

Bajool Yeppoon Mount Morgan Nerimbera Upper Ullam
Buck Oil Parkhurst Marmor Keppel Sands Moongan
Norman Gardens Gracemere Cawarral Walmul Kawana Bouldercombe
Joskeleigh Walter Hall West Rocky Stanwell Coowonga
Baree Park Avenue Wandal Kalapa Glenlee Lakes
Creek Dalma Glendale Mount Archer Gogango Rockyview
Frenchville Westwood Yaamba Berserker Garnant Milman
Koongal Ridgeland Marlborough Depot Hill Alton Downs
Ogmore The Range Wycarbah Stanage Port Curtis Port
Alma Stockyard Point Allenstown Midgee Byfield Bushley Bangalee
Pink Lilly The Caves South Yaamba Great Keppel Nine Mile
Walpers Morinish Causeway Lake Glenroy Kinka Beach
State Lammermoor Zilzie Mulambin Beach Cooe Bay
Tanby Bajool Yeppoon Nerimbera Parkhurst Marmor
Sands Moongan Norman Gardens Gracemere Cawarral
Kawana Bouldercombe Joskeleigh Walter Hall West Ro
Stanwell Coowonga Baree Park Avenue Wandal Nerimber
bra Kalapa Glenlee Lakes Creek Dalma Glendale Mount
Gogango Rockyview Frenchville Westwood Yaamba Ber
arnant Milman Koongal Depot Hill Alton Downs Ogmo
nge Wycarbah Stanage Port Cutis Port Alma Stocky
int Allenstown Midgee Byfield Bushley Bangalee Pink
e Caves South Yaamba Great Keppel
orinish Causeway



2009 Golden Mount Festival, Mount Morgan

Table of Contents

Mayor's Report	2
CEO's Report.....	3
Highlights.....	4
Community Financial Report	6
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity.....	12
Statement of Cash Flows	13
Notes to Financial Statements.....	14
Statutory Information.....	46

Mayor's Report

Rockhampton Regional Council's 2009-10 year saw enormous changes, significant achievements and a continuing commitment to providing an organisational environment of productivity improvements; a business environment of investor confidence; and a lifestyle environment of inclusive and liveable communities.

I'm proud to present this Annual Report which showcases Council's ability to continue providing quality infrastructure and a wide range of services from A (Airport) to Z (Zoo).

While we continued our commitment to critical capital works projects, successfully delivering a total of \$38.5 million in capital projects and \$11.9 million in road maintenance and flood restoration works, we also adopted a budget that supports community, cultural and sporting activities.

Council achieved significant progress during the year, including commencing a strategic planning document 'Rockhampton Region – Towards 2050', which encompasses a long term vision for the Region's future; the rationalisation of the rating system; identification of our Three Key Infrastructure Priorities (water storage; third road/rail bridge and associated roads; and industrial land to the west); significant improvement in Development Approval processes which has resulted in investor confidence; and improved performance of Council's Business Enterprises - Fitzroy River Water, Rockhampton Airport and Waste and Recycling.

The 2009/2010 financial year also saw the completion of Rockhampton's School of Arts building, at a cost of \$3.2 million which was partly funded by State Government; and completion of the \$50M Rockhampton to Yeppoon Water Supply Pipeline which will ensure a long-term secure water supply for our Region's coastal community. A major refurbishment of the Mount Morgan School of Arts commenced at a cost of \$544,000 along with the commencement of the \$6.4 million refurbishment for the Yeppoon Town Hall.

We provided new recreation facilities throughout the Region including the Cooee Bay Sports Complex, the Yeppoon Tennis Centre Development, the Victoria Park Tennis Courts Redevelopment commenced, work began on the Barmaryee Fields Sports Precinct, Cassie and Ockie the Chimpanzees are enjoying their new enclosure at the Rockhampton Zoo, and the Robert Schwarten Pavilion was completed at the Rockhampton Showgrounds.



Regionally, Council achieved some major outcomes including successfully negotiating a 30 year operating lease for the Gracemere Saleyards that will see \$15 million worth of investment from the private sector during the lease term; we were involved in the promotion of the successful launch of Tiger Airways direct flights from Brisbane to Rockhampton and assisted in the merger of the former Rockhampton Regional Development Limited and Capricorn Tourism organisations to form the new Capricorn Tourism & Economic Development Limited; and the Rockhampton Airport underwent significant improvements with investment in new terminal seating, upgrades to public and tenants' carparks with the introduction of paid parking in July 2010.

"As we work together with our regional community, we're certainly doing something right and through the year received major recognition and awards in state, national and international arenas."

The Rockhampton Region was awarded bronze in the prestigious International Awards for Liveable Communities (LivCom Awards) in October 2009, competing with some of the world's most liveable cities and regions. Rockhampton was named Queensland's Tidiest Town 2009 by Keep Australia Beautiful Queensland at the Ergon Energy Tidy Towns Awards in August 2009; and Yeppoon Main Beach was named Queensland's Cleanest Beach in the Keep Australia Beautiful Clean Beach Challenge Awards in December 2009.

The LivCom, Tidy Towns and Clean Beach Awards are a great acknowledgement of the way in which the Rockhampton Regional community is working together with Council to fulfill our vision for the Rockhampton Region to become the most liveable community in the world.

I am pleased to present the 2009-10 Annual Report and I look forward to another positive and progressive year of continually improving our service delivery.

Cr Brad Carter

**Mayor
Rockhampton Regional Council**

This is the second full financial year Annual Report of Rockhampton Regional Council, sharing with you our achievements as we continue to merge the processes, policies, plans, services and assets of four disparate local governments into the one Regional Council to better serve our regional community.

It continues to be a challenging and exciting time in local government and there are so many opportunities for us to make a real difference to this Region and our community.

"As Rockhampton Regional Council presented its annual budget in July 2009, I reaffirmed our commitment to our three organisational priorities: forward planning to ensure the Region's growth is well managed; quality, responsive customer service; and productivity and efficiency in all of our activities."

Together with the members of Council's Leadership Team, I have led the organisation to focus on these priorities to ensure that we produce results which are focused on the needs of our customers, and which will deliver infrastructure, partnerships and initiatives to grow and sustain our Region into the future.

During the 2009-10 year, Council commenced its Service Level Review, which will identify what our current levels of service delivery are and where we want those services to be in the future, delivering efficiently and effectively and with value for money for our customers.

We also commenced work on a Customer Service Project to identify how we can improve the Customer Service provided by our organisation. As a key priority for the next three years, this project will aim to improve staff knowledge and organisational processes to improve the customer's experience of Rockhampton Regional Council. We understand that Customer Service is not just about Customer Service Officers at a front office – it's each and every one of us in our jobs each and every day that we come to work.

Council also undertook the implementation of parts of the Animal Management (Cats & Dogs) Act 2008 which required changes in enforcement processes and the commencement of the Local Laws review project to update and develop a standard set of Local Laws for the entire Regional area.

We introduced one rating structure for the Region which ensures the fair and equitable distribution of rates and charges across the Region; and commenced a project to develop a whole of region planning scheme that replaces the four previous local government area planning schemes to ensure a consistent approach to planning throughout the Rockhampton Region.

We developed and implemented a Whole of Council Asset Management Framework across Council which had significant impact on the development of the Corporate Asset management system; and a facilities management framework which has resulted in improved maintenance budgets for Council's built infrastructure. I'm pleased to report we were able to commence the transition to a proactive rather than reactive maintenance regime.

I am extremely proud of the challenges, opportunities and achievements that the staff, leadership and Councillors of Rockhampton Regional Council have worked through together.

Through necessity, staff have continued to work both on day to day business while also being engaged in the enormous task of consolidating a new organisation, including every process and policy. I thank them for their hard work and for many times 'going the extra mile' to ensure we reach our targets and meet our deadlines for excellent service delivery.

Evan Pardon

**Chief Executive Officer
Rockhampton Regional Council**



Highlights from the Past 12 Months

Completion of School of Arts

The 2009/2010 financial year saw the completion of Rockhampton's School of Arts building, a community focal point since its construction in 1894. At a cost of \$3.2 million, which was partly funded by State Government, extensive work over a two year period has seen major restoration in the form of underpinning, replacement of roofing, rendering, painting, electrical rewiring, and the installation of new plumbing. The work to restore this historic building was recognised recently after winning two National Trust of Queensland Awards - the John Herbert Award; and Excellence in Heritage Conservation Works or Action.

Planning for the Region's Future

A strategic planning document 'Rockhampton Region – Towards 2050' encompassing a long term vision for the Region's future was commenced during the 2009/2010 financial year. The Social Plan which forms part of the 'Rockhampton Region - Towards 2050' planning project was also developed.

Council also continued the development of Priority Infrastructure Plan and a Regional Open Space Plan which was developed in consultation with the community to identify and plan the Region's open space needs.

Boost to Regional Sporting Facilities

The Region's sporting facilities have received a welcome boost throughout 2009/2010 with the following dual funded projects being completed:

- Yeppoon Tennis Centre Development was completed delivering eight courts and a Club House worth approximately \$2,000,000;
- Victoria Park Tennis Courts Redevelopment commenced which will deliver 24 Courts and Club House worth approximately \$3,300,000;
- Work commenced on the Barmaryee Fields Sports Precinct; and
- The delivery of an additional \$2.6 million of pathway works to increase the pathway network within the Region.

Rockhampton to Yeppoon Water Pipeline

The long awaited Rockhampton to Yeppoon Water Pipeline was completed in 2010 assuring a long-term secure water supply for our Region's coastal community. Jointly funded by the Australian Government's Water for the Future - Water Smart Australia program, the Queensland State Government and Rockhampton Regional Council, the pipeline uses more than 43km of pipe.

Fitzroy River Water (FRW)

FRW provided a significant capital works program with a little over \$40 million spent on vital water & sewerage services across the Region with a similar amount forecast for 2010/2011. Approximately \$7.5 million was also invested on both sewer refurbishment & water mains/services replacement.

Consolidated General Rating Structure

2009/2010 saw the introduction of one rating structure for the Region which ensures the fair and equitable distribution of rates and charges across the Region.

Long Term Financial Strategy

A Long Term Financial Strategy has also been introduced during the 2009/2010 period which will provide a better governance process for financial planning and decisions.

Customer Service Project

Council has commenced work on a Customer Service Project to identify how we can improve the Customer Service provided by our organisation. As a key priority for the next three years, this project will aim to improve staff knowledge and organisational processes to improve the customers' experience of Council.

Capital Projects

Council successfully delivered a total of \$38.5 million in capital projects and \$11.9 million in road maintenance and flood restoration works.



Highlights from the Past 12 Months

Commencement of the New Regional Planning Scheme

A project to develop a whole of region planning scheme which will replace the four previous local government area planning schemes is underway. This scheme will ensure a consistent approach to planning throughout the Rockhampton Region.

Whole of Council Asset Management Framework

The 2009/2010 financial year saw the development and implementation of a Whole of Council Asset Management Framework across Council which had significant impact on the development of the Corporate Asset management system.

Facilities Management Framework

Council has developed the facilities management framework which resulted in improved maintenance budgets for Council's built infrastructure and the commencement of the transition to a proactive rather than reactive maintenance regime.

Leasing of the Gracemere Saleyards

Council successfully negotiated a 30 year operating lease for the Gracemere Saleyards that will see \$15 million worth of investment from the private sector during the lease term in upgrades and new infrastructure.

Rockhampton Airport

The Rockhampton Airport has undergone significant improvements with investment in new terminal seating, upgrades to public and tenants carparks with the introduction of paid parking in July 2010. The Airport has also seen continued expansion of flight routes.

The passenger numbers this year represent an increase of 4.1% over the previous 2008/09 financial year and place Rockhampton Airport as one of the fastest growing regional airports in Australia over the last 10 years.

Expansion of Kerbside Collection

The successful negotiation and extension of existing kerbside collection contracts for Mount Morgan, Gracemere & the Capricorn Coast as well as further expansions of the Yeppoon Landfill and closure works at the Lakes Creek Landfill will see improved services across the Regional area.

Implementation of Animal Management (Cats and Dogs) Act 2008

Council undertook the implementation of parts of the *Animal Management (Cats & Dogs) Act 2008* which required changes in enforcement processes and the commencement of the Local Laws review project to update and develop a standard set of Local Laws for the entire Regional area. Council has over 16,000 dogs now registered and also successfully rolled-out of the "Your Pet, Your Responsibility" campaign.

Economic Development and Tourism

Council assisted in the merger of the former Rockhampton Regional Development Limited and Capricorn Tourism organisations to form the new Capricorn Tourism & Economic Development Limited.

Council was also involved in the promotion of the successful launch of Tiger Airways direct flights from Brisbane to Rockhampton and the preparation, planning and organising of the CQ Motormania event to be held in July 2010.



Rockhampton Airport

Community Financial Report

For the period 29 June 2009 to 30 June 2010

Interpreting formally presented financial statements prepared in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers to evaluate Council's financial performance and financial position without the need to interpret the financial statements. In this way the financial operations of Council can be clearly understood by members of our community and interested stakeholders.

Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as roadworks, street lighting, stormwater drainage, water supply, sewerage and garbage collection and disposal. Therefore, ratepayers need to be satisfied that funds are being used wisely for the benefit of the community, now and for the future.

Council's Annual Financial Report is a record of our financial performance for the year ended 30 June 2010 and is subject to independent audit to verify the accuracy of the reports, as well as the systems Council has in place to record financial transactions. The three primary reports are the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows.

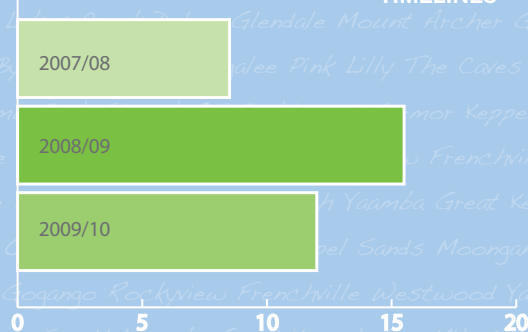
As a result of the State Government reform of local government in Queensland, the Rockhampton City Council and the adjoining local governments of Livingstone Shire Council, Fitzroy Shire Council, Mt Morgan Shire Council and the Rockhampton District Saleyards Board amalgamated on 14 March 2008 to form the Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Consequently, the 2008/09 financial period for Rockhampton Regional Council was for the period 15 March 2008 to 28 June 2009. It will therefore be difficult to compare the results from 2009/10 to 2008/09 due to the fundamental difference in the reporting periods (see FIG. 1), that is:-

2007/2008 Financial Period – 8 ½ months

2008/2009 Financial Period – 15 ½ months

2009/2010 Financial Period – 12 months

FIG.1
TIMELINES



Statement of Comprehensive Income

The Statement of Comprehensive Income details total income and expenses and the net result attributable to Council as a result of Council's activities for the financial year.

Sources of income – Where our money comes from...

The majority of Council's income comes from rates and levies, fees and charges, interest, recoverable works and grants, subsidies, contributions and donations.

Council's total income in 2009/10 is much lower than the total income reported for the 2008/09 financial period. This is due to the net transfer of all assets, liabilities and equity of the four former Councils and the Rockhampton District Saleyards Board to Rockhampton Regional Council being reported as income, in accordance with applicable accounting standards, in the 2008/09 financial period. This amount, the 'net gain on restructure of local government' (approximately \$1.8 billion) does not reflect a revenue source for Council.

To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue and represented approximately 70% of Council's operating revenue in 2009/10.

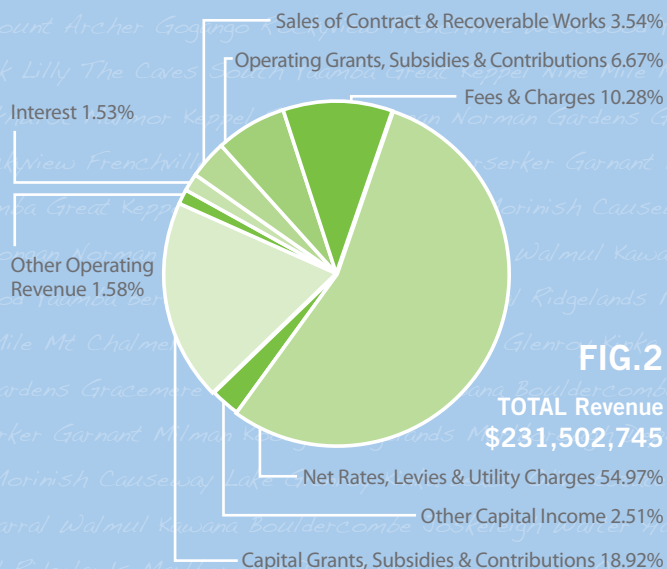
Council also charges fees to developers, undertakes private and recoverable works and receives funding in the form of grants and subsidies from both State and Federal Government, to help construct and maintain our extensive infrastructure.

A total of \$231,502,745 was raised in revenue during the financial year (see FIG. 2).

Operating expenditure – Where our money is spent...

The three largest items of Council's expenditure are employee costs, materials and services, and depreciation and amortisation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and are then constantly monitored 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 the



Community Financial Report

For the period 29 June 2009 to 30 June 2010

future of the Rockhampton Region in respect to developments, so that our existing 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.

Depreciation and amortisation is a way of allocating the cost of an asset over the assets' 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.

In reviewing the total expenditure of Council this year to last, it can be seen that total expenditure is lower than last period. This has come about due to the timing of the amalgamation date and the 2008/09 financial period being a 15 ½ month financial period (see FIG. 3).

Net result attributable to Council

The net result attributable to Council is the difference between total income and total expenses and measures the change in community wealth. Council's reported net result of approximately \$28.8 million shows that our net assets have increased by that amount for the year. This net result includes approximately \$50 million of non-operating (capital) revenue restricted for capital purposes and \$10.5 million of capital expenses. Council's operational result for 2009/10, following the removal of these capital items, was a \$10.3 million deficit. This deficit means that Council cannot fully fund its depreciation in the short term, but is working to improve this annual position to an operational surplus by 2013/14.

Statement of Financial Position

The Statement of Financial Position lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

What do we own?

Council controls a variety of current and non-current assets of which 95% is attributed to property, plant & equipment assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained.

Total assets are approximately \$2.3 billion as at 30 June 2010 (see FIG. 4). The value of total assets has increased when compared to last period. This increase is primarily the result of Council acquiring or constructing assets as part of its capital works program.

Capital works

The increase in property, plant and equipment assets is also the result of sound asset management practices directing funding towards new assets and the renewal of existing infrastructure assets. These capital assets were funded from surplus funds, grants/subsidies, loans and reserves.

Capital works undertaken for the year totalled approximately \$116 million.

Significant projects undertaken in 2009/10 were:

- The completion of the construction of the Rockhampton to Yeppoon Pipeline and associated reservoirs
- The total refurbishment of the Cooee Bay and Victoria Park Tennis Courts
- Replacement of the regions' water mains in a number of separate locations
- Augmentation of the Rockhampton Zoo
- Urban and Rural Roadwork Program

Finance Costs 24.36%
Capital Expenses 5.20%
Employee Costs 39.88%

FIG.3
TOTAL Expenditure
\$202,711,425
Materials & Services 26.45%
Depreciation Expenditure 4.12%

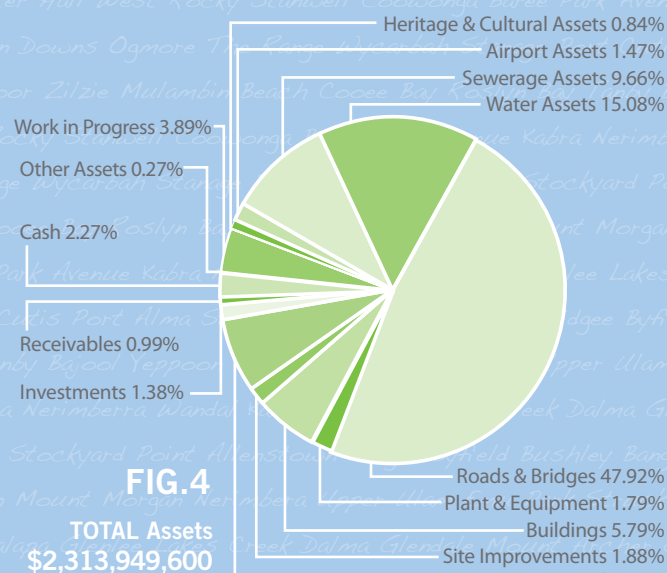
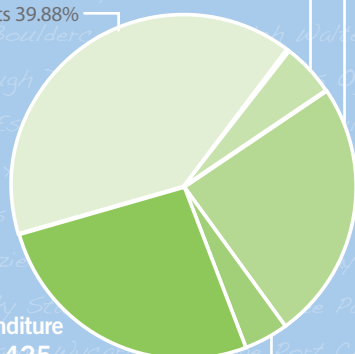


FIG.4
TOTAL Assets
\$2,313,949,600

Community Financial Report

For the period 29 June 2009 to 30 June 2010

What do we owe?

Council's borrowings at 30 June 2010 totalled approximately \$153.5 million. The level of Council's long-term debt is regularly reviewed as a component of the Long Term Financial Strategic Plan.

Interest expense on all loans, totalled 4.3% of total operating income.

Total liabilities of approximately \$196 million at 30 June 2010 are an increase of \$33 million over the previous period (see FIG. 5). This increase is primarily attributed an increase in Council's borrowings.

How healthy is Council's liquidity?

An important indication in determining the financial health of Council is to measure its ability to meet financial commitments when they fall due.

This indicator is commonly known as the working capital ratio and examines the value between short term assets and liabilities.

A ratio of approximately 2:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments (see FIG 6).

Council's working capital ratio at 30 June 2010 was 2.9:1.

Statement of Changes in Equity

This statement demonstrates the movements between the differing elements of equity which is the net wealth of the community.

What are we worth?

Community equity is equal to assets less liabilities and is represented by retained surplus, asset revaluation surplus and other reserves. Total Community Equity at 30 June 2010 is approximately \$2.1 billion.

Council continues to be in a strong financial position. It is holding a good reserve of cash, has substantial equity in its assets, and maintains debt at manageable levels.

The healthy financial position of Council combined with sound budgeting and forward planning, provides capacity for Council to meet its objectives as well as provide a large degree of flexibility if strategic directions change.

Statement of Cash Flows

The Statement of Cash Flows reports the cash flows in and out of Council for the financial year. The statement is useful in assisting readers to assess Council's sources and uses of cash and ensuring that Council has the capacity to meet all of its financial commitments. The cash flows are classified into operating, investing, and financing activities.

Council pools and invests funds throughout the year in low-risk short-term investments in accordance with Council's investment policy. The interest earned from investments for the 2009/10 financial period was approximately \$2.9 million. In the 2008/09 financial period total interest earned on investments was approximately \$6.3 million. This decrease in interest earned is primarily due to the fact that the 2008/09 financial period was a 15 ½ month period, and there have been substantial movements in market interest rates.

Looking to the future

Council is well placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the Region.

Rockhampton Regional Council will continue to build on its management of infrastructure assets. This will permit more informed decisions about renewal and replacement of assets and associated funding.

The recent improvements to Council's asset management information will have a significant impact upon the way in which Council manages its assets and funds their replacement.

Rockhampton Regional Council aims to continue to maintain its strong financial base through the prudent use of annual rates collection, grants and subsidies, developer's contributions, borrowings and the use of specific cash reserves. On-going long term cash flow planning, sound budgeting and extensive financial strategic planning will assist Council greatly in achieving its objectives. This forward planning focus will put the Council in the best position possible to achieve the effective and efficient delivery of services to the community.

Provisions 8.93%
Other 0.29%
Payables 12.57%

FIG.5

TOTAL Liabilities

\$196,271,761

Borrowings 78.21%

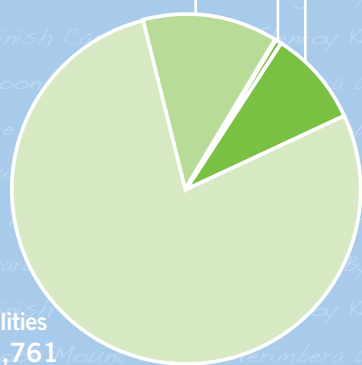
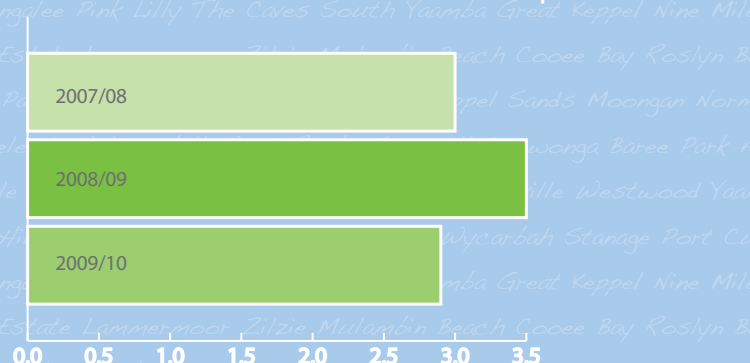


FIG.6
WORKING Capital Ratio





Yeppoon Main Beach Redevelopment

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 Actual \$	15.5 months-2009 Actual \$
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3 (a)	127,248,437	117,394,391
Fees and charges	3 (b)	23,799,102	29,855,445
Interest received	3 (c)	3,545,423	6,786,529
Sales of contract and recoverable works	3 (d)	8,205,592	6,457,860
Other recurrent income	3 (e)	3,666,134	3,634,365
Grants, subsidies and contributions	4 (i)	15,442,377	18,626,528
Total recurrent revenue		181,907,065	182,755,118
Capital revenue			
Grants, subsidies and contributions	4 (ii)	43,791,067	52,136,557
Total revenue		225,698,132	234,891,675
Capital income			
	5	5,804,613	11,889
		231,502,745	234,903,564
Net gain on restructure of local government	7	-	1,812,479,671
Total income		231,502,745	2,047,383,235
Expenses			
Recurrent expenses			
Employee benefits	8	(80,833,284)	(101,215,537)
Materials and services	9	(53,610,283)	(62,962,361)
Finance costs	10	(8,348,535)	(8,277,344)
Depreciation and amortisation	11	(49,387,482)	(54,358,409)
Total recurrent expenses		(192,179,584)	(226,813,651)
Capital expenses			
Total expenses	12	(10,531,841)	(2,876,363)
		(202,711,425)	(229,690,014)
Net result attributable to Council			
Total comprehensive income for the year/period		28,791,320	1,817,693,221
Increase / (decrease) in asset revaluation surplus	24	-	271,193,297
Total comprehensive income for the year/period		28,791,320	2,088,886,518

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

Statement of Financial Position

as at 30 June 2010

	Note	2010 Actual \$	15.5 months-2009 Actual \$
Current Assets			
Cash and cash equivalents	14	52,460,783	90,259,468
Trade and other receivables	15	22,817,752	19,106,460
Inventories	16	2,469,240	2,488,139
Investments	17	32,000,000	2,000,000
		109,747,775	113,854,067
Non-current Assets			
Property, plant and equipment	18 (a)	2,200,505,140	2,136,870,203
Intangible assets	19	3,696,684	1,241,881
		2,204,201,824	2,138,112,084
Total Assets		2,313,949,599	2,251,966,151
Current Liabilities			
Trade and other payables	20	20,465,531	20,352,059
Provisions	21	1,936,041	1,654,621
Borrowings	22	14,798,589	10,616,842
Other	23	570,607	-
		37,770,768	32,623,522
Non-current Liabilities			
Trade and other payables	20	4,210,402	4,203,614
Provisions	21	15,585,492	12,136,440
Borrowings	22	138,705,099	114,116,057
		158,500,993	130,456,111
Total Liabilities		196,271,761	163,079,633
Net Community Assets		2,117,677,838	2,088,886,518
Community Equity			
Retained surplus (deficiency)	25	1,775,488,058	1,743,406,118
Asset revaluation surplus	24	271,193,297	271,193,297
Other reserves	26	70,996,483	74,287,103
Total Community Equity		2,117,677,838	2,088,886,518

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

Statement of Changes in Equity

for the year ended 30 June 2010

	Total		Retained surplus		Other reserves		Asset revaluation surplus	
	2010	15.5 months - 2009	2010	15.5 months - 2009	2010	15.5 months - 2009	2010	15.5 months - 2009
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of year/period	2,088,886,518	-	1,743,406,118	-	74,287,103	-	271,193,297	-
Net result attributable to Council	28,791,320	1,817,693,221	28,791,320	1,817,693,221	-	-	-	-
Other comprehensive income for the year/period	-	271,193,297	-	-	-	-	-	271,193,297
Total comprehensive income for year/period	28,791,320	2,088,886,518	28,791,320	1,817,693,221	-	-	-	271,193,297
Transfers to and from reserves	-	-	41,878,594	47,175,258	(41,878,594)	(47,175,258)	-	-
Transfers from other reserves	-	-	(38,587,974)	(121,462,361)	38,587,974	121,462,361	-	-
Transfers to other reserves	-	-	-	-	-	-	-	-
Balance at end of year/period	2,117,677,838	2,088,886,518	1,775,488,058	1,743,406,118	70,996,483	74,287,103	271,193,297	271,193,297

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

Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 Actual \$	15.5 months-2009 Actual \$
Cash flows from operating activities			
Rates, levies and charges		122,021,189	128,325,868
Fees and charges		23,707,094	33,549,306
Grants, subsidies and contributions		15,442,377	18,626,528
Interest received		2,891,899	6,809,550
Other income		14,239,437	3,994,203
Net GST (received) / paid		(139,782)	(569,186)
Payments to suppliers		(54,293,920)	(60,458,163)
Payment to employees		(78,841,130)	(98,402,517)
Interest expense		(7,815,335)	(7,693,800)
Net cash inflow (outflow) from operating activities	32	37,211,829	24,181,789
Cash flows from investing activities			
Government subsidies and grants		24,148,186	35,609,243
Capital contributions		5,398,229	8,424,834
Payments for property, plant and equipment		(109,256,458)	(117,556,543)
Payments for intangible assets		(3,368,719)	(662,818)
Payments for investment property		-	(8,234)
Net transfer (to) from cash investments		(30,000,000)	(2,000,000)
Proceeds from sale of investment property		-	597,727
Proceeds from sale of property, plant and equipment		9,197,064	2,977,510
Proceeds from sale of intangible assets		100,395	-
Net movement in loans and advances		-	8,054
Net cash inflow (outflow) from investing activities		(103,781,303)	(72,610,227)
Proceeds from borrowings		40,770,985	50,834,116
Repayment of borrowings		(12,000,196)	(9,703,558)
Net cash inflow (outflow) from financing activities		28,770,789	41,130,558
Net increase (decrease) in cash held		(37,798,685)	(7,297,880)
Cash transferred on the restructure of Local Government		-	97,557,348
Cash at the beginning of reporting year/period		90,259,468	-
Cash at end of reporting year/period	14	52,460,783	90,259,468

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

Notes to the Financial Statements

For the year ended 30 June 2010

1 Summary of Significant Accounting Policies

1.1 Basis of Preparation

These general purpose financial statements for the period 29 June 2009 to 30 June 2010 have been prepared in accordance with *Australian Accounting Standards* and comply with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, Rockhampton Regional Council was formed on 15 March 2008 as a consequence of the amalgamation of Rockhampton City, Livingstone Shire, Fitzroy Shire, Mt Morgan Shire Councils and Rockhampton District Saleyards Board.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008* transferred the assets and liabilities of the former councils to Rockhampton Regional Council as at changeover date.

Pursuant to Section 159YQ of the *Local Government Act 1993* and Sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements for 2008-09 were prepared for a 15.5 month period from 15 March 2008 to 28 June 2009. The 2009-10 financial year is for a 12 month period from 29 June 2009 to 30 June 2010.

The assets and liabilities of the former councils have been recognised by Rockhampton Regional Council on 15 March 2008 at the previous book values of the transferor local governments. This is shown as income in the comparative figures of the Statement of Comprehensive Income and details are disclosed in note 7.

Rockhampton Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from the former councils as at 15 March 2008. These accounting policy alignment adjustments, as well as details, are shown in the comparative figures in note 7.

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

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 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 and the recognition of assets and liabilities of the former Councils at the amounts at which they were recognised by the transferor local governments.

1.3 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 resulted in the following changes to Council's accounting policies:

Presentation of Financial Statements (AASB 101 Presentation of Financial Statements, AASB 2007-8 Amendments to *Australian Accounting Standards* arising from AASB 101, AASB 2007-10 Further Amendments to *Australian Accounting Standards* arising from AASB 101).

The revised Standard and Amending Pronouncements do not affect any of the amounts presented in the financial statements, but have changed the disclosures made in the financial statements. The change in terminology in the revised AASB 101 has resulted in the Balance Sheet being renamed the Statement of Financial Position, and the Cash Flow Statement being renamed the Statement of Cash Flows. The former Income Statement has been replaced with a single Statement of Comprehensive Income. In line with the new concept of "comprehensive income" the bottom of the Statement contains other Comprehensive Income that was previously included in the Statement of Changes in Equity.

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

AASB 9 Financial Instruments (December 2009)	1 January 2013
AASB 124 Related Party Disclosures (December 2009)	1 January 2011
2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (May 2009)	1 January 2010
2009-8 Group Cash-settled Share-based Payment Transactions (July 2009)	1 January 2010
2009-9 Additional Exemptions for First-time Adopters (September 2009)	1 January 2010
2009-10 Classification of Rights Issues (October 2009)	1 January 2013
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2013
2009-12 Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments (December 2009)	1 January 2011
2009-13 Amendments to AAS arising from Interpretation 19 (December 2009)	1 July 2010
2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14) (December 2009)	1 January 2011
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (December 2009)	1 July 2010

Management have yet to assess the impact that AASB 9 Financial Instruments and 2009-11 Amendments to *Australian Accounting Standards* arising from AASB 9 is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

Notes to the Financial Statements

For the year ended 30 June 2010

The 2009-5 *Further Amendments to Australian Accounting Standards* arising from the *Annual Improvements Project* includes amendments to AASB 117 Leases which revise the criteria for classification of leases involving land and buildings. Council will be required to reassess the classification of the land components of all unexpired leases that Council has entered into as at 1 July 2010, on the basis of the information existing at the inception of the relevant lease. If any such leases are reclassified to become finance leases, retrospective accounting adjustments will be processed as far as practicable.

Initial application of the other Standards/Interpretations in issue but not yet effective is not expected to have any material impact on Council's financial statements.

1.4 Currency

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

1.5 Constitution

The Rockhampton Regional Council is constituted under the *Queensland Local Government Act 1993* and is domiciled in Australia.

1.6 The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Council and the entities that it controls, where these entities are material.

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

Rockele Pty Ltd

Rockhampton Regional Council owned 100% of the issued share capital (\$40,000) of Rockele Pty Ltd. Rockele Pty Ltd was incorporated in Australia in 1996/97 and has been dormant since 2004. Rockele Pty Ltd was deregistered 9 December 2009.

The Rockhampton Art Gallery Trust

The Rockhampton Art Gallery Trust fund is applied for charitable purposes with the primary object of acquiring objects of art for inclusion in the Collection and the enhancement of the Art Gallery as a regional art gallery holding significant works of art for the benefit of the residents of Central Queensland. All art acquisitions purchased by The Rockhampton Art Gallery Trust are donated to the Rockhampton Regional Council Art Gallery and become heritage and cultural assets of Council.

The Rockhampton Art Gallery Trust's operations are audited by the Auditor-General of Queensland.

Art Gallery	2010	2009
Receipts	18,040	22,786
Disbursements	70,224	122,389
Net Deficit	-52,184	-99,603
Assets	79,864	132,049
Liabilities	-	-
Net Assets	79,864	132,049

Mayoress Regional Charity Foundation Limited

The company is a public company limited by guarantee, which was incorporated in Australia on 21 May 2009.

The Company acts solely as trustee of the Mayoress Regional Charity Foundation Charitable Trust (Charitable Trust) and the Mayoress Regional Charity Foundation Charitable Fund (Ancillary Fund). The Purpose of the Company is to advance social, religious and educational activities which are, or could be, to the benefit of the community of Rockhampton Regional Council. The aim is to achieve these objectives via the Ancillary Fund, with its Deductible Gift Recipient status, as well as the Charitable Trust which distributes money, property and/or benefits to the community or community entities.

The Charitable Trust and Ancillary Fund are not controlled by Rockhampton Regional Council.

The company does not trade as a commercial enterprise and has no employees.

1.7 Date of authorisation

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

1.8 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.

1.9 Rates, levies, grants and other revenue

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

(a) Rates and levies

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.

(b) Grants, subsidies and contributions

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is placed in a reserve until the funds are expended. Unspent non-reciprocal grants are placed in the unspent or constrained grants reserve.

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 recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Notes to the Financial Statements

For the year ended 30 June 2010

(d) Interest

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

(e) Other revenue

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.

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)
- Receivables - measured at amortised cost (note 1.12)
- Investments (note 1.15)

Financial liabilities

- Payables - measured at amortised cost (note 1.22)
- Borrowings - measured at amortised cost (note 1.24)

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 22 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 Council repaid it in full at balance date. As it is the intention of 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 37.

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, liquid investments 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 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 assets 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.

Because Council has the power 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. Terms are usually a maximum of five years with interest charged at negotiated rates. Security is not normally obtained. In accordance with the accounting standards, loans and advances are not considered financial assets when assessing credit risk as disclosed in note 37.

1.13 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.

1.14 Land held for resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory land is treated as a current asset except where it is anticipated that a material portion of land value will not be sold within 12 months. Land held beyond 12 months is reported as non-current inventory.

Profit arising upon sale of land is recognised in the Statement of Comprehensive Income on the signing of a valid unconditional contract of sale.

1.15 Investments

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

1.16 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation.

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or

Notes to the Financial Statements

For the year ended 30 June 2010

nominal cost it is recognised at fair value. Investment property transferred from the former councils was initially recognised at the amount at which it was recognised by the former councils as disclosed in note 7. All remaining investment property is subsequently revalued annually at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

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 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 Council are reported in note 18 (a).

(a) Major plant

Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment.

(b) 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 physical 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 means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Assets transferred from the former councils, as a result of a government restructure, were initially recognised at the amount at which they were recognised by the former councils as at the changeover day as disclosed in note 1.1 and note 7. Those assets are reflected at net carrying value in note 18 (a).

(c) Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity 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.

(d) Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and*

Equipment and the *Local Government Finance Standard 2005*. Other plant and equipment is 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 comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate. Details of valuers and methods of valuations are disclosed in note 18 (b).

(e) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on land improvements and other property, plant and equipment is based on the pattern in which the asset's future economic benefits are expected to be consumed. This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council.

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 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 Council or the unexpired period of the lease, whichever is shorter.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 18 (a).

(f) Unfunded depreciation

Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary

Notes to the Financial Statements

For the year ended 30 June 2010

to meet Council defined future service delivery levels to the community unless insufficient revenue sources are available to cover this depreciation amount.

(g) Land under roads

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

Land under the road network within 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 Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

1.19 Capital work in progress

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

1. 20 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, 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 immediately 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.

1.21 Leases

Leases of plant and equipment under which 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) Finance leases

Where Council enters into a finance lease, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

(b) 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.

1.22 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.

1.23 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 employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(a) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is included in note 20 as a payable.

(b) Annual leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 20 as a payable.

(c) Sick leave

A liability for sick leave is recognised where this entitlement is vested to the employee under their employment contract. The current portion (based on the expected payment date)

Notes to the Financial Statements

For the year ended 30 June 2010

is calculated on current wage and salary levels and includes related employee on-costs. The non current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 20 as a payable.

(d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 30.

(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 Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability represents an accrued expense and is reported in note 21 as a provision.

1.24 Borrowings

Loans payable are measured at book value at date of reporting. Borrowing costs, which includes interest and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are included in payables.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

Borrowings are classified as current liabilities except for the principle amount that is due and payable, under the contractual terms of the loan agreement, 12 months after the end of the reporting. This amount is classified as a non current amount. Further details are provided in note 22.

1.25 Restoration provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. Further details can be found in note 21.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current Reserve Bank of Australia average security bond rate 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.

1.26 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 in the surplus in respect of that asset is retained in the surplus.

1. 27 Reserves held for future capital expenditure

These are cash backed reserves and represent funds that are accumulated within Council to meet anticipated future capital assets needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(a) Constrained Grants and Contributions Reserve

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred from the reserve to the capital account. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor.

(b) Airport Development Reserve

This reserve was created to set aside funds for future Airport capital upgrades and expansion.

(c) Capital Works Reserve

This reserve was created to provide future funds for the future replacement of assets.

(d) Plant Reserve

This reserve was created to provide funds for the future replacement of plant and equipment.

(e) Water Reserve

This reserve was created to provide funds for the future replacement of water infrastructure.

(f) Sewerage Reserve

This reserve was created to provide funds for the future replacement of sewerage infrastructure.

(g) Waste Management Reserve

This reserve was created to provide funds for the future replacement of waste assets.

1. 28 Reserves held for funding future recurrent expenditure

These are cash backed reserves and represent funds that are accumulated within Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(a) Operating Projects Reserve

This reserve was created to set aside funds for specific recurrent expenditure, including unspent operational grants.

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Asset Maintenance Reserve

This reserve was created to meet unexpected asset maintenance expenditure.

1.29 Retained surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.30 National competition policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in note 38.

1.31 Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero.

The Rockhampton Regional Council was formed on 15 March 2008 as a consequence of the amalgamation of Rockhampton City, Livingstone Shire, Fitzroy Shire, Mt Morgan Shire Councils and Rockhampton District Saleyards Board. Pursuant to Section 159YQ of the *Local Government Act 1993* and Sections 26 and 35 of the Local Government Reform Implementation Regulation 2008, financial statements for 2008-09 were prepared for the period 15 March 2008 to 28 June 2009. Therefore comparative figures presented in the financial statements for the year ended 30 June 2010 are for a 15 1/2 month period.

The assets and liabilities of the former Rockhampton City, Livingstone Shire, Fitzroy Shire, Mt Morgan Shire Councils and Rockhampton District Saleyards Board were transferred to the Rockhampton Regional Council on the changeover date. Therefore asset and liability balances disclosed in the notes as being at the beginning of the comparative financial year, comprise asset and liabilities that were transferred from Rockhampton City, Livingstone Shire, Fitzroy Shire, Mt Morgan Shire Councils and Rockhampton District Saleyards Board due to the restructure.

1.32 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 recovery, 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 Council. 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. For details see note 31.

1.33 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.

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

Bajool Yepoon
Jaskeleigh Water
Westwood Yumbah
Midgee Byfield Bushby
Beach Cooe Bay Repulse
Walmul Kawana Bouldercombe
Gogango Rockyview Frenchville
Alma Stockyard Point Allenstown
Estate Lammermoor Zilzie Mulamba
Norman Gardens Gracemere Cawarral Warrumbidgee
Creek Dalma Glendale Mount Archer Gogango
Range Wycarbah Stanage Port Curtis Port Alma Stockyard Point
Causeway Lake Glenroy Kinka Beach Olive Estate Lammermoor
Parkhurst Marmor Keppel Sands Moongan Norman Gardens Gracemere
Nerimbera Wandal Kalapa Glenlee Lakes Creek Dalma Glendale Mount Archer Gogango
Hill Alton Downs Ogmore The Range Wycarbah Stanage Port Curtis Port Alma Stockyard Point

Notes to the Financial Statements

For the year ended 30 June 2010

2 Analysis of results by function

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

Functions	Income		Total income	Total expenses	Net result for period	Assets
	Grants	Other				
	2010	2010	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$
Resourcing	11,319,469	63,838,380	75,157,849	(15,485,393)	90,643,242	228,358,066
Office of CEO	-	214,574	214,574	7,855,552	(7,640,978)	18,971
Infrastructure and Planning	10,168,176	23,877,550	34,045,726	52,944,047	(18,898,321)	1,121,968,692
Organisational Services	424,829	3,994,926	4,419,755	28,643,555	(24,223,800)	151,607,908
Community Services	7,529,726	7,267,910	14,797,636	37,856,852	(23,059,216)	41,827,705
Commercial Services	-	6,505,670	6,505,670	2,764,665	3,741,005	1,617,361
Airports	-	7,670,531	7,670,531	8,514,047	(843,516)	61,281,952
Saleyards	-	1,515,331	1,515,331	1,429,087	86,244	12,123,916
Waste and Recycling	-	14,700,671	14,700,671	17,286,112	(2,585,441)	25,382,448
Fitzroy River Water	9,937,516	62,537,486	72,475,002	60,902,901	11,572,101	669,762,580
Total	39,379,716	192,123,029	231,502,745	202,711,425	28,791,320	2,313,949,599

Prior Year

Functions	Income		Total income	Total expenses	Net result for period	Assets
	Grants	Other				
	15.5 months	15.5 months	15.5 months	15.5 months	15.5 months	15.5 months
	2009	2009	2009	2009	2009	2009
	\$	\$	\$	\$	\$	\$
Resourcing	9,631,021	62,928,865	72,559,886	(5,488,689)	78,048,575	223,088,756
Office of CEO	645,738	141,770	787,508	9,759,226	(8,971,718)	-
Infrastructure and Planning	11,364,871	18,522,602	29,887,473	64,121,195	(34,233,722)	1,206,249,148
Organisational Services	1,380,147	1,721,191	3,101,338	17,487,123	(14,385,785)	45,189,892
Community Services	10,445,233	9,469,509	19,914,742	48,304,878	(28,390,136)	62,184,377
Commercial Services	-	30,000	30,000	1,243,757	(1,213,757)	1,546,579
Airports	-	9,226,847	9,226,847	8,166,672	1,060,175	55,957,269
Saleyards	-	2,343,992	2,343,992	2,393,898	(49,906)	14,975,389
Waste and Recycling	-	13,000,996	13,000,996	17,756,502	(4,755,506)	17,442,850
Fitzroy River Water	20,247,501	63,803,281	84,050,782	65,945,452	18,105,330	625,331,892
Total	53,714,511	181,189,053	234,903,564	229,690,014	5,213,550	2,251,966,152

Notes to the Financial Statements

For the year ended 30 June 2010

2 (b) Components of Council functions

The activities relating to Council's components reported on in note 2 (a) are as follows :

Resourcing

Includes recognition and allocation of general rate and grant revenue as well as interest revenue and expense not allocated to business units.

Office of CEO

Incorporates offices of the Mayor, Councillors and the Chief Executive Officer. Includes governance and Council innovation as well as marketing engagement functions.

Infrastructure and Planning

Includes roadworks, street lighting, stormwater drainage, recoverable works, depot and workshop operations, asset management and engineering administration, engineering planning.

Also includes development assessment functions, comprising compliance, strategic planning and natural resource management functions.

Organisational Services

Includes communication and information technology, administration services, financial services and people, performance and wellbeing services. Also includes major projects, which manages major infrastructure projects on behalf of various Council departments. Also includes asset services which manages the maintenance of Council's building portfolio.

Community Services

Includes libraries, art services, theatre and venue management, heritage preservation, child care, aged services, and community assistance. Management and operation of Council reserves and parks.

Maintenance and beautification of entrances into the Region and road reserves where these are Council controlled. Manages operations of public health, environmental health, health planning and administration and local law enforcement (dog registration and regulation of parking) within Council boundaries.

Commercial Services

Comprises of the commercial activities of Council excluding airport, waste management, water and sewer services. Included is its business services which attends to the best utilisation, rationalisation and realisation of land and building assets.

Airports

Encompasses Rockhampton Airport operations.

Saleyards

Encompasses Gracemere Saleyards operations. Operations under Council control ceased as at 31 December 2009, after which date operations continued under a lease agreement.

Waste & Recycling

Includes waste collection and disposal, recycling collection, and management of Council's landfill facilities.

Fitzroy River Water

Council's commercialised water and sewerage business. Fitzroy River Water (FRW) has responsibility for provision of water and sewerage services to the residents of Rockhampton Region including operation of the barrage, water treatment plant, reservoirs, water distribution network, water quality control, sewerage treatment plants, trunk sewers, sewerage pump stations, sewerage mains and services.

Bajool Yezpoan
Jaskeleigh Water
Westwood Yumb
Midgee Byfield Busby
Beach Cooe Bay Rocky
Walmul Kawana Boulder
Gogango Rockyview Frenchville
Alma Stockyard Point Allenstown
Estate Lammermoor Zilzie Mulamba
Norman Gardens Gracemere Cawarral
Creek Dalma Glendale Mount Archer Gogango
Range Wycarbah Stanage Port Curtis Port Alma
Causeway Lake Glenroy Kinka Beach Olive Estate Lammermoor
Parkhurst Marmor Keppel Sands Moongan Norman Gardens
Nerimbera Wandal Kalapa Glenlee Lakes Creek Dalma Glendale Mount Archer Gogango
Hill Alton Downs Ogmore The Range Wycarbah Stanage Port Curtis Port Alma Stockyard Point

Notes to the Financial Statements

For the year ended 30 June 2010

3. Revenue analysis

Note	2010	15.5 months-2009
	Actual \$	Actual \$
(a) Rates, levies and charges		
General rates	53,921,592	60,845,865
Separate rates	16,759,415	5,874,290
Special rates	455,041	108,855
Water	34,004,645	30,595,365
Sewerage	24,088,247	22,720,966
Garbage charges	11,752,884	9,823,110
Rates and utility charge revenue	140,981,824	129,968,451
Less: Discounts	(12,191,377)	(11,440,866)
Less: Pensioner remissions	(1,542,010)	(1,133,194)
	127,248,437	117,394,391
(b) Fees and Charges	23,799,102	29,855,445
(c) Interest received		
Investments	2,955,626	6,258,228
Over due rates and utility charges	589,797	528,301
	3,545,423	6,786,529
(d) Sales of contract and recoverable works		
Revenue	8,205,592	6,457,860
The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the period end. The contract work carried out is not subject to retentions.		
(e) Other recurrent income		
Other Income	3,666,134	3,634,365

4. Grants, subsidies and contributions

Note	2010	15.5 months-2009
	Actual \$	Actual \$
(i) Recurrent - grants and subsidies, and other contributions are analysed as follows:		
General purpose grants	11,320,130	10,617,338
Government subsidies and grants	3,911,400	7,487,930
Contributions	210,847	521,260
	15,442,377	18,626,528
(ii) Capital - grants and subsidies, and other contributions are analysed as follows:		
(a) Monetary revenue designated for capital funding purposes:		
Government subsidies and grants	24,148,186	35,609,243
Contributions	5,398,229	8,424,834
	29,546,415	44,034,077
(b) Non-monetary revenue received is analysed as follows:		
Developer assets contributed by developers at fair value	10,977,983	8,091,025
Other physical assets contributed at fair value	3,266,669	11,455
	14,244,652	8,102,480
Total capital revenue	43,791,067	52,136,557

Notes to the Financial Statements

For the year ended 30 June 2010

5. Capital income

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Gain on the sale of capital assets	6	2,956,107	11,889
Gain from assets not previously recognised	36	2,848,506	-
		5,804,613	11,889

6. Gain (loss) on the disposal of capital assets

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
(a) Proceeds from the sale of plant and equipment		3,797,645	1,585,185
Less: Book value of plant and equipment sold		(2,411,715)	(1,765,443)
		1,385,930	(180,258)
(b) Proceeds from the sale of land and buildings		5,399,419	1,392,325
Less: Book value of land and buildings sold		(3,892,665)	(1,099,492)
		1,506,754	292,833
(c) Proceeds from the sale of investment property		-	597,727
Less: Book value of investment property sold		-	(698,413)
		-	(100,686)
(d) Proceeds from sale of intangible assets		100,395	-
Less: Book value of intangible assets sold		(36,972)	-
		63,423	-
Total gain (loss) on the disposal of capital assets	5	2,956,107	11,889

7. Gain on restructure of local government

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Assets and liabilities transferred from abolished councils		-	1,813,472,357
Adjustment for unrecognised assets		-	(992,686)
Net gain on restructure of local government		-	1,812,479,671
Net result before gain on restructure of local government		-	5,213,550

(a) Adjustments due to accounting policy alignment

Property, Plant and Equipment	18	-	(982,657)
Rockhampton Regional Council adopted an asset recognition threshold for assets, other than land and plant and equipment, of \$10,000. This resulted in the derecognition of assets transferred from the former Councils where the gross value fell below the asset recognition threshold.			
Intangible assets	19	-	(10,029)
During a review of computer software transferred from the abolished councils it was found that certain software items did not meet the recognition threshold adopted by Council of \$10,000. This resulted in the derecognition of some software that fell below the asset recognition threshold.			
		-	(992,686)

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Net gain on assets transferred from abolished councils

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Rockhampton City, Livingstone Shire, Fitzroy Shire, Mt Morgan Shire Councils and Rockhampton District Saleyards Board be amalgamated to form the Rockhampton Regional Council. Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the amalgamation was effective from the changeover date of 15 March 2008.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring*

Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of the former Councils (referred to paragraph 1), to the Rockhampton Regional Council as at changeover date. The assets and liabilities of the former councils have been recognised at the amounts at which they were recognised by the transferor local governments as at the changeover day.

Rockhampton Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008.

Details are as follows:

	Rockhampton City Council	Livingstone Shire Council	Fitzroy Shire Council	Mt Morgan Shire Council	Rockhampton District Saleyards Board	Total gain recognised by Council	Adjustments due to accounting policy alignment	Net Gain on restructure of local government
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
<i>Current assets</i>								
Cash and cash equivalents	43,433,390	39,145,005	14,202,631	380,128	396,194	97,557,348	-	97,557,348
Trade receivables	8,414,902	16,896,477	950,238	302,296	150,144	26,714,057	-	26,714,057
Inventory	1,384,238	670,167	237,848	25,763	-	2,318,016	-	2,318,016
Other financial assets	352,282	218,298	140,049	61,394	21,709	793,732	-	793,732
Total Current Assets	53,584,812	56,929,947	15,530,766	769,581	568,047	127,383,153	-	127,383,153
<i>Non-current assets</i>								
Receivables	-	11,546	-	-	-	11,546	-	11,546
Investment property	-	690,179	-	-	-	690,179	-	690,179
Property, plant and equipment	1,041,955,380	478,389,274	164,512,229	69,893,304	15,625,634	1,770,375,821	(982,657)	1,769,393,164
Work in progress	12,689,168	16,375,137	32,626	1,228,803	-	30,325,734	-	30,325,734
Intangible assets	412,290	450,227	14,427	-	-	876,944	(10,029)	866,915
Total Non-current Assets	1,055,056,838	495,916,363	164,559,282	71,122,107	15,625,634	1,802,280,224	(992,686)	1,801,287,538
Total assets	1,108,641,650	552,846,310	180,090,048	71,891,688	16,193,681	1,929,663,377	(992,686)	1,928,670,691
Liabilities								
<i>Current liabilities</i>								
Trade payables	11,685,487	5,249,876	1,266,370	572,711	155,949	18,930,393	-	18,930,393
Borrowings	6,128,589	1,598,034	123,931	72,654	82,881	8,006,089	-	8,006,089
Provisions	-	-	90,133	-	-	90,133	-	90,133
Other	-	582,733	1,884	-	26,355	610,972	-	610,972
Total Current Liabilities	17,814,076	7,430,643	1,482,318	645,365	265,185	27,637,587	-	27,637,587
<i>Non-current liabilities</i>								
Payables	7,169,305	3,263,885	778,199	188,817	28,406	11,428,612	-	11,428,612
Borrowings	43,560,265	28,016,603	1,122,851	1,171,211	1,725,321	75,596,251	-	75,596,251
Provisions	1,423,876	-	104,694	-	-	1,528,570	-	1,528,570
Total Non-current Liabilities	52,153,446	31,280,488	2,005,744	1,360,028	1,753,727	88,553,433	-	88,553,433
Total liabilities	69,967,522	38,711,131	3,488,062	2,005,393	2,018,912	116,191,020	-	116,191,020
Net gain from assets transferred	1,038,674,128	514,135,179	176,601,986	69,886,295	14,174,769	1,813,472,357	(992,686)	1,812,479,671

Notes to the Financial Statements

For the year ended 30 June 2010

8. Employee benefits

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Total staff wages and salaries		73,030,276	83,840,042
Councillors' remuneration		1,309,476	1,473,505
Annual, sick and long service leave entitlements		11,017,287	15,133,945
Superannuation	30	8,096,148	8,494,727
		93,453,187	108,942,219
Other employee related expenses		4,388,838	6,905,912
		97,842,025	115,848,131
Less : Capitalised employee expenses		(17,008,741)	(14,632,594)
		80,833,284	101,215,537

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

	Note	2010	15.5 months-2009
Total Council employees at end of June:			
Elected members		11	11
Administration staff		639	538
Depot and outdoors staff		549	537
Total full time equivalent employees		1,199	1,086

9. Materials and services

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Audit fees		298,477	417,495
Advertising and marketing		1,274,669	1,288,855
Administration supplies and consumables		1,093,361	1,172,751
Communications and IT		2,501,499	2,763,158
Consultants		4,153,751	6,515,602
Contractors		9,561,531	8,764,952
Donations paid		1,817,019	1,807,132
Insurance		1,622,198	843,596
Electricity		5,257,167	5,387,890
Repairs and maintenance		20,617,478	25,640,452
Rentals - Operating leases		627,948	1,823,294
Other material and services		4,785,185	6,537,184
		53,610,283	62,962,361

10. Finance costs

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Finance costs charged by the Queensland Treasury Corporation		7,815,335	7,693,800
Bank charges		241,081	468,992
Impairment of receivables		144,463	9,242
Refuse sites - change in present value over time		147,656	105,310
		8,348,535	8,277,344

Notes to the Financial Statements

For the year ended 30 June 2010

11. Depreciation and amortisation

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
(a) Depreciation of non-current assets			
Site Improvements		1,946,809	1,645,370
Buildings		6,444,129	6,136,536
Plant and Equipment		5,152,822	5,657,566
Road and Bridge Network		17,692,969	20,894,585
Water		8,083,969	11,341,663
Sewerage		7,832,885	6,917,768
Airport		1,356,955	1,477,069
(b) Amortisation of intangible assets			
Computer Software		876,944	287,852
Total amortisation of intangible assets		876,944	287,852
Total depreciation and amortisation		49,387,482	54,358,409

Unfunded Depreciation

The gross unfunded depreciation across all assets for the period is \$10,272,519 (\$15,588,651) Unfunded depreciation represents the shortfall in funding being provided by operating revenue to fund depreciation expense.

12. Capital expenses

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Loss on write-off of non-current assets	13	5,408,398	2,876,363
Loss on assets previously recognised incorrectly	36	2,491,363	-
Increase in rehabilitation provision for future costs, on land not controlled by Council, due to a change in discount rate	21	217,879	-
Increase in the rehabilitation provision, due to recognition of new sites requiring future expenditure	21	1,643,521	-
Change arising from revision of the future restoration expenditure	21	770,680	-
		10,531,841	2,876,363

13. Write off of capital assets

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Road and Bridge Network		2,928,670	2,771,271
Water		52,857	105,092
Sewerage		2,233,072	-
Airport		193,799	-
	12	5,408,398	2,876,363

Notes to the Financial Statements

For the year ended 30 June 2010

14. Cash and cash equivalents

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Cash in operating bank account		6,545,715	7,584,584
Cash in other banks and on hand		20,035	18,635
Deposits at call		2,529,325	-
Term Deposits		-	10,500,000
Deposits and investments held with QTC at variable interest rate		43,365,708	72,156,249
Balance per statement of cash flows		52,460,783	90,259,468

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

Unspent government grants and subsidies	2,040,486	3,389,192
Unspent developer contributions	34,404,488	36,856,115
Unspent loan monies	2,047,163	3,453,332
Total unspent restricted cash for capital projects	38,492,137	43,698,639

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+, as well as funds held with Bank of Queensland, which has a short term credit rating of A-2 and a long term rating of BBB+. These deposits bear floating interest rates from 4.38% to 6.00%.

15. Trade and other receivables

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Current			
Rateable revenue and utility charges		10,770,755	6,028,565
Less: Impairment provision		(44,074)	(22,118)
		10,726,681	6,006,447
Water charges yet to be levied		2,840,943	2,378,003
GST recoverable		1,427,859	1,288,077
Other debtors		7,252,849	8,283,684
Less: Impairment provision		(224,560)	(103,434)
		11,297,091	11,846,330
Prepayments		785,198	1,244,901
Loans and advances to community organisations		8,782	8,782
		22,817,752	19,106,460

Interest is charged on outstanding rates at 11% per annum. 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. The credit risk on these loans is considered low.

For the year ended 30 June 2010

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Current			
<i>Inventories held for sale:</i>			
Other trading stocks		346,571	481,701
		346,571	481,701
<i>Inventories for internal use:</i>			
Quarry and road materials		515,449	355,328
Stores and materials		1,607,220	1,651,110
		2,122,669	2,006,438
Valued at cost, adjusted when applicable for any loss of service potential.			
		2,469,240	2,488,139

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Term Deposits		32,000,000	2,000,000
		32,000,000	2,000,000

National Australia Bank (A1+), ANZ Bank (A1+), Westpac Bank (A1+), Suncorp Metway Bank (A1), Bank of Queensland (A2) and Capricorn Credit Union (Not Rated). Maturity ranges from five to eight months and bear fixed interest rates from 5.95% to 6.50%.

Notes to the Financial Statements

For the year ended 30 June 2010

18 (a) Property, plant and equipment

	Land	Site Improvements	Buildings	Plant and Equipment	Road and Bridge Network	Water	Sewerage	Airport	Heritage and Cultural Assets	Works in progress	Total
	Valuation	Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	2010
	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Values											
Opening gross value	153,021,441	61,798,804	224,511,452	64,283,229	1,367,313,831	584,501,590	413,399,127	47,104,374	19,062,996	71,313,680	3,006,310,524
Additions at cost	4,592,234	279,287	3,410,857	12,754,195	1,927,442	396,199	554,411	-	284,365	91,649,494	115,848,484
Contributed assets at valuation	-	-	2,990,003	96,723	9,001,417	748,906	1,227,660	-	179,943	-	14,244,652
Disposals	(2,650,112)	(5,912,950)	(425,979)	(7,498,611)	(106,953)	(3,367,000)	(18,817)	-	-	-	(19,980,422)
Write-offs	-	-	-	-	(4,885,060)	(1,130,268)	(8,992,109)	(321,255)	-	-	(15,328,692)
Internal transfers to other asset classes	1,768,591	7,969,706	5,341,248	-	32,405,947	15,858,410	3,851,376	2,412,772	-	(69,608,050)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	(3,368,719)	(3,368,719)
Note 19											
Closing gross value	156,732,154	64,134,847	235,827,581	69,635,536	1,405,656,624	597,007,837	410,021,648	49,195,891	19,527,304	89,986,405	3,097,725,827
Accumulated depreciation and impairment											
Opening balance	-	24,111,473	95,167,735	28,178,358	280,639,989	240,593,812	186,907,086	13,841,868	-	-	869,440,321
Depreciation provided in period	-	1,946,809	6,444,129	5,152,807	18,067,774	8,083,969	7,832,885	1,356,955	-	-	48,885,328
Depreciation on disposals	-	(4,728,575)	(290,668)	(5,086,896)	(109)	(1,103,797)	25,377	-	-	-	(11,184,668)
Depreciation on write-offs	-	-	-	-	(1,956,390)	(1,077,411)	(6,759,037)	(127,456)	-	-	(9,920,294)
Internal transfers to other asset classes	-	(637,363)	637,363	-	179	1,616,501	(1,616,680)	-	-	-	-
Closing accumulated depreciation	-	20,692,344	101,958,559	28,244,269	296,751,443	248,113,074	186,389,631	15,071,367	-	-	897,220,687
Net value at 30 June 2010	156,732,154	43,442,504	133,869,022	41,391,267	1,108,905,181	348,894,763	223,632,017	34,124,524	19,527,304	89,986,405	2,200,505,140
Residual value	-	29,305	-	16,967,557	452,369,655	-	-	20,662,647	-	-	490,029,164
Range of estimated useful life in years	Not depreciated	5-145	7-100	1-45	10-120	8-150	20-150	10-100	Not depreciated	-	-

18 (a) Property, plant and equipment - prior year

	Land	Site Improvements	Buildings	Plant and Equipment	Road and Bridge Network	Water	Sewerage	Airport	Heritage and Cultural Assets	Works in progress	Total
	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Cost 15.5 months 2009	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Valuation 15.5 months 2009	Cost 15.5 months 2009	15.5 months 2009
Asset Values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Transferred from abolished councils	130,601,809	33,030,316	97,658,193	31,434,791	955,189,823	328,134,795	153,381,845	28,636,409	12,307,840	30,325,734	1,800,701,555
Correction to opening balance	(228,607)	-	(296,758)	(452,743)	(4,549)	-	-	-	-	-	(982,657)
Additions at cost	424,522	354,026	1,906,397	12,581,357	-	-	-	-	65,874	102,895,419	118,227,595
Contributed assets at valuation	-	-	-	-	3,312,384	3,557,656	1,220,985	-	11,455	-	8,102,480
Disposals	(1,099,492)	-	(4,508)	(1,962,975)	-	-	-	-	-	-	(3,066,975)
Write-offs	-	-	-	-	(2,771,271)	(105,092)	-	-	-	-	(2,876,363)
Revaluation adjustment to the Asset Reval Surplus	22,908,217	24,334,151	114,104,052	-	385,127,372	243,075,360	249,498,198	18,467,965	6,677,827	-	1,064,193,142
Grossing up plant & equipment assets Note 34	-	-	-	22,682,799	-	-	-	-	-	-	22,682,799
Internal transfers to other asset classes	414,992	4,080,311	11,144,076	-	26,460,072	9,838,871	9,298,099	-	-	(61,236,421)	-
Transfer to investment properties	-	-	-	-	-	-	-	-	-	(8,234)	(8,234)
Transfer to intangible assets Note 19	-	-	-	-	-	-	-	-	-	(662,818)	(662,818)
Closing gross value	153,021,441	61,798,804	224,511,452	64,283,229	1,367,313,831	584,501,590	413,399,127	47,104,374	19,062,996	71,313,680	3,006,310,524
Accumulated depreciation and impairment											
Depreciation provided in period	-	1,645,370	6,136,536	5,657,566	20,894,585	11,341,663	6,917,768	1,477,069	-	-	54,070,557
Depreciation on disposals	-	-	(68)	(162,007)	(36,255)	(3,710)	-	-	-	-	(202,040)
Revaluation adjustment to the Asset Reval Surplus	-	22,466,103	89,031,267	-	259,781,659	229,255,859	179,989,318	12,364,799	-	-	792,889,005
Grossing up plant & equipment assets Note 34	-	-	-	22,682,799	-	-	-	-	-	-	22,682,799
Closing accumulated depreciation	-	24,111,473	95,167,735	28,178,358	280,639,989	240,593,812	186,907,086	13,841,868	-	-	869,440,321
Net value at 28 June 2009 - 15.5 months	153,021,441	37,687,332	129,343,717	36,104,871	1,086,673,842	343,907,778	226,492,041	33,262,506	19,062,996	71,313,680	2,136,870,203
Residual value	Not depreciated	-	-	16,963,877	449,347,463	-	-	20,557,442	Not depreciated	-	486,868,782
Range of estimated useful life in years	Not depreciated	20	5 - 100	10 - 80	10 - 120	8 - 150	20 - 150	10 - 100	Not depreciated	-	-

Notes to the Financial Statements

For the year ended 30 June 2010

18 (b) Property, plant and equipment valuations were determined by reference to the following:

Land

Freehold land was last comprehensively revalued as at 28 June 2009 by Scott Fullarton Valuations Pty Ltd. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.

Land that is a reserve under the *Land Act 1994* does not have a value for the purpose of a Local Government's financial statements.

Site improvements

Site Improvement assets (open space furniture and utilities, water features, watering systems, pathway structures and waterway facilities) were last comprehensively revalued as at 28 June 2009 by Jeff Roorda & Associates (JRA). Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010.

Buildings

Buildings were last comprehensively revalued as at 28 June 2009 by Scott Fullarton Valuations Pty Ltd. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values

Plant and equipment

Plant and equipment is measured at deemed cost less accumulated depreciation. Council holds no major plant above the major plant threshold of \$1,000,000 in accordance with its Major Plant Policy.

Infrastructure

- Water - Water infrastructure assets were last comprehensively revalued as at 28 June 2009 by Alf Grigg & Associates. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.
- Sewerage - Sewerage infrastructure assets were last comprehensively revalued as at 28 June 2009 by Alf Grigg & Associates. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.
- Road and bridge network - Road and drainage assets were last comprehensively revalued as at 28 June 2009 by Jeff Roorda & Associates (JRA). Bridge Infrastructure was last comprehensively revalued as at 28 June 2009 by ARRB Group Ltd. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.
- Airport - Airport infrastructure assets were last comprehensively revalued as at 28 June 2009 by Jeff Roorda & Associates (JRA). Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.

Heritage and Cultural Assets

Heritage and cultural assets (artworks, rare books and heritage collections) were last comprehensively revalued as at 28 June 2009 by McWilliam & Associates Pty Ltd. Acquisitions during the 2009/10 year have been recorded at cost. No comprehensive revaluation or indexation was carried out as at 30 June 2010 as investigations indicated a non – material movement in values.

19. Intangible assets

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Net carrying value at year/period end:			
Computer Software		3,696,684	1,241,881
		3,696,684	1,241,881
Computer Software			
Opening gross carrying value		1,529,733	-
Transfer from work in progress		3,368,719	662,818
Value of asset write off in the year/period		(54,205)	-
Adjustment to transferred value to align with council threshold policy.		-	(10,029)
Transferred from abolished councils		-	876,944
		4,844,247	1,529,733
Accumulated amortisation			
Opening balance		287,852	-
Amortisation in the year/period		876,944	287,852
Amortisation written off in year/period		(17,233)	-
		1,147,563	287,852
Net carrying value at the year/period end		3,696,684	1,241,881

Estimated useful life - 5 to 10 years. Straight line amortisation has been used with no residual value.

Notes to the Financial Statements

For the year ended 30 June 2010

20. Trade and other payables

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Current			
Creditors and accruals		12,936,644	13,857,802
Annual leave		5,743,697	4,816,109
Sick leave		94,758	219,774
Other entitlements		1,690,432	1,458,374
		20,465,531	20,352,059
Non Current			
Annual leave		3,900,131	3,639,341
Sick leave		310,271	564,273
		4,210,402	4,203,614

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level. The non-current portion of annual leave and long service leave is then discounted to the present value. Further details on employee entitlements are reported in note 1.23

21. Provisions

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Current			
Long service leave		1,936,041	1,623,853
Property restoration:			
Refuse sites		-	30,768
		1,936,041	1,654,621
Non-Current			
Long service leave		10,970,903	10,332,355
Property restoration:			
Refuse sites		4,614,589	1,804,085
		15,585,492	12,136,440

Details as to the long service leave liability are reported in note 1.23(e)

Notes to the Financial Statements

For the year ended 30 June 2010

21. Provisions (cont)

Note	2010	15.5 months-2009
	Actual \$	Actual \$
Details of movements in provisions:		
<i>Long service leave</i>		
Balance at the beginning of the year/period	11,956,208	10,147,215
Long service leave entitlement arising	2,434,047	3,740,953
Long service leave extinguished	(219,516)	(337,434)
Long service leave paid	(1,263,795)	(1,594,526)
Balance at the end of year/period	12,906,944	11,956,208
<i>Refuse sites</i>		
Balance at the beginning of the year/period	1,834,853	-
Transferred from abolished councils	-	1,618,703
Increase in provision - due to change in time	147,656	105,310
Increase in provision - change in discount rate	217,879	110,840
Increase in provision - new site	1,643,521	-
Increase (decrease) in estimate of future cost	770,680	-
Balance at the end of year/period	4,614,589	1,834,853

This is the present value of estimated future cost of refuse sites under the State Government environmental regulations at the end of its useful life. The projected cost is \$11,815,103 and this cost is expected to be incurred over the period 2014 to 2048.

22. Borrowings

Note	2010	15.5 months-2009
	Actual \$	Actual \$

(a) Bank overdraft

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 reporting period. Expected final repayment dates vary from 22 April 2013 to 01 November 2025. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

(c) Secured borrowings

Council has no secured borrowings.

Details of borrowings at balance date are:

Current

Queensland Treasury Corporation

Non Current

Queensland Treasury Corporation

Details of movements in borrowings:

Queensland Treasury Corporation		
Opening balance	124,732,899	83,602,341
Loans raised	40,770,985	50,834,116
Principal repayments	(12,000,196)	(9,703,558)
Book value at the end of the year/period	153,503,688	124,732,899

The loan market value at the reporting date was \$158,819,922. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its full term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. Borrowings are all in Australian dollars and are underwritten by the Queensland State Government.

Notes to the Financial Statements

For the year ended 30 June 2010

23. Other liabilities

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Current			
Unearned revenue		570,607	-
		570,607	-

24. Asset revaluation surplus

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of year/period		271,193,297	-
Net adjustment to non-current assets charged to the asset revaluation surplus:			
<i>Adjustments to the fair value through revaluations:</i>	18		
Land		-	22,797,377
Site Improvements		-	1,868,048
Buildings		-	25,072,784
Road and Bridge Network		-	125,345,713
Water		-	13,819,501
Sewerage		-	69,508,882
Airport		-	6,103,166
Heritage and Cultural Assets		-	6,677,827
Balance at the end of year/period		271,193,297	271,193,297

Asset revaluation surplus analysis

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

Land	22,797,377	22,797,377
Site Improvements	1,868,048	1,868,048
Buildings	25,072,784	25,072,784
Road and Bridge Network	125,345,713	125,345,713
Water	13,819,501	13,819,501
Sewerage	69,508,882	69,508,882
Airport	6,103,166	6,103,166
Heritage and Cultural Assets	6,677,827	6,677,827
	271,193,297	271,193,297

Notes to the Financial Statements

For the year ended 30 June 2010

25. Retained surplus

Note	2010	15.5 months-2009
	Actual \$	Actual \$
Movement in retained surplus		
Retained surplus at the beginning of year/period	1,743,406,118	-
Net result attributable to council	28,791,320	1,817,693,221
Transfers (to) from reserves for future capital funding purposes:		
Constrained grants and contributions reserve	3,800,333	(40,245,307)
Airport development reserve	3,496,591	(8,907,284)
Capital works reserve	(822,454)	(5,626,264)
Plant reserve	1,000,000	(2,573,713)
Water reserve	-	(7,141,905)
Sewerage reserve	-	(5,047,314)
Waste management reserve	-	(1,067,176)
Transfers (to) from reserves for future general funding purposes:		
Operating projects reserve	(4,183,850)	(3,281,931)
Asset maintenance reserve	-	(396,209)
Balance at the end of the year/period	1,775,488,058	1,743,406,118

26. Other reserves

Note	2010	15.5 months-2009
	Actual \$	Actual \$
(a) Summary of reserves held for funding future capital expenditure:		
(i) Constrained Grants and Contributions Reserve	36,444,974	40,245,307
(ii) Airport Development Reserve	5,410,693	8,907,284
(iii) Capital Works Reserve	6,448,718	5,626,264
(iv) Plant Reserve	1,573,713	2,573,713
(v) Water Reserve	7,141,905	7,141,905
(vi) Sewerage Reserve	5,047,314	5,047,314
(vii) Waste Management Reserve	1,067,176	1,067,176
	63,134,493	70,608,963
(b) Summary of reserves held for funding future recurrent expenditure:		
(i) Operating Projects Reserve	7,465,781	3,281,931
(ii) Asset Maintenance Reserve	396,209	396,209
	7,861,990	3,678,140
Total reserves	70,996,483	74,287,103

Movements in capital reserves are analysed as follows:

(i) Constrained Grants and Contributions Reserve		
Balance at the beginning of year/period	40,245,307	-
Transfer from retained earnings grants, subsidies and contributions received in year/period restricted to specific capital projects	29,546,415	44,034,077
Transfers to capital account funds expended in year/period	(33,346,748)	(35,845,724)
Transfer from retained earnings for future expenditure	-	32,056,954
Balance at the end of the year/period	36,444,974	40,245,307

Notes to the Financial Statements

For the year ended 30 June 2010

26. Other reserves (cont)

	Note	2010 Actual \$	15.5 months-2009 Actual \$
(ii) Airport Development Reserve			
Balance at the beginning of year/period		8,907,284	-
Transfer from retained earnings for future expenditure		-	12,942,996
Transfer to capital account funds expended in year/period		(3,496,591)	(4,035,712)
Balance at the end of the year/period		5,410,693	8,907,284
(iii) Capital Works Reserve			
Balance at the beginning of year/period		5,626,264	-
Transfer from retained earnings for future expenditure		4,857,709	6,915,553
Transfer to capital account funds expended in year/period		(4,035,255)	(1,289,289)
Balance at the end of the year/period		6,448,718	5,626,264
(iv) Plant Reserve			
Balance at the beginning of year/period		2,573,713	-
Transfer from retained earnings for future expenditure		-	4,684,583
Transfer to capital account funds expended in year/period		(1,000,000)	(2,110,870)
Balance at the end of the year/period		1,573,713	2,573,713
(v) Water Reserve			
Balance at the beginning of year/period		7,141,905	-
Transfer from retained earnings for future expenditure		-	7,403,662
Transfer to capital account funds expended in year/period		-	(261,757)
Balance at the end of the year/period		7,141,905	7,141,905
(vi) Sewerage Reserve			
Balance at the beginning of year/period		5,047,314	-
Transfer from retained earnings for future expenditure		-	5,367,886
Transfer to capital account funds expended in year/period		-	(320,572)
Balance at year/period end		5,047,314	5,047,314
(vii) Waste Management Reserve			
Balance at the beginning of year/period		1,067,176	-
Transfer from retained earnings for future expenditure		-	1,182,686
Transfer to capital account funds expended in year/period		-	(115,510)
Balance at the end of the year/period		1,067,176	1,067,176

Movements in recurrent reserves are analysed as follows:

(i) Operating Projects Reserve

Balance at the beginning of year/period	3,281,931	-
Transfer from retained earnings for future expenditure	5,276,956	6,477,755
Transfer to retained earnings	(1,093,106)	(3,195,824)

Balance at the end of the year/period	7,465,781	3,281,931
--	------------------	------------------

(ii) Asset Maintenance Reserve

Balance at the beginning of year/period	396,209	-
Transfer from retained earnings for future expenditure	-	396,209

Balance at the end of the year/period	396,209	396,209
--	----------------	----------------

Notes to the Financial Statements

For the year ended 30 June 2010

27. Commitments for expenditure

Note	2010	15.5 months-2009
	Actual \$	Actual \$

Operating leases

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

Within one year	11,686	29,369
Later than one year but not later than five years	-	11,686
	11,686	41,055

Contractual Commitments

Contractual commitments at balance date but not recognised in the financial statements are as follows:

Collection and transfer of waste	2,067,546	2,460,000
Fitzroy River Water	4,064,342	1,158,248
Other	6,544,236	-
	12,676,124	3,618,248

28. Events after the reporting period

There were no material financial adjusting events after the reporting period.

29. Contingent liabilities

Note	2010	15.5 months-2009
	Actual \$	Actual \$

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

(i) Under approval from Queensland Treasury, Council has guaranteed a loan to Berserker Soccer Club Inc (\$4,448), Diggers Memorial Bowls Club (\$180,510) and Rockhampton Basketball Inc (\$340,617) at reporting date.		
	525,575	12,641

(ii) 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:	2,079,005	2,041,960

(iii) As at 30 June 2010, the following cases were filed in the courts naming the Rockhampton Regional Council as defendant:		
	Number of cases	Number of cases
Supreme Court	1	0

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the court at this time. The matter relates to alleged breaches of the contract, and alleged breaches of the Trade Practices Act 1974, in relation to the Yeppoon to Rockhampton pipeline.		
---	--	--

Notes to the Financial Statements

For the year ended 30 June 2010

	Note	2010	15.5 months-2009
(iv) The Rockhampton Regional Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2010 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.			
		Nil obligation	Nil obligation

30. 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 AASB119 Employee Benefits*.

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

The scheme has two elements referred to as the *Defined Benefits Fund (DBF)* 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 1993*.

The DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to Council for its proportionate share of the defined benefit obligation, plan assets and costs.

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

The audited general purpose financial report of the scheme as at 30 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that 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 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences.

Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions.

Council has been 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 DBF members. Under amendments to the *Local Government Act 1993* passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits. The next actuarial investigation will be made as at 1 July 2012.

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
The amount of superannuation contributions paid by Rockhampton Regional Council to the scheme in this period for the benefit of employees was:		8,096,148	8,494,727

31. Trust funds

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Monies collected or held on behalf of another entity yet to be paid out to or on behalf of that entity		2,990,011	3,892,290

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. The cash is held with the Commonwealth Bank and Queensland Treasury Corporation. The deposits are bearing floating interest rate.

Notes to the Financial Statements

For the year ended 30 June 2010

32. Reconciliation of net result attributable to Council to net cash flow from operating activities

	Note	2010	15.5 months-2009
		Actual \$	Actual \$
Net result attributable to Council		28,791,320	1,817,693,221
Non-cash operating items:			
Depreciation and amortisation	11	49,387,482	54,358,409
Change in restoration provisions expensed to finance costs		147,656	105,310
		49,535,138	54,463,719
Investing and development activities:			
Capital grants, subsidies and contributions	4	(43,791,067)	(52,136,557)
Capital income	5	(5,804,613)	(11,889)
Capital expenses	12	10,531,841	2,876,363
Net gain on restructure of local government		-	(1,812,479,671)
		(39,063,839)	(1,861,751,754)
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		(3,711,292)	8,150,196
(Increase) decrease in inventories (excluding land)		18,899	(170,123)
Increase (decrease) in payables		120,260	4,598,509
Increase (decrease) in provisions		950,736	1,808,993
Increase (decrease) in other liabilities		570,607	(610,972)
		(2,050,790)	13,776,603
Net cash inflow from operating activities		37,211,829	24,181,789

33. Contingent assets

- (i) Council has an agreement with Primary Industries Qld Pty Ltd for a lease over a portion of Council's land. The lessee has agreed as part of the agreement to construct fixtures upon the land for their own purpose. It is envisaged that an amount of \$3,830,000 will be expended on this construction.

Council obtaining control of this asset is contingent upon the expiration/surrender of the lease agreement. Until such time that the buildings revert back to Council control they will not be included in Council's non-current assets as the requirements of Statement of Accounting Concept 4, as issued by the Australian Accounting Standards Board can not be met. No value is applied as at the reporting date as a contingent asset as the value can not be reliably measured in accordance with the aforementioned Accounting Concept.

The agreement commenced on 1 November 2000 and was for an initial period of five years, with an option for the lessee to extend this lease for a further two five year periods. The lessee has exercised this option with the lease extended for a further five years from 1 November 2005.

For the initial two periods (10 years in total), a rental amount of \$386,000 per annum will apply. The lessee will receive a credit from Council for an equivalent value based on the assumption of the aforementioned construction costs.

- (ii) Council has an agreement with Fun Pty Ltd for a lease over a Council controlled reserve known as the 42nd Battalion Pool. The lease was transferred from The Ireland Group Pty Ltd to

Fun Pty Ltd on 21 September 2006. The lessee/s have agreed as part of the agreement to construct fixtures upon the land for their own purpose. It has been agreed that a sum of \$3,467,000 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 as the requirements of Statement of Accounting Concept 4, as issued by the Australian Accounting Standards Board can not be met. It is anticipated that at the expiration of the lease the fixtures will have depreciated substantially.

No value is applied as at the reporting date as a contingent asset as the value can not be reliably measured in accordance with the aforementioned Accounting Concept. The agreement commenced on 14 July 2003 and will expire on 30 June 2028.

- (iii) Council has an agreement with RLMC 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.

Notes to the Financial Statements

For the year ended 30 June 2010

33. Contingent assets (cont)

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 as the requirements of Statement of Accounting Concept 4, as issued by the *Australian Accounting Standards Board* can not

be met. It is anticipated that at the expiration of the lease the fixtures will have depreciated substantially.

No value is applied as at the reporting date as a contingent asset as the value can not be reliably measured in accordance with the aforementioned Accounting Concept, and due to possible alternative outcomes as per the lease agreement.

34. Grossing up of plant and equipment assets transferred in

Council has elected to reinstate plant and equipment replacement cost and accumulated depreciation balances to gross values for assets transferred via local government amalgamations. Under transition to the new council, plant and equipment balances were transferred in the general ledger at the carrying values in accordance with accounting requirements, with Council maintaining its asset register at original historical

cost. The asset register was maintained at historical values as this would have been a major manual exercise to adjust. The reinstatement has taken place to avoid future reconciliation problems within the plant and equipment class. The reinstatement was completed in the 2008/09 financial period, as per note 18(a).

35. Correction to error

Note	2010	15.5 months-2009
	Actual \$	Actual \$

During the amalgamation of councils a number of assets were duplicated, these duplications amounted to \$17,797,779 less accumulated depreciation of \$3,394,171. These errors have been corrected by adjusting the comparative amounts for the 2008/09 period as follows:

Asset revaluation surplus balance as per 28 June 2009 Financial Statements	285,596,905	-
Less: Net asset duplication adjustment	(14,403,608)	-
Opening asset revaluation surplus balance 2009/2010	271,193,297	-

The corresponding changes were made to the appropriate asset classes and accumulated depreciation with totals as detailed above.

36. Assets not previously recognised and assets previously recognised incorrectly

Note	2010	15.5 months-2009
	Actual \$	Actual \$

During the financial year Council became aware of some assets not previously recognised, as well as some assets previously recognised which should not have been recognised. The detail of these recognitions/derecognitions are as follows:

Gross value of assets not recognised previously	3,223,310	-
Less: Accumulated depreciation	(374,804)	-
Gain from assets not previously recognised	2,848,506	-
Gross value of assets previously recognised incorrectly	3,729,352	-
Less: Accumulated depreciation	(1,237,989)	-
Loss on assets previously recognised incorrectly	2,491,363	-
Net result of asset recognition/derecognitions	357,143	-

Notes to the Financial Statements

For the year ended 30 June 2010

37 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 Council. Council minimises 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. Council does not invest in derivatives or other high risk investments.
- When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by 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
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

(i) Credit Risk

Credit risk exposure refers to the situation where 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, Council has the power to sell the property to recover any defaulted amounts. In effect this power protects Council against credit risk in the case of these debts. In other cases, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (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/regulated banks/financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

By the nature of Council's operations, there is a geographical concentration of risk in Council's area. Because the area is largely (eg agricultural/mining/tourism), there is also a concentration in the (eg agricultural/mining/tourism) sector. 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 Council's maximum exposure to credit risk:

	Note	2010 Actual \$	15.5 months-2009 Actual \$
Financial Assets			
Cash and cash equivalents	14	52,460,783	90,259,468
Receivables - rates	15	13,567,624	8,384,450
Receivables - other	15	8,464,930	9,477,109
Investments	17	32,000,000	2,000,000
Other credit exposure			
Guarantee	29	2,604,580	2,054,601
Total		109,097,917	112,175,628

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

	Fully Performing		Past due				Impaired	Total
	\$	Less than 30 days \$	31 to 60 days \$	61 to 90 days \$	Over 90 days \$		\$	\$
Receivables 2010	7,077,270	2,842,915	865,869	209,117	11,306,016	(268,634)		22,032,553
Receivables 15.5 months 2009	5,174,758	2,986,394	1,270,153	1,047,321	7,508,485	(125,552)		17,861,559

Notes to the Financial Statements

For the year ended 30 June 2010

(ii) Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works. Council manages its exposure to liquidity risk by maintaining sufficient undrawn

facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings note 22.

The following table sets out the liquidity risk of financial liabilities held by 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 (excluding employee entitlements as defined by AASB132 Financial Instruments para 4(b)):

	0 to 1 year	1 to 5 years	Over 5 years	Total
2010	\$	\$	\$	\$
Trade and other payables	12,936,644	-	-	12,936,644
Loans QTC	24,123,559	86,631,964	99,803,253	210,558,776
	37,060,203	86,631,964	99,803,253	223,495,420

	0 to 1 year	1 to 5 years	Over 5 years	Total
15.5 months-2009	\$	\$	\$	\$
Trade and other payables	13,857,802	-	-	13,857,802
Loans QTC	18,173,186	64,617,721	94,263,774	177,054,681
	32,030,988	64,617,721	94,263,774	190,912,483

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.

(iii) Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation 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. 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		Equity	
	2010	15.5 months-2009	2010	15.5 months-2009	2010	15.5 months-2009
	\$	\$	\$	\$	\$	\$
Financial Assets	84,440,748	92,240,833	844,407	922,408	844,407	922,408
Financial Liabilities	(153,503,688)	(124,732,899)	(1,535,037)	(1,247,329)	(1,535,037)	(1,247,329)
Net total	(69,062,940)	(32,492,066)	(690,629)	(324,921)	(690,629)	(324,921)

Notes to the Financial Statements

For the year ended 30 June 2010

38 National Competition Policy

(a) Type 1 and type 2 activities

Definitions of type 1 and 2 activities :

Before the end of each financial year, the Minister must decide for the financial year, the expenditure amounts (the "threshold amounts") for identifying a "significant business activity" that should be a type 1 or 2 business activity.

Type 1

A significant business activity where the threshold expenditure has been set by the Minister for the year ended 30 June 2010 follows :-

- (a) for water and sewerage combined activities - \$39.4 million
- (b) for other activities - \$23.6 million

Type 2

- (a) for water and sewerage combined activities - \$11.8 million
- (b) for other activities - \$7.9 million

Council has resolved to commercialise the following activities which fall into the expenditure guide lines above. On 1 January 2002 the water program was corporatised and became a controlled business entity.

- Waste & Recycling
- Fitzroy River Water

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

A "business activity" of a local government is divided into two categories :

- (a) Roads business activity:
 - (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, other than through a sole supplier arrangement.

- (ii) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

- (b) Other business activity, referred to as type three activities, means the following:

- (i) trading in goods and services to clients in competition with the private sector, or
- (ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to its self. Excluded activities are (a) library services, and (b) an activity or part thereof prescribed by legislation.

Local government may elect to apply a *Code of Competitive Conduct (CCC)* to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the activities primary objective was to make a profit. 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 Council. Notwithstanding CSO's, the council is committed to operating these activities as business activities in accordance with the CCC.

- Private Works
- Caravan Parks
- Rockhampton Airport
- Building Certification
- Saleyards

The following table summaries the financial results for these, including competitive neutrality adjustments if applicable. Full information is available for inspection at Council offices.

Bajool Yerraboona
Jaskeleigh Water
Westwood Yumbilla
Midgee Byfield Bushy
Beach Cooe Bay Rockhampton
Walmul Kawana Bouldercombe
Gogango Rockyview Frenchville
Alma Stockyard Point Allenstown
Estate Lammermoor Zilzie Mulumbidgee
Norman Gardens Gracemere Cawarral
Creek Dalma Glendale Mount Archer Gogango
Range Wycarbah Stanage Port Curtis Port Alma
Causeway Lake Glenroy Kinka Beach Olive Estate Lammermoor
Parkhurst Marmor Keppel Sands Moongan Norman Gardens
Nerimbera Wandal Kalapa Glenlee Lakes Creek Dalma Glendale Mount Archer Gogango
Hill Alton Downs Ogmore The Range Wycarbah Stanage Port Curtis Port Alma Stockyard Point

Notes to the Financial Statements

For the year ended 30 June 2010

38 National Competition Policy - continued

(b) Financial performance of activities subject to competition reforms:

	Private Works		Caravan Parks		Rockhampton Airport	
	2010	15.5 months - 2009	2010	15.5 months - 2009	2010	15.5 months - 2009
	\$	\$	\$	\$	\$	\$

Revenue for services provided to Council

Revenue for services provided to external clients	4,358,977	2,523,249	1,059,356	1,364,257	7,644,541	9,212,715
* Community service obligations	-	-	-	-	-	-
	4,358,977	2,523,249	1,059,356	1,364,257	7,644,541	9,212,715
Less : Expenditure	4,358,977	2,718,420	956,363	1,050,309	8,524,169	8,152,540
Surplus (deficiency)	-	(195,171)	102,993	313,948	(879,628)	1,060,175

	Building Certification		Saleyards	
	2010	15.5 months - 2009	2010	15.5 months - 2009
	\$	\$	\$	\$

Revenue for services provided to Council

Revenue for services provided to external clients	625,697	505,777	997,417	2,343,991
* Community service obligations				
	625,697	505,777	997,417	2,343,991
Less : Expenditure	798,802	367,883	2,826,400	2,393,898
Surplus (deficiency)	(173,105)	137,894	(1,828,983)	(49,907)

(c) Community Service Obligations were paid during the reporting period to the following activities.

Activities	CSO description	Actual
Fitzroy River Water	Combined Line Charges (Operational)	53,458
	Combined Line Charges (Capital)	12,383
	Access Chambers/Manholes (Capital)	201,715
		267,556
Waste Management Services	Non Commercial Community Services	1,076,655
		1,076,655

Management Certificate

ROCKHAMPTON REGIONAL COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2010

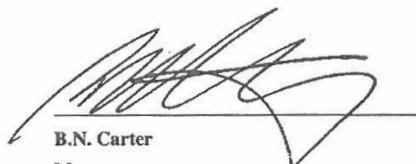
MANAGEMENT CERTIFICATE

For the year ended 30 June 2010

This general purpose financial report of the Rockhampton Regional Council has been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the standard) and other prescribed requirements.

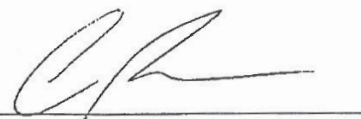
In accordance with Section 48 of the Standard we certify that:

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and
- (ii) the financial statements, as set out on pages 1 to 50, have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of Rockhampton Regional Council for the financial year 29 June 2009 to 30 June 2010 and of the financial position as at the end of that year.



B.N. Carter
Mayor
Rockhampton Regional Council

Date: 27/10/2010



E.A. Pardon
Chief Executive Officer
Rockhampton Regional Council

Date: 27/10/2010

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Rockhampton Regional Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Rockhampton Regional Council for the financial period ended 30 June 2010 included on the Rockhampton Regional Council's website. The Council is responsible for the integrity of the Rockhampton Regional Council's website. I have not been engaged to report on the integrity of the Rockhampton Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Rockhampton Regional Council, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Rockhampton Regional Council, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the *Local Government Act 1993* and *Local Government Finance Standard 2005* including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of 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 risks of material misstatement in 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 and fair presentation of the financial report 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

Independent Auditor's Report

compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies 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 only be removed 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.

Auditor's 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Rockhampton Regional Council for the financial year 29 June 2009 to 30 June 2010 and of the financial position as at the end of that period.



O C Clare FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



2010 Rockhampton Show

Information Required Under the Act

For the year ended 30 June 2010

Councillor's Remuneration

S534 (1) (f)

At an Ordinary Council Meeting on 27 January 2010 it was resolved:

That pursuant to Section 236A of the *Local Government Act 1993* Council adopts the remuneration determination of the Local Government Remuneration Tribunal for the Mayor, Deputy Mayor and Councillors at the maximum level, to be effective until 30 June 2011 or until a subsequent determination regarding remuneration is made by the Remuneration Tribunal:

Remuneration shall be paid to Rockhampton Regional Council elected members for their service as elected members, members of Council's Standing and Special Committees and office bearers of the local government. Such remuneration shall be benchmarked to the remuneration paid to members of the Queensland Legislative Assembly as follows:

Position	% of MLA	Amount
Mayor	115	\$150,120
Deputy Mayor	77.5	\$101,170
Councillor	70	\$91,380

An amalgamation allowance to fulfil the additional responsibilities and the cost of serving the electorate due to the reform process of a value specified by the Tribunal shall be paid to elected members as follows:

Position	1/01/10 – 30/6/10	01/07/10 – 31/12/10
Mayor	\$9,730 pa	\$6,490 pa
Deputy Mayor	\$6,890 pa	\$4,590 pa
Councillor	\$6,170 pa	\$4,120 pa

Councillor Remuneration and Superannuation for 2009/2010

S534 (1) (g) (i) & (ii)

Councillor	Gross Remuneration \$	Super Contributions \$
Greg Belz	95,918.98	11,468.14
Graeme Brady	95,918.98	11,468.14
Bill Ludwig	106,880.32	11,468.14
Glenda Mather	95,918.98	11,468.14
Sandra O'Brien	95,918.98	11,468.14
Cherie Rutherford	95,918.98	11,468.14
Stephen Schwarten	96,306.28	11,468.14
Brett Svendsen	96,018.98	8,645.89
Rose Swadling	109,165.17	13,053.12
Tony Williams	97,445.95	11,468.14
Brad Carter	157,174.36	18,791.59
Total	1,142,585.96	132,235.72

* Please note the Gross Remuneration includes applicable allowances.

Expenses Incurred by and Provided to Each Councillor Under the Expenses Reimbursement Policy

S534(1)(g)(ii)

Councillor	\$
Mayor, Councillor B N Carter	34,501.34
Councillor G M Mather	1,651.66
Councillor B Svendsen	11,890.33
Councillor F W Ludwig	2,853.87
Councillor S M O'Brien	12,950.13
Councillor C R Rutherford	0.00
Councillor G A Belz	10,388.33
Councillor S J Schwarten	1,547.71
Councillor A P Williams	3,132.89
Deputy Mayor, Councillor R A Swadling	10,795.38
Councillor G K Brady	9,496.71
Total	99,208.35

Information Required Under the Act

For the year ended 30 June 2010

Advisory Committee Attendance Chart 2009/10

5534(1)(h) 01 July 2009 to 30 June 2010

Councillor	Audit	Sister City
Mayor, Councillor B N Carter	3	1
Councillor G M Mather	2 (1 Apology)	-
Councillor B Svendsen	-	-
Councillor F W Ludwig	-	-
Councillor S M O'Brien	-	1
Councillor C R Rutherford	-	-
Councillor G A Belz	-	-
Councillor S J Schwarten	(1 Observer)	-
Councillor A P Williams	-	-
Deputy Mayor, Councillor R A Swadling	-	1
Councillor G K Brady	3	-
Total Meetings Held	3	1

Special Council Meeting Attendance Chart 2009/10

01 July 2009 to 30 June 2010

Councillor	Council
Mayor, Councillor B N Carter	3
Councillor G M Mather	3
Councillor B Svendsen	3
Councillor F W Ludwig	3
Councillor S M O'Brien	3
Councillor C R Rutherford	2 (1 Leave of Absence)
Councillor G A Belz	2 (1 Leave of Absence)
Councillor S J Schwarten	2 (1 Apology)
Councillor A P Williams	3
Deputy Mayor, Councillor R A Swadling	2 (1 Leave of Absence)
Councillor G K Brady	2 (1 Leave of Absence)
Total Meetings Held	3

Direct to Council Meeting Attendance Chart 2009/10

01 July 2009 to 30 June 2010

Councillor	Council
Mayor, Councillor B N Carter	19 (1 Apology) (2 Leave of Absence)
Councillor G M Mather	22
Councillor B Svendsen	21 (1 Apology)
Councillor F W Ludwig	18 (2 Apology) (2 Leave of Absence)
Councillor S M O'Brien	18 (3 Apology) (1 Leave of Absence)
Councillor C R Rutherford	20 (2 Leave of Absence)
Councillor G A Belz	17 (2 Apology) (3 Leave of Absence)
Councillor S J Schwarten	18 (3 Apology) (1 Leave of Absence)
Councillor A P Williams	21 (1 Leave of Absence)
Deputy Mayor, Councillor R A Swadling	19 (3 Apology)
Councillor G K Brady	21 (1 Apology)
Total Meetings Held	22

Alton Downs, Bouldercombe, Brookview, Frenchville, Glendon, Glendon Point, Allensbrook, Summermoor, Zilzie, Mulca, The Gardens, Gracemere, Cawarra, The Palms, Glendale, Mount Archer, The Palms, Stange, Port Curtis, Port Curtis, Lake, Glenroy, Kinka Beach, Olin, The Parkhurst, Marmor, Keppel Sands, Moong, Nerimbera, Wandal, Kalapa, Glenlee, Lake, The Depot Hill, Alton Downs, Ogmore, The Yamba, Great Keppel, Nine Mile, Mt Chalmers, Morin, Mount Morgan, Nerimbera, Upper Ullam, Emu Park, Struck O, West Rock, Stanwell, Coowonga, Baree, Park Avenue, K, Frenchville, Westwood, Yamba, Berserker, Garnant, Milman, Koongal, Ridglands, Marlborough, The Caves, South Yaamba, Great Keppel

Information Required Under the Act

For the year ended 30 June 2010

Standing Committee Attendance Chart 2009/10

01 July 2009 to 30 June 2010

Councillor	Business Enterprise	Community Development & Customer Service	Environment	Finance & Governance
Mayor, Councillor B N Carter*	6 (1 Leave of Absence)	7 (1 Apology) (1 Leave of Absence)	1 (1 Leave of Absence)	19 (2 Leave of Absence)
Councillor G M Mather	(1 Observer)	-	4	21
Councillor B Svendsen	(8 Observer)	(3 Observer)	3 (1 Apology)	19 (1 Apology) (1 Leave of Absence)
Councillor F W Ludwig	(2 Observer)	8 (2 Apology) (1 Leave of Absence)	(1 Observer)	16 (1 Apology) (4 Leave of Absence)
Councillor S M O'Brien	10 (1 Leave of Absence)	9 (1 Apology) (1 Leave of Absence)	4	17 (4 Leave of Absence)
Councillor C R Rutherford	9 (2 Leave of Absence)	9 (2 Leave of Absence)	(1 Observer)	19 (2 Leave of Absence)
Councillor G A Belz	8 (3 Leave of Absence)	-	4	21
Councillor S J Schwarten	-	8 (3 Apology)	-	15 (5 Apology) (1 Leave of Absence)
Councillor A P Williams	(5 Observer)	(1 Observer)	4	21
Deputy Mayor, Councillor R A Swadling	10 (1 Apology)	11	(1 Observer)	17 (2 Apology) (2 Leave of Absence)
Councillor G K Brady	11	-	(1 Observer)	19 (1 Apology) (1 Leave of Absence)
Total Meetings Held	11	11	4	21

* Mayor is an ex-officio member of all Committees and attendance is required where possible.

NOTE: Observers are not Committee members therefore attendance is not compulsory.

Information Required Under the Act

For the year ended 30 June 2010

Health & Regulatory Services	Infrastructure	Sports & Recreation	Strategic Planning	Water
3 (1 Apology) (1 Leave of Absence)	5 (1 Apology)	4 (3 Apology)	9 (2 Apology) (1 Leave of Absence)	7
11	11	-	20	(6 Observer)
9 (1 Apology) (1 Leave of Absence)	11	(5 Observer)	19 (1 Leave of Absence)	(7 Observer)
9 (1 Apology) (1 Leave of Absence)	6 (3 Apology) (2 Leave of Absence)	8 (1 Apology) (1 Leave of Absence)	-	(1 Observer)
(7 Observer)	(7 Observer)	(3 Observer)	16 (1 Apology) (3 Leave of Absence)	(6 Observer)
10 (1 Leave of Absence)	(2 Observer)	10	(3 Observer)	10 (2 Leave of Absence)
(5 Observer)	10 (1 Apology)	-	(1 Observer)	12
(2 Observer)	8 (3 Apology)	7 (2 Apology) (1 Leave of Absence)	-	7 (3 Apology) (2 Leave of Absence)
11	(8 Observer)	(4 Observer)	20	11 (1 Apology)
(4 Observer)	(7 Observer)	9 (1 Apology)	(4 Observer)	(4 Observer)
(8 Observer)	(7 Observer)	9 (1 Apology)	19 (1 Apology)	11 (1 Leave of Absence)
11	11	10	20	12

International Travel Statistics

LGFS s24 01 July 2009 to 30 June 2010

	Reason	Date	Amount (Ex GST)	Destination
Mayor, Councillor B N Carter	LivCom Awards	3 October 2009 - 15 October 2009	\$14,797.84	Czech Republic
Councillor G A Belz	Sister City Visit to Ibusuki	21 October 2009 - 25 October 2009	\$2,591.34	Japan
Councillor S M O'Brien	Sister City Visit to Ibusuki	21 October 2009 - 25 October 2009	\$503.71*	Japan
Tony Cullen, Executive Manager Marketing and Engagement	Sister City Visit to Ibusuki	21 October 2009 - 25 October 2009	\$981.04*	Japan
Councillor G K Brady	Waste to Energy Trade Mission	11 September 2009 - 20 September 2009	\$6,109.00	UK

* Costs incurred were expenses and accommodation only.

Information Required Under the Act

For the year ended 30 June 2010

Councillor's Code of Conduct and Complaint's Process

S534 (1) (n) LGA 1993

Annual Report Data	Total
The total number of breaches of the Local Government's Code of Conduct committed by Councillors as decided during the year.	2
The name of each Councillor decided during the year to have breached the code, a description of how the code was breached, and details of any penalty imposed on the Councillor.	<p>Complaint against Councillor Rose Swadling received November 2009. Allegations of bullying behaviour toward a number of staff.</p> <p>Council resolution 2/2/10:</p> <p>(a) Council receives the report of the Code of Conduct panel and accepts the Panel's verdict.</p> <p>(b) That in consideration of the panel's recommendations Council resolves that, in the matter of penalty, Council only adopts recommendation A and a written reprimand be issued.</p> <p>Allegations concerning the actions of Councillor Glenda Mather and others in entering upon the prison reserve at Rockhampton in June 2009 – letter of reprimand issued</p> <p>Council resolution 9/3/10:</p> <p>That Council resolves to finalise the Code of Conduct Breach investigation of Councillor Mather by noting that the Council code of conduct issue has been dealt with and a letter of reprimand recorded and that advice from the Crime and Misconduct Commission confirms that they are taking no further action in terms of a complaint from the Correctional Services Commission.</p>
The number of complaints about alleged breaches of code of conduct by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel or CEO.	2
The number of recommendations made to the Local Government by the conduct review panel during the year that were or were not adopted by Council	1
The number of complaints resolved under the Local Governments general complaints process during the year and the number of those complaints that related to an alleged breach by a Councillor of the Local Government's Code of Conduct.	0
The number of complaints made to the Ombudsman and notified to the Local Government during the year about decisions made by the Local Government in relation to enforcement of its Code of Conduct.	0*

* Please note there were a total of 80 complaints lodged with the Ombudsman for the 2009/2010 financial year.

Information Required Under the Act

For the year ended 30 June 2010

Queensland Competition Authority Investigation Notices

S534 (1) (m)

Zero investigation notices were received by Council from the Queensland Competition Authority in relation to complaints and references.

Changes to Tenders

S534 (1) (b)

The following Tenders invited all persons who have submitted a tender to change their tender to take account of a change in the tender specification.

- 1) 8154 - Rockhampton to Yeppoon Pipeline Communications Interconnection
- 2) 8488 - Design & Construction of Emu Park Sewage Treatment Plant

Resolutions During the Year in Which Council Invited Expressions of Interest

S534 (1) (c)

- 1) Expression of Interest (EOI) 7224_Sale, Lease, Management or Sub-Lease of the Gracemere Saleyards Complex:
 - EOI Resolved at Council 21st October 2008
 - Tender Resolved at Council 1st December 2009
- 2) Expressions of Interest (EOI) 8753_Use of Recycled Water in the Vicinity of South Rockhampton:
 - EOI were called on 12th May 2010
 - As at 30th June 2010 offers still being reviewed

Assessment of Performance in Implementing Corporate and Operational Plans

S533 LGA 1993

Assessment of performance of Council's Corporate and Operational Plans was done in accordance with s533 of the Local Government Act 1993.

List of Registers Open to Inspection

S534 (1) (d)

General documents held by Council and available for inspection for no fee by the public include the following:

- Minutes of Council Meetings
- Delegation Registers
- Local Laws and Subordinate Local Laws
- Staff Code of Conduct
- Councillor's Code of Conduct
- Annual Report
- Annual Financial Statements
- EEO Management Plan
- Returns of the Interests of Councillors and Designated Persons
- Road Register

- Building Register
- Town Planning and planning documents
- Register of Notices - Building
- Food Premises Register
- Food Vehicles Register
- Standing Stalls Register
- Caravan Park Register
- Flammable & Combustible Liquids Register
- EPA Summary Register
- Contaminated Land Register
- Impounded Animals Register
- Revenue Policy
- Promotional Brochure
- Community Directory
- Register of Accreditations and complaints
- Register of Regulatory Fees
- Annual Budget
- Corporate Plan & Operational Plan
- Asset Register

Area of Reserve Land

LGFS S25 (a)

Rockhampton Regional Council has control of 6598 ha area of reserve land.

Length of Roads Not Owned by Council

LGFS S25 (b)

There is a total of 3445 km not owned by Council.

Equal Employment Opportunity

S534 (1) (i)

Council has continued to adhere to the Equal Employment Opportunity Management Plan 2008 – 2010 which was approved on 8 April 2009. We have adopted various strategies and performance measures to ensure three main objectives are achieved.

Improving organisational efficiency and productivity through the selection and employment of the best and most talented people. This is continuously enforced by advertising to meet specialised EEO standards and the ongoing training of recruitment panel members to ensure EEO principles are maintained through out the entire recruitment and selection process.

Fulfilling the social justice obligations of equity and fairness. All of Council's Human Resources policies and procedures conform to EEO principles and are continually reviewed to ensure compliance. Ongoing training is provided to employees so they are aware that harassment and discriminatory behaviour is not tolerated in this organisation. All new employees are also advised of this plus they are made aware of their EEO obligations through the corporate induction before they commence employment. At the end of July 2009 all Council's managers and supervisors had taken part in corporate training, they had completed the first three modules in the Zero Tolerance training program which included training in the prevention of bullying, workplace discrimination and sexual harassment.

Information Required Under the Act

For the year ended 30 June 2010

Increasing the effectiveness of service delivery and decision making by adopting an employee profile more accurately reflecting the community profile. Human Resources on a monthly basis maintains statistics of EEO target groups throughout the organisation as highlighted below there has been an increase of employment target groups from September 2009 to June 2010.

Target group	Period	Employee Numbers
Male	September 2009	846
Female	September 2009	417
Aboriginal	September 2009	22
Torres Strait Islander	September 2009	4
South Sea Islander	September 2009	13
NESB-1	September 2009	2
NESB-2	September 2009	8
Person with a disability	September 2009	6
Male	June 2010	865
Female	June 2010	448
Aboriginal	June 2010	24
Torres Strait Islander	June 2010	4
South Sea Islander	June 2010	12

Special Rates and Charges

S534 (1) (a)

Rural Fire Services Levy

Pursuant to Section 128A of the *Fire and Rescue Service Act 1990* and Section 971 of the *Local Government Act 1993* Council make and levy a special charge for the purpose of raising revenue for each Rural Fire Brigade as set out in the table below:-

Fitzroy Group

Rural Fire Brigade	Levy 2009/2010
Alton Downs	\$ 20.00
Archer Ulam	\$ 10.00
Aricia	-
Bajool	\$ 20.00
Bouldercombe	\$ 20.00
Calioran	-
Calliungal	\$ 50.00
Dalma	\$ 10.00
Faraday	\$ 10.00
Garnant	-
Gogango	\$ 25.00
Gracemere	\$ 20.00
Kalapa	\$ 20.00

Fitzroy Group (cont)

Rural Fire Brigade	Levy 2009/2010
Marmor	\$ 30.00
Mornish	\$ 25.00
Stanwell	\$ 20.00
South Ulam	-
Westwood	\$ 20.00

Keppel Group

Rural Fire Brigade	Levy 2009/2010
Adelaide Park Road	\$ 50.00
Barmoya	-
Belmont	\$ 35.00
Bondoola	-
Bungundarra	\$ 35.00
Byfield	\$ 25.00
Canal Creek	-
Canooka	-
Cawarral	\$ 70.00
Cooberrie	-
Coowonga	\$ 25.00
Great Keppel Island	-
Hidden Valley	-
Jardine	-
Keppel Sands	-
Kunwarara	-
Marlborough	\$ 15.00
Maryvale	\$ 40.00
Mt Gardiner	-
Nankin	\$ 100.00
Nerimbera	\$ 25.00
Ogmore	-
Rossmoya	-
Stanage Bay	\$ 25.00
Stockyard Point	\$ 50.00
Tanby	\$ 50.00
The Caves	\$ 40.00
Wattlebank	-
Woodbury	-

The overall plan was to fund the provision of fire prevention and fire fighting services, facilities and activities by the rural fire brigades identified in the special charge table in the defined benefit areas.

The estimated cost of implementing the overall plan (being the cost of planned works and replacement of capital items for 2009/2010) was \$146,000.

Information Required Under the Act

For the year ended 30 June 2010

Mt Morgan Sewerage Scheme Special Charge

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special charge for the provision of reticulated sewerage to the township of Mt Morgan.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'Mt Morgan Sewerage Scheme Stage 2'.

The service facility or activity for which the special charge is made is the construction and commissioning of sewerage infrastructure. Council's overall plan was to construct and commission, by 31 July 2009, the infrastructure necessary for providing reticulated sewerage to the township of Mt Morgan.

The estimated cost of implementing the overall plan was \$950,000 (being the cost of infrastructure constructed).

The charge is expected to reimburse Council \$108,000 of the funds expended on the project. Council funded the cost of construction of the sewerage reticulation infrastructure from its own revenue sources.

The funds have been raised per Sewerage Charge Unit to date:-

2008-2009	\$ 143.00
-----------	-----------

The annual implementation plan in 2009/2010 comprises construction of a sewerage infrastructure, namely sewerage reticulation to allow the removal of waste water from each property.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan, because they will:-

- Enjoy access to an efficient convenient and healthy system for the removal and treatment of sewerage, which access to which would not have occurred if Council had not undertaken the project of constructing the sewerage reticulation infrastructure.

The charge rate for 2009/10 shall be \$143.00 per Sewerage Charge Unit.

Mt Morgan Sewerage Scheme Stage 2 – Sewerage Charge Units

Description	Units
Vacant Land	2
House/Building for Public Worship/Halls	4
1 & 2 Allotment Business	4
Ambulance, Fire Brigade & 3 and Over Allotment Business	8
Hotels	20
Preschool/Child Care Centre	26
St Mary's Village	44
John Cani Hostel & Church Complex	106
State Schools	112
Hospital	300

North West Emu Park Sewerage Benefited Area – Special Charge

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special charge for the provision of reticulated sewerage to North West Emu Park.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'North West Emu Park Sewerage Benefited Area'.

The service facility or activity for which the special charge is made is the construction and commissioning of sewerage infrastructure. Council's overall plan was to construct and commission, by 31 August 2009, the infrastructure necessary for providing reticulated sewerage to North West Emu Park.

The estimated cost of implementing the overall plan is \$2,377,000 (being the cost of infrastructure constructed).

The charge is expected to reimburse Council \$1,244,208 of the funds expended on the project. Council funded the cost of construction of the sewerage reticulation infrastructure from its own revenue sources.

This is a new charge which commenced in 2009/2010.

The annual implementation plan in 2009/2010 comprises construction of a sewerage infrastructure, namely sewerage reticulation to allow the removal of waste water from each property.

With the implementation of the North West Emu Park Sewerage Project, the Council has designated the area covered by the Project as a benefited area to enable the charging of a Special Charge to partially fund the costs of the reticulation system of the Project. Other funding will include contributions by developers of land within the benefited area.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan, because they will:-

- Enjoy access to an efficient convenient and healthy system for the removal and treatment of sewerage, which access to which would not have occurred if Council had not undertaken the project of constructing the sewerage reticulation infrastructure.

The charge shall be \$481 per annum for twenty (20) years per parcel. Alternatively, property owners could make an upfront one off payment in lieu of the annual special charge of \$4,387.

Council pursuant to section 1035A of the *Local Government Act 1993*, granted a remission of the North West Emu Park Sewerage Benefited Area – Special Charge on those assessments where the sum of \$4,387 was paid to Council by 30 November 2009.

Causeway Township Sewerage Benefited Area – Special Charge

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special charge for the provision of reticulated sewerage to Causeway Township.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'Causeway Township Sewerage Benefited Area'.

Information Required Under the Act

For the year ended 30 June 2010

The service facility or activity for which the special charge is made is the construction and commissioning of sewerage infrastructure. Council's overall plan was to construct and commission, by 31 October 2009, the infrastructure necessary for providing reticulated sewerage to Causeway Township.

The estimated cost of implementing the overall plan is \$ 850,000 (being the cost of infrastructure constructed).

The charge is expected to reimburse Council \$386,400 of the funds expended on the project. Council funded the cost of construction of the sewerage reticulation infrastructure from its own revenue sources.

This is a new charge commencing from the 1 January 2010.

The annual implementation plan in 2009/2010 comprises construction of a sewerage infrastructure, namely sewerage reticulation to allow the removal of waste water from each property.

With the implementation of the Causeway Township Sewerage Project, the Council has designated the area covered by the Project as a benefited area to enable the charging of a Special Charge to partially fund the costs of the reticulation system of the Project. Other funding will include contributions by developers of land within the benefited area.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan, because they will:-

- Enjoy access to an efficient convenient and healthy system for the removal and treatment of sewerage, which access to which would not have occurred if Council had not undertaken the project of constructing the sewerage reticulation infrastructure.

The charge shall be \$471 per annum for twenty (20) years per parcel. Alternatively, property owners can make an upfront one off payment in lieu of the annual special charge of \$4,517.

Council pursuant to section 1035A of the *Local Government Act 1993*, granted a remission of the Causeway Township Sewerage Benefited Area – Special Charge on those assessments where the sum of \$4,517 was paid to Council by 31 March 2010.

East Street Redevelopment Stage 2

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special rate to fund the second stage of the redevelopment of the East Street Mall Rockhampton.

The rateable land to which the rate applies is every parcel of rateable land within the areas separately described on a map titled 'East Street Redevelopment Stage 2 Special Rate Area'. The special rate of 1.699 cents in the dollar of unimproved valuation will be charged to all rateable land within the designated area.

The service facility or activity for which the special rate is made is for the funding of construction of improvements to the East Street Mall. The construction was completed 30 June 2004 and there are no further works to be undertaken. Council funded the construction from its own revenue sources and the special rate proceeds will reimburse the total cost of construction over 10 years commencing from 1 July 2003.

The estimated cost of implementing the overall plan is \$2,500,000 (being the cost of infrastructure constructed).

The rate is expected to raise \$97,797 of the funds expended on the project. Council funded the cost of construction of the East Street Mall Redevelopment from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from 1 July 2003.

The annual implementation plan in 2009/2010 comprises reimbursement to Council of part of the cost that it has incurred to construct the East Street Mall Redevelopment.

Council is of the opinion that the occupier of the land to be levied with the special rate has specially benefited, or will specially benefit, from the implementation of the overall plan, comprising repayment to the Council of the cost of provision of the East Street Mall Redevelopment because:-

- The occupier of the land to be levied will benefit from having access to services and facilities fronting the properties have been enhanced to a standard that significantly exceeds the normal standards. The properties have improved vehicular access, exposure to passing trade and the marketability and potential future land values are enhanced.

Bangalee Water Supply Special Charge

Pursuant to Section 971 of the *Local Government Act 1993*, Council will make and levy a special charge for the provision of reticulated potable water supply to the township/area of Bangalee.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'Bangalee Water Supply Scheme'.

The service facility or activity for which the special charge is made is for the funding of construction of water supply infrastructure. The construction was completed 30 June 2003 and there are no further works to be undertaken. Council funded the construction from its own revenue sources and the special charge proceeds will reimburse the total cost of construction over 10 years commencing from the 1 July 2003.

The estimated cost of implementing the overall plan is \$652,080 (being the cost of infrastructure constructed at \$6,270 per parcel).

The charge is expected to raise \$64,604.80 (\$ 621.20 per parcel) of the funds expended on the project. Council funded the cost of construction of the water supply infrastructure from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from the 1 July 2003.

The funds have been raised per parcel to date:-

2003-2004	\$679.00
2004-2005	\$621.20
2005-2006	\$621.20
2006-2007	\$621.20
2007-2008	\$621.20
2008-2009	\$621.20

The annual implementation plan in 2009/2010 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan,

Information Required Under the Act

For the year ended 30 June 2010

comprising repayment to Council of the cost of provision of water supply infrastructure because:-

- The occupier of the land to be levied will benefit from having access to the supply of a reliable potable water supply, which access to supply would not have occurred if Council had not spent its own funds to construct the water supply infrastructure.

Nerimbera Water Supply Special Charge A

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special charge for the provision of a reticulated potable water supply to the township of Nerimbera.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'Nerimbera Water Supply Charge A'.

The service facility or activity for which the special charge is made is for the funding of construction of water supply infrastructure. The construction was completed 31 December 2004 and there are no further works to be undertaken. Council funded the construction from its own revenue sources and the special charge proceeds will reimburse the total cost of construction over 10 years commencing from 1 January 2005.

The estimated cost of implementing the overall plan is \$442,500 (being the cost of infrastructure constructed at \$7,500 per parcel).

The charge is expected to raise \$44,250 (\$750 per parcel) of the funds expended on the project. Council funded the cost of construction of the water supply infrastructure from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from 1 January 2005.

The funds have been raised per parcel to date:-

2004-2005	\$375.00
2005-2006	\$750.00
2006-2007	\$750.00
2007-2008	\$750.00
2008-2009	\$750.00

The annual implementation plan in 2009/2010 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan, comprising repayment to Council of the cost of provision of water supply infrastructure because:-

- The occupier of the land to be levied will benefit from having access to the supply of a reliable potable water supply, which access to supply would not have occurred if Council had not spent its own funds to construct the water supply infrastructure.

An exemption from the Special Charge will apply to those lands connected prior to the commencement of this water supply scheme.

Nerimbera Water Supply Special Charge B

Pursuant to Section 971 of the *Local Government Act 1993*, Council make and levy a special charge for the provision of a reticulated potable water supply to the township of Nerimbera.

The rateable land to which the charge applies is every parcel of rateable land within the areas separately described on a map titled 'Nerimbera Water Supply Charge B'.

The service facility or activity for which the special charge is made is for the provision of water supply infrastructure. The construction was completed 31 December 2004 and there are no further works to be undertaken. Council funded the construction from its own revenue sources and the special charge proceeds will reimburse the total cost of construction over 10 years commencing from 1 January 2005.

The estimated cost of implementing the overall plan is \$12,500 (being the cost of infrastructure constructed at \$2,500 per parcel).

The charge is expected to raise \$1,250 (\$250 per parcel) of the funds expended on the project. Council funded the construction of the water supply infrastructure from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from 1 January 2005.

The funds have been raised per parcel to date:-

2004-2005	\$125.00
2005-2006	\$250.00
2006-2007	\$250.00
2007-2008	\$250.00
2008-2009	\$250.00

The annual implementation plan in 2009/2010 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

Council is of the opinion that the occupier of the land to be levied with the special charge has specially benefited, or will specially benefit, from the implementation of the overall plan, comprising repayment of the cost of provision of water supply infrastructure because:-

- The occupier of the land to be levied will benefit from having access to the supply of a reliable potable water supply, which access to supply would not have occurred if Council had not spent its own funds to construct the water supply infrastructure.

An exemption from the Special Charge will apply to those lands connected prior to the commencement of this water supply scheme.

Information Required Under the Act

For the year ended 30 June 2010

Summary of Rebates and Concessions Allowed in Relation to Rates

S534 (1) (e)

Pensioner Subsidy

Council provided a subsidy (upon the same terms and conditions as the *Queensland Government Pensioner Rate Subsidy Scheme* of 20% (to a maximum of \$200) on all rates levied in respect of each eligible property, excluding special rates/charges and rural and state fire levies/charges.

In addition a person in receipt of a Widow/ers Allowance was also entitled to a subsidy of 20% (to a maximum of \$200) on all rates levied in respect of the property the person owns and occupies, excluding special rates/charges and rural and state fire levies/charges.

Permit to Occupy – Separate Charges

Council granted a remission of all Separate Charges on 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 Separate Charges were levied.

Permit to Occupy – General Rates

Council granted a remission of up to \$600.00 in General Rates for properties on 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 General Rates were levied.

Sporting Clubs and Associations

Council granted varied levels of remissions to charitable and other Non-Profit and Charitable Community Groups, including not-for-profit Sporting Bodies, in accordance with the provisions of the Rate Remissions policy.

be borne entirely by present-day ratepayers, but be contributed to by future ratepayers who will also benefit. Whilst recognising the importance of loan borrowings, Council should not place undue reliance upon loans as a source of income.

Council will restrict all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority and which cannot be funded from revenue, as identified by the adopted budget. Under no circumstances should Council borrow funds for recurrent expenditure.

The basis for determination of the utilisation of loan funds will be as follows:

- Where a capital project for a service that is funded by utility or user charges eg water, sewer, waste, is determined to be funded by way of loans, the user charge should reflect the cost of providing the service including the loan servicing costs.
- Other specific capital projects, not funded by user charges, should only be considered for loan funding where the project is considered by Council to be of long term benefit to the majority of ratepayers.
- The term of any loan should not exceed the expected life of the asset being funded.

Five Year Loan Programme Forecast

Council utilises loan borrowings to fund major capital and infrastructure works so that repayments are spread over the years to which the Capital Works will be utilised by ratepayers. The Borrowing Policy deals with the following areas:

1. Five Year Loan Programme Forecast
2. Repayment Schedule

The following five year programme is proposed by Council, although allocations in future years are revised on an annual basis in conjunction with the review of its short and long term budgets:

Table (1) New Borrowings by Fund/Function

Project	2009/2010	
	Term (Years)	Loan
LOANS		
Water & Sewerage Projects	15	16,177,603
Waste Projects	15	8,331,641
Other Projects (General Functions)	5-15	24,698,281
TOTAL		49,207,525

Borrowings Policy

LGFS s23 (2) (a)

Policy Scope:

This Policy applies to the use of loan borrowings to fund infrastructure and other important capital projects.

Policy Purpose:

To provide Council with a contemporary Borrowings Policy that provides for responsible financial management on the loan funding of infrastructure capital projects by ensuring the level of Council indebtedness is within acceptable limits to Council, its ratepayers and interested external parties.

Policy Reference (eg Legislation, related documents):

- Local Government Act 1993, Section 519 & 525
- Local Government Finance Standard 2005, Section 8

Policy Context:

As a general principle, Council recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not

Information Required Under the Act

For the year ended 30 June 2010

Table (2) Projected Borrowings Future Budgets

Project	2010/11	2011/12	2012/13	2013/14
	Loan	Loan	Loan	Loan
New Loans	44,128,776	39,862,417	35,000,000	27,000,000

Repayment Schedule

The loan portfolio of Council is raised solely with the Queensland Treasury Corporation. The Queensland Treasury Corporation maintains Council debt as the Book Debt plus a market provision, to market value the total liability outstanding. The provision is principally a result of past movements in the Market Value of the liabilities within each Debt Pool. If the Council was to liquidate this debt it would be required to pay the Market Value of the loan portfolio.

The portfolio has been dissected so that loan borrowings in relation to Water, Sewerage and Waste Infrastructure are maintained in separate accounts to more accurately reflect the cost of the provision of this infrastructure. Council intends maintaining a repayment schedule consistent with an interest and principal repayment calculation so that the exposure to interest rate fluctuations are minimised. The Budgeted Loan Portfolio of Council for 2009/2010 is as follows:

Table (3) Budget Interest And Redemption by Fund/Function

For The Year to 30 June 2010

	A	B	C	D	E (A - C + D)
Function Description	Est Book Debt Balance 30/06/2009	QTC Admin & Interest	QTC Redemption	New Advances	Est Book Debt Balance 30/06/2010
Water & Sewerage Functions	48,303,297	3,689,668	2,680,508	16,177,603	61,800,392
Waste Functions	13,121,111	886,400	561,529	8,331,641	20,941,223
General Functions	63,308,490	3,976,050	6,476,013	24,698,281	81,480,758
Total All Funds	124,732,898	8,552,118	9,718,050	49,207,525	164,222,373

Policy Principles:

This Policy complies with all relevant legislation.

Policy Definitions:

For the purpose of this Policy the following definitions shall apply:

'CEO' shall mean the person appointed to the position of Chief Executive Officer under the Act and anyone acting in that position.

'Senior Executive Officer' shall mean General Managers and persons acting in such positions.

'Another employee' shall mean all employees of Council including Senior Executive Officers, but excluding the Chief Executive Officer.

'Council' shall mean the Rockhampton Regional Council.

'The Act' shall mean the *Local Government Act 1993* (as amended).

'The Standard' shall mean the *Local Government Finance Standard 2005* (as amended).

Policy Evaluation Process:

This Policy is reviewed when any of the following occur:

- (1) The related documents are amended or replaced.
- (2) Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this Policy is to be reviewed at intervals of no more than one year in conjunction with the budget.

Information Required Under the Act

For the year ended 30 June 2010

Expenses Reimbursement Policy

S534 (1) (ea)

Scope:

This Policy provides for:

- Payment of expenses incurred, or to be incurred, by the Councillors in the course of discharging their duties and responsibilities as Councillors; and
- The provision of facilities to the Councillors for that purpose.
- This Policy does not provide for salaries or other form of Councillor remuneration (refer *Local Government Remuneration Tribunal Report 2008*).

Purpose:

The purpose of this Policy is to:

- Ensure compliance with community expectations and statutory requirements relating to the payment or reimbursement of legitimate expenses and provision of facilities for Councillors while carrying out their duties and responsibilities as elected representatives of the Rockhampton Regional Council; and
- Ensure that all Councillors have the facilities and other support necessary to perform their civic duties.

Reference (eg Legislation, related documents):

- *Local Government Act 1993*
- Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors
- Procurement Policy and Purchasing Guidelines
- *Local Government Finance Standards 2005*
- *Income Tax Assessment Act 1997*
- Taxation Rulings issued by the Australian Taxation Office

Definitions:

To assist in interpretation, the following definitions shall apply:

'Authorising person' is the person with delegated authority to approve expenditure or reimbursement for Councillor expenses and facilities.

'Council business' means official business conducted on behalf of, and/or approved by Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. Council business should result in a benefit being achieved either for Council, the local government area or the community.

Council business includes functions that are a statutory requirement of the Councillor's role or are officially recorded in minutes or other public records. This might also include, attending an event or function to perform official duties or as an official council representative, such as:

- ceremonial openings of buildings or facilities;
- fetes and carnivals;
- annual or presentation dinners;
- public meetings;
- private meetings arranged through official council channels (i.e. documented in official records or diary) for the purpose of conducting bona fide discussions of business of council; and

- any other meeting, event or function described in section 239 of the *Local Government Act 1993* under Insurance of Councillors for example, attendance;
- at the meetings of the local government or its committees that the Councillor is entitled or asked to attend, or at which the Councillor has business for a resident of the local government's area; and
- at inspections or deputations, conferences and meetings at which the Councillor's attendance is permitted by the local government; and
- at official functions organised for the local government; and
- on residents of the area for the purpose of local government business;
- gathering of information by a Councillor necessary to inform him or her of an incident of interest to Council or which properly falls within the responsibility of Council and a Councillor.

'Councillors' include Councillors, the Mayor and Deputy Mayor.

'Civic duties' means Council business.

'Discretionary training' is any training that is not determined by Council as "mandatory".

'Expenses' refers to expenses described in the Guidelines.

'Facilities' refer to the facilities deemed necessary to assist Councillors in their role as shown in the Guidelines.

'Mandatory training' is any training that Council resolves that all Councillors must attend.

'Meal allowance' is the daily amount allowed for meals while travelling on Council business.

'Official capacity' refers to activities undertaken while on Council business.

'Public record' is any record created, received or kept in an official capacity.

'Representing Council' A Councillor is representing Council when Council resolves that the Councillor is to attend an event or function as a representative of Council.

Context:

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 1993* (LGA) and the Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors (Guidelines) issued by the Chief Executive of the Department of Local Government, Sport and Recreation.

Council is committed to ensuring that Councillors are provided with the facilities required to enable them to perform their duties. Councillors should not be financially disadvantaged when carrying out the requirements of the role of Councillor and should be fairly and reasonably compensated in accordance with statutory requirements and community expectations.

The payment and/or reimbursement of expenses and provision of facilities for Councillors:

Information Required Under the Act

For the year ended 30 June 2010

- is to be open and transparent, prudent, responsible, acceptable to the community and in accordance with statutory requirements;
- based on ensuring economy and efficiency; and
- subject to budget provisions. Council's annual report must contain the information as stipulated in the *Local Government Act*.

Spouses, partners and family members of Councillors are not entitled to reimbursement of expenses or to have access to facilities allocated to Councillors.

For details about entitlements in regard to the payment or reimbursement of Councillor expenses and the provision of facilities for Councillors, refer to Attachment A: Guidelines for Councillor Expenses and Facilities.

Failure to comply with this policy or misappropriation of expenses or facilities may be a breach of the Councillor Code of Conduct and/or an offence under the *Criminal Code 1899*.

Policy Principles:

The following four principles underpin and provide a context and framework for local governments developing their own expenses policies:

- (i) Use of public moneys in the public interest by responsible budgeting and accounting;
- (ii) Fair and reasonable allocation of Council resources (allowances, facilities and other benefits) to enable all Councillors to conduct the duties of their office;
- (iii) Transparent decision making by public disclosure of policy and resolutions; and
- (iv) Accountability for expenditure and use of facilities through full justification and acquittal.

Policy Evaluation Process:

Rockhampton Regional Council must provide for public accountability and transparency by:

- Disclosure of overseas travel details in Annual Report;
- Council reports on international travel activities;
- Resolutions made during the year authorising the payment or provision of remuneration;
- Including expenses paid or facilities provided, to Councillors or members of committees of the local government; and
- Particulars of the total remuneration paid or provided, including expenses paid or facilities provided, to each Councillor during the year and the total superannuation contributions paid for each Councillor during the year.

Evaluation Process:

This Policy is reviewed when any of the following occur:

- (i) The related information is amended or replaced.
- (ii) Other circumstances as determined from time to time by the Council.

Notwithstanding the above, this Policy is to be reviewed at intervals of no more than two years.

Summary of Expenditure

LGFS S24 (i, ii, iii)

	Total	Office of the Chief Executive Officer	Organisational Services	Infrastructure and Planning Services	Community Services	Commercial Services
Consultants	\$18,162,823	\$419,634	\$3,231,919	\$2,416,334	\$3,303,598	\$137,013
Entertainment & Hospitality	\$480,784	\$120,076	\$15,601	\$15,957	\$322,126	\$2,504
Advertising	\$882,378	\$445,416	\$5,992	\$30,229	\$318,840	\$7,131

Grants to Community Organisations

LGFS S24 (iv)

54 community organisations received a total of \$318,837.

Community Benefit Fund

LGFS S24 (i) (b) (iv)

163 community organisations received a total of \$47,049.45.

Information Required Under the Act

For the year ended 30 June 2010

Annual Statement on Operations of Commercial Business Unit

Fitzroy River Water

Nature and Scope of Activities

Fitzroy River Water is responsible for the operation and maintenance of water and sewerage assets totally approximately \$1.09 Billion (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 and the collection, treatment and discharge of treated effluent and reuse where appropriate.

Broadly, the scope of Fitzroy River Water (based upon 2009/10 year) is as follows:

Total Income	Approximately \$73M
Total Expenses	Approximately \$48.3M
Total Equity	\$630.5M
Number of staff	234 staff (full time equivalent)
Properties served – Water	38,741
Properties served – Sewerage	32,769
Water Treated	23,715 ML
Sewage Treated	8,548 ML
Barrage	1
Dams	1
Weirs	3
Off Stream Storage	1
Water Treatment Plants	3
Sewerage Treatment Plants	7
Water Mains (including common services and property services)	1,321.1km
Water Reservoirs)	37
Water Pumping Stations and Bores	60
8 Bores	
52 Water Pumping Stations	
Sewer Mains	921.6km
Sewerage Pumping Stations	104

The Caves South Yaamba Great Keppel Nine Mile Mt
Morinish Causeway Lake Glenroy Kinka Beach Olive
Lammermoor Zilzie Mulambin Beach Cooee Bay Ros
Tanby Bajool Yeppoon Nerimbera Parkhurst Marmor
Sands Moongan Norman Gardens Gracemere Cawarra
Bouldercombe Joskeleigh Walter Hall West Rocky S
Coowonga Baree Park Avenue Kabra Nerimberra Wand
Glenlee Lakes Creek Dalma Glendale Mount Archer
Rockyview Frenchville Westwood Yaamba Berserker
Milman Koongal Depot Alton Downs Ogmoo The Ra
Wycarbah Stanage Port Curtis Port Alma Stockyard
Allenstown Midgee Byfield Bushley Bangalee Pink Lilly
Yaamba Great Keppel Nine Mile Mt Chalmers Morinis
Lake Glenroy Kinka Beach Olive Estate Lammermoor
Mulambin Beach Cooee Bay Roslyn Bay Tanby Bajool
Mount Morgan Nerimbera Upper Ullam Emu Park Str
Parkhurst Marmor Keppel Sands Moongan Norman G
Gracemere Cawarral Walmul Kawana Bouldercombe
Walter Hall West Rocky Stanwell Coowonga Baree
Avenue Kabra Nerimberra Wandal Kalapa Glenlee Lake
Dalma Glendale Mount Archer Gogango Rockyview P
Westwood Yaamba Berserker Garnant Milman Koong
Marlborough Depot Hill Alton Downs
Wycarbah Stanage

