



Lockyer Valley Regional Council

Annual Report 2020-2021



OVERVIEW OF THE LOCKYER VALLEY

Located a stone's throw from Australia's third largest city and quietly nestled in Brisbane's backyard – the Lockyer Valley is now home to more than 42,000 residents, 3000 businesses and spans in excess of 2200 square kilometres.

The country living and city convenience is becoming increasingly attractive as people continue to seek to optimise their work-life balance, with our population expanding by more than 1.5 per cent per annum.

The Lockyer Valley is on track to be home to some 48,000 residents in the next five years, which is why Council focuses its operational objectives around providing residents and businesses the foundations needed to plan with confidence.

Council continues to work with developers to attract tens of millions of dollars' worth of trade opportunities and investment into the region – such as the Water for Lockyer Project, the 2032 Brisbane Olympics and Paralympics Games and the Lockyer Valley Equine Precinct.

There is no better place to live, work and invest than the Lockyer Valley.

ACHIEVING THE OUTCOMES OF THE COMMUNITY PLAN 2017-2027

'Lockyer – Our Valley, Our Vision Community Plan 2017-2027' details the community's vision to the year 2027. The Community Plan establishes outcomes for the Lockyer Valley community that guides the priority actions which are to be undertaken by a wide range of stakeholders including Council. The outcomes identified in the Community Plan along with its themes form the basis for the development of Council's Corporate Plan 2017-2022. This Annual Report is the fourth to report on the progress Council has made in achieving the identified outcomes of the Corporate Plan 2017-2022 and the Community Plan 2017-2027.



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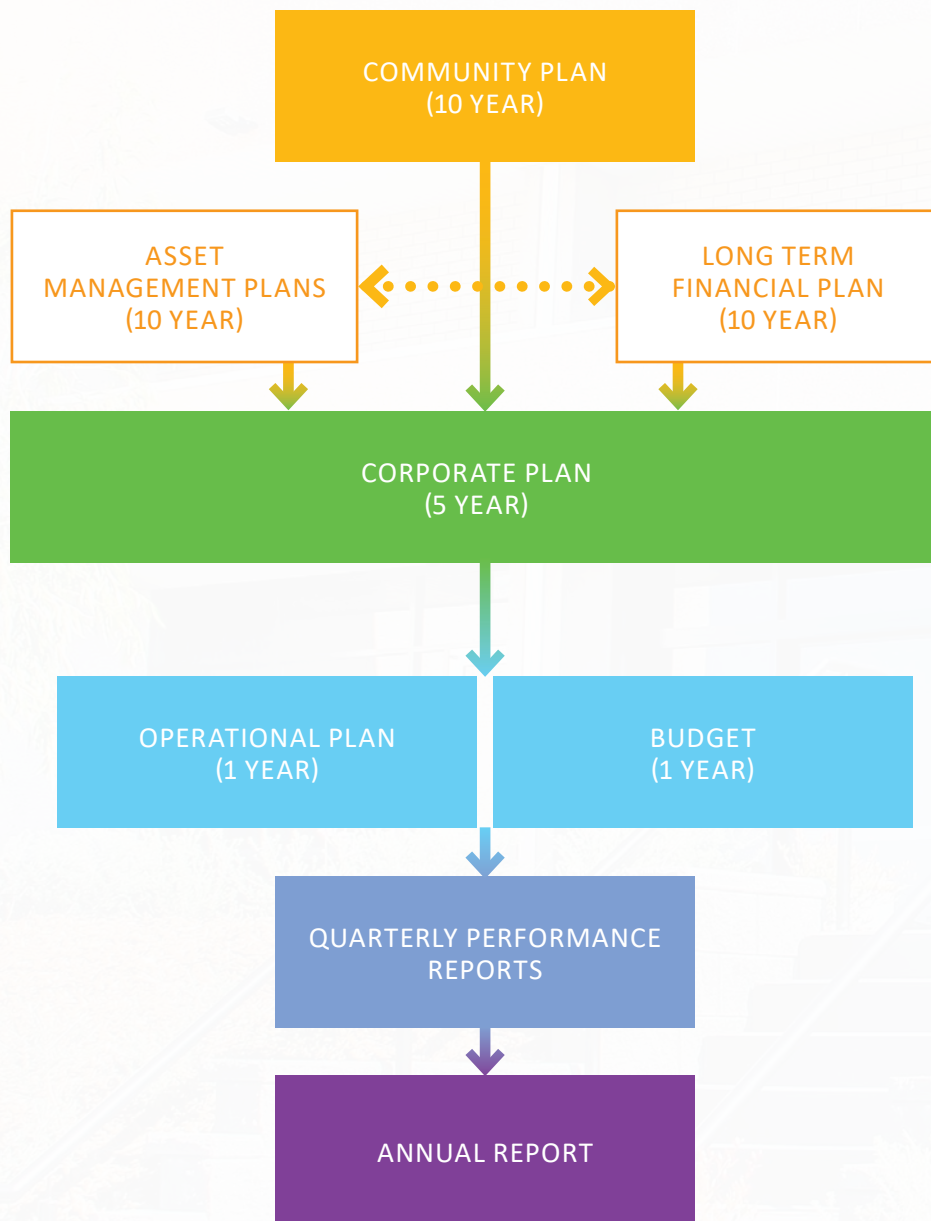
INTRODUCTION

This Annual Report, for the financial year 1 July 2020 to 30 June 2021, describes Lockyer Valley Regional Council's achievements in providing services to the communities we serve. It describes progress in delivering the actions in our Corporate and Operational Plans, along with statutory reporting requirements, providing a culmination of our regular reports to community and stakeholders. Council's 2017-2022 Corporate Plan provided the focus and direction for Council over the twelve-month period to 30 June 2021.

The Annual Report provides the community with operational and financial information about Council's performance against the outcomes and service delivery commitments set out in the Corporate and Operational Plans which were developed in response to the Lockyer Valley Community Plan 2017-2027.

COUNCIL'S STRATEGIC PLANNING FRAMEWORK

The diagram below represents the strategic planning framework used by Council:



VISION, MISSION AND VALUES

VISION

We will deliver sustainable services to enhance the liveability of our community while embracing our economic, cultural and natural diversity.

MISSION

Lead, engage and empower.

OUR VALUES

Values form the basis of our culture. They add meaning to work and they provide a basis for consistent planning and decision making across the organisation. The desired values and behaviours that every employee of Lockyer Valley Regional Council is expected to demonstrate in their daily activities, in the way they behave and in the way they make decisions are:



Leadership

We lead through excellence and partner with the community to achieve Council's vision and mission.



Accountability

We accept ownership of our role and take responsibility for our actions. We are results focused, take pride in our successes and efforts and learn from our mistakes.



Integrity

We strive to be valued and trusted by the Lockyer Valley community. We are respectful, open, transparent and honest in our dealings with the community. At all times we act in the best interests of the community.



Communication

We embrace diversity and communicate openly and honestly. We listen actively, consider and value the views of others. Our communication is clear, concise and consistent.



Customer Focus

We strive to engage and communicate with our internal and external customers to meet agreed outcomes. We identify and aim to meet the needs of all customers in a responsive and equitable manner.



Teamwork & Collaboration

We value creative thinking and look for opportunities to collaborate and connect to deliver a better Lockyer Valley. We work together by recognising and sharing our talents, skills, experience and knowledge.

MESSAGE FROM THE MAYOR

STRONG FINANCIAL POSITION

I am pleased to present the Annual Report for 2020/21. As a Council, we have continued our trend of sound financial management, which this year enabled us to achieve a credit rating upgrade from the Queensland Treasury Corporation.

We are proud to have no forecast borrowings in the 10-year forward forecast. Our focus continues to be on the sustainable management of the region's current assets and ensuring they are maintained and upgraded when necessary.

The community-focused Budget for 2020/21 resulted in the organisation being in its current strong financial position. We have continued to reign in debt and make loan repayments at an accelerated rate as we delivered a fourth consecutive operational surplus. We have paid down another \$1.51M of principal repayments on debt, with all debt forecast to be paid off by 2036. We have \$34.60M in cash and investments and continue to remain focused on paying down debt while finding efficiencies. This is all while still delivering on and improving our core services.

COLLABORATION

We have continued to recognise the important role partnerships play in achieving the best possible outcomes for our region.

Thanks to funding support from State and Federal Governments, we were able to commence construction on Fairways Park Stage 1 in October. The multi-million-dollar facility and all-abilities park is a major asset for our region and is testament to the growth we are seeing here in the Lockyer Valley. This is the first time our community has been involved in a park design from the very beginning and we extend our thanks to all levels of Government for the funding support they have provided to this project.

Refurbishment works on the Gatton Shire Hall were also completed. The \$2.08M program was jointly funded by the Australian Government and Queensland Government, in association with Council. This major renovation has not only refreshed the facility, but greatly improved the hall's capabilities to service our growing community both now and into the future.

We continue to work alongside our neighboring Councils on a range of initiatives, including securing long-term, sustainable water for the Lockyer Valley through the Lockyer Valley and Somerset Water Collaborative and land for a regional hospital for the Lockyer Valley.

ACKNOWLEDGEMENT

The Lockyer Valley is now home to more than 42,000 residents, 3000 businesses and spans more than 2200 square kilometres. The country living and city convenience is becoming increasingly attractive as people continue to seek to secure that sought-after work-life balance. Our population is expanding by more than 1.5 percent per annum, which is a clear indicator that our region really is a wonderful place to live, work and play.

And while, as an organisation we have certainly delivered some major achievements, they were only made possible through our close internal partnerships. I extend my sincere thanks to Councillors, CEO Ian Church, the Executive Leadership Team and staff for their commitment to our Council and our community.



Cr Tanya Milligan

MAYOR

Community Engagement and Development; Media and Communications; Disaster Management; Economic Development

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The achievements highlighted in this Annual Report contribute towards Council realising its vision for the region. That vision is to deliver services that enhance the liveability of our region, in a sustainable way, while embracing our diversity.

OUR CUSTOMERS AND COMMUNITY

Despite the impact of COVID-19, Council continued to provide excellent customer service throughout the year. When COVID restrictions were imposed, Council utilised its Pandemic Business Continuity Plan to ensure that service interruptions to our community were minimised. This is demonstrated by the fact that we received and dealt with 13,469 written customer requests and 27,507 phone calls during the year. Council also continued to reduce red tape through its planning and development business improvement project. 240 development applications were lodged with Council and 201 decided exceeding statutory time frames. 1475 plumbing inspections were undertaken along with 627 building inspections.

Council continued its commitment to community engagement by completing specific engagement projects such as the Fairways Park upgrade; illegal dumping and misuse of rural bins; drought support including the Drought Support Expo; Forest Hill silos mural consultation and many more. The Natural Resource Management and Biosecurity Plans were completed during the year as were the Environment, Tourism and Economic Development Strategies. Council recognised the importance of community and sporting groups in our regions by providing them with direct financial assistance in the amount of \$287,353, along with the provision of significant in-kind support.

ADVOCACY

Council continued to engage with the Queensland Government for a new hospital and improved health services within our region. Council also remained an active member of the Council of Mayors South East Queensland (COMSEQ) to ensure the Lockyer region benefits from projects initiated by COMSEQ, such as City Deals and Resilient Rivers.

Council continued its important work with the Lockyer and Somerset Water Collaborative to augment water supply for irrigation. The Collaborative released the Business Case and determined to form a Company Limited by Guarantee to continue with the next stage of the project.

Council staff also worked hard during the year to mitigate the adverse impacts of the Inland Rail Freight project and achieved a milestone by submitting a detailed response to the Helidon to Calvert Environmental Impact Statement.

OUR EMPLOYEES

In order to ensure that the journey to implement our desired values-based culture did not lose momentum, Council continued with the implementation of the recommendations of the Organisational Effectiveness Review (OER), completed towards the end of the 2019 calendar year. Council's desired culture will have a strong focus on leadership and people with Our Corporate Values as the building blocks by which we shape behaviour.

OUR FINANCIAL FUTURE

Council experienced particularly strong revenue growth during the 2020/2021 financial year, despite predictions to the contrary based on the impacts of COVID-19. Fees and charges in all areas of Councils operations were higher than budget due to significantly increased regional development activity. This led to a particularly strong Operating result for the year of \$7.71M. Council also achieved record levels of grant funding for projects from the Australian and Queensland Governments, which were able to be applied to a number of significant projects such as Fairways Park at Hatton Vale (\$4M), the refurbishment of the Gatton Shire Hall (\$2.08M), roadwork and footpath projects (\$3.93M). Total capital expenditure for the 2020/2021 financial year was \$17.25M.

At 30 June 2021 Council had \$34.60M cash reserves and total debt of \$21.57M, reduced from \$23.08M at 30 June 2020. All long-term financial sustainability indicators remain positive.

ACKNOWLEDGEMENT

I would like to congratulate the Mayor, Tanya Milligan, and Councillors for their leadership throughout what was a difficult year. With your support we moved further towards developing an organisation focused on providing outstanding service to our community.

I also sincerely thank the committed employees of Council who dedicate themselves to improving the liveability of the region for our residents, both present and future.



Ian Church
Chief Executive Officer

HIGHLIGHTS 2020 - 21

1489 km

OF COUNCIL-MAINTAINED ROAD NETWORK



127

PROPERTY ACCESS APPLICATIONS ASSESSED



220

HEAVY VEHICLE ROAD ACCESS APPLICATIONS ASSESSED



186.3 ha

OF COUNCIL-MAINTAINED AND MOWED PARKS AND GARDENS



78

PARKS AND GARDENS MAINTAINED



10.9 ha

OF CEMETERY LAND MAINTAINED



530

BUILDING, PLUMBING & PLANNING INFORMATION REQUEST & FORM 19'S RESPONSES ISSUED - AN INCREASE OF 51.5 PER CENT ON 2019-20



38

TOWN PLANNING CERTIFICATES ISSUED - AN INCREASE OF 138 PER CENT ON 2019-20.



84

PRELODGEMENTS ISSUED - AN INCREASE OF 37.7 PER CENT ON 2019-20



171

BUILDING APPLICATIONS COMPLETED



272

PLUMBING APPLICATIONS COMPLETED



ESTIMATED CONSTRUCTION COSTS



\$162.65M

DOMESTIC - AN INCREASE OF 137 PER CENT ON 2019-20 COSTS

\$52.25M

COMMERCIAL - AN INCREASE OF 17 PER CENT ON 2019-20 COSTS

218

LOTS WERE PLAN SEALED - AN INCREASE OF 78 PER CENT ON 2019-20.



172

ADDITIONAL LOTS APPROVED - AN INCREASE OF 68 PER CENT ON 2019-20.



240

PLANNING APPLICATIONS WERE RECEIVED BY COUNCIL



201

APPLICATIONS WERE DECIDED BY COUNCIL

KERBSIDE WASTE AND RECYCLING SERVICES

242

NEW DUAL BINS DELIVERED TO RESIDENTIAL DWELLINGS



10

NEW DUAL BINS DELIVERED TO COMMERCIAL PREMISES



55

ADDITIONAL BINS DELIVERED TO RESIDENTIAL DWELLINGS



9

ADDITIONAL BINS DELIVERED TO COMMERCIAL PREMISES



14,937

RESIDENTIAL PROPERTIES SERVICED



7827

RESIDENTIAL RECYCLE BINS SERVICED



337

COMMERCIAL WASTE BINS SERVICED

7970

RESIDENTIAL WASTE BINS SERVICED

308

COMMERCIAL PROPERTIES SERVICED

298

COMMERCIAL RECYCLING BINS SERVICED

2143.34 t

OF KERBSIDE RECYCLING COLLECTED



188

ILLEGAL DUMPING REPORTS



149,823 litres

OF ILLEGALLY DUMPED WASTE RECOVERED



19

INFRINGEMENTS ISSUED TO IDENTIFIED OFFENDERS



\$27,552

OF INFRINGEMENTS ISSUED



LANDFILL WASTE DIVERTED TO RECYCLING:



48.42 t
ELECTRONIC WASTE



1790.9t
CARDBOARD



296.5 t
AGRICULTURAL TRICKLE TAPE



317.98t
PLASTICS



1,124.95 t
CONCRETE



427.78t
PAPER



1031
TYRES RECEIVED



69.76t
STEEL CANS



20.96t
TYRES COLLECTED AND RECYCLED



13.06t
CHEMICAL DRUMS



31.22 t
ALUMINIUM CANS



216.92t
GLASS

OZONE DEPLETING REFRIGERANT GASES SUCCESSFULLY AND SAFELY RECLAIMED FROM



1431
REFRIGERANT UNITS

71,525

VISITORS TO LOCKYER VALLEY LIBRARIES



1165

NEW LIBRARY MEMBERSHIPS ISSUED



358

LIBRARY PROGRAMS HOSTED IN 2020-21 (INCLUDING SOCIAL MEDIA EVENTS) WITH



17,774

ATTENDEES

111,845

ITEMS LOANED FROM THE LIBRARIES



120,105

ITEMS IN THE CURRENT COLLECTION (PRINT AND ELECTRONIC)

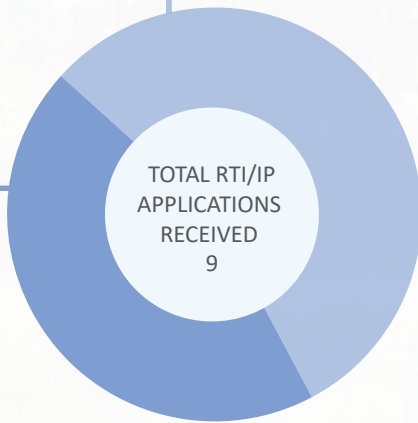


APPLICATIONS RECEIVED UNDER THE RIGHT TO INFORMATION ACT 2009 (RTI)

5 APPLICATIONS

APPLICATIONS RECEIVED UNDER THE INFORMATION PRIVACY ACT 2009 (IP)

4 APPLICATIONS



8

RTI/IP DECISIONS WERE ISSUED TO APPLICANTS. ALL WITHIN LEGISLATIVE TIMEFRAMES



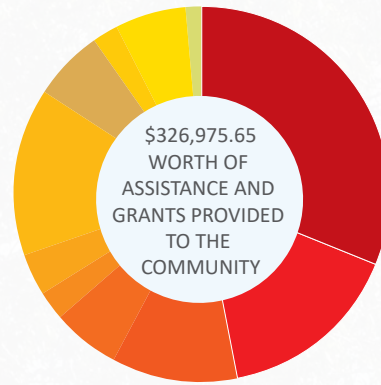
1

RTI/IP APPLICATION ON HAND AT END OF 2020-21



83

TOTAL GRANTS AND ASSISTANCE TO COMMUNITY ORGANISATIONS



- One off community grant
- Community Sporting Complex
- Community Environment Grant
- Anzac Day Remembrance
- Public Halls Assistance
- School Chaplaincy
- Rate Rebates and Remissions
- Event Assistance
- Ambassador Awarded
- Minor Grants Awarded
- Major Grants Awarded

27,507

CALLS RECEIVED TO COUNCIL'S CALL CENTRE, WITH



82.75%

SERVICE LEVEL, AND AVERAGE WAIT TIME OF

52

SECONDS

83.25%

OF CALLS RECEIVED WERE RESPONDED TO AT FIRST POINT OF CONTACT



13,469

REQUESTS RAISED IN COUNCIL'S CUSTOMER REQUEST SYSTEM



693

REQUESTS MADE VIA ONLINE SERVICES AND

6717

REQUESTS RECEIVED VIA EMAIL



7374

RECEIPTS PROCESSED AT COUNCIL'S ADMINISTRATION CENTRES



672

WEB CHATS RECEIVED VIA COUNCIL'S WEBSITE



\$7.71 M

OPERATING SURPLUS
ACHIEVED - FOURTH
CONSECUTIVE SURPLUS FOR
COUNCIL



45

GRANTS APPROVED BY STATE AND
FEDERAL GOVERNMENTS FOR THE
REGION



\$24.66M

TOTAL AMOUNT OF FUNDING
APPROVED



6854

VISITORS TO THE LAKE APEX
VISITOR INFORMATION CENTRE



42km

OF CREEK TREATED FOR WEEDS



63

HERBICIDE VOUCHERS ISSUED



93

PRIVATE PROPERTIES VISITED, AND

3080 ha

SURVEYED FOR WEED CONTROL



3500

PLANTS AND TREES PLANTED AND
MAINTAINED



6 ha

OF REVEGETATION COMPLETED



11 ha

OF COUNCIL ROADS AND PROPERTIES
TREATED, AND

1192 ha

SURVEYED FOR WEED CONTROL



7774

DOGS REGISTERED



1426

ANIMAL-RELATED CUSTOMER
REQUESTS RECEIVED



107

ANIMALS REUNITED WITH THEIR
OWNERS



108

ANIMALS FOUND A NEW FOREVER
HOME



ENVIRONMENTAL HEALTH LICENCE ISSUED



156

FOOD LICENCES ISSUED



8

MOBILE FOOD VEHICLE PERMITS
ISSUED



2

TEMPORARY FOOD STALL PERMITS
ISSUED



8

WATER CARRIER PERMITS ISSUED



5

PERSONAL APPEARANCE SERVICES
PERMITS ISSUED



4

CARAVAN PARKS/CAMPING
GROUND PERMITS ISSUED



COUNCILLORS AND THEIR PORTFOLIOS

Lockyer Valley Regional Council, comprising the Mayor and six Councillors, is the elected body responsible for the good governance of the Lockyer Local Government Area. The elected body has legal obligations requiring members to represent the current and future interests of Lockyer Valley residents. They are democratically elected and accountable to their communities for the decisions they make and the services they provide. Their role also includes other responsibilities such as providing high quality leadership to the community, participating in Council meetings; developing policy and making decisions that are in the interests of the whole community.

The Mayor and Councillors are bound by a Code of Conduct, which is their public commitment to open, accountable and ethical standards of behaviour. The community also plays an important role in contributing to good democratic governance by participating in Council elections, being actively involved in community engagement programs and providing feedback on current issues and the services provided.

Each Councillor was responsible for a portfolio which aligned with their interests and strengths.

PHOTOS OF COUNCILLORS



Cr Tanya Milligan
(Mayor)

– Community Engagement and Development; Media and Communications; Disaster Management; Economic Development



Cr Jason Cook
(Deputy Mayor)

– Waste; Facilities and Recreation; Community Groups; Sport and Recreation



Cr Michael Hagan

– Libraries, the Arts and Child Care; Health (including regional health initiatives); Environment; Local Laws



Cr Janice Holstein

– Civil Operations; Infrastructure Planning; Parks, Gardens and Cemeteries



Cr Brett Qualischefski

– Information, Communication and Technology, Organisational Development; Tourism



Cr Rick Vela

– Strategic Land Use Planning; Development Assessment; Building and Plumbing



Cr Chris Wilson

– Finance; Business Performance; Business Unit Review

ORGANISATIONAL STRUCTURE



EXECUTIVE LEADERSHIP TEAM



Ian Church
Chief Executive Officer



Amanda Pugh -
Group Manager
Community and Regional
Prosperity



Angelo Casagrande -
Group Manager
Infrastructure



Dan McPherson –
Acting Group Manager
Infrastructure



Anna Hebron -
Group Manager People
and Business Performance



EMPLOYEES

EMPLOYEE PULSE SURVEYS

Based on the recommended strategies outlined in Council's Organisational Effectiveness Review (OER) Report, the Executive Leadership Team (ELT) identified one of the top priority strategies to improve organisational effectiveness was to implement regular employee pulse surveys. Council has committed to undertake employee pulse surveys on a quarterly basis as a means to gauge insight and the sentiment of employees on key organisational dynamics at Council. By utilising a number of the same metrics throughout the employee pulse surveys, Council will be able to effectively measure and track its progress in critical areas including, but not limited to trust, communication, values and safety.

END OF YEAR AWARDS

Council has reinvigorated its End of Year Awards to provide a formal mechanism to celebrate and recognise the significant achievements across the organisation that are aligned with our corporate values. The purpose of this initiative is to formally recognise and appreciate the ability of our employees and teams to embrace and live our corporate values, even in times of unprecedented change whilst continuing to deliver a high level of service and support to our community.

ORGANISATIONAL STRUCTURE REALIGNMENT

Another priority recommendation stemming from the OER Report was for Council to undertake a robust review of its organisational structure and implement a new structure to align functions that naturally fit together to break down silos and improve communication across the organisation. Following a period of significant consideration and consultation, the newly aligned organisational structure was embedded into the organisation in late July 2020. This structure has brought together functions that play a vital role in end-to-end processes and share a common skillset/focus, inevitably enabling the organisation to reduce duplication and promote a more consistent approach to how we look after our infrastructure and our customers. The ultimate benefits of this structure include improved service quality, communication, process improvement and flexibility, all of which were outlined in the OER Report as required improvements to the organisation.

SAFETY AND WELLBEING

Council's continued commitment to ensuring the best possible safe system of work was measured through participation in a third-party audit program, resulting in Council's Safety Management System achieving certification to AS 4801 for the first time. This certification demonstrates leadership, commitment and participation from all levels and functions of the organisation. The future direction of work health and Safety (WHS) at Council continues to be driven by an annual safety management plan (SMP) that assigns monthly actions, including a program of inspections, audits and surveillance. The aim of the SMP for the next reporting period will be to ensure all recommendations for improvement recognised during the third-party audit are implemented, including the integration of WHS into all aspects of Council's procurement and contractor engagement processes. By actively working with our suppliers and contractors, Council expects to deliver improved health and safety outcomes over the coming year. Council's Wellbeing Committee continues to actively support employees by promoting the importance of physical and mental health and wellbeing through a variety of different mechanisms and initiatives.



EMPLOYEES AT A GLANCE

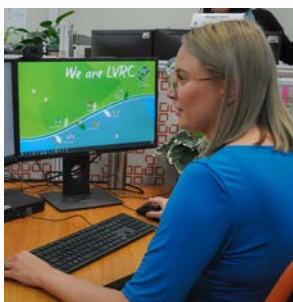
As at 30 June 2021, Council employed a total of 327 employees. The following table identifies the breakdown of full time equivalent (FTE) positions by employment type as at 30 June 2021 (excluding vacant positions).

EMPLOYMENT TYPE	HEADCOUNT	FTE NUMBER AT 30 JUNE
Contract of Employment	23	22.89
Full Time (Permanent)	215	215.00
Full Time (Maximum Term)	21	21.00
Part Time (Permanent)	30	21.40
Part Time (Maximum Term)	7	5.14
Casual (Based on Hours Worked)	31	10.53
TOTAL	327	295.96



EXECUTIVE LEADERSHIP TEAM

The total remuneration packages for senior executives including base salary, vehicle allowance and superannuation for 2020-21 was \$1,008,282.55.



REMUNERATION RANGE	NUMBER OF EXECUTIVE LEADERSHIP TEAM PAID
\$200,000 - \$300,000	3
\$300,000 - \$400,000	1

COMMUNITY FINANCIAL REPORT

WHAT IS A COMMUNITY FINANCIAL REPORT?

The Community Financial Report aims to simplify the financial statements of Lockyer Valley Regional Council to enable our community, business partners, customers and employees to better understand how we performed financially (pg 45).

The report provides graphical representation of the financial position, financial performance and cash flows as well as changes in community equity, to provide a simple, comprehensive view of Council's financial results for the period 1 July 2020 to 30 June 2021.

REPORT OUTLINE



SUMMARY OF KEY RESULTS

During the 2020-21 financial year, Lockyer Valley Regional Council continued to deliver its program of core services to the community while consolidating its base to maintain financial sustainability during uncertain economic times. Continuing the success of previous financial years, the results for the current year once again include the achievement of an operating surplus and completion of a significant capital works program. Despite the recent difficult times faced not only by Council but by the whole world from the COVID-19 pandemic, this is Council's fifth genuine surplus in a row, continuing the improved financial position established in the 2017 year.

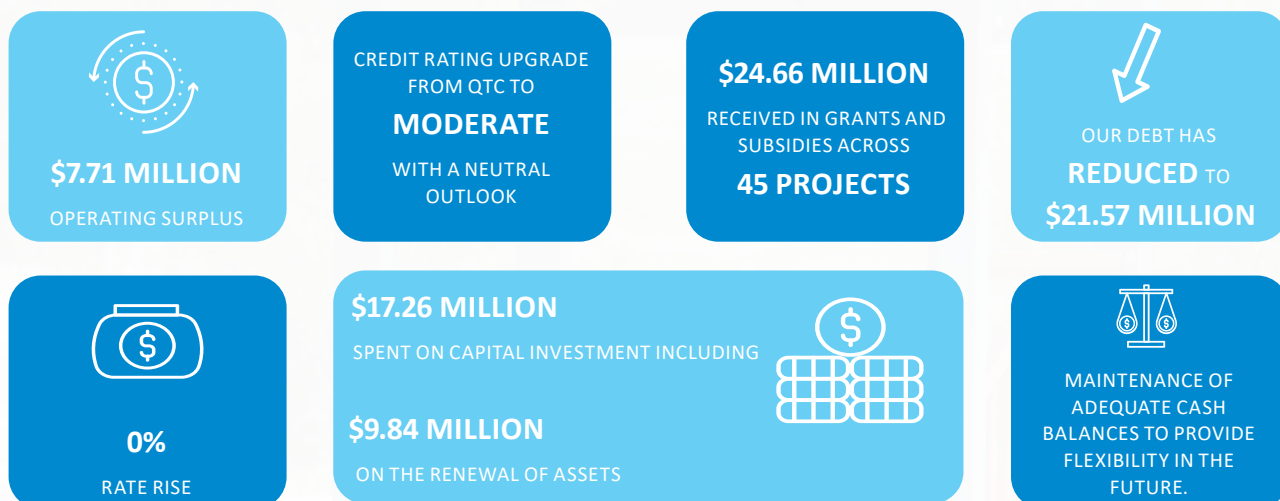
2021 OPERATING RESULT



2021 FINANCIAL POSITION



These results can be highlighted through the following:



MEASURES OF SUSTAINABILITY

Sustainability measures provide evidence of Council’s ability to continue operating and to provide an acceptable level of service to the community both currently and in the longer term. Local governments are required to report on three financial sustainability measures being an asset sustainability ratio, a net financial liabilities ratio and an operating surplus ratio each of which is presented below.

RATIO	EXPLANATION	TARGET	2021	TARGET MET	COMMENT
Operating surplus ratio	Measures the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	Between 0% and 10%	12.30%	✘	This ratio is above the target range as operating revenues have exceeded operating expenditures. Greater than expected increases in revenues and underspends in expenditure have contributed to the higher result.
Asset sustainability ratio	This measure reflects the extent to which infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	>90%	95.16%	✓	This ratio has met the target. Council continuously improves asset and service management planning and places a focus and commitment to renewal works.
Net financial liabilities ratio	Measures the extent to which net financial liabilities of Council can be serviced by its operating revenues.	< 60%	38.23%	✓	This ratio has performed substantially better than the forecast included in the 2020/2021 budget. This is a direct result of the strong closing cash balance and a higher revenue result than forecast.

The long-term financial forecast shows Council’s commitment to achieving operating surpluses in the forecast years as well as sustained improvements in the net financial liabilities ratio. The forecast for the Asset Sustainability Ratio is derived from Council’s Asset Management Plans. While the forecast shows that there will be years when the ratio is slightly lower than the target level, the average ratio over the life of the forecast meets the threshold set by the Department.

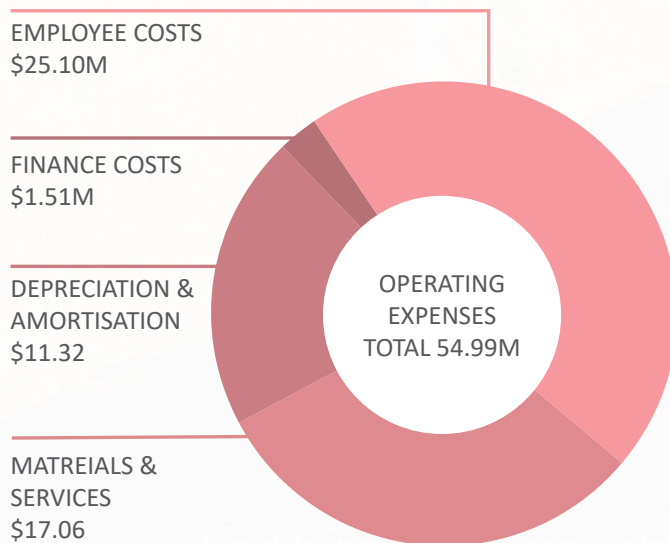
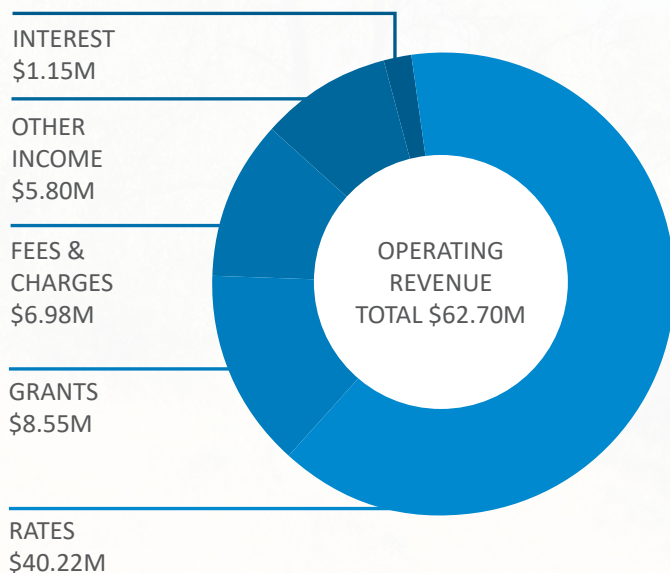
FINANCIAL OVERVIEW

The Statement of Comprehensive Income measures how Council performed in relation to income and expenses during the financial year. This statement illustrates how money received from Council operations is spent.

For the 2020-21 financial year, Council had budgeted for an operating surplus of \$4.34 million. The higher than expected operating surplus result of \$7.71 million is due to the higher than anticipated operating revenue and less expenditure through materials and services.

The achievement of the fifth operating surplus in a row indicates that the long-term sustainability of the organisation continues to remain on track to achieve Council's long-term financial goals, despite the difficult times that continue to be faced due to the COVID-19 pandemic. It shows Council's continued commitment to operating within its means, providing stability for its future financial and operational sustainability and an improved ability to withstand unexpected financial shocks.

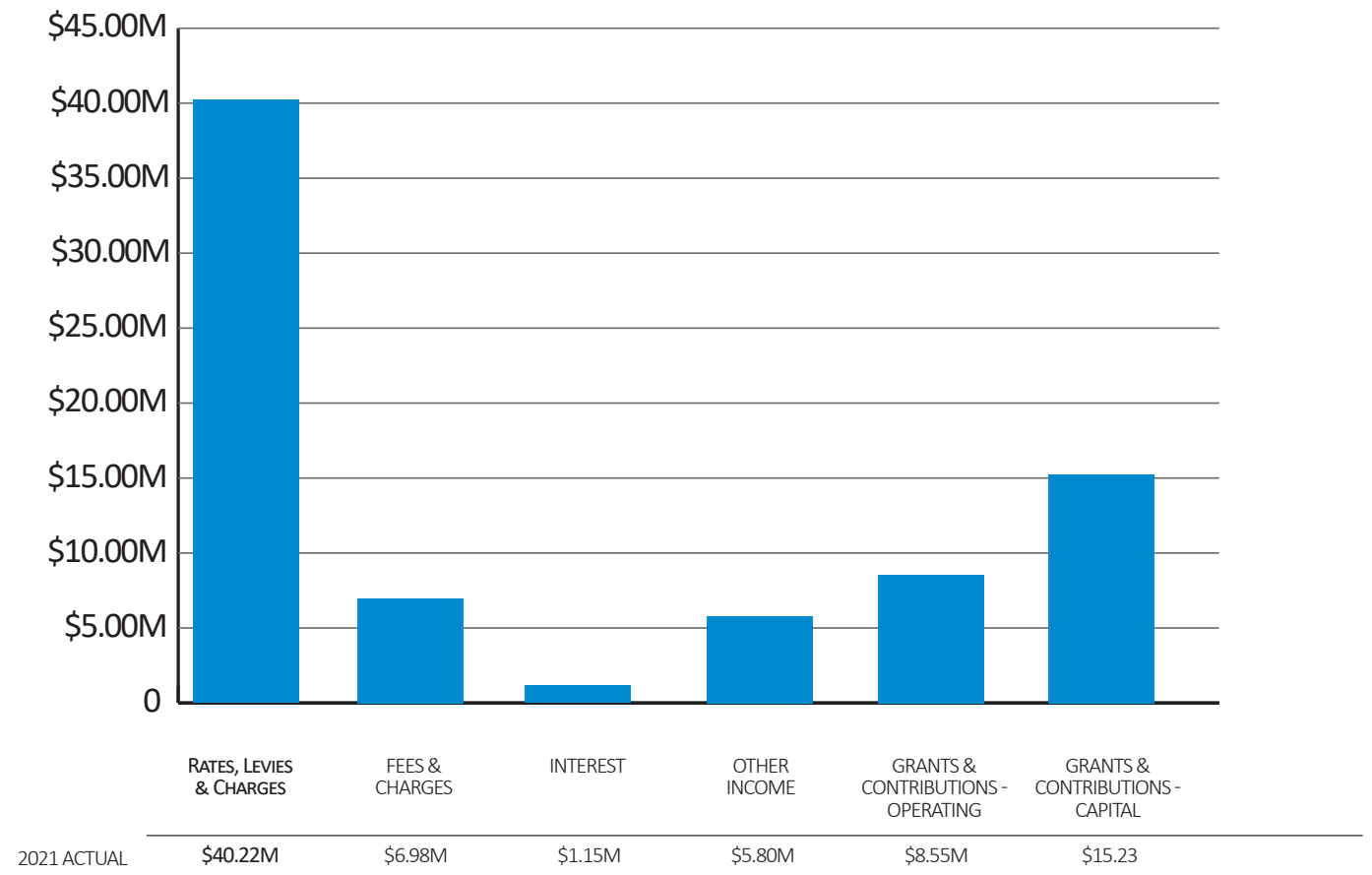
Council will continue to place increased focus on managing finances through the current difficult and uncertain times to ensure the continued provision of core services to our community.



REVENUE SOURCES – WHERE DOES THE MONEY COME FROM?

For the 2020-21 financial year, Council received \$62.71 million in operating revenue and \$15.23 million in capital revenue.

REVENUE



While revenue from rates and charges is the main source of income, revenue from fees and charges has seen a significant increase as a result of higher than expected building and development fees. Due to economic stimulus packages released by the Federal and State Governments, the building industry has seen a very significant increase in demand. This has resulted in increased development works and consequent increases across many of Council fees and charges including development application fees, plumbing and building fees and infrastructure charges.

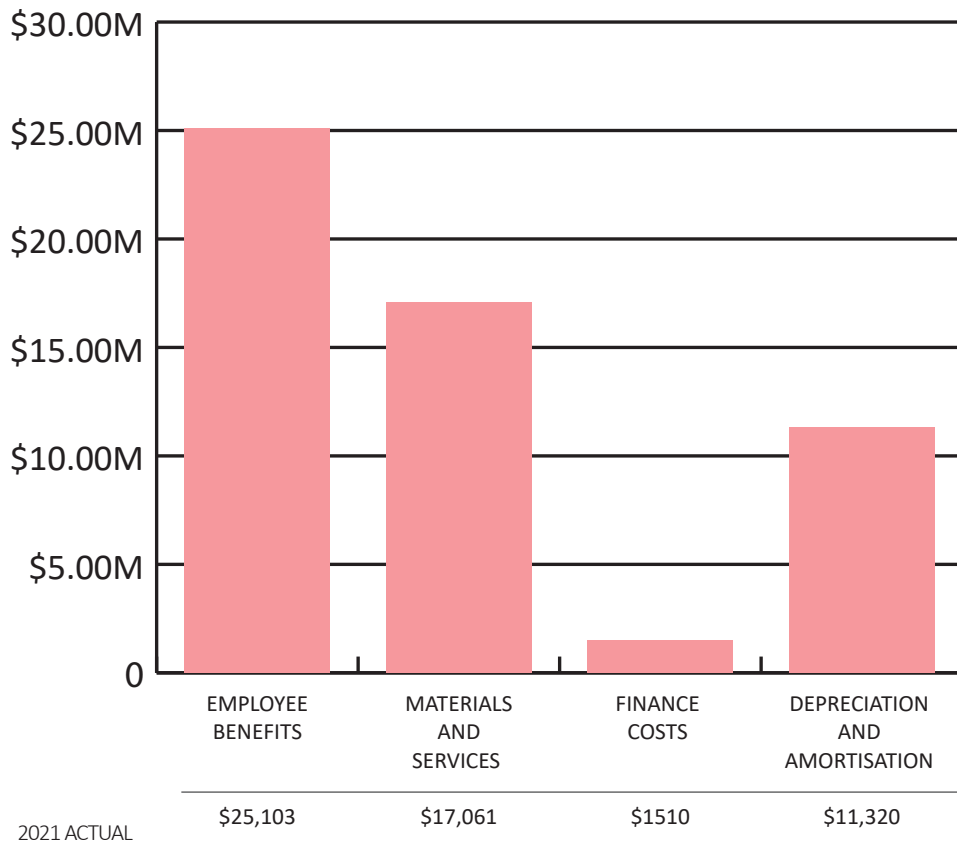
The investment in Urban Utilities has also continued to provide strong returns with Council’s share of profit supplemented by interest on the shareholder loan and payments for income tax equivalents required under National Competition Policy.

Capital grants, subsidies, contributions and donations have seen a significant increase over the prior year due to economic stimulus programs from the Federal and State Governments. Some of the major grants include COVID Works for QLD \$1.7 million, COVID Unite and Recover \$3.74 million, Local Roads and Community Infrastructure (LRCI) Program and Building Better Regions. Council committed to using those funds to reduce the impact on ratepayers while delivering important facilities and services for the community. Council continues to manage those funds and projects in a way that maximises local job creation and sustainability and an ongoing economic stimulus for local businesses.

EXPENDITURE – WHERE DOES THE MONEY GO?

Council incurs both operating and capital expenditure in the provision of services to our local community. For the 2020-21 financial year, Council spent \$54.99 million in operating expenditure and \$8.37 million in capital adjustments.

EXPENSES



During the 2020-21 financial year, total operational expenditure reduced by \$5.94 million or 10.79 per cent on the prior year. Employee costs have seen a significant reduction from the prior year predominately related to the implementation of the structure realignment following the Organisational Effectiveness Review and vacancy savings.

Materials and services has also decreased with genuine savings in fuel and power costs, as well as reduced expenditure on consultancy services from the prior year.

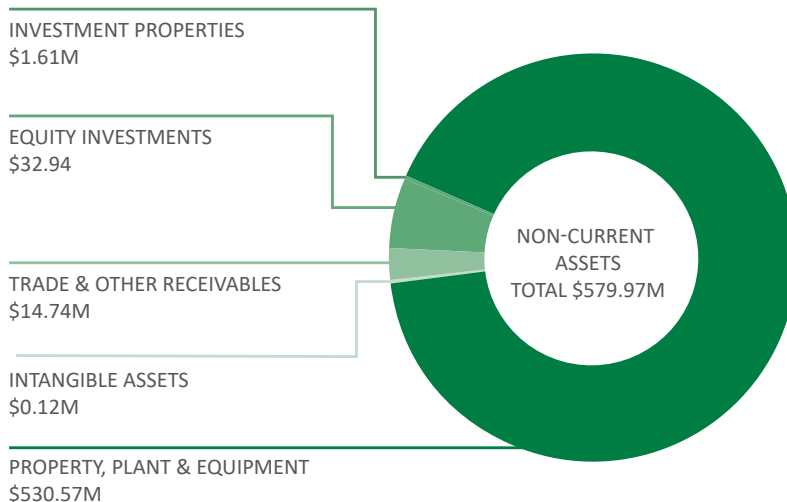
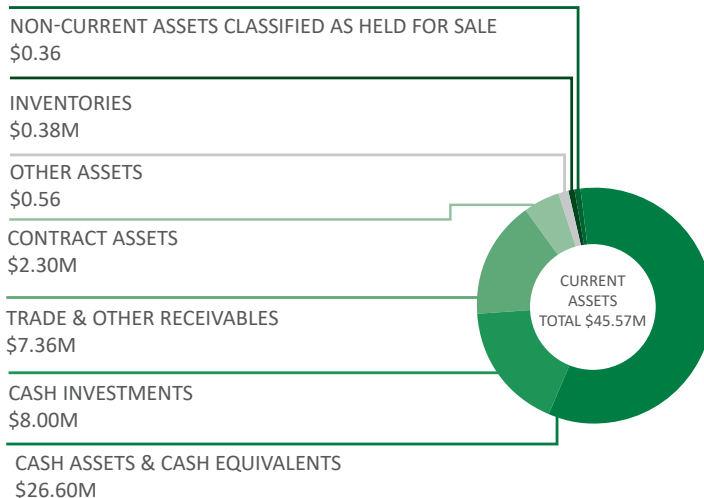
Depreciation continues to be a significant cost and is constantly under review through the asset revaluation process.

Changes have been made in the 2019/2020 financial year comparatives across Employee Costs, Materials and Services, and Depreciation to account for adjustments relating to intangible assets identified as not meeting the asset recognition criteria under the Australian Accounting Standards. This has been detailed in Note 29 of the Annual Financial Statements.

STATEMENT OF FINANCIAL POSITION

The *Statement of Financial Position* measures what we own (our assets) and what we owe (our liabilities) and our net worth (equity) at the end of the Financial Year.

ASSETS – WHAT WE OWN



Council's total cash and cash equivalents increased by \$8.29 million from 2019-20. Council's cash balance at the end of 2021 was \$34.60 million (2020 \$26.31 million).

Non-current assets have decreased overall from 2020, with most of the movement relating to the significant decrease in fair value of land assets by \$15.2 million or approximately 29% compared to the 2020 valuation. Bridge assets also saw a significant reduction in fair value by approximately \$3.8 million due to the reduction in the remaining useful lives at the substructure component level and a reduction in the condition rating of seven poorly constructed bridges, which have previously been disclosed in Council's Financial Statements Note 25 Contingent Liabilities. Stormwater assets presented a decrease \$2.52 million as a result of an improvement in the data analysis,

investigation and questioning of values provided by the valuer in previous financial years. Most other categories presented minor or immaterial changes and are a direct result of updated condition data and remaining useful lives.

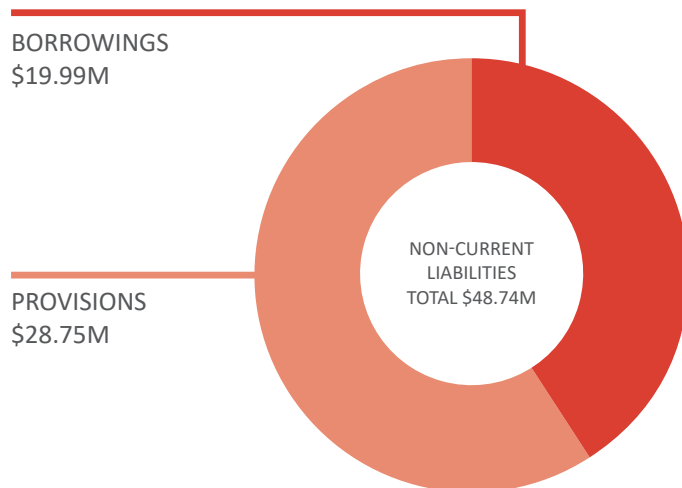
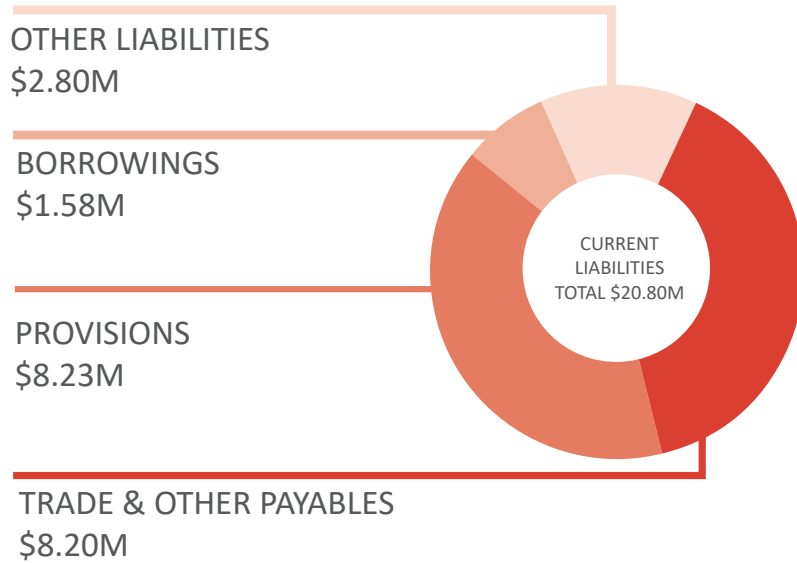
There has also been a reduction in the value of intangible assets by \$2.85 million in line with the application of adjustments relating to Software as a Service (SaaS) agreements held by Council.

For the 2021 financial year, Council's capital additions totalled \$17.26 million in capital works with a further \$3.26 million in developer contributed assets. Works in progress at year end totalled \$9.36 million. The level of completed works was around 70% of the budgeted amount and was mostly renewal and upgrade work in accordance with Council's Asset Management Plans.

LIABILITIES – WHAT WE OWE

Total liabilities have decreased from the previous year and this is mainly because of a decrease in provisions. The decrease in provisions was to account for costs associated with the Organisational Effectiveness Review and structure realignment which occurred in 2019.

Council's largest liability continues to be the provisions for the rehabilitation of land fill and quarry sites across the region in accordance with environmental requirements. These provisions are generated to recognise the estimated future costs of restoring and maintaining Council's quarries and landfills throughout the region and are reviewed and adjusted annually. There was a decrease reflected in Council's provision for refuse restoration and quarry rehabilitation due to the change in discount rates.



OUR DEBT

Like most other Local Government Authorities throughout Australia, Lockyer Valley Regional Council utilises loan borrowing to fund the construction of new infrastructure to service the needs of our growing community.

Council's debt policy is based on sound financial management practices with borrowings restricted as follows:

- Council will not utilise loan funds to finance operational activities
- Council will endeavour to fund all capital renewal works from operating cash flows and borrow only for new or upgrade projects.

During 2020-21 Council did not borrow any new funds and made repayments of \$1.58 million on existing debt balances.

At 30 June 2021 the amount of debt was 3.45 per cent of Council's total assets.

STATEMENT OF CHANGES IN EQUITY

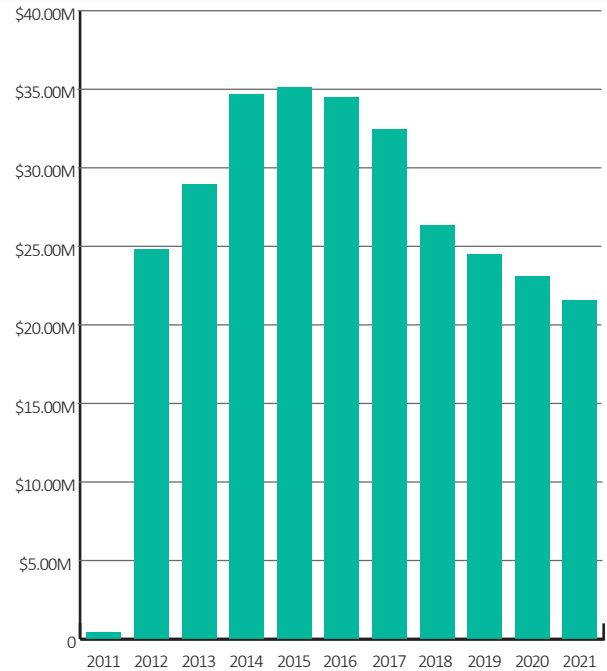
The Statement of Changes in Equity measures the changes in our net wealth and shows the movements in our retained earnings, reserves and asset revaluation surplus.

In the 2020-21 financial year, our net worth decreased by \$6.49 million or 1.15 per cent with the main contributor being a decrease of \$21.07 million in our asset revaluation surplus. The decrease in the asset revaluation surplus is due to the revaluation of infrastructure assets identified in the above section on Assets.

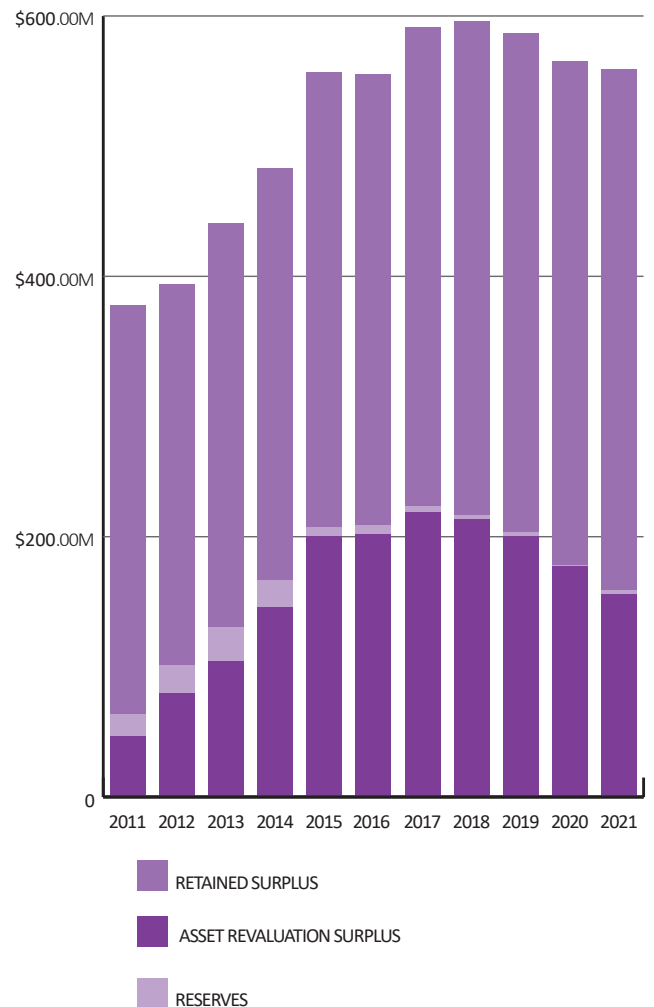
The market that assets are transacted and/or valued in is being impacted by the uncertainty the COVID-19 outbreak has caused. The current market uncertainty means that the impacts on sale prices and volumes will remain unknown until the market has stabilised however, based on currently available information, there is no material change observable in the asset values provided.

At the end of the year Council's equity balance is \$556.00 million.

COMPARATIVE DEBT LEVELS



COMPARATIVE EQUITY BALANCES



STATEMENT OF CASH FLOWS

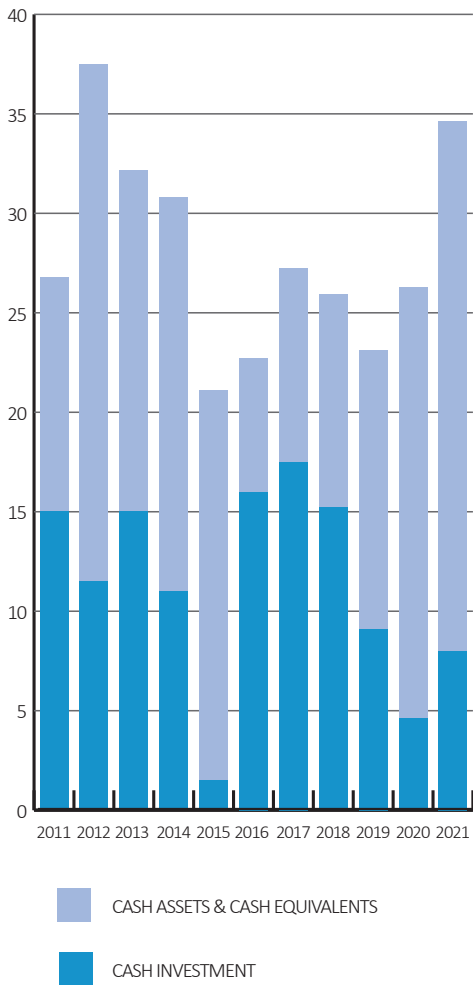
The Statement of Cash Flows outlines how we received and spent cash throughout the year. The closing balance reflects how much cash Council had at year end.

Council generated a net amount of \$15.28 million from its operating activities which relates to payments received from customers, interest revenue, and non-capital grants and contributions, less the payments to employees and suppliers, and interest on Council's loans.

In conjunction with the proceeds of the disposal of assets, capital grants, and other investment distributions, the cash generated from operating activities was used in the purchase of assets such as property, plant and equipment, and principal repayments off Council's debt.

At 30 June 2021, Council's total cash balance was \$34.60 million which, taking into account Council's cash investments, was a net increase in cash of \$8.29 million during the 2020-21 financial year.

COMPARATIVE CASH BALANCES





CONCLUSION

Maintaining Council's financial position to support long-term financial and operational sustainability remains a priority for Council. We continue to focus on balancing community expectations with financial sustainability, delivering projects and services while maintaining community assets and financial capital.

Our current position delivers the stability that our long-term financial strategy provides for and allows Council to meet its future obligations and demands of our community in the foreseeable future.

The results for the 2020-21 financial year show that Council has continued to deliver on its promise to achieve operating surpluses, despite the difficult times we all continue to face through the COVID-19 pandemic. External factors such as the pandemic have highlighted the importance of having a sound long-term plan, and appropriate financial support from other levels of government so we can deliver increasing value-for-money for our ratepayers.

The high level of completed capital works and a clear focus on renewing existing assets is further evidence of Council's determination to achieve a financially sustainable future.

We will continue to make decisions that are in the best interest of the community that we all live in and are proud to call home as we stay focused on the organisation's trend of sound financial management

DELIVERING THE OPERATIONAL PLAN 2020-21

LOCKYER COMMUNITY

Our healthy community welcomes the spirited diversity found within our region. Times of hardship highlight our resilience. Our high standards support our quality of life and vibrancy while providing a dynamic and safe place full of opportunity. We strive to build on who we are and all that our region has to offer by connecting business, the community and government.

CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

<p>1.1 A community with fair and reasonable access to services.</p>	<ul style="list-style-type: none"> Commenced a review of services provided by Council to determine appropriate levels of service required for the community. Reviews were conducted on the Lockyer Valley Function Centre and Staging Post Café, Lake Dyer Caravan and Camping Ground, weekend facility and bin cleaning, regional development, general rating categories and waste services.
<p>1.2 Council optimises the use of its open spaces and facilities by improving access to and the quality of the facilities for individuals and groups for cultural, recreational and community activities.</p>	<ul style="list-style-type: none"> 80% of stage one Fairways Park Project delivered. Commenced initial investigations on stage one rationalization of Council's parks network.
<p>1.3 Enhanced wellbeing and safety of the community.</p>	<ul style="list-style-type: none"> Completed a review and updated Council's closed-circuit television (CCTV) policy, procedure and memorandum of understanding with the region's Queensland Police Service representatives.
<p>1.4 Council seek to understand community needs, resulting in partnerships that realise long-term benefits for the community in a timely manner.</p>	<ul style="list-style-type: none"> Commenced a review of current service level arrangements in place with the region's community and sporting groups.
<p>1.5 Events and activities that bring together and support greater connectivity in the community.</p>	<ul style="list-style-type: none"> Commenced a review of Council's Events Strategy to develop an action plan to guide the delivery of the required outcomes. Draft Community Activation Strategy developed.
<p>1.6 The community's preparedness for disasters is improved through community education, training and strong partnerships between Council and other agencies.</p>	<ul style="list-style-type: none"> Conducted a Local Disaster Management Group Exercise which identified disaster management planning recommendations to manage potential landslip incidents within the Mt Whitestone area. Conducted a disaster management exercise to test evacuation centre plans. Review of the Local Disaster Management Plan completed.

LOCKYER BUSINESS FARMING AND LIVELIHOOD

Lockyer Business: *Our business community is a thriving and inclusive network where it is easy to do business. We create opportunities and encourage innovation that inspires business confidence and collaborative partnerships.*

Lockyer Farming: *As custodians we manage our water and land assets to ensure our farming future. We pride ourselves on our innovation and clean, green reputation. We work together to support our farmers of current and future generations.*

Lockyer Livelihood: *We are a community where lifelong learning opportunities exist. Our quality education facilities are highly regarded and provide diverse career pathways. We look to develop skills and generate job opportunities for all.*

CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

2.1 Encourage opportunities for the Lockyer Valley to drive economic and community outcomes.

- Advocated to limit the adverse economic and environmental impacts of the Inland Rail Project, by conducting community awareness campaigns and made a submission to the Coordinator General on the Environmental Impact Statement for the Helidon to Calvert section of the Inland Rail Project.
- Sought opportunities for economic development from Inland Rail by participating in the Australian Government sponsored Interface Improvement Program.
- Advocated for improved water security and supply for the region by completing a detailed business case for the Lockyer and Somerset Water Collaborative Irrigation Scheme.
- Advocated for passenger rail from Toowoomba to Brisbane. Participating in the preparation of the Passenger Rail Business Case with multiple stakeholders.

2.2 Maximise opportunities through engagement and partnership with stakeholders to achieve a strong resilient economy.

- Formed a Lockyer Valley Equine and Racing Collaborative with representatives from the Lockyer Valley Turf Club, Racing Queensland, University of Queensland School of Vet Science and Regional Development Australia. Commenced the development of a business case with the Collaborative to pursue the vision of a Lockyer Valley Equine Precinct for the region.
- Worked with key stakeholders to advocate for opportunities to improve the region's liveability including improved regional health services.

2.3 Promote and market the Lockyer Valley as a destination for commerce, tourism and lifestyle.

- Developed a five-year Tourism Strategy which identifies opportunities to promote and market the region.

2.4 Attract and support education and employment opportunities for the community.

- Delivered the funded drought communities program, which included the appointment of a drought support officer, renewed the footpath on Patrick Street Laidley and installed a new footpath on Fairway Drive. The program also included a weed control program in some of the region's creeks and repairs to the Forest Hill Skatepark facility.

2.5 Foster a flexible, supportive and inclusive business environment.

- Developed a five-year Economic Development Strategy which identifies opportunities for improved economic outcomes for the region.

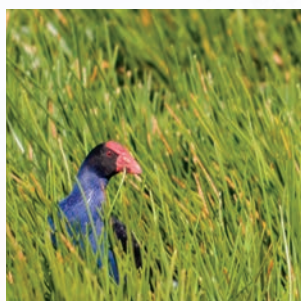
LOCKYER NATURE

Our natural assets are valued and protected to sustain our unique rural lifestyle.

CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

3.1 Lockyer Valley's natural assets are managed, maintained and protected.	<ul style="list-style-type: none">• Developed a five-year Environment Strategy which will inform the development of the Natural Management Strategy and Plan, the Biosecurity Plan and Catchment Action Plan.
3.2 Council's policies and plans support environmentally sustainable development.	<ul style="list-style-type: none">• Developed a five-year Environment Strategy which guides Council's strategic position on the environment.
3.3 Community and private landholders' stewardship of natural assets increases.	<ul style="list-style-type: none">• Commenced a review of the Catchment Action Plan to enable a managed approach to maintaining the region's catchments.• Completed phase 1 and 2 on the Lockyer Creek Sediment Stabilization, Revegetation and Maintenance Project.• Completed stage 1 and 2 of the Tenthill Creek Catchment Community Resilience Project.• Completed weed control, regeneration and revegetation in Lake Apex and Freeman.
3.4 Locals and visitors experience our natural assets.	<ul style="list-style-type: none">• No specific operational plan deliverable completed for 2020-21.
3.5 Council and the community actively reduce waste, recycle and reuse more.	<ul style="list-style-type: none">• Draft lease and contract arrangements for the Materials Recovery and Recycling Facility developed for review and comment by contractor.• Commenced a site study for the identification of a suitable location for a new Waste Resource Recovery Centre.
3.6 Council and the community actively reduce consumption of non-renewable resources.	<ul style="list-style-type: none">• Commenced data collection and energy efficient improvements for high use facilities. Terms of reference for an energy efficiency panel were developed.



LOCKYER PLANNED

We have unique, well connected communities. We have places and spaces that bring together people. Local services match the needs of the community. Our built infrastructure is designed and constructed to enable access for all.

CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

4.1 Growth and development in the region is sustainably managed through the adoption and implementation of the Lockyer Valley Planning Scheme.

- Work on the redrafting of the Lockyer Valley Regional Planning Scheme continued. This included the development of a draft development manual with peer review consultation completed and a response to the State Interest Check submitted.

4.2 Provision of fit-for-purpose infrastructure which meets the current and future needs of the region.

- Achieved 93% practical completion of the original budgeted projects in the Infrastructure Capital Delivery Program.
- Achieve 95% practical completion of the external funded program of works for the Civil Operations Branch.
- Completed a review of infrastructure charges.
- Developed a six-month forward schedule of capital works for roads and drainage assets.

4.3 A development assessment process that delivers quality development that is consistent with legislation, best practice and community expectations.

- Implemented a number of improvements identified in the Development Assessment Continuous Improvement Plan.

4.4 Regional collaboration and targeted advocacy that drives external funding, for timely delivery of key infrastructure and enhanced community outcomes.

- Conducted a review of the Helidon to Calvert Environmental Impact Statement for the Inland Rail Project designs and provided feedback on the impacts to Council owned infrastructure.
- Commenced a review of the feedback provided on the Public-Private Partnership tender for the Inland Rail Project.
- Participated in regular stakeholder meetings with the Transport and Main Roads development team.

4.5 An integrated approach to the planning of all communities that strengthens local identity and lifestyle.

- Advocated to Urban Utilities on capacity requirements to support the region's future growth.

LOCKYER LEADERSHIP AND COUNCIL

Lockyer Leadership: *Our leaders are visionary and seek coordinated outcomes for the benefit of the whole community.*

Lockyer Council: *A well-managed, transparent and accountable organisation that gives the community confidence, demonstrates financial sustainability, where customers are satisfied with our services and our employees are proud to work.*

CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

5.1 Undertake robust and accountable financial, resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.

- Completed a review of Council's rates revenue streams and fees and charges and included in the annual budget and long-term financial forecast.
- Completed a review of the management and operation of the Lockyer Valley Function Centre and Staging Post Café, with operations now managed by private lease.
- Developed a risk-based plan to deliver the recommendations of the independent review conducted on procurement functions.
- Commenced sale of land process for seven council owned properties.

5.2 Excellence in customer service to our community.

- Conducted a review on Council's Customer Service Charter to improve Council's commitment to customers.
- Implemented the Bookable software system to streamline the booking process for Council's Facilities.

5.3 Actively engage with the community to inform council decision making processes.

- Commenced the development of a Communication Strategy to clearly define Council's approach to internal and external communication.

5.4 Commit to open and accountable governance to ensure community confidence and trust in council and our democratic values.

- Delivered Council's audit and risk management function including four Audit and Risk Management Committee Meetings, completed three internal audit reviews and finalised audit recommendations from previously conducted reviews.

5.5 Promote a values-based culture that appreciates and empowers its workforce.

- Commenced the development and the negotiation of new Enterprise Bargaining Agreements (EBA) for field and office based employees.
- Developed a Performance Leadership Framework for the Corporate Leadership Team.
- Implemented and completed a series of integrity awareness training programs including Code of Conduct and Workplace Bullying and Harassment.

5.6 Provide leadership and contemporary management systems that drive a coordinated and connected organisation.

- Continued implementation of Organisational Effectiveness Review recommendations, including regular employee pulse surveys.
- Identified and implemented a series of continuous improvement initiatives throughout the organisation.



CORPORATE PLAN 2017-2022 OUTCOMES

2020-21 PERFORMANCE

5.7 Compliant with relevant legislation.

- Implemented 90% of the agreed work health and safety recommendations to achieve AS/NZS 4801 certification and improved work health and safety function.
- Commenced a review of Council's local laws and subordinate local laws.

5.8 Deliver reliable internal support services.

- Commenced the implementation of a suite of information technology initiatives to minimise Council's exposures to cyber risk. Including the implementation of Multi-Factor Authentication.
- Developed a draft Information, Communication and Technology Strategy and implementation Road Map to guide the organisation's information, communication and technology requirements.
- Implemented mobile technology for field based staff to enable defect logging and task management to be directly captured within Council's software systems whilst working in the field.





STATUTORY INFORMATION

BENEFICIAL ENTERPRISES

Council did not have any partnership arrangements or conduct any business with beneficial enterprises under section 41 during the reporting period.

CONDUCT OF BUSINESS ACTIVITIES

Council did not conduct any business activities under section 43 of the *Local Government Act 2009* during the 2020-21 financial year.

COMPETITIVE NEUTRALITY COMPLAINTS

Council did not receive any competitive neutrality complaints during the 2020-21 financial year.

PARTICULAR RESOLUTIONS

RESOLUTIONS MADE DURING THE FINANCIAL YEAR UNDER SECTION 250(1):

In accordance with section 185 (b) of the *Local Government Regulation 2012* there were no resolutions made by Council during the 2020-21 under section 250.

RESOLUTIONS MADE DURING THE FINANCIAL YEAR UNDER SECTION 206(2):

In accordance with section 185 (b) of the *Local Government Regulation 2012*, there were no resolutions made by Council during the 2020-21 year under section 206 (2) setting the amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.



COUNCILLORS

COUNCILLOR REMUNERATION

As required under section 186(a) of the *Local Government Regulation 2012*, the table below outlines the total remuneration, including superannuation contributions, paid to each Councillor during the 2020-21 financial year.

Mayor: \$130,583.96

Deputy Mayor: \$81,615.04

Councillor: \$69,371.90

NAME	REMUNERATION	ALLOWANCES	SUPERANNUATION	TOTAL
Cr Tanya Milligan (Mayor)	\$130,583.96	\$4000.10	\$15,669.94	\$150,254.00
Cr Jason Cook (Deputy Mayor)	\$81,615.04	\$12,500.02	\$9793.94	\$103,909.00
Cr Michael Hagan	\$69,371.90	\$12,500.02	\$8324.42	\$90,196.34
Cr Janice Holstein	\$69,371.90	\$12,500.02	\$8324.42	\$90,196.34
Cr Brett Qualischefski	\$69,371.90	\$12,500.02	\$8342.42	\$90,196.34
Cr Rick Vela	\$69,371.90	\$12,500.02	\$8324.42	\$90,196.34
Cr Chris Wilson	\$69,371.90	\$12,500.02	\$8324.42	\$90,196.34

COUNCILLOR EXPENSES

As required under section 186(b) of the *Local Government Regulation 2012* the table below outlines the expenses incurred by and the facilities provided to each councillor during the 2020-21 financial year.

NAME	PHONE AND ICT COSTS	MOTOR VEHICLES	TRAINING, CONFERENCES AND FUNCTIONS	TOTAL
Cr Tanya Milligan (Mayor)	\$600.56	\$10,368.02	\$5536.61	\$16,505.19
Cr Jason Cook (Deputy Mayor)	\$600.56	-	\$81.52	\$682.08
Cr Michael Hagan	\$601.94	-	\$321.80	\$923.74
Cr Janice Holstein	\$599.88	-	\$271.35	\$871.23
Cr Brett Qualischefski	\$402.50	-	\$80.00	\$482.50
Cr Rick Vela	\$599.88	-	\$161.81	\$761.69
Cr Chris Wilson	\$599.88	-	\$161.81	\$761.69

ATTENDANCE AT COUNCIL MEETINGS

As required under section 186(d) of the *Local Government Regulation 2012*, the table below details the number of local government meetings each Councillor attended during the financial year ending 30 June 2021.

NAME	ORDINARY MEETINGS (12 HELD)	SPECIAL MEETINGS (3 HELD)	TOTAL
Cr Tanya Milligan (Mayor)	11	3	14
Cr Jason Cook (Deputy Mayor)	12	3	15
Cr Michael Hagan	12	3	15
Cr Janice Holstein	11	3	14
Cr Brett Qualischefski	12	3	15
Cr Rick Vela	12	3	15
Cr Chris Wilson	12	3	15

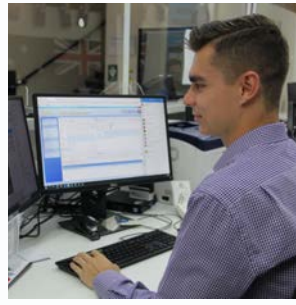
EXPENSES REIMBURSEMENT AND PROVISION OF FACILITIES FOR COUNCILLORS

In accordance with section 250 of the *Local Government Regulation 2012*, Council must have an Expenses Reimbursement Policy for Councillors.

The objective of the policy is to ensure the payment of legitimate and reasonable expenses incurred by Councillors for discharging their duties and responsibilities as Councillors; and to provide facilities to Councillors for those purposes. This is to ensure that Councillors are not financially disadvantaged as a result of carrying out their official duties.

This policy does not deal with the provision of remuneration, nor does it cover non-business-related expenses or facilities expenses incurred by other people, including a Councillor's partner. Council's Expenses Reimbursement & Provision of Facilities for Councillors Policy is available on Council's website.





ADMINISTRATIVE ACTION COMPLAINTS

Council is committed to dealing fairly with administrative action complaints by receiving, enabling, responding to and reviewing customer complaints in a professional and cost-effective manner. By reviewing, reflecting and learning from the complaints, Council is able to improve services to the community.

The administrative action complaints that were processed through Council's Complaints Management System in 2020-21 were rated as either minor or moderate in nature. Investigations were conducted, with a majority of the responses provided within the identified response timeframe.

Administrative action complaints were submitted for a variety of reasons, including the conduct of council staff whilst, completing their duties; compliance matters not actioned; road maintenance requests not actioned and rating and systems processing matters.

ADMINISTRATIVE ACTION COMPLAINTS 2020-21 REPORTABLE ITEMS UNDER SECTION 187 OF THE LOCAL GOVERNMENT REGULATION 2012

REPORTABLE ITEM	NUMBER
Number of administrative action complaints received during 2020-21	16
Number of administrative action complaints resolved (completed)	13*
Number of complaints still in progress/unresolved	7
Number of administrative action complaints not resolved (completed) by Council that were made in the previous financial year (2019-20)	1

* figures includes complaint received in previous financial years.

RECORD OF COUNCILLOR CONDUCT AND PERFORMANCE COMPLAINTS

Under section 150P(2)(a) of the *Local Government Act 2009*, one complaint was referred to the Office of the Independent Assessor. A decision under section 150W of the *Local Government Act 2009*, has not been made on the complaint by the Office of the Independent Assessor.

SECTION OF LGA	TYPE OF ORDER/COMPLAINT	NUMBER
150I (2)	Orders made about unsuitable meeting conduct	0
150AH (1)	Orders made for inappropriate conduct	0
150AR (1)	Decisions, order and recommendations made*	0
150P (2)(a)	Complaints referred to assessor by Council, a Councillor and/or the Chief Executive Officer	1
150P (3)	Complaints referred to the Crime and Corruption Commission	0
150R (2)	Notices Issued	0
150S (2)(a)	Notices Issued	0
150W (a)	Decisions made	0
150AC (3)(a)	Referral notices accompanied by a recommendation from the assessor	0
150AF (4)(a)	Occasions information was given	0
Chapter 5A, part 3 division 5	Occasions the local government asked another entity to investigate the suspected inappropriate conduct of a councillor	0
150AJ (1)	Applications heard by the conduct tribunal about the alleged misconduct of a councillor	0

OVERSEAS TRAVEL

Section 188 of the *Local Government Regulation 2012* requires the disclosure of information relating to the overseas travel of both elected members and Council. No overseas travel was undertaken by a Councillor or Council Officer during the 2020-21 financial year.

GRANTS TO COMMUNITY ORGANISATIONS

The following grants were made to community organisations under Council's *Community Grants and Assistance Policy and Procedure*.

ORGANISATION	PROJECT DESCRIPTION	AMOUNT GRANTED
CATEGORY 1 - MAJOR COMMUNITY GRANTS PROGRAM		
ROUND 1		
Flagstone Creek Primary School P & C	Playground Improvements for Sensory Processing Development	\$4000.00
Gatton Campdraft Association	Grantham Project	\$4000.00
Gatton Jubilee Golf Club	Earthworks on Golf Course / Realignment of 2nd Hole	\$3500.00
Gatton Pony Club	Additional Concrete Slabs off Club House	\$3000.00
Hatton Vale & District Pony Club	Portable Dressage Arena	\$3000.00
Laidley Golf Club	Equipment upgrade	\$1500.00
Laidley Kindergarten Association	Irrigation to natural grass in front entry	\$4000.00
Lockyer Multicultural Association	Enhancing community engagement with Gatton Village Markets	\$3737.00
Lockyer Valley Celtic Pipe Band Inc.	New Drums for LVCPB	\$4000.00
Lockyer Valley Netball Association Incorporated	Fence along creek bank at Cahill Park	\$4000.00
Mulgowie Cricket Club	MCC equipment upgrade	\$3900.00
Spirit of the Valley Events Inc.	A3 Printer Copier	\$3500.00
Steve Jones Community Men's Shed Withcott	Storage / Timber Shed	\$2095.00
The Returned and Services League of Australia, QLD Branch, Laidley Sub-Branch	Equipment Acquisition	\$2000.00
Withcott Helidon Lions Club	Air Conditioned Kitchen	\$3750.00
ROUND 2		
Forest Hill Community Development Association Inc.	Park Seating	\$2887.50
Forest Hill State School P&C	Fundraising Equipment	\$4000.00
Gatton Rugby League Football Club Inc.	Canteen Fridge	\$4000.00
Glenore Grove Public Hall Assn Inc.	Cleaning equipment	\$1498.00
Grantham State School P&C	Grantham Fun Day/Time Capsule Opening	\$4000.00
Laidley Agricultural and Industrial Society	Shade shelters	\$2985.00
Lockyer Antique Motor Association Inc.	Portable Sound System	\$4000.00

Lockyer Equestrian Group Inc.	Event Promotion and Safety: Brenda Whittman Classic 2* Dressage	\$4000.00
Lockyer Information & Neighbourhood Centre Inc. Trading as: Lockyer Community Centre	Community Tech Hub	\$4000.00
Lockyer Valley Toastmasters Club	21st Century Toastmasters in the Lockyer Valley	\$4000.00
Upper Lockyer Little Athletics Inc.	Line Marking Machine with Boom Sprayer	\$3701.30
TOTAL		\$89,053.80

ORGANISATION	PROJECT DESCRIPTION	AMOUNT GRANTED
CATEGORY 2 - MINOR COMMUNITY GRANTS PROGRAM		
Gatton Swim Club	Australia Day Classic 2021	\$500.00
Gatton State School	3S Outdoor Furniture	\$500.00
Rotary International – Bronze Sponsorship	Bronze Sponsorship 2021	\$909.09
Lockyer Valley Art Society Inc.	Relocation of Kiln	\$400.00
Laidley District State School	Donation	\$363.64
Ma Ma Creek Exhibition	Ma Ma Creek Exhibition 2021 – 8th exhibition	\$500.00
Laidley District State School	Term 2 2021 Legend Medallions	\$195.50
Gatton Kindergarten	Bike-A-Thon 2021	\$200.00
Laidley Ambulance	Laidley Ambulance 100 Year Celebration	\$730.00
Special Children's Christmas Parties (SCCP)	Special Children's Christmas Party 2021	\$340.00
The Rotary Club of Toowoomba City Inc./Cruise for Cancer	Cruise for Cancer – 29/8/21	\$500.00
Laidley District State School	Under 8's Day	\$400.00
Gatton Show Society	Camp Draft at 2021 Gatton Show	\$500.00
TOTAL		\$6038.23

AWARD DESCRIPTION	RECIPIENT	AMOUNT GRANTED
CATEGORY 3 - AMBASSADOR SUPPORT AND SCHOOL DUX BURSARY		
Sporting Assistance - State Event	3 recipients at \$100 per person	\$300.00
Sporting Assistance National Event in QLD	2 recipients at \$150 per person	\$300.00
National Event Interstate	1 recipient at \$200 per person	\$200.00
School Dux Award	Lockyer District High School	\$1000.00
School Dux Award	Laidley State High School	\$1000.00
School Dux Award	Faith Lutheran College	\$1000.00
TOTAL		\$3800.00

ORGANISATION	DESCRIPTION	AMOUNT GRANTED
CATEGORY 4 – EVENT ASSISTANCE		
NAIDOC	Funding support for NAIDOC celebrations	\$4000.00
Chrome and Clutter Retro Festival	Funding support for festival	\$5000.00
Heavy Horse Field Days	Funding Support for field days	\$4000.00
Colours of the Lockyer	Funding support for event	\$3000.00
Gatton Campdraft Association	Funding support for ranching event	\$3000.00
TOTAL		\$19,000.00

ORGANISATION	PROPERTY ID	AMOUNT GRANTED
CATEGORY 5 – RATE REBATES AND REMISSIONS		
Lutheran Church of Australia Queensland	214760	\$2375.78
Lockyer Riding for the Disabled	278160	\$1208.00
TOTAL		\$3583.78

ORGANISATION	AMOUNT
CATEGORY 6 - SCHOOL CHAPLAINCY 2020-2021	
Gatton State School	\$2500.00
Lockyer District High School	\$2500.00
Laidley State High School (including services smaller schools)	\$5000.00
TOTAL	\$10,000.00

ORGANISATION	AMOUNT
CATEGORY 7 - PUBLIC HALLS ASSISTANCE 2020-2021	
Forest Hill School of Arts	\$1700.00
Blenheim Public Hall	\$1700.00
Mulgowie Public Hall	\$1700.00
Glenore Grove Public Hall	\$1700.00
Lockyer Waters Public Hall	\$1700.00
Ma Ma Creek Community Centre	\$1700.00
Fordsdale School of Arts	\$1700.00
Murphys Creek Community Centre	\$1700.00
Junction View Public Hall	\$1700.00
Stockyard Creek Public Hall	\$1700.00
Gatton Senior Citizens Centre	\$1700.00
Ingoldsby Recreation Centre	\$1700.00
TOTAL	\$20,400.00

ORGANISATION	AMOUNT
CATEGORY 8 - ANZAC DAY REMEMBRANCE	
Gatton RSL	\$2500.00
Helidon RSL	\$400.00
Withcott Progress Association	\$400.00
Grantham/Ma Ma Creek RSL	\$400.00
Murphys Creek Progress Association	\$400.00
TOTAL	\$4100.00

ORGANISATION	DESCRIPTION	AMOUNT GRANTED
CATEGORY 9 – COMMUNITY ENVIRONMENT GRANT		
Lockyer Citizens Action Inc.	Wildlife camera and environmental workshops	\$4000.00
Withcott State School	Tree replacement program (drought)	\$4000.00
TOTAL		\$8000.00

ORGANISATION	AMOUNT GRANTED
Category 10 - Community Sporting Complex	
Cahill Park Sports Complex	\$101,149.84
Ropehill Community Sports Centre	\$30,000.00
Bichel Oval	\$13,750.00
Gatton Soccer Club	\$4400.00
Withcott Soccer Club	\$5000.00
TOTAL	\$154,299.84

ORGANISATION	DESCRIPTION	AMOUNT GRANTED
ONE-OFF GRANT TO COMMUNITY ORGANISATION BY COUNCIL RESOLUTION		
Upper Lockyer Little Athletics Inc.	Installation of ground irrigation – Council resolution 17 March 2021 20-24/0262	\$8700.00
TOTAL		\$8700.00

COUNCIL FACILITIES FEE WAIVERS

Fee waivers for the use of Council's facilities were granted at a total cost of \$76,294.67.

BUSHFIRE RECOVERY EXCEPTIONAL ASSISTANCE FUNDING

Lockyer Valley Regional Council was successful in obtaining \$50,000 of grant funding through the Bushfire Recovery Exceptional Assistance Immediate Support Package, an initiative of the Commonwealth Government. The Eligible Scope for this funding was "Immediate maintenance and repairs to relief and evacuation centres".

Offers to submit requests for funding were made to the thirteen halls listed in Council's Community Grants and Assistance Procedure under Category 7 (Public Halls Assistance). The following grants were awarded:

ORGANISATION	DESCRIPTION	AMOUNT GRANTED
Fordsdale School of Arts	Hall security and safety	\$7220.00
Forest Hill School of Arts	Hall repairs	\$7220.00
Glenore Grove Public Hall	Hall repairs	\$7220.00
Ingoldsby Recreation Club	Fridge replacements	\$3900.00
Mulgowie Public Hall	Hall repairs and maintenance	\$7220.00
Stockyard Creek Community Hall	Construction of safe access to hall	\$10,000.00
The Gatton & District Committee on the Ageing	Hall repairs	\$7220.00
TOTAL		\$50,000.00

REGIONAL ARTS DEVELOPMENT FUND (RADF)

The Regional Arts Development Fund is a partnership between the Queensland Government and Council to support local arts and culture in the region. Funding was distributed to the following recipients during the 2020-2021 financial year.

ORGANISATION	DESCRIPTION	AMOUNT GRANTED
Noosa Film Academy	Screen production workshops for youth	\$6000.00
EA Browne	Further learning	\$1325.00
Faith Lutheran College	Dance workshops and showcase	\$3700.00
Gatton Quilters Inc.	Sense of Place	\$1250.00
Lockyer Regional Performing Arts	Anne of Green Gables	\$5225.00
J Leung	Exploring Lake Apex through sound	\$3393.00
TOTAL		\$20,893.00

COUNCILLOR DISCRETIONARY FUNDS

Mayoral Donation Funds were only granted for the period of 1 July 2020 to 14 October 2020, the cessation of councillor discretionary funds was done so to ensure compliance with changes to the *Local Government Act 2009*.

ORGANISATION	DESCRIPTION	AMOUNT
Ropeley State School	Wreath made by school	\$200.00
Gatton State School	Donation towards Mulch for class 3S Garden	\$150.00
Gatton Camp Draft Association	Provision of awards and Sponsorship of ACA Accredited	\$1000.00
Laidley State School	Term 3 2020 Legend Medallions	\$208.65
TOTAL		\$1558.65

COMMERCIAL BUSINESS UNITS

Council did not maintain any Commercial Business Units during the 2020-21 financial year.

ACTION TAKEN INVOLVING SPECIAL ARRANGEMENTS

Council was not supplied with any services, facilities or activities by another local government under any agreements or joint activities and for which any special rates or charges were levied, during the financial year.

CHANGES TO TENDERS

Council did not issue invitations to change any tenders under section 228(8) of the *Local Government Regulation 2012* during 2020-21.

MICHAEL O'KEEFFE PLACE

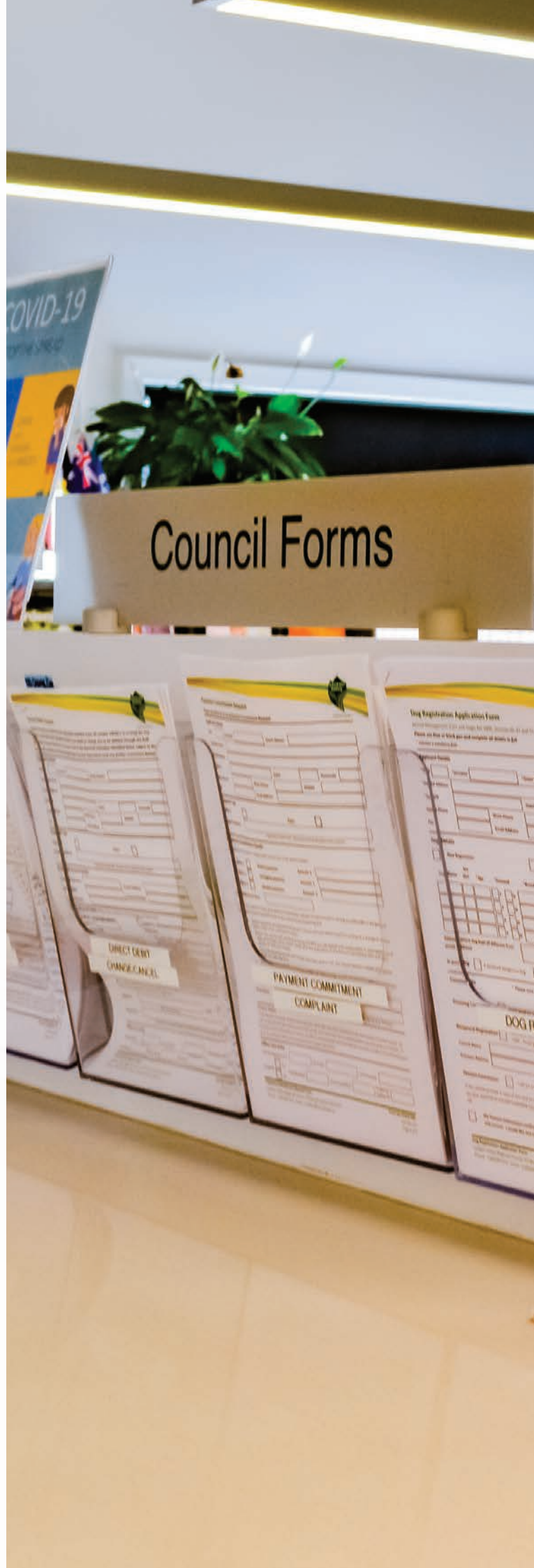
CONCESSIONS FOR RATES AND CHARGES GRANTED

Part 10 of the *Local Government Regulation 2012* provides Council with the ability to grant concessions to property owners in certain circumstances. For the 2020-21 financial year concessions were granted to the following properties:

- Property ID 100850 – Short term payment commitment extension approved with no interest charges for a six-month period, ending on 31 December 2021.
- Property ID 196170 - A short term payment extraction for the July to December 2020 - deferment to a maximum period of 6 months to pay the rates and charges with no loss of discount has been approved.
- Property ID 268650 – payment extension with no interest to the 31 December 2021 no loss of discount and no interest charged.
- Property ID 102690 – Payment extension to have full payment by 30 March 2021 no loss of discount and no interest charged.
- Property ID 100370 – Payment extension to have full payment by 30 March 2021 no loss of discount and no interest charged.
- Property ID 232480 – Payment extension to have full payment by 30 March 2021 no loss of discount and no interest charged.
- Property ID 183650 - A short term payment extension with no loss of discount and no interest charges for the period 1 July 2020 to 31 December 2020.
- Property ID 111010 – An approved payment commitment outside Council's Debt Collection Policy. A review of your commitment will take place in December 2021.
- Property ID 111980 – payment extension, no loss of discount if paid in full on or before 25-03-2020. No interest to be charged.

PENSION SUBSIDY CONCESSION

Lockyer Valley Regional Council's Pension Subsidy is to help eligible pensioner property owners to remain in their own homes by reducing the financial impact of rates and charges levied. Eligibility and applying of the concession are completed in accordance with Part 10 of the *Local Government Regulation 2012*.





REGISTERS MAINTAINED

Registers maintained by Council:

- Register of Councillor and Senior Management Interests.
- Register of Related Parties.
- Register of Delegations by Council.
- Register of Delegations by the Chief Executive Officer.
- Register of Roads.
- Register of General Charges and Regulatory Fees.
- Register of Local Laws and Subordinate Local Laws.
- Asset Registers.
- Fraud and Corruption Allegation Register.
- Loss Register.
- Land Record.
- Lobbyist Register.
- Key Corporate Risk Register.
- Audit Recommendations Register.
- Policy Register.
- Register of Infrastructure Charges Audits.
- Complaints Management System Register.

INTERNAL AUDIT

Internal audit activities are performed by a qualified internal audit consultant on a wholly outsourced basis. For the 2020-21 financial year, O'Connor Marsden and Associates provided this service.

The Audit and Risk Management Committee endorsed a revised Internal Audit Plan (Plan) on 18 June 2020, with the revised Plan adopted by Council on 15 July 2020. Internal Audit Progress Reports were presented to the Audit and Risk Management Committee meetings in August 2020, December 2020, March 2021 and June 2021.

Internal audit projects for the financial year included:

- Development of a Risk Assurance Map.
- Review of Payroll and Remuneration Processes.
- Development of Vendor and Payroll Data Analytics.
- Review of Lessons Learned from the Pandemic

A review of the performance of the work performed by Council's contracted Internal Auditor in accordance with s.207(3), *Local Government Regulation 2012* was conducted by the Audit and Risk Management Committee in March 2021 with the findings presented to Council on 17 March 2021.

2

FINANCIAL STATEMENTS

Lockyer Valley Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Our Mission:
Lead, engage, empower.



REGIONAL COUNCIL

General Purpose Financial Statements

for the year ended 30 June 2021

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Lockyer Valley Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	40,220	40,179
Fees and charges	3b	6,983	4,967
Sales revenue		1,153	871
Grants, subsidies, contributions and donations	3c	8,551	9,107
Total recurrent revenue		56,907	55,124
Capital revenue			
Grants, subsidies, contributions and donations	3c	13,615	4,298
Total capital revenue		13,615	4,298
Other income			
Rental income	19	338	380
Interest received		1,151	1,293
Profit from equity accounted investments	14	2,320	2,152
Other income	4	1,990	2,599
Capital income	5	1,616	655
Total other income		7,415	7,079
Total income		77,937	66,501
Expenses			
Recurrent expenses			
Employee benefits	6	25,103	29,149
Materials and services	7	17,061	17,913
Finance costs	8	1,510	1,983
Depreciation and amortisation:			
- Property, plant and equipment	16	11,297	11,296
- Intangible assets	17	23	589
Total recurrent expenses		54,994	60,930
Other expenses			
Capital expenses	9	8,365	2,166
Total other expenses		8,365	2,166
Total expenses		63,359	63,096
Net result		14,578	3,405
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	16	(21,067)	(22,925)
Total other comprehensive income for the year		(21,067)	(22,925)
Total comprehensive income for the year		(6,489)	(19,520)

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

Lockyer Valley Regional Council

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	34,602	26,309
Receivables	11	7,358	5,382
Inventories		380	363
Contract assets	18	2,302	116
Other assets	12	569	504
Non-current assets held for sale	13	360	152
Total current assets		45,571	32,826
Non-current assets			
Receivables	11	14,735	14,735
Equity accounted investments	14	32,940	32,056
Investment property	15	1,605	2,110
Property, plant and equipment	16	530,568	548,639
Intangible assets	17	121	2,972
Total non-current assets		579,969	600,512
TOTAL ASSETS		625,540	633,338
LIABILITIES			
Current liabilities			
Payables	20	8,198	6,071
Contract liabilities	18	2,798	2,016
Borrowings	21	1,580	1,506
Provisions	22	8,226	9,939
Total current liabilities		20,802	19,532
Non-current liabilities			
Borrowings	21	19,987	21,570
Provisions	22	28,752	29,748
Total non-current liabilities		48,739	51,318
TOTAL LIABILITIES		69,541	70,850
Net community assets		555,999	562,488
COMMUNITY EQUITY			
Asset revaluation surplus	23	155,924	176,991
Retained surplus/(deficiency)		396,987	384,191
Reserves	32	3,088	1,306
Total community equity		555,999	562,488

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

Lockyer Valley Regional Council

Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Other reserves \$'000	Total equity \$'000
2021					
Balance as at 1 July 2020		176,991	384,191	1,306	562,488
Restated balance as at 1 July 2020		176,991	384,191	1,306	562,488
Net result		-	14,578	-	14,578
Other comprehensive income for the year					
- Increase/(decrease) in asset revaluation surplus	16	(21,067)	-	-	(21,067)
Other comprehensive income		(21,067)	-	-	(21,067)
Total comprehensive income for the year		(21,067)	14,578	-	(6,489)
Transfers to reserves		-	(3,088)	3,088	-
Transfers from reserves		-	1,306	(1,306)	-
Balance as at 30 June 2021		155,924	396,987	3,088	555,999
2020					
Balance as at 1 July 2019		199,916	383,591	3,200	586,707
Correction of prior period errors	29	-	(2,473)	-	(2,473)
Adjustment on initial application of AASB 15 / AASB 1058		-	(2,226)	-	(2,226)
Restated balance at 1 July 2019		199,916	378,892	3,200	582,008
Net result		-	3,405	-	3,405
Other comprehensive income					
- Increase/(decrease) in asset revaluation surplus	16	(22,925)	-	-	(22,925)
Other comprehensive income		(22,925)	-	-	(22,925)
Total comprehensive income for the year		(22,925)	3,405	-	(19,520)
Transfers to reserves		-	(1,306)	1,306	-
Transfers from reserves		-	3,200	(3,200)	-
Balance as at 30 June 2020		176,991	384,191	1,306	562,488

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

Lockyer Valley Regional Council

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		57,724	60,652
Payments to suppliers and employees		(42,381)	(48,057)
		15,343	12,595
Interest received		1,151	1,293
Borrowing costs		(1,219)	(1,273)
Net cash flow - operating activities	27	15,275	12,615
Cash Flows from investing activities			
<u>Receipts:</u>			
Proceeds from sale of investment securities		(3,400)	4,500
Proceeds on disposal of land held for sale		530	-
Proceeds from sale of property, plant and equipment		485	386
Distributions received from joint ventures and associates		1,436	1,436
Grants, subsidies, contributions and donations		9,335	3,469
Payments for property, plant and equipment and intangibles		(17,259)	(13,262)
Net cash flow - investing activities		(8,873)	(3,471)
Cash flows from financing activities			
Repayment of borrowings		(1,509)	(1,438)
Net cash flow - financing activities		(1,509)	(1,438)
Net increase/(decrease) for the year		4,893	7,706
plus: cash and cash equivalents - beginning		21,709	14,003
Cash and cash equivalents - closing	10	26,602	21,709
Additional information:			
plus: investments on hand - end of year	10	8,000	4,600
Total cash, cash equivalents and investments		34,602	26,309

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 2021

Note 1. Information about these financial statements

(1.a) Basis of preparation

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

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

(1.b) New and revised Accounting Standards adopted during the year

Lockyer Valley Regional Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020, none of the standards had a material impact on reported position, performance and cash flows.

(1.c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a material impact for council then further information has been provided in this note.

Other new and amended Australian Accounting Standards, and Interpretations, that were issued but not yet effective at the time of compiling these financial statements are not likely to have a material impact on the statements.

(1.d) Estimates and Judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Non-Current Assets Classified as "Held for Sale" - Note 13
- Valuation of Investment Property - Note 15
- Valuation and Depreciation of Property, Plant & Equipment - Note 16
- Provisions - Note 22
- Contingent Liabilities - Note 25
- Financial Instruments and Financial Assets – Note 31
- Revenue recognition - Note 3

(1.e) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000 unless otherwise indicated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

(1.f) Volunteer Services

Council utilises volunteer service at the Visitor Information Centre, Art Gallery, Queensland Transport Museum and various events coordinated by Council. The volunteer services are not recognised in the financial statements because they would not be purchased if they were not donated services.

(1.g) Taxation

Council is exempt from income tax, however Council is subject to 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.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1. Information about these financial statements (continued)

The associated entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the *Local Government Act 2009*.

The Council does not pay payroll tax to the Queensland Government as its activities are below the threshold.

(1.h) COVID-19

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. The following steps were taken by Council in response to the pandemic during the year:

- Extended payment terms for licence renewals for food businesses to 30 September 2021
- Extended discount period for both rate levies
- All Council requests for quotes for purchases over \$15,000 to include at least two local businesses where available
- Payment terms reduced to 14 days on all invoices for local businesses
- Capital expenditure program realigned due to significant Government funding (COVID stimulus packages) totalling \$5,314 million for the year ended 30 June 2021.

Notes to the Financial Statements

for the year ended 30 June 2021

Note 2(a). Council functions - component descriptions

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

General Public Services

The objective of this function is to provide internal governance, organisational and administrative services. It includes legislative and executive programs to implement policy, coordinate activities and provide support to Elected Members. It also includes the administrative programs to support effective service delivery to all internal and external customers. All programs not classified elsewhere are aggregated under this function.

Public Order and Safety

The objective of this function is to provide programs and services that deal with nuisance, safety and public behaviour. It includes programs for the control of domestic animals, administration and enforcement of local laws and disaster management, and support for local Rural Fire Service and State Emergency Services groups.

Economic Affairs

The objective of this function is to provide support for programs and services that generate economic activity within the Region. This includes support to the local economy, development and implementation of business and investment strategies, and local business promotion. This function also includes road transport and associated services to maintain and deliver infrastructure such as roads, bridges, drains and footpaths.

Environmental Protection

The objective of this function is to provide programs that deal with the natural environment and waste management. It includes activities such as pest and weed management and other environmental programs and the collection, disposal and/or recycling of commercial and domestic waste.

Housing and Community Amenities

The objective of this function is to provide activities that are concerned with support to community groups, community development initiatives, the provision of community facilities such as halls and other community buildings. This function also covers disaster recovery programs including the rebuilding of Council's flood affected infrastructure as well as town planning and approvals.

Recreation, Culture and Religion

The objective of this function is the provision of sporting, recreation and cultural facilities such as sports grounds, swimming pools, parks and gardens, libraries and art gallery.

Social Protection

The objective of this function is to conduct the operation of Council's childcare centres and youth development program.

Lockyer Valley Regional Council

Notes to the Financial Statements
for the year ended 30 June 2021

Note 2(b). Council functions - analysis of results by function

Functions	Gross program income			Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring	Other	Capital		Recurring	Capital				
	Grants	Other	Grants		Grants	Other				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021										
General public services	3,389	35,989	79	39,486	(24,964)	(3,298)	(28,262)	14,414	11,224	208,411
Public order and safety	206	1,775	34	2,015	(2,052)	-	(2,052)	(71)	(37)	-
Economic affairs	3,459	1,640	3,666	8,765	(8,295)	(4,644)	(12,939)	(3,196)	(4,174)	391,208
Environmental protection	497	8,319	447	10,850	(6,445)	(46)	(6,491)	2,371	4,359	15,213
Housing and community amenities	-	6,027	6,236	12,263	(7,848)	(377)	(8,225)	(1,821)	4,038	-
Recreation, culture and religion	349	105	3,153	3,607	(4,449)	-	(4,449)	(3,995)	(842)	10,708
Social protection	651	300	-	951	(941)	-	(941)	10	10	-
Total	8,551	54,155	13,615	77,937	(54,994)	(8,355)	(63,359)	7,712	14,578	625,540
Functions	Gross program income			Total income	Gross program expenses		Total expenses	Net Result from recurring operations	Net result	Total assets
	Recurring	Other	Capital		Recurring	Capital				
	Grants	Other	Grants		Grants	Other				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020										
General public services	3,434	35,852	101	39,487	(26,580)	-	(26,580)	12,706	12,907	208,419
Public order and safety	35	1,817	6	1,858	(1,586)	-	(1,586)	266	272	-
Economic affairs	4,147	1,472	1,735	7,398	(11,045)	(1,892)	(12,937)	(5,426)	(5,539)	398,306
Environmental protection	469	8,059	151	9,190	(7,060)	-	(7,060)	1,468	2,130	15,782
Housing and community amenities	8	4,262	2,255	6,525	(8,402)	(240)	(8,642)	(4,132)	(2,117)	-
Recreation, culture and religion	276	762	50	1,088	(5,308)	(34)	(5,342)	(4,270)	(4,254)	10,831
Social protection	738	217	-	955	(949)	-	(949)	6	6	-
Total	9,107	52,441	4,298	66,501	(60,930)	(2,166)	(63,096)	618	3,405	633,338

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue

	Notes	2021 \$'000	2020 \$'000
(a). Rates, levies and charges			
Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which corresponds to the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.			
General rates		32,442	32,481
Separate rates		4,618	4,562
Waste collection charges		4,714	4,642
Special charges		251	249
Total rates and utility charge revenue		42,025	41,934
Less: discounts		(1,624)	(1,577)
Less: pensioner remissions		(181)	(178)
TOTAL RATES, LEVIES AND CHARGES		40,220	40,179

(b). Fees and charges

Revenue arising from fees and charges is recognised at the point in time when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example camping grounds. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Building and development fees	4,712	2,932
Refuse tip and recycling	614	570
Childcare	300	217
Finance and corporate governance	79	79
Animal control	520	505
User fees and charges	758	664
TOTAL FEES AND CHARGES	6,983	4,967

Notes to the Financial Statements
for the year ended 30 June 2021

Note 3. Revenue (continued)

	2021	2020
Notes	\$'000	\$'000

(c) Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when each performance obligation is satisfied.

Performance obligations vary in each agreement but include delivery of events, procurement of defined goods and services, presentation of reports and business cases. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 3. Revenue (continued)

	Notes	2021 \$'000	2020 \$'000
(c) Grants, subsidies, contributions and donations (continued)			
(i) Operating			
General purpose grants		4,541	4,723
State government subsidies and grants		1,258	1,664
Commonwealth government subsidies and grants		2,478	1,910
Contributions		274	810
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>		<u>8,551</u>	<u>9,107</u>

(ii) Capital

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

State government subsidies and grants		6,727	2,308
Commonwealth government subsidies and grants		3,451	154
Contributions		177	318
Developer assets contributed by developers at fair value	16	3,260	1,518
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>		<u>13,615</u>	<u>4,298</u>

(iii) Timing of revenue recognition for grants, subsidies, contributions and donations

	2021		2020	
	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000
Grants and subsidies	6,024	12,431	7,125	3,634
Contributions	3,573	138	2,204	442
	<u>9,597</u>	<u>12,569</u>	<u>9,329</u>	<u>4,076</u>

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 4. Other income

	Notes	2021 \$'000	2020 \$'000
Other income		750	816
Income tax equivalent received		771	702
Sale of sundry small value items		212	147
Fuel and diesel rebate		142	153
Rates legal costs recovered		114	90
Sales and hire		1	691
<u>TOTAL OTHER INCOME</u>		<u>1,990</u>	<u>2,599</u>

Note 5. Capital income

(a) Provision for restoration of land

Change in estimates - refuse restoration	22	1,531	511
Change in estimates - quarry rehabilitation	22	56	44
		<u>1,587</u>	<u>555</u>

(b) Revaluations

Revaluation increment relating to investment property	15	-	100
Revaluation increment relating to assets held for sale	13	29	-
		<u>29</u>	<u>100</u>

<u>TOTAL CAPITAL INCOME</u>		<u>1,616</u>	<u>655</u>
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Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6. Employee benefits

	Notes	2021 \$'000	2020 \$'000
Employee benefit expenses are recorded when the service has been provided by the employee.			
Wages and salaries		19,191	21,442
Councillors remuneration		658	638
Annual, sick and long service leave entitlements		4,870	5,404
Superannuation	26	2,658	2,716
Other		780	963
		<u>28,157</u>	<u>31,163</u>
Less: capitalised employee expenses		(3,054)	(2,014)
TOTAL EMPLOYEE BENEFITS		<u>25,103</u>	<u>29,149</u>

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

Total Council employees at the reporting date:

Elected members	7	7
Administration staff	184	183
Depot and outdoors staff	112	118
Total full time equivalent employees	<u>303</u>	<u>308</u>

Note 7. Materials and services

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

Advertising	151	284
Administration supplies and consumables	600	678
Audit of annual financial statements by the Auditor-General of Queensland	92	92
Communications and IT	2,272	1,575
Consultancy services	2,423	3,243
Contractors	6,244	6,152
Donations paid	540	489
Fuel	887	938
Insurance	850	819
Investment property exp. - that generates income	289	318
Power	884	959
Repairs and maintenance	1,086	1,231
Subscriptions and registrations	527	526
Travel	23	41
Other materials and services	193	568
TOTAL MATERIALS AND SERVICES	<u>17,061</u>	<u>17,913</u>

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Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 8. Finance costs

	Notes	2021 \$'000	2020 \$'000
Finance costs charged by the Queensland Treasury Corporation		1,086	1,157
Bank charges		133	116
Impairment of receivables		8	6
Refuse restoration	22	276	689
Quarry rehabilitation	22	7	15
TOTAL FINANCE COSTS		1,510	1,983

Note 9. Capital expenses

(a) Loss on disposal of non-current assets

Proceeds from the sale of Property, Plant and Equipment		485	386
Less: carrying value of disposed Property, Plant and Equipment	16	(5,673)	(2,552)
		5,188	2,166
Write off intangible assets	17	2,729	-
Proceeds from Land Held for Resale		530	-
Less: carrying value of disposed land held for resale	13	(427)	-
		(103)	-
Loss on disposal of non-current assets		7,814	2,166

Total capital expenses include write offs as a result of capital renewal and upgrade works undertaken; removal of assets not owned by Council from the asset register; and the adoption of the new interpretation in relation to Software as a Service (SaaS).

Values are detailed below:

Capital writes offs of renewed infrastructure assets - \$3,022,436

Identification of assets not owned by Council - \$2,061,097

Adoption of SaaS write off of intangibles - \$2,729,204 (Refer Note 17)

(b) Revaluation decrement

Revaluation down of property, plant and equipment	16	46	-
Revaluation down of investment property	15	505	-
		551	-
TOTAL CAPITAL EXPENSES		8,365	2,166

The book value of assets disposed is shown as the gross value less accumulated depreciation.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Cash and cash equivalents

	2021	2020
Notes	\$'000	\$'000
Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.		
Cash and cash equivalents		
Cash at bank and on hand	867	467
Deposits at call	25,735	21,242
Term deposits	8,000	4,600
TOTAL CASH AND CASH EQUIVALENTS	34,602	26,309

Restricted cash and cash equivalents

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:

(i) Externally imposed restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	2,798	2,016
Total externally imposed restrictions on cash assets	2,798	2,016

(ii) Internal allocations of cash at the reporting date:

Future capital works	3,088	1,306
Total internally allocated cash	3,088	1,306

Cash at bank is held with the National Australia Bank and Heritage Building Society in normal business cheque accounts. Cash at call is held with Queensland Treasury Corporation. Interest rates are determined on a daily basis. Short and long term deposits are held with various banking institutions with maturities ranging up to twelve months and interest rates from 0.50% to 0.75%.

Trust funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages).

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10. Cash and cash equivalents (continued)

	2021	2020
Notes	\$'000	\$'000

Trust funds (continued)

The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

Trust funds held for outside parties

Security deposits	2,603	1,808
	<u>2,603</u>	<u>1,808</u>

Note 11. Receivables

Receivables are recognised as the amounts due at the time of sale or service delivery.

Interest is charged on outstanding rates at a rate of 8.53% per annum. Debtors invoiced during the 2021 financial year and which remain outstanding for greater than 30 days, bear interest at the rate of 8.53%.

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

The collectability of other receivables is assessed periodically. The amount is calculated as a percentage of receivables with consideration of past history of actual defaults, and an assessment of the likelihood of future defaults. Council has closely monitored outstanding receivables during the COVID pandemic and has found a slight increase in rates debt outstanding in comparison to prior financial years. This is a direct result of external debt recovery processes adjusted through the adoption of financial relief measures for the community pandemic.

Loans and advances are recognised at the amount due at the time of the advance. The loan matures on the 1st July, 2047 with interest charged at 4.22%.

Current

Rates and charges	3,572	2,975
Developer - Offset Receivable	738	-
Other debtors	1,158	1,066
GST recoverable	422	374
Accrued revenues		
- Interest on investments	1,489	980
Total	<u>7,379</u>	<u>5,395</u>
less: Provision for impairment		
Other debtors	(21)	(13)
Total provision for impairment - receivables	<u>(21)</u>	<u>(13)</u>
TOTAL CURRENT RECEIVABLES	<u>7,358</u>	<u>5,382</u>

Non-current

Loans and advances to associates	14,735	14,735
TOTAL NON-CURRENT RECEIVABLES	<u>14,735</u>	<u>14,735</u>

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 12. Other assets

Notes	2021 \$'000	2020 \$'000
Current		
Prepayments	569	504
TOTAL CURRENT OTHER ASSETS	569	504

Note 13. Non-current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets as held for sale when the carrying amounts of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable within 12 months. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated.

Council holds various land at Baltzer Court, Grantham, Frome Street, Laidley and Patrick Street, Laidley. These properties have been identified to progress to sale within 12 months.

Note 16 describes the valuation techniques that were used to determine the fair value of the land, which is categorised as a Level 2 valuation.

Non-current assets held for sale

Land	360	152
TOTAL NON-CURRENT ASSETS HELD FOR SALE	360	152

(i) Reconciliation of non-current assets held for sale

Assets held for sale

Opening balance		152	2,091
Balance still unsold after 12 months:		152	2,091
plus:			
Transfer assets held for sale (to)/from property, plant and equipment	16	606	(1,931)
Revaluation of assets held for sale		-	(8)
Revaluation increment relating to assets held for sale	5	29	-
Less: Carrying value of disposed land	9	(427)	-
Closing balance of held for sale non-current assets		360	152

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 14. Associated Entities

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Associated Entities

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself.

Under Associated Entities, Council significantly influences the operations but does not control them.

Accounting Recognition:

Associated Entities are accounted for using the Equity Accounting Method and are disclosed as a one line entry in the Statement of Comprehensive Income and Statement of Financial Position

	Council's share of net income		Council's share of net assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Associated entities	2,320	2,152	32,940	32,056
Total	2,320	2,152	32,940	32,056

Associated Entities

Council has incorporated the following joint ventures and associates into it's consolidated financial statements.

(a) Net carrying amounts - Council's share

Name of entity	Nature of relationship	Measurement method	2021 \$'000	2020 \$'000
SEQ Regional Recreational Facilities Pty Ltd	Shareholder	Equity accounting	66	65
Queensland Urban Utilities	Shareholder	Equity accounting	32,584	31,724
Council of Mayors South East Queensland	Shareholder	Equity accounting	290	267
Total carrying amounts - Associated Entities			32,940	32,056

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 14. Associated Entities (continued)

(b) Details

Name of entity	Principal activity	Place of business
SEQ Regional Recreational Facilities Pty Ltd	Recreational facilities	Brisbane
Queensland Urban Utilities	Water and waste water management	Brisbane
Council of Mayors South East Queensland	Advocacy	Brisbane

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2021 \$'000	2020 \$'000	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
SEQ Regional Recreational Facilities Pty Ltd	N/A	N/A	4%	4%	4%	4%	13%	13%
Queensland Urban Utilities	N/A	N/A	1%	1%	1%	1%	20%	20%
Council of Mayors South East Queensland	N/A	N/A	9%	9%	9%	9%	9%	9%

(d) Summarised Financial Information for Associated Entities

Summarised statement of financial position

	Queensland Urban Utilities	
	2021 \$'000	2020 \$'000
Current assets		
Cash and cash equivalents	6,498	75,766
Other current assets	294,205	248,191
Total current assets	300,703	323,957
Non-current assets	6,350,347	6,083,291
Current liabilities		
Other current liabilities	306,688	363,744
Total current liabilities	306,688	363,744
Total non-current liabilities	2,735,985	2,530,345
Net assets	3,608,377	3,513,159
Reconciliation of the carrying amount		
Opening net assets (1 July)	31,724	31,060
Share of Profit/(loss) for the period	2,296	2,100
Distributions received	(1,436)	(1,436)
Closing net assets	32,584	31,724

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 14. Associated Entities (continued)

Summarised statement of comprehensive income	Queensland Urban Utilities	
	2021	2020
	\$'000	\$'000
Income	1,435,703	1,451,332
Depreciation and amortisation	(224,884)	(205,807)
Interest expense	(95,097)	(94,946)
Income tax expense	(100,820)	(103,755)
Other expenses	(781,569)	(813,474)
Profit/(loss) for period	233,333	233,350
Other comprehensive income	673	1,967
Total comprehensive income	234,006	235,317
Dividends received by Council	1,436	1,436

(e) Summarised financial information for individually immaterial joint ventures and associates

In addition to the Associated Entities disclosed individually above, Council has interests in two individually immaterial Associated Entities that are accounted for using the Equity Method.

Individually immaterial associates

Aggregate carrying amount of individually immaterial associates	<u>356</u>	<u>332</u>
Aggregate amounts of Council's share of individually immaterial associates:		
Profit/(loss) from continuing operations	24	52
Total comprehensive income - individually immaterial associates	<u>24</u>	<u>52</u>

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15. Investment property

	Notes	2021 \$'000	2020 \$'000
Fair value at beginning of financial year		2,110	2,010
Revaluation increment to the capital income account	5	-	100
Revaluation decrease to the capital expense account	9	(505)	-
TOTAL INVESTMENT PROPERTY		1,605	2,110

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use. Investment property does not include community housing or other property held to provide a social service.

Investment property comprises:

Land at Tryhorn Street and Philips Road, Grantham.

Investment property is initially recognised at cost (including transaction costs) and subsequently at fair value. Where investment property is acquired for significantly below fair value it is recorded at fair value on initial recognition.

The 30 June 2021 investment property was valued at fair value by: Ian Douglas, Certified Practising Valuer, Registration Number QRV2611 of Herron Todd White. Herron Todd White have extensive experience in valuing properties of this nature in surrounding areas. Fair Value was determined by reference to market based evidence including observable historical sales data in the relevant market for properties of a similar nature.

Gains or losses arising from changes in the fair value of investment property are recognised as income or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

Note 16. Property, plant and equipment

30 June 2021	Measurement basis	Land	Buildings	Plant and other equipment		Transport	Other assets		Works in progress	Artworks	Public Spaces		Waste	Drainage	Total
				\$'000 Fair Value	\$'000 Cost		\$'000 Fair Value	\$'000 Cost			\$'000 Fair Value	\$'000 Fair Value			
	Opening gross balance - at cost	-	-	25,165	8,607	-	-	1,909	-	-	-	-	-	-	35,681
	Opening gross balance - at fair value	50,936	91,798	516,046	8,607	516,046	-	1,909	265	18,962	17,217	-	-	-	695,224
	Opening gross balance	50,936	91,798	516,046	8,607	516,046	-	1,909	265	18,962	17,217	-	-	-	730,905
	Additions	-	-	-	-	-	-	17,258	-	-	-	-	-	-	17,258
	Contributed assets	40	-	1,428	-	1,428	-	-	-	136	-	-	1,656	-	3,260
	Disposals	(188)	(961)	(3,222)	-	(5,944)	-	-	-	-	-	-	(2,283)	-	(12,598)
	Revaluation decrements to P/L	-	-	-	-	-	-	-	-	-	-	-	(46)	-	(46)
	Revaluation decrements to equity (ARS)	(14,393)	-	-	-	(1,865)	-	-	-	-	-	-	(281)	-	(21,443)
	Revaluation increments to equity (ARS)	-	-	-	-	-	-	-	61	-	-	-	-	-	61
	Work in progress transfers	48	1,000	550	125	6,761	-	(9,909)	-	352	524	-	-	-	(606)
	Transfers from/(to) held for sale category	(606)	-	-	-	-	-	100	-	-	-	-	-	-	100
	Transfers from/(to) intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Adjustments and other transfers	-	-	9	(9)	(118,305)	-	-	-	1,036	-	-	-	117,269	-
	Total gross value of property, plant and equipment - at cost	-	-	22,502	8,723	9,358	-	-	-	-	-	-	-	-	40,583
	Total gross value of property, plant and equipment - at fair value	35,837	91,837	398,321	8,723	398,321	-	9,358	326	20,486	17,414	-	-	112,087	676,308
	Total gross value of property, plant and equipment	35,837	91,837	22,502	8,723	398,321	8,723	9,358	326	20,486	17,414	-	-	112,087	716,891
	Opening accumulated depreciation	-	40,476	12,489	1,994	117,740	1,994	-	-	8,132	1,435	-	-	-	182,266
	Depreciation expense	-	1,597	1,435	255	5,612	255	-	-	873	326	-	1,199	-	11,297
	Disposals	-	(580)	(2,655)	-	(2,757)	-	-	-	-	-	-	(933)	-	(6,925)
	Revaluation decrements to equity (ARS)	-	-	-	-	1,457	-	-	-	-	440	-	-	-	1,897
	Revaluation increments to equity (ARS)	-	-	-	-	(42,457)	-	-	-	-	-	-	(2,212)	-	(2,212)
	Adjustments and other transfers	-	-	-	-	-	-	-	-	774	-	-	-	41,683	-
	Total accumulated depreciation of property, plant and equipment	-	41,493	11,269	2,249	79,595	2,249	-	-	9,779	2,201	-	-	39,737	186,323
	Total net book value of property, plant and equipment	35,837	50,344	11,233	6,474	318,726	6,474	9,358	326	10,707	15,213	-	-	72,350	530,568
	Other information														
	Residual value	Indefinite	0%-10%	15%-30%	0%	0%-100%	0%	-	Indefinite	0%	0%	0%	0%	0%	
	Range of estimated useful life (years)	Indefinite	20-80	3-20	3-100	20-200	3-100	-	Indefinite	25	40	1-100	40	1-100	
	*Asset additions comprise														
	Asset renewals	-	2,412	633	60	5,161	60	-	-	302	22	-	-	1,245	9,835
	Other additions	-	269	87	782	1,999	782	-	-	3,869	417	-	-	782	7,423
	Total asset additions	-	2,681	720	60	7,160	60	-	-	4,171	439	-	-	2,027	17,258

Note: A new assets class has been created for Drainage as a result of splitting Roads and Drainage into separate classes, with Road and Drainage now solely Transport

Note 16. Property, plant and equipment

30 June 2020	Note	Land	Buildings	Plant and other equipment	Transport	Other assets	Works in progress	Arbworks	Public Spaces	Waste	Drainage	Total
		\$'000 Fair Value	\$'000 Fair value	\$'000 Cost	\$'000 Fair value	\$'000 Cost	\$'000 Cost	\$'000 Fair value	\$'000 Fair value	\$'000 Fair value	\$'000 Fair value	\$'000
Measurement basis												
Opening gross balance - at cost		-	-	25,266	-	8,029	6,059	-	-	-	-	39,354
Opening gross balance - at fair value		48,575	90,700	-	518,491	-	-	265	11,905	16,637	-	686,573
Opening gross balance		48,575	90,700	25,266	518,491	8,029	6,059	265	11,905	16,637	-	725,927
Additions		-	-	-	-	-	12,752	-	-	-	-	12,752
Contributed assets		-	-	-	1,518	-	-	-	-	-	-	1,518
Disposals		-	(232)	(1,229)	(3,332)	-	-	-	(39)	-	-	(4,832)
Revaluation decrements to equity (ARS)	9	-	(18)	-	(13,646)	-	-	-	-	-	-	(13,664)
Revaluation increments to equity (ARS)		373	-	-	-	-	-	-	6,900	-	-	7,273
Work in progress transfers		57	1,348	1,128	13,015	578	(16,902)	-	196	580	-	-
Transfers from/(to) held for sale category	13	1,931	-	-	-	-	-	-	-	-	-	1,931
Total gross value of property, plant and equipment - at cost		-	-	25,165	-	8,607	1,909	-	-	-	-	35,681
Total gross value of property, plant and equipment - at fair value		50,936	91,798	-	516,046	-	-	265	18,962	17,217	-	695,224
Total gross value of property, plant and equipment		50,936	91,798	25,165	516,046	8,607	1,909	265	18,962	17,217	-	730,905
Opening accumulated depreciation		-	38,871	11,593	99,583	1,743	-	-	3,794	1,130	-	156,714
Depreciation expense		-	1,609	1,602	7,052	251	-	-	477	305	-	11,296
Disposals		-	(4)	(706)	(1,564)	-	-	-	(4)	-	-	(2,278)
Revaluation increments to equity (ARS)	9	-	-	-	-	-	-	-	3,865	-	-	16,534
Total accumulated depreciation of property, plant and equipment		-	40,476	12,489	117,740	1,994	-	-	8,132	1,435	-	182,266
Total net book value of property, plant and equipment		50,936	51,322	12,676	398,306	6,613	1,909	265	10,830	15,782	-	548,639
Other information												
Residual value		Indefinite	0%-10% 20-80	15%-30% 3-20	0%-100% 10-100	0%	-	Indefinite	0%	0%	-	-
Range of estimated useful life (years)		Indefinite	20-80	3-20	10-100	3-100	-	Indefinite	25	40	-	-
*Asset additions comprise												
Asset renewals		-	685	1,285	6,498	6	-	-	43	1	-	8,518
Other additions		14	522	11	2,361	610	-	-	245	471	-	4,234
Total asset additions		14	1,207	1,296	8,859	616	-	-	288	472	-	12,752

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 16. Property, plant and equipment (continued)

Valuation

Land

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2021
- Valuer: Herron Todd White - Ian Douglas, AAPI, 66586, QRV2611

Buildings

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2019
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

Plant and Other Equipment

- Basis of valuation: Cost less accumulated depreciation

Transport

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2021
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

Other Assets

- Basis of valuation: Cost less accumulated depreciation

Works In Progress

- Basis of valuation: Cost

Artworks

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2021
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

Public Spaces

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2020
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

Drainage

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2021
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16. Property, plant and equipment (continued)

Valuation (continued)

Waste

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2021
- Valuer: Pickles Valuation Services - Kim Adams, AAPI, CPV 2124

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.

Capital Work In Progress is 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.

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

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

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

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

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).

Note 16. Property, plant and equipment (continued)

Valuation (continued)

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

	Date of latest valuation	Fair value measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2021					
Assets Held for Sale					
- Land	30/06/21	-	360	-	360
Total Assets Held for Sale		-	360	-	360
Investment Properties					
- Land	30/06/21	-	1,605	-	1,605
Total Investment Properties		-	1,605	-	1,605
Property, plant and equipment					
- Land	30/06/21	-	35,837	-	35,837
- Buildings	30/06/19	-	-	50,344	50,344
- Transport	30/06/21	-	-	318,726	318,726
- Artworks	30/06/21	-	326	-	326
- Public Spaces	30/06/20	-	-	10,707	10,707
- Waste	30/06/21	-	-	15,213	15,213
- Drainage	30/06/21	-	-	72,350	72,350
Total property, plant and equipment		-	36,163	467,340	503,503
2020					
Assets Held for Sale					
- Land	30/06/20	-	152	-	152
Total Assets Held for Sale		-	152	-	152
Investment Properties					
- Land	30/06/20	-	2,110	-	2,110
Total Investment Properties		-	2,110	-	2,110
Property, plant and equipment					
- Land	30/06/20	-	42,720	8,216	50,936
- Buildings	30/06/19	-	-	51,322	51,322
- Road and Drainage Network	30/06/20	-	-	398,306	398,306
- Artworks	30/06/16	-	265	-	265
- Park and Cemetery Equipment	30/06/20	-	-	10,830	10,830
- Waste	30/06/18	-	-	15,782	15,782
Total property, plant and equipment		-	42,985	484,456	527,441

Note 16. Property, plant and equipment (continued)

Valuation (continued)

(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.

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

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

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

Investment Properties

Council obtains independent valuations at least every three years for all investment properties. The last valuation was undertaken by Herron Todd White, Registered Valuers, as at 30 June 2021.

Council's investment properties are all vacant land in areas with regular sales of comparable properties. Therefore they were valued using the direct comparison approach. Sales of properties with similar features have been analysed on a basis of a rate per square metre of land area and compared to the subject properties having regard to value influencing factors such as location, site area, zoning and relativity of market conditions at the time of sale. No allowance has been made for realisation expenses.

Land

Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market Approach by way of Direct Comparison or Income methods can be utilised, and are accepted valuation methodologies under AASB 13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method which is considered a Level 2 input on the Fair Value Hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. The Direct Comparison approach has been utilised in the valuer's assessment for all LVRC Land Assets.

Given that an active market can be established and there are no unreasonable restrictions as to use and/or sale, the Valuers have deemed the measurement to be a Level 2.

With a change in valuer from Pickles to Herron Todd White, the input approach has moved solely to Level 2 with no land being recognised at Level 3 input

Note 16. Property, plant and equipment (continued)

Valuation (continued)

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

Land (continued)

The valuation techniques used to measure fair value maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

Buildings

Due to the predominantly specialised nature of Local Government Assets, building valuations are undertaken on a Cost Approach (Current Replacement Cost). The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted.

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

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.

The majority of Buildings and Facilities have been inherited from two previous Shires in the amalgamation process. This has created some duplication of facilities and a surplus asset inventory particularly in regard to buildings. Lockyer Valley Regional Council created a Building and Facilities Service Management Plan in May 2017 and created a list of underutilised or non-utilised buildings in the Plan.

The utilisation of these buildings is low or being used for purposes other than the building design intention simply because they are available. The detailed disposal plan for each of these facilities has not yet been decided. Until such a decision is made the intention is not to replace any of these facilities at the end of their useful lives, and keep maintenance to a minimum. The non-replacement buildings have been valued on this basis and have been depreciated based on both physical deterioration and obsolescence as they have limited alternative uses.

In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value, which is the value at the time the asset is considered to be no longer available, is also factored in. 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 (level 3).

Note 16. Property, plant and equipment (continued)

Valuation (continued)

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

Buildings (continued)

The Condition rating inputs can be defined in the following table.

Rating	Description	% of Life Remaining
0	Brand new or rehabilitated to new	
1	As New	71-100
2	Good	51-70
3	Fair	11-50
4	Poor	4-10
5	Failed asset	0-3

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

Infrastructure, transport and drainage, public spaces and waste

Due to the predominately specialised nature of Local Government Assets, the infrastructure valuations have been undertaken on a Cost Approach (Current Replacement Cost), an accepted valuation methodology under AASB13. The Cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value, which is the value at the time the asset is considered to be no longer available, is also factored in. 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 useful life and asset condition) were also required (Level 3).

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for a sample of above ground assets), the assets were allocated a condition assessment this was then scaled to LVRC 1-5 score, which is used to estimate remaining useful life.

Note 16. Property, plant and equipment (continued)

Valuation (continued)

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

Infrastructure, roads and drainage, parks, waste and cemeteries (continued)

Rating	Description	% of Life Remaining
0	Brand new or rehabilitated to new	
1	Very Good	71-100
2	Good	51-70
3	Fair	11-50
4	Poor	4-10
5	Very poor	< 4

Where site inspections were not conducted (i.e. for passive assets outside the sample or underground), the remaining useful life was calculated on asset age and estimated useful life.

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

Valuation Uncertainty – COVID-19

The market that the property/asset is transacted and/or valued continues to be impacted by the uncertainty the COVID-19 outbreak has caused. The current market uncertainty means that the impacts on sale prices and volumes will remain unknown until the market has stabilised however, based on currently available information, there is no material change observable in the asset values provided. Council will monitor the effect the COVID-19 pandemic has on the market and subsequent changes to unit rates and asset values.

Note 16. Property, plant and equipment (continued)

(f) Valuation (continued)

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

The valuation process for level 3 fair value measurements

Roads & Road Structures

The Roads and Road Structures assets were classified as passive assets; passive assets were further componentised and consisted of Formation, Base and Sub-base Pavement, and Seal for Roads assets and Substructure, Superstructure, Retaining Works, Deck and others for Road Structures. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction rates and quotations.

Roads are segmented based on the Department of Transport & Main Roads standards and these are classified as Formed, Unformed, and then further by sealed and unsealed types.

The Current Replacement Cost (CRC) was calculated by reference to asset length and width for Formation and Seal and depth for Pavements.

Location factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the Council area.

Urban Infrastructure

The Urban infrastructure assets were classified as passive assets; passive assets were further componentised and consisted of assorted stormwater structures, stormwater pipes, footpaths, culverts, floodways and kerb and channel. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction rates and quotations.

The CRC was calculated by reference to asset length for Pipework and, length, width, number of connections and depth for structures.

Location factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the Council area.

Percentage of Assets Inspected by the Valuer

- Transport 5 - 20 %
- Drainage 5 - 10 %
- Land 75%
- Artwork 25%
- Waste 10 - 20%

Review of Valuations

All valuations were subjected to review by Council engineering, facilities and finance staff including:

- unit rates
- condition ratings
- checked for impairment
- useful lives
- depreciation
- written down values
- residual values

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 17. Intangible assets

	Notes	2021 \$'000	2020 \$'000
Intangible assets represent identifiable non-monetary asset without physical substance.			
Intangible assets are as follows:			
Software			
Opening gross carrying value		6,868	6,360
Additions		-	508
Transfers from/(to) property, plant and equipment	16	(100)	-
Gross book value written off	9	(6,450)	-
Closing gross carrying value		<u>318</u>	<u>6,868</u>
Opening accumulated amortisation and impairment		(3,896)	(3,307)
Amortisation charges		(23)	(589)
Write Off	9	3,722	-
Closing accumulated amortisation and impairment		<u>(197)</u>	<u>(3,896)</u>
Net carrying value at end of financial year		<u>121</u>	<u>2,972</u>
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>		<u>121</u>	<u>2,972</u>

Software assets have a finite life estimated at 10 years. Straight line amortisation has been used with no residual value.

Intangible assets with a cost or other value exceeding \$10,000 are recognised in the financial statements. Items with a lesser value are expensed.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

The International Accounting Standards Board's IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 outlining how costs of configuring or customising a supplier's software in a Software-as-a Service (SaaS) environment, more commonly known as cloud computing, should be accounted for. As outlined in the agenda decision, an agency will often not control the software being configured or customised under a SaaS arrangement and therefore should not capitalise the related costs as an intangible asset. Council has applied the new interpretation in relation to the SaaS in 2021 and identified a number of items that are now being delivered through a cloud platform and are subscription based, which have been written off as capital expenses in the Statement of Comprehensive Income.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18. Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer for construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

	2021	2020
	Notes	\$'000
(a) Contract assets		
Contract assets	2,302	116
<u>TOTAL CONTRACT ASSETS</u>	<u>2,302</u>	<u>116</u>
Classified as:		
Current contract assets	2,302	116
Total contract assets	<u>2,302</u>	<u>116</u>
Contracts with customers	2	56
Contracts to construct Councils own assets	2,300	60
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	1,883	718
Non-capital performance obligations not yet satisfied	915	1,298
<u>TOTAL CONTRACT LIABILITIES</u>	<u>2,798</u>	<u>2,016</u>
Classified as:		
Current contract liabilities	2,798	2,016
Total contract liabilities	<u>2,798</u>	<u>2,016</u>

Contract liabilities consists of government grants and contributions received in advance where the funds received in advance are dependent on specific performance obligations being satisfied.

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 18. Contract balances (continued)

	Notes	2021 \$'000	2020 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year			
Funds to construct Council controlled assets		615	251
Deposits received in advance of services provided		1,085	228
Total revenue included in the opening contract liability		1,700	479

(c) Significant changes in contract balances

Contract Assets includes a significant amount yet to be billed from grant programs such as Building Better Regions, Building our Regions, Black Spot and Heavy Vehicle Safety Productivity program. Projects are completed or nearing completion. Contract Liabilities includes Phase 2 of the Local Roads and Community Infrastructure program with commencement expected in 2021/2022.

Note 19. Leases

Council as a lessee

Council has leases in place over IT equipment. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Low value assets are assets that have a value below the capitalisation threshold. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. Council has assessed its contractual agreements and have found no lease arrangements of material value.

Leases at significantly below market value / concessionary leases

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

Assets leased under a concessionary arrangement are land assets and are used for free public car parking, gardens, bus stops including seating, access and signage areas, footpaths and a war memorial. The land is leased from Queensland Rail Limited. The leases are between 2 and 10 years and require payments between \$1 and \$1,000 per annum. The use of the right-of-use asset is restricted by the lessor to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19. Leases (continued)

	2021	2020
	\$'000	\$'000

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

Council is the lessor of a number of properties and facilities. The leases are primarily for the lease of facilities to community and sporting associations, the lease of property for telecommunication towers and the lease of property for agricultural purposes.

Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to the investment property in the statement of financial position.

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

Community housing rental income	30	49
Council property lease income	308	331
Total operating lease income (rental income)	338	380

The minimum lease receipts are as follows:

Not later than one year	254	261
Between one and two years	278	241
Between two and three years	214	232
Between three and four years	79	208
Between four and five years	82	118
Later than 5 years	655	849
Total lease receipts	1,562	1,909

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. Council does not have any contractual obligations to purchase, construct or develop investment property.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20. Payables

	2021	2020
Notes	\$'000	\$'000
Trade payables are recognised upon receipt of the goods or services ordered, and are measured at the agreed purchase/contract price. Amounts owing are unsecured, and generally settled on 30 day terms.		
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.		
Superannuation is paid within three days of a pay period. No liability is recognised for superannuation.		
Current		
Creditors and accruals	4,483	3,327
Prepaid rates	2,616	2,364
Employee entitlements	200	166
Developer - Offset Payable	738	-
ATO - net GST payable	70	99
State fire levy	92	115
<u>TOTAL CURRENT PAYABLES</u>	<u>8,198</u>	<u>6,071</u>

Note 21. Borrowings

No assets have been pledged as security by Council for any liabilities. However, all loans are guaranteed by the Queensland Government.

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

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 March 2031 to 15 March 2036.

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

Principal and interest repayments are made quarterly in arrears.

In accordance with the Local Government Regulation 2012, Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21. Borrowings (continued)

	Notes	2021 \$'000	2020 \$'000
Current			
Loans - Queensland Treasury Corporation		1,580	1,506
<u>TOTAL CURRENT BORROWINGS</u>		<u>1,580</u>	<u>1,506</u>
Non-current			
Loans - Queensland Treasury Corporation		19,987	21,570
<u>TOTAL NON-CURRENT BORROWINGS</u>		<u>19,987</u>	<u>21,570</u>
Reconciliation of loan movements for the year			
Loans - Queensland Treasury Corporation			
Opening balance at beginning of financial year		23,076	24,514
Principal repayments		(1,509)	(1,438)
Book value at end of financial year		<u>21,567</u>	<u>23,076</u>

The QTC loan market value at the reporting date was \$25,456,306. This represents the value of the debt if Council repaid it at that date.

Note 22. Provisions

Provisions are 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 payment.

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

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, future pay increases, employee on-costs, and the probability of the employee remaining in Council's employment which would result in the Council being required to meet the liability. 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. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website

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

Notes to the Financial Statements
for the year ended 30 June 2021

Note 22. Provisions (continued)

Quarry rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the five quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Restoration costs are already being incurred. Changes to the provisions resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Refuse restoration

The provision represents the present value of the anticipated future costs associated with the closure of the eight 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. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Restoration costs are already being incurred. Changes to the provisions resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

	2021	2020
Notes	\$'000	\$'000
Current		
Annual leave	2,682	2,725
Long service leave	5,034	5,289
Redundancy	188	1,362
Sub total - aggregate employee benefits	7,904	9,376
Quarry rehabilitation	12	12
Refuse restoration	310	551
<u>TOTAL CURRENT PROVISIONS</u>	<u>8,226</u>	<u>9,939</u>
Non-current		
Long service leave	371	263
Sub total - aggregate employee benefits	371	263
Quarry rehabilitation	562	611
Refuse restoration	27,819	28,874
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>28,752</u>	<u>29,748</u>

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22. Provisions (continued)

	Notes	2021 \$'000	2020 \$'000
Details of movements in provisions:			
Quarry rehabilitation			
Balance at beginning of financial year		623	652
Increase in provision due to unwinding of discount	8	7	15
Change in estimates	5	(56)	(44)
Balance at end of financial year		<u>574</u>	<u>623</u>
Refuse restoration			
Balance at beginning of financial year		29,425	29,247
Increase in provision due to unwinding of discount	8	276	689
Change in estimates	5	(1,531)	(511)
Amount used		(41)	-
Balance at end of financial year		<u>28,129</u>	<u>29,425</u>

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as finance costs (refer to Note 8). Amendments to the provision resulting from changes in estimates, which includes changes in escalation rate (inflation), discount rate change, and change in cost estimates, are recognised within the accounts as Capital Income (refer Note 5) or Capital Expenses (refer to Note 9).

Note 23. Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 24. Commitments for expenditure

	Notes	2021 \$'000	2020 \$'000
(a) Contractual commitments			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Garbage collection contract		5,432	2,873
Waste site supervision contract		2,856	4,368
Computer leasing contract		456	227
IT software contracts		2,995	3,033
Facilities Contract		756	-
		<u>11,739</u>	<u>10,501</u>

(b) Capital commitments (exclusive of GST)

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

Property, plant and equipment

Facility, buildings, plant and equipment expenditure	2,418	932
Road operations and bridge construction	670	374
Total commitments	<u>3,088</u>	<u>1,306</u>

These expenditures are payable as follows:

Within the next year	3,088	1,306
Total Payable	<u>3,088</u>	<u>1,306</u>

Note 25. 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 2021 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 25. Contingent liabilities (continued)

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 \$619,418.

Legal claims

Based on advice and review from Council's solicitor, there are a number of claims and legal proceedings that may result in a financial settlement being made by Council to resolve the litigation. The total of these contingent liabilities, liability for which is not admitted, is estimated at \$2,334,850 (2020: \$2,335,850).

Note 26. Superannuation - Regional Defined Benefit Fund

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the Local Government Act 2009.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date. Council is however continuing to monitor the impact on the scheme associated with the impact of COVID-19 on the economy.

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

The next triennial actuarial review is due on 1 July 2021.

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

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

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

	Notes	2021 \$'000	2020 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		74	93
Other superannuation contributions for employees		2,584	2,623
Total superannuation contributions paid by Council for employees	6	2,658	2,716

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 27. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	Notes	2021 \$'000	2020 \$'000
Net result		14,578	3,405
Non-cash items			
Depreciation and amortisation		11,320	11,885
		<u>11,320</u>	<u>11,885</u>
Losses/(gains) recognised on fair value re-measurements through the income statement			
Revaluation of property, plant and equipment		46	-
Revaluation of investment property		505	(100)
Revaluation relating to assets held for sale		(29)	-
Unwinding of discount rates on reinstatement provisions		283	704
Capital Income - Rehabilitation		(1,587)	(555)
		<u>(782)</u>	<u>49</u>
Investing and development activities			
Net (profit)/loss on disposal of assets		7,814	2,166
Capital grants and contributions		(10,355)	(2,780)
Share of net (profits)/losses of associates/JV's		(2,320)	(2,152)
Capital contributions		(3,260)	(1,518)
Amount used - Rehabilitation		(41)	-
		<u>(8,162)</u>	<u>(4,284)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(2,049)	554
Increase/(decrease) in provision for doubtful debts		8	6
(Increase)/decrease in inventories		(17)	14
(Increase)/decrease in contract assets		54	(56)
Increase/(decrease) in payables		2,127	(1,082)
Increase/(decrease) in contract liabilities		(438)	1,109
Increase/(decrease) in employee leave entitlements		(190)	667
Increase/(decrease) in other provisions		(1,174)	1,362
Increase/(decrease) in other liabilities		-	(1,014)
		<u>(1,679)</u>	<u>1,560</u>
Net cash provided from/(used in) operating activities from the statement of cash flows		<u>15,275</u>	<u>12,615</u>

Notes to the Financial Statements
for the year ended 30 June 2021

Note 28. Reconciliation of liabilities arising from financing activities

	As at 30-Jun-20 \$'000	Change in accounting policy \$'000	Cashflows \$'000	Non-cash changes \$'000	As at 30-Jun-21 \$'000
Borrowings	23,076	-	(1,509)	-	21,567
	<u>23,076</u>	<u>-</u>	<u>(1,509)</u>	<u>-</u>	<u>21,567</u>

	As at 30-Jun-19 \$'000	Change in accounting policy \$'000	Cashflows \$'000	Non-cash changes \$'000	As at 30-Jun-20 \$'000
Borrowings	24,514	-	(1,438)	-	23,076
	<u>24,514</u>	<u>-</u>	<u>(1,438)</u>	<u>-</u>	<u>23,076</u>

Note 29. Correction of error

It was discovered that a number of items held in work in progress and as intangible assets did not meet the asset recognition criteria of AASB 138 Intangible Assets. These items were planning schemes plans and documents, flood modelling and planning data and reports and other strategic documents.

The errors described above have been corrected by restating the balances at the beginning of the comparative period, 1st July 2019, with the adjustments taken to equity at that date. Comparatives have been changed to reflect the corrected amounts and the impact on each item in the financial statements is shown below.

	Original balance 30 June 2019 \$'000	Adjustment \$'000	As at 1 July 2019 \$'000

Adjustments to prior year opening balances are as follows:

Property, plant and equipment	569,246	(33)	569,213
Intangible assets	5,493	(2,440)	3,053
Retained surplus	383,591	(2,473)	381,118

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 29. Correction of error (continued)

	Previous balance 2020 \$'000	Adjustment \$'000	Restated balance 2020 \$'000
Notes			
Reconciliation of restated comparatives			
Financial report line item / balance affected			
Statement of comprehensive income			
Employee costs	29,012	137	29,149
Materials and services	17,486	427	17,913
Depreciation and amortisation:	-	-	-
- Intangible assets	943	(354)	589
	<u>47,441</u>	<u>210</u>	<u>47,651</u>
Statement of financial position			
Property, plant and equipment	549,174	(535)	548,639
Intangible assets	5,120	(2,148)	2,972
	<u>554,294</u>	<u>(2,683)</u>	<u>551,611</u>
TOTAL ASSETS	<u>636,021</u>	<u>(2,683)</u>	<u>633,338</u>
Net community assets	<u>565,171</u>	<u>(2,683)</u>	<u>562,488</u>
Retained surplus/(deficiency)	386,874	(2,683)	384,191
Statement of changes in equity			
Retained surplus	386,874	(2,683)	384,191

Note 30. Events after the reporting period

Council passed a resolution on the 23 July, 2021 to set up a Local Management Entity being a company limited by guarantee to progress the objectives of the Lockyer Valley and Somerset Water Collaborative.

The establishment of a Local Management Entity will create a legal entity that will succeed the Lockyer Valley and Somerset Water Collaborative.

Since inception of the project, Council has provided administrative and governance support to the Lockyer Valley and Somerset Water Collaborative.

Note 31. Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

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

Financial risk management

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

Council's Audit and Risk Management Committee (ARMC) has oversight of policies for overall risk management specifically for managing credit, liquidity and market risk.

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

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

Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2021

Note 31. Financial instruments and financial risk management (continued)

Cash and cash equivalents

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

Other financial assets

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

Receivables

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

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

By the nature of Council's operations, there is a geographical concentration of risk in Council's area. Because the area is largely residential and agricultural, there is also a concentration in the residential and agricultural sectors.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 10.

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

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

Notes to the Financial Statements
for the year ended 30 June 2021

Note 31. Financial instruments and financial risk management (continued)

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
2021					
Payables	7,998	-	-	7,998	7,998
Loans - QTC	2,594	10,378	14,731	27,703	21,567
	<u>10,592</u>	<u>10,378</u>	<u>14,731</u>	<u>35,701</u>	<u>29,565</u>
2020					
Payables	5,905	-	-	5,905	5,905
Loans - QTC	2,594	10,378	17,325	30,297	23,076
	<u>8,499</u>	<u>10,378</u>	<u>17,325</u>	<u>36,202</u>	<u>28,981</u>

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

Market risk

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

Interest rate risk

Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and other financial institutions.

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

Sensitivity

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2021

Note 31. Financial instruments and financial risk management (continued)

	Net carrying amount \$'000	Net result		Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2021					
QTC cash fund	25,735	257	(257)	257	(257)
Other investments	8,000	80	(80)	80	(80)
Loans - QTC	(21,567)	(216)	216	(216)	216
Net	12,168	122	(122)	122	(122)
2020					
QTC cash fund	21,242	212	(212)	212	(212)
Other investments	4,600	46	(46)	46	(46)
Loans - QTC	(23,076)	(231)	231	(231)	231
Net	2,766	27	(27)	27	(27)

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

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

(b) Fair value

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Notes	Carrying value		Fair value	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets					
Cash and cash equivalents	10	867	467	867	467
QTC cash fund	10	25,735	21,242	25,735	21,242
Investments		8,000	4,600	8,000	4,600
Total financial assets		34,602	26,309	34,602	26,309
Financial liabilities					
Loans - QTC	21	21,567	23,076	25,456	27,987
Total financial liabilities		21,567	23,076	25,456	27,987

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 32. Transactions with related parties

	2021 \$000	2020 \$000
(a) Associates		
Amount of transactions with Associates		
Queensland Urban Utilities		
Water and waste water charges	535	501
Sponsorship received	-	(5)
Contribution to water collaborative	-	(30)
Private works for QUU	(14)	(24)
Infrastructure charges	-	21
Council of Mayors of South East Queensland		
Annual membership levy	31	29
Resilient rivers contribution	37	32
SEQ regional food and agriculture tourism platform	5	4
Resilient rivers initiatives	(167)	(400)
Spring Bluff Railway Station Trust		
Annual operational contribution	60	59
Total	487	187

All of the above transactions were in the normal course of business, and subject to standard terms and conditions.

(b) Other related parties

Transactions with other related parties

Amount of transactions with other related parties

Purchase of goods and services from entities controlled by key management personnel		
Printing	-	24
Professional Organisations	-	2
Transport Services	6	-
Purchase of goods and services from entities controlled by related parties of key management personnel		
Sporting complex	96	137
Employee expenses for close family members of key management personnel	170	199
Total	272	362

All of the above transactions were in the normal course of business, and subject to standard terms and conditions.

Any contracts with related parties have followed normal procurement and tender processes.

There are two related parties who are employees of Council but not Key Management Personnel. Their employment terms and conditions are in accordance with Council's Enterprise Bargaining Agreement and standard recruitment practices.

Lockyer Valley Regional Council

Notes to the Financial Statements

for the year ended 30 June 2021

Note 32. Transactions with related parties (continued)

	2021	2020
	\$'000	\$'000

Key management personnel have disclosed any personal interest in relation to decision making around these transactions, or absented themselves from the decision making process. Similar transactions have occurred in previous years, prior to the election or employment of Key Management Personnel.

(c) Key management personnel

Transactions with key management personnel

Key Management Personnel include the Councillors, Chief Executive Officer, Executive Managers, and the Chief Financial Officer. Other staff acting in those positions during the year have also been included for the period of time they were acting.

The compensation paid to key management personnel comprises:

Short-term employee benefits	1,827	2,056
Post-employment benefits	181	216
Long-term benefits	32	53
Termination benefits	365	143
Total	<u>2,405</u>	<u>2,468</u>

(d) Outstanding balances

Council holds no contract retentions (2020: Nil) on behalf of a related party.

Included in the balances disclosed at (a) is an amount of \$8,393 (2020: \$7,794) which was outstanding at year end. This is in accordance with Council's normal debt collection and creditor payment terms.

This is in accordance with Council's normal creditor payment terms.

(e) Loans and guarantees to/from related parties

Council holds no bank guarantees (2020: Nil) on behalf of a related party.

Council has provided a loan to QUU for \$14.7 million (2020: \$14.7 million). This is managed by Queensland Treasury Corporation. This loan is at commercial interest rates, and the capacity for QUU to repay this loan is assessed yearly. This loan is disclosed at Note 11.

(f) Commitments to/from other related parties

There are no commitments at the end of the reporting period in relation to transactions with related parties.

(g) Transactions with related parties that have not been disclosed

Transactions on the same basis as ordinary citizens with the related parties have not been disclosed.

These transactions include rates payment for properties owned within Council boundaries, dog registrations, and reimbursement of expenses for parking and conferences.

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 32. Reserves

	2021	2020
Notes	\$'000	\$'000

Council's cash, cash equivalents and investments are subject to a number of external and internal restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves.

Restricted Capital Works Reserve - Grants & Subsidies

This corresponds to the amount of cash which has been received in respect of capital works where the required capital works have not yet been carried out.

Roads Infrastructure Reserve

This represents the future development of roads across the region from specific contributions.

Rates Levies Reserve

This represents the unspent funds from the Emergency Preparedness, Rural Fire and Waste Management Levies. These funds will provide disaster management, SES, rural fire, environmental and waste functions as needed. This reserve has now been fully expended.

Prepaid Grants Reserve

This corresponds to the amount of cash which has been received in respect of operational works where the required operations have not yet been carried out.

Reserves held for funding future capital exp:

Roads infrastructure reserve	3,088	1,306
	<u>3,088</u>	<u>1,306</u>
<u>TOTAL RESERVES</u>	<u>3,088</u>	<u>1,306</u>

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 32. Reserves (continued)

	2021	2020
Notes	\$'000	\$'000
Details of movements in Reserves:		
Capital Reserves		
Restricted capital works reserve - grants & subsidies		
Balance at beginning of financial year	-	591
Transfer to retained surplus	-	(591)
Balance at end of financial year	-	-
Roads infrastructure reserve		
Balance at beginning of financial year	1,306	2,180
Transfer from retained surplus	3,088	1,306
Transfer to retained surplus	(1,306)	(2,180)
Balance at end of financial year	3,088	1,306
Prepaid grants reserve		
Balance at beginning of financial year	-	429
Transfer to retained surplus	-	(429)
Balance at end of financial year	-	-

Lockyer Valley Regional Council

Notes to the Financial Statements for the year ended 30 June 2021

Note 33. Council information and contact details

Principal place of business:

26 Railway Street
Gatton QLD 4343

Contact details**Mailing address:**

PO Box 82
Gatton QLD 4343

Telephone: 1300 005 872

Facsimile:

Opening hours:

8:30am - 4:30pm - Gatton

9:00am - 5:00pm - Laidley

Monday to Friday

Internet: www.lockyervalley.qld.gov.au

Email: mailbox@lvrc.qld.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

Ian Church

Elected members**MAYOR**

Tanya Milligan

COUNCILLORS

Jason Cook

Chris Wilson

Janice Holstein

Rick Vela

Michael Hagan

Brett Qualischefski

AUDITORS

Queensland Audit Office

PO Box 15396

City East QLD 4002

Other information

ABN: 52 673 165 312

Lockyer Valley Regional Council

General Purpose Financial Statements for the year ended 30 June 2021

Management Certificate for the year ended 30 June 2021

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.

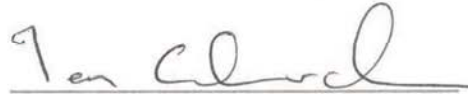
In accordance with Section 212(5) of the Regulation, we certify that:

- (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 54, 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.



Tanya Milligan
MAYOR

20 October 2021



Ian Church
CHIEF EXECUTIVE OFFICER

20 October 2021

INDEPENDENT AUDITOR'S REPORT

To the councillors of Lockyer Valley Regional Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Lockyer Valley 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 2021, 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 2021, 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 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Lockyer Valley Regional Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

The councillors are 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 councillors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Lisa Fraser
as delegate of the Auditor-General

21 October 2021

Queensland Audit Office
Brisbane

Lockyer Valley Regional Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2021

	Actual 2021	Target 2021
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Measures of financial sustainability

Council's performance at 30 June 2021 against key financial ratios and targets.

Performance indicators

1. Operating surplus ratio

$\frac{\text{Net result (excluding capital items)}^{(1)}}{\text{Total operating revenue (excluding capital items)}^{(2)}}$	12.30%	0 - 10%
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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

$\frac{\text{Capital expenditure on the replacement of assets (renewals)}^{(3)}}{\text{Depreciation expense}}$	95.16%	more than 90%
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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

$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue (excluding capital items)}^{(2)}}$	38.23%	less than 60%
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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 2021.

Current Year Financial Sustainability Statement (continued)
for the year ended 30 June 2021

Measures of financial sustainability (continued)

Notes

- ⁽¹⁾ Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.
- ⁽²⁾ Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties.
- ⁽³⁾ Asset Renewals are defined as expenditures on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing assets and may reduce operating and maintenance costs.

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.

Lockyer Valley Regional Council

Current Year Financial Sustainability Statement for the year ended 30 June 2021

Certificate of Accuracy for the year ended 30 June 2021

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.



Tanya Milligan

MAYOR

20 October 2021



Ian Church

CHIEF EXECUTIVE OFFICER

20 October 2021

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Lockyer Valley Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Lockyer Valley Regional Council for the year ended 30 June 2021, 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 Lockyer Valley Regional Council for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General 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 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 financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Lockyer Valley Regional Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors responsibility also includes such internal control as the councillors determine 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.



21 October 2021

Lisa Fraser
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Lockyer Valley Regional Council

Unaudited Long-Term Financial Sustainability Statement

prepared as at 30 June 2021

	Target 2021	Actual 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Forecast									
Measures of financial sustainability												
Council's performance at 30 June 2021 against key financial ratios and targets.												
Performance indicators												
1. Operating surplus ratio												
Net result (excluding capital items) ⁽¹⁾												
Total operating revenue (excluding capital items) ⁽²⁾												
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.												
	0 - 10%	12.30%	3.40%	3.40%	0.09%	1.50%	1.40%	0.08%	2.00%	3.10%	2.50%	4.10%
2. Asset sustainability ratio												
Capital expenditure on the replacement of assets (renewals) ⁽³⁾												
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.												
	> 90%	95.16%	127.10%	131.30%	100.60%	130.20%	105.90%	95.00%	89.40%	91.00%	90.80%	90.00%
3. Net financial liabilities ratio												
Total liabilities less current assets												
Total operating revenue (excluding capital items) ⁽²⁾												
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.												
	< 60%	38.23%	52.60%	52.20%	48.60%	52.30%	48.10%	41.20%	33.00%	24.50%	25.20%	16.10%

Measures of financial sustainability

Lockyer Valley Regional Council Financial Management Strategy

The 2016 Queensland Treasury Corporation Credit (QTC) Review saw the Council rated as Weak with a Neutral Outlook. This rating is still related to the significant increase in operating costs and capital expenditure as a result of the flooding events experienced between 2011 and 2013. As Council has completed the restoration works and has returned to a pre-disaster level of operations, the budget forecasts are now reflecting a more stable level of operations. Council would like to see its QTC rating return to "moderate" over the short term, with a longer term rating goal of "sound" however discussions with QTC have indicated that there is no intention to conduct a further review at this time. Council's budgets, forecasts and rating strategies still aim to address the issues raised by QTC and deliver a financially stable future.

Council's adopted Long Term Financial Plan 2020 - 2029 provides a framework for securing its financial sustainability over the life of the forecast period. To achieve this, Council aims for:

- Operating surpluses for the forecast period.
- Smoother increases in rates from year to year to avoid any 'rate shock'.
- Reductions in debt balances on top of the scheduled payments.
- Review of operations and service levels to focus on core services.
- Improved transparency and consultation in developing future budgets.

The current forecast has the levels of income and expenditure at what should be considered 'normal' operations.

It also sees operating surpluses for the life of the long term plan and a more sustainable level of capital works which is focussed on renewals.

Council has adopted Service Management Plans for its major asset classes. Improved asset data and a planned inspection regime will ensure that Council's understanding of the condition of its assets is better than it has ever been. This will in turn improve the outputs from the service management plans for each class of assets and ensure a more realistic forecast of the required levels of expenditure.

Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.
- (2) Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties
- (3) Asset Renewals are defined as expenditures on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing assets and may reduce operating and maintenance costs.

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs.

The current year's asset sustainability ratio is calculated on infrastructure type asset classes only. The future year ratios are calculated on all asset classes, except Land.

Lockyer Valley Regional Council

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2021

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.



Tanya Milligan

MAYOR

20 October 2021



Ian Church

CHIEF EXECUTIVE OFFICER

20 October 2021





For more information phone **1300 005 872**,
email **mailbox@lvrc.qld.gov.au** or visit **www.lockyervalley.qld.gov.au**