



ROCKHAMPTON REGIONAL COUNCIL

# ANNUAL REPORT

2014 – 2015



# CONTENTS

- MAYOR'S MESSAGE . . . . . 4
- CEO'S MESSAGE . . . . . 5
- HIGHLIGHTS FROM THE PAST 12 MONTHS . . . . . 6
- COMMUNITY FINANCIAL REPORT . . . . . 8
- FINANCIAL STATEMENTS . . . . . 12
  - Statement of Comprehensive Income . . . . . 13
  - Statement of Financial Position . . . . . 14
  - Statement of Changes in Equity . . . . . 15
  - Statement of Cash Flows . . . . . 16
  - Notes to the financial statements . . . . . 17
- COMMERCIAL BUSINESS UNITS . . . . . 69
- STATUTORY INFORMATION . . . . . 89

# MAYOR'S MESSAGE

We are beginning to see the rewards of tough decisions made during the previous financial year. We have achieved a phenomenal outcome with the Queensland Treasury Corporation (QTC) giving Council's sound management planning the tick of approval with a moderate rating.

Our budgeted surplus was a key achievement and has required real discipline. The QTC report identified that Council had reduced operating expenses, curtailed its new borrowing and was spending an appropriate amount on maintaining its infrastructure.

We have kept rates to a minimum while delivering many small wins that will make a big difference so our community can enjoy the advantages of our region.

This will also be made possible through the creation of our Regional Promotions Unit whose main focus is to enhance the profile of our region as a location for people to live, work and play, and for businesses to establish and grow. The Unit will also bring vibrancy to our community through annual festivals and activities that will act as a drawcard to our iconic locations.

Our Capital Program is one that will include significant renewal programs in line with Asset Management Plans as well as lifestyle improvements. Council has thrown itself into the task of boosting our economic health and focussing on growth. Delivering \$1 million in development incentives to ensure continued commercial growth in our Region is just one of the key components to advancing our future.

Through Cyclone Marcia's devastation, our resilience and determination reached new heights and I pay tribute to our staff and our community who responded positively throughout this challenging time.

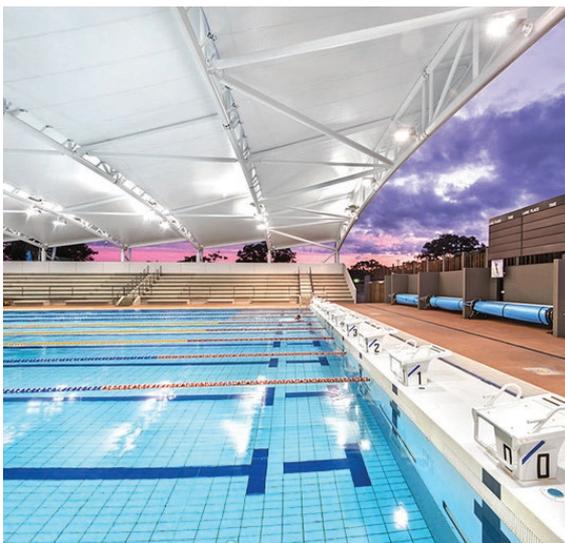
While there's a long road ahead as we rebuild and revitalise our Region's greatest assets, I am excited about what we have achieved so far and the direction we are headed for the future.

We have a progressive and cohesive Council, a solid budget surplus, our debt is reducing and above all we have an incredible community that is the foundation for this outcome.



**Cr Margaret Strelow**

Mayor,  
Rockhampton Regional Council



# CEO'S MESSAGE

This financial year we adopted a surplus budget that not only met our operational needs but was fully funding depreciation and included a sound capital program based around asset management principles. Just one example resulted in an additional \$3 million being allocated for road resurfacing. It was also a year of community appreciation as free green waste drop-off was introduced as well as all pool entries being reduced to \$2, the Rockhampton River Festival planning occurred and the first Rockhampton CBD Christmas Fair for many years was conducted.

The community spirit was put to the test thanks to the impact of Tropical Cyclone Marcia in February 2015 and our response to the recovery process was one of leadership and exceptional commitment. Council's workforce proved to be a resilient team that was determined to recover, rebuild and renew our Region; helping our community every step of the journey. It unfortunately eroded Council's healthy surplus budget. This will, however, be restored in the next financial year.

It is with great appreciation that I extend my thanks to all staff who worked tirelessly to assist our community. I also thank our neighbouring Councils who sent their own crews armed with much needed equipment to help clean up the remnants of Cyclone Marcia. Your support during this difficult time was immeasurable.

While the initial recovery efforts are to be commended, the impacts are unfortunately ongoing with Kershaw Gardens, the Botanic Gardens and Mount Archer's Pilbeam Drive now in need of extensive restoration plans that are likely to take years. However, where there is devastation, there is a chance for a brighter beginning.

Cyclone Marcia has unavoidably given Council an opportunity to reconsider the future for Kershaw Gardens and its offerings for the community. We look forward to creating a plan that will see the Gardens once again become a major focal point of our city.

To overcome the financial impact of Cyclone Marcia, Council is seeking as much funding as possible through the National Disaster Relief and Recovery Arrangements (NDRRA). Although a number of projects have been delayed due to the Cyclone, we remain in a sound financial position.

I would like to applaud our incredible organisation and the people within it who have helped us get to where we are today. I particularly pay recognition to our longest serving employees who have spent decades serving the community and are valuable members of our team.



**Evan Pardon**  
Chief Executive Officer,  
Rockhampton Regional Council



## HIGHLIGHTS FROM THE PAST 12 MONTHS



### STAGE ONE NORTH ROCKHAMPTON FLOOD MITIGATION

Council's North Rockhampton Flood Mitigation Project began during May 2015 with the installation of a series of flood valves and gates in low-lying areas. The project is expected to protect up to 400 North Rockhampton homes from future flood events. Stage one of the project involved 16 valves installed around Berserker, a temporary flood barrier system deployed to prevent back up of flood water, sewerage network upgrades to reduce risk of sewerage surcharge and the construction of a small levee and associated drainage works in Kershaw Gardens.



### ROCKHAMPTON REGIONAL PROMOTIONS

The Regional Promotions unit was formed in late 2014 with the directive to improve the appeal of Rockhampton as a place to visit, live and invest. This is achieved through a three tiered strategy of events, marketing and placemaking. The unit's role is to manage a program of new events including The Rockhampton River Festival, Secret Sundays and Wholly Cow Month while assisting and attracting new events like Rocky Rocks, The Capricorn Food & Wine Festival and The Rocky River Run. The team has delivered some exciting new marketing platforms to build the new Rockhampton Region brand including the My Rockhampton magazine published every 4 months, the new myrockhampton.com.au website and community portal, the My Rockhampton Facebook page, the RACHEL app, new promotional videos and a branded image gallery. The team also works with the larger Regional Development department on placemaking, assisting in the project management and delivery of projects like the Riverbank Redevelopment, the Mount Archer Activation Plan, the Marine Infrastructure Plan and public arts programs.



### 2ND WORLD WAR MEMORIAL AQUATIC CENTRE

The Wet Play area at the 2nd World War Memorial Aquatic Centre officially opened in December 2014 as part of the \$17 million redevelopment project. The opening saw visitation numbers exceed previous years' with nearly 52,000 patrons in just two months. The redevelopment of the Aquatic Centre features a heated 25m and 50m pool, Wet Play area, 650 seat capacity shaded grandstand, Learn to Swim facility, new amenities including a café and refurbishment of the diving pool.



### ROCKHAMPTON ZOO

In 2014 the Rockhampton Zoo family expanded and became home to four new animals. The Zoo has welcomed two Asian short clawed otters, Soa and Houdini, from Taronga Zoo, a 4.5 metre Saltwater Crocodile named The Colonel, from Koorana Crocodile Farm and Ernie the Dingo who was rehomed at the Zoo after befriending workers at a mine site west of Mackay. The animals have become an important part of our Zoo's extended family and their antics are regularly featured online for everyone to admire.



### PILBEAM THEATRE

The Pilbeam Theatre Box Office issued over 100,000 tickets valued at more than \$3.1 million, including 40,000 tickets worth \$1.3 million for Beef 2015. Almost half of the tickets sold in 2014/2015 were bought online through the theatre's website. Sydney based professional team, director Wayne Scott Kermond and choreographer Katie Kermond, created their first production for the Pilbeam Theatre, the Lloyd Webber/Rice musical Evita.

# HIGHLIGHTS FROM THE PAST 12 MONTHS



## CEDRIC ARCHER PARK

Stage one of Gracemere's Cedric Archer Park recreational redevelopment commenced in May 2015. The \$2.35 million project will be completed over three years and will give the Gracemere community access to a range of recreational facilities from new play equipment to sporting grounds. More than \$500,000 for Stage one works, which includes playground components, was allocated in the 2014/15 budget. Further stages will include design works and construction for a skate park and rectification of Touch of Paradise. Once completed, Cedric Archer Park will become the area's top park and recreation destination for Gracemere families.



## SOUTH ROCKHAMPTON SEWERAGE TREATMENT PLANT

The South Rockhampton Sewerage Treatment Plant (STP) was upgraded to improve its treatment performance in early 2015. The upgrade involved the installation of an energy efficient fine bubble diffused aeration system and new anoxic treatment stage to improve the removal of nitrogen. The process upgrade has resulted in a reduction in nitrogen released to the Fitzroy River of approximately 1000kg per week and a 15-20% reduction in electricity usage. This upgrade helps to ensure that the three Rockhampton STP's continue to comply with their environmental licence limits for nitrogen, for many years to come.



## WASTE TRANSFER STATION

The Waste Transfer Station located at the Lakes Creek Road Landfill was completed in 2015. Its completed construction also includes associated roads and a new entrance to the Lakes Creek Site. It offers the community an improved and safer waste disposal option as well as Council the opportunity to bulk transport waste to alternative sites if future opportunity arises. The Station is designed to handle up to 500 transactions daily which will cater for the community for many years into the future, with the current daily transaction rate between 300 to 400 per day.



## ART GALLERY

Rockhampton Art Gallery's exhibition *Cream: For decades of Australian art* – featuring a selection of works from the Gallery's remarkable permanent collection, continued its national tour and to date has been enjoyed by more than 65,000 visitors. Meanwhile, nearly 18,000 people visited the Gallery to see a broad range of exhibitions including the Gallery-curated show *Snap! Crocodile Culture* which included a dedicated children's activity space where hundreds of children took part in various school holiday programs. The Gallery also acquired 60 new artworks for the permanent collection including the important work *sapling* by dual-Archibald prize winner, Del Kathryn Barton.



## ROCKHAMPTON AIRPORT

Rockhampton Airport's major runway lighting upgrade is nearing completion with stages one and two now finished. The \$7.1 million project will provide a brighter LED lighting system to enhance navigation of the runway for pilots on the approach and during adverse weather conditions. The third and final stage will feature rapid flashing Runway End Identification Lights (REIL) installed at both ends of the runway.

# COMMUNITY FINANCIAL REPORT (s 184 LGR 2012)

For the year ended 30 June 2015

The Community Financial Report provides a simplified summary and analysis of Council's general purpose financial statements for the 2014-15 financial year.

## SIMPLIFIED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2015

	\$M
How much Council has in the bank	78.7
How much Council owns	2,214.9
How much Council is owed	18.5
<b>Total Assets</b>	<b>2,312.1</b>
How much Council owes suppliers and employees	35.6
How much Council has set aside for the rehabilitation of parks, quarries and landfills	17.9
How much Council has borrowed	156.2
<b>Total Liabilities</b>	<b>209.7</b>
<b>Net Community Assets (Wealth)</b>	<b>2,102.4</b>

The simplified balance sheet shows the value of the community's assets as at 30 June 2015. It details the total of Council assets and how much Council owes to suppliers and to Queensland Treasury Corporation.



## SIMPLIFIED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

Council recorded an operational deficit of \$10.3 million for the 2014-15 financial year whereas at the start of the financial year Council had budgeted for a \$4.6 million surplus. The significant decrease in Council's operational result was almost solely attributable to the financial impact of Tropical Cyclone Marcia which hit the Region in February 2015. There was substantial expenditure for the clearing and removal of debris and in providing community assistance in the aftermath of the cyclone. Whilst Council will recover a large proportion of cyclone related expenditure from insurance claims and State and Federal Government Natural Disaster Funding, substantial expenses have still had to be borne by the community.

The overall net result on the financial position was an increase of \$360.8 million, of which \$347.6 million resulted from a revaluation of Council's road assets. Council took advantage of a State-wide system of road valuation that has been developed by the Local Government Association of Queensland, which should allow for comparable values of local government road assets across the state.

	\$M
<b>Rockhampton Regional Council</b>	
<b>Operational Results:</b>	
Total operating revenue	186
Less operating expenses:	
Employee benefits	(68)
Materials and services	(74.3)
Finance costs	(9)
Depreciation and amortisation	(44.9)
<b>Net Operational Result</b>	<b>(10.3)</b>
<b>Other Results:</b>	
Capital grants, subsidies, contributed assets and other capital income	31.7
Less write-off of assets and other capital expenses	(8.2)
Plus increase in non-current asset values on revaluation	347.6
<b>Net Other Results</b>	<b>371.1</b>
<b>Comprehensive Income for the Year – Increase in Community Equity (Wealth)</b>	<b>360.8</b>

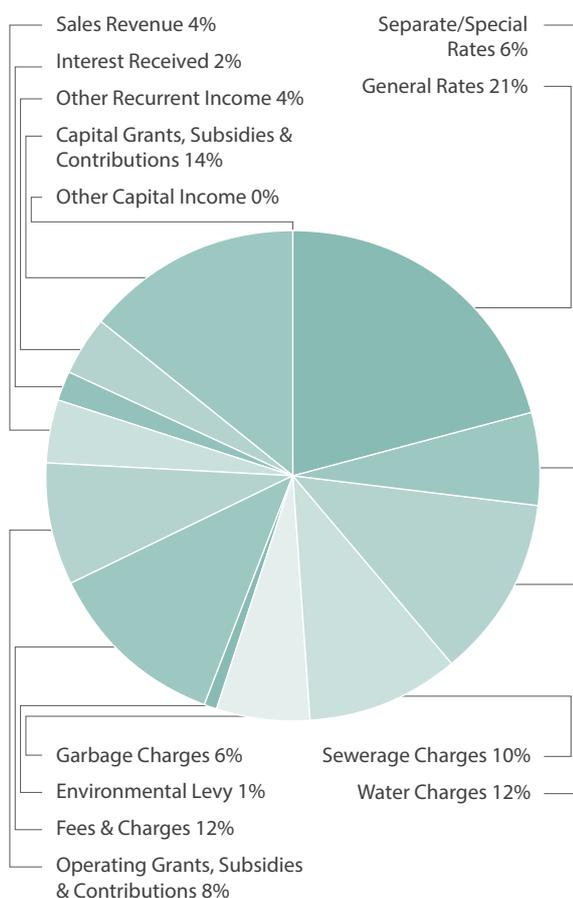


## INCOME – WHERE OUR MONEY COMES FROM

To provide services to the community, Council must collect income. Council's total income in the 2014-15 financial year was \$217.6 million. Rates, levies and utility charges are Council's principal source of revenue and represent approximately 56% of Council's revenue in the 2014-15 financial year. Council also generates income from fees and charges, undertakes recoverable works and receives funding in the form of grants and subsidies from both State and Federal Government, to help construct and maintain the extensive infrastructure assets and provide community development programs to the Region.

For the 2014-15 financial year, 14% of Council's total income was comprised of capital revenue (capital grants, subsidies and contributions). This 'income' was mainly non-monetary in the form of contributed infrastructure assets from new land subdivisions.

### INCOME BY CATEGORY 2014/2015



## EXPENSES – WHERE OUR MONEY IS SPENT

Council's operational and capital expenses as per the Statement of Comprehensive Income totalled \$204.4 million for the 2014-15 financial year. The three largest items of Council's expenditure are materials and services (36%), employee benefits (33%), and depreciation and amortisation (22%). Council's expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and reviewed throughout the year to ensure that funds are utilised efficiently.

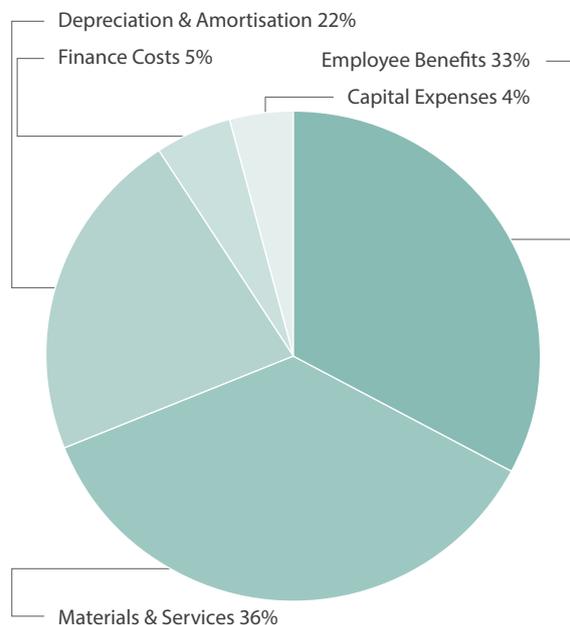
Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor for the future of the Region in respect of developments, so that our lifestyle is maintained and improved.

Council spends considerable funds on materials and services to operate effectively. In accordance with Council's Purchasing Policy, we give some preference to local businesses when work is tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense to keep our money circulating in the Region for the benefit of all who live here.

Council's expenditure on materials and services increased in the 2014-15 financial year due to substantial expenditure for the clearing and removal of debris and in providing community assistance following Tropical Cyclone Marcia.

Depreciation and amortisation is the method of allocating the cost of an asset over the asset's estimated useful life. Through the accurate calculation and allocation of depreciation and amortisation, we are confident that we will have the necessary funds to renew our existing assets.

### EXPENDITURE BY CATEGORY 2014/2015

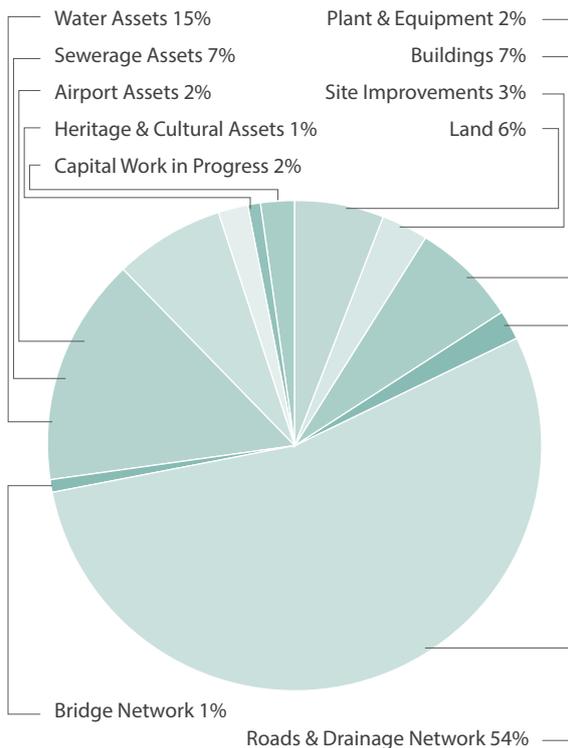


## WHAT ARE OUR ASSETS?

The total value of Council's assets at the end of the 2014-15 financial year was \$2,312 million. Infrastructure assets such as roads and drainage, water and sewerage, buildings and land comprise 96% of total assets, with the remaining 4% being cash held in bank accounts and investments and money owed to Council from its customers.

The following graph details the \$2,211 million of community infrastructure owned and managed by Council.

## INFRASTRUCTURE ASSETS



## INVESTMENT IN INFRASTRUCTURE – CAPITAL WORKS

Capital works expenditure for the 2014-15 financial year totalled \$63.7 million. The capital works program was impacted by Tropical Cyclone Marcia as resources normally assigned to capital works were reallocated to assist with disaster recovery tasks. The work completed in the 2014-15 financial year represents a continued commitment to sound asset management practices by directing funding towards new assets and the renewal of existing assets.

Significant projects undertaken in the 2014-15 financial year were:

- 2nd World War Memorial Aquatic Centre – Stage 3;
- Reseal and rehabilitation program to road and drainage network;
- Replacement and upgrade program of the Region's water and sewerage mains;
- Upgrades to the Glenmore Water Treatment Plant;
- Lakes Creek Landfill Transfer Station - Stage 3; and
- Airport runway lighting upgrades

## WHAT DO WE OWE?

Liabilities are amounts that Council owes to others totalling \$209.7 million at 30 June 2015. Council's liabilities comprise of loan borrowings, amounts owing to suppliers for goods and services, amounts owing to employees for leave entitlements, and obligations to rehabilitate parks, quarries and landfills.

Council's borrowings at the end of the 2014-15 financial year totalled \$156.2 million, a decrease of \$1.7 million from the previous financial year. The level of Council's debt is regularly reviewed as a component of the Long Term Financial Forecast. Interest expense on loans totalled 4.5% of total operating income, which is within the sustainable range provided by the Department of Local Government. Council is committed to undertake a responsible borrowing program to fund new major assets to service the community's needs.

## FINANCIAL SUSTAINABILITY RATIOS

An important indication in determining the financial health of Council is to calculate and review financial indicators or financial ratios. These ratios further assist in understanding the financial performance and position of Council, without reviewing all of the details contained within the Financial Statements.

There are three measures of financial sustainability specified in the *Local Government Regulation 2012*. These have been calculated for the 2014-15 financial year and are shown below together with projected ratios as per Council's adopted Long Term Financial Forecast.

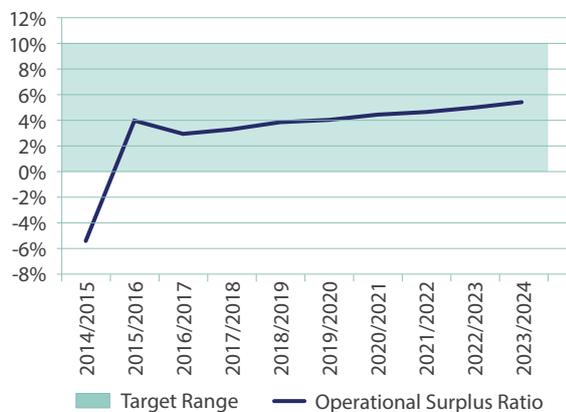


**OPERATING SURPLUS RATIO**  
 – TARGET BENCHMARK BETWEEN 0% AND 10%

This ratio indicates the relationship between Council's operational result and total operating income, expressed as a percentage. It is an indication of Council's ability to fund its day-to-day operations. A result of up to 10% means that surplus income is available after Council has paid for the cost of delivering all its services to the community. Council's ratio of 5.5% for the 2014-15 financial year shows Council did not generate sufficient revenue to cover operational expenses during the year (due to the financial impacts of Tropical Cyclone Marcia).

Council's long-term financial forecast shows the ratio moving back into the target range from the 2015-16 financial year.

**OPERATING SURPLUS RATIO**

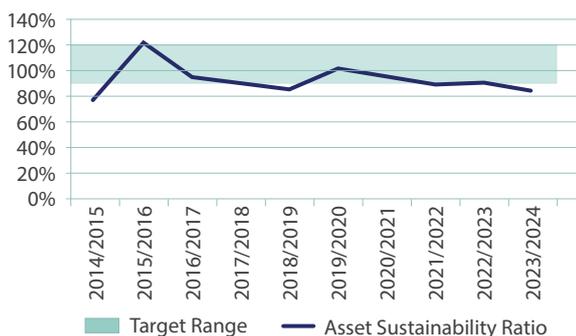


**ASSET SUSTAINABILITY RATIO**  
 – TARGET BENCHMARK GREATER THAN 90%

This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council's asset management plans continue to place emphasis on renewal works and at each annual budget Council has to determine an appropriate balance between renewal projects as well as meeting the requirements of our growing community.

In the 2014-15 financial year, more expenditure was invested into growth capital expenditure which resulted in the ratio falling below the target level. The forward projections show the ratio mainly within the target range with an average ratio of 94.3% over the forecast period.

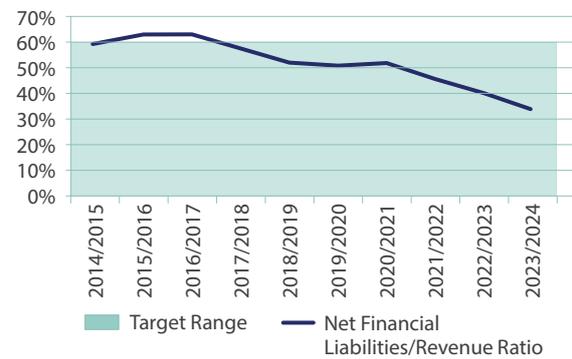
**ASSET SUSTAINABILITY RATIO**



**NET FINANCIAL LIABILITIES/REVENUE RATIO**  
 – TARGET BENCHMARK NOT GREATER THAN 60%

This ratio indicates the extent to which Council's debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Council's ratio is currently within the target range at 59.4%. Whilst the short-term forecast is marginally outside the target ratio, it is managed and controlled to move within the target benchmark range over the remainder of the forecast period.

**NET FINANCIAL LIABILITIES / REVENUE RATIO**



**LOOKING TO THE FUTURE**

The impacts of Tropical Cyclone Marcia resulted in some significant challenges for Council and its community. However, with a strong collective effort, the recovery has been outstanding and there are many exciting developments planned that will continue to enhance the liveability and attractiveness of our Region.

On-going long term cash flow planning, sound budgeting and extensive strategic financial planning feature significantly on Council's calendar. These actions allow Council flexibility to adjust to the needs of the community whilst ensuring the sustainability of the organisation as the landscape continues to change.



# FINANCIAL STATEMENTS (s183 LGR 2012)

For the year ended 30 June 2015

## CONTENTS

Statement of Comprehensive Income . . . . .	13
Statement of Financial Position. . . . .	14
Statement of Changes in Equity . . . . .	15
Statement of Cash Flows . . . . .	16
Notes to the financial statements . . . . .	17
1 Significant accounting policies . . . . .	17
2 Analysis of results by function . . . . .	26
3 Revenue analysis . . . . .	28
4 Grants, subsidies and contributions. . . . .	29
5 Capital income . . . . .	30
6 Employee benefits . . . . .	30
7 Materials and services . . . . .	31
8 Finance costs . . . . .	31
9 Depreciation and amortisation . . . . .	31
10 Capital expenses . . . . .	32
11 Discontinued operations. . . . .	33
12 Cash and cash equivalents. . . . .	34
13 Investments . . . . .	34
14 Trade and other receivables. . . . .	35
15 Assets classified as held for sale and transfer . . . . .	35
16 Property, plant and equipment . . . . .	36
17 Fair value measurements . . . . .	40
18 Trade and other payables . . . . .	46
19 Provisions . . . . .	46
20 Borrowings . . . . .	48
21 Retained surplus . . . . .	49
22 Asset revaluation surplus . . . . .	49
23 Commitments for expenditure . . . . .	50
24 Events after the reporting period . . . . .	50
25 Contingent liabilities . . . . .	50
26 Superannuation. . . . .	51
27 Trust funds . . . . .	52
28 Disposal due to the de-amalgamation of Livingstone Shire Council . . . . .	53
29 Reconciliation of net result attributable to Council to net cash flow from operating activities . . . . .	54
30 Contingent assets . . . . .	54
31 Accounting for natural disaster events . . . . .	55
32 Correction of error . . . . .	56
33 Financial instruments. . . . .	57
34 National competition policy. . . . .	60
Management Certificate . . . . .	62
Independent Auditor's report. . . . .	63

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Continuing operations</b>			
<b>Income</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	121,552,306	116,994,729
Fees and charges	3(b)	25,646,755	25,510,203
Interest received	3(c)	3,631,344	3,671,158
Sales revenue	3(d)	8,046,934	12,201,532
Other recurrent income	3(e)	9,478,197	7,129,349
Grants, subsidies and contributions	4(a)	17,604,985	14,476,055
		<u>185,960,521</u>	<u>179,983,026</u>
<b>Capital revenue</b>			
Grants, subsidies and contributions	4(b)	30,931,613	51,762,850
<b>Total revenue</b>		<u>216,892,134</u>	<u>231,745,876</u>
<b>Capital income</b>	5	728,055	187,437
<b>Total income from continuing operations</b>		<u>217,620,189</u>	<u>231,933,313</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(68,016,659)	(63,056,569)
Materials and services	7	(74,282,168)	(43,393,227)
Finance costs	8	(9,015,711)	(9,653,666)
Depreciation and amortisation	9	(44,929,775)	(43,430,070)
		<u>(196,244,313)</u>	<u>(159,533,532)</u>
<b>Capital expenses</b>	10	(8,173,436)	(9,464,289)
<b>Loss on restructure of local government</b>	28	-	(859,080,932)
<b>Total expenses from continuing operations</b>		<u>(204,417,749)</u>	<u>(1,028,078,753)</u>
<b>Surplus/(deficit) for the year from continuing operations</b>		<u>13,202,440</u>	<u>(796,145,440)</u>
<b>Discontinued operations</b>			
<b>Surplus/(deficit) for the year from discontinued operations</b>	11	-	25,997,851
<b>Net result attributable to Council</b>		<u>13,202,440</u>	<u>(770,147,589)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	22	347,579,527	67,139,608
<b>Total other comprehensive income for the year</b>		<u>347,579,527</u>	<u>67,139,608</u>
<b>Total comprehensive income for the year</b>		<u>360,781,967</u>	<u>(703,007,981)</u>

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

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$	Restated 2014 \$
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	12	48,701,188	29,899,637
Investments	13	30,000,000	57,000,000
Trade and other receivables	14	18,502,090	18,407,067
Inventories		1,784,242	1,730,165
		98,987,520	107,036,869
Assets classified as held for sale and transfer	15	321,454	14,100,261
<b>Total current assets</b>		99,308,974	121,137,130
<b>Non-current assets</b>			
Property, plant and equipment	16	2,211,051,998	1,838,184,954
Intangible assets		1,692,788	2,048,277
<b>Total non-current assets</b>		2,212,744,786	1,840,233,231
<b>TOTAL ASSETS</b>		2,312,053,760	1,961,370,361
<b>Current liabilities</b>			
Trade and other payables	18	20,278,748	33,556,769
Provisions	19	18,744,441	12,167,403
Borrowings	20	15,227,724	14,407,449
Other liabilities		583,666	533,319
<b>Total current liabilities</b>		54,834,579	60,664,940
<b>Non-current liabilities</b>			
Provisions	19	11,651,427	13,153,563
Borrowings	20	140,952,561	143,495,888
Other liabilities		2,249,966	2,472,710
<b>Total non-current liabilities</b>		154,853,954	159,122,161
<b>TOTAL LIABILITIES</b>		209,688,533	219,787,101
<b>NET COMMUNITY ASSETS</b>		2,102,365,227	1,741,583,260
<b>Community equity</b>			
Retained surplus	21	1,297,320,694	1,284,118,254
Asset revaluation surplus	22	805,044,533	457,465,006
<b>TOTAL COMMUNITY EQUITY</b>		2,102,365,227	1,741,583,260

Council has made a retrospective restatement as a consequence of correction of prior period error(s) and therefore, in accordance with AASB 101 has presented restated comparative information in the prior reporting period. Details are disclosed in Note 32.

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

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Total		Retained surplus Note 21		Asset revaluation surplus Note 22	
	2015 \$	Restated 2014 \$	2015 \$	Restated 2014 \$	2015 \$	2014 \$
<b>Balance at beginning of year</b>	1,741,583,260	2,438,863,945	1,284,118,254	2,048,538,547	457,465,006	390,325,398
Adjustment to opening balance	-	5,727,296	-	5,727,296	-	-
<b>Restated balances</b>	1,741,583,260	2,444,591,241	1,284,118,254	2,054,265,843	457,465,006	390,325,398
<b>Net result attributable to Council</b>	13,202,440	(770,147,589)	13,202,440	(770,147,589)	-	-
<b>Other comprehensive income for the year</b>						
Adjustment to asset revaluation surplus:						
Property, plant & equipment	347,579,527	67,139,608	-	-	347,579,527	67,139,608
<b>Total comprehensive income for year</b>	360,781,967	(703,007,981)	13,202,440	(770,147,589)	347,579,527	67,139,608
<b>Balance at end of year</b>	2,102,365,227	1,741,583,260	1,297,320,694	1,284,118,254	805,044,533	457,465,006

Council has made a retrospective restatement as a consequence of correction of prior period error(s) and therefore, in accordance with AASB 101 has presented restated comparative information in the prior reporting period. Details are disclosed in Note 32.

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

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Rates, levies and charges		122,110,967	141,850,260
Fees and charges		25,646,755	28,378,088
Grants, subsidies and contributions		14,321,534	15,750,053
Interest received		3,806,861	4,819,030
Other income		20,684,453	21,000,424
Net GST (recoverable)/paid		(553,758)	191,442
Payments to suppliers		(64,852,760)	(49,626,140)
Payments to employees		(67,674,657)	(75,939,211)
Interest expense		(8,350,822)	(11,318,546)
<b>Net cash inflow from operating activities</b>	29	<u>45,138,573</u>	<u>75,105,400</u>
<b>Cash flows from investing activities</b>			
Government subsidies and grants		7,540,276	16,040,634
Capital contributions		4,541,726	10,417,141
Payments for property, plant and equipment		(68,127,378)	(86,554,353)
Payments for intangible assets		(231,503)	(644,590)
Net transfer from cash investments		27,000,000	35,000,000
Proceeds from sale of property plant and equipment		4,662,908	1,875,404
Transfer on restructure of local government	28	(10,381,261)	(33,003,070)
<b>Net cash outflow from investing activities</b>		<u>(34,995,232)</u>	<u>(56,868,834)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		12,678,534	10,306,321
Repayment of borrowings		(14,401,585)	(16,159,797)
<b>Net cash outflow from financing activities</b>		<u>(1,723,051)</u>	<u>(5,853,476)</u>
<b>Net increase in cash and cash equivalents held</b>		<u>8,420,290</u>	<u>12,383,090</u>
Cash and cash equivalents at beginning of reporting year		40,280,898	27,897,808
<b>Cash and cash equivalents at end of reporting year</b>	12	<u>48,701,188</u>	<u>40,280,898</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 1 SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for the following:

- financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal.

### Recurrent/capital classification

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

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

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

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

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

### 1.2 Statement of compliance

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

### 1.3 Constitution

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

### 1.4 Date of authorisation

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

### 1.5 Currency

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

### 1.6 Adoption of new and revised Accounting Standards

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

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

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2018
AASB 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2018
AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Effective for annual report periods beginning on or after:
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>	Part D - 1 January 2016; Part E - 1 January 2018
AASB 2014-4 <i>Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 January 2017
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2014)	1 January 2018
AASB 2014-8 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2014)- <i>Application of AASB 9</i> (December 2009) and <i>AASB 9</i> (December 2010)	1 January 2015
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</i> [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	1 January 2016
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> [AASB 7, AASB 101, AASB 134 & AASB 1049]	1 January 2016
AASB 2015-3 <i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	1 July 2015
AASB 2015-5 <i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i> [AASB 10, AASB 12 & AASB 128]	1 January 2016
AASB 2015-6 <i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB1049]	1 July 2016

Due to its recent release, Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that Council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

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

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

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

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

- Discontinued operations - Note 1.15 and Note 11
- Assets classified as held for sale - Note 1.16 and Note 15
- Valuation of property, plant and equipment - Note 1.17 (c) and Note 16
- Impairment of property, plant and equipment - Note 1.19 and Note 16
- Depreciation - Note 1.17 (e) and Note 9
- Provisions - Note 1.22 (e), Note 1.24 and Note 19
- Contingencies - Note 25 and Note 30
- Capital income - Note 5
- Capital expenses - Note 10

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 1.8 Reporting entities

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Council.

The following controlled entities are not consolidated with the Council's financial statements as the transactions and balances are not material to the Council's operations.

### The Rockhampton Art Gallery Trust

The Rockhampton Art Gallery Trust's operations are audited by the Auditor-General of Queensland. The financial statements receive a qualified audit opinion, as is normal for organisations of this type, because it cannot demonstrate that it has identified and recorded all revenue from donations.

On review against current taxation legislation, the Trust does not satisfy the requirements to hold Deductible Gift Recipient (DGR) status. As a result the Trust has resolved to cease accepting gifts and donations pending formal confirmation of its DGR status by the Australian Tax Office. Further details are provided in Note 25 (vi).

The results for the 2014/15 financial year are as follows:

Art Gallery	2015 \$	2014 \$
Receipts	31,947	51,290
Disbursements	(34,544)	(48,433)
<b>Net (deficit)/surplus</b>	<b>(2,597)</b>	<b>2,857</b>
<hr/>		
Assets	66,115	68,712
Liabilities	-	-
<b>Net assets</b>	<b>66,115</b>	<b>68,712</b>

## 1.9 Revenue

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

### (a) Rates, levies and charges

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

### (b) Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Council does not currently have any reciprocal grants.

### (c) Non-cash contributions

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

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

### (d) Cash contributions

Council receives cash contributions from property developers to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies (headworks include pumping stations, treatment works, mains, sewers and water pollution control works). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

For new development applications, since the 3rd January 2012, developers pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, those infrastructure charges are recognised as income when received.

### (e) Interest received

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## (f) Sales revenue

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

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

## (g) Fees and charges

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

## (h) Other recurrent income

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt. Rental revenue is recognised as income on a periodic straight line basis over the lease term.

### 1.10 Financial assets and financial liabilities

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

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

#### Financial assets

Cash and cash equivalents (Note 1.11)

Investments (Note 1.12)

Trade and other receivables - measured at amortised cost (Note 1.13)

#### Financial liabilities

Payables - measured at amortised cost (Note 1.21)

Borrowings and borrowing costs - measured at amortised cost (Note 1.23)

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 20 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Rockhampton Regional Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 33.

### 1.11 Cash and cash equivalents

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

### 1.12 Investments

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

### 1.13 Trade and other receivables

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

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

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

As Council has the power under the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council will only impair rate receivables when outstanding debt exceeds unimproved capital values.

Loans and advances are recognised in the same way as other receivables. Security is not normally obtained.

## 1.14 Inventories

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

Inventories held for distribution (internal consumption) are:

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

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

## 1.15 Discontinued operations

The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the *Local Government (De-amalgamation Implementation) Regulation 2013*. In line with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* the revenue and expense of the discontinued operations have been separated. Note 11 supplies a summary of the operational results of the discontinued operations and Note 28 supplies a summary of the assets and liabilities in the disposal which have been recorded in accordance with AASB 3 *Business Combinations*.

## 1.16 Other assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale or disposal process, rather than through continuing use. This condition is regarded as met only when the sale or disposal is highly probable and the non-current asset (or disposal group) is available for immediate sale or disposal in its present condition. Management must be committed to the sale or disposal, and/or directed by law or regulation, which should be expected to qualify for recognition as a completed sale or disposal within one year from the date of classification.

When the above commitment to a sale or disposal process exists, all appropriate assets and liabilities are classified as held for sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Details of land held for sale can be found in Note 15.

## 1.17 Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets, site improvements, airport assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land

Site improvements

Buildings

Plant and equipment

Infrastructure assets:

Road and drainage network

Bridge network

Water assets

Sewerage assets

Airport assets

Heritage and cultural assets

Work in progress

### (a) Acquisition of assets

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

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

### (b) Capital and operating expenditure

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

## (c) Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging professionally qualified valuers (internal/external) to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting Council's assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses mostly internal resources to assess the condition and cost assumptions associated with all property, plant and equipment assets, measured on the revaluation basis, the results of which are considered in combination with the Australian Bureau of Statistics Indexes for Queensland, and other measures deemed suitable. Together these are used to form the basis of a management valuation for property, plant and equipment asset classes, measured on the revaluation basis, in each of the intervening years.

The Producer Price Indexes for Queensland provided by Australian Bureau of Statistics that are used for property, plant and equipment assets are:

Buildings - Index Number : 30 Building construction Queensland ;

Water and sewerage - Index Number : 3020

Non-residential building construction Queensland ;

Road and drainage network, Bridge network and Airport - Index Number : 3101 Road and bridge construction Queensland ; and

Site improvements used the combination of indices above.

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

revaluation surplus of that asset class. Should this revaluation surplus be exhausted, then the remainder of the revaluation decrease is charged as an expense.

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

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

## (d) Capital work in progress

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

## (e) Depreciation

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

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

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

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

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

Landfill rehabilitation assets are depreciated on a straight line basis over the period remaining until the forecast date of closure of the landfill area. Council annually assesses the remaining life of landfill cells and accordingly, depreciation rates are adjusted to reflect these estimates.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of Councils asset management processes, for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 16.

The determination that residual value should reflect the consideration receivable for an asset at the end of the useful life contained in AASB Action Alert Issue No. 172 on 29 May 2015 requires a change to previous estimates. Previously, cost savings from the re-use of in-situ materials were incorporated in the residual values. In line with this change residual values have been amended in the current year with the full analysis to be undertaken in the following year with current financial indications that there should not be a material impact on depreciation.

## (f) Land under roads

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

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

## 1.18 Intangible assets

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

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

It has been determined that there is not an active market for any of the Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

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

## 1.19 Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

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

## 1.20 Leases

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

### (a) Operating leases

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

## 1.21 Payables

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

## 1.22 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months or that Council does not have an unconditional right to defer settlement of the liability for at least 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current.

### (a) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 18 as a payable.

## (b) Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 18 as a payable. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

## (c) Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 18 as a payable.

## (d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 26.

## (e) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 19 as a provision.

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

## 1.23 Borrowings and borrowing costs

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

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

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets. Further details are provided in Note 20.

## 1.24 Restoration provision

A provision is made for the cost of restoration of landfill facilities and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. Lakes Creek Road landfill facility is expected to close 31 December 2016 and Gracemere landfill is expected to close 30 June 2016. A provision is also recognised for the cost to finalise remediation of the Kershaw Gardens in accordance with the requirements of the relevant acts and standards following damage sustained during Tropical Cyclone Marcia in February 2015. Further details can be found in Note 19.

## Quarry rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries 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. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur on an ongoing basis.

The provision is measured at the expected cost of the work required, discounted to current day values using an appropriate rate. The Commonwealth Government guaranteed securities, with a maturity date corresponding to the anticipated date of restoration, is considered an appropriate rate.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

## Landfill restoration

The provision represents the present value of the anticipated future costs associated with the closure of the landfill facilities and monitoring of historical residues on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 landfill facilities is reviewed at least annually and updated based on the facts and circumstances available at the time.

The provision is measured at the expected cost of the work required, discounted to current day values using an appropriate rate. The Commonwealth Government guaranteed securities, with a maturity date corresponding to the anticipated date of restoration, is considered an appropriate rate.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

## **Parks remediation**

The provision represents the present value of the anticipated future costs associated with the remediation of the Kershaw Gardens site following damage caused to the site during Tropical Cyclone Marcia in February 2015. The calculation of this provision requires assumptions such as application of environmental legislation, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision recognised for parks remediation will be reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the remediation will occur over the next two financial years, with the majority of remediation planned for the 2015/2016 financial year.

The provision is measured at the expected cost of the work required, discounted to current day values using an appropriate rate. The Commonwealth Government guaranteed securities, with a maturity date corresponding to the anticipated date of restoration, is considered an appropriate rate.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

## **1.25 Asset revaluation surplus**

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

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

## **1.26 Retained surplus**

This represents the amount of Council's surplus funds.

## **1.27 National competition policy**

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 34.

## **1.28 Rounding and comparatives**

Amounts included in the financial statements have been rounded to the nearest \$1.

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

## **1.29 Trust funds held for outside parties**

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

The monies are disclosed in the notes to the financial statements for information purposes only in Note 27.

## **1.30 Carbon pricing**

In 2011 the Australian Government introduced a Clean Energy Legislation package which introduced a pricing mechanism for greenhouse gas emissions in the Australian economy from 1 July 2012. This legislation was repealed on the 17 July 2014 to effectively remove Carbon Pricing from 1 July 2014.

For Rockhampton Regional Council, the Lakes Creek Landfill was above the emissions threshold and as such was liable for Carbon Tax on the emissions during the period in which the legislation was effective.

## **1.31 Taxation**

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

The Council pays Payroll Tax to the Queensland Government on certain activities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2 ANALYSIS OF RESULTS BY FUNCTION

### (a) Components of Council functions

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

#### Resourcing

The objective of Resourcing is to provide a function for the recognition and allocation of general rate and grant revenue as well as interest revenue and expense not allocated to commercial business units.

#### Office of CEO

The goals of the Office of CEO are to provide leadership, corporate oversight and strategic direction, and grow a strong, resilient and diversified economy. The Office of CEO incorporates the offices of the Mayor, Councillors and the Chief Executive Officer and includes regional development, internal audit and governance sections.

#### Regional Services

Regional Services' goals are to achieve safe, secure and reliable road and drainage infrastructure and plan for liveable and distinctive communities that we are proud to be part of. Regional Services provides roadworks, street lighting, stormwater drainage, engineering planning and administration. Also provides regulatory and compliance services for development assessment and development compliance in line with statutory requirements and best practice. Maintains a disaster management response capability able to meet community needs when required.

#### Corporate Services

Corporate Services provides professional financial and information services across all of Council. This function includes communication and information technology, administration services, financial services, workforce and strategy, asset management, organisational development services and fleet and plant services. The goal of Corporate Services is to provide accurate, timely and appropriate information and services to all areas of Council to support sound decision making and to meet statutory requirements.

#### Community Services

The goals of Community Services are to achieve a healthy and liveable environment for everyone to enjoy and a safe, caring and healthy community. Community Services provides well managed and maintained community facilities, and ensures the effective delivery of cultural, environmental and recreational services. Services provided include libraries, art services, theatre and venue management, heritage preservation, child care, aged services, and community assistance. Community Services undertakes the management, maintenance and operation of Council facilities such as reserves and parks and provides compliance and regulatory services in line with legislation and community standards. Manages operations of public health, environmental health, health planning and natural resource management.

#### Airport

The key objectives of Rockhampton Airport are to safely deliver aeronautical and related non-aeronautical services that are ancillary to the operation of a modern Airport. As a commercialised business unit, Rockhampton Airport works with Council to conduct operations in accordance with commercial principles and provides the strategic direction and operations of the Airport's service delivery for Council.

#### Waste & Recycling

The key objectives of Waste and Recycling are to deliver commercially viable waste and recycling services that satisfy adopted customer service standards. Waste and Recycling is a commercial business unit of Rockhampton Regional Council and is responsible for the operation and maintenance of waste management facilities and waste and recycling collection services throughout the Rockhampton Region.

#### Fitzroy River Water

Fitzroy River Water's aim is to enhance the community's quality of life by providing sustainable water, sewerage and environmental services, through innovation, technical expertise, business efficiency, excellence in customer service and commitment to the environment. Fitzroy River Water is a commercial business unit of Rockhampton Regional Council and is responsible for operating and maintaining water and sewerage assets throughout the region.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2 ANALYSIS OF RESULTS BY FUNCTION

(b) Revenue, expenses and assets have been attributed to the following functions:

Functions	Income		Total Income	Total Expenses	Net Result	Assets
	Recurring					
	Grants	Other				
	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$
Resourcing	6,961,109	60,301,071	67,262,180	(22,294,027)	89,556,207	207,301,012
Office of CEO	9,000	115,239	124,239	6,061,595	(5,937,356)	48,147
Regional Services	12,761,267	21,690,840	34,452,107	51,623,452	(17,171,345)	1,233,099,936
Corporate Services	506,967	1,781,977	2,288,944	16,030,649	(13,741,705)	44,010,252
Community Services	3,715,128	10,709,682	14,424,810	64,110,038	(49,685,228)	175,860,994
Airport	5,909	16,020,544	16,026,453	15,251,520	774,933	85,886,331
Waste & Recycling	4,318	16,612,798	16,617,116	14,897,467	1,719,649	32,767,395
Fitzroy River Water	1,045,058	65,379,282	66,424,340	58,737,055	7,687,285	533,079,693
<b>Total</b>	<b>25,008,756</b>	<b>192,611,433</b>	<b>217,620,189</b>	<b>204,417,749</b>	<b>13,202,440</b>	<b>2,312,053,760</b>

### Prior Year

Functions	Income		Total Income	Total Expenses	Net Result	Restated
	Recurring					Assets
	Grants	Other				
	2014 \$	2014 \$	2014 \$	2014 \$	2014 \$	2014 \$
Resourcing	3,258,489	74,192,294	77,450,783	830,877,710	(753,426,927)	225,386,070
Office of CEO	-	34,721	34,721	5,511,110	(5,476,389)	31,606
Regional Services	17,403,907	53,617,679	71,021,586	59,198,406	11,823,180	883,630,284
Corporate Services	915,189	3,005,242	3,920,431	16,886,747	(12,966,316)	42,758,454
Community Services	6,821,104	8,646,203	15,467,307	52,411,266	(36,943,959)	169,248,787
Airport	25,976	13,991,295	14,017,271	13,665,344	351,927	79,461,159
Waste & Recycling	539,745	16,774,304	17,314,049	18,368,392	(1,054,343)	30,226,253
Fitzroy River Water	2,529,528	81,917,419	84,446,947	56,901,709	27,545,238	530,627,748
<b>Total</b>	<b>31,493,938</b>	<b>252,179,157</b>	<b>283,673,095</b>	<b>1,053,820,684</b>	<b>(770,147,589)</b>	<b>1,961,370,361</b>

The analysis of results by function for the prior year reflects the restructure of local government. This loss on restructure is included in the total expenses for Resourcing. This note should be read in conjunction with Note 11, Note 15 and Note 28.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 3 REVENUE ANALYSIS

	Note	2015 \$	2014 \$
<b>(a) Rates, levies and charges</b>			
General rates		49,583,583	47,296,140
Separate rates		16,956,818	16,021,095
Special rates		144,885	109,701
Water		27,897,123	27,475,150
Sewerage		25,185,822	23,681,427
Garbage charges		13,644,954	13,667,728
Rates and utility charge revenue		133,413,185	128,251,241
Less: Discounts		(10,394,204)	(9,809,308)
Less: Pensioner remissions		(1,466,675)	(1,447,204)
Net rates and utility charges		121,552,306	116,994,729
<b>(b) Fees and charges</b>			
Airport fees		11,667,126	10,183,557
Waste and recycling fees		4,336,996	4,723,052
Venues, events, tourism and cultural fees		3,778,610	3,612,948
Building, plumbing and development fees		2,092,182	3,248,618
Local laws and health licencing fees		1,205,921	1,071,971
Irrigator and commercial water fees		1,491,186	1,549,947
Other fees		1,074,734	1,120,110
		25,646,755	25,510,203
<b>(c) Interest received</b>			
Investments		3,161,450	3,229,240
Overdue rates and utility charges		469,894	441,918
		3,631,344	3,671,158
<b>(d) Sales revenue</b>			
Recoverable and private works		8,046,934	12,201,532
		8,046,934	12,201,532
<b>(e) Other recurrent income</b>			
Rental / lease income		2,822,207	2,963,257
Commission and collection fees		1,871,011	1,920,670
Other income		4,784,979	2,245,422
		9,478,197	7,129,349

The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.

The contract work carried out is not subject to retentions.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 4 GRANTS, SUBSIDIES AND CONTRIBUTIONS

	Note	2015 \$	2014 \$
<b>(a) Recurrent - grants, subsidies and contributions are analysed as follows:</b>			
General purpose grants		6,961,109	2,743,390
Government subsidies and grants		10,507,371	11,454,479
Contributions		136,505	278,186
Total recurrent revenue		17,604,985	14,476,055
<b>(b) Capital - grants, subsidies, and contributions are analysed as follows:</b>			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		7,540,276	12,957,824
Contributions		4,764,470	4,950,369
		12,304,746	17,908,193
(ii) Non-monetary revenue received is analysed as follows:			
Developer assets contributed by developers at fair value		18,209,847	23,867,849
Other physical assets contributed at fair value		417,020	9,986,808
	16	18,626,867	33,854,657
Total capital revenue		30,931,613	51,762,850
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:			
Non-reciprocal grants for expenditure on recurrent Government subsidies and grants		456,720	1,049,775
Non-reciprocal grants for expenditure on capital Government subsidies and grants		542,027	82,222
		998,747	1,131,997

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 5 CAPITAL INCOME

	Note	2015 \$	2014 \$
Gain on the disposal of non-current assets			
(a) Proceeds from disposal of land		3,479,060	541,989
Less: Book value of land disposed		(3,086,003)	(195,769)
		<u>393,057</u>	<u>346,220</u>
(b) Proceeds from disposal of plant and equipment		1,183,848	1,126,810
Less: Book value of plant and equipment disposed		(1,326,642)	(1,335,827)
		<u>(142,794)</u>	<u>(209,017)</u>
(c) Proceeds due to damage to buildings		483,740	-
Less: Book value of building assets damaged		(114,544)	-
		<u>369,196</u>	<u>-</u>
(d) Proceeds from disposal of site improvements		-	120,565
Less: Book value of site improvements disposed		(2,644)	(70,331)
		<u>(2,644)</u>	<u>50,234</u>
Quarry rehabilitation - change from revision of future restoration expenditure	19	50,027	-
Landfill restoration - change from revision of future restoration expenditure	19	61,213	-
Total capital income		<u>728,055</u>	<u>187,437</u>

## 6 EMPLOYEE BENEFITS

Total staff wages and salaries		57,696,603	56,425,284
Councillors' remuneration		1,075,861	1,015,410
Annual, sick and long service leave entitlements		8,204,533	7,376,533
Superannuation	26	6,920,566	6,754,242
		<u>73,897,563</u>	<u>71,571,469</u>
Other employee related expenses		2,137,163	2,407,134
		<u>76,034,726</u>	<u>73,978,603</u>
Less: Capitalised employee expenses		(8,018,067)	(10,922,034)
		<u>68,016,659</u>	<u>63,056,569</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	8	8
Administration staff	462	459
Depot and outdoors staff	342	349
Total full time equivalent employees	<u>812</u>	<u>816</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 7 MATERIALS AND SERVICES

	Note	2015 \$	2014 \$
Audit of annual financial statements by the Auditor-General of Queensland		218,260	218,962
Advertising and marketing		933,646	696,452
Administration supplies and consumables		919,927	896,722
Communications and IT		2,717,118	2,561,293
Consultants		3,561,582	2,932,570
Contractors		15,758,142	6,870,712
Donations paid		1,154,588	1,126,166
Insurance		2,589,424	1,989,929
Electricity		6,419,502	6,156,652
Repairs and maintenance		32,943,994	18,817,117
Rentals - operating leases		265,603	250,777
Other materials and services		6,800,382	875,875
		<u>74,282,168</u>	<u>43,393,227</u>

## 8 FINANCE COSTS

Finance costs charged by the Queensland Treasury Corporation		8,350,822	9,002,213
Bank charges		407,252	385,193
Impairment of receivables		(53,659)	115,617
Quarry rehabilitation - change in present value over time	19	15,228	24,845
Landfill sites - change in present value over time	19	296,068	125,798
		<u>9,015,711</u>	<u>9,653,666</u>

## 9 DEPRECIATION AND AMORTISATION

### (a) Depreciation of non-current assets

Site improvements		2,854,447	2,868,291
Buildings		6,254,200	5,957,811
Heritage and cultural assets		156,793	156,533
Plant and equipment		4,840,313	5,472,810
Road and drainage network		16,121,430	15,393,920
Bridge network		490,380	410,360
Water		7,349,153	5,643,705
Sewerage		4,945,729	5,412,311
Airport		1,347,837	1,376,417
Total depreciation of non-current assets	16	<u>44,360,282</u>	<u>42,692,158</u>

### (b) Amortisation of intangible assets

Computer software		569,493	737,912
Total amortisation of intangible assets		<u>569,493</u>	<u>737,912</u>
Total depreciation and amortisation		<u>44,929,775</u>	<u>43,430,070</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 10 CAPITAL EXPENSES

	Note	2015 \$	2014 \$
<b>Write off of non-current assets</b>			
Intangible assets		17,498	3,828
Buildings		304,744	273,355
Plant and equipment		38,846	3,695
Site improvements		31,746	211,570
Road and drainage network		4,598,349	7,170,223
Bridge network		438,640	481,596
Water		785,200	747,944
Sewer		1,152,320	523,580
Airport		2,553	-
Quarry rehabilitation - change from revision of future restoration expenditure	19	-	29,779
Quarry rehabilitation - increase in rehabilitation provision for future costs, due to a change in discount rate	19	13,778	18,719
Disaster events asset adjustments		789,762	-
<b>Total capital expenses</b>		<b>8,173,436</b>	<b>9,464,289</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 11 DISCONTINUED OPERATIONS

The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the *Local Government (De-amalgamation Implementation) Regulation 2013*. Rockhampton Regional Council have considered all relevant impacts, legislation, transactions and modelling on its assets and liabilities as at 31 December 2013 and beyond, as a result of the de-amalgamation process. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, all revenue and expenses for the de-amalgamating Livingstone Shire Council have been separated for the six months ended 31 December 2013, and summarised as per Note 11.

Revenue and expenses were mainly apportioned on the basis of geographical location. Where a geographical apportionment was not possible, a population based distribution method was used, while other allocation methodologies were only used where they provided meaningful separation.

	2014 \$
<b>Income</b>	
<b>Revenue</b>	
<b>Recurrent revenue</b>	
Rates, levies and charges	26,043,939
Fees and charges	2,867,885
Interest received	1,133,657
Sales revenue	1,129,258
Other recurrent income	381,944
Grants, subsidies and contributions	1,273,997
	<u>32,830,680</u>
<b>Capital revenue</b>	
Grants, subsidies and contributions	18,908,651
<b>Total revenue</b>	<u>51,739,331</u>
<b>Capital income</b>	448
<b>Total income</b>	<u>51,739,779</u>
<b>Expenses</b>	
<b>Recurrent expenses</b>	
Employee benefits	(13,364,908)
Materials and services	(9,925,555)
Finance costs	(2,419,799)
Depreciation and amortisation	(9,646)
	<u>(25,719,908)</u>
<b>Capital expenses</b>	(22,020)
<b>Total expenses</b>	<u>(25,741,928)</u>
<b>Surplus from discontinued operations</b>	<u>25,997,851</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 12 CASH AND CASH EQUIVALENTS

	Note	2015 \$	2014 \$
Cash in operating bank account		3,792,506	1,882,256
Cash in other banks and on hand		27,030	27,500
Deposits and investments held with QTC		44,881,652	27,989,881
Balance as per statement of financial position		48,701,188	29,899,637
Component of cash held for transfer to Livingstone Shire Council		-	10,381,261
Balance as per statement of cash flows		48,701,188	40,280,898

Cash at bank funds are held with the Commonwealth Bank. Deposits at call consist of funds held in a Queensland Treasury Corporation Cash Fund, which has a short term credit rating of A1+ and a long term rating of AA+, with a floating interest rate (2.80% for 30 June 2015).

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies		914,721	372,693
Unspent developer contributions		16,184,042	16,434,564
Cash balance to be transferred to Livingstone Shire Council		-	10,381,261
Total unspent restricted cash		17,098,763	27,188,518

## 13 INVESTMENTS

Opening balance		57,000,000	59,000,000
Add back assets held for transfer to Livingstone Shire Council		-	33,000,000
Transfers to operating bank account		(27,000,000)	(2,000,000)
Amount transferred on restructure of local government	28	-	(33,000,000)
Closing balance of term deposits		30,000,000	57,000,000

Term deposits at fixed interest rates are held with the following financial institutions: National Australia Bank (A1+), Suncorp (A1) and The Rock (A3). Maturity ranges from 6 months to 1 year and bear interest rates from 3.05% to 3.65%.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 14 TRADE AND OTHER RECEIVABLES

	Note	2015 \$	2014 \$
<b>Current</b>			
Rateable revenue and utility charges		6,939,057	7,277,106
Less: impairment		(12,802)	(30,940)
		<u>6,926,255</u>	<u>7,246,166</u>
Water charges yet to be levied		69,737	308,487
GST recoverable		1,193,578	639,820
Other debtors		9,219,425	9,085,367
Less: impairment		(81,383)	(483,683)
		<u>10,401,357</u>	<u>9,549,991</u>
Prepayments		1,174,478	1,610,910
		<u>18,502,090</u>	<u>18,407,067</u>

Interest is charged on outstanding rates at a rate of 11% per annum for both the current and prior year. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Community loans arise from time to time and are subject to negotiated interest rates.

Movement in accumulated impairment losses (trade and other receivables) is as follows:

Opening balance		514,623	451,220
Impairment adjustment in the year		(378,204)	(12,638)
Impairment debts written off during the year		(11,056)	(63,582)
Impairments recognised		(31,178)	139,623
Closing balance		<u>94,185</u>	<u>514,623</u>

## 15 ASSETS CLASSIFIED AS HELD FOR SALE AND TRANSFER

Land held for sale	(a)	321,454	3,719,000
Assets held for transfer to Livingstone Shire Council	(b)	-	10,381,261
		<u>321,454</u>	<u>14,100,261</u>

(a) On an intermittent basis Council decides to sell vacant land and where this land is expected to be sold within the year it is classified under assets held for sale and transfer. These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are not depreciated or amortised. Note 17 describes the valuation techniques that were used to determine the fair value of the land which is categorised as a level 2 and 3 valuation.

(b) The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the *Local Government (De-amalgamation Implementation) Regulation 2013*. Assets transferred to the Livingstone Shire Council are as follows:

Cash, investments and cash equivalents		<u>10,381,261</u>
Assets of Livingstone Shire Council classified as held for sale and transfer		<u>10,381,261</u>
<b>Net assets to be transferred</b>		<u><u>10,381,261</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 16 (A) PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Site improvements	Buildings	Plant and equipment
Basis of measurement		Fair value \$	Fair value \$	Fair value \$	Cost \$
<b>Asset values</b>					
Opening gross value as at 1 July 2014		127,625,458	85,766,064	239,115,911	62,177,228
Additions at cost		167,003	1,611,848	4,509,058	6,231,280
Prior year write off of additions at cost		-	-	-	-
Contributed assets at valuation	4(b)(ii)	42,500	49,929	130,962	-
Reassessment of landfill restoration cost	19	-	(525,725)	-	-
Transfers between classes		7,609	1,437,549	15,735,497	764,023
Disposals		-	(3,000)	(733,312)	(4,075,611)
Assets classified as held for sale - land		311,543	-	-	-
Revaluation adjustment to asset revaluation surplus	22	-	-	21,015,209	-
Disaster event 2013 asset adjustments	31	-	-	-	-
Disaster event 2015 asset adjustments	31	-	(2,332,031)	(974,690)	-
Write offs	10	-	(77,460)	(911,540)	(329,915)
Impairment and reversal of impairment		-	-	-	-
Transfer to intangible assets		-	-	-	-
Closing gross value as at 30 June 2015		128,154,113	85,927,174	277,887,095	64,767,005
<b>Accumulated depreciation and impairment</b>					
Opening gross value as at 1 July 2014		-	26,338,668	106,703,282	27,776,006
Depreciation provided in period	9	-	2,854,447	6,254,200	4,840,313
Depreciation on disposals		-	(356)	(618,768)	(2,748,969)
Revaluation adjustment to asset revaluation surplus	22	-	-	9,774,157	-
Disaster event 2013 asset adjustments	31	-	-	-	-
Disaster event 2015 asset adjustments	31	-	(930,506)	(544,640)	-
Depreciation on write offs	10	-	(45,714)	(606,796)	(291,069)
Impairment and reversal of impairment		-	-	-	-
Transfers between classes		-	(289,326)	190,522	15
Accumulated depreciation as at 30 June 2015		-	27,927,213	121,151,957	29,576,296
Net value at 30 June 2015		128,154,113	57,999,961	156,735,138	35,190,709
Residual value		-	-	-	9,648,427
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 80	2 - 40
<b>Additions comprise:</b>					
Renewals		-	431,699	1,082,786	5,992,485
Other additions		167,003	1,180,150	3,426,274	238,798
Total additions		167,003	1,611,849	4,509,060	6,231,283

	Road and drainage network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Cost \$	\$
	1,121,951,623	36,389,276	530,479,772	297,754,681	65,663,149	21,558,767	42,904,997	2,631,386,926
	11,681,300	1,439,868	3,668,506	4,085,107	85,490	42,909	30,206,171	63,728,540
	-	-	-	-	-	-	(2,675,935)	(2,675,935)
	13,725,860	-	2,322,735	2,246,066	-	108,815	-	18,626,867
	-	-	-	-	-	-	-	(525,725)
	9,277,510	4,504,229	2,635,684	1,516,882	(3,056,698)	-	(32,822,285)	-
	-	-	-	-	-	-	-	(4,811,923)
	-	-	-	-	-	-	-	311,543
	369,946,003	-	-	-	-	-	-	390,961,212
	4,403,308	-	-	-	-	-	-	4,403,308
	(1,216,277)	(205,700)	-	-	-	(148,800)	-	(4,877,498)
	(6,921,762)	(596,573)	(2,890,437)	(3,681,476)	(32,633)	-	-	(15,441,796)
	-	-	-	(90,759)	-	-	-	(90,759)
	-	-	-	-	-	-	(231,503)	(231,503)
	1,522,847,565	41,531,100	536,216,260	301,830,501	62,659,308	21,561,691	37,381,445	3,080,763,257
	270,747,472	9,465,314	192,604,965	131,965,367	23,511,565	4,089,333	-	793,201,972
	16,121,430	490,380	7,349,153	4,945,729	1,347,837	156,793	-	44,360,282
	-	-	-	-	-	-	-	(3,368,093)
	35,599,688	-	-	-	-	-	-	45,373,845
	423,080	-	-	-	-	-	-	423,080
	(525,976)	(20,563)	-	-	-	(119,516)	-	(2,141,201)
	(2,323,413)	(157,933)	(2,105,237)	(2,529,156)	(30,080)	-	-	(8,089,398)
	-	-	-	(49,228)	-	-	-	(49,228)
	166,651	455,601	-	3,580	(527,043)	-	-	-
	320,208,932	10,232,799	197,848,881	134,336,292	24,302,279	4,126,610	-	869,711,259
	1,202,638,633	31,298,301	338,367,379	167,494,209	38,357,029	17,435,081	37,381,445	2,211,051,998
	-	-	-	-	-	-	-	9,648,427
	4 - 130	10 - 110	15 - 120	15 - 100	12 - 120	Buildings only 15 - 75		
	7,045,822	212,564	2,001,523	2,935,437	55,744	-	15,859,688	35,617,748
	4,635,485	1,227,304	1,666,983	1,149,670	29,745	42,909	14,114,979	27,879,300
	11,681,307	1,439,868	3,668,506	4,085,107	85,489	42,909	29,974,667	63,497,048

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 16 (B) PROPERTY, PLANT AND EQUIPMENT - PRIOR YEAR

			Restated 2014	Restated 2014	
	Note	Land	Site improvements	Buildings	Plant and equipment
Basis of measurement		Fair value \$	Fair value \$	Fair value \$	Cost \$
<b>Asset values</b>					
Opening gross value as at 1 July 2013 - Rockhampton Regional Council		104,130,460	67,227,197	235,678,918	61,462,121
Add assets held for transfer to Livingstone Shire Council		50,774,106	29,769,721	39,182,819	18,756,814
Opening gross value as at 1 July 2013		154,904,566	96,996,919	274,861,738	80,218,936
Adjustment to opening value	32	-	(72,559)	(304,356)	-
Additions at cost		58,488	923,167	2,294,192	6,232,708
Contributed assets at valuation	4(b)(ii) & 11	3,000	-	-	110,191
Reassessment of landfill restoration cost		-	(714,734)	-	-
Transfers between classes		2,931	8,209,131	3,065,905	181,045
Disposals		(195,769)	(161,480)	-	(4,828,172)
Assets classified as held for sale - land	15	(1,814,521)	-	-	-
Revaluation adjustment to asset revaluation surplus	22	25,517,410	10,501,709	-	-
Flood event 2011 asset adjustments	31(b)(i)	-	-	-	-
Write offs	10 & 11	-	(1,753,224)	(1,244,305)	(245,145)
Transfer to intangible assets		-	-	-	-
Assets transferred to Livingstone Shire Council	28	(50,850,647)	(28,162,865)	(39,557,263)	(19,492,335)
Closing gross value as at 30 June 2014		127,625,458	85,766,064	239,115,911	62,177,228
<b>Accumulated depreciation and impairment</b>					
Opening gross value as at 1 July 2013 - Rockhampton Regional Council		-	19,007,226	101,742,049	25,698,739
Add assets held for transfer to Livingstone Shire Council		-	6,379,585	16,195,238	7,743,675
Opening balance as at 1 July 2013		-	25,386,812	117,937,289	33,442,414
Adjustment to opening value	32	-	(24,542)	(27,459)	-
Depreciation provided in period	9(a)	-	2,868,367	5,957,811	5,482,220
Depreciation on disposals		-	(91,149)	-	(3,406,753)
Revaluation adjustment to asset revaluation surplus	22	-	5,762,214	-	-
Flood event 2011 asset adjustments	31(i)	-	-	-	-
Depreciation on write offs	10 & 11	-	(1,541,654)	(970,949)	(241,450)
Assets transferred to Livingstone Shire Council	28	-	(6,021,380)	(16,193,410)	(7,500,425)
Accumulated depreciation as at 30 June 2014		-	26,338,668	106,703,282	27,776,006
Net value at 30 June 2014		127,625,458	59,427,396	132,412,629	34,401,222
Residual value		-	5,999,626	-	11,213,177
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 80	3 - 40
<b>Additions comprise:</b>					
Renewals		-	248,944	6 40,465	4,201,020
Other additions		58,488	668,713	1,599,434	1,153,980
Total additions		58,488	917,657	2,239,899	5,355,000

	Restated 2014	Restated 2014	Restated 2014			Restated 2014		
	Road and drainage network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Fair value \$	Cost \$	\$
	1,076,032,170	32,903,029	460,593,592	320,926,015	65,513,798	21,319,922	33,946,882	2,479,734,104
	583,452,462	28,689,388	237,382,288	109,891,720	-	330,990	12,809,340	1,111,039,648
	1,659,484,633	61,592,417	697,975,880	430,817,735	65,513,798	21,650,912	46,756,222	3,590,773,756
	386,393	3,830,527	62,069	-	-	64,253	-	3,966,327
	16,657,308	575,639	6,444,438	8,493,673	27,246	23,028	42,438,074	84,167,962
	38,063,427	71,278	3,654,895	3,344,440	-	149,764	-	45,396,994
	-	-	-	-	-	-	-	(714,734)
	5,235,711	26,142	2,600,062	2,277,322	122,105	-	(21,720,354)	-
	-	-	-	-	-	-	-	(5,185,421)
	-	-	-	-	-	-	-	(1,814,521)
	-	-	61,507,089	(34,222,052)	-	-	-	63,304,156
	1,089,030	-	-	-	-	-	-	1,089,030
	(9,769,684)	(663,061)	(3,288,748)	(2,528,574)	-	-	-	(19,492,741)
	-	-	-	-	-	-	(644,590)	(644,590)
	(589,195,195)	(29,043,666)	(238,475,913)	(110,427,863)	-	(329,190)	(23,924,355)	(1,129,459,292)
	1,121,951,623	36,389,276	530,479,772	297,754,681	65,663,149	21,558,767	42,904,997	2,631,386,926
	258,572,048	9,266,863	163,590,938	163,189,616	22,135,147	3,932,800	-	767,135,426
	74,122,598	6,493,639	90,162,284	24,179,297	-	-	-	225,276,317
	332,694,646	15,760,502	253,753,222	187,368,915	22,135,148	3,932,800	-	992,411,748
	(1,708,968)	-	-	-	-	-	-	(1,760,969)
	15,394,080	410,360	5,643,705	5,412,311	1,376,417	156,533	-	42,701,804
	-	-	-	-	-	-	-	(3,497,903)
	-	-	25,887,471	(34,631,567)	-	-	-	(2,981,882)
	235,460	-	-	-	-	-	-	235,460
	(2,577,442)	(181,466)	(2,540,804)	(2,004,995)	-	-	-	(10,058,760)
	(73,290,304)	(6,524,082)	(90,138,628)	(24,179,297)	-	-	-	(223,847,526)
	270,747,472	9,465,314	192,604,965	131,965,367	23,511,565	4,089,333	-	793,201,972
	851,204,151	26,923,962	337,874,807	165,789,314	42,151,584	17,469,434	42,904,997	1,838,184,954
	308,161,245	-	9,536,208	5,206,471	22,340,805	-	-	362,457,532
	4 - 130	10 - 110	15 - 120	15 - 100	12 - 120	Buildings only 15 - 75		
	12,325,082	575,639	3,280,978	2,178,527	22,559	-	4,954,481	28,427,695
	4,305,394	-	3,163,461	6,315,146	4,687	23,028	25,981,084	43,273,415
	16,630,476	575,639	6,444,439	8,493,673	27,246	23,028	30,935,565	71,701,110

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 17 FAIR VALUE MEASUREMENTS

### (a) Recognised fair value measurements

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

Property, plant and equipment

- Land
- Site improvements
- Buildings
- Road and drainage network
- Bridge network
- Water
- Sewerage
- Airport
- Heritage and cultural assets

Council does not measure any liabilities at fair value on a recurring basis. Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 20 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. This comprises land held for sale

as disclosed in Note 15. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (level 2)" and "Land (level 3)".

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

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		2015 \$	2014 \$	2015 \$	Restated 2014 \$	2015 \$	Restated 2014 \$
<b>Recurring fair value measurements</b>							
Land	16	78,249,000	78,569,000	-	-	78,249,000	78,569,000
Land - no active markets	16	-	-	49,905,113	49,056,458	49,905,113	49,056,458
Site improvements	16	-	-	57,999,961	59,427,396	57,999,961	59,427,396
Buildings	16	-	-	156,735,138	132,412,629	156,735,138	132,412,629
Road and drainage	16	-	-	1,202,638,633	851,204,151	1,202,638,633	851,204,151
Bridge network	16	-	-	31,298,301	26,923,962	31,298,301	26,923,962
Water	16	-	-	338,367,379	337,874,807	338,367,379	337,874,807
Sewerage	16	-	-	167,494,209	165,789,314	167,494,209	165,789,314
Airport	16	-	-	38,357,029	42,151,584	38,357,029	42,151,584
Heritage and cultural assets	16	-	-	17,435,081	17,469,434	17,435,081	17,469,434
<b>Total recurring fair value measurements</b>		<b>78,249,000</b>	<b>78,569,000</b>	<b>2,060,230,844</b>	<b>1,682,309,735</b>	<b>2,138,479,844</b>	<b>1,760,878,735</b>
<b>Non-recurring fair value measurements</b>							
Land held for sale	15	320,000	2,524,000	1,454	1,195,000	321,454	3,719,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

Specific valuation techniques used to value Council assets comprise:

### Land (level 2) / land held for sale (level 2)

Land fair values were determined by independent valuer, APV Valuers & Asset Management effective, 30 April 2014. A review of the land market was carried out by Herron Todd White (Central Qld) Pty Ltd at 31 March 2015 which found no material movements in value, and as a result no valuation adjustment was undertaken.

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

### Land (level 3) / land held for sale (level 3)

Where there was no observable market evidence for a land asset due to its configuration, Council zoning restrictions, contamination or similar factors that result in there being no directly comparable market evidence, level 3 valuation inputs were used. For these assets significant assumptions needed to be made to determine the fair value. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgment of a Registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability. The highest and best alternate use was utilised in the determination of the replacement cost where there was no directly comparable market evidence for the current use.

Where land is used for community benefit purposes there is generally a difference between the current use and highest and best use, including cemeteries, parks, sporting facilities and the showgrounds.

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the level 2 and 3 methods described in the preceding paragraphs.

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

## Sensitivity of valuation to unobservable inputs

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Price per square metre	\$0.10 - \$1,000	The higher the price per square metre, the higher the fair value.

### Buildings (level 3)

The fair value of buildings is measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. Indexation was applied to the depreciated replacement cost values in line with the movement in the Producer Price Index (6427) from the Australian Bureau of Statistics; Table 17 - Index number 30 - Building Construction for Queensland from June 2012 (last valuation) to 31 March 2015.

### Current replacement cost (CRC)

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. Published or available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost, including allowances for preliminaries and professional fees.

### Accumulated depreciation

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component. An assessment of the economic life and remaining economic life of the various assets has been derived from valuer experience.

Estimated useful lives are disclosed in Note 16.

## Sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement cost per square metre	\$64 - \$6,131	The higher the replacement cost per square metre, the higher the fair value.
Remaining useful life	1 - 80	The longer the remaining useful life, the higher the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## Site improvements (level 3)

The fair value of site improvements were determined by Cardno (Qld) Pty Ltd, Registered Valuer, as at 30 April 2014, at written down current replacement cost. A review of indices was carried out at 30 June 2015 which found no material movements in value, and as a result no valuation adjustment was undertaken.

Where site improvement assets are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The unit rates (labour and materials) and quantities applied to determine the CRC of an asset are based on the full replacement cost, including components that may not need to be replaced. The unit rates were derived from valuer databases and cost curves, scheduled rates for construction of assets or similar assets, published cost guides and supplier quotations and calibrated where applicable. Valuation unit rates (replacement costs) were increased by 15% to allow for project overheads including survey, environmental and investigation costs, engineering design, planning, and project management.

In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the consumed or expired future economic benefits of the asset by reference to the useful life and condition of the asset. The condition assessments were made using a six point scale with a scale of 0 indicating an asset with a very high level of remaining service potential; whereas a rating of 5 indicates a condition of an asset at the end of its useful life.

## Infrastructure assets (level 3)

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption

meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The depreciated replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

## Road and drainage network (level 3)

The road and drainage assets commenced a three year rolling revaluation in the current year with the sealed and unsealed road components, floodways, carparks and access roads and kerbs being finalised. The fair value of these assets were determined by Pavement Management Services, Registered Valuer, as at 30 June 2015, at written down current replacement cost. The last valuation of the remaining road and drainage infrastructure assets was undertaken effective 30 June 2012 by suitably qualified officers of Rockhampton Regional Council under AASB116 Property, Plant and Equipment. A review of indices as at 30 June 2015 using the ABS Producers' Price Index "Roads and Bridges Construction - Queensland (3101) A233727L" found that there was no material movement in values, and as a result no valuation adjustment was undertaken for the remaining assets not subject to valuation in the current year.

## Current replacement cost (CRC)

Council categorises its road infrastructure according to the NAASRA functional road classifications and then categorises these into sealed and unsealed. Both urban and rural roads are managed in segments of varying lengths to meet engineering requirements. This can be dependent on construction type, environment and surroundings. All road segments are then componentised into formation, pavement and surface (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is constructed to the same standard and uses consistent unit rates.

For assets that were revalued in the current year, the CRC for road components was calculated by reference to asset linear and area specifications and unit rates based on road stereotypes established by the Roads and Transport Alliance Valuation Project (RAVP), a joint initiative by the Local Government Association of Queensland (LGAQ) and the Queensland Government of which Council is a member. These rates were customised to local design conditions, being generally dry ground conditions with a mixture of reactive and non-reactive soil types, where appropriate. Council assumes that formation, pavement and surfaces are constructed to the standard drawings set out in the Capricorn Municipal Development Guidelines. CRC for other components valued in the current year also utilise the RAVP unit rates.

The CRC for all other assets not subject to valuation in the current year utilised the internal construction estimates and prices based on existing supplier contract

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

rates or supplier price lists and labour wage rates. All direct costs were allocated to the assets at standard usage quantities with an overhead allocation. Where construction is outsourced, CRC was based on the average unit rates of completed similar projects over the last few years.

## Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

For assets revalued in the current year, the level of accumulated depreciation reflects the consumption of the asset based on the condition assessment determined by a number of factors including the distress weightings for the surface and pavement components. The resultant condition index ranges from brand new to end of life incorporating a level of acceptability where the asset will be replaced. For other assets, the level of accumulated depreciation represents an assessment of the expired service potential and remaining useful lives based on a straight line basis derived from the associated benchmark life for the type of asset or condition information where reliable information is available.

Estimated useful lives are disclosed in Note 16.

## Road and drainage sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours	Varies depending on type of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on type of assets	The higher the plant hours and more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on type of assets	The higher the usage quantities, the higher the fair value.
Remaining useful life	1 - 120 (unlimited for formation)	The longer the remaining useful life, the higher the fair value.

## Bridge network (level 3)

The fair value of the bridge network is measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. A review of indices was carried out at 30 June 2015 which found no material movements in value, and as a result no valuation adjustment was undertaken.

Where Council bridges are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. Published or available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost, including allowances for preliminaries and professional fees.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component. An assessment of the economic life and remaining economic life of the various assets has been derived from valuer experience.

## Water and sewerage (level 3)

The fair value of water and sewerage assets were determined by AssetVal Pty Ltd, Registered Valuer, as at 30 April 2014, at written down current replacement cost. The historic evaluation of the ABS Producer Price Index 6427, Table 17; 3020 non-residential building construction Queensland, revealed a greater than 5% movement for water and sewer assets since the last valuation. However a local assessment of the major components of plant, wages and materials indicated a more stagnant localised position as at 30 June 2015, accordingly as no material movements were found, no valuation adjustment was undertaken.

## Current replacement cost (CRC)

The water and sewer assets are segregated into active and passive assets. For passive assets (water and sewer mains; water meters) unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's construction rates and quotations and reviews by Council engineers. The active assets of treatment, pumping and storage assets were componentised and valued independently, with allowances for complexity, size, function and site factors. As part of the prior year valuation raw costs were increased by up to 30% depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## Accumulated depreciation

In determining the level of accumulated depreciation for major assets, the assets have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). A condition assessment is applied on a component basis, which is based on factors such as the age of the asset, overall condition at the time of inspection, economic and/or function obsolescence. The condition assessment directly translates to the level of depreciation applied. The condition assessments were made using an eleven point scale with a scale of 10 indicating an asset with a very high level of remaining service potential; whereas a rating of 0 indicates a condition of an asset at the end of its useful life. Where site inspections were not conducted the remaining useful life was calculated on asset age and estimated useful life.

Estimated useful lives are disclosed in Note 16.

## Sensitivity of valuation to unobservable inputs

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours per component	5-100 hours/linear metre	The higher the labour hours, the higher the fair value.
Raw material usage quantities	Varies depending on type and application	The higher the usage quantities, the higher the fair value.
Condition rating	Water: 1 (extremely poor condition) - New	The higher the condition score (higher rating - 10), the higher the fair value.
	Sewer: 1 (extremely poor condition) - New	
Remaining useful life	Water: 1 - 115	The longer the remaining useful life, the higher the fair value.
	Sewer: 1 - 85	

## Airport (level 3)

The fair value of the Airport assets are measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. A review of indices was carried out at 30 June 2015 which found no material movements in value, and as a result no valuation adjustment was undertaken.

Where Council airport assets are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. Published or available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost, including allowances for preliminaries and professional fees.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component. An assessment of the economic life and remaining economic life of the various assets has been derived from valuer experience.

## Heritage and cultural assets (level 3)

The fair value of heritage buildings is measured at written down current replacement cost; with the fair value of artworks, heritage collections, rare books and museum collections valued on a market based approach. The last comprehensive revaluation was undertaken by byjoel, Registered Valuer for artworks, and AssetVal Pty Ltd, Registered Valuers, for all other items, under AASB 116 *Property Plant & Equipment*, as at 30 June 2013. Based on the indexed based review conducted by AssetVal Pty Ltd; and byjoel (Artworks), as at 30 June 2014 which found no material movement in values and taking account of the low value of the asset class, no valuation adjustment was undertaken in the current year.

As Councils heritage buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. Published or available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost, including allowances for preliminaries and professional fees. The artworks and collections were valued under a market based approach reflecting the intrinsic importance, rarity and uniqueness in their values.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. An assessment of the economic life and remaining economic life has been derived by the valuer from experience valuing similar assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

**(c) Changes in fair value measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurements are detailed in Note 16 (Property, plant and equipment).

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

**(d) Valuation processes**

The Council engages external, independent and qualified valuers to determine the fair value of the land, site improvements, buildings, infrastructure, airport and heritage and cultural assets on a regular basis within a five year cycle. An annual assessment for material asset classes is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are reviewed by Finance and the Chief Executive Officer and received by the Audit and Business Improvement Committee.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 18 TRADE AND OTHER PAYABLES

	Note	2015 \$	2014 \$
<b>Current</b>			
Creditors and accruals		11,882,758	14,464,383
Annual leave		7,706,312	7,890,940
Sick leave		107,247	127,482
Other entitlements		582,431	692,703
Balance of cash payable for restructure of local government	15 & 28	-	10,381,261
		<u>20,278,748</u>	<u>33,556,769</u>

## 19 PROVISIONS

<b>Current</b>			
Quarry rehabilitation		49,048	50,264
Landfill restoration		1,407,720	1,024,447
Parks remediation		6,500,079	-
Carbon tax		-	371,000
Long service leave		10,787,594	10,721,692
		<u>18,744,441</u>	<u>12,167,403</u>
<b>Non-current</b>			
Quarry rehabilitation		463,496	483,301
Landfill restoration		8,687,712	11,084,006
Parks remediation		759,956	-
Long service leave		1,740,263	1,586,256
		<u>11,651,427</u>	<u>13,153,563</u>

### Details of movements in provisions:

#### Quarry rehabilitation

Balance at beginning of financial year		533,565	460,222
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		-	192,575
Increase in provision due to change in time	8	15,228	28,126
Increase in provision due to change in discount rate	10	13,778	18,719
(Decrease)/increase in estimate of future cost	5	(50,027)	29,779
Liabilities transferred to Livingstone Shire Council as at 31 December 2013	28	-	(195,856)
Balance at end of financial year		<u>512,544</u>	<u>533,565</u>

This is the present value of the estimated cost of restoring the quarry sites to a usable state at the end of their useful life. The projected cost is \$668,583 and this cost is expected to be incurred over the period 2016 to 2035.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Landfill restoration</b>			
Balance at beginning of financial year		12,108,453	14,879,142
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		-	9,655,646
Decrease in provision for rehabilitation performed		(1,722,151)	(2,181,754)
Increase in provision due to change in time	8	296,068	162,674
Increase/(decrease) in provision due to change in discount rate	16	245,525	(1,243,678)
(Decrease)/increase in estimate of future cost	5	(61,213)	-
Decrease in estimate of future cost - transfer to rehabilitation asset	16	(771,250)	528,944
Liabilities transferred to Livingstone Shire Council as at 31 December 2013	28	-	(9,692,521)
Balance at end of financial year		<u>10,095,432</u>	<u>12,108,453</u>
This is the present value of estimated future closure, maintenance and monitoring cost of landfill sites to the end of their useful lives and regulated periods. The projected cost is \$10,859,854 and this cost is expected to be incurred over the period 2016 to 2046.			
<b>Parks remediation</b>			
Balance at beginning of financial year		-	-
Increase in liability		7,260,035	-
Balance at end of financial year		<u>7,260,035</u>	-
<b>Carbon tax liability</b>			
Balance at beginning of financial year		371,000	-
Payment for Australian Carbon Credit Units		(305,704)	-
Decrease in liability		(65,296)	371,000
Balance at end of financial year		<u>-</u>	<u>371,000</u>
<b>Long service leave</b>			
Balance at beginning of financial year		12,307,948	11,529,052
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		-	4,684,723
Long service leave entitlement arising		1,505,835	1,906,699
Long service entitlement extinguished		(518,833)	(522,850)
Long service entitlement paid		(767,092)	(691,347)
Liabilities transferred to Livingstone Shire Council as at 31 December 2013	28	-	(4,598,329)
Balance at end of financial year		<u>12,527,857</u>	<u>12,307,948</u>

Long service leave is discounted to present value if not expected to be taken within the next financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 20 BORROWINGS

	Note	2015 \$	2014 \$
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### (a) Bank overdraft

The Council does not have a bank overdraft facility.

### (b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollar 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 between 6 January 2023 to 9 May 2035.

There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

#### Details of borrowings at balance date are:

##### Current

Queensland Treasury Corporation		15,227,724	14,407,449
		<u>15,227,724</u>	<u>14,407,449</u>

##### Non-current

Queensland Treasury Corporation		140,952,561	143,495,888
		<u>140,952,561</u>	<u>143,495,888</u>

#### Details of movements in borrowings:

##### Queensland Treasury Corporation

Opening balance		157,903,336	160,602,426
Add liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		-	79,419,045
Loans raised		12,678,534	10,306,321
Principal repayments		(14,401,585)	(16,159,797)
		<u>156,180,285</u>	<u>234,167,995</u>
Liabilities transferred to Livingstone Shire Council as at 31 December 2013		-	(76,264,659)
Book value at year end		<u>156,180,285</u>	<u>157,903,336</u>

The QTC loan market value for all loans at the reporting date was \$171,516,934. This represents the value of the debt if Council repaid it at 30 June 2015. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 21 RETAINED SURPLUS

	Note	2015 \$	2014 \$
<b>Movement in retained surplus</b>			
<b>Balance at beginning of the year</b>		1,284,118,254	2,048,538,547
Adjustment to opening balance	32	-	5,727,296
<b>Restated balance</b>		1,284,118,254	2,054,265,843
Net result attributable to Council		13,202,440	(770,147,589)
Balance at end of the year		<u>1,297,320,694</u>	<u>1,284,118,254</u>

## 22 ASSET REVALUATION SURPLUS

**Movements in the asset revaluation surplus were as follows:**

Balance at beginning of the year		457,465,006	390,325,398
Net adjustment to non-current assets to reflect a change in current fair value:			
<b>Adjustments to surplus from fair value assessment done:</b>			
Buildings - indexation		11,241,052	-
Site improvements - revaluation		-	4,739,495
Sewerage - revaluation		-	409,516
Water - revaluation		-	35,619,617
Land revaluation		-	25,517,410
Road and drainage network - revaluation		334,346,315	-
<b>Impairment:</b>			
Road and drainage network - adjustment various disasters		3,235,631	853,570
Bridge network - disaster adjustment		(185,137)	-
Site improvements - disaster adjustment		(562,410)	-
Buildings - disaster adjustment		(425,124)	-
Heritage and cultural assets - disaster adjustment		(29,284)	-
Sewerage - impairment		(41,516)	-
		<u>347,579,527</u>	<u>67,139,608</u>
Balance at end of the year		<u>805,044,533</u>	<u>457,465,006</u>

### Asset revaluation surplus analysis

**The closing balance of the asset revaluation surplus is comprised of the following asset categories:**

Land	48,314,787	48,314,787
Site improvements	6,045,133	6,607,543
Buildings	39,169,285	28,353,361
Road and drainage network	567,168,814	229,586,865
Bridge network	1,863,087	2,048,224
Water	51,283,891	51,283,891
Sewerage	69,876,883	69,918,398
Airport	16,940,328	16,940,328
Heritage and cultural assets	4,382,325	4,411,609
	<u>805,044,533</u>	<u>457,465,006</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 23 COMMITMENTS FOR EXPENDITURE

	2015 \$	2014 \$
<b>Operating leases</b>		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	7,734	12,462
One to five years	1,289	9,002
	9,023	21,464
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Airport	4,871,022	5,726,308
Waste and Recycling	1,985,050	4,931,186
Fitzroy River Water	6,259,700	1,908,763
Communities	7,683,292	2,592,567
Other	569,618	514,814
	21,368,682	15,673,638

## 24 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting events after 30 June 2015.

## 25 CONTINGENT LIABILITIES

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

### (i) Community loans

Under approval from Queensland Treasury, Council has guaranteed loans to Diggers Memorial Bowls Club (\$14.71) and Rockhampton Basketball Inc (\$174,004.49) as at 30 June 2015.

174,019	209,414
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### (ii) Local Government Workcare

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

2,907,553	4,160,251
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### (iii) 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.

The financial statements for 30 June 2014 reported an accumulated surplus and it is not anticipated any liability will arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

(iv) **As at 30 June of each year, the following cases were filed in the courts naming the Rockhampton Regional Council as defendant:**

**Workplace Health and Safety prosecution**

The workplace health and safety prosecution matter has now been finalised and there are no outstanding claims in relation to the case.

(v) **All outstanding matters have now been finalised in relation to the de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council.**

(vi) **The Rockhampton Art Gallery Trust**

The Rockhampton Art Gallery Trust is a controlled entity of Council. An internal review conducted during the 2014-15 year confirmed that the Trust has been endorsed as a Deductible Gift Recipient (DGR) under Items 1 and 4 of section 30-15 of the Income Tax Assessment Act 1997 since 1 July 2000. The Trustees are however not aware of the Australian Tax Office (ATO) issuing a formal letter of endorsement of the Trust as a DGR. On review against the current legislation, the Trust does not satisfy the requirements to hold DGR status. As a result the Trust has resolved to cease accepting gifts and donations pending formal confirmation of its DGR status by the ATO.

The ATO has been duly informed of the legal process the Trust has undertaken in the current year and at the date of authorisation of this financial report, the outcome of the ATO's determination is outstanding and remains uncertain and as the matter progresses to its resolution, the Trust may cease to exist in its current form.

Council does not expect any liabilities or claims to be instigated against the Trust as a result of the ATO's determination.

Current advice from the ATO suggests that the risk of the Trust's DGR endorsement being revoked retrospectively is very low. If this were to occur, donors of past gifts and donations to the Trust as well as the Trust itself could be impacted.

	2015	2014
Number of cases	0	1

## 26 SUPERANNUATION

The Rockhampton Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB 119 *Employee Benefits*.

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

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF).

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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

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

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, Councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Rockhampton Regional Council made less than 4% of the total contributions to the plan in the 2014/15 financial year.

The next actuarial investigation will be conducted as at 1 July 2015.

The amount of superannuation contributions paid by Rockhampton Regional Council to the scheme in this period for the benefit of employees was:

	2015 \$	2014 \$
Rockhampton Regional Council	6,920,566	6,754,242
Livingstone Shire Council	-	1,434,419
	<u>6,920,566</u>	<u>8,188,661</u>

## 27 TRUST FUNDS

Trust funds held for outside parties:

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

1,649,267	2,086,597
<u>1,649,267</u>	<u>2,086,597</u>

The Rockhampton Regional Council performs only a custodial role in respect of these monies and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 28 DISPOSAL DUE TO THE DE-AMALGAMATION OF LIVINGSTONE SHIRE COUNCIL

On 11 April 2013 the Queensland State Government enacted the *Local Government (De-amalgamation Implementation) Regulation 2013* for the purpose of de-amalgamating several local government areas, including Rockhampton. Rockhampton Regional Council would continue with different boundaries and Livingstone Shire Council would be established as a new local government area. The de-amalgamation took effect on 1 January 2014. As part of the de-amalgamation process, the transfer committee for Livingstone Shire Council determined the assets and liabilities to transfer from Rockhampton Regional Council to Livingstone Shire Council. No compensation was received by either Council for the assets and liabilities transferred and a loss on restructure has been recorded in accordance with AASB 3 *Business Combinations*.

Cash was apportioned based on the opening balances inherited by Council on amalgamation and the reconstruction of the cash flows for the period of amalgamation. Similarly, loans were allocated based on the opening balances on amalgamation and the direct allocation of new borrowings and repayments over the period of amalgamation. Other assets and liabilities were mainly apportioned on the basis of geographical location. Where a geographical apportionment was not possible, a population based distribution method was used, while other allocation methodologies were only used where they provided meaningful separation.

	Note	2014 \$
<b>(a) Analysis of assets and liabilities over which control was lost</b>		
<b>Current assets</b>		
Cash, investments and cash equivalents		43,384,331
Trade and other receivables		3,929,796
Inventories		1,043,515
Land held for sale		15,799
<b>Non-current assets</b>		
Property, plant and equipment		905,611,761
Intangible assets		682,871
<b>Current liabilities</b>		
Trade and other payables		(4,275,874)
Provisions		(3,941,340)
Loans		(6,581,722)
Other liabilities		(126,785)
<b>Non-current liabilities</b>		
Provisions		(10,545,365)
Loans		(69,682,937)
Other liabilities		(433,118)
		859,080,932
		859,080,932
<b>Compensation received</b>		
Loss on restructure of local government		-
		859,080,932
<b>(b) Net cash outflow on disposal of Livingstone Shire Council</b>		
Cash floats and petty cash transferred on restructure		3,070
Initial cash transfer made on restructure		33,000,000
		33,003,070
Balance of cash payable to Livingstone Shire Council	18	10,381,261
		43,384,331

In addition to the above, \$963,510 in trust monies was transferred to Livingstone Shire Council. As the Council only performed a custodial role in respect to these monies, they have not been brought to account in calculating the net loss on local government de-amalgamation.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 29 RECONCILIATION OF NET RESULT ATTRIBUTABLE TO COUNCIL TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 \$	2014 \$
<b>Net result attributable to Council</b>	13,202,440	(770,147,589)
<b>Non-cash operating items:</b>		
Depreciation and amortisation	44,929,775	43,439,719
Opening work in progress write off	2,675,935	849,220
Carbon tax	(65,296)	371,000
Change in restoration provisions expensed to finance costs	311,296	190,800
Parks remediation provision	7,260,035	-
	<u>55,111,745</u>	<u>44,850,739</u>
<b>Investing and development activities:</b>		
Capital grants, subsidies and contributions	(30,931,613)	(70,671,502)
Capital income	(728,055)	(139,387)
Capital expenses	8,173,436	9,437,813
Loss on restructure of local government	-	859,080,932
Insurance proceeds	483,740	-
	<u>(23,002,492)</u>	<u>797,707,856</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in receivables	(95,023)	(1,158,795)
Decrease in inventories (excluding land)	(54,077)	(467,749)
(Decrease)/increase in payables	11,428	3,437,466
Increase in provisions	219,909	692,501
Decrease in other liabilities	(255,357)	190,971
	<u>(173,120)</u>	<u>2,694,394</u>
<b>Net cash inflow from operating activities</b>	<u>45,138,573</u>	<u>75,105,400</u>

## 30 CONTINGENT ASSETS

Council has an agreement with RLX Investment Company Pty Ltd for a lease over Council controlled reserves, known as the Gracemere Saleyards. The lease commenced 1 January 2010 for a period of thirty years. The lessee has agreed as part of the agreement to construct fixtures upon the land for their own purpose. It has been agreed that a sum of approximately \$14 million will be expended in additions and refurbishments over the term of the lease. Council obtaining control of this asset is contingent upon the expiration/surrender of the lease agreement. Until such time that the fixtures revert back to Council control they will not be included in Council's non-current assets.

On 2 April, 2015, Members of the Rockhampton Enterprise Centre Incorporated (RECI) voted unanimously to wind-up their operations. Based upon a Deed of Settlement established between Rockhampton Regional Council and the RECI in 2005, the remaining portion of a property (57.18%) known as 214 Quay Street, Rockhampton will transfer to Council ownership. The market value of the property is estimated at \$1,010,000 and the transfer is expected to take place during the first half of the 15/16 financial year. The portion of revenue that would be attributable to the transaction is estimated at \$577,518.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 31 ACCOUNTING FOR NATURAL DISASTER EVENTS

### 2015 Cyclone Marcia

In February 2015, the Rockhampton area experienced Tropical Cyclone Marcia with considerable damage to the botanic assets, some structural damage to roads, buildings and other site improvements and local creek flooding and run off. Estimates have been made with regard to the impact on relevant assets to ensure that the carrying values reflect their damaged condition.

The treatment of impacted assets in the current year is:

#### Disposal of assets due to major damage:

- Assets with cash settlements by insurance: due to the nature of this disaster event some of the assets impacted were covered by insurance. Where there has been or it is likely that a cash settlement will occur, the assets have been disposed in the current year and form part of the gain on disposal of assets in capital income.
- Assets impacted by major damage: assets were disposed with the amount recorded as a capital expense.

#### Impairment of assets due to minor or moderate damage:

- Assets impacted by minor or moderate damage have been impaired with the amount recorded in the appropriate asset revaluation surplus. This includes all assets located in the Kershaw Gardens that have access restrictions from previous landfill activities.

### 2013 Oswald flood event

In January 2013, the Rockhampton area experienced a major rainfall event within a 24 hour period from Cyclone Oswald which led to flash flooding as well as a moderate flood in the Fitzroy River. As a result of this event, road infrastructure asset values were adjusted to reflect their damaged condition.

In the current year the flood restoration works and asset entries were finalised. Any remaining estimated corrections to previous years were reinstated to the asset values.

### 2011 Yasi flood event

In January 2011, the Rockhampton area experienced a major flood from Cyclone Yasi and in the reporting period ended 30 June 2011, similar entries were performed to that of the January 2013 event above. In the prior year the flood restoration works and asset entries were finalised.

	Note	Cost \$	Accumulated depreciation \$	Asset revaluation surplus \$	Capital income \$	Capital expense \$
<b>(a) Current Year</b>						
<b>(i) 2015 Cyclone Marcia:</b>						
Asset adjustments - major damage	5 & 10	2,344,578	1,385,994	-	114,544	844,040
Asset adjustments - minor and moderate damage		3,266,247	1,373,975	1,892,272	-	-
Reduction in asset values due to 2015 disaster event		5,610,825	2,759,969	1,892,272	114,544	844,040
<b>(ii) 2013 Oswald flood event:</b>						
Reinstatement of asset values - 2012/13 adjustments not required		4,403,308	423,080	3,925,950	-	54,278
Increase in asset values due to 2013 flood event	16	4,403,308	423,080	3,925,950	-	54,278
<b>(b) Prior Year</b>						
<b>(i) 2011 Yasi flood event:</b>						
Reinstatement of asset values - 2012/13 adjustments not required		1,089,030	235,460	853,570	-	-
Increase in asset values due to 2011 flood event	16	1,089,030	235,460	853,570		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 32 CORRECTION OF ERROR

During the preparation for the road and drainage external valuation and bridge valuation, additional assets not previously recognised and recognised incorrectly were identified and brought to account.

### (a) Restatement of opening balances for 1 July 2013:

The opening balances for assets and equity as at 1 July 2013 have been amended in the financial statements for the below items as were the comparative amounts for 2013/14.

The additional assets recognised (existing assets not previously recognised and contributed assets) incorporate depreciation to 1 July 2014 in the asset values.

Note	Comparatives 2013/14 prior to adjustment		Correction of error	Comparatives 2013/14 restated	
	Opening balance 1 July 2013	Closing balance 30 June 2014		Opening balance 1 July 2013	Closing balance 30 June 2014
Property, plant and equipment - asset value increase	3,590,773,756	2,627,420,599	3,966,327	3,594,740,083	2,631,386,926
Property, plant and equipment - accumulated depreciation	992,411,748	794,962,941	1,760,969	990,650,779	793,201,972
Total property, plant and equipment (increase)	2,598,362,008	1,832,457,658	5,727,296	2,604,089,304	1,838,184,954
Retained surplus	2,048,538,547	1,278,390,958	5,727,296	2,054,265,843	1,284,118,254
Equity	2,438,863,945	1,735,855,964	5,727,296	2,444,591,241	1,741,583,260

Note: no retrospective adjustment has been made to the depreciation expense for the 2013/14 year, as the effect of the above adjustments on annual depreciation has been assessed as immaterial.

### (b) Correction of error by asset class:

Note	Site improvements	Buildings	Road and drainage network	Bridge network	Water	Heritage and cultural	Total
	\$	\$	\$	\$	\$	\$	\$
(i) Assets not previously recognised	10,441	-	5,604,705	3,830,527	62,069	64,253	9,571,995
(ii) Contributed assets - prior years	-	-	848,761	-	-	-	848,761
(iii) Assets previously recognised incorrectly	(83,000)	(304,356)	(5,666,637)	-	-	-	(6,053,993)
(iv) Disposals not previously recorded	-	-	(400,436)	-	-	-	(400,436)
Total asset values	(72,559)	(304,356)	386,393	3,830,527	62,069	64,253	3,966,327
<b>Accumulated depreciation</b>							
(vi) Assets previously recognised incorrectly	24,542	27,459	1,675,535	-	-	-	1,727,536
(vii) Disposals not previously recorded	-	-	33,433	-	-	-	33,433
Total accumulated depreciation	24,542	27,459	1,708,968	-	-	-	1,760,969
<b>Total correction of errors</b>	(48,017)	(276,897)	2,095,361	3,830,527	62,069	64,253	5,727,296

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 33 FINANCIAL INSTRUMENTS

Rockhampton Regional Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

The Council minimised its exposure to financial risk in the following ways:

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia.
- The Council does not invest in derivatives or other high risk investments.
- When the Council borrows, it borrows from the Queensland Treasury Corporation (QTC) unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Rockhampton Regional Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

### (i) Credit risk

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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

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

The Council is exposed to credit risk through its investments with the QTC and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated and regulated banks and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

The following table represents the Council's maximum exposure to credit risk:

	Note	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	12	48,701,188	29,899,637
Investments	13	30,000,000	57,000,000
Receivables - rates	14	6,926,255	7,246,166
Receivables - other	14	10,401,357	9,549,990
<b>Other credit exposures</b>			
Guarantees	25	3,081,572	4,369,665
		<u>99,110,372</u>	<u>108,065,458</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## Past due or impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

30-Jun-15	Fully performing \$	Past due				Less impairment \$	Total \$
		Less than 30 days \$	30-60 days \$	61-90 days \$	Over 90 days \$		
Receivables	10,115,053	2,041,697	792,533	76,143	4,396,371	(94,185)	17,327,612
Net receivables	10,115,053	2,041,697	792,533	76,143	4,396,371	(94,185)	17,327,612

30-Jun-14	Fully performing \$	Past due				Less impairment \$	Total \$
		Less than 30 days \$	30-60 days \$	61-90 days \$	Over 90 days \$		
Receivables	10,499,061	2,747,915	315,183	49,330	3,699,290	(514,624)	16,796,157
Net receivables	10,499,061	2,747,915	315,183	49,330	3,699,290	(514,624)	16,796,157

## (ii) Liquidity risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings Note 20. There are no additional facilities or lines of credit available.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$	Carrying amount \$
<b>2015</b>					
Trade and other payables	11,882,758	-	-	11,882,758	11,882,758
Loans - QTC	23,658,183	94,582,130	78,443,005	196,683,318	156,180,285
	<u>35,540,941</u>	<u>94,582,130</u>	<u>78,443,005</u>	<u>208,566,076</u>	<u>168,063,043</u>
<b>2014</b>					
Trade and other payables	14,464,383	-	-	14,464,383	14,464,383
Loans - QTC	22,752,408	90,898,238	86,096,417	199,747,063	157,903,336
	<u>37,216,791</u>	<u>90,898,238</u>	<u>86,096,417</u>	<u>214,211,446</u>	<u>172,367,719</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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## (iii) Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the QTC and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

## Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount		Profit/Loss		Equity	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Financial assets	78,674,158	86,872,137	786,742	868,721	786,742	868,721
Financial liabilities	(156,180,285)	(157,903,336)	(1,561,803)	(1,579,033)	(1,561,803)	(1,579,033)
Net total	(77,506,127)	(71,031,199)	(775,061)	(710,312)	(775,061)	(710,312)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 34 NATIONAL COMPETITION POLICY

### (a) Business activities

Before the end of each financial year, the Minister for Local Government must decide for the financial year, the expenditure amounts (the "threshold amounts") for identifying a "significant business activity".

A significant business activity where the threshold expenditure has been set by the Minister for the year ended 30 June 2015 follows:

- (a) for water and sewerage combined activities - \$13,300,000
- (b) for other activities - \$8,900,000

The Council has resolved to commercialise the following activities which fall into the expenditure guidelines above.

Waste and Recycling

Fitzroy River Water

Airport

### (b) Activities to which the code of competitive conduct (CCC) is applied

A "business activity" of a local government is any activity that involves trading in goods or services.

The CCC must be applied to the following business activities:

- (a) A building certifying activity that:
    - (i) involves performing building certifying functions within the meaning of the Building Act, section 8; and
    - (ii) is prescribed under a regulation\*.
- \*Section 38 of the *Local Government Regulation 2012* lists the local government's whose activities are prescribed building certifying activities.
- (b) A roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement, that involves:
    - (i) the construction or maintenance of state controlled roads for which the local government submits an offer to carry out work in response to a tender invitation.
    - (ii) construction or road maintenance on another local government's roads which the local government has put out to tender.

Each local government may elect to apply a CCC to any other identified business activities. However, for any with current expenditure of \$312,000 or more, the local government must decide, by resolution each year, whether to apply the CCC to that activity.

In general, applying the CCC means that the competitive neutrality principle is applied to the business activity.

Under the competitive neutrality principle, an entity that is conducting a business activity in competition with the private sector should not enjoy a net advantage over competitors only because the entity is in the public sector.

The competitive neutrality principle may be applied by commercialisation or full cost pricing. This includes removing any competitive advantage or disadvantage, where possible, and charging for goods and services at full cost.

In addition the cost of performing community service obligations, less any revenue received from carrying out those obligations, must be treated as revenue for the business activity.

A community service obligation is an obligation the local government imposes on a business activity that is not in its commercial interest. For example, giving a concession to pensioners.

A local government's financial statements must contain an activity statement for each business activity to which the CCC applies.

The Rockhampton Regional Council applies the CCC to the following activity:

Building Certification

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

The following activity statements are for activities subject to the CCC:

**(c) Financial performance of activities subject to competition reforms:**

	Building Certification	Fitzroy River Water	Rockhampton Airport	Waste & Recycling
	2015 \$	2015 \$	2015 \$	2015 \$
Revenue for services provided to Council	-	1,092	-	587,344
Revenue for services provided to external clients	87,221	66,423,248	16,026,453	16,029,772
Community service obligations	187,335	853,599	105,300	8,057,092
	274,556	67,277,939	16,131,753	24,674,208
Less : expenditure	274,556	59,590,654	15,356,820	22,954,559
Surplus/(deficiency)	-	7,687,285	774,933	1,719,649

**(d) Community Service Obligations were paid during the reporting period to the following activities:**

Activities	CSO description	Net cost \$
Building Certification	Non-commercial private certification services	105,300
Fitzroy River Water	Remissions to community & sporting bodies - water	22,558
	Tropical Cyclone Marcia - potable water distribution, Glenmore Water Treatment Plant review and CQ Ice generator & filtration system	347,644
	Combined line charges (operating)	56,191
	Remissions to community & sporting bodies - sewerage	91,299
	Combined line charges (capital)	120,794
	Raising manholes (capital)	215,113
		853,599
Rockhampton Airport	Capricorn Rescue Helicopter Service	21,666
	Royal Flying Doctor Service	83,634
		105,300
Waste and Recycling	Roadside bin operations	422,236
	Roadside bin disposal costs	231,421
	Disposal costs associated with environmental regulations	17,160
	Old landfill maintenance works	95,887
	Green waste	1,184,892
	Waste education	45,367
	Boat ramp services	2,584
	Charity waste policy	48,338
	Waste audit	16,700
	Tropical Cyclone Marcia - community recovery assistance	5,992,507
		8,057,092

**ROCKHAMPTON REGIONAL COUNCIL**

**Financial statements**

For the year ended 30 June 2015

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**Management Certificate**  
For the year ended 30 June 2015

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 52, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



M.F. Strelow  
**Mayor**

Date: 25 November 2015



E.A. Pardon  
**Chief Executive Officer**

Date: 25 November 2015

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Rockhampton Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Rockhampton Regional Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Rockhampton Regional Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

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

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



P J FLEMMING FCPA  
as Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

**ROCKHAMPTON REGIONAL COUNCIL**  
**Current-year Financial Sustainability Statement**  
For the year ended 30 June 2015

**Measures of Financial Sustainability**

**Council's performance at 30 June 2015 against key financial ratios and targets:**

	<b>How the measure is calculated</b>	<b>Actual - Council</b>	<b>Target</b>
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-5.5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	76.4%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	59.4%	not greater than 60%

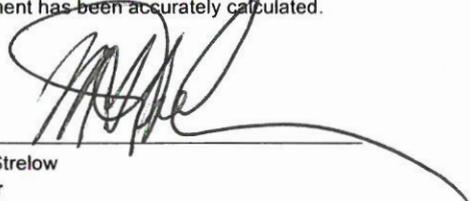
**Note 1 - Basis of Preparation**

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 2015.

**Certificate of Accuracy**  
**For the year ended 30 June 2015**

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

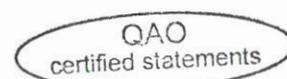
In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

  
M.F. Strelow  
**Mayor**

  
E.A. Pardon  
**Chief Executive Officer**

Date: 25 November 2015

Date: 25 November 2015



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Rockhampton Regional Council

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

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Rockhampton Regional Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

### *Independence*

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

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

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Rockhampton Regional Council, for the year ended 30 June 2015, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

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

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



P J FLEMMING FCPA  
as Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

**ROCKHAMPTON REGIONAL COUNCIL**  
**Long-Term Financial Sustainability Statement**  
 Prepared as at 30 June 2015

Measures of Financial Sustainability	Measure	Target	Projected for the years ended										
			Actuals at 30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-5.5%	4.0%	2.9%	3.3%	3.8%	4.0%	4.4%	4.6%	5.0%	5.4%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	76.4%	121.6%	94.8%	89.6%	84.3%	101.1%	95.8%	88.4%	89.4%	83.4%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	59.4%	63.5%	63.3%	58.3%	52.3%	50.7%	52.0%	46.5%	41.0%	33.9%	

**Council's Financial Management Strategy**

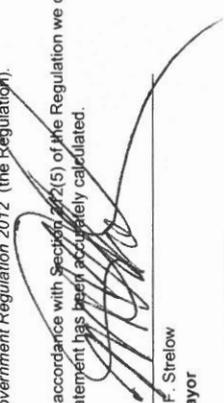
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

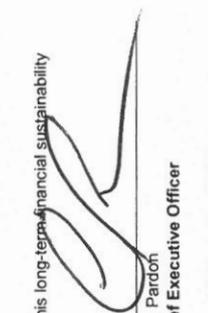
**Certificate of Accuracy**

**For the long-term financial sustainability statement prepared as at 30 June 2015**

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 22(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

  
**M.F. Strelow**  
**Mayor**

  
**E.A. Pardon**  
**Chief Executive Officer**

Date: 25 November 2015

INFORMATION REQUIRED UNDER THE ACT  
**COMMERCIAL BUSINESS UNITS**

**FITZROY RIVER WATER**  
 (s 190(2) LGR 2012)

Annual statement on operations of Fitzroy River Water

**NATURE AND SCOPE OF ACTIVITIES**

Fitzroy River Water (FRW) is a commercial business unit of Council and is responsible for operating and maintaining water and sewer assets totalling approximately \$850.7 million (replacement value).

General functions of these assets include the storage and supply of raw water for urban, commercial and agricultural purposes, treating and distributing potable water for urban and industrial use and the collection, treatment and discharge of treated effluent.

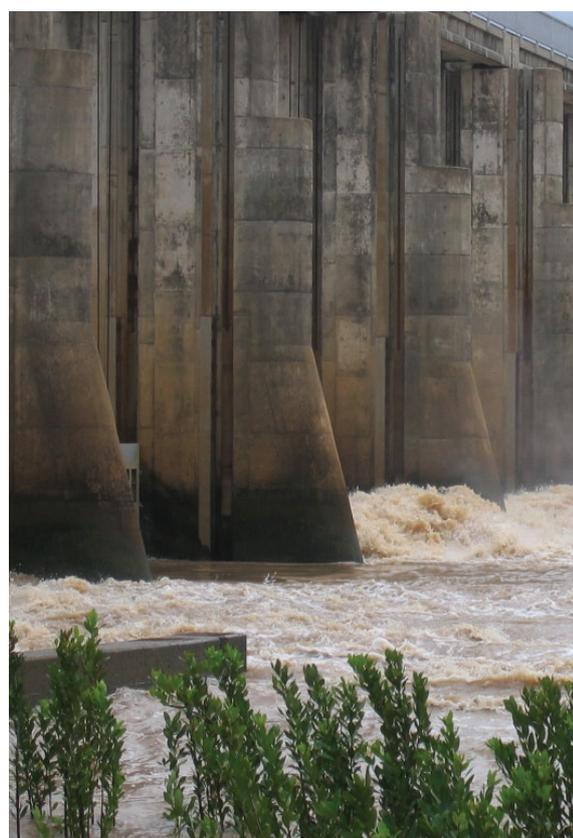
Broadly, the scope of FRW (based upon the 2014-15 financial year) is as follows:

Item	\$M
Total income (operating)	\$59.7M
Total expenses (operating)	\$36.1M

**ANNUAL OPERATIONS REPORT**

**Financial Indicators**

Item	2014-15 Target	2014-15 Achieved
Operating surplus ratio	45.30%	39.56%
Interest coverage ratio	4.30%	3.46%
Asset consumption ratio	60.80%	60.32%
Gross revenue	\$59,337,478	\$59,694,035
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$41,316,880	\$38,465,605
Competitive neutrality ratio (% of gross revenue)	35.30%	34.71%
Depreciation ratio	19.90%	20.91%
Total written down asset value	\$513,366,344	\$515,841,722
Return on assets	5.70%	4.62%



## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### FINANCIAL PERFORMANCE

##### Operational

FRW raised operational income of \$59.7 million with the majority raised through utility charges. Operating revenue in the 2014-15 financial year has increased by 1.84% from the 2013-14 financial year. An increase in community service revenue received from Council offset the minor decreases in fees and charges revenue and sales revenue. Utility charges realised an increase of 1.8%, with the growth in access charges offsetting a drop in water consumption charges.

Operational expenditure for the 2014-15 financial year was \$36.1 million, which has increased from the 2013-14 financial year.

Employee costs, materials and services and depreciation continually remain to be the largest portion of expenditure for FRW each year. The 2014-15 financial year is no different in this respect; however there has been an increase in material and service costs due to the reallocation of overhead costs between operations and capital.

##### Net Result Attributable to Fitzroy River Water

FRW net result before tax, a surplus of \$29.3 million, is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous year's deficit), the increased movement in FRW's retained surplus amounted to \$7.7 million in the 2014-15 financial year.

##### Capital

Total capital expenditure for the 2014-15 financial year was \$20.1 million including debt redemption. Extensive refurbishment programs of underground water and sewerage assets were undertaken and also construction of new aboveground infrastructure was prominent.

The year saw the commencement and/or completion of the following projects:

- Completion of the augmentation of the South Rockhampton Sewage Treatment Plant aeration facilities;
- Completion of Stage 1 of the North Rockhampton flood mitigation project;
- Completion of the Mount Morgan North Reservoir re-chlorination facility;
- Completion of Stage 1 of the Mount Morgan sewerage expansion;
- Completion of Stage 2 of the 300mm trunk water main duplication to Gracemere;
- Continuation of stage 3 of the 300mm trunk water main duplication to Gracemere;
- Completion of the 300mm rising main from Gracemere Sewage Treatment Plant to Armstrong Street Sewerage Pump Station;
- Completion of Stage 2 of the Gracemere Sewage Treatment Plant effluent return;
- Continuation of the augmentation of the Gracemere and South Rockhampton Sewage Treatment Plants;
- Continuation of the Arthur Street Sewerage Pump Station electrical upgrade;
- Continuation of the Glenmore Water Treatment Plant Highlift pump station upgrades and Lowlift pump station upgrades;
- Continuation of the Mount Morgan Sewerage scheme expansion;
- Continuation of the Ramsay Creek wetwell duplication and 225mm gravity sewerage main construction;
- Continuation of the Gracemere Sewage Treatment Plant effluent return;
- Continuation of the refurbishment of the sewerage network; and
- Continuation of the replacement of water mains.

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### Directions the Local Government gave the Unit – Non Commercial Directives

Community Service Obligations (CSO) arise as a result of FRW receiving a direction from Council (RRC) to undertake activities that would generally be considered not to be in the interests of a commercial entity to undertake. The amount attributed to CSO reflects the value of the non-commercial concessional benefit provided by the business to the community. This is equal to either the cost of providing the service less any attributable revenue received or, alternatively, the benchmarked cost of providing the service less any attributable revenue received where the benchmark has been obtained from equivalent service providers.

The following table summarises the types of CSO revenue received by FRW during the 2014-15 financial year:

Water	
Remissions to Community and Sporting Bodies	\$22,558
Tropical Cyclone Marcia – potable water distribution, Glenmore Water Treatment Plant review and CQ Ice generator and filtration system	\$347,644
Sewerage	
Combined Line Charges (expenses)	\$56,191
Combined Line Charges (capital)	\$120,794
Raising Manholes (capital)	\$215,113
Sporting Bodies Sewerage Access	\$91,299
<b>TOTAL</b>	<b>\$853,599</b>

The following CSO were funded by a contribution from Council to FRW:

Water	Objective
Other Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW.
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Tropical Cyclone Marcia - potable water distribution, Glenmore Water Treatment Plant review and CQ Ice generator and filtration system	To the extent of the particular services provided from a directive of Council during the Tropical Cyclone Marcia event.
Sewerage	Objective
Combined Line Charges (expenses)	A resolution dated 22 June 1999 states that "Council continue its current policy of maintaining combined line house drains and fund all such work carried out by FRW as a CSO".
Combined Line Charges (Capital)	Further to the above resolution regarding the maintenance of combined lines, FRW has begun a full replacement program of these assets. As a result the cost of the replacement of these Combined Lines also constitutes a CSO and the full cost incurred is claimed.
Raising Manholes (Capital)	A resolution dated 29 May 2000 states that "FRW carries out the raising of sewerage manholes and claims this as a CSO".
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Sewerage Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Other Rate Remissions	RRC upon review of applications grants remissions for Sewerage Charges. These amounts when remitted are then claimed as a CSO by FRW.

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### ASSET MANAGEMENT

With the preparation of a Strategic Asset Management Plan (SAMP) now no longer a legislative requirement for water service providers, FRW has been working with Council's Asset Management team to prepare an Asset Management Plan (AMP) in accordance with the requirements of the *Local Government Act 2009*. The purpose of this plan is to develop a long term strategy for the management of water and sewerage infrastructure to ensure the safe and reliable provision of water and sewerage service for the community.

The AMP provides details of the current condition and value of water and sewerage assets as well as forecasting the required future investment to ensure continued safe and reliable operation. The AMP also describes the performance of water and sewerage infrastructure against the adopted Customer Service Standards (CSS) which define the standard of service provided to customers. A summary of FRW's performance in meeting the targets and CSS is provided in this report along with additional supporting information where performance targets have not been met.



INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

COMPARISON WITH ANNUAL PERFORMANCE PLAN

Water Services Performance

Water - Day to Day Continuity - Potable and Non Potable Water Schemes

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 36,319 as at 1 January 2015						Mt Morgan Water Supply Scheme Number of access charges - 1,487 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS1	Extent of unplanned interruptions - connections based (no. per 1,000 connections per year)	15	8	34	6	<80	63	34	7	21	1	<80	63
CSS2	Extent of unplanned interruptions - incidents based (no. per 100 km of main per year)  Rockhampton and Gracemere 744.2km Mt Morgan 72 km	12	11	22	10	<30	55	6	3	1	1	<30	11
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	100%	100%	52%	92%	>90%	86%	100%	100%	0%	100%	>90%	75%
CSS4	<b>Customer interruption frequency</b>												
	1 interruption per year	2.32%	1.42%	3.86%	1.37%	12%	8.97%	5.92%	2.55%	2.08%	0.67%	12%	11.22%
	2 interruptions per year	0.06%	0.02%	0.07%	0.01%	2%	0.16%	0.20%	0.00%	0.00%	0.00%	2%	0.20%
	3 interruptions per year	0.00%	0.00%	0.00%	0.00%	1%	0.00%	0.06%	0.00%	0.00%	0.00%	1%	0.00%
	4 interruptions per year	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%
	5 or more interruptions per year	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 36,319 as at 1 January 2015						Mt Morgan Water Supply Scheme Number of access charges - 1,487 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS5	Relative incidence of planned and unplanned interruption incidents (% of planned versus total number of interruptions)	18%	15%	3%	19%	>30%	14%	33%	50%	0%	50%	>30%	33%
CSS6	Average interruption duration - planned and unplanned (hours)	0.5	0.39	3.16	1.97	3	1.51	2.26	1.44	56	1.28	3	15.25
CSS7	<b>Response time</b>												
	<b>Priority 1 – 1 hour response</b>	100%	83%	53%	100%	95%	84%	100%	100%	100%	100%	95%	100%
	<b>Priority 2 – 2 hours response</b>	97%	92%	84%	86%	95%	90%	100%	100%	50%	100%	95%	88%
	<b>Priority 3 – 24 hours response</b>	100%	99%	99%	99%	95%	99%	100%	100%	100%	100%	95%	100%
	<b>Restoration time</b>												
	<b>Priority 1 – 5 hours restoration</b>	100%	90%	85%	73%	95%	87%	100%	100%	100%	100%	95%	100%
	<b>Priority 2 – 24 hours restoration</b>	74%	95%	98%	96%	95%	91%	100%	100%	100%	100%	95%	100%
	<b>Priority 3 – 5 days restoration</b>	99%	100%	100%	99%	95%	100%	88%	100%	100%	100%	95%	97%

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

**Adequacy and Quality of Normal Supply of Water Supply**

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 36,319 as at 1 January 2015						Mt Morgan Water Supply Scheme Number of access charges - 1,487 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS8	Minimum pressure standard at the water meter (kPa)	220	220	220	220	220	220	220	220	220	220	220	220
CSS9	Minimum flow standard at the water meter	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min
CSS10	Connections with deficient pressure and/or flow (% of total connections)	1%	1%	1%	1%	<2.5%	4.0%	1%	1%	1%	1%	<2.5%	4.0%
CSS11	Drinking water quality (compliance with industry standard)	100%	100%	99%	99%	>98%	100%	100%	100%	100%	100%	>98%	100%

FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters - Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines and E.coli - Target: None detected in >98% of all samples tested.

CSS12	Drinking water quality complaints (number per 1,000 connections)	0.19	0.44	5.09	1.9	<5	7.62	0.67	0.67	1.34	3.36	<5	6.04
CSS13	Drinking water quality incidents (number per 1,000 connections)	0	0	0	0	<5	0	0	0	0	0	<5	0

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

**Long Term Continuity of Water Services Potable and Non Potable Water Schemes**

CSS Reference	Performance Indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 36,319 as at 1 January 2015						Mt Morgan Water Supply Scheme Number of access charges - 1,487 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS14	Water main breaks (number per 100 km main) Rockhampton and Gracemere 744.2km Mt Morgan 72km	3	4	4	3	<40	14	3	3	1	1	<40	8
CSS15	Water services breaks (number per 1,000 connections)	4	5	7	5	<40	21	3	9	3	8	<40	23
CSS16	System water loss (litres per connection per day)	118	93	178	223	< 200L	153	107	112	106	229	≤ 200L	139

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

Effective Transportation of Sewage

CSS Reference	Performance indicator	Sewerage Schemes						Sewerage Schemes					
		Rockhampton and Gracemere Sewerage Scheme Number of access connections - 49,782 as at 1 January 2015						Mt Morgan Sewerage Scheme Number of access connections - 506 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS17	Sewerage overflows – total (number per 100 km main)  Rockhampton and Gracemere 686 km  Mt Morgan 10.6km	20.61	9.91	1.95	8.9	<30	41.37	0	0	0	0	<10	0
CSS18	Sewerage overflows to customer property (number per 1,000 connections)	1.87	1.39	1.68	1.25	<10	6.19	0	0	0	0	<5	0
CSS19	Odour complaints (number per 1,000 connections)	0.08	0.27	0.32	0.1	<1	0.77	0	0	0	0	<1	0
CSS20	<b>Response time</b>												
	<b>Priority 1 – 1 hour response</b>	84%	93%	81%	83%	>95%	85%	100%	100%	100%	100%	>95%	100%
	<b>Priority 2 – 2 hours response</b>	97%	97%	89%	90%	>95%	93%	100%	100%	100%	100%	>95%	100%
	<b>Priority 3 – 24 hours response</b>	98%	96%	99%	100%	>95%	98%	100%	100%	100%	100%	>95%	100%
	<b>Restoration time</b>												
	<b>Priority 1 – 5 hours restoration</b>	97%	96%	86%	100%	>95%	95%	100%	100%	100%	100%	>95%	100%
	<b>Priority 2 – 24 hours restoration</b>	98%	97%	100%	98%	>95%	98%	100%	100%	100%	100%	>95%	100%
	<b>Priority 3 – 5 days restoration</b>	100%	100%	100%	100%	>95%	100%	100%	100%	100%	100%	>95%	100%

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

**Long Term Continuity of Sewerage Services**

CSS Reference	Performance Indicator	Sewerage Schemes						Sewerage Schemes					
		Rockhampton and Gracemere Sewerage Scheme Number of access connections - 49,782 as at 1 January 2015						Mt Morgan Sewerage Scheme Number of access connections - 506 as at 1 January 2015					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS21	Sewer main breaks and chokes (number per 100 km main) Rockhampton and Gracemere 686 km Mt Morgan 10.6km	13.21	17.06	19.53	17.37	<50	67.17	0	0	0	0	<20	0
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	1.29	4.3	2.71	1.5	<5	2.45	1.39	1.47	1.56	1.3	<5	1.43

**Reference Codes**

A blank field should contain one of the following:

- a. 0 (zero)
- b. ND (no data is available, although the indicator is relevant)
- c. NR (not relevant; the indicator is not relevant to that scheme)

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### CUSTOMER SERVICE STANDARDS

A summary of the additional performance indicators and targets set out in FRW's CSS and actual performance is outlined below. Where performance has not met the minimum targets set, commentary is provided qualifying the data.

##### Customer Service Targets

Performance indicator	1st qtr	2nd qtr	3rd qtr	4th qtr	Target	Year to Date
Installation of new water connections (within the water service area)	91%	85%	69%	83%	15 working days	82%
Installation of sewerage connections (within the seweraged area)	50%	25%	33%	50%	15 working days	40%
Complaints – (excluding maintenance of water and sewerage services) – advise outcome	100%	100%	100%	100%	20 working days	100%

##### Financial Performance Targets

Performance indicator	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported	Target
RRC Operational Plan Reporting Frequency: quarterly	17/10/2014	14/01/2015	08/04/2015	16/07/2015	Initiatives successfully completed by year end
Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2014	31/12/2014	31/03/2015	30/06/2015	Conduct all activities in accordance with required timelines and budget
Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2014	31/12/2014	31/03/2015	30/06/2015	Timely reporting of any significant variations to budget revenue and collection timing
Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2014	31/12/2014	31/03/2015	30/06/2015	Completion of capital program in accordance with adopted timeframe and budget (within 3%)

##### Reference Codes

A blank field should contain one of the following:

- a. 0 (zero)
- b. ND (no data is available, although the indicator is relevant)
- c. NR (not relevant; this indicator is not relevant to that scheme)

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### Non Compliance Comments

CSS Reference	Scheme	Comment
CSS2	Rockhampton and Gracemere Water Supply Scheme	A total of 21 broken water mains for third quarter affecting a total of 73 unplanned interruption incidents. The total for YTD is 100 water mains.
CSS3	Rockhampton and Gracemere Water Supply Scheme	A total of 225 connections affected due to unplanned water shut downs for 4th quarter. A total of 206 connections were restored within 5 hours.
CSS3	Mount Morgan Water Supply Scheme	A total of 31 connections affected due to unplanned water shut downs for 3rd quarter. No connections were restored within 5 hours. The unplanned interruptions were due to Tropical Cyclone Marcia.
CSS5	Mount Morgan Water Supply Scheme	The percentage is exceeded for the YTD due to Tropical Cyclone Marcia.
CSS6	Mount Morgan Water Supply Scheme	The YTD is exceeded due to the 10080 minutes based on 1 unplanned incident caused by Tropical Cyclone Marcia in February.
CSS7	Rockhampton and Gracemere Water Supply Scheme	<p><b>Response</b> Year To Date P1 - Total of requests for 2014/2015 - 62 requests and 44 responded to within 1 hour. P2 - Total of requests for 2014/2015 - 407 requests and 351 responded to within 2 hours. Please note: Due to Tropical Cyclone Marcia in February we had an increase in water quality issues and delivering of bottled water to residents.</p> <p><b>Restoration</b> Year To Date P1 - Total of requests for 2014/2015 - 70 requests and 60 restored within 5 hours. P2 - Total of requests for 2014/2015 - 430 requests and 406 restored within 24 hours. Continue to monitor weekly reporting of priorities. The output of that monitoring will be to identify both issues and areas for improvement.</p>
CSS7	Mount Morgan Water Supply Scheme	<p><b>Response</b> Year To Date P2 - Total of requests for 2014/2015 - Total requests 7 and 6 responded to within 2 hours. 3rd quarter we had a 50% response time so this has affected the YTD.</p>
CSS12	Rockhampton Water Supply Scheme	The non-compliant score was due to the large number of drinking water quality complaints received in this scheme due to the poor river water quality event that was caused by the passing of Tropical Cyclone Marcia.
CSS12	Mount Morgan Water Supply Scheme	The non-compliant score for the year was due to a slightly larger number of discoloured water complaints than expected. Although only a small number of complaints were received in this final quarter, the elevated score was sufficient to cause a slight exceedance of the annual target.
CSS17	Rockhampton and Gracemere Sewerage Supply Scheme	A total number of 121 blockages and 62 overflows. Total YTD is total 514 blockages and 303 overflows.
CSS20	Rockhampton and Gracemere Sewerage Supply Scheme	<p><b>Response</b> Year To Date P1 - Total of requests for 2014/2015 - 109 requests and 93 responded to within 1 hour. P2 - Total of requests for 2014/2015 - 377 requests and 350 responded to within 2 hours. Response times were affected during Tropical Cyclone Marcia in February. Network Service supervisory staff continue to work with staff on improving resource.</p>
CSS21	Rockhampton and Gracemere Sewerage Supply Scheme	Rockhampton and Gracemere sewerage system sustained 121 breaks and chokes during the 4th quarter. A total of 36 were mainline blockages and 62 overflows.

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008

In accordance with the *Water Supply (Safety and Reliability) Act 2008*, FRW has an approved Drinking Water Quality Management Plan (DWQMP) to manage the ongoing safe and reliable supply of drinking water to the community. Each year FRW reviews the DWQMP and completes an annual report that documents the performance of the drinking water schemes against national standards, state regulatory targets and the objectives outlined in the DWQMP. Although recent amendments to the *Water Supply (Safety and Reliability) Act 2008* have removed the ongoing requirement for preparation of a SAMP and other regulatory plan documents, FRW continues to review and update important plan documents that describe the strategies associated with asset management, drought management, trade waste management and system leakage management. Together these activities help to ensure long term safe and reliable provision of water and sewerage services.

As a business unit of Council, FRW provides the following services:

##### Overview of Services

Type	Scheme Name
Potable Water	Rockhampton Water Supply Scheme (including Gracemere)
Recycled Water Scheme	Gracemere Recycled Water Scheme Mount Morgan Recycled Water Scheme
Irrigation / Other Scheme	Fitzroy River Barrage Water Supply (Raw-partially treated water scheme)
Sewerage	North Rockhampton Sewerage Scheme South Rockhampton Sewerage Scheme West Rockhampton Sewerage Scheme Gracemere Sewerage Scheme Mount Morgan Sewerage Scheme

#### CUSTOMER SERVICE STANDARDS PROCESSES

##### Service Connections

###### Water

FRW aims to install all new connections in the Water Service Area within 15 working days of approval of the application and payment of the related fee; or by the installation date agreed with the customer outside the 15 day period.

A standard fee for water connections applies within each scheme. An application may be made for water connections to properties outside the Water Service Area. If approved, the applicant will be required to meet all associated costs.

###### Sewerage

A standard sewerage connection is provided free to each property within existing seweraged areas. Any additional connection or reconnection where a service is removed will incur the appropriate fee. Where a request is made for a sewerage connection outside the seweraged area, FRW will assess if it is practical to make the service available or if the Sewerage Scheme should be extended. The applicant will be required to meet all associated costs where it is a connection outside an existing seweraged area and, in the case of the extension of a Sewerage Scheme; FRW will assess the costs to be apportioned amongst the relevant property owners.

FRW aims to install all new sewerage connections within the seweraged area within 15 working days of approval of the application and payment of the related fee or by the installation date agreed with the customer outside the 15 day period.

###### Trade Waste Services

Trade waste is any wastewater that is acceptable either treated or untreated for discharge to sewer. Trade waste specifically excludes any sewage discharged from private residential premises. A customer may discharge trade waste into the sewerage system provided the customer has first entered into a Trade Waste Agreement with FRW and in accordance with the Trade Waste Environmental Management Plan.

###### Metering and Billing

Water consumption bills are individually and independently issued by FRW on a quarterly basis.

FRW's water access and sewer charges are integrated with Council rate notices which are issued twice a year.

## INFORMATION REQUIRED UNDER THE ACT

### Fitzroy River Water

#### Accounting

If a customer is over charged, the amount over charged will be credited to the customer's next bill or refunded at the customer's request. If a customer is under charged, the next account will be adjusted or an additional payment will be required.

Customers who choose to pay their account in full, including arrears and interest accrued daily (if any), by the date specified, will receive a discount on current half yearly rates and utility charges excepting water consumption charges on which there is no discount applicable.

Payment can be made in the following manner:

- BPAY;
- Mail;
- Direct debit;
- Australia Post;
- Personal payment to Council – payments can be made at a Customer Service Centre or through Council's website; or
- Phone – Call 1300 BPOINT.

Customers who hold a Pensioners Concession Card or a Department of Veterans' Affairs Card are eligible for government funded concessions on rates and utility charges only.

#### Complaints

All complaints received regarding maintenance of water and sewerage services will be acted upon to meet the stated performance indicators. Other complaints will be investigated and FRW will endeavour to advise of the outcome within 20 working days.

#### Dispute Resolution

Customers not satisfied with FRW's response to an enquiry or complaint, can address their concerns in writing to the Chief Executive Officer at:

Chief Executive Officer  
Rockhampton Regional Council  
PO Box 1860  
Rockhampton Qld 4700

Customers not happy with the response at this point, may raise their concerns with the Queensland Ombudsman's Office on (07) 3005 7000 or toll free 1800 068 908.

## REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the CSS every year. FRW's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 2014-15 Performance Plan. The Annual Performance Plan report as at 30 June 2015 was presented to Council with the CSS on 11 August 2015.

The CSS will be reviewed in the current period.

The current CSS are available under the FRW section on Council's website.



INFORMATION REQUIRED UNDER THE ACT

# ROCKHAMPTON REGIONAL WASTE & RECYCLING (s 190(2) LGR 2012)

Annual statement on operations of Rockhampton Regional Waste and Recycling

## NATURE AND SCOPE OF ACTIVITIES

Rockhampton Regional Waste and Recycling (RRWR) is a commercial business unit of Council and is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$34.1 million (replacement value).

General functions of these assets include the provision of waste collection points for the bulk transport of waste to two landfills, and the provision of 'airspace' to receive the Region's waste in an environmentally sound process and associated recycling and reuse support facilities at two landfills.

Broadly, the scope of RRWR (based upon the 2014-15 financial year) is as follows:

Item	Whole of Council
Total Income (operating)	\$24.8M
Total Expenses (operating)	\$21.6M
Number of staff	31
Properties served- General Waste	31,238
Properties served- Recycling	31,063
Total waste to Landfill – including kerbside waste collection but not including cover material (tonnes)	92,586
Kerbside Waste Collected (tonnes)	23,647
Recycling Collected (tonnes)	6,309
Landfills	2
Transfer Stations (manned)	3
Roadside Bin Stations	9

## ANNUAL OPERATIONS REPORT

### Financial Indicators

Item	2014-15 Target	2014-15 Achieved
Operating Surplus Ratio	16.1%	12.5%
Interest Coverage Ratio	8.7%	6.1%
Asset Consumption Ratio	77.7%	83.4%
Depreciation Ratio	5.7%	5.2%



## INFORMATION REQUIRED UNDER THE ACT

### Rockhampton Regional Waste & Recycling

#### COMPARISON WITH ANNUAL PERFORMANCE PLAN

##### Non-Financial Performance Targets

CSS Reference	Performance Indicator	Target	Rockhampton Actual	Gracemere Actual	Mount Morgan Actual
WCSS1	Weekly collection of domestic waste on the same day every week	98%	99.99%	99.99%	99.97%
WCSS2	Weekly collection of commercial waste	95%	99.78%	Included in WCSS1#	Included in WCSS1#
WCSS3	Fortnightly collection of domestic recyclable waste	98%	99.93%	99.96%	99.95%
WCSS4	Fortnightly collection of commercial recyclable waste	98%	99.71%	Included in WCSS3#	Included in WCSS3#
WCSS5	Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%	100%	100%	100%
WCSS6	Collection services will be made available within four working days upon application by the owner	98%	100%	100%	100%
WCSS7	Provision of assisted services within ten working days from application by the resident	100%	100%	100%	100%
WCSS8	Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%	100%	100%	100%

# Unable to separate domestic and commercial data for Gracemere and Mount Morgan. Staff are currently working on this to enable these indicators to be reported on in the future.

##### Financial Performance Targets

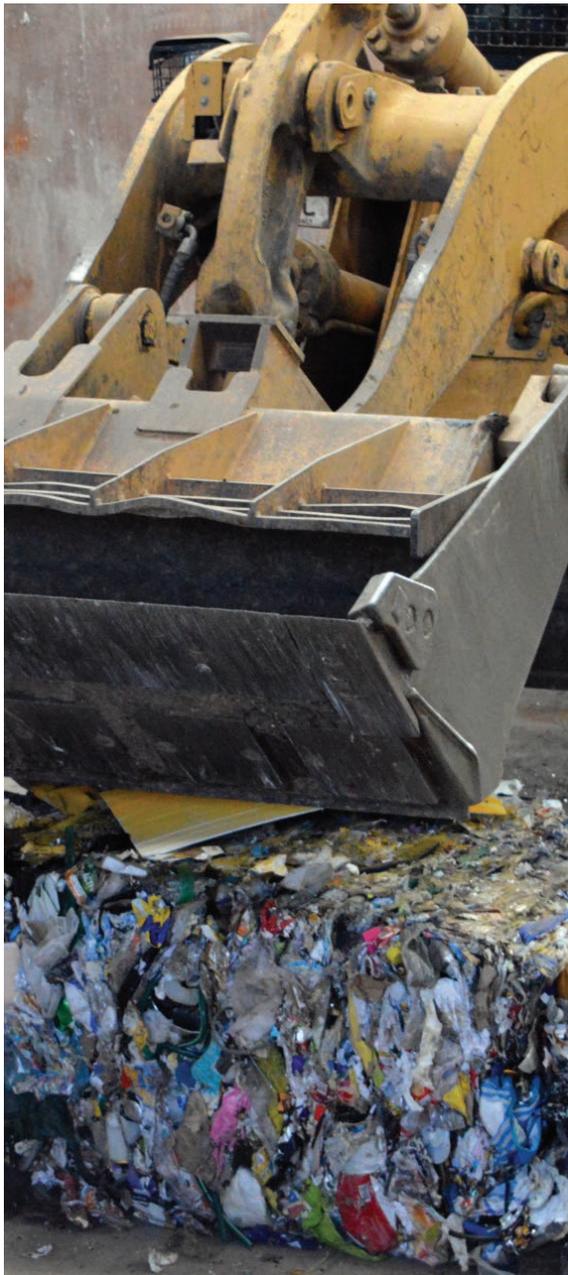
Performance Indicator	Target	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported
RRC Operational Plan Reporting Frequency: quarterly	Initiatives successfully completed by year end	1/09/2014	31/12/2014	31/03/2015	30/06/2015
Operating Budget Reporting Frequency: quarterly or when variations arise	Conduct all activities in accordance with required timelines and budget	30/09/2014	31/12/2014	31/03/2015	30/06/2015
Annual Revenue Reporting Frequency: quarterly or when variations arise	Timely reporting of any significant variations to budget revenue and collection timing	30/09/2014	31/12/2014	31/03/2015	30/06/2015
Capital Works Reporting Frequency: quarterly or when variations arise	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	30/09/2014	31/12/2014	31/03/2015	30/06/2015

## INFORMATION REQUIRED UNDER THE ACT

### Rockhampton Regional Waste & Recycling

#### REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the CSS every year. RRWR's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 2014-15 Performance Plan. The Annual Performance Plan report as at 30 June 2015 was presented to Council with the CSS on 2 September 2015.



#### FINANCIAL PERFORMANCE

##### Operational (Continuing Operations)

RRWR raised operational income of \$24.8 million, including internal charges revenue, with the majority raised through utility and landfill fees and charges.

Operating revenue in the 2014-15 financial year is higher than the 2013-14 financial year by 37%, which is attributed to CSO revenue received for operations undertaken during Tropical Cyclone Marcia which has been netted off in operational expenditure.

Operational expenditure for the continuing RRWR 2014-15 financial year was \$21.6 million, this does not include capital expenditure and company tax equivalents.

Materials and services and employee costs formed the largest portion of expenditure for RRWR in the financial period. Expenditure incurred for materials and services (70%) is essential in providing critical waste services to the community and maintaining RRWR property, plant and equipment. RRWR also supports a medium sized in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 13% of operational expenditure.

##### Net Result Attributable to Rockhampton Regional Waste and Recycling

RRWR net result of \$2.0 million before income tax is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous year's deficit) the decrease in RRWR retained a deficit of \$0.6 million.

## INFORMATION REQUIRED UNDER THE ACT

### Rockhampton Regional Waste & Recycling

#### Capital

Total capital expenditure for the 2014-15 financial year was \$5.4 million which fell short of the capital program budgeted of \$6.9 million.

The year saw the commencement and/or completion of the following projects:

- Completion of the waste transfer station construction project.
- Replacement of bins under the RRWR replacement bin program.
- Commencement of site remediation works carried out to closed landfills.

#### Directions the Local Government gave the Unit – Non Commercial Directives

CSO arise as a result of RRWR receiving a direction from Council to undertake activities that would generally be considered not to be in the interests of a commercial entity to undertake. The amount attributed to CSO reflects the value of the non-commercial concessional benefit provided by the business to the community. This is equal to either the cost of providing the service less any attributable revenue received or, alternatively, the benchmarked cost of providing the service less any attributable revenue received where the benchmark has been obtained from equivalent service providers.

The following table summarises the types of CSO revenue received by RRWR during the 2014-15 financial year:

Description	Actual Cost
Roadside Bin Operations	\$ 422,236
Roadside Bin Disposal Costs	\$ 231,421
Tyres, Oils & Chemicals	\$ 17,160
Old Landfill Maintenance Works	\$ 95,887
Green Waste	\$1,184,892
Waste Education	\$ 45,367
Boat Ramp Services	\$ 2,583
Charity Waste Policy	\$ 48,339
Waste Audit	\$ 16,700
Tropical Cyclone Marcia	\$5,992,508
<b>TOTAL CSO</b>	<b>\$8,057,093.00</b>

In accordance with Council's Community Service Obligation Policy, the following requests have been approved:

Authorised Group	Date	Limit	Expiry
Anglicare Central Queensland Limited	01/07/2013	60 tonne	30/06/2015
Endeavour Foundation	01/07/2013	12 tonne	30/06/2015
Lifeline Central Queensland	01/07/2013	250 tonne	30/06/2015
St Vincent de Paul Society Queensland	01/07/2013	120 tonne	30/06/2015
The Salvation Army	01/07/2013	120 tonne	30/06/2015
The Umbrella Network	01/07/2013	3 tonne	30/06/2015
Rockhampton Women's Shelter	01/11/2014	5 tonne	30/06/2015
Australian Red Cross (Rockhampton Branch)	30/04/2015	1 tonne	30/06/2015
Cancer Council - Relay for Life	01/05/2015	6 tonne	30/06/2015

INFORMATION REQUIRED UNDER THE ACT

# ROCKHAMPTON AIRPORT (s 190(2) LGR 2012)

Annual statement on operations of Rockhampton Airport

## NATURE AND SCOPE OF ACTIVITIES

Rockhampton Airport is a commercial business unit of Council and is a major Australian regional airport that services the City of Rockhampton and Central Queensland, with flights to Brisbane, Gladstone, Mackay, Townsville and Cairns.

The Airport is used by both domestic and international airlines using a mix of aircraft including wide-bodied aircraft such as the B747 to B777 and A340 types. There are future plans to expand the Airport to accommodate a new customs quarantine section for future international flights.

Rockhampton Airport is responsible for the operation and maintenance of Airport assets totalling approximately \$113.7 million (replacement value).

### Annual Operations Report

Item	As at 30 June 2015
Total income	\$16.1M
Total expenses	\$10.7M
Passenger movements	642,053
Number of staff	24
Number of paid parking car parks	709
Aircraft movements	30,912

## COMPARISON WITH ANNUAL PERFORMANCE PLAN

### Annual Performance Report

The 2013-14 financial year was the first year that the Rockhampton Airport operated as a significant business activity under the *Local Government Act 2009*. This necessitated the requirement of an Annual Performance Plan. The Annual Performance Plan report as at 30 June 2015 was presented to Council on 8 September 2015.

The non-financial performance targets and corresponding results are included below.

Performance Indicator	Target	Annual Result
Increase Passenger numbers	2%	-5.3%
Increase Aircraft Movements	1%	-5.2%
Bird Strikes	Less than 40	43
Lost Time Days – workplace injuries	0	0
Reported Public Injuries on Airport Precinct	0	9
Customer Requests Actioned	100%	100%
Airline Engagement Meetings held Quarterly	Yes	Yes
All Military Exercise Briefings Attended	Yes	Yes



## INFORMATION REQUIRED UNDER THE ACT

### Rockhampton Airport

#### FINANCIAL PERFORMANCE

##### Operational

Total Income for the financial period was \$16.1 million; this includes capital income for grants received for capital purposes.

Despite passenger numbers being down 5.1% over the previous financial year operating income was higher in comparison to the previous financial year by 12%. This can be attributed mostly to security screening charges.

Operational expenditure for the 2014-15 financial year was \$10.7 million, this does not include capital expenditure and company tax equivalents. Total expenditure for the 2014-15 financial year was \$11.9 million.

Materials and services, depreciation and employee costs formed the largest portion of expenditure for Rockhampton Airport in the financial period. Expenditure incurred for materials and services (46.26%) is essential in providing critical services to the community and maintaining Rockhampton Airport property, plant and equipment. Rockhampton Airport also supports a reasonable size in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 30.46% of operating expenditure.

Rockhampton Airport net result of \$5.4 million before income tax is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. Overall, Rockhampton Airport achieved a surplus of \$4.2 million for the 2014-15 financial year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous year's surplus) the Airport incurred a retained surplus of \$775,000.

##### Capital

Total capital expenditure for the 2014-15 financial year was \$3.8 million which fell short of the capital program budgeted of \$5.7 million.

During this period the majority of Stage 1 of the Apron Lighting project was completed. In addition Stage 2 of the Runway Lighting project was completed with Stage 3 expected to be completed in the first half of 2015-16 financial year.

Work was also completed on improving the storm water management system. Additional improvements in defence deployment areas, main runway resurfacing and installation of paid car parking equipment in the premium covered car park.

##### Directions the Local Government gave the Unit – Non Commercial Directives

CSO arise as a result of the Airport receiving a direction from Council to undertake activities that would generally be considered not to be in the interests of a commercial entity to undertake. The amount attributed to CSO reflects the value of the non-commercial concessional benefit provided by the business to the community. This is equal to either the cost of providing the service less any attributable revenue received or, alternatively, the benchmarked cost of providing the service less any attributable revenue received where the benchmark has been obtained from equivalent service providers.

The following table summarises the types of CSO revenue received by Rockhampton Airport during the 2014-15 financial year.

Description	Actual Cost
Royal Flying Doctors Service and Capricorn Helicopter Rescue Service	\$105,301



## INFORMATION REQUIRED UNDER THE ACT

# STATUTORY INFORMATION

### BENEFICIAL ENTERPRISES (S41 LGA 2009)

Identifying beneficial enterprises

- Building Certification

### SIGNIFICANT BUSINESS ACTIVITIES (S45 LGA 2009)

All Business Activities

- Water and Sewerage
- Regional Waste
- Rockhampton Airport

Identify all significant business activities stating where new for the financial year and whether Competitive Neutrality Principles were applied

- Water and Sewerage
- Regional Waste
- Rockhampton Airport

The Code of Competitive Conduct was applied to all significant business activities.

All significant business activities were conducted in the previous year.

Assessment of Council Performance in implementing 5 year corporate plan (s190(1)(a) LGR 2012)

Performance against the Corporate Plan activities was measured on a quarterly basis and the majority of activities were achieved by all departments.

Assessment of Council performance in implementing the annual operational plan (s190(1)(a) LGR 2012)

Honest, transparent and accountable corporate governance in line with corporate values has resulted in the majority of key outcome targets being achieved with those results reported to Council via its Operational Plan on a quarterly basis.

The detailed annual results for the 2014-15 Operational Plan were reported to Council's Performance and Service Committee meeting on the 25 August 2015 in accordance with s104 *Local Government Act 2009* and s174 *Local Government Regulation 2012*.

Particulars of other issues relevant to making an informed assessment of the local government's operation and performance in the financial year (s190(1)(b) LGR 2012)

No contingent issues impacted the assessment of Council's performance for the period under review.

Details of any action taken for, and expenditure on a service, facility or activity supplied by another local government under an agreement for conducting a joint government activity and for which the local government levied special rates or charges for the financial year (s190(1)(d) LGR 2012)

Council has not been engaged in providing services to any other local government or joint local government.

Number of invitations to change tenders under section 228(7) during the financial year (s190(1)(e) LGR 2012)

Nil.

List of the registers kept by Council (s190(1)(f) LGR 2012)

- Asbestos Register
- Asset Register
- Cemetery Register
- Dog Registry
- Infrastructure Charges Register
- Local Laws Register
- Loss and Theft Register
- Register of Activities for Competitive Neutrality
- Register of Administrative Action Complaints Received
- Register of Authorised Persons (Environmental Protection Act 1994)
- Register of Beneficial Enterprises
- Register of Complaints about the Conduct or Performance of Councillors
- Register of Contact with Lobbyists
- Register of Cost-Recovery Fees

## INFORMATION REQUIRED UNDER THE ACT

### Statutory Information

- Register of Delegations
- Register of Designated Natural Hazard Management Areas (Flood)
- Register of Development Applications
- Register of Direction Notices
- Register of Environmental Authorities
- Register of Environmental Evaluations
- Register of Environmental Protection Orders
- Register of Environmental Reports
- Register of Impounded Animals
- Register of Installed On-site Sewerage and Greywater Use Facilities
- Register of Insurance Claims
- Register of Interests of Chief Executive Officer and Persons related to Chief Executive Officer
- Register of Interests of Councillors
- Register of Interests of Persons related to a Councillor
- Register of Interests of Senior Executive Employees and Persons related to a Senior Executive Employee
- Register of Monitoring Programs
- Register of Pest Control and Entry Notices
- Register of Pre-qualified Suppliers
- Register of Results of Monitoring Programs
- Register of Roads and Road Maps
- Register of Surrendered Environmental Authorities
- Register of Suspended or Cancelled Environmental Authorities
- Register of Temporary Emissions Licences
- Register of Testable Backflow Prevention Devices
- Register of Thermostatic Mixing Valves (Temperature Control Devices)
- Register of Transitional Environmental Programs
- Risk Register

### SUMMARY OF ALL CONCESSIONS FOR RATES AND CHARGES GRANTED BY THE LOCAL GOVERNMENT (S190(1)(G) LGR 2012)

#### Approved Government Pensioners

Rate concessions/subsidies are available to approved pensioners, who are in receipt of a pension for entitlements from Centrelink or the Department of Veterans' Affairs or Widow's Allowance.

The scheme is directed to the elderly, invalid or otherwise disadvantaged citizens of the community whose principal or sole source of income is a pension or allowance paid by Centrelink or the Department of Veterans' Affairs and who are the owners of property in which they reside and have responsibility for payment of Council rates and charges thereon.

#### Eligibility

Approved Pensioner – A Person who:

- 1) Is and remains an eligible holder of a Queensland "Pensioner Concession Card" issued by Centrelink or the Department of Veterans' Affairs, or a Queensland "Repatriation Health Card – For All Conditions" issued by the Department of Veterans' Affairs;
- 2) Is the owner or life tenant (either solely or jointly) of the property which is his/her principal place of residence; and
- 3) Has either solely or jointly with a co-owner, the legal responsibility for the payment of rates and charges which are levied in respect of the property.

Approved Widow/er – A Person who:

- 1) Is and remains in receipt of a Widow's Allowance.

Unless stated otherwise the terms and conditions of the Queensland Government Pensioner Rate Subsidy Scheme will apply to the application of the Council subsidy.

#### Close of Applications

Applications for remissions will be considered at any time during the rating period (i.e. half year). Applications received after the date of levy are considered only from the commencement of the current rating period. Rebates are not granted retrospectively without prior approval from the State Government Concessions unit.

Applications must be made in writing using Council's approved form and a new application will need to be submitted where a change of address occurs.

## INFORMATION REQUIRED UNDER THE ACT

### Statutory Information

#### Amount of Remission

Persons who qualify for a subsidy under the Queensland Government Pensioner Rate Subsidy Scheme guidelines will be eligible for a Council remission of 20% (to a maximum of \$250) of all rates levied in respect of each eligible property, excluding environment separate charge, special rates/charges, water consumption charges and rural and state fire levies/charges.

A person in receipt of a Widow's Allowance will also be entitled to a subsidy of 20% (to a maximum of \$250) on all rates levied in respect of the property the person owns and occupies, excluding environment separate charge, special rates/charges and rural and state fire levies/charges.

Should an applicant/person be entitled to only part of the State Subsidy, because of part ownership of the property, or other relevant reason, the Council remission would be similarly reduced.

#### **Not-For-Profit/Charitable Organisations**

Rate remissions are available to approved organisations whose objectives do not include the making of profit and who provide services to their membership and the community at large.

#### Eligibility

Not-For-Profit/Community Organisation – An incorporated body who:

- 1) Does not include the making of profit in its objectives;
- 2) Does not charge a commercial fee for service;
- 3) Is located within Council area and the majority of its members reside in the Council area;
- 4) Does not receive income from gaming machines and/or from the sale of alcohol in an organised manner (e.g. bar with regular hours of operation with permanent liquor license);
- 5) Is the owner, lessee or life tenant of the property and which is the incorporated bodies main grounds/base/club house or residence;
- 6) Has, either solely or jointly with a co-owner, the legal responsibility for the payment of rates and charges which are levied in respect of the property; and
- 7) Is not a religious body or entity or educational institution recognised under State or Federal statute or law.

Should an applicant only have part ownership of the property the Council remission would be similarly reduced.

#### Close of Applications

Eligibility for a remission will be assessed by Council on an annual basis prior to issue of the first rate notice each financial year (generally June/July). Organisations who are not automatically provided with a remission, and who believe that they meet the relevant criteria, may apply for approval at any time. If an application is approved by Council, remissions will be applied from the beginning of the current rating period (remissions will not be applied retrospectively).

#### Amount of Remission

##### (a) Category One (1) – Surf Life Saving Organisations

- Remission Level General Rates – 100%
- Remission Level Separate Rates/Charges – 100%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 50%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 50%
- Remission Level Waste Charges – 50%
- Cap – N/A

##### (b) Category Two (2) - Showground Related Organisations

- Rebate Level General Rates – 100%
- Rebate Level Separate Rates/Charges – 100%
- Rebate Level Special Rates/Charges – 0%
- Rebate Level Water Access Charges – 50%
- Rebate Level Water Consumption Charges – Charged at residential rates
- Rebate Level Sewerage Charges – 50%
- Rebate Level Waste Charges – 50%
- Cap – N/A

##### (c) Category Three (3) – Kindergartens

- Rebate Level General Rates – 50%
- Rebate Level Road Network Separate Charge – 50%
- Rebate Level Special Rates/Charges – 0%
- Rebate Level Environment Separate Charge – 0%
- Rebate Level Water Access Charges – 50%
- Rebate Level Water Consumption Charges – Charged at residential rates
- Rebate Level Sewerage Charges – 50%
- Rebate Level Waste Charges – 50%
- Cap - \$ 1,000.00

## INFORMATION REQUIRED UNDER THE ACT

### Statutory Information

- (d) Category Four (4)–Charitable Organisations Benefiting the Aged/Disadvantaged
- Rebate Level General Rates – 100%
  - Rebate Level Separate Rates/Charges – 100%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 50%
  - Rebate Level Water Consumption Charges – 0%
  - Rebate Level Sewerage Charges – 50%
  - Rebate Level Waste Charges – 50%
  - Cap - \$ 1,000.00 for Service Charges only
- (e) Category Five (5) – Sporting Clubs and Associations – Without Liquor and Gaming Licenses
- Rebate Level General Rates – 100%
  - Rebate Level Separate Rates/Charges – 100%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 50%
  - Rebate Level Water Consumption Charges – Charged at residential rates
  - Rebate Level Sewerage Charges – 50%
  - Rebate Level Waste Charges – 50%
  - Cap - \$ 2,000.00 for Service Charges only
- (f) Category Six (6) – Sporting Clubs and Associations – With Liquor Licenses but No Gaming Licenses
- Rebate Level General Rates – 50%
  - Rebate Level Road Network Separate Charge – 50%
  - Rebate Level Environment Separate Charge – 0%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 50%
  - Rebate Level Water Consumption Charges – Charged at residential rates
  - Rebate Level Sewerage Charges – 50%
  - Rebate Level Waste Charges – 50%
  - Cap - \$ 2,000.00
- (g) Category Seven (7) – Sporting Clubs and Associations situated on highly valued leasehold land – With Liquor Licenses but No Gaming Licenses
- Rebate Level General Rates – 75%
  - Rebate Level Road Network Separate Charge – 75%
  - Rebate Level Environment Separate Charge – 0%
  - Rebate Level Special Rates/Charges – 0%
- (h) Category Eight (8) – Sporting Clubs and Associations – With Liquor and Gaming Licenses
- Rebate Level General Rates – 0%
  - Rebate Level Separate Rates/Charges – 0%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 0%
  - Rebate Level Water Consumption Charges – 0%
  - Rebate Level Sewerage Charges – 0%
  - Rebate Level Waste Charges – 0%
  - Cap – N/A
- (i) Category Nine (9) – All Other Not-For-Profit/Charitable Organisations
- Rebate Level General Rates – 100%
  - Rebate Level Separate Rates/Charges – 100%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 50%
  - Rebate Level Water Consumption Charges – Charged at residential rates
  - Rebate Level Sewerage Charges – 50%
  - Rebate Level Waste Charges – 50%
  - Cap - \$ 2,000.00 for Service Charges only
- (j) Category Ten (10) – Rural Fire Brigade
- Rebate Level General Rates – 100%
  - Rebate Level Separate Rates/Charges – 100%
  - Rebate Level Special Rates/Charges – 0%
  - Rebate Level Water Access Charges – 100%
  - Rebate Level Water Consumption Charges – 100%
  - Rebate Level Sewerage Charges – 100%
  - Rebate Level Waste Charges – 100% Cap - N/A
- NOTE: Sewerage charges are not to be levied in respect of public amenities blocks that are locked and controlled by clubs.

## INFORMATION REQUIRED UNDER THE ACT

### Statutory Information

#### General Rate Remissions

In accordance with Chapter 4, Part 10 of the *Local Government Regulation 2012*, the properties where 100% remission of general rates applies may be exempted from payment of general rates in lieu of the provision of a remission.

#### Permits to Occupy (Pump Sites)

Council will grant a remission on the following basis for those assessments that only contain a permit to occupy for pump sites provided the ratepayer as shown on the assessment is the owner of another property in the Council area on which the rate or charge has been levied:

- (a) Separate Charges – 100% remission
- (b) General Rates – Maximum remission of \$600.00.

#### Water Consumption Charges

Council will grant a remission on the following basis for the following assessments:

- 237107 – Gracemere Lakes Golf Club
- 237109 – Gracemere Bowling Club

Water Consumption Charges – 50% rebate.

#### Lot 1 South Ulam Road, Bajool

Council will grant a remission on the following basis for the following assessment:

- 146963-2 – being Lot 1 South Ulam Road, Bajool (L1 MLG80014 Parish of Ultimo)
  - a) General Rate 100%
  - b) Road Network Charge 100%
  - c) Environment Separate Charge 100%

#### Exclusions from Capping of General Rates as an Unintended Consequence

Council will grant a remission of general rates for those assessments impacted as a result of an unintended consequence which negates or negatively impacts upon the application of the intent of capping of general rates as per Council's Revenue Policy (for example: minor changes to property area as a result of boundary realignment).

The amount of remission will be set to reduce the amount of general rates payable to the amount that would have been levied if capping had been applied to the individual assessment subject to the event leading to the unintended consequence.

#### REPORT ON INTERNAL AUDIT FOR THE YEAR (S190(1)(H) LGR 2012)

The Internal Audit Function and Audit Committee (Audit and Business Improvement Committee) are mandatory compliance requirements of the *Local Government Act 2009*.

#### Audit and Business Improvement Committee

This advisory committee operates under best practice guidelines with a majority membership consisting of three external independent experts. Its responsibilities are to review and monitor the effectiveness of Governance, Risk and Compliance functions, including oversight of the overall audit process, and make recommendations to Council.

#### Internal Audit

The Internal Audit's mission is to independently examine and evaluate Council activities as a service to the Council, management and the community.

Internal Audit provides analyses, appraisals, recommendations for improvement, and evaluation of internal controls across all areas of operations which assist the Council in the effective discharge of its responsibilities. These in-house services extend to investigations for fraud and corruption. Internal Audit reports administratively to the CEO but is also empowered to report functionally independently directly to the Audit and Business Improvement Committee, thus following a best practice governance approach to protect the public interest.

#### Internal Audit Plan

Specific audits planned and undertaken during the 2014-15 financial year included:

- Animal Management Process – Stage II
- Separation of Duties
- Risk Register Content
- Fraud Management and Control
- Revenue Management Systems and Controls
- Compliance Review of the Internal Audit Function

#### SUMMARY OF INVESTIGATION NOTICES GIVEN IN THE YEAR UNDER SECTION 49 FOR COMPETITIVE NEUTRALITY COMPLAINTS (S190(1)(I) LGR 2012)

Nil.

## INFORMATION REQUIRED UNDER THE ACT

### Statutory Information

#### RESPONSES IN THE FINANCIAL YEAR ON THE QCA'S RECOMMENDATIONS ON ANY COMPETITIVE NEUTRALITY COMPLAINTS UNDER SECTIONS 52(3) AND 190(1)(J) LGR 2012

Nil.

#### SENIOR EMPLOYEES (S201 LGA 2009)

**The total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government.**

The total remuneration packages that were payable to senior management for the financial year was

\$1,230,472.78.

Number of employees in senior management who are being paid each band of remuneration

Two senior contract employees with a total remuneration package in the range of \$200,000-\$299,000.

Two senior contract employees with a total remuneration package in the range of \$300,000-\$399,000.

Please note: Packages include base salary, vehicle allocation, annual leave loading and superannuation.

#### ADMINISTRATIVE ACTION COMPLAINTS (S187 LGR 2012)

Council takes all complaints about its services seriously and is committed to responding quickly and efficiently. Complaints may be lodged by an affected person either in writing, by telephone or face to face. The department referred to in the complaint will be responsible for the initial investigation.

Complainants not satisfied with the outcome of the investigation undertaken by the department may appeal the decision to the CEO for investigation under the Administrative Action Complaint Management Procedure.

Council manages complaints through the Actionable Communications and General Complaints Procedure initially and if the customer is dissatisfied with the outcome they may appeal to the CEO to have the complaint investigated under Council's Complaint Management Policy and Administrative Action Complaint Management Procedure. A separate investigation report will be provided to the CEO for action.

A total of 29 complaints were received by Council under the Complaint Management Policy and Administrative Action Complaint Management Procedure this financial year. 27 of those complaints were able to be resolved before the end of the financial year, along with 11 complaints from the previous financial year.

Number of administrative action complaints received in financial year	29
Number of administrative action complaints resolved in financial year	38
Number administrative action complaints not resolved in financial year	3
Number of administrative action complaints that were from a previous financial year	12

INFORMATION REQUIRED UNDER THE ACT

## COUNCILLORS

Resolutions made under s250(1) LG Regulation 2012 (Requirement to adopt expenses reimbursement policy or amendment) (s185(a) LGR 2012)

Nil.

Resolutions made under section 206(2) LG Regulation 2012 (Valuation of non-current physical assets) (s185(b) LGR 2012)

Adopted at Performance and Service Committee on 24 March 2015:

That the Asset Management Policy, Asset Capitalisation Policy and Asset Disposal Policy as outlined in the report be adopted.

Moved by: Councillor Rutherford

Seconded by: Councillor Swadling

MOTION CARRIED

Remuneration and superannuation contributions paid to each Councillor (S186(a) LGR 2012)

Councillor	YTD Salary 'Work'	Employer Super	Gross
Mayor, Councillor M F Strelow	\$161,594	\$15,309	\$176,903
Deputy Mayor, Councillor A P Williams	\$110,178	\$13,197	\$123,375
Councillor C E Smith	\$95,488	\$11,438	\$106,296
Councillor C R Rutherford	\$95,488	\$11,438	\$106,296
Councillor G A Belz	\$95,488	\$11,438	\$106,296
Councillor S J Schwarten	\$95,488	\$11,438	\$106,296
Councillor R A Swadling	\$95,488	\$11,438	\$106,296
Councillor N K Fisher	\$95,488	\$9,055	\$104,543

Expenses incurred by and provided to each Councillor under the Expenses Reimbursement Policy (s186(b) LGR 2012)

Councillor	Travel/ Expenses/ Allowances
Mayor, Councillor M F Strelow	\$54,625
Deputy, Mayor, Councillor A P Williams	\$23,342
Councillor C E Smith	\$29,824
Councillor C R Rutherford	\$24,454
Councillor G A Belz	\$19,309
Councillor S J Schwarten	\$18,462
Councillor R A Swadling	\$31,476
Councillor N K Fisher	\$32,796

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### DETAILS OF THE NUMBER OF MEETINGS ATTENDED BY EACH COUNCILLOR DURING THE FINANCIAL YEAR (S186(C) LGR 2012)

Meeting Attendance Figures: 1 July 2014 – 30 June 2015

Councillor	Council Meeting	Special Council Meeting	Business Enterprise	Communities	Health and Compliance	Infrastructure
Mayor, Councillor M F Strelow	11	1	7	7	5	5
Deputy Mayor, Councillor A P Williams	10	1	^1	^1	7	8
Councillor C E Smith	12	1	8	8	8	8
Councillor C R Rutherford	11	1	8	8	(observer) 1	-
Councillor G A Belz	11	1	7	-	-	6
Councillor S J Schwarten	10	1	-	5	-	4
Councillor R A Swadling	11	1	7	7	-	-
Councillor N K Fisher	10	1	9	-	9	9
Total Meetings Held	12	1	9	9	9	9

Councillor	Parks & Recreation	Performance and Service	Planning and Development	Water	Audit Advisory	South Rockhampton Flood Levee
Mayor, Councillor M F Strelow	7	8	16	4	1	1
Deputy Mayor, Councillor A P Williams	8	10	17	7	^2	1
Councillor C E Smith	(observer) 1	10	19	(observer) 3	3	-
Councillor C R Rutherford	8	9	17	6	-	-
Councillor G A Belz	-	7	16	6	-	-
Councillor S J Schwarten	6	7	11	-	-	-
Councillor R A Swadling	7	9	14	-	-	-
Councillor N K Fisher	9	10	17	5	-	-
Total Meetings Held	9	10	19	7	3	1

\* In accordance with section 12(4)(h) of the Local Government Act 2009, Mayor Strelow is a member of each Standing Committee however is not required to attend all meetings.

^ Councillor Williams attended these meetings in his role as Acting Mayor.

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

Orders made under s180(2) or s180(4) LGA 2009 – Orders by Regional Conduct Review Panel (s186(d)(i) LGR 2012)

Nil.

Orders made under s181 LGA 2009 – Orders by Mayor/Chairperson for Inappropriate Conduct (s186(d)(ii) LGR 2012)

Nil.

Description of the Order (misconduct, inappropriate conduct) (s186(f) LGR 2012)

(i)	Complaints about the misconduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act;	2
(ii)	Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	1
(iii)	Complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act;	1
(iv)	Complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	0
(v)	Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act;	0
(vi)	Complaints heard by a regional conduct review panel;	0
(vii)	Complaints heard by the tribunal; and	0
(viii)	Complaints to which section 176C(6) of the Act applied.	0

OVERSEAS TRAVEL (S188 LGR 2012)

Overseas travel by Councillor or employee in an official capacity

Nil

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS (S189 LGR 2012)

Summary of expenditure for the financial year on grants to community organisations

A total of \$688,894 was granted to community organisations during the 2014-15 financial year.

Grant Program	Expenditure for 2014-15
Community Assistance Program	\$533,522.00
Waste and Recycling Community Service	-
Community Entertainment Fund	\$16,456.00
Australia Day Community Events	\$13,546.00
Regional Arts Development Fund	\$125,370.00
	<b>\$688,894.00</b>

INFORMATION REQUIRED UNDER THE ACT

Councillors

SUMMARY OF EXPENDITURE FROM EACH COUNCILLOR'S DISCRETIONARY FUND  
 DETAILING ORGANISATION, AMOUNT AND PURPOSE

2014/2015 Councillors Discretionary Fund

**Mayor, Councillor Margaret Strelow**

Community Organisation	Purpose	Amount
Rockhampton Art Gallery Trust	Financial Assistance towards the costs associated with printing promotional materials for "Art 2067".	\$2,750.00
Rockhampton Touch Association	Financial Assistance towards additional bins for the Red Rooster Junior Carnival.	\$500.00
Central Qld Family History Association	Financial Assistance towards a Christmas Hamper.	\$80.00
Wycarbah Hall and Sports Association Inc	Financial Assistance towards insurance payments.	\$500.00
Rockhampton Hockey Association Inc	Financial Assistance towards the Rockhampton U13 Boys' Representative Team travelling to Queensland Championships 28 June 2015 to 1 July 2015.	\$500.00
CQU University Koala Research Centre	Financial assistance towards the refund of Councillor Belz's ticket for the 2015 BEEF Australia Ball.	\$500.00
Women's Health Centre	Financial Assistance towards the Women's Health Centre Masquerade Ball being held Saturday, 6th June 2015.	\$1,000.00
Give Me Five for Kids	Financial Assistance towards a donation to the Give Me Five for Kids - \$100 per km on treadmill.	\$200.00
	<b>TOTAL</b>	<b>\$6,030.00</b>

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### Deputy Mayor, Councillor Tony Williams

Community Organisation	Purpose	Amount
Queensland Blue Light Association Inc	Financial assistance towards Rockhampton's Queensland Blue Light Association's function.	\$300.00
Sporting Wheelies & Disabled Association	Financial assistance towards the running of the Charity Golf Day being held 21 September 2014.	\$300.00
DrugARM Australia	Sponsorship of one child to attend the Movie Day for Special Needs Children in Rockhampton in October 2014.	\$100.00
Mount Morgan State High School P&C Association	Financial assistance towards the Mount Morgan State High School Awards Ceremony on 12 November 2014.	\$50.00
Queensland Blue Light Association Inc	Sponsorship of one child to attend the Disadvantaged Children's Movie Day being held at Birch Carroll & Coyle Rockhampton on 28 February 2015.	\$60.00
Berserker Street State School P & C	Financial assistance towards the purchase of two (2) CLO'ey units for Stephanie Alexander Kitchen Garden at Berserker Street State School.	\$1,396.00
St Mary's Catholic Primary School P & F Association	Financial assistance to cover the cost of the delivery and collection of 12 extra Wheelie Bins for use at the School Fair being held Friday 5 December 2014.	\$223.00
Variety Queensland	Sponsorship of 4 tickets at \$60.00 for children in need and their families to attend the Children's Movie Day being held in Rockhampton on Saturday 29 June 2015.	\$240.00
Anglicare Central Queensland	Financial assistance towards the Anglicare Central Queensland's Annual Cent Sale being held 15.03.2015.	\$50.00
Nerimbera Football Club Inc	Financial assistance towards the running of the club in lieu of lost fundraising opportunities due to Tropical Cyclone Marcia.	\$500.00
Rockhampton Brothers Junior Rugby League	Financial Assistance towards Rockhampton Brothers Junior Rugby League Club's participation in the Laurie Spina Carnival in Townsville for 2015.	\$50.00
Rockhampton Tigers Junior Rugby League	Financial assistance towards the cost of repairs to the Rockhampton Tigers Junior Rugby League Clubhouse after Tropical Cyclone Marcia.	\$500.00
TMTSJ Unit Trust T/A Indoor Sports Arena	Financial Assistance towards cost of Cancer Corporate Games Breakfast being held 19.07.2015.	\$500.00
Armstrong Street Community Garden	Financial Assistance towards the purchase of gardening equipment.	\$500.00
Rockhampton Hockey Association Inc (U13 Girls)	Financial Assistance towards the Under 13 Girls Rockhampton Representative Hockey Team travelling to Redlands for State Championships 28 June to 1 July 2105.	\$50.00
Rockhampton Hockey Association Inc (U13 Boys)	Financial Assistance towards the Rockhampton U/13 Boys Representative Hockey Team travelling to Maryborough to compete in the Championships being held 30 June 2015 to 1 July 2015.	\$50.00
Rockhampton Mallet Sports Club	Financial Assistance towards the running of the Club's three major events for 2015.	\$50.00
Rockhampton Agricultural and Citizens Show Society Inc	Financial assistance towards the running of the 2015 Rockhampton Agricultural Show.	\$81.00
	<b>TOTAL</b>	<b>\$5,000.00</b>

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### Councillor Ellen Smith

Community Organisation	Purpose	Amount
Balmoral Hack & Pony Club Inc	Financial assistance towards hire of machinery to maintain grounds for Gymkhana being held 3 August 2014.	\$400.00
Gracemere Hack & Pony Club Inc	Financial assistance towards purchase of ribbons and trophies for Gymkhana being held 7 September 2014.	\$300.00
Rockhampton Kennel Club	Financial Assistance towards sourcing judges for dog shows and championships.	\$500.00
Gracemere Bowls Club Inc	Financial Assistance towards Combined Sponsored Mixed Triples on 13 October 2014.	\$300.00
Mount Morgan State High School P&C Association	Financial Assistance towards 2014 Awards Ceremony.	\$50.00
Gracemere Community Voice	Financial assistance towards Christmas raffle with proceeds going towards Gracemere RSL Club.	\$100.00
Bajool & District Pony Club Inc	Financial assistance towards the purchase of new equipment for the club.	\$500.00
Gracemere State School P & C Association	Financial assistance towards an education program for senior students.	\$250.00
Kalapa Hall & Sports Committee Inc	Financial assistance towards ongoing maintenance costs of the Kalapa Hall.	\$100.00
Bouldercombe Progress Association Inc	Financial assistance towards the purchase of hams for the Christmas Fair ham wheel.	\$150.00
Gracemere Redbacks Football Club	Financial assistance towards replacement equipment for the 2015 season.	\$500.00
Gracemere Croquet Club	Financial assistance towards fundraising activities and ground maintenance.	\$500.00
Gracemere Men's Shed	Financial assistance towards the purchase of tools for maintenance work in the Touch of Paradise Park.	\$500.00
Gracemere & District Returned & Services League of Australia Sub Branch	Financial assistance towards the Gracemere Anzac Centennial Dawn March & Sacred Service to be held on 25 April 2015.	\$350.00
Marmor Anzac Day Commemorations Committee	Financial Assistance towards the 2015 Marmor Anzac Day Commemorations.	\$300.00
Mount Morgan Show Society Inc	Financial assistance towards the 17th Annual Mount Morgan Show to be held on 8 August 2015.	\$100.00
Rockhampton Agricultural and Citizens Show Society	Financial Assistance towards the 2015 Rockhampton Show - Sponsoring the horse events section.	\$100.00
	<b>TOTAL</b>	<b>\$5000.00</b>

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### Councillor Cherie Rutherford

Community Organisation	Purpose	Amount
Around the Ridges Newsletter	Financial Assistance towards the cost of producing the newsletter "Around the Ridges".	\$500.00
Fitzroy Northern Area Ratepayers Association	Financial assistance towards the continuous running costs of the electronic signboard on the Ridglands Road and website "Fitzroy Ridges".	\$300.00
Mount Morgan State High School P&C Association	Financial assistance towards the Mount Morgan State High School Awards Ceremony on 12 November 2014.	\$50.00
Wycarbah Hall and Sports Association inc.	Financial Assistance towards insurance payments.	\$500.00
The Ridglands and District Sporting and Agricultural Association Inc	Financial assistance towards the cost of printing the programs for the 2015 Ridglands & District Sporting & Agricultural Association Annual Show to be held on 30 May 2015.	\$800.00
Anglicare Central Queensland	Financial Assistance towards the Anglicare Central Queensland Annual Cent Sale being held on Sunday 15 March 2015.	\$50.00
Mount Morgan Show Society	Financial Assistance towards the 17th Annual Mount Morgan Show being held 8 August 2015.	\$500.00
Rockhampton Hockey Association Inc	Financial Assistance towards the Rockhampton U/13 Boy's Representative Hockey team travelling to Maryborough for Championships 28 June 2015 to 1 July 2015.	\$100.00
Rockhampton Brothers Junior Rugby League	Financial assistance towards the 11 Years' Rugby League Football sides competing in the Laurie Spina Carnival in Townsville in June/July 2015.	\$100.00
Rockhampton Mallet Sports Club Inc	Financial Assistance towards the Club conducting its' three major events for 2015.	\$100.00
Norths Chargers Rugby League Football Club	Financial Assistance towards the replacement of equipment lost in Tropical Cyclone Marcia.	\$500.00
Alton Down Hall Committee	Financial assistance towards prizes for the Alton Downs Hall Committee "Tarts and Trivia Challenge" night.	\$118.00
Rockhampton Agricultural and Citizens Show Society inc	Financial assistance towards the 2015 Rockhampton Show.	\$220.00
	<b>TOTAL</b>	<b>\$3838.00</b>

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### Councillor Greg Belz

Community Organisation	Purpose	Amount
Rockhampton Table Tennis Association Inc	To assist with the cost of replacing table tennis table tops in the RTTA hall.	\$500.00
Rockhampton Golf Club Ladies Committee of Rockhampton Golf Club Inc	Financial support for Rockhampton Closed Ladies Golf Championship 2015 run by Rockhampton Golf Club and Rockhampton Golf Club Ladies Committee.	\$500.00
Bajool School of Arts Committee Inc	To assist with costs for the Bajool School of Arts Hall 100th year celebrations July 2015.	\$500.00
Anglicare Central Queensland	Financial assistance towards running costs for Anglicare Central Queensland annual cent sale.	\$250.00
Rockhampton Hockey Association Inc (U13 Girls)	Financial assistance towards travel expenses for the U13 Women's Representative Team travelling to Redlands for the Queensland u/13 Women Hockey Championships.	\$400.00
Gracemere Lake Golf Club	Financial Assistance to assist with the costs of replacing failed clubhouse door and to upgrade clubhouse security.	\$2,000.00
Rockhampton Hockey Association Inc (U13 Boys)	Financial Assistance towards travel expenses for the U13 Boys Representative Team competing in QLD championships in Maryborough.	\$400.00
Rockhampton & District Indoor Bowling Association Inc	Financial Assistance towards the replacement of a very aged refrigerator and minor repairs to the porch and steps.	\$450.00
	<b>TOTAL</b>	<b>\$5,000.00</b>

#### Councillor Stephen Schwarten

Community Organisation	Purpose	Amount
Glenmore State School P&C Association	Financial Assistance towards the 125th year Anniversary Fete on 30 August 2014.	\$250.00
Rockhampton BMX Club Inc	Financial Assistance towards repairs to the BMX Track.	\$500.00
Park Avenue State School Parents & Citizens Association	Financial Assistance towards reducing costs of camps, excursions and funding a vegetable garden.	\$500.00
Neighbourhood Watch North Rockhampton, Area 1	Financial Assistance towards the purchase of promotional items.	\$500.00
St Matthew's Cottages	Financial Assistance towards ongoing running costs.	\$500.00
Carinity Baptist Community Services Lifestyle Shalom	Financial Assistance towards the purchase of equipment for the Community Hall.	\$500.00
Rockhampton and District Darts Association inc	Financial Assistance towards the upgrade of administrative equipment.	\$500.00
The Five Star Community Services Club Inc	Financial Assistance towards operating costs.	\$500.00
Capricorn Animal Aid	Financial Assistance towards payments of vet bill at Alma Street Vet and costs for health checks, vet care, desexing, microchipping, vaccinations, fleaing and worming.	\$500.00
Indian Association of Central Queensland	Financial Assistance towards projects for musical nights and cultural projects.	\$500.00
Rockhampton & District Indoor Bowls Association	Financial assistance towards minor repairs to the Bowls Building and for painting the porch and steps of the Hall.	\$250.00
	<b>TOTAL</b>	<b>\$5000.00</b>

## INFORMATION REQUIRED UNDER THE ACT

### Councillors

#### Councillor Rose Swadling

Community Organisation	Purpose	Amount
Glenmore State School P&C Association	Financial Assistance towards the 125th year Anniversary Fete on 30 August 2014.	\$100.00
Mercy Health and Aged Care Services	Donation to Azar House towards shoes for "Putting on the Glitz".	\$250.00
Next Step - Youth Suicide Prevention	Financial Assistance towards the Next Step Music Festival being held 2 August 2014.	\$500.00
Emmaus College P&C Association	Financial Assistance towards cost of supplies for the Eco-Group Project.	\$500.00
Rockhampton Senior Citizens (South Centre Association Rockhampton Inc)	Cost of post box fee for the 2014/15 year.	\$150.00
North Rockhampton Senior Citizens Club Inc	Cost of post box fee for the 2014/15 year.	\$150.00
Rockhampton & District Blind Club	Donation to assist with operational costs.	\$250.00
CQ Filipino Australian Association	Donation to assist with purchase of new gas equipment.	\$500.00
Communities Supporting Police	Donation towards upkeep of the Sondra Lena Lodge.	\$250.00
Glenmore High School P&C Association	Financial Assistance towards new uniform and rubbish bin funds.	\$250.00
RSL Ladies Auxiliary	Financial Assistance towards the cost of a bus for a trip organised in September 2014.	\$250.00
Red Cross	Financial Assistance towards the community garden project at Walali.	\$250.00
Sporting Wheelies & Disabled Association	Financial assistance towards the running of the Charity Golf Day being held 21 September 2014.	\$100.00
DrugARM Australasia	Financial Assistance towards DrugArm Family Program Movie Day being held in Rockhampton.	\$100.00
CrimeStoppers	Financial Assistance towards the rewards program and promotion of free call number.	\$250.00
Girls Time Out	Ongoing support for the program.	\$250.00
Cockscorb Veterans	Christmas Party Donation.	\$250.00
Volunteers Without Borders	Donation to Homeless Christmas Luncheon.	\$250.00
Rockhampton Heritage Village Friends Association	Christmas Party for Volunteers.	\$250.00
Cancer Council - Relay for Life 2015	Relay for Life Rockhampton Campaign.	\$50.00
	<b>TOTAL</b>	<b>\$4900.00</b>

**Councillor Neil Fisher**

<b>Community Organisation</b>	<b>Purpose</b>	<b>Amount</b>
Diggers Memorial Bowls Club	Financial assistance towards Open Mixed Bowls Competition on 13 September 2014.	\$300.00
Rockhampton Agriculture & Citizens Show Society	Financial assistance towards office equipment for setting up the Rockhampton Agriculture and Citizens Show Society Office.	\$397.00
Frenchville State School P & C Association	Financial assistance towards upgrading the school's PA system.	\$300.00
Mount Archer State School P & C	Financial assistance towards the purchase of connecting cables for students.	\$500.00
North Rockhampton Special School P&C Association	Financial assistance towards the purchase of table settings for the junior school.	\$375.00
Rockhampton Hockey Association Inc	Financial Assistance towards travel expenses for the U13 Boys Representative Team travelling to Maryborough to compete in the Queensland U13 Boys Hockey Championships.	\$100.00
Mount Morgan Show	Financial assistance towards the hire of the public address system for the 2015 Mount Morgan Show.	\$100.00
Rockhampton Agricultural & Citizens Show Society Inc	Financial Assistance towards sponsoring a section at the 2015 Rockhampton Show.	\$330.00
Rockhampton Meals on Wheels	Financial Assistance towards stage 2 of landscaping, beautification and functionality of gardens.	\$1,770.00
Rockhampton Horticultural Society	Financial Assistance towards upgrading the Horticultural pavilion.	\$428.00
Nerimbera Football Club Inc	Financial Assistance towards \$300 for repairs to perpetual trophies damaged in Tropical Cyclone Marcia and \$100 towards top dressing for the soil for the field.	\$400.00
	<b>TOTAL</b>	<b>\$5,000.00</b>





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