



**TOOWOOMBA
REGION**

ANNUAL REPORT 2016 - 2017



Rich traditions. Bold ambitions.

Toowoomba Regional Council



murdoch
UNIVERSITY

NO PARKING
ANYTIME



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About this report

Our Annual Report summarises Council's 2016-17 activities, our many achievements, our challenges and provides a snapshot of the year gone by. It is also an opportunity for us to profile the organisation, the teams within it and our beautiful region.

At the Toowoomba Regional Council, we measure our performance against the *2014-2019 Corporate Plan* and this is the second year of reporting against the current Corporate Plan.

We view our Annual Report as one of the key accountability mechanisms between Council and our community and it is developed in compliance with Section 104 of the *Local Government Act 2009*.

This report is also available in full on our website at:
www.tr.qld.gov.au/annualreport

**FAST
FACTS ABOUT
OUR COMMUNITY**



One of the most productive agricultural areas in Australia



Australia's second largest inland city



Gross Regional Product 9.58 billion



Local jobs 75,518



Number of employed residents 76,608



74% of people travel by car to work





2.61m annual visitors
to our region



One of the most
diverse economies in
Queensland



Population 164,595



Land area
12,973km²



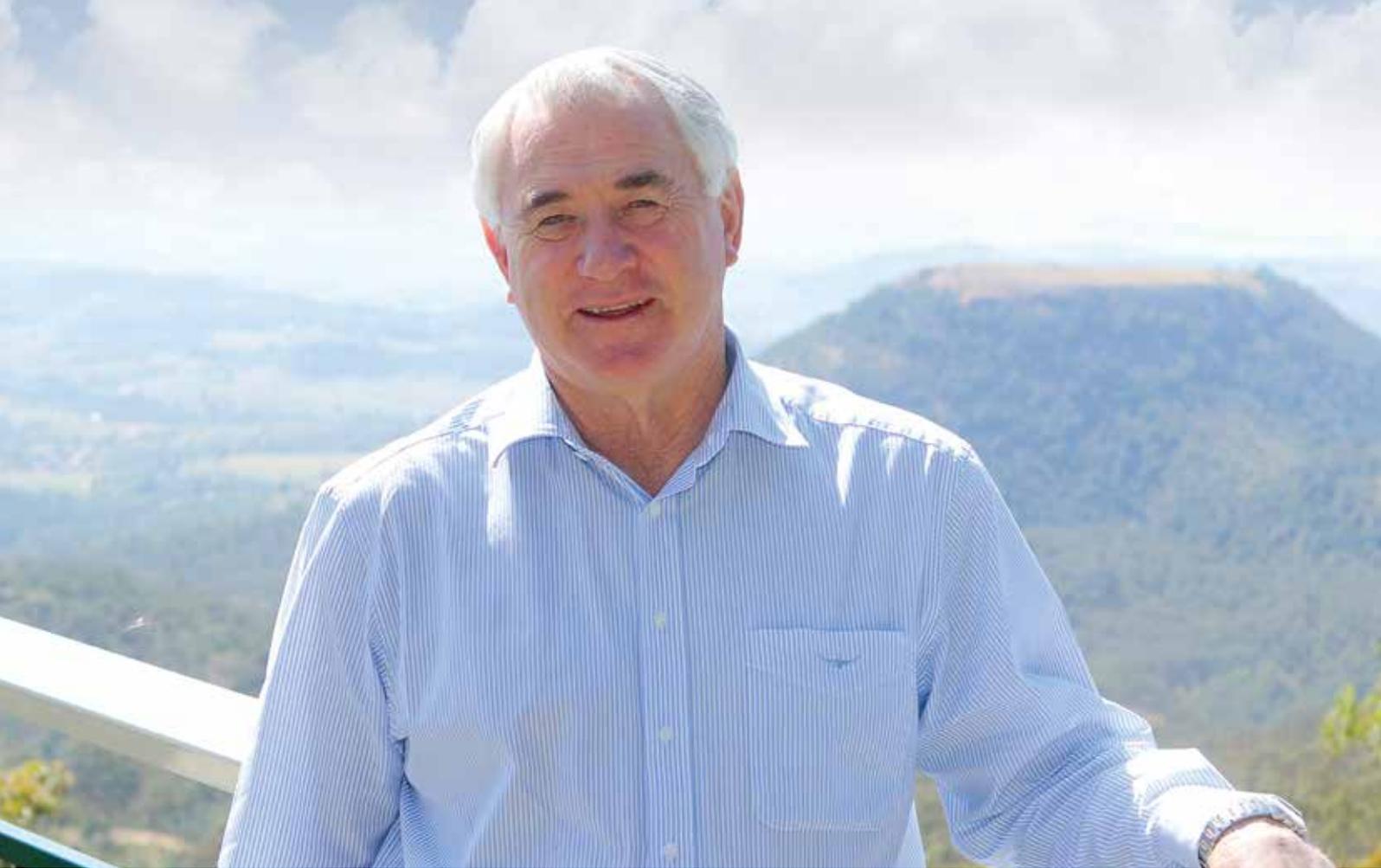
Number of local
businesses = 14,982



Average house price
is \$350,000



88 schools across
our region



MAYOR'S REPORT

On reflection, this year has been a satisfying one in my role as Mayor, with years of visionary planning, lobbying and sheer hard work, resulting in some significant achievements for the Toowoomba Region. Our strong and diverse economy, coupled with a major infrastructure boom and strong business confidence is creating a palpable sense of prosperity across the region, with all eyes looking to the Toowoomba Region.

We are the envy of regional Australia and with good reason. With a GRP of \$9.58 billion, the Toowoomba region is one of the most diverse economies in Australia. Our population statistics tell a story of steady and manageable growth, with 50,000 new residents expected to call our region home by 2035.

Our message that the region is 'open for business' has resonated around the world, with public and private infrastructure investments in the region totalling around \$13 billion. Toowoomba's economic role as a major regional city, agricultural hub, knowledge and research centre, and freight and logistics hub provides enormous strengths and competitive advantages. The future is bright.

This year, our bold ambition of becoming one of Australia's major inland ports edged closer to becoming a reality, with the federal government committing to fully deliver the Melbourne to Brisbane Inland Rail project. Council has advocated strongly for this nation-building infrastructure project for many years and this announcement is a game changer for the region. Rail will provide a safe, efficient and sustainable solution for

transporting our products within Australia and direct to Hong Kong and beyond through the privately-owned Wellcamp Airport.

The \$1.6 billion Toowoomba Second Range Crossing (TSRC) progressed this year, with design of Mort Street and Boundary Street link roads completed. Like most residents in Toowoomba City, I am looking forward to seeing fewer trucks on James Street and the obvious benefits that will come from relieving the pressure on Toowoomba's roads. A project of this scale creates a lot of work for Council and I congratulate our team on the work undertaken to integrate our local road network with the TSRC.

The opening of QIC's \$500 million redevelopment of Grand Central transformed the Toowoomba CBD and created a major retail destination for the region. Council capitalised on this development, by investing in a project to transform the northern entrance to the CBD. Our vision for Toowoomba City is taking shape, with our laneway culture creating an energetic vibe. Recent receipt of a Queensland Government Building Our Region Program grant will see further investment in the CBD next year, with plans on track (excuse the pun) to upgrade the historic Railway Goods Shed.

I am constantly impressed by the innovation and ingenuity of our local business owners, Chambers of Commerce, Progress Associations and not-for-profit groups. At Council, we recognise these organisations are best qualified to identify opportunities and find solutions

“ Volunteers are the backbone of our region and their ongoing commitment enhances social cohesion and a sense of purpose within our community. This year, I was honoured to represent Council at numerous openings and events and thank those of you who work behind the scenes to make our region great. ”

for community. Given this, I was delighted to see the launch of our \$5,000 Community Economic Development Grant Program this year and look forward to watching our regional communities prosper in the ensuing years.

Council recognises that every voice in our region is important and has provided various avenues for residents to have their say on projects, services and issues that affect them during the year. I have personally enjoyed listening to diverse opinions from the community and believe Council is doing a good job at encouraging people to provide feedback through various channels.

This year signalled a coming of age for the Carnival of Flowers, which was recognised as the best national major festival or event at the 2016 Qantas Australian Tourism Awards in Darwin. The national accolade was the latest award in a stellar run of industry success for the Carnival. As a long-term resident of the region, it is exciting to have watched the Carnival evolve from its rich traditions to become a vibrant showcase of the region's wine, food and creative industries. Coming from a farming background, I am also continually impressed with the high standard of our world renowned floral displays and the dedication of our competition gardeners and Parks and Recreation Services staff in the lead up to the Carnival.

Toowoomba celebrated 25 years of friendship with our sister City, Takatsuki, in 2016. The anniversary was a wonderful opportunity to reflect on the hundreds of exchanges, friendships, memories and stories our regions have shared. A Nihon Matsuri, translated to 'Japan Festival' was held in our Civic Centre to celebrate the milestone and I was also honoured to lead a delegation from Council to Japan earlier this year to strengthen relationships with the Takatsuki region. Student exchanges between our cities inject \$2 million annually into the Toowoomba economy, so we welcomed an opportunity to visit schools and identified business opportunities through meetings with the Takatsuki Chamber of Commerce and delegates in Osaka, Kyoto, Kasugai and Ena City.

Unlocking links to a growing Asian market will present significant opportunities for businesses in the Toowoomba Region. Recognising this, Council signed a Memorandum of Understanding with Yuechneng District, a part of Shaoxing city during the year. The agreement outlines that the two parties will carry out exchanges and foster cooperation in the fields of economy, trade, science and technology, culture, tourism, education, sports and health to promote common prosperity and development.

Our region is booming, but there are people within our community who are homeless, marginalised and struggling with everyday life. Toowoomba is a very giving region and I am constantly humbled by the commitment of individuals and not-for-profits who are genuinely committed to finding solutions for our complex problems. Together we can make a difference.

Volunteers are the backbone of our region and their ongoing commitment enhances social cohesion and a sense of purpose within our community. This year, I was honoured to represent Council at numerous openings and events and thank those of you who work behind the scenes to make our region great. Attending sporting events, art exhibitions, country shows and Council-supported Australian Day and Anzac Day commemorations highlight to me the wonderful diversity within our community and the tireless work of individuals and committees who make our region so much richer.

With crisp, clean country air, red soil paddocks and easy access to parks and wildlife, we have ample opportunity to get back to nature and enjoy a wonderful standard of living. I am proud of the role Council played this year in contributing to our liveability, through the provision of clean and safe drinking water, efficient waste disposal and well planned and maintained infrastructure. Our well-resourced libraries, free park barbeques and kilometres of bikeways promote inclusion, accessibility and enhance community connections. Thank you to our dedicated 1,700 staff for your hard work in delivering these vital services to residents throughout our region.

My job would be very difficult without the continued support of my fellow Councillors and a capable and dedicated executive management team. Thanks for your passion, commitment and expertise.

Our future is looking bright, but our present is worth appreciating. I hope you enjoy reading about our achievements and challenges for the 2016-17 year. Our community outcomes reflect our Rich Traditions and Bold Ambitions and I truly believe this year is one in which we can look back and feel proud.



Paul Antonio
Toowoomba Regional Council Mayor



COUNCILLORS



Cr Carol Taylor
DEPUTY MAYOR,
CHAIR - INFRASTRUCTURE COMMITTEE
P 07 4688 6615 **M** 0417 723 948
E carol.taylor@tr.qld.gov.au



Cr Nancy Sommerfield
CHAIR - WATER & WASTE COMMITTEE
P 07 4688 6605 **M** 0499 774 278
E nancy.sommerfield@tr.qld.gov.au



Cr Geoff McDonald
CHAIR - ENVIRONMENT &
COMMUNITY COMMITTEE
P 07 4688 6784 **M** 0499 774 276
E geoff.mcdonald@tr.qld.gov.au



Cr Megan O'Hara Sullivan
PORTFOLIO LEADER - FINANCE &
BUSINESS STRATEGY
P 07 4688 6794 **M** 0477 071 824
E megan.o'harasullivan@tr.qld.gov.au



Cr James O'Shea
PORTFOLIO LEADER - INFRASTRUCTURE
P 07 4688 6406 **M** 0474 074 824
E james.o'shea@tr.qld.gov.au



Cr Mike Williams
CHAIR - FINANCE & BUSINESS
STRATEGY COMMITTEE
P 07 4688 6421 **M** 0428 182 976
E mike.williams@tr.qld.gov.au



Cr Bill Cahill
PORTFOLIO LEADER - WATER & WASTE
P 07 4688 6782 **M** 0419 908 083
E bill.cahill@tr.qld.gov.au



Cr Chris Tait
CHAIR - PLANNING &
DEVELOPMENT COMMITTEE
P 07 4688 6793 **M** 0499 774 274
E chris.tait@tr.qld.gov.au

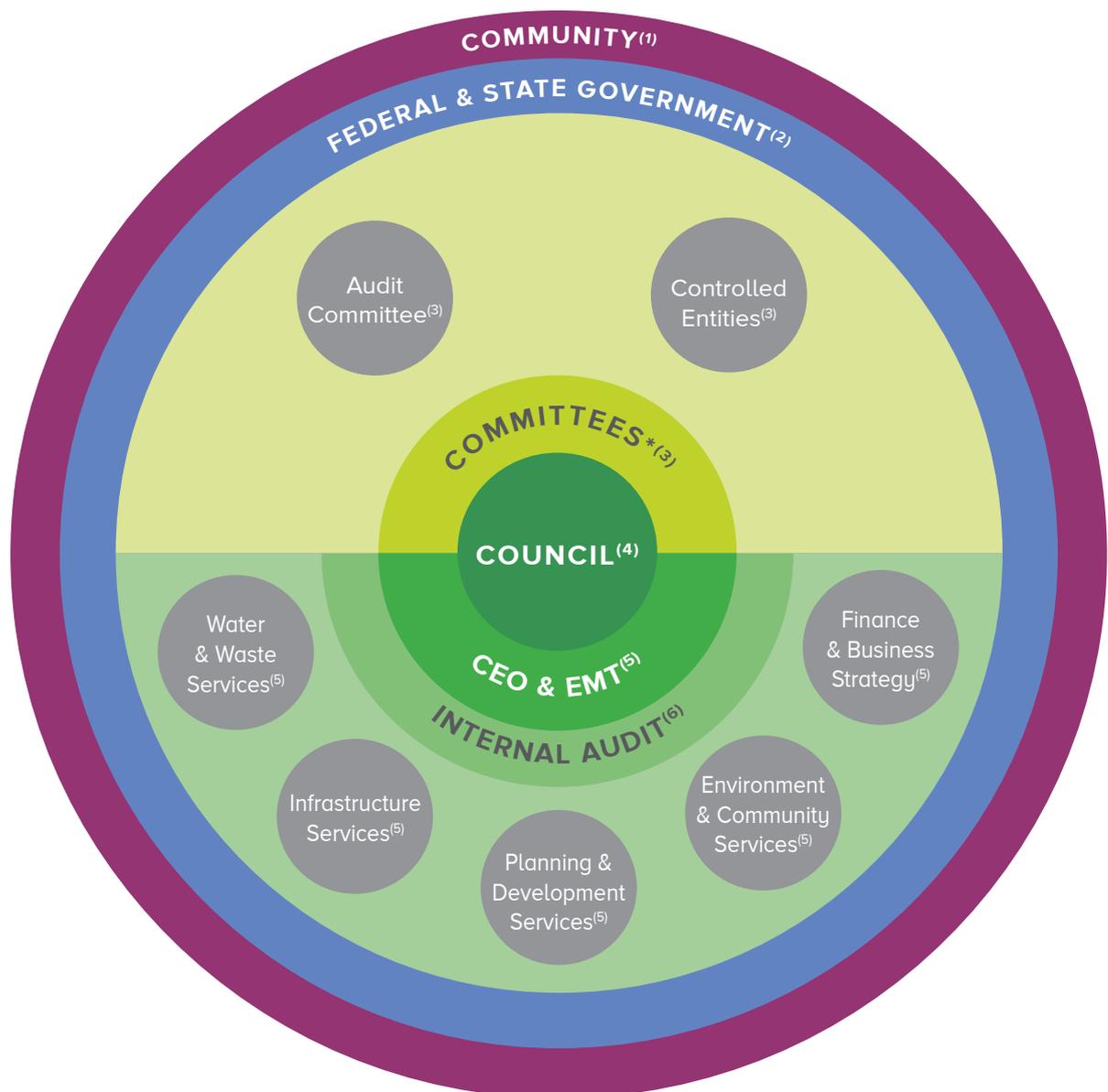


Cr Joe Ramia
PORTFOLIO LEADER - ENVIRONMENT
& COMMUNITY
P 07 4688 6783 **M** 0491 490 900
E joe.ramia@tr.qld.gov.au



Cr Anne Glasheen
PORTFOLIO LEADER - PLANNING
& DEVELOPMENT
P 07 4688 6800 **M** 0408 718 720
E anne.glasheen@tr.qld.gov.au

ORGANISATIONAL STRUCTURE



1. The **community** elects the Council and provides input to determine the regions priorities.
2. The **Federal and State Government** provides authority to Council through the Local Government Act 2009.
3. **Committees*** consider the strategic direction for the region, within specialised areas, and provide recommendations to Council. A few specific functions within the city are managed by **controlled entities** established by Council including Jondaryan Woolshed, Empire Theatre, Toowoomba and Surat Basin Enterprise (TSBE). The **Audit Committee** oversees the activities of Internal Audit and provides an independent, external review of our governance and internal control frameworks.
4. **Council** establishes priorities and considers recommendations received from its Committees.
5. Through the **Chief Executive Officer (CEO) and the Executive Management Team (EMT)**, Council decisions are carried out. EMT also provides Council with advice on priorities and strategic direction and oversees Councils operational groups.
6. **Internal Audit** conducts appraisals which provide assurance that the organisation is discharging its responsibilities effectively.

* COMMITTEES

- Water and Waste Committee
- Infrastructure Committee
- Planning and Development Committee
- Environment and Community Committee
- Finance and Business Strategy Committee
- Economic Development Committee
- Australia Day and Queensland Day Co-ordinating Committee
- Development Industry Reference Group
- Heritage Advisory Committee
- Regional Access and Disability Advisory Committee
- Regional Active and Public Transport Advisory Committee
- Regional Arts Development Fund Advisory Committee
- Regional Youth Advisory Committee
- Toowoomba Airport Advisory Committee
- Toowoomba Region Events and Tourism Advisory Committee
- Toowoomba Region Pest Management Advisory Committee



CEO'S REPORT

Maintaining our enviable liveability and providing value-for-money services to our residents, visitors and businesses remained a key consideration for Council during the 2016-17 financial year.

Continued growth in our region presented exciting opportunities and challenges, with Council investing in projects to realise our vision as a vibrant, inclusive, environmentally rich and prosperous region that embraces the future while respecting the past.

As an organisation, we have invested significantly in achieving the goals articulated in our 2014-19 Corporate Plan and I am proud of our 'scorecard' this financial year. Adapting our strategic direction to meet the changing and diverse needs of our residents remained a key priority, with Council adopting two new Corporate Goals – 'Culture' and 'Innovation & Technology' during this financial year. Inclusion of these goals affirms our commitment towards prioritising a positive culture and actively looking for creative and innovative solutions to improve service delivery outcomes for our community. Reporting of these goals will commence this coming financial year, 2017-18.

Over the past 12 months, Toowoomba Regional Council has employed more than 1,790 staff in over 200 separate roles. As one of the largest employers in the region, Council is committed to delivering a broad range of training and professional development opportunities for our workforce. Our commitment was acknowledged this year, with Council winning the Large Employer of the Year

in the Queensland regional training awards for the Darling Downs region. Extension of our Parental Leave Policy to provide eligible female employees' 14 weeks paid maternity leave and the introduction of a Transition to Retirement framework were further endorsements of our commitment to building a skilled and diverse workforce that reflects the community we serve.

Council continued to provide outstanding customer service, with 220,000 telephone calls and service centre enquiries responded to this year. Our residents continue to express high levels of satisfaction with the service received from Customer Service Officers, with more than 90% of queries resolved during the first interaction. Ensuring customers are provided with a professional and seamless customer experience is a continuing focus for Council, with promotion of a 'Community First' culture across the organisation.

A well-planned and maintained infrastructure system is critical for a successful economy. This year, Council invested significantly in link roads to the Toowoomba Second Range Crossing, streetscape works to North Ruthven Street and the City Hall Auditorium and new Annex. We also completed surveys and designs for 66 projects totalling \$27.4 million for the 2016-17 Capital Works Program, including planning and preliminary design of the new Charlton Principal Depot.

Receipt of prestigious urban planning awards for the Kwong San Walk project and the Clifton Township Open Space Concept Master Plan were affirmation of our

“As an organisation, we have invested significantly in achieving the goals articulated in our 2014-19 Corporate Plan and I am proud of our ‘scorecard’ this financial year. Adapting our strategic direction to meet the changing and diverse needs of our residents remained a key priority, with Council adopting two new Corporate Goals – ‘Culture’ and ‘Innovation & Technology’ during this financial year. ”

consultative approach to urban design and the work we are doing to transform the Toowoomba CBD and our regional communities. Planning for a growing region is a great responsibility and, whilst it is important to ensure consistent and cohesive infrastructure planning, it's essential that community collaboration is included to realise the shared vision of our region.

Toowoomba Regional Council adopted its Local Government Infrastructure Plan (LGIP) in May 2017. Changes to state government legislation in 2014 enabled Council to adopt the LGIP, which replaces the previous Priority Infrastructure Plan (PIP) in the planning scheme. The LGIP identifies trunk infrastructure (water, sewerage, stormwater, transport, parks and community facilities) that is required to service urban development at the desired standard for our future communities. More specifically, the information in the plan covers the type, cost, size and expected timing of infrastructure and will guide Council decisions about development and associated infrastructure requirements.

The Greater Toowoomba Waste Management Facility was recognised as one of the most progressive in the country, with Council winning the Innovation Award at the 2017 Australian Landfill and Transfer Stations Innovation and Excellence Awards in Sydney. The \$20 million facility opened in December 2015 and has revolutionised the way we approach waste services across the region, reducing the number of loads to landfill by 72 percent, during its first 12 months of operation. With a growing population comes an increased waste generation and landfill challenges. Council responded to those challenges this year, with the adoption of The Toowoomba Region Waste Management Strategy.

Our community is embracing landfill diversion and this strategy is a blueprint for how we will move from a waste disposal to a resource recovery mindset.

Remaining at the forefront of technological advances was a high priority for Council, with our Information, Communication and Technology (ICT) team completing 41 projects this financial year. With the support of our ICT staff we are delivering innovative, responsive, high quality and consistent technologies that will meet organisational and community expectations.

Our significant achievements would not be possible without the ongoing commitment of a dedicated team. I would like to thank our Mayor and Councillors for their leadership and vision this year. I would also like to acknowledge the support of all our employees and my Executive Management Team including Kevin Flanagan, who retired from his position as Water and Waste Services General Manager at the end of this financial year following a 40 year career in local government.

We live in a wonderful region and I am truly proud of Council's role in delivering the community outcomes articulated in our 2016/17 Annual Report.



Brian Pidgeon
Chief Executive Officer - Toowoomba Regional Council



EXECUTIVE LEADERSHIP TEAM



Brian Pidgeon
CHIEF EXECUTIVE OFFICER
P 131 872
E brian.pidgeon@tr.qld.gov.au



Mike Brady
GENERAL MANAGER - Infrastructure Services
P 131 872
E mike.brady@tr.qld.gov.au



Kevin Flanagan
GENERAL MANAGER - Water & Waste Services
P 131 872
E kevin.flanagan@tr.qld.gov.au

*Retired
 June 2017*



Arun Pratap
GENERAL MANAGER - Finance & Business Strategy
P 131 872
E arun.pratap@tr.qld.gov.au



Nick Hauser
GENERAL MANAGER - Environment & Community Services
P 131 872
E nick.hauser@tr.qld.gov.au



Stewart Somers
GENERAL MANAGER - Planning & Development
P 131 872
E stewart.somers@tr.qld.gov.au

COUNCIL GROUP PERFORMANCE

Toowoomba Regional Council has continued our on-going mission to improve the liveability and attraction of our region by delivering valued and relevant community services. We aim to plan for a sustainable and liveable future and this starts with our Executive Leadership Team setting aspirational targets for their respective areas. In the following section we provide a high-level overview of how our service areas are tracking against the objectives set out in our corporate plan.

✓	Greater than or equal to 85% - is recognised as being on track
!	Greater than or equal to 50%, but below 85% - is recognised as being in need of increased attention
✗	Below 50% - is recognised as underperforming

	2014-15	2015-16	2016-17	STATUS
Office of the CEO	100%	73%	86%	✓
Chief Executive Officer	N/A	N/A	81%	!
Enterprise Project Management Office	N/A	N/A	100%	✓
Governance	100%	73%	94%	✓
Legal Services	N/A	75%	10%	✗
Water and Waste Services	93%	82%	77%	!
Strategy and Coordination (Water and Waste)	93%	85%	92%	✓
Waste Services	100%	52%	51%	!
Water Infrastructure Services	87%	89%	95%	✓
Water Operations	93%	89%	97%	✓
Water Project Services	100%	79%	75%	!
Infrastructure Services	95%	95%	97%	✓
General Manager Infrastructure Services	100%	100%	N/A	
Construction & Maintenance - Executive Manager	100%	100%	100%	✓
Construction & Maintenance Central	93%	99%	97%	✓
Construction & Maintenance North	96%	100%	100%	✓
Construction & Maintenance South	100%	100%	96%	✓
Plant & Fleet	90%	90%	93%	✓
Project Services	100%	93%	96%	✓
Transport & Drainage Planning	87%	87%	95%	✓
Planning and Development Services	98%	97%	96%	✓
Development Services	99%	100%	98%	✓
Regional Architecture & Heritage	N/A	N/A	100%	✓
Strategic Planning & Economic Development	96%	96%	93%	✓
Environment and Community Services	91%	87%	88%	✓
Community Development, Facilities & Tourism	95%	92%	94%	✓
Environmental Health Services	87%	86%	96%	✓
Library & Cultural Services	85%	77%	78%	!
Parks & Recreation Services	96%	95%	94%	✓
Property Services	83%	71%	74%	!
Tourism & Events	97%	92%	N/A*	
Finance and Business Strategy	91%	94%	96%	✓
General Manager Finance & Business Strategy	100%	81%	98%	✓
Corporate Services	94%	93%	N/A*	
Customer Service	86%	91%	100%	✓
Financial Services	100%	97%	100%	✓
Information Communication & Technology	90%	87%	96%	✓
People & Organisational Development	73%	91%	93%	✓
Service Improvement	N/A	100%	93%	✓
Stakeholder Engagement & Communications	97%	96%	96%	✓

*This branch now forms a part of another branch's reporting structure



COUNCIL GOAL PERFORMANCE

This scorecard summarises progress towards long-term targets central to our Vision and the implementation of our corporate objectives. It also provides an overview relating to the implementation of our *2014-2019 Corporate Plan*. Overall performance is determined by our achievement against established performance measures and the progress of major initiatives. Our figures are based on the following:

- ✔ Greater than or equal to 85% - is recognised as being on track
- ⚠ Greater than or equal to 50%, but below 85% - is recognised as being in need of increased attention
- ✘ Below 50% - is recognised as underperforming

GOAL 1 - COMMUNITY scorecard

		2014-15	2015-16	2016-17	STATUS
GOAL 1:	COMMUNITY: A safe, healthy and equitable community that celebrates diversity and enjoys a quality lifestyle.	91%	85%	92%	
1.1	A Creative, educated community	84%	79%	82%	
1.1.1	Identify and promote opportunities for arts, cultural expression and the development of creative industries.	94%	100%	98%	
1.1.2	Ensure cultural facilities and programming meets the needs of the community and regional development.	85%	53%	89%	
1.1.3	Provide contemporary library facilities and services across the region to meet the needs of the community.	76%	87%	58%	
1.1.4	Identify and promote public art opportunities that enhance the urban environment.	83%	100%	100%	
1.2	An active and healthy community	98%	95%	97%	
1.2.1	Plan and provide an integrated and accessible network of open space.	98%	95%	95%	
1.2.2	Plan and provide facilities and programs that enable participation in sport and recreation.	98%	92%	100%	
1.2.3	Establish partnerships with stakeholders to increase opportunity for participation in sport, recreation and community activity.	100%	100%	100%	
1.3	A safe, sustainable and resilient community	86%	81%	99%	
1.3.1	Maintain and improve health standards including food safety, immunisation and public health.	78%	100%	96%	
1.3.2	Maintain and improve environmental standards including animal and pest management, site management, pollution control and waste management and minimisation.	84%	81%	100%	
1.3.3	Improve community safety through design, information and programs.	85%	73%	100%	
1.3.4	Enhance disaster management preparedness and capability in collaboration with the community.	91%	80%	100%	
1.3.5	Develop and implement effective community information and education programs in collaboration with key community stakeholders.	100%	88%	100%	
1.4	A connected and inclusive community	98%	98%	100%	
1.4.1	Build social capital through provision of accessible community infrastructure and programs.	100%	100%	100%	
1.4.2	Provide equitable access to and advocate for a range of services, programs and facilities to address disadvantage and foster inclusion.	97%	97%	100%	

GOAL 1 - COMMUNITY *achievements*



Highfields Sport & Recreation Park - Stage 2



SES - 10 especially equipped 4WD cars



25 years of friendship with Sister City

GOAL 2 - NATURAL ENVIRONMENT *scorecard*

		2014-15	2015-16	2016-17	STATUS
GOAL 2:	NATURAL ENVIRONMENT: The region's environmental assets including natural areas and resources, open space and agricultural lands, are conserved and enhanced for future generations.	93%	93%	96%	
2.1	Green spaces, natural areas and natural resources are protected and well managed.	93%	93%	96%	
2.1.1	Develop and implement an environmental policy for the region that protects and enhances natural and agricultural assets.	100%	100%	95%	
2.1.2	Build community awareness and participation in natural and agricultural land conservation.	100%	98%	100%	
2.1.3	Plan and manage open space, parkland and natural areas to eradicate pests and noxious weeds and promote biodiversity, water quality and community use.	100%	96%	70%	
2.1.4	Protect, enhance and manage air, land and water quality.	76%	100%	100%	
2.1.5	Implement water sensitive urban design and stormwater management approaches that enhance natural systems and reduce risk of flooding.	100%	30%	100%	
2.2	Manage carbon emissions and be responsive to climate change	100%	100%	100%	
2.2.1	Monitor climate change, respond to impacts and manage Council's carbon footprint.	100%	100%	100%	

GOAL 2 - NATURAL ENVIRONMENT *achievements*



One size does not fit all Award - Oakey



Adoption of Street and Park Tree Policy



Bedford Street Landfill Gas Project

GOAL 3 - BUILT ENVIRONMENT *scorecard*

		2014-15	2015-16	2016-17	STATUS
GOAL 3:	BUILT ENVIRONMENT: Well managed, integrated and connected growth, respecting community, environmental and heritage values.	96%	99%	97%	
3.1	Sustainable and prosperous urban and rural development	99%	100%	96%	
3.1.1	Undertake strategic integrated land use and infrastructure planning that responds to climate, is resource-wise, reinforces local character and achieves innovation and design excellence.	100%	100%	98%	
3.1.2	Ensure planning supports economic development while protecting and enhancing high quality agricultural lands, scenic amenity and community, environmental and heritage values.	98%	100%	87%	
3.1.3	Plan centres and townships to provide a strong sense of identity, local employment opportunities, community participation and access to housing choices.	100%	100%	91%	
3.1.4	Ensure development accords with Toowoomba Regional Council's planning scheme, planning instruments, codes and legislation.	99%	100%	98%	
3.1.5	Implement improved business practices to ensure efficient and effective planning and development assessment.	98%	100%	100%	
3.1.6	Develop in partnership with industry a standard for land development, design and built form, to ensure continuous improvement.	100%	100%	91%	
3.1.7	Undertake catchment scale planning for natural hazards to mitigate future risk.	100%	100%	90%	
3.2	A safe, equitable and integrated transport system	92%	97%	97%	
3.2.1	Plan to ensure Toowoomba City is a principal regional activity centre connected to a network of vibrant rural towns by an integrated transport system.	88%	100%	95%	
3.2.2	Plan to ensure Toowoomba region is a strategic transport and logistics hub of regional and national significance.	85%	100%	98%	
3.2.3	Improve safety, serviceability and efficiency of the region's road network.	86%	93%	100%	
3.2.4	Implement an integrated and accessible transport system for the region, including a safe walking, cycling and public transport network.	100%	100%	89%	
3.2.5	Plan and regulate parking to meet the needs of community and business.	100%	100%	100%	

GOAL 3 - BUILT ENVIRONMENT *achievements*



Adoption of Local Government Infrastructure Plan



West Toowoomba Land Use Investigation



Seven Day Makeover Challenge



Inland Rail a reality



Toowoomba Second Range Crossing link roads

GOAL 4 - INFRASTRUCTURE AND ASSET MANAGEMENT *scorecard*

		2014-15	2015-16	2016-17	STATUS
GOAL 4:	INFRASTRUCTURE AND ASSET MANAGEMENT: A well-planned and maintained infrastructure network that is sustainable and enhances local character and identity.	93%	88%	79%	
4.1	Integrated and timely provision and management of sustainable infrastructure and assets	94%	94%	85%	
4.1.1	Develop a Strategic Infrastructure and Asset Management Plan to guide the provision, maintenance, decommissioning, replacement and enhancement of Council assets and infrastructure.	89%	78%	79%	
4.1.2	Ensure the provision and management of infrastructure and assets meet the needs and priorities of Council, the community and industry.	99%	97%	78%	
4.1.3	Plan and implement urban improvement works which enhance local character and identity, conserve and improve the region's streetscapes and provide iconic parkland.	100%	98%	100%	
4.1.4	Plan and deliver a safe, sustainable and efficient road network.	95%	100%	100%	
4.1.5	Plan and deliver safe and effective stormwater management outcomes and a flood resilient region.	87%	100%	89%	
4.1.6	Plan and deliver safe, sustainable and efficient airports and aerodrome services.	92%	75%	96%	
4.2	A safe and sustainable water network	89%	81%	82%	
4.2.1	Plan, deliver and manage efficient and sustainable, high quality, water supply systems.	90%	82%	82%	
4.2.2	Advance water use efficiency and water cycle innovation throughout the region.	81%	75%	100%	
4.3	Sustainable waste management	96%	52%	48%	
4.3.1	Plan, deliver and manage efficient and sustainable waste and resource management services.	63%	93%	63%	
4.3.2	Plan and deliver an integrated waste infrastructure network.	100%	48%	42%	
4.3.3	Minimise the impacts of waste generation through modified consumer behaviour, effective recycling infrastructure and practices, and the reduction of emissions from landfill.	100%	45%	48%	
4.4	A sustainable sewerage network	95%	92%	86%	
4.4.1	Plan, deliver and manage a high quality sewerage network and treatment facilities.	94%	91%	85%	
4.4.2	Effective and efficient use of recycled water.	100%	100%	98%	

GOAL 4 - INFRASTRUCTURE AND ASSET MANAGEMENT *achievements*



Adoption of Toowoomba Waste Management Strategy



Sewerage upgrades at Merrigandan, Kingsthorpe, Gowrie Junction and Westbrook



Toowoomba City Library and Civic Square Project won excellence award



Construction commenced on City Hall Auditorium and new Annex



Planning and design of new Charlton Depot



Harry Coleman named Young Water Operator of the Year

GOAL 5 - ECONOMY *scorecard*

		2014-15	2015-16	2016-17	STATUS
GOAL 5:	ECONOMY: A dynamic and diverse economy creating industry development and employment opportunities.	98%	92%	93%	
5.1	A strong and diverse economy	91%	89%	95%	
5.1.1	In partnership promote the region as 'open for business' by supporting the growth of new and existing businesses.	100%	100%	100%	
5.1.2	In partnership implement the Toowoomba Region Economic Development Strategy.	100%	80%	85%	
5.1.3	Plan to leverage the opportunities inherent in major projects across the region, including the Toowoomba Second Range Crossing, Brisbane West Wellcamp Airport and surrounding Business Park and Melbourne Brisbane Inland Rail Project.	5%	75%	100%	
5.1.4	Ensure planning and infrastructure supports future economic growth.	100%	100%	90%	
5.1.5	In partnership plan for and support the growth of strong, viable and diverse economic clusters.	100%	100%	100%	
5.1.6	In partnership support the growth of the region's creative industries sector and the knowledge economy.	100%	92%	93%	
5.2	Leverage the unique character and assets of the region's centres and townships	100%	94%	92%	
5.2.1	Strengthen and promote a unique calendar of regional and local events.	100%	85%	100%	
5.2.2	Develop a brand that positions the region as a business, tourism, lifestyle and cultural destination.	100%	99%	80%	
5.2.3	Identify and plan the next generation civic projects that promote the region, stimulate economic development and enhance identity.	95%	100%	100%	
5.2.4	Plan and support local economic development for regional centres and townships.	100%	100%	100%	

GOAL 5 - ECONOMY *achievements*



Building Our Region Program funding for three projects - Goods Shed, Toowoomba Enterprise Hub and Gap Road



\$30,000 grant to investigate establishment of formal education cluster



Launch for Community Economic Development Grants



Toowoomba Carnival of Flowers Awards

GOAL 6 - GOVERNANCE *scorecard*

		2014-15	2015-16	2016-17	STATUS
GOAL 6:	GOVERNANCE: A well governed, responsive Council, providing effective leadership and management, and respecting community values.	93%	90%	94%	
6.1	A region governed in consultation and partnership with the community	84%	95%	97%	
6.1.1	Ensure leadership and decision making is transparent, accountable and represents the current and future interests of the region's communities.	100%	92%	100%	
6.1.2	Implement effective community consultation processes that enable participation, engagement and collaboration.	78%	99%	88%	
6.1.3	Develop and maintain community participation, partnerships and volunteer programs.	75%	100%	100%	
6.1.4	Implement an effective information and education program to encourage community participation in decision making and build social capital.	100%	94%	98%	
6.2	Responsive and efficient customer service delivery	96%	87%	98%	
6.2.1	Continually review and enhance service delivery to ensure Council's responsiveness to customer and community expectations.	95%	87%	98%	
6.2.2	Work collaboratively across Council to provide effective, efficient and coordinated outcomes.	100%	91%	98%	
6.2.3	Build a culture of continuous improvement	96%	90%	100%	
6.3	Strategic management of Council	92%	90%	91%	
6.3.1	Foster an appropriate corporate culture that aligns with Council's Mission, Values and Behaviours.	100%	100%	81%	
6.3.2	Develop and maintain healthy and safe working conditions and regularly review workplace health and safety practices.	98%	94%	92%	
6.3.3	Develop and implement local laws, policies, standards and codes in accordance with legislative requirements and ensure compliance.	99%	100%	100%	
6.3.4	Implement integrated strategic planning approaches across Council, including efficient and effective risk management.	98%	73%	75%	
6.3.5	Implement sustainable financial management and effective procurement practices.	99%	97%	93%	
6.3.6	Implement reliable and contemporary information, knowledge and management systems.	83%	89%	94%	
6.3.7	Attract and retain a skilled workforce through implementation of contemporary human resource practices and organisational development.	67%	91%	91%	

GOAL 6 - GOVERNANCE *achievements*



Winner Larger Employer of the Year (for training) for South West Queensland Region



Customer Service Policy



Communicating with our Stakeholders



Investing in employee health and wellbeing (ManUp!)

LEGISLATIVE INFORMATION 2016-2017

Resolutions made during the financial year under section 250(2) Local Government Regulation 2012: One. Amendment to Council Policy 2.53 Expenses Reimbursement (Councillors) was adopted on 26 June 2017

Resolutions were made during the financial year under section 206(2): No resolution was made pursuant to section 206(2).

Councillor Remuneration (Section 186 (a) Local Government Regulation 2012)

COUNCILLOR REMUNERATION			
Councillor	Remuneration	Superannuation paid by Council	Total
Antonio, Paul Cr	\$168,503	\$20,234	\$188,737
Taylor, Carol Cr	\$114,888	\$13,796	\$128,684
Sommerfield, Nancy Cr	\$99,570	\$11,957	\$111,527
McDonald, Geoff Cr	\$99,570	\$11,957	\$111,527
O'Hara Sullivan, Megan Cr	\$99,570	\$11,957	\$111,527
O'Shea, James Cr	\$99,570	\$11,957	\$111,527
Williams, Mike Cr	\$99,570	\$11,957	\$111,527
Cahill, Bill Cr	\$99,570	\$11,957	\$111,527
Tait, Chris Cr	\$99,570	\$11,957	\$111,527
Ramia, Joe Cr	\$99,570	\$11,957	\$111,527
Glasheen, Anne Cr	\$99,570	\$11,957	\$111,527
Total	\$1,179,521	\$141,643	\$1,321,164

*Rounded to the nearest \$

Facilities provided to Councillors (Section 186 (b))

FACILITIES AND DEVICES				
Councillor	Laptop Computer	Smart Phone	iPad	Motor Vehicle
Antonio, Paul Cr	✓	✓	✓	✓
Taylor, Carol Cr	✓	✓	✓	✓
Sommerfield, Nancy Cr	✓	✓	✓	✓
McDonald, Geoff Cr	✓	✓	✓	
O'Hara Sullivan, Megan Cr	✓	✓	✓	✓
O'Shea, James Cr	✓	✓	✓	✓
Williams, Mike Cr	✓	✓	✓	✓
Cahill, Bill Cr	✓	✓	✓	✓
Tait, Chris Cr	✓	✓	✓	✓
Ramia, Joe Cr		✓	✓	✓
Glasheen, Anne Cr	✓	✓	✓	✓

Councillor Expenses (Section 186 (b) Local Government Regulation 2012)

COUNCILLOR EXPENSES AND VEHICLES									
Councillor	Accommodation (\$)	Professional Development (\$)	Travel & Transfers (\$)	Council Vehicle		Meals (\$)	Community Engagement (\$)	Hospitality (\$)	Total (\$)
				Councillor payment (\$)	Cost (\$)				
Antonio, Paul Cr	\$4,483.27	\$4,917.64	\$17,513.14	-\$3,214.10	\$20,725.87	\$738.08	\$1,837.27	\$2,304.96	\$49,306.13
Taylor, Carol Cr	\$3,455.72	\$8,325.19	\$1,831.50	-\$3,214.10	\$14,427.07	\$1,023.59	\$487.06		\$26,336.03
Sommerfield, Nancy Cr	\$2,922.41	\$7,284.60	\$4,878.71	-\$3,214.10	\$15,574.09	\$787.67	\$313.90		\$28,547.28
McDonald, Geoff Cr	\$1,684.89	\$4,832.61	\$3,805.99			\$316.59	\$158.91		\$10,798.99
O'Hara Sullivan, Megan Cr	\$251.73	\$3,385.74	\$180.14	-\$3,214.10	\$11,605.56	\$316.59	\$251.64		\$12,777.30
O'Shea, James Cr	\$1,150.00	\$2,855.21	\$3,619.88	-\$3,214.10	\$9,906.24	\$462.07	\$50.00		\$14,829.30
Williams, Mike Cr	\$251.73	\$1,956.36		-\$3,214.10	\$15,596.09	\$316.59			\$14,906.67
Cahill, Bill Cr	\$975.01	\$3,102.32		-\$3,214.10	\$14,324.04	\$316.58	\$36.36		\$15,540.21
Tait, Chris Cr	\$251.74	\$2,561.51		-\$3,214.10	\$14,882.16	\$316.59	\$77.27		\$14,875.17
Ramia, Joe Cr	\$933.55	\$3,515.57	\$709.13	-\$3,214.10	\$10,464.00	\$550.95	\$27.27		\$12,986.37
Glasheen, Anne Cr	\$2,491.23	\$7,370.24	\$700.02	-\$3,214.10	\$15,864.25	\$632.86	\$285.29		\$24,129.79
Total	\$18,851.28	\$50,106.99	\$33,238.51	-\$32,141.00	\$143,369.37	\$5,778.16	\$3,524.97	\$2,304.96	\$225,033.24

*overseas travel costs are included in the Councillor's Expenses and Vehicles summary

Number of Local Government Meetings attended (Section 186 (c) Local Government Regulation 2012)

COUNCIL MEETING ATTENDANCE					
Councillor	Meetings Attended			Absent	
	Committee Meetings	Ordinary Meetings of Council	Special Meetings of Council	Official Council business	Ill or personal reasons
Total Meetings Held	11	11	3		
Antonio, Paul Cr	9	11	3	1	1
Taylor, Carol Cr	11	11	3		
Sommerfield, Nancy Cr	10	11	3	1	
McDonald, Geoff Cr	11	11	3		
O'Hara Sullivan, Megan Cr	10	10	2		3
O'Shea, James Cr	11	11	3		
Williams, Mike Cr	11	11	3		
Cahill, Bill Cr	10	11	3	1	
Tait, Chris Cr	10	10	1		4
Ramia, Joe Cr	11	11	3		
Glasheen, Anne Cr	11	11	3		

Administrative action complaints (Section 187 Local Government Regulation 2012)

Toowoomba Regional Council is committed to dealing fairly with administrative action complaints and reviewed 51 complaints during 2016-2017.

Council has implemented its Complaints Management Framework to deliver a quality service which has, as its foundation, a high level of customer service. As part of this service, Council seeks to ensure an efficient and effective response to operational and administrative concerns. The number of complaints received in 2016-2017 decreased by 3.4% this year.

ADMINISTRATIVE ACTION COMPLAINTS				
	Unresolved Complaints (Brought forward from previous year)	Complaints Received	Complaints Resolved	Unresolved Complaints (carried forward to next year)
2016/17	31	51	73	9

Penalty Infringement Notice Review

A Penalty Infringement Notice (PIN) is issued for non-compliance with local laws such as parking regulations, vegetation management and animal management standards.

All requests received to review PINs must be assessed and determined fairly, consistently and transparently. Each request is assessed against clearly stated criteria and considered objectively.

This year the following PIN review requests were completed:

PINS				
Type of PIN	Number of PINs issued for 2016-17	PIN review requests	Total number of PINs waived	
			Substantiated errors	Other reasons
Parking	15972	795	110	210
Animal Management	771	84	74	
Environmental Health Compliance	53	9	6	
Total number of PINs	16796	888	190	210

Complaints (Section 186 (f) Local Government Regulation 2012)

The *Local Government Act 2009* provides a framework for assessing complaints about the conduct or performance of Councillors. Under the Act, each complaint is required to be assessed to determine whether it is about misconduct, inappropriate conduct, corrupt conduct, or another matter. If the complaint is not frivolous, vexatious or lacking in substance, it is then referred to the appropriate individual, panel or tribunal for further action. It is a requirement under the Local Government Regulation 2012 that the Annual Report contains details of complaints received about Councillors conduct or performance.

Orders and complaints about Councillors during the financial year are shown in the table.

Section of LGA	Type of order/complaint	Number
180(2) and (4)	Orders and recommendations made about misconduct	0
181(2)	Orders made for inappropriate conduct	0
176C(2)	Complaints about Councillor conduct or performance for which no action was taken	2
176C(3)(a)(i)	Complaints referred to the Chief Executive, Department of Local Government about inappropriate conduct of the Mayor or Deputy Mayor	0
176C(3)(a)(ii)	Complaints referred to the Mayor about inappropriate conduct by a Councillor other than the Mayor or Deputy Mayor	0
176C(4)(a)	Complaints about misconduct referred to the Chief Executive of the Local Government	0
176C(4)(b)	Complaints about misconduct referred to the regional conduct review panel or the tribunal	1
176C(5)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct	0
176C(6)	Complaints about another matter	0

Competitive Neutrality Complaints (Section 190 Local Government Regulation 2012)

Section of LGR	Type of order/complaint	Number
190 (1)(i)	Notices given in the financial year under section 49 for competitive neutrality complaint	0
190 (1)(j)	Council response in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3)	0

Overseas travel made by a Councillors and Staff (Section 188 Local Government Regulations 2012)

OVERSEAS TRAVEL				
Name	Position	Destination	Purpose	Cost
Antonio, Paul Cr	Mayor	Japan	Visit to Sister City and long term relationships	\$5,958
Somerfield, Nancy Cr	Councillor	Japan	Visit to Sister City and long term relationships	\$4,856
O'Shea, James Cr	Councillor	Japan	Visit to Sister City and long term relationships	\$4,659
Pidgeon, Brian	CEO	Japan	Visit to Sister City and long term relationships	\$4,849
Morey, Jane	International Secretariat	Japan	Visit to Sister City and long term relationships	\$4,889
Antonio, Paul Cr	Mayor	China	TSBE Business delegation and met with business representative from Shaoxing and Haikou	\$4,597
Pidgeon, Brian	CEO	China	TSBE Business delegation and met with business representative from Shaoxing and Haikou	\$4,547
Antonio, Paul Cr	Mayor	Singapore*	COMSEQ Singapore Business Mission (flights subsidised \$1065)	\$3,674
Krimmer, Tony	Senior Economic Development Officer	Singapore*	COMSEQ Singapore Business Mission	\$5,800

*COMSEQ Singapore Business Mission was 2-6 July 2017 - expenditure for this travel is split over 2 financial years

Executive Remuneration (Section 201 Local Government Act 2009)

EXECUTIVE REMUNERATION	
Number of Senior management staff	Total remuneration range*
1	\$300,000 - \$400,000
5	\$200,000 - \$300,000

*The total remuneration includes annual salary, superannuation and non-cash benefits

Registers kept (section 190 (1)(f))

- Local Law Register
- Road Register
- Register of Cost Recovery Fees
- Register of Interests – Councillors and Related Persons
- Register of Interests – CEO, Senior Executive Officers and Related Persons
- Delegations Register

Report on the internal Audit for the financial year (Section 190 (1)(h) Local Government Regulation 2012)

Council's Internal Audit function is established through a 'co-sourced' service delivery arrangement with KPMG to provide an independent and objective assessment and evaluation of control measures to manage Council's operational risks.

This arrangement provides Council with access to extensive expertise and skills, seamless service delivery and an opportunity to mentor, build capacity and drive performance.

Council's corporate risk profile was used to focus the Internal Audit Plan to direct effort to those areas of higher risk. 16 audits were undertaken in 2016-2017:

- Human Resource Management
- Preferred Supplier/Standing Offer Arrangements
- Site/Depot Audit
- Indirect and Employment Tax
- Changes to Vendor Bank Details
- Toowoomba Second Range Crossing (Phase 2)
- Disaster Recovery and Business Continuity Planning
- Fleet Management
- Operational Planning Processes
- Data Analytics Strategy Development
- Tendering and Contract Management
- General Financial Controls - General Ledger System
- Budgeting Process
- Project Management Framework
- Fraud and Misconduct
- Payroll including Leave Management

Council's Audit Committee is an Advisory Committee and has the prime objective to assist Council to fulfil its corporate governance role and oversight responsibility relating to accounting and reporting practices.

Expenditure on grants to community organisations (Section 189 - Local Government Regulation 2012)

Community support grant programs

Round one:

- Bowenville Memorial Hall: \$2,500
- Brymaroo Rodeo & Campdraft Committee: \$2,500
- Clifton Megafauna Group: \$2,500
- Darling Downs Historical Rail Society: \$2,000
- Highfields Pioneer Village Museum & Park: \$1,000
- Kidsafe Queensland: \$2,330
- Maternity Consumer Network: \$1,560
- Oakey Mens Shed: \$1,000
- Pittsworth RSL Sub-Branch: \$1,500
- Safer Toowoomba Regional Partnerships: \$1,900
- Southbrook Sports Club: \$2,000
- Southern Beekeepers Association (Queensland): \$1,000
- Toowoomba Fire Brigade Historical Society: \$1,502
- YellowBridge Queensland: \$1,500

Round two:

- City Women – Toowoomba: \$1,150
- Crows Nest Historical Society: \$2,000
- Felton Hall Association: \$1,250
- Friends of the Toowoomba City Library Association: \$479
- Groom Park Hall Association: \$1,300
- Millmerran Mens Shed: \$200
- Pittsworth Crafty Quilters: \$2,275
- Pittsworth Senior Citizens Association: \$2,250
- Queensland Justices Association - Toowoomba Branch: \$1,500
- Quota International of Toowoomba: \$750
- Rosalie Shire Historical Society: \$2,265
- Royal Life Saving Society (Queensland): \$1,000
- Toowoomba & Districts Bromeliad Society: \$1,721
- Toowoomba Clubhouse Association: \$2,446
- Toowoomba Senior Citizens Club: \$2,250
- Toowoomba Trail Riding Club: \$840
- Wylahra Grove Progress Association: \$1,500

The Cultural and Arts Support program (CAS)

Round one:

- Artists of Crows Nest: \$2,790
- Fresh Hope Association: \$1,600

Round two:

- Empire Theatre Projects Company: \$3,000
- Empire Theatres Ltd: \$3,000
- Harlaxton Neighbourhood Centre: \$3,000
- Millmerran & District Historical Society: \$2,225
- Millmerran Arts Council: \$3,000
- The Broxburn Music Club of Pittsworth: \$1,385

Environment Grants

Round one:

- Emu Creek Catchment Landcare Group: \$4,600

- Friends of the Escarpment Parks: \$2,720
- Millmerran Landcare Group: \$2,000
- North East Downs Landcare Group: \$1,994
- South Myall Catchment Landcare Group: \$2,920

Round two:

- Millmerran Landcare Group: \$5,000
- Munro Tramway Historical Group: \$1,386
- Pittsworth District Landcare Association: \$4,550
- Ravensbourne and District Landcare Group: \$1,070
- The Scout Association of Australia Queensland Downs Region: \$5,000

Events support grant program

Round one:

- Anglican Parish of St Andrew's Pittsworth: \$1,000
- Austin 7 Register of Queensland: \$1,500
- Base Services: \$1,300
- Blackbutt Singers: \$1,000
- Cooby Space Trackers: \$2,500
- Endeavour Foundation Area South West Committee: \$1,500
- Family Week Toowoomba City Care: \$1,300
- Friends of Felton: \$15,000
- Garden City Country Music Association: \$1,050
- High Altitude Harmony: \$1,000
- High Country Festivals: \$10,000
- Highfields North Eastern Downs Lions Club: \$1,200
- Highfields Pioneer Village, Museum & Park: \$5,000
- Leukaemia Foundation: \$800
- Middle Ridge Uniting Church: \$2,000
- Natasha Parkins (auspiced by YWCA): \$2,500
- Pittsworth Art Group: \$1,200
- Queensland Cake Decorators Association Darling Downs Branch: \$335
- The Gidgee Coal Bush Ballad Awards: \$1,300
- The Pujama Foundation: \$765
- Toowoomba & Darling Downs Diabetic Group: \$1,000
- Toowoomba & District Woodcrafters Inc. \$1,500
- Toowoomba City Care Inc. \$10,000
- Toowoomba Clivia Society Inc. \$525
- Toowoomba Friends of the City Library Pty Ltd. \$1,200
- Toowoomba International Multicultural Society Inc. \$5,000
- Toowoomba Orchid Society Inc. \$600
- Toowoomba Repertory Theatre Society Inc. \$1,500
- Toowoomba Suicide Prevention Network (Auspiced by Lifeline Darling Downs Ltd.) \$1,000
- Wilsonton Progress Association (Community Service Organisation) \$3,875

Round two:

- AFL Queensland: \$1,000
- Austin 7 Register of Queensland: \$500

- Cancer Council Queensland: \$500
- Cure Brain Cancer Foundation: \$250
- Downs Polo Club: \$10,000
- Equestrian Queensland: \$5,000
- Highfields North Eastern Downs Lions Club: \$1,350
- It's a Bloke Thing Foundation: \$10,000
- Klub VW Darling Downs: \$1,000
- Leafmore Garden Society Toowoomba: \$1,500
- Oakey Motorsport Club: \$4,250
- Philippine Australia Cultural Society of the Darling Downs: \$1,500
- Pittsworth District Alliance: \$1,500
- Rods Hot Rod Club Incorporated: \$1,000
- Rosalie Shire Historical Society: \$500
- Rotary Club of Toowoomba South: \$1,350
- RSPCA Care Centre Toowoomba: \$250
- The 2017 Hummingbird House Foundation Charity Air Safari: \$1,500
- The Leukaemia Foundation of Queensland: \$250
- Toowoomba Bonsai Group: \$1,000
- Toowoomba Branch National Trust Australia: \$1,500
- Toowoomba City Spring Ball: \$1,500
- Toowoomba Hospice Association: \$5,174
- Toowoomba Hospital Foundation: \$250
- Toowoomba Hot Rodders: \$3,900
- Toowoomba Lapidary Club: \$1,266
- Toowoomba Model Railway Club: \$1,000
- Toowoomba Spinners Weavers and Dyers Group: \$1,500
- Toowoomba Stamp Club: \$500
- Wattles Junior Rugby League Club: \$1,000

Sport and recreation support grants

Round one:

- Clifton & District Tennis Association: \$13,355
- Crows Nest and District Pony Club: \$12,500
- Pittsworth and District Junior Rugby League: \$10,170
- Pittsworth and District Wildcats Netball Club: \$20,000
- South West Queensland Thunder Football Club: \$67,824
- Sporting Shooting Association of Australia, Millmerran & District Branch: \$1,140
- Toowoomba Netball Association: \$27,750
- Toowoomba Polocrosse Club: \$13,000
- Toowoomba Rugby Football League: \$50,000
- West Toowoomba Bowls Club: \$12,000

Round two:

- Oakey and District Race Club: \$8,105
- Toowoomba Hockey Association: \$32,558
- West Toowoomba Pony Club: \$9,347

Sports tourism grants

- Toowoomba Mountain Bike Club: \$5,000
- South West Indigenous Network: \$7,500
- Toowoomba Tennis Association: \$10,000
- Mountain Bike Australia: \$10,000
- City Golf Club: \$12,800
- Toowoomba Motocross Club: \$2,850

2016-17 SNAPSHOT



Net operating surplus for the third year running



No new loans

COMMUNITY FINANCIAL REPORT 2016-2017

The purpose of the Community Financial Report is to give community members a plain English, easy to follow summary of Council's Financial Statements in accordance with Section 179 of *Local Government Regulation 2012*.

Council's Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting fairly" the Council's financial results for the year. They are also required to be adopted by Council – ensuring both responsibility for and ownership of the Financial Statements by management and elected representatives.

In addition, Council's financial statements are audited by the Queensland Audit Office. The auditor provides an audit report which gives an opinion on whether the financial statements present fairly Council's financial performance and position.

This report focuses on:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Measures of Financial Sustainability

Statement of Comprehensive Income

The Statement of Comprehensive Income is often referred to as the Profit and Loss statement. This statement shows what Council has earned (revenue) and what costs Council has incurred (expenses) throughout the year.

In summary, Council's result for the reporting period was:

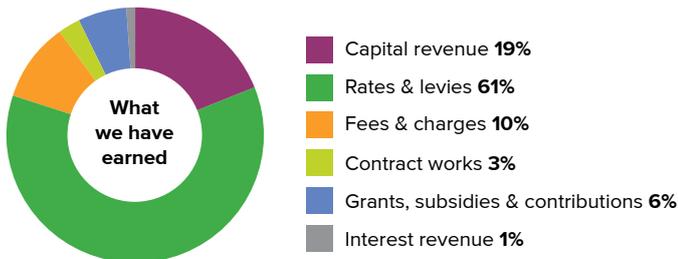
	\$'000's
What we have earned (Revenue)	
Recurrent Revenue	305,915
Capital Revenue	70,208
Total Revenue	<u>376,123</u>
What we have spent (Expenses)	
Recurrent Expenses	298,715
Capital Expenses	50,096
Total Expenses	<u>348,811</u>
Net Result	<u><u>27,312</u></u>

The Net Result does not necessarily represent surplus cash funds available for general use as certain income items are restricted to specific use. For example, capital grants are generally allocated to maintain or expand the Council's infrastructure.

Some revenue is of a non-cash nature – for example, contributed infrastructure assets (such as roads, sewerage and water mains) constructed by a developer on behalf of Council in conjunction with land sub-divisions or property developments.

What we have earned

There are two main categories of revenue for the financial year – recurrent revenue and capital revenue.



Recurrent Revenue

Council's recurrent revenue is money raised which is used to fund the operations of Council. Recurrent revenue is the major source of revenue for Council and primarily earned from sources such as Rates and Fees and Charges.

Council also aims to maximise its revenue from other sources by actively pursuing grants and subsidies from the State and Federal Government and investing surplus funds to earn interest.

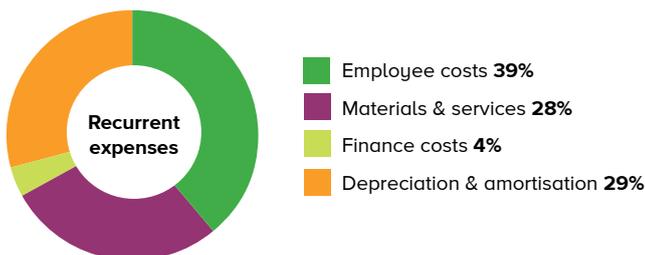
Capital Revenue

Council's capital revenue is used to construct Council's assets now and in the future. Council's capital revenue consists of grants, contributions and subsidies, developer contributions as well as gain on the disposal of fixed assets. \$70.20M was received in grants and contributions to fund capital projects this year.

What we have spent

Council incurs both recurrent expenses and capital expenses. Capital expenditure is used to renew and expand our asset infrastructure and is therefore added to the carrying value of the assets.

Recurrent Expenses are the main expense of Council and represent the day-to-day cost of providing services, operating facilities and maintaining assets. These include employee costs, materials and services, finance costs and depreciation.



Expenses are monitored constantly throughout the year. Detailed estimates are prepared at the beginning of each financial year and performance against these estimates is measured through regular budget reviews to ensure the most efficient use of Council's funds.

Depreciation and Amortisation Expense makes up nearly one-third of Council's operating expenses. This item represents an allocation of the use or deterioration of the community assets over the expected life of the assets. How Council's performance in managing its assets is explained in the Statement of Financial Position and Measures of Financial Sustainability sections of this report.

Statement of Financial Position

The Statement of Financial Position is often referred to as the Balance Sheet and is a snapshot of the financial position of Council at 30 June. The statement measures what Council owns (Assets) and what Council owes (Liabilities). The difference between these two components is the net wealth (Equity) of Council and our community.

In summary, Council's position at 30 June 2017 was:

	\$'000's
Assets (what we own)	4,658,574
Liabilities (what we owe)	342,161
Equity (Community Wealth)	4,316,413

What do we own?

Council's major asset class is Property and Plant & Equipment. These assets make up 96% of Council's assets. Road, drainage, water and wastewater infrastructure assets make up the bulk of the property, plant and equipment which provide direct benefit to the community.

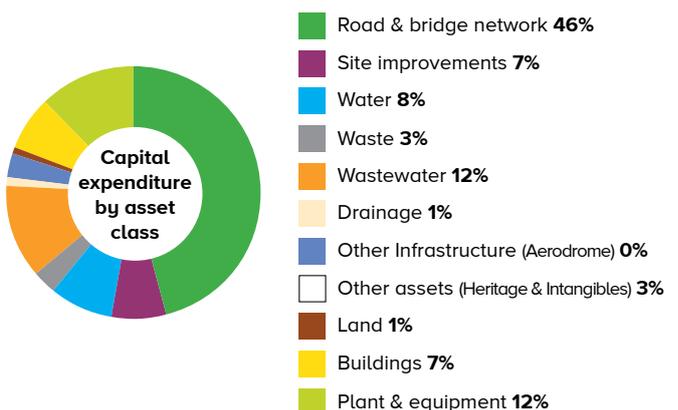


What did we spend on assets?

What we spend to build or enhance our assets is reflected in the Statement of Financial Position as it increases the value of our assets.

A significant amount of Council's activities is focussed on the maintenance, upgrade and construction of fixed assets to ensure there are adequate infrastructure services for community use. These activities are undertaken in accordance with Council's long-term asset management plan which covers a period of ten years.

This year Council spent \$140M to renew, upgrade and build new assets for the community. The graph below shows the how the money was spent in different asset classes.





Community Services 22%



Planning & Development 3%



Finance & business strategy 4%



Waste management 10%



Transport & other infrastructure 27%



Water services 21%



Wastewater services 10%

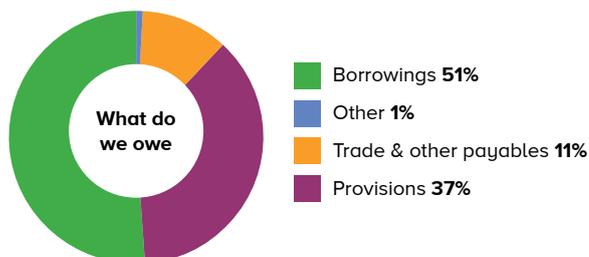


Corporate governance 3%

What do we owe?

Liabilities are the amounts Council owes to suppliers, employees and lenders both now and in the future. This also includes provisions for future entitlements which comprise of money which will pay our employees in the future (e.g. Long Service Leave); and amounts set aside to fund the future rehabilitation of our refuse and quarry sites.

Long-term loans are taken out to undertake the construction and purchase of community assets. Council reviews its loan requirements on an annual basis. No loans were drawn down during the year. Total liabilities as at 30 June 2017 were \$342M.



Statement of Changes in Equity

The difference between assets and liabilities is the total community equity or the net wealth of the Council. The Statement of Changes in Equity shows the overall change in Council's "net wealth" over the year. At 30 June 2017 this was an amount of \$4,316M (that is, Assets of \$4,659M less Liabilities of \$342M).

This community equity consists of an asset revaluation reserve and retained surpluses which increased by \$10.6M and \$27.3M respectively this year.

The asset revaluation surplus comprises amounts representing the change in the value of Council's assets over time. Asset revaluations are completed on a cyclical basis per asset class.

Council's retained surplus represents amounts available to be invested into assets (now or in the future) to provide services to the community. With good planning, surpluses can be used to place less reliance on loans and withstand any unforeseen financial shocks or adverse changes to our business, as seen this financial year with the reduction in the Financial Assistance Grant income. A portion of our retained surplus is cash-backed by an appropriate level of internally imposed restrictions to limit amounts available for future use.



Statement of Cash Flows

The Statement of Cash Flows shows where Council's cash came from and how it was spent throughout the year. This differs from the earlier reports as "non-cash items", such as depreciation and donated assets, are excluded.

	\$'000's
Opening Balance	155,242
Plus Cash Received	394,379
Less Cash Spent	385,294
Cash Available at End of Year	<u>164,327</u>

Cash available is used to invest and utilise for future outlays. Much of this is restricted for specific purposes, such as future infrastructure. Council's cash is wisely invested in accordance with our investment policy, so the interest earned contributes to the funding of operational expenses.

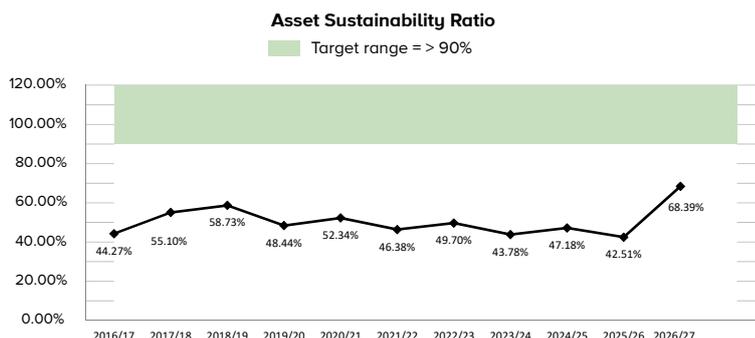
Financial Sustainability Measures

The financial sustainability statement and the associated measures (ratios) provide evidence of Council's ability to continue operating and provide an acceptable level of service and infrastructure to the community both now and into the future. Section 169 (5) of *Local Government Regulation 2012* outlines the three relevant measures of financial sustainability on which Council must report. In addition, the Department of Local Government, Community Recovery and Resilience sets target ranges for each of these measures.

As part of Council's 2014-2019 Corporate Plan we aim to implement sustainable financial management. Council's performance in these three key measures is an indication of whether we are delivering on this goal.

1. Asset Sustainability Ratio

This indicates if Council is renewing or replacing existing infrastructure assets at the same rate that the assets are wearing out. The target for 2017 is a ratio of greater than 90%. If the target ratio is not reached over the medium to long term, Council may face a reduction in the asset's service levels and/or useful lives which would create a burden on future ratepayers.

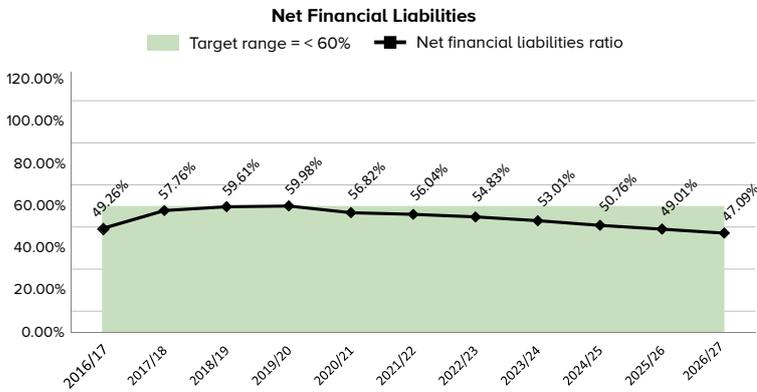


A higher proportion of new and upgrade projects, such as the Toowoomba City Library, Highfields Sports Park, and road projects relating to the Second Range Crossing have been undertaken this financial year. This has resulted in a lower amount of renewal projects being undertaken and the current year result of 44.27% being below the target range. Council believes that its assets are being renewed at an appropriate time.

Integration of Council's current focus on asset management planning and continued long-term financial planning will improve Council's ability to make informed decisions regarding asset management into the future.

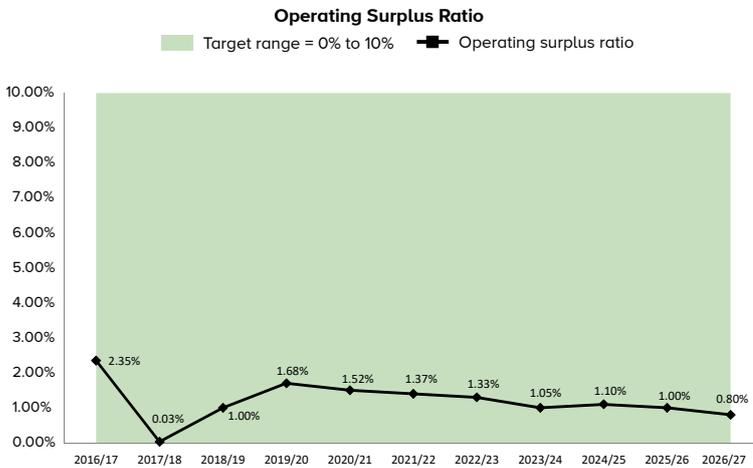
Net Financial Liabilities Ratio

Indicates the extent to which operating revenue raised by Council can cover what it owes (i.e. net liabilities). The target ratio over the long-term is less than 60%. A ratio above the target level over a long-term is indicative of a Council that is undertaking or has undertaken significant infrastructure investment. Ratios over the target levels for a long period can be maintained with Council's sound financial management systems and the ability to service current and projected debt levels.



2. Operating Surplus Ratio

Indicates the extent to which revenue raised by Council (excluding capital grants and contributions) covers its operational expenses. The target range for this ratio is between 0% and 10%. Should the target ratio not be maintained over the medium to long-term, Council may be unable to withstand unexpected financial events without needing to significantly increase rates, borrow money or reduce capital expenditure programs.



Council's result this year was 2.35%, slightly higher than the original budget of 0.1%, as operating income was higher than operating expense, due to an early receipt of payment of the 2017/18 Financial Assistance Grant.

SUMMARY

Council delivered an operating result above the original budgeted surplus. Toowoomba Regional Council is in a sound financial position to deliver its budgeted projects and services for the 2016-17 financial year and beyond.



FINANCIAL REPORT

For the year ended 30 June 2017

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Toowoomba Regional Council

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$'000	Restated 2016 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	230,242	219,078
Fees and Charges	3b	36,745	36,260
Interest and Investment Revenue	3c	4,911	4,495
Sales Revenue	3d	9,215	8,903
Other Income		803	942
Grants, Subsidies, Contributions and Donations	4a	23,999	18,667
Total Recurrent Revenue		305,915	288,345
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	70,208	91,816
Total Revenue		376,123	380,161
Capital Income	5	-	79
Total Income		376,123	380,240
Expenses			
Recurrent Expenses			
Employee Benefits	6	117,135	113,247
Materials and Services	7	84,239	84,337
Finance Costs	8	10,082	9,586
Depreciation and Amortisation	12, 14	87,259	80,890
Total Recurrent Expenses		298,715	288,060
Capital Expenses	9	50,096	9,838
Total Expenses		348,811	297,898
Operating Result		27,312	82,342
Net Result		27,312	82,342
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to the Net Result			
Gain/(Loss) on Revaluation and Impairment of Property, Plant and Equipment	12,18	10,642	95,066
Total Other Comprehensive Income		10,642	95,066
Total Comprehensive Income		37,954	177,408

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

Toowoomba Regional Council

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$'000	Restated 2016 \$'000	Restated 1 July 2015* \$'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	10	164,327	155,242	150,706
Trade and Other Receivables	11	23,137	23,730	23,282
Inventories		3,993	3,400	5,317
Total Current Assets		191,457	182,372	179,305
Non-Current Assets				
Property, Plant and Equipment	12	4,456,005	4,421,409	4,212,812
Intangible Assets	14	11,092	9,340	10,662
Other Financial Assets		20	20	20
Total Non-Current Assets		4,467,117	4,430,769	4,223,494
TOTAL ASSETS		4,658,574	4,613,141	4,402,799
LIABILITIES				
Current Liabilities				
Trade and Other Payables	15	38,900	33,783	25,667
Borrowings	16	10,991	11,995	11,214
Provisions	17	15,161	15,397	12,772
Other Liabilities		3,687	3,156	3,395
Total Current Liabilities		68,739	64,331	53,048
Non-Current Liabilities				
Borrowings	16	161,853	172,472	153,948
Provisions	17	111,570	97,879	94,752
Total Non-Current Liabilities		273,422	270,351	248,700
TOTAL LIABILITIES		342,161	334,682	301,748
Net Community Assets		4,316,413	4,278,459	4,101,051
COMMUNITY EQUITY				
Asset Revaluation Reserve	18	1,787,426	1,776,784	1,681,718
Retained Surplus/(Deficiency)		2,528,987	2,501,675	2,419,333
Total Community Equity		4,316,413	4,278,459	4,101,051

*Council has made a retrospective restatement as a consequence of a correction of errors and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period i.e. as at 1 July 2015. Details are disclosed in Note 24.

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

Toowoomba Regional Council

Statement of Changes in Equity for the year ended 30 June 2017

	Notes	Asset Revaluation Reserve \$'000	Retained Surplus \$'000	Total Equity \$'000
2017				
Opening Balance (Restated)		1,776,784	2,501,675	4,278,459
Net Operating Surplus for the Year		-	27,312	27,312
Revaluations : Property, Plant and Equip. Asset Revaluation Reserve	12,18	10,642	-	10,642
Total Comprehensive Income		10,642	27,312	37,954
Equity Balance as at 30 June 2017		1,787,426	2,528,987	4,316,413
2016				
Opening Balance (as per Last Year's Audited Accounts)		1,702,933	2,461,150	4,164,083
Correction of Prior Period Errors	18, 19, 24	(21,215)	(41,817)	(63,032)
Restated Opening Balance (as at 1/7/15)		1,681,718	2,419,333	4,101,051
Net Operating Surplus for the Year		-	82,342	82,342
Revaluations : Property, Plant and Equip. Asset Revaluation Reserve	12	95,066	-	95,066
Total Comprehensive Income		95,066	82,342	177,408
Equity Balance as at 30 June 2016		1,776,784	2,501,675	4,278,459

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

Toowoomba Regional Council

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		302,622	287,602
Payments to Suppliers and Employees		(223,560)	(209,981)
		<u>79,062</u>	<u>77,621</u>
Receipts:			
Investment and Interest Revenue Received	3c	4,803	4,787
Non Capital Grants and Contributions	4a	23,999	18,667
Payments:			
Borrowing Costs	8	(10,082)	(9,586)
Other		3,080	-
Net Cash - Operating Activities	23	<u>100,862</u>	<u>91,489</u>
Cash Flows from Investing Activities			
Receipts:			
Sale of Property, Plant and Equipment	9	3,747	3,705
Commonwealth Government Grants	4b	8,441	91,816
State Government Subsidies & Grants	4b	15,161	-
Capital Contributions	4b	32,526	-
Payments:			
Purchase of Property, Plant and Equipment	12	(136,776)	(201,779)
Payments for Intangible Assets	14	(3,253)	-
Net Cash - Investing Activities		<u>(80,154)</u>	<u>(106,258)</u>
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings and Advances	16	-	30,381
Payments:			
Repayment of Borrowings and Advances	16	(11,623)	(11,076)
Net Cash Flow - Financing Activities		<u>(11,623)</u>	<u>19,305</u>
Net Increase/(Decrease) for the year		<u>9,085</u>	<u>4,536</u>
plus: Cash and Cash Equivalents - beginning		155,242	150,706
Cash and Cash Equivalents - closing	10	<u>164,327</u>	<u>155,242</u>

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

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Significant Accounting Policies

1. a Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for financial assets and liabilities and certain classes of property, plant and equipment which are measured at fair value.

The financial statements have been rounded to the nearest \$1,000.

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

Recurrent/Capital Classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

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

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- Disposal of non-current assets
- Discount rate adjustments to restoration provisions
- Revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

1. b Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards

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

1. c Constitution

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

1. d Date of Authorisation

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

1. e Adoption of New and Revised Accounting Standards

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

Toowoomba Regional Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 27.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

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

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

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

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

1. f Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

- Valuation and depreciation of property, plant and equipment - Note 1.j and Note 12 & 13
- Provisions - Note 1.l, 1.n and Note 17
- Contingent liabilities - Note 21

1. g Revenue

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Internal restrictions that have been placed on Council's cash and cash equivalents are disclosed in Note 4.

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

Non-cash contributions

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

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any

ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Cash contributions

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

Interest and dividends

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

Sales revenue

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

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

Fees and Charges

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

1. h Financial assets and liabilities

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

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

Financial assets

- Cash and cash equivalents – Note 10
- Receivables - measured at amortised cost less any impairment - Note 1.i and Note 11
- Investments - Note 10

Financial liabilities

- Payables - measured at amortised cost - Note 1.k and Note 15
- Borrowings - measured at amortised cost - Note 1.m and Note 16

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

1. i Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment.

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

1. j Property, Plant & Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with

a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are reported in Note 12.

Acquisition of assets

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

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

Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

Valuation

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

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

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

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying

amount of the asset and any change in the estimate of remaining useful life.

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

Capital work in progress

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

Depreciation

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

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 12.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset.

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

1. k Payables

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

1. l Liabilities - Employee Benefits

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

Salaries and wages

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

accrued expense and is included in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

This liability represents an accrued expense and is reported in Note 15 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17 as a provision.

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

1. m Borrowings

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Significant Accounting Policies (continued)

Borrowing costs are expensed as they fall due for payment in line with their agreed loan repayment schedules.

1. n Restoration Provisions

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

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

Restoration on land not controlled by Council

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

Restoration on land controlled by Council

Restoration sites that are situated on Council controlled land and are classified as site improvement assets. The provision for restoration is, therefore, included as a site improvement asset. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any).

The Council has the following restoration provisions:

Refuse sites

The provision represents the present value of the anticipated future costs associated with the closure of the refuse sites, decontamination and monitoring of historical residues and leaching on these sites.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Due to the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

Quarry sites

The provision represents the present value of the anticipated future costs associated with the closure of the quarry sites, reclamation and rehabilitation of these sites.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry sites rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time.

1. o National Competition Policy

The Council has reviewed its activities and has identified its business activities. Details of these activities can be found in Note 25.

1. p Taxation

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

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

Note 2(a). Council Functions - Component Descriptions

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

CORPORATE GOVERNANCE

The objective of corporate governance is to be a well governed, responsive Council, providing effective leadership and management, and respecting community values. This function includes strategic planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in corporate governance.

FINANCE AND BUSINESS STRATEGY

Finance and business strategy provides quality and dependable corporate and financial services across Council. This function includes customer service, human resources, information technology, stakeholder engagement and communication and finance. Its goals are to provide service delivery in line with customer and community expectations, attract and retain a skilled workforce, implement reliable and contemporary information, knowledge and management systems, engage in continuous improvement and implement sustainable financial management and effective procurement practices.

COMMUNITY SERVICES

The goal of community services is to provide a safe, healthy and equitable community that celebrates diversity and enjoys a quality lifestyle. This function provides community, cultural and sporting facilities, as well as ensuring the effective delivery of health and environmental standards, community safety and disaster management capability.

PLANNING AND DEVELOPMENT

The goal of planning and development is to ensure regional growth and change is well managed, integrated and connected which respects community, environmental and heritage values as well ensuring the region's environmental assets (including natural areas and resources, open space and agricultural land) are conserved and enhanced for future generations. This function includes strategic planning and economic development, regional planning scheme, priority infrastructure plan, development applications and certification and compliance for building, plumbing, drainage and development.

TRANSPORT AND OTHER INFRASTRUCTURE

Transport and other infrastructure are responsible for the integrated and timely provision and management of sustainable infrastructure for the region that facilitates the development of the region and maximises the utilisation of existing assets. Its goals include ensuring infrastructure meets the needs and priorities of Council, the community and industry; provide a safe, sustainable and efficient road network; plan and deliver stormwater management and flood resilience plans and implement urban improvement works that enhance local character and conserve and improve the region's streetscapes and parkland.

Notes to the Financial Statements for the year ended 30 June 2017

Note 2(a). Council Functions - Component Descriptions (continued)

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

WASTE MANAGEMENT

Waste Management incorporates the operation and management of Council's waste transfer and disposal facilities together with the management of Council's waste collection and recycling contracts. Its objective is to provide efficient and sustainable waste management infrastructure and services, as well as to minimise the impacts of waste generation and landfill emissions.

WATER SERVICES

The goal of this function is to deliver and manage efficient and sustainable, high quality, water supply systems throughout the region. It is responsible for the planning, co-ordination and maintenance of the water network, water treatment and dams as well as the provision of drinking water.

WASTEWATER SERVICES

Wastewater services is responsible for the planning, co-ordination and maintenance of the wastewater trunk and reticulation networks and related fixed plant and equipment and SCADA systems for wastewater infrastructure. Its aim is to deliver and manage a high quality sewerage network and treatment facilities and effective and efficient use of recycled water.

Toowoomba Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income						Total Income	Gross Program Expenses		Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital			
	Grants	Other	\$'000	Grants	Other	\$'000						
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Governance		145	-	-	-	145	(9,145)	(371)	(9,000)	(9,371)	101,280	
Finance and Business Strategy	12,918	121,504	-	-	11,448	145,870	(14,334)	-	120,088	131,536	205,884	
Community Services	1,730	12,191	8,229	63	-	22,213	(72,126)	(3,857)	(58,205)	(53,770)	418,343	
Planning and Development	72	8,691	-	-	-	8,763	(12,038)	-	(3,275)	(3,275)	258,081	
Transport and Other Infrastructure	8,947	10,935	34,268	-	-	54,150	(64,054)	(29,792)	(44,172)	(39,696)	2,403,512	
Waste Management	332	22,692	-	-	-	23,024	(21,724)	(14,796)	1,300	(13,496)	40,738	
Water Services	-	64,434	4,634	909	-	69,977	(71,729)	(1,164)	(7,295)	(2,916)	815,428	
Wastewater Services	-	41,324	8,997	1,660	-	51,981	(33,565)	(116)	7,759	18,300	415,308	
Total	23,999	281,916	56,128	14,080	14,080	376,123	(298,715)	(50,096)	7,200	27,312	4,658,574	

Functions	Gross Program Income						Total Income	Gross Program Expenses		Net Result from Recurring Operations	Net Result	Total Assets
	Recurring			Capital				Recurring	Capital			
	Grants	Other	\$'000	Grants	Other	\$'000						
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporate Governance		75	-	-	-	75	(8,876)	-	(8,801)	(8,801)	105,669	
Finance and Business Strategy	9,737	117,631	6,328	4,128	-	137,824	(16,107)	(8,820)	111,261	112,897	204,670	
Community Services	2,154	11,446	7,918	79	-	21,597	(67,812)	-	(54,212)	(46,215)	460,013	
Planning and Development	4	8,844	-	-	-	8,848	(11,763)	-	(2,915)	(2,915)	286,980	
Transport and Other Infrastructure	6,594	10,746	51,191	6,328	-	74,859	(63,582)	(934)	(46,242)	10,343	2,304,656	
Waste Management	178	20,973	6,520	-	-	27,671	(21,008)	-	143	6,663	47,389	
Water Services	-	60,195	6,041	1,526	-	67,762	(68,103)	(73)	(7,908)	(414)	795,365	
Wastewater Services	-	39,768	-	1,836	-	41,604	(30,809)	(11)	8,959	10,784	408,399	
Total	18,667	269,678	77,998	13,897	13,897	380,240	(288,060)	(9,838)	285	82,342	4,613,141	

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 3. Revenue Analysis

	2017	2016
	\$'000	\$'000
(a). Rates, Levies and Charges		
General Rates	128,979	124,500
Separate Rates	6,374	6,284
Water	39,380	38,626
Water Consumption, Rental and Sundries	28,735	25,497
Sewerage	31,813	29,234
Sewerage Trade Waste	925	1,519
Garbage Charges	17,271	15,440
Total rates and utility charge revenue	253,477	241,100
Less: Discounts	(21,162)	(20,140)
Less: Pensioner remissions	(2,073)	(1,882)
<u>TOTAL RATES, LEVIES AND CHARGES</u>	<u>230,242</u>	<u>219,078</u>
(b). Fees and Charges		
User Fees and Charges	36,745	36,260
<u>TOTAL FEES AND CHARGES</u>	<u>36,745</u>	<u>36,260</u>
(c). Interest and Investment Revenue		
Interest Received from Investments	4,457	4,096
Interest from Overdue Rates and Utility Charges	454	399
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>4,911</u>	<u>4,495</u>
(d). Sales Revenue		
Contract and Recoverable Works	9,215	8,903
<u>TOTAL SALES REVENUE</u>	<u>9,215</u>	<u>8,903</u>

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Grants, Subsidies, Contributions and Donations

	Notes	2017 \$'000	2016 \$'000
(a) Recurrent			
General Purpose Grants		21,222	16,360
State Government Subsidies and Grants		1,736	1,828
Commonwealth Government Subsidies and Grants		711	-
Donations		1	302
Contributions		329	177
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>		<u>23,999</u>	<u>18,667</u>
(b) Capital			
Monetary Revenue designated for Capital Funding Purposes			
State Government Subsidies and Grants		15,161	37,472
Commonwealth Government Subsidies and Grants		8,441	11,265
Contributions		32,526	29,261
		<u>56,128</u>	<u>77,998</u>
Non-Monetary Revenue received is analysed as follows:			
Donations from Third Parties at Fair Value		14,080	13,818
		<u>14,080</u>	<u>13,818</u>
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>		<u>70,208</u>	<u>91,816</u>

Note 5. Capital Income

Gain on disposal of non-current assets

Proceeds from Other Assets - Land and Buildings		-	438
Less: Book Value of Land and Buildings Disposed	12	-	(359)
<u>TOTAL CAPITAL INCOME</u>		<u>-</u>	<u>79</u>

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6. Employee Benefits

	Notes	2017 \$'000	2016 \$'000
Wages and Salaries		100,249	103,113
Annual, Sick and Long Service Leave Entitlements		20,304	13,196
Superannuation	22	12,868	12,175
Workers Compensation Insurance		1,123	1,185
Councillors Remuneration		1,315	1,296
		<u>135,859</u>	<u>130,965</u>
Other Employee Related Expenses		1,092	993
		<u>136,951</u>	<u>131,958</u>
Less: Capitalised Employee Expenses		(19,816)	(18,711)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>117,135</u></u>	<u><u>113,247</u></u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Additional information:			
Total Employees at year end:			
Administration Staff		727	809
Depot and Outdoors Staff		726	631
Total full time equivalent employees		<u>1,453</u>	<u>1,440</u>
Total Elected members		<u>11</u>	<u>11</u>

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 7. Materials and Services

	2017 \$'000	2016 \$'000
Advertising	919	952
Administration Supplies and Consumables	1,652	2,020
Audit of Annual Financial Statements by the Auditor-General of Queensland*	172	186
Bulk Road and Other Materials	1,655	2,483
Communications and IT	4,282	5,023
Conferences and Seminars	1,037	1,800
Consultants	8,305	8,947
Contractors	9,953	12,580
Councillors' Expenses (incl. Mayor) - Other	-	5
Donations Paid	4,137	3,713
Electricity	11,346	9,513
Equipment Hire	3,363	4,128
Fuel and Chemicals	5,646	5,144
Garbage Collection Services	9,603	7,624
Minor Equipment and Other Materials	1,454	816
Professional Services	4,802	4,203
Repairs and Maintenance	6,614	6,496
Operating Leases - Rentals	1,526	1,469
Other Utilities	5,528	5,409
Other Materials and Services	2,245	1,826
<u>TOTAL MATERIALS AND SERVICES</u>	<u>84,239</u>	<u>84,337</u>

* The agreed audit fee for 2016-17 as per the client strategy is \$172,000

Note 8. Finance Costs

Finance costs - Queensland Treasury Corporation	9,491	9,073
Bank Charges	573	510
Impairment of Debts	18	3
<u>TOTAL FINANCE COSTS</u>	<u>10,082</u>	<u>9,586</u>

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9. Capital Expenses

	Notes	2017 \$'000	2016 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the Disposal of Property, Plant and Equipment		3,747	3,267
Less: Book Value of Property, Plant and Equipment Disposed	12	(3,990)	(3,408)
Loss on disposal of non-current assets		243	141
(b) Provision for restoration of land			
	17		
Discount Rate Adjustment - Refuse Restoration		2,611	8,558
Discount Rate Adjustment - Quarry Rehabilitation		108	261
Increase in Rehabilitation Provision - Refuse Restoration		12,185	-
Increase in Rehabilitation Provision - Quarry Rehabilitation		(1,203)	-
		13,701	8,819
<p>The discount rate adjustment to the quarry and refuse rehabilitation liability was adjusted against expenses as there was an insufficient asset revaluation reserve in the relevant asset class.</p>			
(c) Revaluation decrement			
Downwards Revaluation of Property, Plant and Equipment	12	20,012	-
		20,012	-
(d) Other capital expenses			
Loss on Write-Off of Assets			
Buildings		4,042	-
Plant and Equipment		159	-
Road and Bridge Network		10,653	794
Water		1,164	73
Sewerage		116	11
Drainage		6	-
		16,140	878
TOTAL CAPITAL EXPENSES		50,096	9,838

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 10. Cash, Cash Equivalents and Investments

	2017 \$'000	2016 \$'000
Cash and Cash Equivalents		
Cash at Bank and on Hand	228	275
Cash Equivalent Assets		
- Deposits at Call	63,696	84,967
- Term Deposits	100,403	70,000
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>164,327</u>	<u>155,242</u>

Restricted Cash, Cash Equivalents and Investments

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary or future use. These include:

Internally imposed Expenditure Restrictions at the reporting date:

Funds Set Aside by Council and held in Reserves for Future Projects	141,553	114,666
<u>Total Unspent Restricted Cash, Cash Equivalents and Investments</u>	<u>141,553</u>	<u>114,666</u>

Note: These Restrictions were previously allocated to Reserves

Cash at bank is held in normal business accounts at the Commonwealth Bank. Deposits at call are held at the Commonwealth Bank and Queensland Treasury Corporation. Term deposits are held at the Commonwealth Bank, National Australia Bank, Suncorp Bank, Bendigo Bank, Bank of Queensland and Heritage Bank.

Short term credit ratings of the above financial institutions range from A1+ and long term rating of BBB+.

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Trade and Other Receivables

	2017	2016
	\$'000	\$'000
Current		
Rateable Revenue and Utility Charges	10,073	9,040
Other Debtors	2,490	2,554
Accrued Revenues		
- Interest on Investments	972	864
Fees and Charges	9,752	11,463
Total	<u>23,287</u>	<u>23,921</u>
less: Provision for Impairment		
Other Debtors	(150)	(191)
Total Provision for Impairment - Receivables	<u>(150)</u>	<u>(191)</u>
<u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u>	<u><u>23,137</u></u>	<u><u>23,730</u></u>

Ageing of past due receivables and the amount of any impairment is as follows:

Not past due	22,231	20,874
Past due:		
- 31 to 60 days overdue	542	1,588
- 61 to 90 days overdue	45	1,166
- Over 90 days overdue	469	293
Less: Impaired	(150)	(191)
Total	<u><u>23,137</u></u>	<u><u>23,730</u></u>

Interest is charged on outstanding rates at a rate of 10% per annum, calculated and charged half-yearly. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

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

Toowoomba Regional Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 12. Property, Plant and Equipment

	Note	Land		Site Improvements		Buildings		Plant and Equipment		Road and Bridge Network		Water Infrastructure		Wastewater Infrastructure		Drainage		Aerodrome Infrastructure		Heritage Assets		Capital Work in Progress		Total		
		\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost/FV	\$'000	Fair Value	
30 June 2017																										
Measurement Basis		\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost/FV	\$'000	Fair Value	
Opening Gross Balance - at Cost		-	-	-	-	-	-	119,456	-	-	-	-	-	-	-	-	-	-	-	-	-	197,851	-	317,307	-	
Opening Gross Balance - at Fair Value		227,135	178,456	321,839	321,839	321,839	321,839	119,456	1,365,260	2,563,385	2,563,385	1,365,260	574,568	406,590	15,549	15,074	15,074	15,549	15,549	15,074	15,074	197,851	-	5,667,856	-	
Opening Gross Balance		227,135	178,456	321,839	321,839	321,839	321,839	119,456	1,365,260	2,563,385	2,563,385	1,365,260	574,568	406,590	15,549	15,074	15,074	15,549	15,549	15,074	15,074	197,851	-	5,985,163	-	
Additions*	93	-	93	-	-	64	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,158	-
Contributed Assets		85	-	-	-	-	-	-	-	6,362	6,362	909	1,660	5,000	-	-	-	-	-	-	-	-	-	-	14,080	-
Disposals	9	(138)	(307)	(6,417)	(6,417)	-	-	(10,865)	(10,865)	(18,062)	(18,062)	(4,171)	(455)	(9)	-	-	-	-	-	-	-	-	-	-	(40,424)	-
Revaluation Decrements to Equity (ARR)	18	-	(4,126)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64,177)	-
Revaluation Increments to Equity (ARR)	18	10,007	-	18,085	-	-	-	-	-	78,625	78,625	44,347	14,172	-	-	-	-	-	-	-	347	-	-	-	166,049	-
Work in Progress Transfers		3,530	6,634	7,771	-	-	-	14,746	19,226	75,256	75,256	19,226	61,488	10,876	-	-	-	-	-	-	59	(202,839)	-	(3,253)	-	
Adjustments and Other Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(122)	-
Internal Transfers between Asset Classes		-	112	7	-	-	-	(55)	(55)	(64)	(64)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,005)	-
Expensed Capital Works - Prior Financial Years		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to Capital Loss		-	(259)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(259)	-
Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	-	-	-	123,282	-	-	-	-	-	-	-	-	-	-	-	-	-	133,950	-	257,232	-	
Total Gross Value of Property, Plant and Equipment - at Fair Value		240,619	180,603	341,348	341,348	341,348	341,348	-	-	2,705,502	2,705,502	1,425,571	651,432	362,406	16,015	15,480	15,480	16,015	16,015	15,480	15,480	133,950	-	5,938,976	-	
Total Gross Value of Property, Plant and Equipment		240,619	180,603	341,348	341,348	341,348	341,348	123,282	-	2,705,502	2,705,502	1,425,571	651,432	362,406	16,015	15,480	15,480	16,015	16,015	15,480	15,480	133,950	-	6,196,208	-	
Opening Accumulated Depreciation		-	82,295	49,983	49,983	49,983	49,983	54,766	420,498	420,498	420,498	609,749	223,445	120,327	2,691	-	-	2,691	2,691	-	-	-	-	1,563,754	-	
Depreciation Expense		-	5,055	4,171	4,171	4,171	4,171	10,416	26,955	26,955	26,955	22,538	10,950	5,341	332	-	-	332	332	-	-	-	-	85,758	-	
Disposals	9	-	(307)	(2,375)	(2,375)	(2,375)	(2,375)	(6,853)	(7,409)	(7,409)	(7,409)	(3,007)	(339)	(3)	-	-	-	-	-	-	-	-	-	(20,293)	-	
Revaluation Decrements to Equity (ARR)	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,313)	-
Revaluation Increments to Equity (ARR)	18	-	-	68,983	68,983	68,983	68,983	-	-	13,331	13,331	21,965	8,174	-	90	-	-	90	90	-	-	-	-	112,543	-	
Internal Transfers between Asset Classes		-	5	-	-	-	-	(3)	(3)	(2)	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to Capital Loss		-	19,753	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,753	-
Total Accumulated Depreciation of Property, Plant and Equipment		-	106,801	120,763	120,763	120,763	120,763	58,326	453,373	453,373	453,373	651,245	242,230	104,352	3,113	-	-	3,113	3,113	-	-	-	-	1,740,203	-	
Total Net Book Value of Property, Plant and Equipment		240,619	73,802	220,585	220,585	220,585	220,585	64,956	2,252,129	2,252,129	2,252,129	774,326	409,202	258,054	12,902	15,480	15,480	12,902	12,902	15,480	15,480	133,950	-	4,456,005	-	
Other Information		Not depreciated		10 - unlimited		15 - 200		2 - 15		12 - unlimited		10 - unlimited		10 - unlimited		10 - 100		12 - 150		10 - 100		-		-		
Range of Estimated Useful Life (years)		Not depreciated		10 - unlimited		15 - 200		2 - 15		12 - unlimited		10 - unlimited		10 - unlimited		10 - 100		12 - 150		10 - 100		-		-		
*Asset Additions Comprise		-		2,227		3,579		-		20,379		3,895		3,256		17		-		49		-		33,402		
Asset Renewals		-		2,227		3,579		-		20,379		3,895		3,256		17		-		49		-		33,402		

Notes to the Financial Statements
for the year ended 30 June 2017

Note 12. Property, Plant and Equipment

30 June 2016	Measurement Basis	Note	Land	Site Improvements	Buildings	Plant and Equipment	Road and Bridge Network	Water Infrastructure	Wastewater Infrastructure	Drainage	Aerodrome Infrastructure	Heritage Assets	Capital Work in Progress	Total
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Opening Gross Balance - at Cost		213,768	189,846	300,127	115,344	2,428,394	1,263,385	553,447	370,682	15,549	15,074	215,730	331,074
	Opening Gross Balance - at Fair Value		213,768	189,846	300,127	115,344	2,428,394	1,263,385	553,447	370,682	15,549	15,074	215,730	5,350,272
	Correction to Opening Balances		-	(5,959)	-	-	-	-	-	-	-	-	-	5,681,346
	Additions*		-	-	-	-	-	-	-	-	-	-	187,959	(5,959)
	Contributed Assets		-	-	-	-	6,328	1,526	1,836	4,129	-	-	187,959	13,819
	Disposals	5,9	(221)	-	(140)	(8,651)	-	-	-	-	-	-	-	(9,012)
	Write-offs	5,9	-	(12,768)	-	(8,611)	(8,611)	(92)	(24)	-	-	-	-	(21,495)
	Revaluation Decrements to Equity (ARR)	18	-	-	-	-	(15,523)	-	-	-	-	-	-	(15,523)
	Revaluation Increments to Equity (ARR)	18	10,677	4,746	13,354	-	42,497	65,378	3,097	14,279	-	-	-	154,028
	Work in Progress Transfers		2,911	19,410	37,286	12,763	110,300	2,731	2,937	17,500	-	-	(205,838)	-
	Internal Transfers between Asset Classes		-	(16,819)	(28,788)	-	-	32,332	13,275	-	-	-	-	-
	Total Gross Value of Property, Plant and Equipment - at Cost		-	-	-	119,456	-	-	-	-	-	-	197,851	317,307
	Total Gross Value of Property, Plant and Equipment - at Fair Value		227,135	178,456	321,839	-	2,563,385	1,365,260	574,568	406,590	15,549	15,074	-	5,667,856
	Total Gross Value of Property, Plant and Equipment		227,135	178,456	321,839	119,456	2,563,385	1,365,260	574,568	406,590	15,549	15,074	197,851	5,985,163
	Opening Accumulated Depreciation		-	28,572	52,957	49,879	395,675	548,157	214,211	110,020	2,353	-	-	1,401,824
	Correction to Opening Balances		-	60,750	-	-	-	-	-	-	-	-	-	60,750
	Depreciation Expense		-	5,916	4,120	10,130	25,716	19,904	8,419	5,025	338	-	-	79,568
	Disposals	5,9	-	-	(3)	(5,243)	-	-	-	-	-	-	-	(5,246)
	Write-offs	5,9	-	(8,733)	-	-	(7,817)	(19)	(13)	-	-	-	-	(16,582)
	Revaluation Increments to Equity (ARR)	18	-	714	2,270	-	6,924	30,975	(2,725)	5,282	-	-	-	43,440
	Internal Transfers between Asset Classes		-	(4,924)	(9,361)	-	-	10,732	3,553	-	-	-	-	-
	Total Accumulated Depreciation of Property, Plant and Equipment		-	82,295	49,983	54,766	420,498	609,749	223,445	120,327	2,691	-	-	1,563,754
	Total Net Book Value of Property, Plant and Equipment		227,135	96,161	271,856	64,690	2,142,887	755,511	351,123	286,263	12,858	15,074	197,851	4,421,409

Other Information		Not depreciated	10 - unlimited	15 - 200	2 - 15	12 - unlimited	10 - unlimited	10 - unlimited	10 - unlimited	10 - unlimited	12 - 150	10 - 100
Range of Estimated Useful Life (years)		-	4,136	2,484	-	35,556	7,460	6,061	6,061	83	-	-
*Asset Additions Comprise		-	4,136	2,484	-	35,556	7,460	6,061	6,061	83	-	-
Asset Renewals		-	4,136	2,484	-	35,556	7,460	6,061	6,061	83	-	-
Total Asset Additions		-	4,136	2,484	-	35,556	7,460	6,061	6,061	83	-	-

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements

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

- Land
- Site Improvements
- Buildings
- Road and Bridge Network
- Water
- Sewerage
- Drainage
- Aerodromes Infrastructure
- Equity Investments
- Heritage Assets

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

Council has assets and liabilities which are not measured at fair value, but for which values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred.

The fair value of borrowings disclosed in Note 16 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

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

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 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

The table presents all assets and liabilities that have been measured and recognised at fair value at 30 June 2017. Comparative information has been provided as allowed by the transitional provisions of AASB 13 Fair Value Measurement.

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

	Fair Value Measurement using:			Total
	Level 1	Level 2	Level 3	
	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
	\$'000	\$'000	\$'000	\$'000
2017				
Financial Assets				
- Investment in South Burnett Community Enterprises Limited (formerly known as Yarraman Financial Services)	-	20	-	20
Total Financial Assets	-	20	-	20
Property, Plant and Equipment				
- Land	-	240,619	-	240,619
- Site Improvements - Parks & Recreation, Depots & Community Facilities	-	-	73,802	73,802
- Buildings - Residential	-	1,867	-	1,867
- Buildings - Specialised	-	-	218,718	218,718
- Road and bridge network - Bus Shelters	-	-	1,686	1,686
- Road and bridge network - Car Parks	-	-	5,288	5,288
- Road and bridge network - Roundabouts	-	-	4,130	4,130
- Road and bridge network - Traffic Lights	-	-	4,531	4,531
- Road and bridge network - Bridges	-	-	90,372	90,372
- Road and bridge network - Roads	-	-	2,146,122	2,146,122
- Water - Active Assets	-	-	273,826	273,826
- Water - Passive Assets	-	-	500,500	500,500
- Wastewater - Active Assets	-	-	131,591	131,591
- Wastewater - Passive Assets	-	-	277,610	277,610
- Drainage - Stormwater	-	-	258,054	258,054
- Aerodrome Infrastructure	-	-	12,902	12,902
- Heritage Assets	-	-	15,480	15,480
Total Property, Plant and Equipment	-	242,486	4,014,612	4,257,098

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

	Fair Value Measurement using:			Total
	Level 1	Level 2	Level 3	
	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
	\$'000	\$'000	\$'000	\$'000
2016				
Financial Assets				
- Investment in South Burnett Community Enterprises Limited (formerly known as Yarraman Financial Services)	-	20	-	20
Total Financial Assets	-	20	-	20
Property, Plant and Equipment				
- Land	-	227,135	-	227,135
- Site Improvements - Parks & Recreation, Depots & Community Facilities	-	-	168,876	168,876
- Buildings - Residential	-	8,064	-	8,064
- Buildings - Specialised	-	-	263,792	263,792
- Road and bridge network - Bus Shelters	-	-	1,666	1,666
- Road and bridge network - Car Parks	-	-	4,651	4,651
- Road and bridge network - Roundabouts	-	-	3,985	3,985
- Road and bridge network - Traffic Lights	-	-	3,773	3,773
- Road and bridge network - Bridges	-	-	85,435	85,435
- Road and bridge network - Roads	-	-	2,043,377	2,043,377
- Water - Active Assets	-	-	269,555	269,555
- Water - Passive Assets	-	-	485,956	485,956
- Wastewater - Active Assets	-	-	111,725	111,725
- Wastewater - Passive Assets	-	-	239,399	239,399
- Drainage - Stormwater	-	-	286,263	286,263
- Aerodrome Infrastructure	-	-	12,858	12,858
- Heritage Assets	-	-	15,074	15,074
Total Property, Plant and Equipment	-	235,199	3,996,385	4,231,584

(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.

Council's policy for determining transfers between Fair Value hierarchies is at the end of the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements (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 (i.e. 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

Equity Investment - South Burnett Community Enterprises Limited (Level 2) (formerly known as Yarraman Financial Services)

Fair value was derived by reference to Level 2 market based evidence. The share price as at 30 June 2017 published by the National Stock Exchange of Australia was used. These shares are not actively traded.

Infrastructure, Property, Plant and Equipment

Land (Level 2)

The last full valuation of land fair values were last determined by independent, external Registered Valuers as at 30 June 2015. Fair value was derived by reference to Level 2 market based evidence including observable historical sales data for properties of similar nature and specification with the Toowoomba Regional Council and surrounding areas. Council applied an indexation rate of 4.4% to the previously determined fair value to determine fair value as at 30 June 2017. This indexation rate was also provided by an independent, registered valuer. A full valuation of land assets is planned in the 2017/18 financial year.

Buildings - Residential and Specialised Buildings (Levels 2 & 3)

The fair value of buildings (excluding Water and Wastewater buildings) was determined by independent, external Registered Valuers as at 30 June 2017. Disclosures relating to Water and Wastewater buildings are included in this note under the headings Water and Wastewater - Active Assets.

Market approach (direct comparison approach) - Level 2 valuation inputs

Level 2 inputs were used to determine the fair value of a range of properties. This included the bulk of residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Cost Approach - Depreciated Replacement Cost - Level 3 valuation inputs

Specialised buildings were valued using the cost approach using professionally qualified external Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

Notes to the Financial Statements for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

Buildings - Residential and Specialised Buildings (Levels 2 & 3) (continued)

The main Level 3 inputs used are derived and evaluated as follows:

Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. Replacement cost is determined by actual construction or purchase prices for recent projects, Registered Valuers' database, Rawlinson's Construction Guide or similar guides, benchmarking against other valuations, development of costs using Registered Valuers' models for specific asset types.

Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the interrelationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Roads

Current Replacement Cost

The last full valuation of Council's road network was last determined by independent, external Registered Valuers as at 30 June 2015. The valuation as at 30 June 2015 was determined using the cost approach.

Council applied an indexation rate of 3.0% to the previously determined fair value to determine fair value as at 30 June 2017. This indexation rate was also provided by an independent, registered valuer. A full valuation of Council's road network is planned for the 2017/18 financial year.

Cost Approach - Depreciated Replacement Cost - Level 3 valuation inputs

Under the cost approach the estimated replacement cost of the network is determined by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

The main Level 3 inputs used are derived and evaluated as follows:

Asset Condition - The nature of road network infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewals treatments. To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections the valuation relies upon a sampling approach where the data held in the system is verified by physical inspection.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

Roads (continued)

Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. Replacement cost is determined by actual construction or purchase prices for recent projects, Registered Valuers' database, Rawlinson's Construction Guide or similar guides, benchmarking against other valuations, and development of costs using Registered Valuers' models for specific asset types. Adjustment for accumulated depreciation is achieved by the valuer determining an asset consumption rating scale for each asset type based on the interrelationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Water and Wastewater - Active Assets

Current Replacement Cost

A full valuation of Active Water and Wastewater assets was undertaken by independent, external Registered Valuers, effective 30 June 2016. The current replacement cost was determined by direct contact between valuer and suppliers, valuers' in-house database, information supplied by Council on the actual cost of recent projects, and reference guides such as Rawlinson's Australian Construction Handbook. Non-Construction Intangibles (investigation, design, management, contract supervision and other project costs) have been costed as percentages of the construction costs and included in the unit rates.

Council applied an indexation rate of 3.5% to the previously determined fair value to determine fair value as at 30 June 2017. This indexation rate was also provided by an independent, registered valuer. A full valuation of Council's water and wastewater assets is planned for the 2018/19 financial year.

Accumulated Depreciation

The main Level 3 inputs used are derived and evaluated as follows:

- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (Level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required. The application of these inputs required considerable professional judgment and are therefore considered to be Level 3 inputs.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

Water - Passive Assets & Wastewater - Passive Assets

Current Replacement Cost

The fair value of water and wastewater passive assets as at 30 June 2015 was determined by Council using the cost approach based on information provided by independent, external registered valuers.

Council applied an indexation rate of 3.5% to the previously determined fair value to determine fair value as at 30 June 2017. This indexation rate was also provided by independent, registered valuers. A full valuation of Council's water and wastewater assets is planned for the 2018/19 financial year.

Cost Approach - Depreciated Replacement Cost - Level 3 valuation inputs

Under the cost approach the estimated replacement cost of the network is determined by componentising the assets into significant parts with different useful lives and taking into account a range of factors and applying unit rates provided by the independent external valuers. While the unit rates based on linear metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

The main Level 3 inputs used are derived and evaluated as follows:

Asset Condition - The nature of water and wastewater network infrastructure is that there is a very large number of buried assets which comprise the network and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This data includes installation dates and the results of inspections carried out during planned and unplanned maintenance. The data is then applied as a proportion of the expired service potential to determine the accumulated depreciation. To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections, the valuation relies upon a sampling approach where the data held in the system is verified by physical inspection.

Stormwater Drainage Assets

A full valuation of Storm Water Drainage assets was undertaken by independent, external, Registered Valuers, effective 30 June 2017. Due to the specialised nature of Council's drainage assets, the valuations have been undertaken on a cost approach, an accepted valuation methodology under AASB 13. The cost approach is deemed a level 3 input. Under this approach, the following process has been adopted:

Current Replacement Cost

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

Accumulated Depreciation

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

Notes to the Financial Statements for the year ended 30 June 2017

Note 13. Fair Value Measurements (continued)

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

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

Site Improvement Assets

A full valuation of Site Improvement assets was undertaken by independent, external, Registered Valuers, effective 30 June 2017. Due to the specialised nature of Council's site improvement assets, the valuations have been undertaken on a cost approach, an accepted valuation methodology under AASB 13. The cost approach is deemed a level 3 input. Under this approach, the following process has been adopted:

Current Replacement Cost

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

Accumulated Depreciation

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

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

(4) Fair value measurements using significant unobservable inputs (Level 3)

The Valuation Process for Level 3 Fair Value Measurements

Council's valuation policies and procedures for property, plant and equipment are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Intangible Assets

	2017	2016
	\$'000	\$'000
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows:		
Opening Gross Carrying Value	15,868	15,868
Acquired at Cost	3,253	-
Closing Gross Carrying Value	<u>19,121</u>	<u>15,868</u>
Opening Accumulated Amortisation and Impairment	(6,528)	(5,206)
Amortisation charges	(1,501)	(1,322)
Closing Accumulated Amortisation and Impairment	<u>(8,029)</u>	<u>(6,528)</u>
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>	<u>11,092</u>	<u>9,340</u>

The majority of Council's intangible assets are software assets which have a finite useful life estimated at 10 years. Straight line amortisation, with no residual value, has been used for these assets.

The remaining intangible assets are land easements which have indefinite useful lives. For that reason these assets are not amortised.

Note 15. Trade and Other Payables

Current

Creditors	27,480	22,460
Annual Leave	11,420	11,323
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>38,900</u>	<u>33,783</u>

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

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Borrowings

	2017 \$'000	2016 \$'000
Current		
Loans - Queensland Treasury Corporation	10,991	11,995
<u>TOTAL CURRENT BORROWINGS</u>	<u>10,991</u>	<u>11,995</u>
Non-current		
Loans - Queensland Treasury Corporation	161,853	172,472
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>161,853</u>	<u>172,472</u>
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening Balance at Beginning of Financial Year	184,467	165,162
Loans Raised	-	30,381
Principal Repayments	(11,623)	(11,076)
Book value at end of financial year	<u>172,844</u>	<u>184,467</u>
The remaining contractual cash flows (Principal and Interest) of borrowings at the end of the reporting period are:		
0 to 1 year	19,527	20,197
1 to 5 years	73,032	71,485
Over 5 years	149,274	160,907
Total contractual cash flows	<u>241,833</u>	<u>252,589</u>
Carrying amount	<u>172,844</u>	<u>184,467</u>

The QTC loan market value at the reporting date was \$192,937,571.67. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Loan Disclosures

Unsecured borrowings are provided by the Queensland Treasury Corporation (QTC).

All borrowings are carried at amortised cost, interest being expensed as it falls due for payment in line with the agreed loan repayment schedules. Principal and interest payments are made quarterly in arrears on or around the 15 September, 15 December, 15 March and 15 June. No new loans were drawn down on this financial year.

Expected final repayment dates vary from 15 June 2018 to 15 June 2036.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 16. Borrowings (continued)

Loan Disclosures (continued)

There have been no defaults or breaches of the loan agreement during the period.

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

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

Note 17. Provisions

	2017 \$'000	2016 \$'000
Current		
Long Service Leave	13,954	14,780
Quarry Rehabilitation	120	60
Refuse Restoration	1,087	557
<u>TOTAL CURRENT PROVISIONS</u>	<u>15,161</u>	<u>15,397</u>
Non-current		
Long Service Leave	2,781	2,467
Quarry Rehabilitation	4,245	5,133
Refuse Restoration	104,544	90,278
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>111,570</u>	<u>97,878</u>

Details of movements in Provisions:

Class of Provision	Opening	Additional	Decrease	Remeasure	Unused	Closing
	Balance			ment		Amounts
	as at	Provision	due to	due to	Reversed	as at
	01/07/2016		Payments	Discounting		30/06/2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long Service Leave	17,247	1,558	(2,649)	579	-	16,735
Quarry Rehabilitation	5,193	(936)	-	108	-	4,365
Refuse Restoration	90,835	12,185	-	2,611	-	105,631
TOTAL	113,275	12,807	(2,649)	3,298	-	126,731

Notes to the Financial Statements
for the year ended 30 June 2017

Note 18. Asset Revaluation Reserve

	Notes	2017 \$'000	2016 \$'000
Movements in the asset revaluation reserve:			
Balance at beginning of financial year		1,776,784	1,702,933
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		10,007	10,677
Site Improvements		(4,126)	4,032
Buildings		(50,898)	11,084
Road and Bridge Network		65,294	20,050
Water Infrastructure		22,382	34,403
Wastewater Infrastructure		5,998	5,823
Drainage		(38,738)	8,997
Aerodrome Infrastructure		376	-
Heritage Assets		347	-
	12	<u>10,642</u>	<u>95,066</u>
Other movements:			
Correction of Prior Period Errors	24	-	(21,215)
		-	(21,215)
Balance at end of financial year		<u><u>1,787,426</u></u>	<u><u>1,776,784</u></u>

Asset revaluation reserve analysis

The closing balance of the Asset Revaluation Reserve comprises the following asset categories:

Land	53,822	43,815
Site Improvements	-	4,126
Buildings	62,925	113,824
Road and Bridge Network	1,081,202	1,015,907
Water Infrastructure	360,394	338,013
Wastewater Infrastructure	141,353	135,355
Drainage	74,649	113,386
Aerodrome Infrastructure	376	-
Heritage Assets	12,705	12,358
Balance at end of financial year	<u><u>1,787,426</u></u>	<u><u>1,776,784</u></u>

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Adjustments to Opening Balance of Retained Earnings

	Notes	2017 \$'000	2016 \$'000
Adjustment arising from Correction of Error	24	-	(41,817)
		<u>-</u>	<u>(41,817)</u>

Note 20. Commitments for Expenditure

(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	-	13,900
Infrastructure	5,640	2,000
Total Commitments	<u>5,640</u>	<u>15,900</u>

These expenditures are payable as follows:

Within the next year	4,680	15,900
Later than one year and not later than 5 years	960	-
Later than 5 years	-	-
Total Payable	<u>5,640</u>	<u>15,900</u>

Sources for Funding of Capital Commitments:

Unrestricted General Funds	5,640	15,900
Total Sources of Funding	<u>5,640</u>	<u>15,900</u>

(b) Operating leases (Non Cancellable)

a. Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	1,231	1,391
One to five years	3,312	4,087
Later than five years	408	911
	<u>4,951</u>	<u>6,389</u>

b. Non Cancellable Operating Leases include the following assets:

These expenses are generally fixed, but with inflation clauses on which future rentals are determined. The amounts stated are exclusive of GST.

Conditions relating to Operating Leases:

- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Commitments for Expenditure (continued)

	2017	2016
	\$'000	\$'000
(c) Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Other	63,999	48,400
	<u>63,999</u>	<u>48,400</u>
These expenditures are payable as follows:		
Within the next year	23,647	12,503
Later than one year and not later than 5 years	40,352	35,897
Later than 5 years	-	-
Total Payable	<u>63,999</u>	<u>48,400</u>

Note 21. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$1,634,258.41.

Other Contingent Liabilities

	2017	2016
	\$'000	\$'000
Details and estimates of maximum amounts of contingent liabilities are as follows:		
Various claims are pending against Council. In the opinion of Council's solicitors the potential loss on all claims should not exceed:	<u>452</u>	<u>2,385</u>

The Council has disclaimed liability and no provision has been made in the financial statements pertaining to these claims.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution Scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Superannuation (continued)

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009*, the trustee of the scheme has the power to levy additional contributions on Councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Toowoomba Regional Council made 4.92% of the total contributions to the plan for the 2016/17 financial year.

The next actuarial investigation will be made as at 1 July 2018.

	Notes	2017 \$'000	2016 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	6	12,868	12,175

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

	Notes	2017 \$'000	2016 \$'000
Net operating result from Income Statement		27,312	82,342
Non-cash items			
Depreciation and Amortisation	12	87,259	80,890
Prior year capital expenditure expensed in current year	12	4,086	-
		<u>91,345</u>	<u>80,890</u>
Losses/(Gains) recognised on fair value re-measurements through the P&L			
Write Offs relating to the Fair Valuation of Property, Plant and Equipment	12	20,012	-
		<u>20,012</u>	<u>-</u>
Investing and development activities			
Net Losses/(Gains) on Disposal of Assets	9	243	62
Loss on Write-Off of Assets	9	16,140	878
Capital Grants and Contributions	4	(56,128)	(91,816)
Non Cash Capital Contributions	4	(14,080)	-
		<u>(53,825)</u>	<u>(83,162)</u>
Changes in operating assets and liabilities:			
(Increase)/Decrease in Receivables		634	(448)
Increase/(Decrease) in Provision for Doubtful Debts		(41)	-
(Increase)/Decrease in Inventories		(593)	1,917
Increase/(Decrease) in Payables and Accruals		1,936	7,765
Increase/(Decrease) in Other Liabilities		626	112
Increase/(Decrease) in Employee Leave Entitlements		(512)	968
Increase/(Decrease) in Other Provisions		13,968	1,105
		<u>16,018</u>	<u>11,419</u>
Net cash provided from/(used in) Operating Activities from the Statement of Cash Flows		<u>100,862</u>	<u>91,489</u>

Notes to the Financial Statements
for the year ended 30 June 2017

Note 24. Correction of Error

Correction of Error/s relating to a Previous Reporting Period

In the process of reviewing Council's Site improvement assets for the current year revaluations, it was discovered the amount of the correction in each prior period that some assets had been omitted from the depreciation calculations for this class of assets for the last three financial years.

The discovery of this error resulted in Council reviewing the transactions relating to the Provision for Rehabilitation for Refuse Restoration and Quarry Rehabilitation and the underlying assets for the financial years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016.

It was further discovered that during the last valuation of these assets (as at 30 June 2013), the Gross Cost of these assets was overstated and the Accumulated Depreciation was understated in the 2013 financial statements.

These errors have been corrected by adjusting the opening balances at 1 July 2015 and the comparative amounts for 2015-16 in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The adjustments are as follows:

Reconciliation of Restated Comparatives as at 30 June 2016

Financial Report Line Item / Balance affected

	Previous 2016 \$'000	Correction	Restated 2016 \$'000
Statement of Comprehensive Income			
Recurrent Expenses			
Increase Depreciation and Amortisation	78,919	1,971	80,890
Total Operating Expenses	286,089	1,971	288,060
Capital Expenses			
Increase Other Capital Expenses	2,124	7,714	9,838
Total Expenses	288,213	9,685	297,898
Net Result	92,027	(9,685)	82,342
Total Comprehensive Income for the period	187,093	(9,685)	177,408
Statement of Financial Position			
Non-current Assets			
Decrease Property, Plant and equipment	4,494,125	(72,716)	4,421,409
Total Non-Current Assets	4,503,485	(72,716)	4,430,769
TOTAL ASSETS	4,685,857	(72,716)	4,613,141
Non-current Liabilities			
Increase Provisions	97,878	1	97,879
Total Non-Current Liabilities	270,350	1	270,351
TOTAL LIABILITES	334,681	1	334,682
Net Community Assets	4,351,176	(72,717)	4,278,459
Decrease Asset Revaluation Surplus	1,797,999	(21,215)	1,776,784
Decrease Retained Surplus	2,553,177	(51,502)	2,501,675
Total Community Equity	4,351,176	(72,717)	4,278,459

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 24. Correction of Error (continued)

	Previous 2016 \$'000	Correction	Restated 2016 \$'000
Statement of Changes in Equity			
Asset Revaluation Surplus	1,702,933	(21,215)	1,681,718
Retained Surplus	2,461,150	(41,817)	2,419,333
Equity Balance as at 1 July 2015	4,164,083	(63,032)	4,101,051
Retained Surplus			
Net operating surplus for the year	92,027	(9,685)	82,342
Total Comprehensive Income for the Period	92,027	(9,685)	82,342
Equity Balance as at 30 June 2016			
Asset Revaluation Surplus	1,797,999	(21,215)	1,776,784
Retained Surplus	2,553,177	(51,502)	2,501,675
Equity Balance as at 30 June 2016	4,351,176	(72,717)	4,278,459

Reconciliation of Restated Comparatives as at 1 July 2015

Financial Report Line Item / Balance affected

	Previous 2015 \$'000	Correction	Restated 1 July 2015 \$'000
Statement of Financial Position			
Non-current Assets			
Decrease Property, Plant and equipment	4,279,522	(66,710)	4,212,812
Total Non-Current Assets	4,290,204	(66,710)	4,223,494
TOTAL ASSETS	4,469,509	(66,710)	4,402,799
Non-current Liabilities			
Decrease Provisions	98,430	(3,678)	94,752
Total Non-Current Liabilities	252,378	(3,678)	248,700
TOTAL LIABILITIES	305,426	(3,678)	301,748
Net Community Assets	4,164,083	(63,032)	4,101,051
Decrease Asset Revaluation Surplus	1,702,933	(21,215)	1,681,718
Decrease Retained Surplus	2,461,150	(41,817)	2,419,333
Total Community Equity	4,164,083	(63,032)	4,101,051

Notes to the Financial Statements
for the year ended 30 June 2017

Note 24. Correction of Error (continued)

	Previous 2015 \$'000	Correction	Restated 1 July 2015 \$'000
<i>Statement of Changes in Equity</i>			
Asset Revaluation Surplus	1,540,941	(21,215)	1,519,726
Retained Surplus	2,321,630	(38,872)	2,282,758
Equity Balance as at 30 June 2014	3,862,571	(60,087)	3,802,484
<i>Retained Surplus</i>			
Net operating surplus for the year	139,520	(2,945)	136,575
Total Comprehensive Income for the Period	139,520	(2,945)	136,575
<i>Equity Balance as at 1 July 2015</i>			
Asset Revaluation Surplus	1,702,933	(21,215)	1,681,718
Retained Surplus	2,461,150	(41,817)	2,419,333
Equity Balance as at 1 July 2015	4,164,083	(63,032)	4,101,051

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 25. National Competition Policy

Business activities to which the code of competitive conduct is applied

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

Water and Wastewater	Fleet and Plant Services	Quarry Operations	Waste Management
Other Roads	Building Certification	Cemetery Operations	Aerodromes
Private Works	Aquatics and Indoor Sports	Refuse Collection	Laboratory Services

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

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

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

	Water & Wastewater \$'000	Other Roads \$'000	Private Works \$'000	Fleet & Plant Services \$'000
\$'000				
Revenue for services provided to the Council	4,465	30,704	-	36,561
Revenue for services provided to external clients	106,753	8,122	6,044	1,046
Community service obligations	1,001	-	-	-
	112,219	38,826	6,044	37,607
Less : Expenditure	(78,539)	(38,274)	(4,658)	(25,901)
Surplus/(Deficit)	33,680	552	1,386	11,706
	Building Certification \$'000	Aquatics & Indoor Sports \$'000	Quarry Operations \$'000	Cemetery Operations \$'000
\$'000				
Revenue for services provided to the Council	10	45	-	1
Revenue for services provided to external clients	497	2,388	-	699
Community service obligations	434	1,807	-	459
	941	4,240	-	1,158
Less : Expenditure	(619)	(4,768)	(295)	(1,090)
Surplus/(Deficit)	322	(528)	(295)	68

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 25. National Competition Policy (continued)

	Refuse Collection \$'000	Waste Management \$'000	Aerodromes \$'000	Laboratory Services \$'000
\$'000				
Revenue for services provided to the Council	-	4,231	-	1,637
Revenue for services provided to external clients	17,271	1,169	590	324
Community service obligations	-	1,725	2,171	-
	<u>17,271</u>	<u>7,124</u>	<u>2,761</u>	<u>1,961</u>
Less : Expenditure	(9,990)	(12,249)	(1,098)	(1,487)
Surplus/(Deficit)	<u>7,281</u>	<u>(5,125)</u>	<u>1,663</u>	<u>474</u>

Description of CSO's provided to business activities:

Activities	CSO Description	Actual \$'000
Water and Wastewater	To provide pensioner rebates on water and wastewater activities.	1,001
Waste Management	To provide public dumping facilities.	1,725
Building Certification	To provide a standard of building compliance and general development advice not connected with development activities.	434
Aquatics & Indoor Sports	Provide recreational facilities to as wide as possible cross section of the community.	1,807
Cemeteries	To maintain historical headstone sections and to provide cemetery facilities to rural areas.	459
Aerodromes	To provide an economic benefit to the region and to provide airport facilities to rural areas.	2,171

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Controlled Entities that have not been Consolidated

Toowoomba Regional Council has a number of controlled entities that are not consolidated because their size and nature means that they are not material to Council's operations. The financial statements for each of these entities are subject to separate audit certification by the Queensland Auditor-General or his delegate.

A summary of those entities, their net assets and results for the year ended 30 June 2017 follows:

Controlled Entities - Financial Results:

Controlled Entity

	Details	Interest in Ownership	Revenue	Expenses	Profit	Assets	Liabilities
		%	\$'000	\$'000	\$'000	\$'000	\$'000
2017							
Empire Theatres Pty Ltd	1	100	3,821	3,813	8	2,293	1,540
Empire Theatres Projects Pty Ltd	2	100	526	647	(121)	102	279
Empire Theatres Foundation	3	100	169	84	85	776	6
Jondaryan Woolshed Pty Ltd (unaudited)	4	100	2,101	2,095	6	1,421	390
Toowoomba and Surat Basin Enterprise Pty Ltd (unaudited)	5	100	3,476	3,472	4	1,196	939
			<u>10,093</u>	<u>10,111</u>	<u>(18)</u>	<u>5,788</u>	<u>3,154</u>
2016							
Empire Theatres Pty Ltd	1	100	4,012	3,963	49	1,836	1,091
Empire Theatres Projects Pty Ltd	2	100	422	484	(62)	101	156
Empire Theatres Foundation	3	100	231	358	(127)	704	18
Jondaryan Woolshed Pty Ltd (unaudited)	4	100	1,997	1,949	48	1,693	456
Toowoomba and Surat Basin Enterprise Pty Ltd	5	100	2,289	2,288	1	708	454
			<u>8,951</u>	<u>9,042</u>	<u>(91)</u>	<u>5,042</u>	<u>2,175</u>

- Empire Theatres Pty Ltd (ACN 086 482 288) is a Heritage Listed, purpose built performing arts theatre. It stages a wide variety of theatre, music and entertainment performances and is also a venue for hire.
- Empire Theatre Projects Pty Ltd (ACN 135 705 878) is a wholly owned subsidiary of Empire Theatres Pty Ltd and undertakes projects to provide training and performance opportunities to the local community.
Empire Theatres Pty Ltd is the trustee for the Empire Theatres Foundation. This registered charitable trust was established to provide performing arts opportunities to young people in the Toowoomba region, to promote the performing arts for the benefit of the local community and preserve the cultural heritage associated with the Empire Theatre.
- Jondaryan Woolshed Pty Ltd (ACN 128 419 983) is a historical museum and tourist attraction which also hosts annual events and corporate and private functions.
- Toowoomba and Surat Basin Enterprise Pty Ltd (ACN 128 419 983) was established in 2011 to focus on growing investment and business activity in the region.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Transactions with Related Parties

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

The Group consists of Toowoomba Regional Council and five (5) controlled entities.

These subsidiaries are not consolidated and details are disclosed in Note 26.

Name of Operation/Entity	Principal Activity and Place of Business
Empire Theatres Pty Ltd	The Empire Theatre is the largest performing arts precinct in regional Australia and boasts several performance and function spaces. 54-56 Neil St, Toowoomba City, Qld, 4350

Interests in Subsidiary	Ownership		Voting Rights	
	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

Relationship

Council provides operational grants and sponsorship to Empire Theatres Pty Ltd and its subsidiaries.

Council also leases assets and premises to Empire Theatres Pty Ltd.

Name of Operation/Entity	Principal Activity and Place of Business
Empire Theatre Projects Pty Ltd	Undertakes projects to provide training and performance opportunities to the local community. 54-56 Neil St, Toowoomba City, Qld, 4350

Interests in Subsidiary	Ownership		Voting Rights	
	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

Relationship

Empire Theatre Projects Pty Ltd is a subsidiary of Empire Theatres Pty Ltd

Toowoomba Regional Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Transactions with Related Parties (continued)

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

Name of Operation/Entity	Principal Activity and Place of Business			
Empire Theatres Foundation	Established to provide performing arts opportunities to young people and for the benefit of the local community and to preserve the cultural heritage associated with the Empire Theatre. 54-56 Neil St, Toowoomba City, Qld, 4350			
	Ownership		Voting Rights	
Interests in Subsidiary	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

Relationship

Empire Theatres Foundation is a subsidiary of Empire Theatres Pty Ltd

Name of Operation/Entity	Principal Activity and Place of Business			
Jondaryan Woolshed Pty Ltd	Oldest and largest operating Woolshed - a working museum. Functions and educational tours 264 Jondaryan-Evanslea Road, Jondaryan, Qld, 4403			
	Ownership		Voting Rights	
Interests in Subsidiary	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

Relationship

Council provides operational grants and sponsorship to Jondaryan Woolshed Pty Ltd.
Council also leases operational assets to Jondaryan Woolshed Pty Ltd.

Name of Operation/Entity	Principal Activity and Place of Business			
Toowoomba Surat Basin Enterprise (TSBE) Pty Ltd	Business membership organisation with focus on providing opportunities to achieve sustainable growth and diversity for the region 6 Ann St, Toowoomba, Qld, 4350			
	Ownership		Voting Rights	
Interests in Subsidiary	2017	2016	2017	2016
Council's Interest in Subsidiary	100%	100%	100%	100%
Non-Controlling Interest in Subsidiary	0%	0%	0%	0%

Relationship

Council provides operational grants and sponsorship to TSBE.

Toowoomba Regional Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Transactions with Related Parties (continued)

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

Transactions with Subsidiaries

		Amount of transactions during year	Outstanding Balance (incl. Commitments)	Provisions for Doubtful Debts on Outstanding	Doubtful Debts Expense Recognised
	Details	\$'000	\$'000	\$'000	\$'000
2017					
Empire Theatres Pty Ltd					
- Grants and Sponsorship	1	1,050	-	-	-
- Goods and Services	1	73	-	-	-
- Rental transactions	1	551	-	-	-
Empire Theatres Projects Pty Ltd					
- Grants and Sponsorship	1	3	-	-	-
- Goods and Services	1	10	-	-	-
Jondaryan Woolshed Pty Ltd					
- Grants and Sponsorship	1	1,004	-	-	-
- Goods and Services	1	23	-	-	-
- Rental transactions	1	99	-	-	-
Toowoomba Surat Basin Enterprise Pty Ltd					
- Grants and Sponsorship	1	514	-	-	-
		<u>3,327</u>	<u>-</u>	<u>-</u>	<u>-</u>

1 Transactions with Controlled entities is in the form of Operating Grants and Sponsorship, as well as invoices issued for leased assets and rent.

(b) Associates

Council has no interest in any Associates.

(c) Joint Ventures

Council has no interest in any Joint Ventures.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Transactions with Related Parties (continued)

(d) Other Related Parties

Transactions with Other Related Parties

	Amount of transactions during year	Outstanding Balance (incl. Commitments)	Provisions for Doubtful Debts on Outstanding	Doubtful Debts Expense Recognised
2017	\$'000	\$'000	\$'000	\$'000
Purchase of materials and services from entities controlled by Key Management Personnel	91	15	-	-
	<u>91</u>	<u>15</u>	<u>-</u>	<u>-</u>

Toowoomba Regional Council purchased materials and services from entities that are controlled by members of Key Management Personnel.

All purchases were at arm's length and on normal terms and conditions in the normal course of Council operations.

(e) Key Management Personnel

Transactions with Key Management Personnel

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

Key Management Personnel include the Mayor, Councillors, Council's Chief Executive Officer and some Executive and General Managers.

The compensation paid to Key Management Personnel comprises:

	2017 \$000
Short-Term Employee Benefits	2,970
Post-Employment Benefits	552
Long-Term Benefits	498
Total	<u>4,020</u>

(f) Outstanding Balances

There are no balances outstanding outside of normal terms and conditions as at 30 June 2017 in relation to transactions with related parties.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Transactions with Related Parties (continued)

(g) Loans and Guarantees to/from Related Parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(h) Commitments to/from Other Related Parties

Existing commitments as recorded in the financial statements relate to invoices which are still current as at 30 June 2017 and were settled in the ordinary course of business.

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

Most of the entities and people that are related parties of Council live and operate within the Toowoomba Region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Examples include:

- Payment of rates and utility charges
- Fees and charges included in Council's Register of Fees and Charges
- Fines and Penalties included in Council's Register of Local Laws and Subordinate Local Laws
- Attendance at Council functions which are open to the General public
- Visiting Council facilities which are open to the general public
- Transactions whose total dollar value is deemed immaterial

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

Toowoomba Regional Council

General Purpose Financial Statements for the year ended 30 June 2017

Management Certificate for the year ended 30 June 2017

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 52, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Cr Paul Antonio

MAYOR

28 September 2017



Brian Pidgeon

CHIEF EXECUTIVE OFFICER

28 September 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Toowoomba Regional Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Toowoomba Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Toowoomba Regional Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors was the Current Year Financial Sustainability Statement and Long-Term Financial Sustainability Statement.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

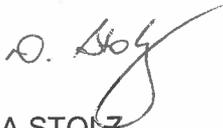
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

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


D A STOLZ
as Delegate of the Auditor-General



Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement for the year ended 30 June 2017

	Actual 2017	Target 2017
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Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items)</u>	2.35%	0 - 10%
Total Operating Revenue (excluding capital items)		

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

2. Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Assets (renewals)</u>	44.27%	more than 90%
Depreciation Expense		

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

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	49.26%	less than 60%
Total Operating Revenue (excluding capital items)		

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

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

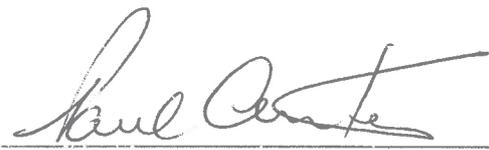
Toowoomba Regional Council

Current Year Financial Sustainability Statement for the year ended 30 June 2017

Certificate of Accuracy for the year ended 30 June 2017

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

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



Cr Paul Antonio

MAYOR

28 September 2017



Brian Pidgeon

CHIEF EXECUTIVE OFFICER

28 September 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Toowoomba Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Toowoomba Regional Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Toowoomba Regional Council for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other information

Other information comprises the information included in Toowoomba Regional Council's annual report for the year ended 30 June 2017, but does not include the Current Year Financial Sustainability Statement and my auditor's response thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors was the General Purpose Financial Report and Long-Term Financial Sustainability Statement.

My opinion on the Current Year Financial Sustainability Statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government regulation 2012, I have expressed a separate opinion on the General Purpose Financial Report.

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

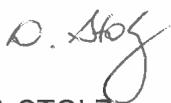
My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,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

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

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

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

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



D A STOLZ
as Delegate of the Auditor-General



Queensland Audit Office
Brisbane

Long-Term Financial Sustainability Statement
prepared as at 30 June 2017

	Target		Actual		Forecast					
	2017	2017	2017	2017	2022	2023	2024	2025	2026	2027

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)	0 - 10%	2.35%	0.03%	1.0%	1.68%	1.52%	1.37%	1.33%	1.05%	1.10%	1.00%	0.80%
Total Operating Revenue (excluding capital items)												

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

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) Depreciation Expense	> 90%	44.27%	55.10%	58.73%	48.44%	52.34%	46.38%	49.70%	43.78%	47.18%	42.51%	68.39%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets Total Operating Revenue (excluding capital items)	< 60%	49.26%	57.76%	59.61%	59.98%	56.82%	56.04%	54.83%	53.01%	50.76%	49.01%	47.09%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Toowoomba Regional Council Financial Management Strategy

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

Toowoomba Regional Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2017

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

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



Cr Paul Antonio

MAYOR

28 September 2017



Brian Pidgeon

CHIEF EXECUTIVE OFFICER

28 September 2017



TOOWOOMBA REGION

131 872 | info@tr.qld.gov.au | www.tr.qld.gov.au
PO Box 3021 Toowoomba QLD 4350 | Toowoomba Regional Council



AUSTRALIAN MADE



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