant and equipment | 5 to 10 | Buildings: other | 20 to 40 |
| Water and sewer assets | | Stormwater assets | |
| Dams | 25 to 75 | Drains | 10 to 100 |
| Reservoirs | 25 to 100 | Culverts | 10 to 100 |
| Bores | 5 to 30 | Flood control structures | 10 to 100 |
| Reticulation pipes: PVC | 5 to 80 | | |
| Reticulation pipes: other | 5 to 80 | | |
| Pumps and telemetry | 5 to 20 | | |
| Transportation assets | | Other infrastructure assets | |
| Sealed roads: surface | 1 to 100 | Bulk earthworks | 200 |
| Sealed roads: structure | 1 to 100 | Swimming pools | 5 to 50 |
| Unsealed roads | 20 | Other open space/recreational assets | 5 to 20 |
| Bridge: concrete | 10 to 100 | Other infrastructure | 5 to 20 |
| Bridge: other | 10 to 50 | | |
| Road pavements | 60 | | |
| Kerb, gutter and footpaths | 10 to 100 | | |
| Car parks | 10 to 200 | | |
| Footpaths | 10 to 100 | | |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10(a). Infrastructure, property, plant and equipment (continued)

Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise the value of Rural Fire Service vehicles.

Council recognises Land on which Rural Fire Service buildings are built.

Where buildings are associated with Council depot buildings Council will recognise the value of the building.

Council does not recognise Rural Fire Service buildings where the building is stand alone.

Council does not recognise any fire fighting equipment.

Note 10(b). Externally restricted infrastructure, property, plant and equipment

| \$ '000 Class of asset | 2018 | | | 2017 | | |
|-----------------------------------|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
| | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount |
| Water supply | | | | | | |
| WIP | 2,130 | — | 2,130 | 3,049 | — | 3,049 |
| Land | | | | | | |
| – Operational land | 656 | — | 656 | 656 | — | 656 |
| – Community land | 2,402 | — | 2,402 | 2,402 | — | 2,402 |
| Buildings | 1,472 | 361 | 1,111 | 1,472 | 325 | 1,147 |
| Infrastructure | 155,905 | 53,474 | 102,431 | 143,842 | 50,849 | 92,993 |
| Total water supply | 162,565 | 53,835 | 108,730 | 151,421 | 51,174 | 100,247 |
| Sewerage services | | | | | | |
| WIP | 2,346 | — | 2,346 | 3,745 | — | 3,745 |
| Land | | | | | | |
| – Operational land | 3,097 | — | 3,097 | 3,097 | — | 3,097 |
| – Community land | 117 | — | 117 | 117 | — | 117 |
| Buildings | 2,123 | 920 | 1,203 | 2,123 | 876 | 1,247 |
| Infrastructure | 240,727 | 84,435 | 156,292 | 234,534 | 80,593 | 153,941 |
| Total sewerage services | 248,410 | 85,355 | 163,055 | 243,616 | 81,469 | 162,147 |
| Domestic waste management | | | | | | |
| WIP | 798 | — | 798 | 39 | — | 39 |
| Land | | | | | | |
| – Operational land | 1,300 | — | 1,300 | 1,300 | — | 1,300 |
| Buildings | 9,138 | 1,647 | 7,491 | 9,131 | 1,448 | 7,683 |
| Total DWM | 11,236 | 1,647 | 9,589 | 10,470 | 1,448 | 9,022 |
| TOTAL RESTRICTED IPP&E | 422,211 | 140,837 | 281,374 | 405,507 | 134,091 | 271,416 |

Queanbeyan-Palerang Regional Council

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

Note 11. Intangible assets

| \$ '000 | 2018 | 2017 |
|--|---------------------|-----------------|
| Intangible assets represent identifiable non-monetary assets without physical substance. | | |
| Intangible assets are as follows: | | |
| Movements for the year | | |
| – Purchases | 3,059 | – |
| Closing values: | | |
| Gross book value (30/6) | 3,059 | – |
| <u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u> ¹ | <u>3,059</u> | <u>–</u> |

¹ The net book value of intangible assets represent:

| | | |
|----------------------|---------------------|-----------------|
| – Biobanking Credits | 3,059 | – |
| | <u>3,059</u> | <u>–</u> |

Accounting policy for intangible assets

Biobanking Credits

Biobanking credits are held by QPRC for Yellow Box and Inland Scribbly Gum. These credits are able to be bought and sold to those wanting to invest in conservation outcomes. QPRC is required to hold these assets as part of the Ellerton Drive environmental offset. At this stage QPRC is required to hold the credits in perpetuity and unable to be sold unless further environmental work is undertaken. This further environmental work is not scheduled therefore QPRC holds the credits as Intangible Assets rather than Marketable Instruments.

Queanbeyan-Palerang Regional Council

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

Note 12. Payables and borrowings

| \$ '000 | 2018 | | 2017 | |
|---|---------------|---------------|---------------|---------------|
| | Current | Non-current | Current | Non-current |
| Payables | | | | |
| Goods and services – operating expenditure | 152 | – | 327 | – |
| Accrued expenses: | | | | |
| – Borrowings | 180 | – | 119 | – |
| – Salaries and wages | 1,407 | – | 1,530 | – |
| – Other expenditure accruals | 8,578 | – | 6,528 | – |
| Security bonds, deposits and retentions | 2,292 | – | 2,775 | – |
| CBRJO (SEROC) | 990 | – | 881 | – |
| Proceeds from sale of land for unpaid rates | 102 | – | 102 | – |
| Other | 74 | – | 36 | – |
| Total payables | 13,775 | – | 12,298 | – |
| Income received in advance | | | | |
| Payments received in advance | 177 | – | 1,841 | – |
| Total income received in advance | 177 | – | 1,841 | – |
| Borrowings | | | | |
| Loans – secured ¹ | 1,619 | 35,218 | 1,555 | 36,782 |
| Total borrowings | 1,619 | 35,218 | 1,555 | 36,782 |
| TOTAL PAYABLES AND BORROWINGS | 15,571 | 35,218 | 15,694 | 36,782 |

(a) Payables and borrowings relating to restricted assets

| | 2018 | | 2017 | |
|---|---------------|---------------|---------------|---------------|
| | Current | Non-current | Current | Non-current |
| Externally restricted assets | | | | |
| Water | 4,333 | 5,495 | 3,528 | 5,852 |
| Sewer | 653 | 8,116 | 635 | 8,381 |
| Other - CBRJO (SEROC) | – | – | 770 | – |
| Payables and borrowings relating to externally restricted assets | 4,986 | 13,611 | 4,933 | 14,233 |
| Internally restricted assets | | | | |
| Nil | | | | |
| Total payables and borrowings relating to restricted assets | 4,986 | 13,611 | 4,933 | 14,233 |
| Total payables and borrowings relating to unrestricted assets | 10,585 | 21,607 | 10,761 | 22,549 |
| TOTAL PAYABLES AND BORROWINGS | 15,571 | 35,218 | 15,694 | 36,782 |

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables and borrowings (continued)

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

(b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.

| | | |
|--|------------|--------------|
| Payables – security bonds, deposits and retentions | 418 | 1,197 |
| | 418 | 1,197 |

(c) Changes in liabilities arising from financing activities

| Class of borrowings | Opening balance as at 1/7/17 | Cash flows | Non-cash changes | | | Closing balance as at 30/6/18 |
|---------------------|------------------------------|----------------|------------------|--------------------|--------------------------|-------------------------------|
| | | | Acquisition | Fair value changes | Other non-cash movements | |
| Loans – secured | 38,337 | (1,555) | – | 55 | – | 36,837 |
| TOTAL | 38,337 | (1,555) | – | 55 | – | 36,837 |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

| | | |
|--|--------------|--------------|
| Bank overdraft facilities ⁽¹⁾ | 2,000 | 2,000 |
| Credit cards/purchase cards | 210 | 134 |
| Total financing arrangements | 2,210 | 2,134 |

Drawn facilities as at balance date:

| | | |
|---|-----------|-----------|
| – Credit cards/purchase cards | 90 | 52 |
| Total drawn financing arrangements | 90 | 52 |

Undrawn facilities as at balance date:

| | | |
|---|--------------|--------------|
| – Bank overdraft facilities | 2,000 | 2,000 |
| – Credit cards/purchase cards | 120 | 82 |
| Total undrawn financing arrangements | 2,120 | 2,082 |

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Queanbeyan-Palerang Regional Council

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

Note 13. Provisions

| \$ '000 | 2018 | | 2017 | |
|--|----------------------|---------------------|----------------------|---------------------|
| | Current | Non-current | Current | Non-current |
| Provisions | | | | |
| Employee benefits: | | | | |
| Annual leave | 3,536 | — | 3,085 | — |
| Long service leave | 5,332 | 464 | 5,290 | 495 |
| Other leave (TIL and RDOs) | 387 | — | 343 | — |
| Sub-total – aggregate employee benefits | 9,255 | 464 | 8,718 | 495 |
| Asset remediation/restoration: | | | | |
| Asset remediation/restoration (future works) | 2,864 | 3,162 | 3,000 | 3,162 |
| Sub-total – asset remediation/restoration | 2,864 | 3,162 | 3,000 | 3,162 |
| <u>TOTAL PROVISIONS</u> | <u>12,119</u> | <u>3,626</u> | <u>11,718</u> | <u>3,657</u> |

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

| | | |
|---------------------------------|---------------------|---------------------|
| Provisions – employees benefits | 5,759 | 5,447 |
| | <u>5,759</u> | <u>5,447</u> |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

| 2018 | ELE provisions | | | Total |
|-------------------------------------|----------------|--------------------|-------------------------|--------------|
| | Annual leave | Long service leave | Other employee benefits | |
| At beginning of year | 3,085 | 5,785 | 343 | 9,213 |
| Additional provisions | 2,009 | 461 | 155 | 2,625 |
| Amounts used (payments) | (1,629) | (528) | (120) | (2,277) |
| Remeasurement effects | 71 | 78 | 9 | 158 |
| Total ELE provisions at end of year | 3,536 | 5,796 | 387 | 9,719 |
| 2017 | | | | |
| At beginning of year | 2,954 | 5,832 | 253 | 9,039 |
| Additional provisions | 2,167 | 298 | 139 | 2,604 |
| Amounts used (payments) | (2,098) | (429) | (56) | (2,583) |
| Remeasurement effects | 62 | 84 | 7 | 153 |
| Total ELE provisions at end of year | 3,085 | 5,785 | 343 | 9,213 |

| 2018 | Other provisions | |
|---------------------------------------|-------------------|--------------|
| | Asset remediation | Total |
| At beginning of year | 6,162 | 6,162 |
| Changes to provision: | | |
| Amounts used (payments) | (168) | (168) |
| Unwinding of discount | 32 | 32 |
| Total other provisions at end of year | 6,026 | 6,026 |
| 2017 | | |
| At beginning of year | 5,014 | 5,014 |
| Changes to provision: | | |
| Additional provisions | 1,098 | 1,098 |
| Amounts used (payments) | (27) | (27) |
| Unwinding of discount | 77 | 77 |
| Total other provisions at end of year | 6,162 | 6,162 |

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Queanbeyan-Palerang Regional Council

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

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Note 15. Statement of cash flows – additional information

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|---------------|---------------|
| (a) Reconciliation of cash assets | | | |
| Total cash and cash equivalent assets | 6a | 16,176 | 22,612 |
| Balance as per the Statement of Cash Flows | | 16,176 | 22,612 |
| (b) Reconciliation of net operating result to cash provided from operating activities | | | |
| Net operating result from Income Statement | | 46,461 | 91,184 |
| Adjust for non-cash items: | | | |
| Depreciation and amortisation | | 22,166 | 24,905 |
| Net losses/(gains) on disposal of assets | | 3,557 | (210) |
| Non-cash capital grants and contributions | | (18,625) | (62,520) |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | | |
| – Investments classified as 'at fair value' or 'held for trading' | | (1,191) | (342) |
| – Revaluation decrements / impairments of IPP&E direct to P&L | | 2,259 | – |
| Amortisation of premiums, discounts and prior period fair valuations | | | |
| – Interest exp. on interest-free loans received by Council (previously fair valued) | | 55 | 71 |
| Unwinding of discount rates on reinstatement provisions | | 32 | 77 |
| +/- Movement in operating assets and liabilities and other cash items: | | | |
| Decrease/(increase) in receivables | | (3,537) | 12,972 |
| Increase/(decrease) in provision for doubtful debts | | 2 | 12 |
| Decrease/(increase) in inventories | | 151 | (118) |
| Decrease/(increase) in other assets | | (276) | (1) |
| Increase/(decrease) in payables | | (175) | (3,871) |
| Increase/(decrease) in accrued interest payable | | 61 | (359) |
| Increase/(decrease) in other accrued expenses payable | | 1,927 | 5,432 |
| Increase/(decrease) in other liabilities | | (2,000) | (4,191) |
| Increase/(decrease) in employee leave entitlements | | 506 | 174 |
| Increase/(decrease) in other provisions | | (168) | (27) |
| Net cash provided from/(used in) operating activities from the Statement of Cash Flows | | 51,205 | 63,188 |
| (c) Non-cash investing and financing activities | | | |
| Developer contributions 'in kind' | | 18,625 | 62,520 |
| Total non-cash investing and financing activities | | 18,625 | 62,520 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure

| \$ '000 | 2018 | 2017 |
|--|---------------|---------------|
| (a) Capital commitments (exclusive of GST) | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Buildings - QISC Extension | 263 | 3,917 |
| Sewer Mains Rehabilitation | 536 | 4,210 |
| Buildings - QHQ Design | – | 455 |
| Stormwater | 443 | 1,041 |
| Recreation - Aquatic Centre Wet Play Area | – | 711 |
| Ellerton Drive Extension | 35,000 | 36,000 |
| Other | 5,845 | – |
| Total commitments | 42,087 | 46,334 |
| These expenditures are payable as follows: | | |
| Within the next year | 37,087 | 26,334 |
| Later than one year and not later than 5 years | 5,000 | 20,000 |
| Total payable | 42,087 | 46,334 |
| Sources for funding of capital commitments: | | |
| Unrestricted general funds | – | 455 |
| Future grants and contributions | 834 | 36,000 |
| Section 94 and 64 funds/reserves | 979 | 5,251 |
| Unexpended grants | 263 | 2,670 |
| Externally restricted reserves | 2,454 | – |
| Internally restricted reserves | 2,557 | – |
| New loans (to be raised) | 35,000 | 1,959 |
| Total sources of funding | 42,087 | 46,334 |
| Details of capital commitments | | |
| QPRC hold commitments for major projects including: | | |
| – Ellerton Drive Extension – \$89 million Council contribution is \$36 million | | |
| – Sewer and Stormwater Rehabilitation funded by Sewer and Stormwater reserves. | | |
| – Aquatic Centre Wet Play area funded by Grant | | |
| – QHQ Building Design funded by Internal Unrestricted Funds | | |
| – QISC Extension funded by Grant and New Loan | | |
| (b) Operating lease commitments (non-cancellable) | | |
| a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable: | | |
| Within the next year | 97 | 78 |
| Later than one year and not later than 5 years | 199 | 68 |
| Total non-cancellable operating lease commitments | 296 | 146 |
| b. Non-cancellable operating leases include the following assets: | | |
| QPRC hold leasing agreements in place for multi-function devices and printers. | | |
| Contingent rentals may be payable depending on the condition of items or usage during the lease term. | | |
| Conditions relating to operating leases: | | |
| – All operating lease agreements are secured only against the leased asset. | | |
| – No lease agreements impose any financial restrictions on Council regarding future debt etc. | | |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

| | |
|------------|-----------------------------------|
| Division B | 1.9 times employee contributions |
| Division C | 2.5% salaries |
| Division D | 1.64 times employee contributions |

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

(i) Defined benefit superannuation contribution plans (continued)

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$755,441. The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December, relating to the period ended 30 June 2017.

The expected contributions to the Fund for the next annual reporting period are \$640,911.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

| Employer reserves only* | \$millions | Asset Coverage |
|--------------------------|------------|----------------|
| Assets | 1,817.8 | |
| Past Service Liabilities | 1,787.5 | 101.7% |
| Vested Benefits | 1,778.0 | 102.2% |

* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

| | |
|-------------------|----------------|
| Investment return | 6.0% per annum |
| Salary inflation* | 3.5% per annum |
| Increase in CPI | 2.5% per annum |

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.62% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

Queanbeyan-Palerang Regional Council

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

Note 17. Contingencies and other liabilities/assets not recognised (continued)

ASSETS NOT RECOGNISED (continued):

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

Queanbeyan-Palerang Regional Council

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

Note 18. Financial risk management

\$ '000

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

| | Carrying value | | Fair value | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Financial assets | | | | |
| Cash and cash equivalents | 16,176 | 22,612 | 16,176 | 22,612 |
| Investments | | | | |
| – 'Held for trading' | 22,937 | 11,714 | 22,937 | 11,714 |
| – 'Held to maturity' | 128,000 | 123,647 | 128,000 | 123,647 |
| Receivables | 15,563 | 12,028 | 15,563 | 12,028 |
| Total financial assets | 182,676 | 170,001 | 182,676 | 170,001 |
| Financial liabilities | | | | |
| Payables | 13,775 | 12,298 | 13,775 | 12,298 |
| Loans/advances | 36,837 | 38,337 | 36,837 | 38,337 |
| Total financial liabilities | 50,612 | 50,635 | 50,612 | 50,635 |

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also receives regular advice from independent advisers and advice is reviewed before placing any funds in cash equivalents and investments.

(a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

| | Increase of values/rates | | Decrease of values/rates | |
|--|--------------------------|--------|--------------------------|---------|
| | Profit | Equity | Profit | Equity |
| 2018 | | | | |
| Possible impact of a 10% movement in market values | 2,293 | 2,293 | (2,293) | (2,293) |
| Possible impact of a 1% movement in interest rates | 1,378 | 1,378 | (1,378) | (1,378) |
| 13/5/16to 30/6/17 | | | | |
| Possible impact of a 10% movement in market values | 1,171 | 1,171 | (1,171) | (1,171) |
| Possible impact of a 1% movement in interest rates | 1,374 | 1,374 | (1,374) | (1,374) |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

| | 2018 Rates and annual charges | 2018 Other receivables | 2017 Rates and annual charges | 2017 Other receivables |
|---|--|------------------------------|--|------------------------------|
| (i) Ageing of receivables – % | | | | |
| Current (not yet overdue) | 0% | 95% | 0% | 91% |
| Overdue | 100% | 5% | 100% | 9% |
| | 100% | 100% | 100% | 100% |
| (ii) Ageing of receivables – value | | | | |
| Rates and annual charges | | | 2018 | 2017 |
| < 1 year overdue | | | 2,893 | 2,292 |
| | | | 2,893 | 2,292 |
| Other receivables | | | | |
| Current | | | 12,133 | 9,074 |
| 0 – 30 days overdue | | | 115 | 158 |
| 31 – 60 days overdue | | | 3 | 119 |
| 61 – 90 days overdue | | | 147 | 84 |
| > 91 days overdue | | | 396 | 423 |
| | | | 12,794 | 9,858 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

| \$ '000 | Weighted average interest rate | Subject to no maturity | payable in: | | | Total cash outflows | Actual carrying values |
|------------------------------------|--------------------------------------|------------------------------|---------------|---------------|---------------|---------------------------|------------------------------|
| | | | ≤ 1 Year | 1 – 5 Years | > 5 Years | | |
| 2018 | | | | | | | |
| Trade/other payables | 0.00% | 2,292 | 11,483 | – | – | 13,775 | 13,775 |
| Loans and advances | 5.37% | – | 1,619 | 12,405 | 22,813 | 36,837 | 36,837 |
| Total financial liabilities | | 2,292 | 13,102 | 12,405 | 22,813 | 50,612 | 50,612 |
| 2017 | | | | | | | |
| Trade/other payables | 0.00% | 2,775 | 9,523 | – | – | 12,298 | 12,298 |
| Loans and advances | 5.91% | – | 1,555 | 6,068 | 30,714 | 38,337 | 38,337 |
| Total financial liabilities | | 2,775 | 11,078 | 6,068 | 30,714 | 50,635 | 50,635 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 28 July 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

| \$ '000 | 2018 Budget | 2018 Actual | 2018 ----- Variance* ----- | |
|--|----------------|----------------|-------------------------------|-----------------|
| REVENUES | | | | |
| Rates and annual charges | 66,730 | 66,612 | (118) | (0%) U |
| User charges and fees | 28,994 | 37,468 | 8,474 | 29% F |
| Roads and Maritime Services additional private works | | | | |
| Interest and investment revenue | 4,315 | 5,654 | 1,339 | 31% F |
| Capital Expenditure not utilised resulting in increased interest revenue. Tcorp Managed Investments performed better than expected. | | | | |
| Other revenues | 2,532 | 1,777 | (755) | (30%) U |
| Insurance Claim Recovery did not occur | | | | |
| Operating grants and contributions | 11,577 | 15,951 | 4,374 | 38% F |
| Additional non capital developer contributions received was passed back to the Developer of Googong Township. | | | | |
| Capital grants and contributions | 25,407 | 50,596 | 25,189 | 99% F |
| Received Monaro Road Package - unbudgeted capital contribution. | | | | |
| Net gains from disposal of assets | 3 | – | (3) | (100%) U |
| Motor vehicle sales not budgeted for. | | | | |

Queanbeyan-Palerang Regional Council

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

Note 19. Material budget variations (continued)

| \$ '000 | 2018 Budget | 2018 Actual | 2018 ----- Variance* ----- | |
|--|----------------|----------------|-------------------------------|---------------|
| EXPENSES | | | | |
| Employee benefits and on-costs | 41,114 | 40,023 | 1,091 | 3% F |
| Borrowing costs | 2,525 | 2,188 | 337 | 13% F |
| Loan not drawn for Royalla land and Indoor Sports Centre resulting in less interest expense. | | | | |
| Materials and contracts | 45,461 | 49,705 | (4,244) | (9%) U |
| Depreciation and amortisation | 20,960 | 22,166 | (1,206) | (6%) U |
| Other expenses | 10,925 | 11,699 | (774) | (7%) U |
| Net losses from disposal of assets | — | 3,557 | (3,557) | 0% U |
| Assets disposed as part of asset renewals. Asset disposal not budgeted for. | | | | |

Budget variations relating to Council's Cash Flow Statement include:

| | | | | |
|--|----------|----------|----------|-------------------|
| Cash flows from operating activities | 19,020 | 51,205 | 32,185 | 169.2% F |
| Monaro Road package capital grant received not budgeted for. | | | | |
| Cash flows from investing activities | (45,412) | (56,086) | (10,674) | 23.5% U |
| Capital projects expenditure less than budget, budgets rolled over to the next year - 30.791 F | | | | |
| Purchased more investments than budgeted due to surplus cash from capital projects - 43.090 U | | | | |
| Cash flows from financing activities | 26,396 | (1,555) | (27,951) | (105.9%) U |
| Budgeted loan not drawn down | | | | |

Queanbeyan-Palerang Regional Council

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

Note 20. Fair value measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

| Fair value measurements | | Fair value measurement hierarchy | | | Total |
|---|--------------------------|---|--|--|-----------|
| 2018 | Date of latest valuation | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments | | | | | |
| – 'Designated at fair value on initial recognition' | 30/06/18 | – | 22,937 | – | 22,937 |
| Total financial assets | | – | 22,937 | – | 22,937 |
| Infrastructure, property, plant and equipment | | | | | |
| Plant and Equipment | 13/05/16 | – | – | 10,645 | 10,645 |
| Office Equipment | 13/05/16 | – | – | 4,518 | 4,518 |
| Furniture and Fittings | 13/05/16 | – | – | 155 | 155 |
| Operational Land | 13/05/16 | – | – | 57,845 | 57,845 |
| Community Land | 13/05/16 | – | – | 84,963 | 84,963 |
| Land Under Roads | 13/05/16 | – | – | 288 | 288 |
| Park Structures | 13/05/16 | – | – | 29,219 | 29,219 |
| Buildings - Non Specialised | 13/05/16 | – | – | 20,585 | 20,585 |
| Buildings - Specialised | 13/05/16 | – | – | 44,696 | 44,696 |
| Roads | 13/05/16 | – | – | 564,122 | 564,122 |
| Bridges | 13/05/16 | – | – | 40,230 | 40,230 |
| Footpaths | 13/05/16 | – | – | 25,931 | 25,931 |
| Other Road Assets | 13/05/16 | – | – | 32,828 | 32,828 |
| Storm Water Drainage | 13/05/16 | – | – | 110,979 | 110,979 |
| Water Supply Network | 30/06/18 | – | – | 102,431 | 102,431 |
| Sewerage Network | 30/06/18 | – | – | 156,883 | 156,883 |
| Swimming Pools | 13/05/16 | – | – | 2,104 | 2,104 |
| Library Books | 13/05/16 | – | – | 112 | 112 |
| Tip Assets | 13/05/16 | – | – | 843 | 843 |
| Total infrastructure, property, plant and equipment | | – | – | 1,289,377 | 1,289,377 |

Queanbeyan-Palerang Regional Council

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

Note 20. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values (continued):

| | | Fair value measurement hierarchy | | | |
|---|--------------------------------|------------------------------------|-------------------------------------|---------------------------------------|-----------|
| 2017 | | Level 1 | Level 2 | Level 3 | Total |
| | Date of latest valuation | Quoted prices in active mkts | Significant observable inputs | Significant unobservable inputs | |
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments | | | | | |
| – ‘Designated at fair value on initial recognition’ | 30/06/17 | – | 11,714 | – | 11,714 |
| Total financial assets | | – | 11,714 | – | 11,714 |
| Infrastructure, property, plant and equipment | | | | | |
| Plant and Equipment | 13/05/16 | – | – | 9,266 | 9,266 |
| Office Equipment | 13/05/16 | – | – | 1,061 | 1,061 |
| Furniture and Fittings | 13/05/16 | – | – | 150 | 150 |
| Operational Land | 13/05/16 | – | – | 53,138 | 53,138 |
| Community Land | 13/05/16 | – | – | 84,911 | 84,911 |
| Land Under Roads | 13/05/16 | – | – | 255 | 255 |
| Park Structures | 13/05/16 | – | – | 27,123 | 27,123 |
| Buildings - Non Specialised | 13/05/16 | – | – | 21,082 | 21,082 |
| Buildings - Specialised | 13/05/16 | – | – | 44,706 | 44,706 |
| Roads | 13/05/16 | – | – | 550,360 | 550,360 |
| Bridges | 13/05/16 | – | – | 40,208 | 40,208 |
| Footpaths | 13/05/16 | – | – | 23,758 | 23,758 |
| Other Road Assets | 13/05/16 | – | – | 30,796 | 30,796 |
| Storm Water Drainage | 13/05/16 | – | – | 108,926 | 108,926 |
| Water Supply Network | 13/05/16 | – | – | 92,993 | 92,993 |
| Sewerage Network | 13/05/16 | – | – | 153,940 | 153,940 |
| Swimming Pools | 13/05/16 | – | – | 2,189 | 2,189 |
| Library Books | 13/05/16 | – | – | 209 | 209 |
| Tip Assets | 13/05/16 | – | – | 1,305 | 1,305 |
| Total infrastructure, property, plant and equipment | | – | – | 1,246,376 | 1,246,376 |

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Financial assets

Where investments are valued at fair value through Profit or Loss. Council obtains valuations from its investment adviser (CPG) at the end of each reporting period ensuring financial statements reflect the most up to date valuation.

There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPP&E)

Upon amalgamation, QPRC reviewed the level 3 unobservable inputs of both former Councils. It was realised the unobservable inputs significantly differed. QPRC undertook an independent valuation through Pickles Valuation Services to gather, consolidate and provide a valuation for all infrastructure assets of QPRC.

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

| | Plant and equipment | Office equipment | Furniture and Fittings | Operational Land | Total |
|----------------------------------|---------------------------|---------------------|------------------------------|---------------------|---------------|
| Opening balance – 13/5/16 | 8,739 | 1,654 | 192 | 53,138 | 63,723 |
| Purchases (GBV) | 3,778 | – | – | – | 3,778 |
| Disposals (WDV) | (812) | – | – | – | (812) |
| Depreciation and impairment | (2,439) | (593) | (42) | – | (3,074) |
| Closing balance – 30/6/17 | 9,266 | 1,061 | 150 | 53,138 | 63,615 |
| Purchases (GBV) | 4,523 | 4,146 | 38 | 4,707 | 13,414 |
| Disposals (WDV) | (852) | – | – | – | (852) |
| Depreciation and impairment | (2,292) | (689) | (33) | – | (3,014) |
| Closing balance – 30/6/18 | 10,645 | 4,518 | 155 | 57,845 | 73,163 |

Queanbeyan-Palerang Regional Council

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

Note 20. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

| | Community land | Land under roads | Park structures | Buildings non- specialised | Total |
|----------------------------------|-------------------|------------------------|--------------------|----------------------------------|----------------|
| Opening balance – 13/5/16 | 82,636 | 255 | 22,630 | 21,988 | 127,509 |
| Purchases (GBV) | 2,275 | – | 5,624 | 72 | 7,971 |
| Depreciation and impairment | – | – | (1,131) | (978) | (2,109) |
| Closing balance – 30/6/17 | 84,911 | 255 | 27,123 | 21,082 | 133,371 |
| Purchases (GBV) | 52 | 33 | 3,231 | 370 | 3,686 |
| Disposals (WDV) | – | – | (66) | – | (66) |
| Depreciation and impairment | – | – | (1,069) | (867) | (1,936) |
| Closing balance – 30/6/18 | 84,963 | 288 | 29,219 | 20,585 | 135,055 |

| | Buildings specialised | Roads | Bridges | Footpaths | Total |
|----------------------------------|--------------------------|----------------|---------------|---------------|----------------|
| Opening balance – 13/5/16 | 44,886 | 553,736 | 39,316 | 22,900 | 660,838 |
| Purchases (GBV) | 1,362 | 4,107 | 1,682 | 1,256 | 8,407 |
| Depreciation and impairment | (1,542) | (7,483) | (790) | (398) | (10,213) |
| Closing balance – 30/6/17 | 44,706 | 550,360 | 40,208 | 23,758 | 659,032 |
| Purchases (GBV) | 1,392 | 24,270 | 952 | 2,626 | 29,240 |
| Disposals (WDV) | (16) | (3,792) | (227) | (75) | (4,110) |
| Depreciation and impairment | (1,386) | (6,716) | (703) | (378) | (9,183) |
| Closing balance – 30/6/18 | 44,696 | 564,122 | 40,230 | 25,931 | 674,979 |

Queanbeyan-Palerang Regional Council

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

Note 20. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

| | Other road assets | Stormwater drainage | Water Supply network | Sewerage network | Total |
|---------------------------------------|-------------------------|------------------------|----------------------------|---------------------|----------------|
| Opening balance – 13/5/16 | 30,682 | 109,575 | 93,226 | 106,169 | 339,652 |
| Purchases (GBV) | 696 | 1,355 | 1,838 | 52,357 | 56,246 |
| Depreciation and impairment | (582) | (2,004) | (2,071) | (4,586) | (9,243) |
| Closing balance – 30/6/17 | 30,796 | 108,926 | 92,993 | 153,940 | 386,655 |
| Purchases (GBV) | 2,626 | 3,755 | 3,242 | 8,831 | 18,454 |
| Disposals (WDV) | (59) | (19) | (77) | – | (155) |
| Depreciation and impairment | (535) | (1,683) | (1,535) | (3,629) | (7,382) |
| FV gains – other comprehensive income | – | – | 7,808 | – | 7,808 |
| Revaluation Decrement | – | – | – | (2,259) | (2,259) |
| Closing balance – 30/6/18 | 32,828 | 110,979 | 102,431 | 156,883 | 403,121 |

| | Swimming pools | Library books | Tip assets | Total |
|----------------------------------|-------------------|------------------|---------------|--------------|
| Opening balance – 13/5/16 | 2,287 | 374 | 207 | 2,868 |
| Purchases (GBV) | – | – | 1,098 | 1,098 |
| Depreciation and impairment | (98) | (165) | – | (263) |
| Closing balance – 30/6/17 | 2,189 | 209 | 1,305 | 3,703 |
| Disposals (WDV) | (85) | (97) | (462) | (644) |
| Closing balance – 30/6/18 | 2,104 | 112 | 843 | 3,059 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(4). Fair value measurements using significant unobservable inputs (level 3)

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

I, PP&E

| Class | Fair value (30/6/18) \$'000 | Valuation technique/s | Unobservable inputs |
|--|-----------------------------------|-----------------------|--|
| Land Operational | 57,845 | Market Approach | Sales of comparable properties, sales data. Market transactions of land in locality. Reserves based on market participant assumptions. |
| Land – Community | 84,963 | Market Approach | Market transactions of land in locality. Land values provided by the NSW Valuer-General. |
| Land under Roads | 288 | As per Code | Land acquired by Council for roads since 1 July 2008 has been valued at acquisition cost. Further discount has been applied for Englobo and Access. |
| Buildings-Specialised | 44,696 | Cost approach | Building construction costs from recent council projects, building cost data from “Rawlinson’s Construction Handbook”, and industry data from building cost manuals. |
| Buildings – Non Specialised | 20,585 | Cost approach | Building construction costs from recent council projects, building cost data from “Rawlinson’s Construction Handbook”, and industry data from building cost manuals. |
| Swimming Pools | 2,104 | Cost approach | Construction cost data from QPRC and “Rawlinson’s Construction Handbook”. |
| Infrastructure – Roads (inc Kerbs, Footpaths, & Carpark) | 622,881 | Cost approach | Cost data/unit rates from recent QPRC projects, and published construction cost manuals such as “Rawlinson’s Construction Handbook”. |
| Bridges | 40,230 | Cost approach | Cost data/unit rates from recent QPRC projects, and published construction cost manuals such as “Rawlinson’s Construction Handbook”. |
| Stormwater | 110,979 | Cost approach | Cost data/unit rates from recent QPRC projects, DPI NSW Office of Water Reference Rates Manual, and published construction cost manuals such as “Rawlinson’s Construction Handbook”. |

Queanbeyan-Palerang Regional Council

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

Note 20. Fair value measurement (continued)

| Class | Fair value (30/6/18) \$'000 | Valuation technique/s | Unobservable inputs |
|--------------------|-----------------------------------|-----------------------|--|
| Water | 102,431 | Cost approach | Cost data/unit rates from recent QPRC projects, DPI NSW Office of Water Reference Rates Manual, and published construction cost manuals such as "Rawlinson's Construction Handbook". |
| Sewerage | 156,883 | Cost approach | Cost data/unit rates from recent QPRC projects, DPI NSW Office of Water Reference Rates Manual, and published construction cost manuals such as "Rawlinson's Construction Handbook". |
| Parks & Recreation | 29,219 | Cost approach | Costs sourced from recent purchases by QPRC, catalogues and product brochures from suppliers of park furniture, structures and playground equipment, and prices obtained from landscaping suppliers. |

c. The valuation process for level 3 fair value measurements

Upon amalgamation, QPRC reviewed the level 3 unobservable inputs of both former Councils. It was realised the unobservable inputs significantly differed. QPRC undertook an independent valuation through Pickles Valuation Services to gather, consolidate and provide a valuation for all infrastructure assets of QPRC.

(5). Highest and best use

All of Council's non-financial assets are considered to being utilised for their highest and best use.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

| | |
|--------------------------|------------------|
| Compensation: | 2018 |
| Short-term benefits | 1,758,501 |
| Post-employment benefits | 185,138 |
| Total | 1,943,639 |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction

| | Ref | Value of transactions during year | Outstanding balance (incl. loans and commitments) | Terms and conditions | Provisions for doubtful debts outstanding | Doubtful debts expense recognised |
|---|-----|-----------------------------------|---|-------------------------------|---|-----------------------------------|
| | | Actual \$ | Actual \$ | | Actual \$ | Actual \$ |
| 2018 | | | | | | |
| Payment of Insurance Premiums | 1 | 1,508,292 | | 14 day terms on invoice | | |
| Rent of Premises (KMP Spouse is a Board member) | 2 | 79,200 | | 14 day terms on invoice | | |
| Rent of Premises (Two KMP are volunteers of organisation) | 3 | 475 | | Peppercorn rent | | |
| KMP reimbursement of Expenses | 4 | 2,452 | | Within payment terms | | |
| Donations of facilities rental (KMP is responsible for event) | 5 | 2,500 | | As per Donations policy | | |
| Grants awarded to organisation (Two KMP on the board) | 6 | 54,000 | | As per Grant Program | | |
| Supply of motor vehicle parts (KMP is a Director) | 7 | 233 | | 14 day terms | | |
| KMP development application for residence | 8 | 7,482 | | Ordinary terms of application | | |
| Spouse of KMP responsible for Leasing QPRC premises | 9 | 475 | | Peppercorn rent | | |

- 1 KMP is a Board member (non paid) of the Mutual servicing the Local Government industry with insurance products.
- 2 Spouse of KMP is a volunteer board member of the organisation renting premises from QPRC. Rent is established at market rates.
- 3 Two KMP are volunteer board members that rent premises for operational uses for a peppercorn rent. The organisation provides services to children with disabilities.
- 4 KMP have sought reimbursement for expenses occurred as part of their role within QPRC.
- 5 KMP is responsible for an event run by Non for Profit organisation receiving the facility rental as a donation from QPRC.
- 6 QPRC awarded grants to a non profit organisation where two KMP are volunteer members of the organisations board.
- 7 KMP is a Director of an organisation that supplies motor vehicle spare parts to QPRC.
- 8 KMP submitted a development application via construction firm for their residence throughout year.
- 9 Spouse of KMP is the Business Manager of an organisation that leases premises from QPRC as a non profit organisation.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|---|-----------------|--|---------------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| Roads | 4,218 | 948 | – | 69 | (54) | – | 5,181 | – |
| Parking | 140 | – | – | 2 | – | – | 142 | – |
| Open space | 42 | 73 | – | 1 | (3) | 28 | 141 | – |
| Community facilities | 2,927 | 772 | – | 45 | (142) | – | 3,602 | – |
| Bushfire | 226 | 15 | – | 3 | – | – | 244 | – |
| Waste management | 264 | 7 | – | 4 | – | – | 275 | – |
| Rural addressing | 18 | – | – | – | – | – | 18 | – |
| Recreation facilities | 723 | 67 | – | 11 | – | – | 801 | – |
| Pathway | 122 | 25 | – | 2 | – | – | 149 | – |
| Street upgrade | 338 | 70 | – | 4 | (120) | – | 292 | – |
| Other | 7,898 | 8,215 | – | 136 | (4,072) | – | 12,177 | – |
| S7.11 contributions – under a plan | 16,916 | 10,192 | – | 277 | (4,391) | 28 | 23,022 | – |
| Total S7.11 revenue under plans | 16,916 | 10,192 | – | 277 | (4,391) | 28 | 23,022 | – |
| S7.11 not under plans | 1,898 | 197 | – | 30 | – | – | 2,125 | – |
| S7.11 planning agreements | 60 | – | 18,625 | 1 | – | – | 61 | – |
| S64 contributions | 21,325 | 2,881 | – | 252 | (6,563) | – | 17,895 | – |
| Total contributions | 40,199 | 13,270 | 18,625 | 560 | (10,954) | 28 | 43,103 | – |

Queanbeyan-Palerang Regional Council

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

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN (former Palerang)

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|-----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | 2,973 | Cash | Non-cash | | | | | |
| Roads | | 689 | – | 49 | – | – | 3,711 | – |
| Community facilities | 1,602 | 83 | – | 24 | (39) | – | 1,670 | – |
| Bushfire | 226 | 15 | – | 3 | – | – | 244 | – |
| Waste management | 264 | 7 | – | 4 | – | – | 275 | – |
| Rural addressing | 18 | – | – | – | – | – | 18 | – |
| Recreation facilities | 723 | 67 | – | 11 | – | – | 801 | – |
| Pathway | 122 | 25 | – | 2 | – | – | 149 | – |
| Street upgrade | 338 | 70 | – | 4 | (120) | – | 292 | – |
| Total | 6,266 | 956 | – | 97 | (159) | – | 7,160 | – |

CONTRIBUTION PLAN (former QCC)

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| Roads | 1,245 | 259 | – | 20 | (54) | – | 1,470 | – |
| Parking | 140 | – | – | 2 | – | – | 142 | – |
| Open space | 42 | 73 | – | 1 | (3) | 28 | 141 | – |
| Community facilities | 1,325 | 689 | – | 21 | (103) | – | 1,932 | – |
| Other | 7,898 | 8,215 | – | 136 | (4,072) | – | 12,177 | – |
| Total | 10,650 | 9,236 | – | 180 | (4,232) | 28 | 15,862 | – |

Queanbeyan-Palerang Regional Council

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

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

(former Palerang)

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| Roads | 1,782 | 197 | – | 28 | – | – | 2,007 | – |
| Parking | 57 | – | – | 1 | – | – | 58 | – |
| Community facilities | 59 | – | – | 1 | – | – | 60 | – |
| Total | 1,898 | 197 | – | 30 | – | – | 2,125 | – |

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

| Income Statement by fund | | | |
|--|---------------|---------------|----------------------------|
| \$ '000 | 2018 | 2018 | 2018 |
| Continuing operations | Water | Sewer | General¹ |
| Income from continuing operations | | | |
| Rates and annual charges | 6,296 | 15,287 | 45,029 |
| User charges and fees | 16,653 | 1,744 | 19,071 |
| Interest and investment revenue | 536 | 1,945 | 3,173 |
| Other revenues | 622 | 294 | 861 |
| Grants and contributions provided for operating purposes | 91 | 90 | 15,770 |
| Grants and contributions provided for capital purposes | 1,578 | 4,235 | 44,783 |
| Total income from continuing operations | 25,776 | 23,595 | 128,687 |
| Expenses from continuing operations | | | |
| Employee benefits and on-costs | 1,039 | 2,473 | 36,511 |
| Borrowing costs | 211 | 367 | 1,610 |
| Materials and contracts | 15,189 | 4,383 | 30,133 |
| Depreciation and amortisation | 1,572 | 3,791 | 16,803 |
| Other expenses | 3,093 | 3,314 | 5,292 |
| Net losses from the disposal of assets | 72 | – | 3,485 |
| Revaluation decrement / impairment of IPPE | – | 2,259 | – |
| Total expenses from continuing operations | 21,176 | 16,587 | 93,834 |
| Operating result from continuing operations | 4,600 | 7,008 | 34,853 |
| Net operating result for the year | 4,600 | 7,008 | 34,853 |
| Net result attributable to each council fund | 4,600 | 7,008 | 34,853 |
| Net operating result for the year before grants and contributions provided for capital purposes | 3,022 | 2,773 | (9,930) |

¹ General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements
as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

| Statement of Financial Position by fund | | | |
|--|----------------|----------------|----------------------------|
| \$ '000 | 2018 | 2018 | 2018 |
| ASSETS | Water | Sewer | General¹ |
| Current assets | | | |
| Cash and cash equivalents | 5,150 | 10,761 | 265 |
| Investments | 10,477 | 18,498 | 41,712 |
| Receivables | 5,145 | 1,514 | 8,369 |
| Inventories | – | – | 266 |
| Other | – | – | 885 |
| Non-current assets classified as 'held for sale' | – | – | 120 |
| Total current assets | 20,772 | 30,773 | 51,617 |
| Non-current assets | | | |
| Investments | 10,793 | 36,427 | 33,030 |
| Receivables | – | – | 535 |
| Infrastructure, property, plant and equipment | 108,730 | 163,055 | 1,047,187 |
| Intangible assets | – | – | 3,059 |
| Total non-current assets | 119,523 | 199,482 | 1,083,811 |
| TOTAL ASSETS | 140,295 | 230,255 | 1,135,428 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 3,947 | 397 | 9,431 |
| Income received in advance | 27 | – | 150 |
| Borrowings | 359 | 256 | 1,004 |
| Provisions | – | – | 12,119 |
| Total current liabilities | 4,333 | 653 | 22,704 |
| Non-current liabilities | | | |
| Borrowings | 5,495 | 8,116 | 21,607 |
| Provisions | – | – | 3,626 |
| Total non-current liabilities | 5,495 | 8,116 | 25,233 |
| TOTAL LIABILITIES | 9,828 | 8,769 | 47,937 |
| Net assets | 130,467 | 221,486 | 1,087,491 |
| EQUITY | | | |
| Accumulated surplus | 122,659 | 221,486 | 1,087,491 |
| Revaluation reserves | 7,808 | – | – |
| Total equity | 130,467 | 221,486 | 1,087,491 |

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Queanbeyan-Palerang Regional Council

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

Note 24(a). Statement of performance measures – consolidated results

| \$ '000 | Amounts 2018 | Indicator 2018 | Indicator 2017 | Benchmark |
|--|-----------------|-------------------|-------------------|------------------------|
| Local government industry indicators – consolidated | | | | |
| 1. Operating performance ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses | 490 | 0.39% | 5.82% | > 0.00% |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | 126,271 | | | |
| 2. Own source operating revenue ratio | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions | 110,320 | 62.37% | 52.45% | > 60.00% |
| Total continuing operating revenue ⁽¹⁾ | 176,867 | | | |
| 3. Unrestricted current ratio | | | | |
| Current assets less all external restrictions ⁽²⁾ | 33,919 | 2.05x | 2.44x | > 1.5x |
| Current liabilities less specific purpose liabilities ^(3, 4) | 16,527 | | | |
| 4. Debt service cover ratio | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | 24,844 | 6.64x | 8.01x | > 2x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 3,743 | | | |
| 5. Rates, annual charges, interest and extra charges outstanding percentage | | | | |
| Rates, annual and extra charges outstanding | 3,535 | 5.05% | 3.39% | < 10% regional & rural |
| Rates, annual and extra charges collectible | 70,047 | | | |
| 6. Cash expense cover ratio | | | | |
| Current year's cash and cash equivalents plus all term deposits | 88,176 | 9.41 mths | 9.0 mths | > 3 mths |
| Monthly payments from cash flow of operating and financing activities | 9,367 | | | |

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 12 and 13.

⁽⁴⁾ Refer to Note 12(b) and 13(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Queanbeyan-Palerang Regional Council

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

Note 24(b). Statement of performance measures – by fund

| \$ '000 | General indicators ⁵ | | Water indicators | | Sewer indicators | | Benchmark |
|--|---------------------------------|--------|------------------|--------|------------------|--------|-----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Local government industry indicators – by fund | | | | | | | |
| 1. Operating performance ratio | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | | | | | | | |
| less operating expenses | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | | | | | | | |
| | -5.28% | 1.52% | 12.49% | 6.39% | 10.19% | 26.62% | > 0.00% |
| 2. Own source operating revenue ratio | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ | | | | | | | |
| | 53.20% | 57.83% | 93.53% | 92.20% | 77.89% | 28.10% | > 60.00% |
| 3. Unrestricted current ratio | | | | | | | |
| Current assets less all external restrictions ⁽²⁾ | | | | | | | |
| Current liabilities less specific purpose liabilities ^(3, 4) | | | | | | | |
| | 2.05x | 2.44x | 3.23x | 5.04x | 29.70x | 30.01x | > 1.5x |

Notes

(1) - (4) Refer to Notes at Note 24a above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund (continued)

| \$ '000 | General indicators ⁵ | | Water indicators | | Sewer indicators | | Benchmark |
|--|---------------------------------|--------|------------------|--------|------------------|--------|------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Local government industry indicators – by fund (continued) | | | | | | | |
| 4. Debt service cover ratio | | | | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | | | | | | | |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | | | | | | | |
| | 4.79x | 7.88x | 7.08x | 4.40x | 13.58x | 12.27x | > 2x |
| 5. Rates, annual charges, interest and extra charges outstanding percentage | | | | | | | |
| Rates, annual and extra charges outstanding | 5.00% | 2.77% | 6.93% | 3.28% | 4.41% | 5.63% | < 10% regional & rural |
| Rates, annual and extra charges collectible | | | | | | | |
| 6. Cash expense cover ratio | | | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 10.64 | 10.71 | 3.07 | 2.79 | 11.98 | 6.23 | > 3 months |
| Payments from cash flow of operating and financing activities | x12 | months | months | months | months | months | |

Notes

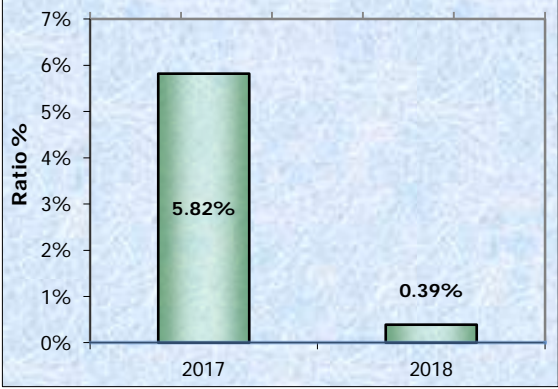
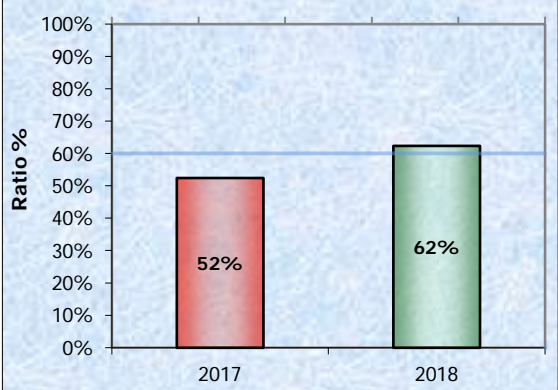
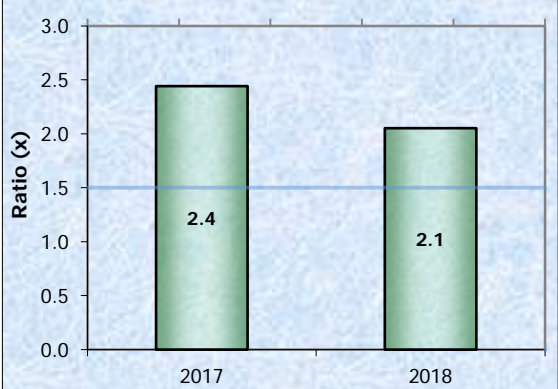
(1) Refer to Notes at Note 24a above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Queanbeyan-Palerang Regional Council

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

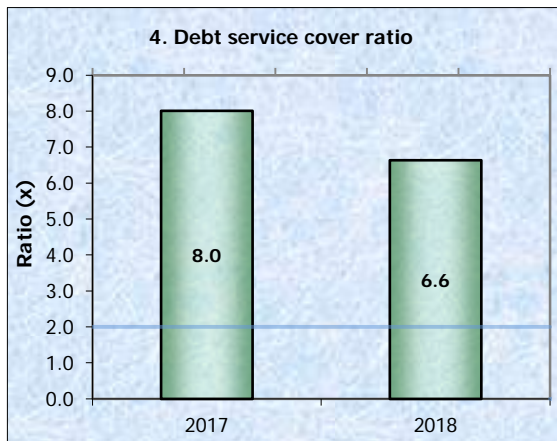
Note 24(c). Statement of performance measures – consolidated results (graphs)

| | | |
|---|---|--|
| <p>1. Operating performance ratio</p>  <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 ratio 0.39%</p> <p>QPRC has decreased the operating performance ratio back to a lower level. Previous year was affected by the early payment of 2017-18 Financial Assistance Grant</p> |
| <p>2. Own source operating revenue ratio</p>  <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 ratio 62.37%</p> <p>QPRC has performed better than benchmark with the reduction in operational grants from previous years.</p> |
| <p>3. Unrestricted current ratio</p>  <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 ratio 2.05x</p> <p>This result indicates that QPRC is in a sound position to satisfy short term unrestricted financial obligations. The ratio is slightly lower than last year but remains above minimum benchmark requirements.</p> |

Queanbeyan-Palerang Regional Council

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

Note 24(c). Statement of performance measures – consolidated results (graphs)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2017/18 result

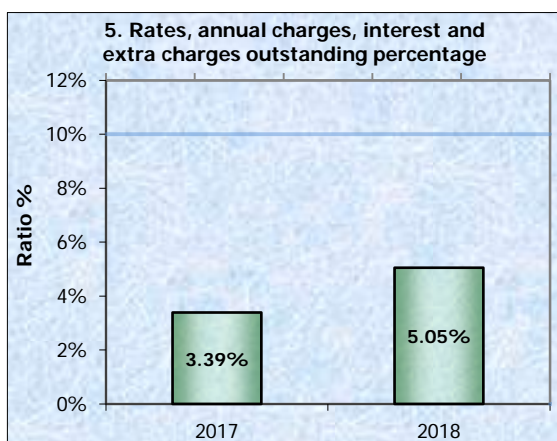
2017/18 ratio 6.64x

QPRC holds significantly less borrowings than the benchmark allows. Borrowings levels below the benchmark allows for the borrowing of funding for asset renewal and enhancement within future years.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of rates and annual charges outstanding ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2017/18 result

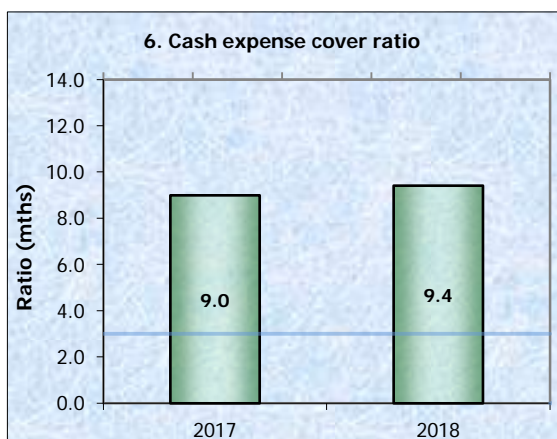
2017/18 ratio 5.05%

QPRC has continued the consistent application of its debt recovery policy whilst being mindful of its financial hardship policy.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2017/18 result

2017/18 ratio 9.41 mths

QPRC maintains a strong ability to fund services as required and is well ahead of the benchmark of 3 months coverage.



Ratio achieves benchmark

Ratio is outside benchmark

Queanbeyan-Palerang Regional Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 25. Council information and contact details

Principal place of business:

256 Crawford Street
Queanbeyan NSW 2620

Contact details

Mailing address:

PO Box 90
Queanbeyan NSW 2620

Opening hours:

8.30am - 5.00pm - Weekdays

Telephone: 02 6285 6000

Internet: www.qprc.nsw.gov.au

Email: council@qprc.nsw.gov.au

Officers

GENERAL MANAGER

Peter Tegart

RESPONSIBLE ACCOUNTING OFFICER

Shane Taylor

PUBLIC OFFICER

Bill Warne

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street,
Sydney NSW 2000, Australia

Elected members

MAYOR

Tim Overall

COUNCILLORS

Cr Brian Brown
Cr Mark Schweikart
Cr Trudy Taylor
Cr Peter Bray AM
Cr Trevor Hicks (Deputy Mayor)
Cr Kenrick Winchester
Cr Michele Biscotti
Cr Peter Marshall
Cr Pete Harrison
Cr Radmila Noveska

Other information

ABN: 95 933 070 982



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying financial report of Queanbeyan-Palerang Regional Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are 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 requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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 or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

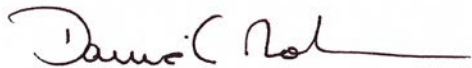
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal stroke extending to the right.

David Nolan
Director, Financial Audit Services

30 October 2018
SYDNEY

Cr Tim Overall
Mayor
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Contact: David Nolan
Phone no: 02 9275 7377
Our ref: D1826601/1780

30 October 2018

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Queanbeyan-Palerang Regional Council**

I have audited the general purpose financial statements of Queanbeyan-Palerang Regional Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

| | 2018 \$m | 2017* \$m | Variance % |
|---|-------------|--------------|---------------|
| Rates and annual charges revenue | 66.6 | 68.0 | 2.1 |
| Grants and contributions revenue | 66.5 | 108.5 | 38.7 |
| Operating result for the year | 46.5 | 91.2 | 49 |
| Net operating result before capital amounts | (4.1) | 9.1 | 145.1 |
| Gain on local government amalgamation | - | 1,294 | |

* 13 May 2016 to 30 June 2017.

Council's operating result (\$46.5 million including the effect of depreciation and amortisation expense of \$22.2 million) was \$44.7 million lower than the 2016–17 result. The decrease from the previous period is primarily due to a reduction in grants and contributions received. Also contributing to the decrease was the differing reporting periods. Council was formed on 12 May 2016 following an amalgamation and the initial reporting period was from 13 May 2016 to 30 June 2017. The operating result for the period ended 30 June 2017 was affected by the additional expenses attributed to the extended period.

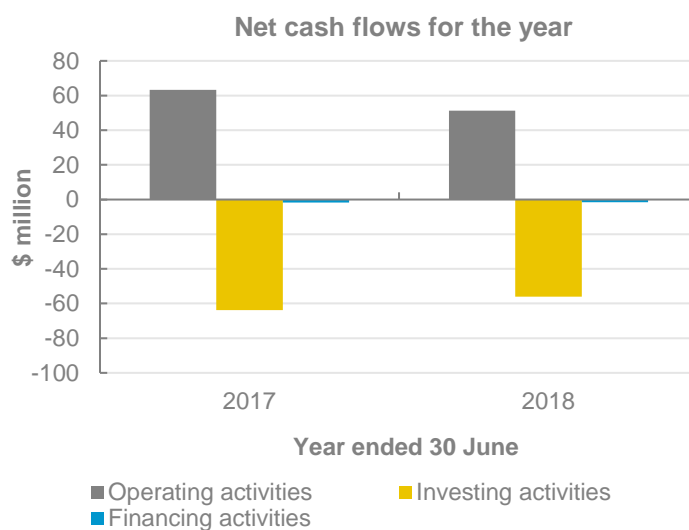
The net operating result before capital grants and contributions (a deficit of \$4.1 million) was \$13.2 million lower than the 2016–17 result. The decrease is mainly due to the additional expenses attributed to the extended prior period as noted above as well as a decrease in revenue from user charges and fees.

Rates and annual charges revenue (\$66.6 million) decreased by \$1.4 million (2.1 per cent) in 2017–2018. The variance can be attributed to a reduction in annual charges due to the differing reporting periods.

Grants and contributions revenue (\$66.5 million) decreased by \$42 million (38.7 per cent) in 2017–2018 due to the reduced receipt of developer contributed assets.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents balance at 30 June 2018 was \$16.2 million. The net cash flow for the period was a decrease of \$6.4 million.
- The reduction is mainly due to investing in longer term deposits and holding fewer funds in cash and cash equivalents.



FINANCIAL POSITION

Cash and Investments

| Cash and Investments | 2018 | 2017 | Commentary |
|-----------------------------|--------------|--------------|--|
| | \$m | \$m | |
| External restrictions | 142.8 | 125.5 | <ul style="list-style-type: none"> • External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds. • Balances are internally restricted due to Council policy or decisions for forward plans including works program. • Unrestricted balances provide liquidity for day-to-day operations. |
| Internal restrictions | 20.6 | 28.3 | |
| Unrestricted | 3.6 | 4.2 | |
| Cash and investments | 167.0 | 158.0 | |

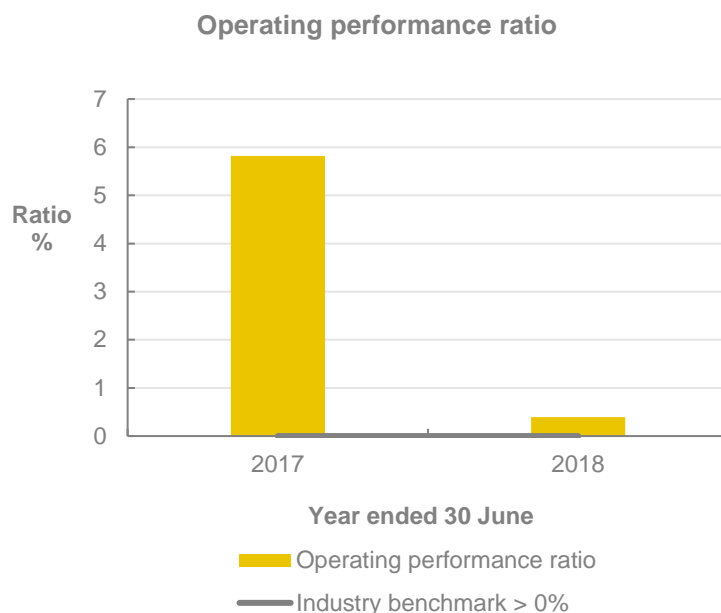
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

- The indicator of 0.4 per cent was above the industry benchmark of greater than zero per cent.
- The reduction from the previous year is due to the reduced operating result before capital grants and contributions.

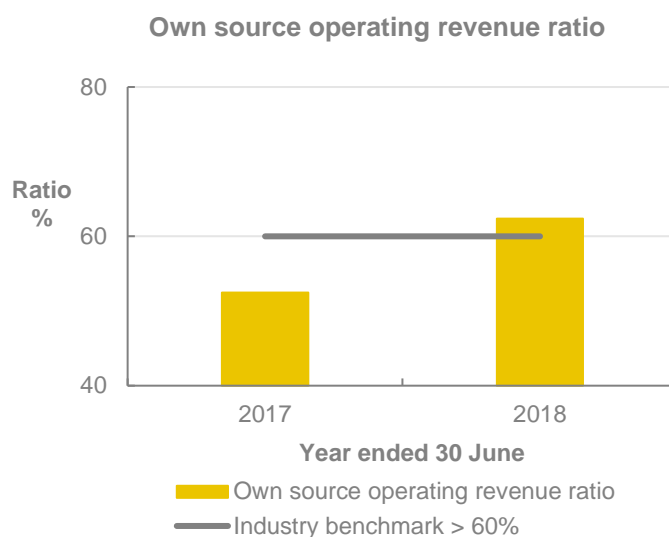
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



Own source operating revenue ratio

- Council's own source operating revenue ratio of 62.4 per cent was above the industry benchmark.
- This ratio fluctuates with movements in grants and contributions.

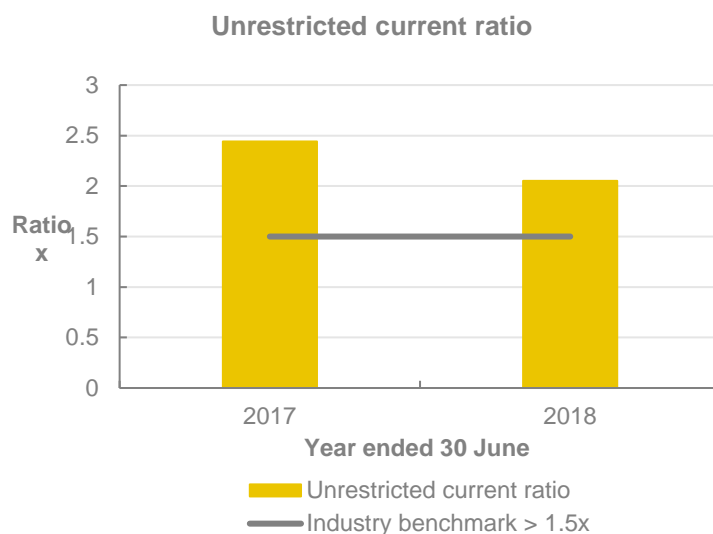
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had 2.1 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities. This exceeded the industry benchmark.

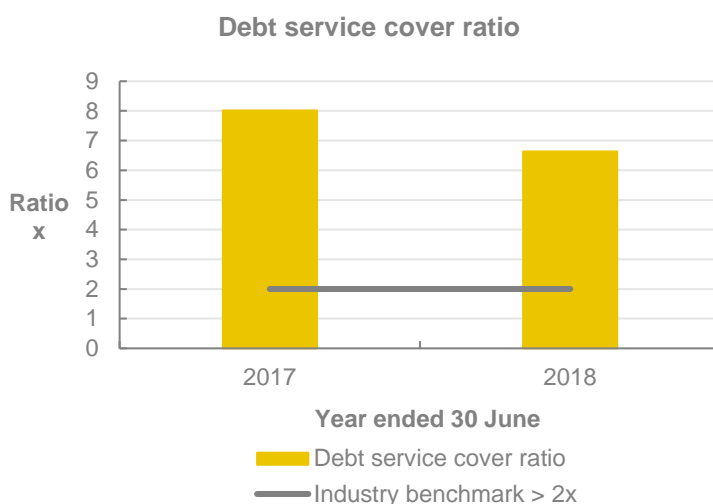
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- The debt service cover ratio of 6.6 times exceeded the industry benchmark.

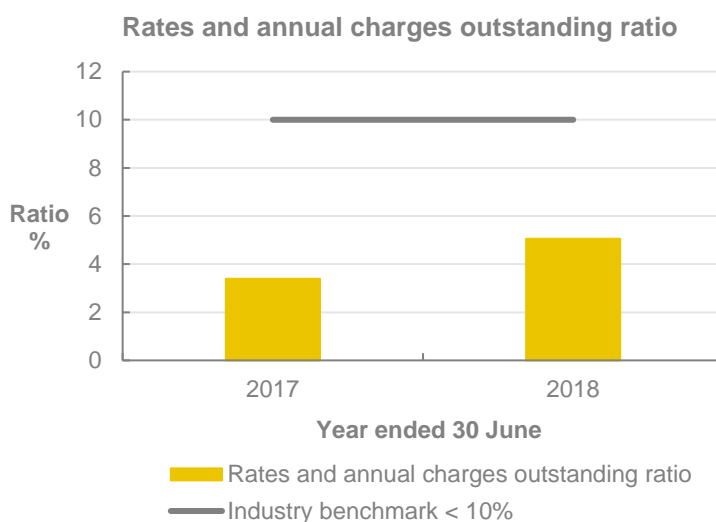
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council's outstanding rates and charges ratio of 5 per cent was within the industry benchmark of less than ten per cent.

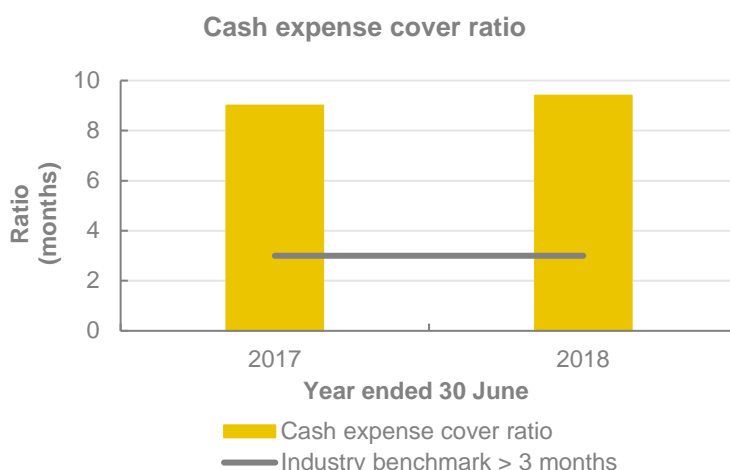
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 9.4 months well exceeded the benchmark of greater than three months due to the significant cash reserves and investment balances at the end of the year.

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

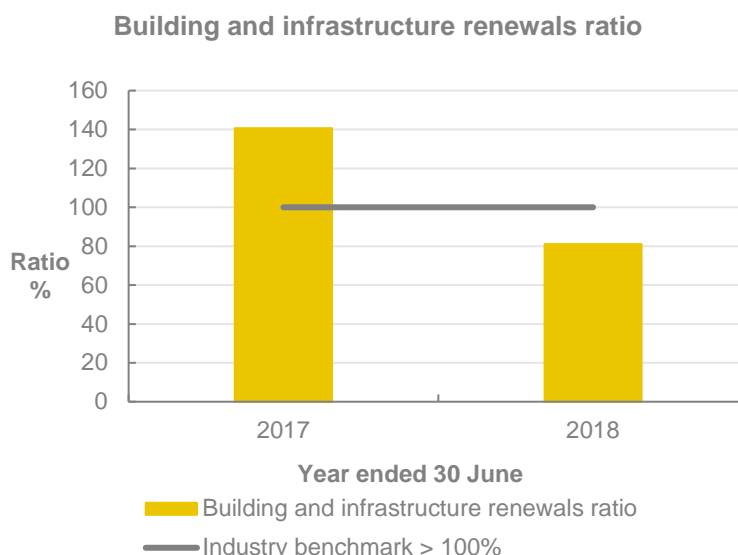


Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 81 per cent did not meet the benchmark as there was a focus on completing new grant funded projects.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or after 1 July 2016

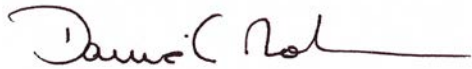
AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



David Nolan
Director, Financial Audit Services

cc: Peter Tegart, Chief Executive Officer
Andrew Cox, Chair of Audit, Risk and Improvement Committee
Tim Hurst, Chief Executive of the Office of Local Government

Queanbeyan-Palerang Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018



Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2018

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| Income Statement – Water Supply Business Activity | 3 |
| Income Statement – Sewerage Business Activity | 4 |
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| Statement of Financial Position – Sewerage Business Activity | 6 |
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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
 - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 26 September 2018.



Tim Overall
Mayor
26 September 2018



Mark Schweikert
Councillor
26 September 2018



Peter Tegart
Chief Executive Officer
26 September 2018



Shane Taylor
Responsible accounting officer
26 September 2018

Queanbeyan-Palerang Regional Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|----------------|-----------------------|
| Income from continuing operations | | |
| Access charges | 6,296 | 7,745 |
| User charges | 16,448 | 14,943 |
| Fees | 205 | 221 |
| Interest | 536 | 570 |
| Grants and contributions provided for non-capital purposes | 91 | 97 |
| Other income | 622 | 412 |
| Total income from continuing operations | 24,198 | 23,988 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 1,039 | 1,666 |
| Borrowing costs | 211 | 417 |
| Materials and contracts | 1,728 | 1,600 |
| Depreciation, amortisation and impairment | 1,572 | 2,112 |
| Water purchase charges | 13,461 | 13,437 |
| Loss on sale of assets | 72 | – |
| Other expenses | 3,093 | 3,223 |
| Total expenses from continuing operations | 21,176 | 22,455 |
| Surplus (deficit) from continuing operations before capital amounts | 3,022 | 1,533 |
| Grants and contributions provided for capital purposes | 1,578 | 1,827 |
| Surplus (deficit) from continuing operations after capital amounts | 4,600 | 3,360 |
| Surplus (deficit) from all operations before tax | 4,600 | 3,360 |
| Less: corporate taxation equivalent (30%) [based on result before capital] | (907) | (460) |
| SURPLUS (DEFICIT) AFTER TAX | 3,693 | 2,900 |
| Plus opening retained profits | 118,059 | 114,699 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | 907 | 460 |
| Closing retained profits | 122,659 | 118,059 |
| Return on capital % | 3.0% | 1.9% |
| Subsidy from Council | – | 436 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 3,693 | 2,900 |
| Less: capital grants and contributions (excluding developer contributions) | (659) | (1,245) |
| Surplus for dividend calculation purposes | 3,034 | 1,655 |
| Potential dividend calculated from surplus | 1,517 | 828 |

Queanbeyan-Palerang Regional Council

Income Statement of Council's Sewerage Business Activity
for the year ended 30 June 2018

| \$ '000 | 2018 | 13/5/16 to 30/6/17 |
|--|----------------|-----------------------|
| Income from continuing operations | | |
| Access charges | 15,287 | 16,395 |
| User charges | 618 | 884 |
| Liquid trade waste charges | 42 | 188 |
| Fees | 1,084 | 461 |
| Interest | 1,945 | 1,748 |
| Grants and contributions provided for non-capital purposes | 90 | 378 |
| Other income | 294 | 334 |
| Total income from continuing operations | 19,360 | 20,388 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 2,473 | 2,370 |
| Borrowing costs | 367 | 554 |
| Materials and contracts | 4,383 | 3,110 |
| Depreciation, amortisation, impairment and revaluation decrement | 6,050 | 4,664 |
| Other expenses | 3,314 | 4,262 |
| Total expenses from continuing operations | 16,587 | 14,960 |
| Surplus (deficit) from continuing operations before capital amounts | 2,773 | 5,428 |
| Grants and contributions provided for capital purposes | 4,235 | 50,811 |
| Surplus (deficit) from continuing operations after capital amounts | 7,008 | 56,239 |
| Surplus (deficit) from all operations before tax | 7,008 | 56,239 |
| Less: corporate taxation equivalent (30%) [based on result before capital] | (832) | (1,628) |
| SURPLUS (DEFICIT) AFTER TAX | 6,176 | 54,611 |
| Plus opening retained profits | 214,478 | 158,239 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | 832 | 1,628 |
| Closing retained profits | 221,486 | 214,478 |
| Return on capital % | 1.9% | 3.7% |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 6,176 | 54,611 |
| Less: capital grants and contributions (excluding developer contributions) | (2,274) | (50,228) |
| Surplus for dividend calculation purposes | 3,902 | 4,383 |
| Potential dividend calculated from surplus | 1,951 | 2,191 |

Queanbeyan-Palerang Regional Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

| \$ '000 | 2018 | 2017 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 5,150 | 4,855 |
| Investments | 10,477 | 14,416 |
| Receivables | 5,145 | 4,715 |
| Inventories | – | 185 |
| Total current assets | 20,772 | 24,171 |
| Non-current assets | | |
| Investments | 10,793 | 3,021 |
| Infrastructure, property, plant and equipment | 108,730 | 100,247 |
| Total non-current assets | 119,523 | 103,268 |
| TOTAL ASSETS | 140,295 | 127,439 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 3,947 | 2,905 |
| Income received in advance | 27 | 144 |
| Borrowings | 359 | 479 |
| Total current liabilities | 4,333 | 3,528 |
| Non-current liabilities | | |
| Borrowings | 5,495 | 5,852 |
| Total non-current liabilities | 5,495 | 5,852 |
| TOTAL LIABILITIES | 9,828 | 9,380 |
| NET ASSETS | 130,467 | 118,059 |
| EQUITY | | |
| Accumulated surplus | 122,659 | 118,059 |
| Revaluation reserves | 7,808 | – |
| Council equity interest | 130,467 | 118,059 |
| TOTAL EQUITY | 130,467 | 118,059 |

Queanbeyan-Palerang Regional Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2018

| \$ '000 | 2018 | 2017 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 10,761 | 5,515 |
| Investments | 18,498 | 27,252 |
| Receivables | 1,514 | 1,497 |
| Inventories | – | 3 |
| Total current Assets | 30,773 | 34,267 |
| Non-current assets | | |
| Investments | 36,427 | 27,080 |
| Infrastructure, property, plant and equipment | 163,055 | 162,147 |
| Total non-current assets | 199,482 | 189,227 |
| TOTAL ASSETS | 230,255 | 223,494 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 397 | 391 |
| Borrowings | 256 | 244 |
| Total current liabilities | 653 | 635 |
| Non-current liabilities | | |
| Borrowings | 8,116 | 8,381 |
| Total non-current liabilities | 8,116 | 8,381 |
| TOTAL LIABILITIES | 8,769 | 9,016 |
| NET ASSETS | 221,486 | 214,478 |
| EQUITY | | |
| Accumulated surplus | 221,486 | 214,478 |
| Council equity interest | 221,486 | 214,478 |
| TOTAL EQUITY | 221,486 | 214,478 |

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

| Note | Details | Page |
|------|--|------|
| 1 | Summary of significant accounting policies | 8 |
| 2 | Water Supply Business Best-Practice Management disclosure requirements | 12 |
| 3 | Sewerage Business Best-Practice Management disclosure requirements | 14 |

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supplies

b. Sewerage Services

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Category 2

(where gross operating turnover is less than \$2 million)

Nil

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **30%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face ‘true’ commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council’s borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, ‘subsidies disclosed’ (in relation to National Competition Policy) represents the difference between revenue generated from ‘rate of return’ pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses ‘would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field’.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

| | | |
|-------|--|-------------------------------------|
| (i) | Calculated tax equivalents | <input type="text" value="–"/> |
| (ii) | Number of assessments multiplied by \$3/assessment | <input type="text" value="65,490"/> |
| (iii) | Amounts payable for tax equivalents [lesser of (i) and (ii)] | <input type="text" value="–"/> |
| (iv) | Amounts actually paid for tax equivalents | <input type="text" value="–"/> |

2. Dividend from surplus

| | | |
|-------|---|--|
| (i) | 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines] | <input type="text" value="1,517,200"/> |
| (ii) | Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | <input type="text" value="654,900"/> |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016 | <input type="text" value="4,689,500"/> |

| | | | | | |
|--------------|--|---------------|--|---------------|--------------------------------|
| 2018 Surplus | <input type="text" value="3,034,400"/> | 2017 Surplus | <input type="text" value="1,655,100"/> | 2016 Surplus | <input type="text" value="–"/> |
| | | 2017 Dividend | <input type="text" value="–"/> | 2016 Dividend | <input type="text" value="–"/> |

| | | |
|------|---|--------------------------------------|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | <input type="text" value="654,900"/> |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment criteria] | <input type="text" value="–"/> |
| (vi) | Are the overhead reallocation charges to the water business fair and reasonable? ^a | <input type="text"/> |

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

| | | |
|-------|---|----------------------|
| (i) | Completion of strategic business plan (including financial plan) | <input type="text"/> |
| (ii) | Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | <input type="text"/> |
| | – Complying charges [item 2 (b) in table 1] | <input type="text"/> |
| | – DSP with commercial developer charges [item 2 (e) in table 1] | <input type="text"/> |
| | – If dual water supplies, complying charges [item 2 (g) in table 1] | <input type="text"/> |
| (iii) | Sound water conservation and demand management implemented | <input type="text"/> |
| (iv) | Sound drought management implemented | <input type="text"/> |
| (v) | Complete performance reporting form (by 15 September each year) | <input type="text"/> |
| (vi) | a. Integrated water cycle management evaluation | <input type="text"/> |
| | b. Complete and implement integrated water cycle management strategy | <input type="text"/> |

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

| | | | |
|----------------|---|--------|---------|
| NWI F1 | Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a) | \$'000 | 25,240 |
| NWI F4 | Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)] | % | 72.71% |
| NWI F9 | Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47) | \$'000 | 108,730 |
| NWI F11 | Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2) | \$'000 | 19,368 |
| NWI F14 | Capital expenditure (water) Acquisition of fixed assets (w16) | \$'000 | 3,242 |
| NWI F17 | Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)] | % | 3.96% |
| NWI F26 | Capital works grants (water) Grants for the acquisition of assets (w11a) | \$'000 | – |

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

| | | |
|-------|--|-------------------------------------|
| (i) | Calculated tax equivalents | <input type="text" value="–"/> |
| (ii) | Number of assessments multiplied by \$3/assessment | <input type="text" value="61,890"/> |
| (iii) | Amounts payable for tax equivalents [lesser of (i) and (ii)] | <input type="text" value="–"/> |
| (iv) | Amounts actually paid for tax equivalents | <input type="text" value="–"/> |

2. Dividend from surplus

| | | |
|-------|---|--|
| (i) | 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines] | <input type="text" value="1,951,050"/> |
| (ii) | Number of assessments x (\$30 less tax equivalent charges per assessment) | <input type="text" value="618,900"/> |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016 | <input type="text" value="8,284,700"/> |

| | | | | | |
|--------------|--|---------------|--|---------------|--------------------------------|
| 2018 Surplus | <input type="text" value="3,902,100"/> | 2017 Surplus | <input type="text" value="4,382,600"/> | 2016 Surplus | <input type="text" value="–"/> |
| | | 2017 Dividend | <input type="text" value="–"/> | 2016 Dividend | <input type="text" value="–"/> |

| | | |
|------|---|--------------------------------------|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | <input type="text" value="618,900"/> |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment criteria] | <input type="text" value="–"/> |
| (vi) | Are the overhead reallocation charges to the sewer business fair and reasonable? ^a | <input type="text"/> |

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

| | | |
|-------|--|----------------------|
| (i) | Completion of strategic business plan (including financial plan) | <input type="text"/> |
| (ii) | Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | <input type="text"/> |
| | Complying charges | |
| | (a) Residential [item 2 (c) in table 1] | <input type="text"/> |
| | (b) Non-residential [item 2 (c) in table 1] | <input type="text"/> |
| | (c) Trade waste [item 2 (d) in table 1] | <input type="text"/> |
| | DSP with commercial developer charges [item 2 (e) in table 1] | <input type="text"/> |
| | Liquid trade waste approvals and policy [item 2 (f) in table 1] | <input type="text"/> |
| (iii) | Complete performance reporting form (by 15 September each year) | <input type="text"/> |
| (iv) | a. Integrated water cycle management evaluation | <input type="text"/> |
| | b. Complete and implement integrated water cycle management strategy | <input type="text"/> |

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

| | | | |
|---------|--|--------|---------|
| NWI F2 | Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a) | \$'000 | 21,650 |
| NWI F10 | Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48) | \$'000 | 163,055 |
| NWI F12 | Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2) | \$'000 | 10,147 |
| NWI F15 | Capital expenditure (sewerage) Acquisition of fixed assets (s17) | \$'000 | 8,831 |
| NWI F18 | Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)] | % | 4.73% |
| NWI F27 | Capital works grants (sewerage) Grants for the acquisition of assets (12a) | \$'000 | – |

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

| | | | |
|---------|---|--------|--------|
| NWI F3 | Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10) | \$'000 | 46,890 |
| NWI F8 | Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3) | % | 0.39% |
| NWI F16 | Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17) | \$'000 | 12,073 |
| NWI F19 | Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)] | % | 4.42% |
| NWI F20 | Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3) | \$'000 | – |
| NWI F21 | Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24) | % | 0.00% |

Queanbeyan-Palerang Regional Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

| | | | |
|----------------|--|--------|---------|
| NWI F22 | Net debt to equity (water and sewerage) | % | -22.13% |
| | Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)] | | |
| NWI F23 | Interest cover (water and sewerage) | | > 100 |
| | Earnings before interest and tax (EBIT) divided by net interest | | |
| | Earnings before interest and tax (EBIT): | | 12,013 |
| | Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) | | |
| | Net interest: | | (1,903) |
| | Interest expense (w4a + s4a) – interest income (w9 + s10) | | |
| NWI F24 | Net profit after tax (water and sewerage) | \$'000 | 11,608 |
| | Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv)) | | |
| NWI F25 | Community service obligations (water and sewerage) | \$'000 | 181 |
| | Grants for pensioner rebates (w11b + s12b) | | |

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Queanbeyan-Palerang Regional Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are 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 requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial report may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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 or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

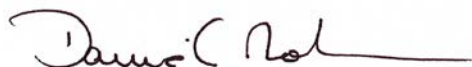
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

30 October 2018

SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2018



Queanbeyan-Palerang Regional Council

Special Schedules

for the year ended 30 June 2018

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Special Schedules ¹

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Queanbeyan-Palerang Regional Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2018

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|--|-------------------------------------|-----------------------------------|---------------|----------------------|
| | | Non-capital | Capital | |
| Governance | 3,056 | 2,651 | – | (405) |
| Administration | 25,462 | – | 392 | (25,070) |
| Public order and safety | | | | |
| Fire service levy, fire protection, emergency services | 1,448 | 535 | – | (913) |
| Beach control | – | – | – | – |
| Enforcement of local government regulations | 7 | – | – | (7) |
| Animal control | 118 | 154 | – | 36 |
| Other | 199 | 281 | – | 82 |
| Total public order and safety | 1,772 | 970 | – | (802) |
| Health | 1,266 | 81 | – | (1,185) |
| Environment | | | | |
| Noxious plants and insect/vermin control | 932 | 302 | – | (630) |
| Other environmental protection | 5,135 | 2,233 | – | (2,902) |
| Solid waste management | 8,350 | 12,039 | – | 3,689 |
| Street cleaning | 1,020 | – | – | (1,020) |
| Drainage | – | – | – | – |
| Stormwater management | 1,820 | 356 | 2,099 | 635 |
| Total environment | 17,257 | 14,930 | 2,099 | (228) |
| Community services and education | | | | |
| Administration and education | 794 | 216 | – | (578) |
| Social protection (welfare) | – | – | – | – |
| Aged persons and disabled | – | – | – | – |
| Children's services | 2,072 | 1,379 | – | (693) |
| Total community services and education | 2,866 | 1,595 | – | (1,271) |
| Housing and community amenities | | | | |
| Public cemeteries | 474 | 845 | – | 371 |
| Public conveniences | 273 | – | – | (273) |
| Street lighting | – | – | – | – |
| Town planning | 6,293 | 4,612 | 29,537 | 27,856 |
| Other community amenities | – | – | – | – |
| Total housing and community amenities | 7,040 | 5,457 | 29,537 | 27,954 |
| Water supplies | 19,033 | 23,588 | 1,335 | 5,890 |
| Sewerage services | 9,412 | 20,397 | 1,597 | 12,582 |

Queanbeyan-Palerang Regional Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2018

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|---|-------------------------------------|-----------------------------------|---------------|----------------------|
| | | Non-capital | Capital | |
| Recreation and culture | | | | |
| Public libraries | 2,378 | 239 | 37 | (2,102) |
| Museums | 41 | — | — | (41) |
| Art galleries | — | — | — | — |
| Community centres and halls | 1,472 | 271 | — | (1,201) |
| Performing arts venues | 1,920 | 1,684 | — | (236) |
| Other performing arts | — | — | — | — |
| Other cultural services | 481 | 23 | — | (458) |
| Sporting grounds and venues | 803 | 69 | — | (734) |
| Swimming pools | 2,481 | 1,322 | — | (1,159) |
| Parks and gardens (lakes) | 1,657 | 32 | — | (1,625) |
| Other sport and recreation | 6,213 | 167 | — | (6,046) |
| Total recreation and culture | 17,446 | 3,807 | 37 | (13,602) |
| Fuel and energy | — | — | — | — |
| Agriculture | — | — | — | — |
| Mining, manufacturing and construction | | | | |
| Building control | 847 | 1,155 | — | 308 |
| Other mining, manufacturing and construction | 116 | — | — | (116) |
| Total mining, manufacturing and const. | 963 | 1,155 | — | 192 |
| Transport and communication | | | | |
| Urban roads (UR) – local | 5,069 | 188 | 11,817 | 6,936 |
| Urban roads – regional | 2,995 | 1,931 | — | (1,064) |
| Sealed rural roads (SRR) – local | — | — | — | — |
| Sealed rural roads (SRR) – regional | — | — | — | — |
| Unsealed rural roads (URR) – local | — | — | — | — |
| Unsealed rural roads (URR) – regional | — | — | — | — |
| Bridges on UR – local | 930 | — | — | (930) |
| Bridges on SRR – local | 109 | — | — | (109) |
| Bridges on URR – local | — | — | — | — |
| Bridges on regional roads | — | — | — | — |
| Parking areas | 116 | — | — | (116) |
| Footpaths | 1,876 | — | 1,851 | (25) |
| Aerodromes | — | — | — | — |
| Other transport and communication | 13,697 | 7,436 | 1,931 | (4,330) |
| Total transport and communication | 24,792 | 9,555 | 15,599 | 362 |
| Economic affairs | | | | |
| Camping areas and caravan parks | 8 | 29 | — | 21 |
| Other economic affairs | 1,224 | 285 | — | (939) |
| Total economic affairs | 1,232 | 314 | — | (918) |
| Totals – functions | 131,597 | 84,500 | 50,596 | 3,499 |
| General purpose revenues ⁽¹⁾ | | 42,962 | | 42,962 |
| Share of interests – joint ventures and associates using the equity method | — | — | | — |
| NET OPERATING RESULT ⁽²⁾ | 131,597 | 127,462 | 50,596 | 46,461 |

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose

(2) As reported in the Income Statement

grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

Queanbeyan-Palerang Regional Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

| \$'000 | | 2018/19 | 2018/19 | 2018/19 | 2017/18 | 2017/18 | 2017/18 |
|---|-------------------------|--------------|--------------------|---|--------------|--------------------|---|
| | | Palerang | Queanbeyan City | Queanbeyan- Palering Regional Council | Palerang | Queanbeyan City | Queanbeyan- Palering Regional Council |
| Notional general income calculation ⁽¹⁾ | | | | | | | |
| Last year notional general income yield | a | 8,987 | 25,896 | 34,883 | 8,798 | 24,373 | 33,171 |
| Plus or minus adjustments ⁽²⁾ | b | 75 | 571 | 646 | 45 | 1,088 | 1,133 |
| Notional general income | c = (a + b) | 9,062 | 26,467 | 35,529 | 8,843 | 25,461 | 34,304 |
| Permissible income calculation | | | | | | | |
| Special variation percentage ⁽³⁾ | d | 0.00% | 0.00% | | 0.00% | 0.00% | |
| Or rate peg percentage | e | 2.30% | 2.30% | | 1.50% | 1.50% | |
| Or crown land adjustment (incl. rate peg percentage) | f | 0.00% | 0.00% | | 0.00% | 0.00% | |
| Less expiring special variation amount | g | – | – | – | – | – | – |
| Plus special variation amount | h = d x (c – g) | – | – | – | – | – | – |
| Or plus rate peg amount | i = c x e | 208 | 609 | 817 | 133 | 382 | 515 |
| Or plus Crown land adjustment and rate peg amount | j = c x f | – | – | – | – | – | – |
| Sub-total | k = (c + g + h + i + j) | 9,270 | 27,076 | 36,346 | 8,976 | 25,843 | 34,819 |
| Plus (or minus) last year's carry forward total | l | 2 | 5 | 7 | 8 | (21) | (13) |
| Less valuation objections claimed in the previous | m | (5) | (79) | (84) | – | – | – |
| Sub-total | n = (l + m) | (3) | (74) | (77) | 8 | (21) | (13) |
| Total permissible income | o = k + n | 9,267 | 27,002 | 36,269 | 8,984 | 25,822 | 34,806 |
| Less notional general income yield | p | 9,272 | 27,056 | 36,328 | 8,987 | 25,896 | 34,883 |
| Catch-up or (excess) result | q = o – p | (5) | (54) | (59) | (3) | (74) | (77) |
| Plus income lost due to valuation objections claim | r | 1 | 62 | 63 | 5 | 79 | 84 |
| Less unused catch-up ⁽⁵⁾ | s | – | – | – | – | – | – |
| Carry forward to next year | t = q + r – s | (4) | 8 | 4 | 2 | 5 | 7 |

Queanbeyan-Palerang Regional Council

Special Schedule 2 – Permissible income for general rates (continued) for the year ended 30 June 2019

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a return (FDR) to administer this process.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Queanbeyan-Palerang Regional Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

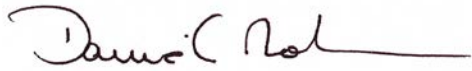
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

30 October 2018
SYDNEY

Queanbeyan-Palerang Regional Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| A Expenses and income Expenses | | |
| 1. Management expenses | | |
| a. Administration | 1,324 | 3,366 |
| b. Engineering and supervision | 1,741 | 151 |
| 2. Operation and maintenance expenses | | |
| – dams and weirs | | |
| a. Operation expenses | 322 | 784 |
| b. Maintenance expenses | 165 | 24 |
| – Mains | | |
| c. Operation expenses | 304 | 661 |
| d. Maintenance expenses | 1,365 | 908 |
| – Reservoirs | | |
| e. Operation expenses | 251 | 141 |
| f. Maintenance expenses | 134 | 16 |
| – Pumping stations | | |
| g. Operation expenses (excluding energy costs) | 38 | 23 |
| h. Energy costs | 8 | – |
| i. Maintenance expenses | 51 | 24 |
| – Treatment | | |
| j. Operation expenses (excluding chemical costs) | 141 | 266 |
| k. Chemical costs | 89 | 3 |
| l. Maintenance expenses | – | 16 |
| – Other | | |
| m. Operation expenses | 273 | 44 |
| n. Maintenance expenses | 56 | 48 |
| o. Purchase of water | 13,106 | 13,437 |
| 3. Depreciation expenses | | |
| a. System assets | 1,528 | 2,085 |
| b. Plant and equipment | 43 | 27 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 211 | 417 |
| b. Revaluation decrements | – | – |
| c. Other expenses | 26 | 14 |
| d. Impairment – system assets | – | – |
| e. Impairment – plant and equipment | – | – |
| f. Aboriginal Communities Water and Sewerage Program | – | – |
| g. Tax equivalents dividends (actually paid) | – | – |
| 5. Total expenses | 21,176 | 22,455 |

Queanbeyan-Palerang Regional Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| Income | | |
| 6. Residential charges | | |
| a. Access (including rates) | 6,296 | 7,745 |
| b. Usage charges | 16,775 | 14,870 |
| 7. Non-residential charges | | |
| a. Access (including rates) | – | – |
| b. Usage charges | 121 | 73 |
| 8. Extra charges | – | – |
| 9. Interest income | 536 | 570 |
| 10. Other income | 380 | 543 |
| 10a. Aboriginal Communities Water and Sewerage Program | – | – |
| 11. Grants | | |
| a. Grants for acquisition of assets | – | – |
| b. Grants for pensioner rebates | 91 | 97 |
| c. Other grants | – | 90 |
| 12. Contributions | | |
| a. Developer charges | 918 | 568 |
| b. Developer provided assets | 659 | 1,259 |
| c. Other contributions | – | – |
| 13. Total income | 25,776 | 25,815 |
| 14. Gain (or loss) on disposal of assets | – | – |
| 15. Operating result | 4,600 | 3,360 |
| 15a. Operating result (less grants for acquisition of assets) | 4,600 | 3,360 |

Queanbeyan-Palerang Regional Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|--|--------------|-----------------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 16. Acquisition of fixed assets | | |
| a. New assets for improved standards | – | – |
| b. New assets for growth | 659 | 1,245 |
| c. Renewals | 2,583 | 593 |
| d. Plant and equipment | – | – |
| 17. Repayment of debt | 468 | 506 |
| 18. Totals | 3,710 | 2,344 |
| Non-operating funds employed | | |
| 19. Proceeds from disposal of assets | – | – |
| 20. Borrowing utilised | – | – |
| 21. Totals | – | – |
| C Rates and charges | | |
| 22. Number of assessments | | |
| a. Residential (occupied) | 19,455 | 18,610 |
| b. Residential (unoccupied, ie. vacant lot) | 898 | 663 |
| c. Non-residential (occupied) | 1,452 | 1,312 |
| d. Non-residential (unoccupied, ie. vacant lot) | 25 | 25 |
| 23. Number of ETs for which developer charges were received | 95 ET | 66 ET |
| 24. Total amount of pensioner rebates (actual dollars) | \$ 144,525 | \$ 150,956 |

Queanbeyan-Palerang Regional Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

| \$'000 | Current | Non-current | Total |
|---|---------------|----------------|----------------|
| ASSETS | | | |
| 25. Cash and investments | | | |
| a. Developer charges | 6,515 | – | 6,515 |
| b. Special purpose grants | – | – | – |
| c. Accrued leave | – | – | – |
| d. Unexpended loans | 269 | – | 269 |
| e. Sinking fund | – | – | – |
| f. Other | 8,843 | 10,793 | 19,636 |
| 26. Receivables | | | |
| a. Specific purpose grants | – | – | – |
| b. Rates and availability charges | 436 | – | 436 |
| c. User charges | 3,933 | – | 3,933 |
| d. Other | 776 | – | 776 |
| 27. Inventories | – | – | – |
| 28. Property, plant and equipment | | | |
| a. System assets | – | 108,730 | 108,730 |
| b. Plant and equipment | – | – | – |
| 29. Other assets | – | – | – |
| 30. Total assets | 20,772 | 119,523 | 140,295 |
| LIABILITIES | | | |
| 31. Bank overdraft | – | – | – |
| 32. Creditors | 3,974 | – | 3,974 |
| 33. Borrowings | 359 | 5,495 | 5,854 |
| 34. Provisions | | | |
| a. Tax equivalents | – | – | – |
| b. Dividend | – | – | – |
| c. Other | – | – | – |
| 35. Total liabilities | 4,333 | 5,495 | 9,828 |
| 36. NET ASSETS COMMITTED | 16,439 | 114,028 | 130,467 |
| EQUITY | | | |
| 37. Accumulated surplus | | | 122,659 |
| 38. Asset revaluation reserve | | | 7,808 |
| 39. Other reserves | | | – |
| 40. TOTAL EQUITY | | | 130,467 |
| Note to system assets: | | | |
| 41. Current replacement cost of system assets | | | 162,565 |
| 42. Accumulated current cost depreciation of system assets | | | (53,835) |
| 43. Written down current cost of system assets | | | 108,730 |

Queanbeyan-Palerang Regional Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|---|---------------|-----------------------|
| A Expenses and income Expenses | | |
| 1. Management expenses | | |
| a. Administration | 1,264 | 1,352 |
| b. Engineering and supervision | 1,160 | 976 |
| 2. Operation and maintenance expenses | | |
| – mains | | |
| a. Operation expenses | 1,147 | 1,079 |
| b. Maintenance expenses | 669 | 1,325 |
| – Pumping stations | | |
| c. Operation expenses (excluding energy costs) | 150 | 122 |
| d. Energy costs | 25 | – |
| e. Maintenance expenses | 1,356 | 352 |
| – Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs) | 2,261 | 1,962 |
| g. Chemical costs | 155 | 428 |
| h. Energy costs | 631 | 544 |
| i. Effluent management | 5 | 5 |
| j. Biosolids management | 37 | 27 |
| k. Maintenance expenses | 1,032 | 884 |
| – Other | | |
| l. Operation expenses | 255 | 607 |
| m. Maintenance expenses | – | – |
| 3. Depreciation expenses | | |
| a. System assets | 3,673 | 4,635 |
| b. Plant and equipment | 118 | 29 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 367 | 544 |
| b. Revaluation decrements | 2,259 | – |
| c. Other expenses | 23 | 89 |
| d. Impairment – system assets | – | – |
| e. Impairment – plant and equipment | – | – |
| f. Aboriginal Communities Water and Sewerage Program | – | – |
| g. Tax equivalents dividends (actually paid) | – | – |
| 5. Total expenses | 16,587 | 14,960 |

Queanbeyan-Palerang Regional Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|--|---------------|-----------------------|
| Income | | |
| 6. Residential charges (including rates) | 15,904 | 16,735 |
| 7. Non-residential charges | | |
| a. Access (including rates) | – | – |
| b. Usage charges | 74 | 569 |
| 8. Trade waste charges | | |
| a. Annual fees | 42 | 188 |
| b. Usage charges | 119 | 451 |
| c. Excess mass charges | – | – |
| d. Re-inspection fees | – | – |
| 9. Extra charges | – | – |
| 10. Interest income | 1,945 | 1,748 |
| 11. Other income | 295 | 319 |
| 11a. Aboriginal Communities Water and Sewerage Program | – | – |
| 12. Grants | | |
| a. Grants for acquisition of assets | – | – |
| b. Grants for pensioner rebates | 90 | 378 |
| c. Other grants | – | – |
| 13. Contributions | | |
| a. Developer charges | 2,927 | 569 |
| b. Developer provided assets | 2,199 | 50,242 |
| c. Other contributions | – | – |
| 14. Total income | 23,595 | 71,199 |
| 15. Gain (or loss) on disposal of assets | – | – |
| 16. Operating result | 7,008 | 56,239 |
| 16a. Operating result (less grants for acquisition of assets) | 7,008 | 56,239 |

Queanbeyan-Palerang Regional Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 13/5/16 to 30/6/17 |
|--|--------------|-----------------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 17. Acquisition of fixed assets | | |
| a. New assets for improved standards | — | — |
| b. New assets for growth | 2,421 | 49,705 |
| c. Renewals | 6,410 | 2,651 |
| d. Plant and equipment | — | — |
| 18. Repayment of debt | 244 | 323 |
| 19. Totals | 9,075 | 52,679 |
| Non-operating funds employed | | |
| 20. Proceeds from disposal of assets | — | — |
| 21. Borrowing utilised | — | — |
| 22. Totals | — | — |
| C Rates and charges | | |
| 23. Number of assessments | | |
| a. Residential (occupied) | 18,192 | 18,155 |
| b. Residential (unoccupied, ie. vacant lot) | 1,017 | 663 |
| c. Non-residential (occupied) | 1,396 | 1,288 |
| d. Non-residential (unoccupied, ie. vacant lot) | 25 | 25 |
| 24. Number of ETs for which developer charges were received | 128 ET | 81 ET |
| 25. Total amount of pensioner rebates (actual dollars) | \$ 142,977 | \$ 150,017 |

Queanbeyan-Palerang Regional Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

| \$'000 | Current | Non-current | Total |
|---|---------------|----------------|----------------|
| ASSETS | | | |
| 26. Cash and investments | | | |
| a. Developer charges | 11,380 | — | 11,380 |
| b. Special purpose grants | — | — | — |
| c. Accrued leave | — | — | — |
| d. Unexpended loans | — | — | — |
| e. Sinking fund | — | — | — |
| f. Other | 17,879 | 36,427 | 54,306 |
| 27. Receivables | | | |
| a. Specific purpose grants | — | — | — |
| b. Rates and availability charges | 674 | — | 674 |
| c. User charges | — | — | — |
| d. Other | 840 | — | 840 |
| 28. Inventories | — | — | — |
| 29. Property, plant and equipment | | | |
| a. System assets | — | 163,055 | 163,055 |
| b. Plant and equipment | — | — | — |
| 30. Other assets | — | — | — |
| 31. Total assets | 30,773 | 199,482 | 230,255 |
| LIABILITIES | | | |
| 32. Bank overdraft | — | — | — |
| 33. Creditors | 397 | — | 397 |
| 34. Borrowings | 256 | 8,116 | 8,372 |
| 35. Provisions | | | |
| a. Tax equivalents | — | — | — |
| b. Dividend | — | — | — |
| c. Other | — | — | — |
| 36. Total liabilities | 653 | 8,116 | 8,769 |
| 37. NET ASSETS COMMITTED | 30,120 | 191,366 | 221,486 |
| EQUITY | | | |
| 38. Accumulated surplus | | | 221,486 |
| 39. Asset revaluation reserve | | | — |
| 40. Other reserves | | | — |
| 41. TOTAL EQUITY | | | 221,486 |
| Note to system assets: | | | |
| 42. Current replacement cost of system assets | | | 248,410 |
| 43. Accumulated current cost depreciation of system assets | | | (85,355) |
| 44. Written down current cost of system assets | | | 163,055 |

Queanbeyan-Palerang Regional Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Queanbeyan-Palerang Regional Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2017/18 Required maintenance ^a | 2017/18 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|-----------------------------|----------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|-------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | Buildings | 400 | 400 | 2,035 | 2,468 | 65,281 | 120,254 | 19% | 42% | 34% | 5% | 0% |
| | Sub-total | 400 | 400 | 2,035 | 2,468 | 65,281 | 120,254 | 19.0% | 42.0% | 34.0% | 5.0% | 0.0% |
| | | | | | | | | | | | | |
| Roads | Sealed roads | 779 | 779 | 4,320 | 5,238 | 564,122 | 642,116 | 87% | 7% | 5% | 1% | 0% |
| | Bridges | 7,029 | 7,029 | – | – | 40,230 | 70,147 | 18% | 28% | 44% | 8% | 2% |
| | Footpaths | 3 | 3 | 163 | 198 | 25,931 | 35,797 | 45% | 32% | 21% | 2% | 0% |
| | Other road assets | 92 | 92 | – | – | 32,828 | 55,908 | 37% | 36% | 26% | 1% | 0% |
| | Sub-total | 7,903 | 7,903 | 4,483 | 5,436 | 663,111 | 803,968 | 75.6% | 12.0% | 10.6% | 1.7% | 0.2% |
| Water supply network | Water supply network | 1,121 | 1,121 | 2,999 | 2,025 | 102,431 | 157,056 | 33% | 37% | 29% | 1% | 0% |
| | Sub-total | 1,121 | 1,121 | 2,999 | 2,025 | 102,431 | 157,056 | 33.0% | 37.0% | 29.0% | 1.0% | 0.0% |
| | | | | | | | | | | | | |
| Sewerage network | Sewerage network | 5,407 | 5,407 | 4,967 | 3,355 | 156,883 | 240,168 | 52% | 17% | 21% | 8% | 3% |
| | Sub-total | 5,407 | 5,407 | 4,967 | 3,355 | 156,883 | 240,168 | 52.0% | 16.9% | 21.0% | 7.6% | 2.5% |
| | | | | | | | | | | | | |

Queanbeyan-Palerang Regional Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2017/18 Required maintenance ^a | 2017/18 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|---------------------------------------|---------------------------|---|---|---|----------------------------|---------------------|------------------------------|---|---------------|--------------|--------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Stormwater drainage | Stormwater drainage | 11,369 | 11,369 | 47 | 57 | 110,979 | 175,678 | 68% | 22% | 3% | | 7% |
| | Sub-total | 11,369 | 11,369 | 47 | 57 | 110,979 | 175,678 | 68.0% | 22.0% | 3.0% | 0.0% | 7.0% |
| Open space/recreational assets | Swimming pools | 2,040 | 2,040 | – | – | 2,104 | 11,576 | 0% | 0% | 82% | 18% | 0% |
| | Sub-total | 2,040 | 2,040 | – | – | 2,104 | 11,576 | 0.0% | 0.0% | 82.0% | 18.0% | 0.0% |
| Park structures | Park Structure | 355 | 355 | 101 | 123 | 26,866 | 30,365 | 44% | 48% | 7% | 1% | 0% |
| | Sub-total | 355 | 355 | 101 | 123 | 26,866 | 30,365 | 44.0% | 48.0% | 7.0% | 1.0% | 0.0% |
| Waste | Waste Management | – | – | – | – | 2,353 | 2,809 | 0% | 100% | 0% | 0% | 0% |
| | Sub-total | – | – | – | – | 2,353 | 2,809 | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% |
| | TOTAL – ALL ASSETS | 28,595 | 28,595 | 14,632 | 13,464 | 1,130,008 | 1,541,874 | 61.0% | 19.5% | 15.5% | 2.7% | 1.3% |

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

| | | |
|---|---------------------|---------------------------------------|
| 1 | Excellent/very good | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Satisfactory | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very poor | Urgent renewal/upgrading required |

Queanbeyan-Palerang Regional Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

| | Amounts 2018 | Indicator 2018 | Indicator 2017 | Benchmark |
|--|-----------------|-------------------|-------------------|-----------|
| Infrastructure asset performance indicators * consolidated | | | | |
| 1. Buildings and infrastructure renewals ratio ⁽¹⁾ | | | | |
| Asset renewals ⁽²⁾ | 16,023 | 81.01% | 140.66% | >= 100% |
| Depreciation, amortisation and impairment | 19,778 | | | |
| 2. Infrastructure backlog ratio ⁽¹⁾ | | | | |
| Estimated cost to bring assets to a satisfactory standard | 28,595 | 2.60% | 2.89% | < 2.00% |
| Net carrying amount of infrastructure assets | 1,100,789 | | | |
| 3. Asset maintenance ratio | | | | |
| Actual asset maintenance | 13,464 | 92.02% | 67.26% | > 100% |
| Required asset maintenance | 14,632 | | | |
| 4. Cost to bring assets to agreed service level | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 28,595 | 1.85% | 2.11% | |
| Gross replacement cost | 1,541,874 | | | |

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity / performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Queanbeyan-Palerang Regional Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

| | | |
|---|---|--|
| <p>1. Buildings and infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 75.51%</p> <p>Previous year QPRC utilised capital grants to fund asset renewal activities. 2017/18 allowed for a reduction in renewal activity whilst focussing on asset enhancements.</p> |
| <p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 2.60%</p> <p>Addressing the infrastructure backlog has continued to be a priority of QPRC. The increase in this ratio is largely as a result of an increase expenditure of asset enhancements and increase of gifted assets. Council endeavours to continue reducing this backlog in line with benchmark.</p> |
| <p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum $> 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p> | <p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 92.02%</p> <p>QPRC is continuing to address the former Councils lower levels of asset maintenance. Through the Percy Allan review and development of the Long Term Financial, QPRC is planning to increase asset maintenance to the required levels within the next three years.</p> |
| <p>4. Cost to bring assets to agreed service level</p> | <p>Purpose of agreed service level ratio</p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p> | <p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 1.85%</p> <p>QPRC is continuing to decrease the cost asset to an agreed service level through asset renewals. The decrease has been affected through the increasing efforts of asset enhancements and increased level of gifted assets.</p> |

Queanbeyan-Palerang Regional Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

| | General indicators ⁽¹⁾ | | Water indicators | | Sewer indicators | | Benchmark |
|--|-----------------------------------|---------|------------------|---------|------------------|---------|-----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Infrastructure asset performance indicators by fund | | | | | | | |
| 1. Buildings and infrastructure renewals ratio ⁽²⁾ | | | | | | | |
| Asset renewals ⁽³⁾ | | | | | | | |
| Depreciation, amortisation and impairment | 74.65% | 153.16% | 73.95% | 136.26% | 77.71% | 136.53% | >= 100% |
| 2. Infrastructure backlog ratio ⁽²⁾ | | | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 2.62% | 2.42% | 1.09% | 1.83% | 3.45% | 4.78% | < 2.00% |
| Net carrying amount of infrastructure assets | | | | | | | |
| 3. Asset maintenance ratio | | | | | | | |
| Actual asset maintenance | 121.27% | 66.94% | 67.52% | 74.32% | 67.55% | 78.74% | > 100% |
| Required asset maintenance | | | | | | | |
| 4. Cost to bring assets to agreed service level | | | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 1.93% | 1.77% | 0.71% | 1.18% | 2.25% | 4.91% | |
| Gross replacement cost | | | | | | | |

Notes

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

(2) Excludes Work In Progress (WIP)

(3) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.