



Rockhampton
Regional Council



ROCKHAMPTON REGIONAL COUNCIL

ANNUAL REPORT

2013-14



MAYOR'S REPORT

During this financial year we have demonstrated our commitment toward building a stronger future for the Rockhampton Region, and I believe we are well on our way to achieving this outcome.

The decision for Livingstone Shire to de-amalgamate from Rockhampton Regional Council brought about many changes and we were determined to come through it stronger than before.

Difficult decisions were made and real discipline was required to get Council on track to a healthy surplus.

It's great that the community understood what we had to do and the staff who supported us during this transition were second to none.

I would like to give credit to Ross Cheesman, Manager of Corporate Services, and Alicia Cutler, Manager of Finance, for their outstanding efforts and performance during this challenging time.

We had projected a weak position but we are now in surplus with our debt decreasing as we focus on rightsizing our capital budget to take us forward.

I also give credit to the Councillors who stayed united during this difficult journey where the community is now reaping the benefits.

Early 2013 we conducted a Your Budget Your Choice engagement campaign which provided us with invaluable insight into the thoughts and expectations of our community.

We took these visions into consideration for the 2013/14 budget and aimed to reach the goals of our ratepayers while keeping their rates to a minimum.

To boost our economic health, we continued to build relationships in the resources and airlines sector and we introduced incentives and encouragements to increase growth and bring more jobs to our region.

Council also reached a significant milestone as the Gracemere Industrial Area (GIA) was given the green light in August 2013. With the amendment of the Fitzroy Shire Planning Scheme, we have now set a clear path for development and we look forward to the flow on affects from the GIA servicing the mining sector of the Bowen and Galilee basins.

It is with pleasure that I present this Annual Report; a tangible measure of the many achievements of our progressive and resilient Council.



Cr Margaret Strelow

Mayor,
Rockhampton Regional Council





CEO'S REPORT

This financial year again saw Rockhampton Regional Council go through changes and challenges, but it also brought tremendous camaraderie and showed a resilient workforce determined to deliver exceptional services to our growing community.

The de-amalgamation process was time consuming. Council employees went above and beyond as they began the challenge in mid-2013 of balancing their daily work with transitioning processes and procedures to successfully separate into two local councils.

We welcomed in 2014 and with it came great opportunities for us to start afresh and build on our reputation as a valuable, dependable and responsible organisation that helps our community every day.

As an outcome of de-amalgamation, organisational change occurred. We now have a significantly reduced, but efficient and effective organisation and the budget position is very promising as we head into a very bright and prosperous future.

However, some things were impacted, particularly on the ability to accomplish some capital projects, IT system upgrades and long term planning, which were delayed.

We're going to be extensively reviewing some of Council's services and looking at some of our long term capital works programs to see whether they meet the requirements for growth, asset requirements and financial sustainability. Pressure points within the organisation stem from our resources to deliver some of our programs and these will be addressed as we head into 2014/15.

Despite this, Council delivered considerable outcomes for the community including a \$3.8million upgrade to Norman Road, and in a time when government funding was declining, Fitzroy River Water received \$2.8 million in government grants to improve the

efficiency of the Glenmore Water Treatment Plant Highlift Pump Station.

Improvements to the Rockhampton Airport were also completed and it was exciting to deliver an upgraded facility for our growing Region that not only services our community and Central Queensland but also our military partners as well.

Our community also benefitted with outstanding customer service and programs from our highly regarded libraries, the Rockhampton Art Gallery, the Pilbeam Theatre and our many parks and recreational facilities.

I extend my sincere thanks to our enthusiastic and community-driven Councillors and to Council's dedicated staff and volunteers for another year of outstanding achievements, as we look forward to a fresh era of stability and continued success as the new Rockhampton Regional Council.



Evan Pardon
Chief Executive Officer,
Rockhampton Regional Council

HIGHLIGHTS FROM THE PAST 12 MONTHS

ROCKHAMPTON AIRPORT DEVELOPMENT COMPLETE

Works on the \$1.16 million Rockhampton Airport redevelopment project reached completion in July 2013. New facilities included the relocation and upgrade of a larger Relay News and gift store. The upgrade is a welcome addition to support the growth and vitality of one of Queensland's most important regional airports.

FINANCIAL BOOST FOR FRW

Fitzroy River Water has received \$2.8 million in government grants to complete the upgrade of the Glenmore Water Treatment Plant Highlift Pump Station to improve its energy efficiency and capacity to meet future demand. The total project cost is almost \$8 million, with the help of an additional \$800,000 awarded to Fitzroy River Water under the Local Government Grants and Subsidies Program run by the Queensland Government.

MOUNT MORGAN WATER MAIN UPGRADE

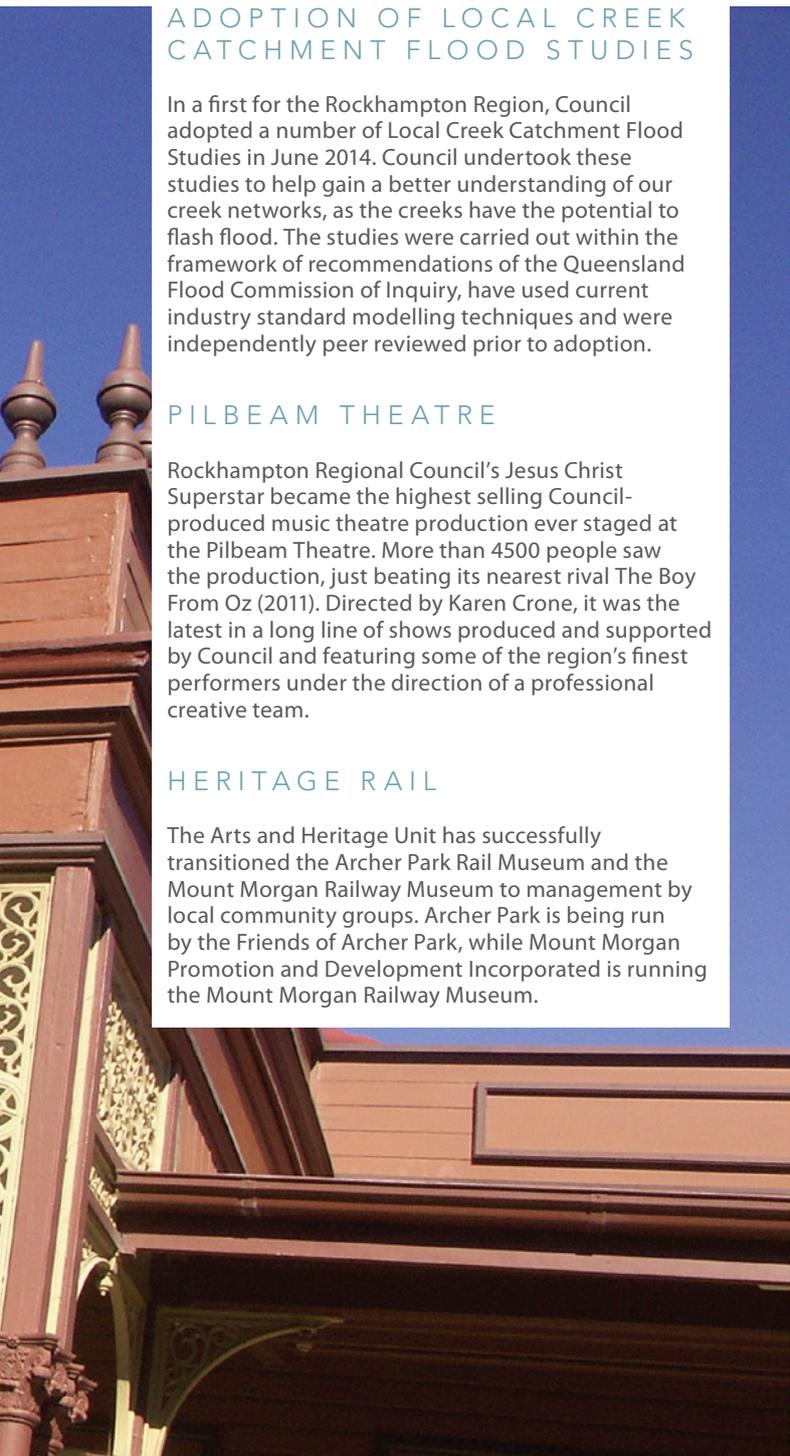
The Mount Morgan community has been one of Fitzroy River Water's main priorities with a \$507,145 water main upgrade to help deliver reliable infrastructure for current and future generations. The replacements and upgrades are part of Fitzroy River Water's ongoing works program to help improve the Region's water and sewerage infrastructure.

\$3 MILLION NORMAN ROAD UPGRADE

After 25 weeks of work, Council's infrastructure crews completed works on Norman Road, North Rockhampton in November 2013. The \$3.18 million project was to meet Urban Arterial standards to allow the roadway to cope with current and future residential needs and general commuter traffic.

FLOOD MANAGEMENT STRATEGY

The Flood Management Strategy outlines Council's integrated and holistic approach to flood risk management with Council working toward improving response times and community resilience to flooding in the future. A combination of measures will continue to be used including land use planning, building controls, flood management infrastructure, early warning systems, community awareness and fine-tuned emergency management protocols.



ADOPTION OF LOCAL CREEK CATCHMENT FLOOD STUDIES

In a first for the Rockhampton Region, Council adopted a number of Local Creek Catchment Flood Studies in June 2014. Council undertook these studies to help gain a better understanding of our creek networks, as the creeks have the potential to flash flood. The studies were carried out within the framework of recommendations of the Queensland Flood Commission of Inquiry, have used current industry standard modelling techniques and were independently peer reviewed prior to adoption.

PILBEAM THEATRE

Rockhampton Regional Council's Jesus Christ Superstar became the highest selling Council-produced music theatre production ever staged at the Pilbeam Theatre. More than 4500 people saw the production, just beating its nearest rival The Boy From Oz (2011). Directed by Karen Crone, it was the latest in a long line of shows produced and supported by Council and featuring some of the region's finest performers under the direction of a professional creative team.

HERITAGE RAIL

The Arts and Heritage Unit has successfully transitioned the Archer Park Rail Museum and the Mount Morgan Railway Museum to management by local community groups. Archer Park is being run by the Friends of Archer Park, while Mount Morgan Promotion and Development Incorporated is running the Mount Morgan Railway Museum.

ROCKHAMPTON SHOW

Rockhampton Regional Council coordinated its last Rockhampton Show in June 2014. The management of the Show was handed over to the Rockhampton Agricultural and Citizens Show Society with the signing of a Memorandum of Understanding in October 2014.

ART GALLERY: CREAM

The pick of Rockhampton's multi-million dollar art collection is now being showcased in a national touring exhibition – Cream: four decades of Australian art. The collection was conceived in 1976 when then Mayor of Rockhampton, Rex Pilbeam, devised and implemented a fundraising campaign to establish a significant art collection for the city of Rockhampton. The touring works chronicle the development of modernism in Australia from 1940 to 1980, and includes paintings, drawings and prints by artists such as John Perceval, Arthur Boyd, Charles Blackman, Sidney Nolan, Russell Drysdale, John Brack, Clifton Pugh, Sam Fulbrook, Margaret Olley, and Fred Williams. The exhibition opened at Rockhampton Art Gallery in February 2013 before commencing a two-year national tour, thanks to grants and philanthropic support totalling almost \$200,000.

COMMUNITY FINANCIAL REPORT

For the year ended 30 June 2014

The Community Financial Report provides an easy to read summary and analysis of Council's general purpose financial statements for the 2013/14 financial year.

DE-AMALGAMATION OF LIVINGSTONE SHIRE COUNCIL

The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred on 1 January 2014 as per the Local Government (De-amalgamation Implementation) Regulation 2013. Within the general purpose financial statements, the results for the Livingstone Shire Council area are shown under 'Discontinued Operations' (refer to Note 14 in the Audited Financial Statements).

SIMPLIFIED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2014

	\$M
How much council has in the bank	86.9
How much council owns	1,850.3
How much council is owed	18.4
Total Assets	1,955.6
How much council owes suppliers and employees	61.9
How much council has borrowed	157.9
Total Liabilities	219.8
Net Community Assets (Wealth)	1,735.8

The simplified balance sheet shows the value of the community's assets at the close of the 2013/14 financial year. This is calculated by Total Assets – Total Liabilities = Net Community Assets.

At the end of the 2013/14 financial year, Council held cash of approximately \$10.4 million on behalf of Livingstone Shire Council. This amount as well as accrued interest was subsequently transferred to Livingstone Shire Council on 15 August 2014.

The de-amalgamation transaction transferred \$859 million of net Assets and Liabilities to Livingstone Shire Council (refer to Note 34 in the Audited Financial Statements). The transfer of Assets and Liabilities was completed in accordance with the methodology adopted by the Transfer Committee and has been audited by delegates of the Queensland Audit Office as part of the audit of the Financial Statements.

SIMPLIFIED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	\$M
Rockhampton Regional Council (excluding Livingstone Shire Council area)	
Operational results:	
Total operating revenue	180.0
Less operating expenses:	
Employee benefits	(63.1)
Materials and services	(43.4)
Finance costs	(9.7)
Depreciation and amortisation	(43.4)
Net operational result – RRC	20.4
Other results:	
Capital grants, subsidies, contributed assets and other capital income	52.0
Less write-off of assets and other capital expenses	(9.5)
Plus increase in non-current asset values on revaluation	67.1
Less loss on restructure of local government	(859.0)
Net other results – RRC	(749.4)
Net result - RRC	(729.0)
Livingstone Shire Council (shown as discontinued operations)	
Total revenue	51.7
Less total expenses	(25.7)
Net result – LSC	26.0
Comprehensive loss for the year - decrease in Community Equity (Wealth)	(703.0)



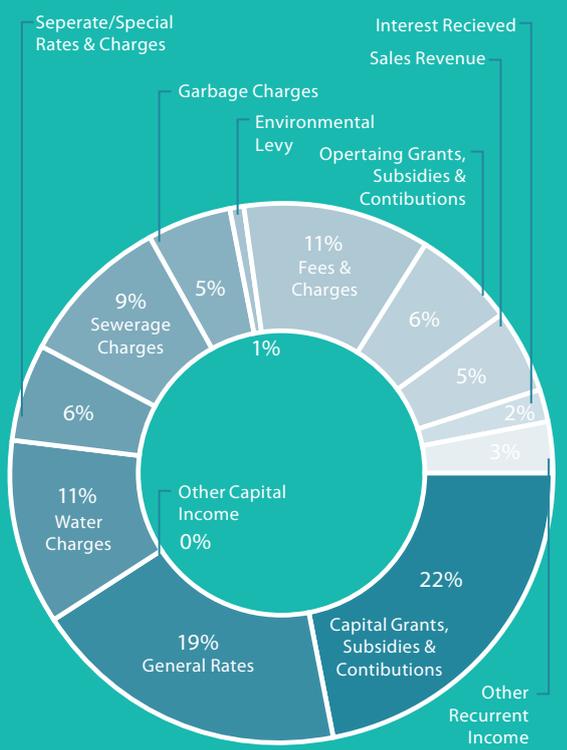
Council's net operational surplus of \$20.4 million was above the revised budget surplus of \$13.1 million. In preparing for de-amalgamation, Rockhampton Regional Council implemented measures to improve its operating position. This was achieved through a leaner organisational structure and by reviewing the way in which services are delivered. The 2014/15 operational surplus is budgeted at \$4.6 million, and will be closely monitored against the results achieved during the 2013/14 and 2014/15 years.

INCOME – WHERE OUR MONEY COMES FROM

To provide services to the community, Council must collect income. Council's total income in 2013/14 was \$231.9 million. Rates, levies and utility charges are Council's principal source of revenue and represent approximately 50% of Council's revenue in 2013/14. Council also generates income from fees and charges, undertakes recoverable works and receives funding in the form of grants and subsidies from both State and Federal Government, to help construct and maintain the extensive infrastructure assets and provide community development programs to the region.

For the 2013/14 financial year, 22% of Council's total income was comprised of capital grants, subsidies and contributions. This 'income' was mainly non-monetary in the form of contributed infrastructure assets from new land subdivisions.

INCOME BY CATEGORY 2013/14



EXPENSES – WHERE OUR MONEY IS SPENT

Council's operational and capital expenses as per the Statement of Comprehensive Income totalled \$169 million for the 2013/14 financial year. The three largest items of Council's expenditure are employee benefits (37%), materials and services (26%), and depreciation and amortisation (26%). Council's expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and reviewed throughout the year to ensure that funds are utilised efficiently.

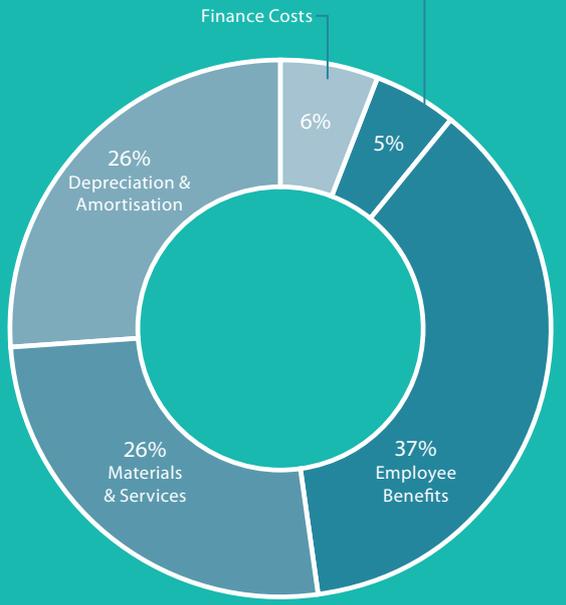
Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor for the future of the Rockhampton Region in respect of developments, so that our lifestyle is maintained and improved.

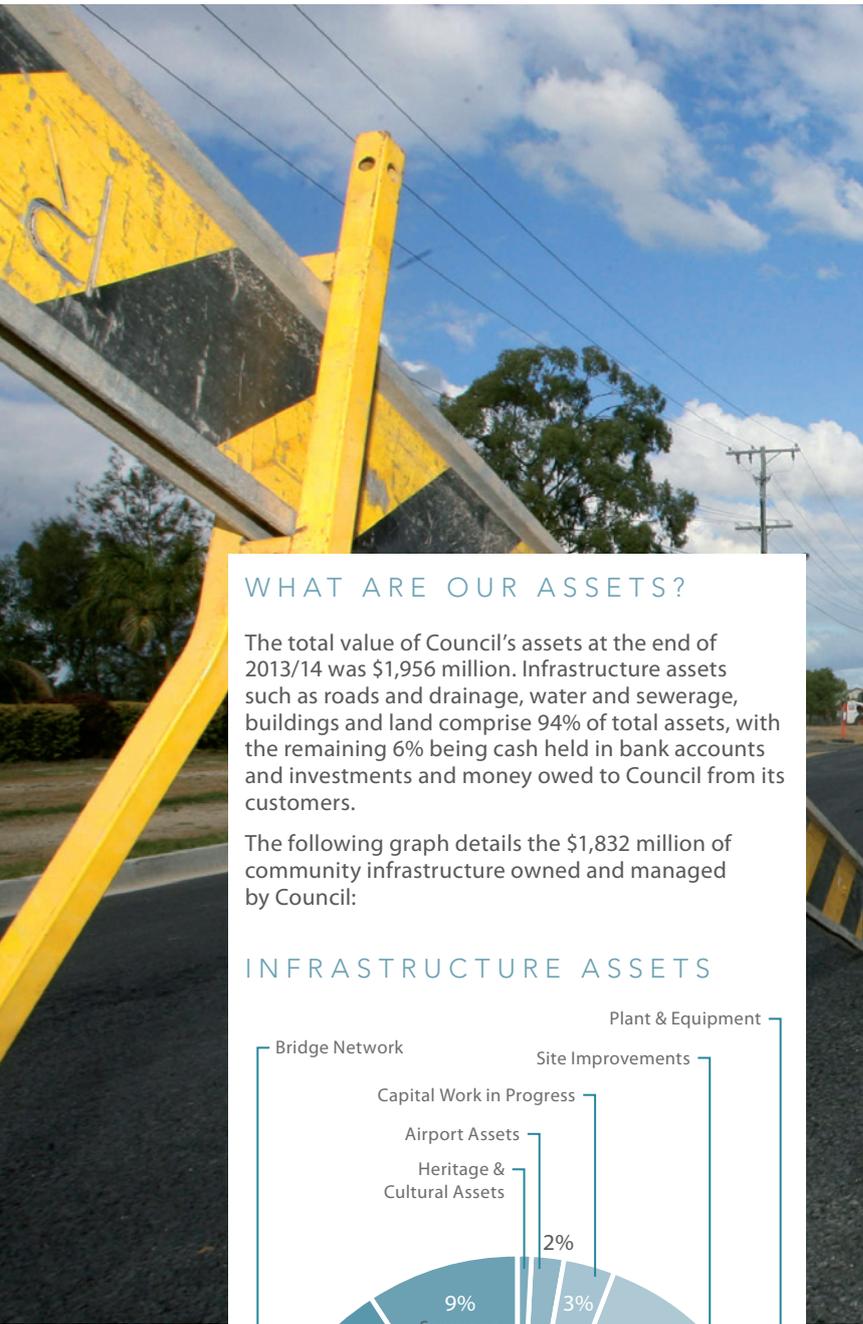
Council spends considerable funds on materials and services to operate effectively. In accordance with Council's Purchasing Policy, we give some preference to local businesses when work is tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense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

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

In comparing the total expenditure of Council from this year to last, it can be seen that total expenditure is approximately \$4 million less than last financial year. Council is constantly striving to identify efficiencies and ensure value for money.

EXPENDITURE BY CATEGORY 2013/14



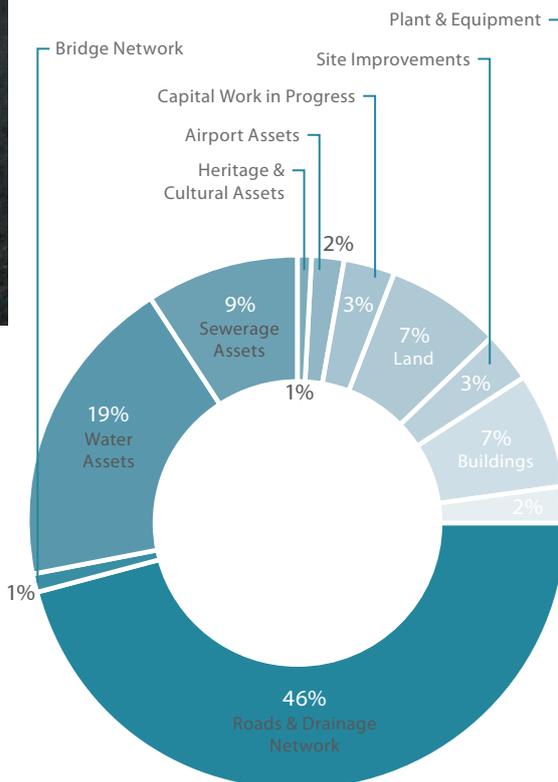


WHAT ARE OUR ASSETS?

The total value of Council's assets at the end of 2013/14 was \$1,956 million. Infrastructure assets such as roads and drainage, water and sewerage, buildings and land comprise 94% of total assets, with the remaining 6% being cash held in bank accounts and investments and money owed to Council from its customers.

The following graph details the \$1,832 million of community infrastructure owned and managed by Council:

INFRASTRUCTURE ASSETS



INVESTMENT IN INFRASTRUCTURE - CAPITAL WORKS

The capital works program for the 2013/14 year totalled approximately \$86.3 million including works completed in the Livingstone Shire Council area for the period from July to December 2013. This expenditure represents a commitment to sound asset management practices by directing funding towards new assets and the renewal of existing assets.

Significant projects undertaken in 2013/14 were:

- Completion of Stage 2 - 2nd World War Memorial Aquatic Centre (new grandstand and shade structures)
- Continued work on Stage 3 at the 2nd World War Memorial Aquatic Centre which includes a 25m heated pool, learn to swim pool and new entry building to house amenities
- Reseal and rehabilitation program to road and drainage network
- Repairs to road infrastructure from Oswald Flood Event in January 2013
- Replacement and upgrade program of the region's water and sewerage mains
- Upgrades to the Glenmore Water Treatment Plant
- Lakes Creek Landfill Transfer Station - Stage 3
- Airport runway lighting upgrades

WHAT DO WE OWE?

Liabilities are amounts that Council owes to others totalling approximately \$219.8 million at 30 June 2014. Council's liabilities comprise loan borrowings, amounts owing to suppliers for goods and services, amounts owing to employees for leave entitlements, carbon tax, and obligations to rehabilitate quarries and landfills.

Council's borrowings at the end of 2013/14 totalled \$157.9 million, some \$2.7 million less than at 30 June 2013. The level of Council's debt is regularly reviewed as a component of the Long Term Financial Forecast. Council is committed to undertake a responsible borrowing program to fund new major assets to service the community's needs.

Interest expense on loans totalled 5.0% of total operating income, which is within the sustainable range provided by the Department of Local Government. In the Long Term Financial Forecast this indicator improves over time.

FINANCIAL SUSTAINABILITY RATIOS

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

There are three measure of financial sustainability specified in the Local Government Regulation 2012. These have been calculated for the 2013/14 year and are shown below together with projected ratios as per Council's adopted Long Term Financial Forecast.



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

This ratio indicates the relationship between Council’s operational result and total operating income, expressed as a percentage. It is an indication of Council’s ability to fund its day-to-day operations. A result of up to 10% means that surplus income is available after Council has paid for the cost of delivering all its services to the community. Council’s ratio of 11.4% for 2013/14 indicates that Council had a strong operational result for the year.

Council’s long-term financial forecast shows the ratio moving back into the target range from 2014/15.

OPERATING SURPLUS RATIO



ASSET SUSTAINABILITY RATIO – TARGET BENCHMARK GREATER THAN 90%

This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council’s asset management plans continue to place emphasis on renewal works and at each annual budget Council has to determine an appropriate balance between renewal projects as well as meet the requirements for our growing community. In the 2013/14 year, more expenditure was invested into growth capital expenditure which resulted in the ratio falling below target for the year. The forward ratios are well above the target range demonstrating commitment to the long term management of current infrastructure assets.

ASSET SUSTAINABILITY RATIO



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

This ratio indicates the extent to which Council’s debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Whilst the short to medium forecast period is not within the target ratio, it is managed and controlled to move within the target benchmark range within the forecast period.

NET FINANCIAL LIABILITIES / REVENUE RATIO



LOOKING TO THE FUTURE

The Rockhampton Regional Council has worked through the challenges of the de-amalgamation process and remains in a solid financial position with a bright future.

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 \$	Restated 2013 \$
Continuing operations			
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	116,994,729	103,038,704
Fees and charges	3(b)	25,510,203	23,950,058
Interest received	3(c)	3,671,158	3,094,137
Sales revenue	3(d)	12,201,532	11,615,571
Other recurrent income	3(e)	7,129,349	7,114,184
Grants, subsidies and contributions	4(a)	14,476,055	12,688,322
		179,983,026	161,500,976
Capital revenue			
Grants, subsidies and contributions	4(b)	51,762,850	36,551,652
Total revenue		231,745,876	198,052,628
Capital income	5	187,437	1,023,676
Total income from continuing operations		231,933,313	199,076,304
Expenses			
Recurrent expenses			
Employee benefits	7	(63,056,569)	(68,193,257)
Materials and services	8	(43,393,227)	(45,907,645)
Finance costs	9	(9,653,666)	(9,095,658)
Depreciation and amortisation	10	(43,430,070)	(41,602,036)
		(159,533,532)	(164,798,596)
Capital expenses	11	(9,464,289)	(8,333,357)
Loss on restructure of local government		(859,080,932)	-
Total expenses from continuing operations		(1,028,078,753)	(173,131,953)
Surplus/(deficit) for the year from continuing operations		(796,145,440)	25,944,351
Discontinued operations			
Surplus/(deficit) for the year from discontinued operations	14	25,997,851	(2,153,663)
Net result attributable to Council		(770,147,589)	23,790,688
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	28	67,139,608	(14,069,394)
Total other comprehensive income for the year		67,139,608	(14,069,394)
Total comprehensive income for the year		(703,007,981)	9,721,294

Council has made a retrospective restatement as a consequence of correction of prior period error(s) and therefore, in accordance with AASB 101 has presented restated comparative information in the prior reporting period. Details are disclosed in Note 38 and 14.

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 \$	Restated 2013 \$
Current assets			
Cash and cash equivalents	15	29,899,637	14,665,355
Investments	16	57,000,000	59,000,000
Trade and other receivables	17	18,407,067	15,970,194
Inventories	18	1,730,165	1,459,135
		107,036,869	91,094,684
Assets classified as held for sale and transfer	19	14,100,261	940,828,495
Total current assets		121,137,130	1,031,923,179
Non-current assets			
Property, plant and equipment	20	1,832,457,658	1,712,598,678
Intangible assets	22	2,048,277	1,970,531
Total non-current assets		1,834,505,935	1,714,569,209
TOTAL ASSETS		1,955,643,065	2,746,492,388
Current liabilities			
Trade and other payables	23	33,556,769	16,949,389
Provisions	24	12,167,403	12,209,197
Borrowings	25	14,407,449	13,267,455
Other liabilities	26	533,319	317,378
		60,664,940	42,743,419
Liabilities directly associated with assets classified as held for sale and transfer	19	-	101,669,972
Total current liabilities		60,664,940	144,413,391
Non-current liabilities			
Provisions	24	13,153,563	14,659,220
Borrowings	25	143,495,888	147,334,972
Other liabilities	26	2,472,710	1,220,860
Total non-current liabilities		159,122,161	163,215,052
TOTAL LIABILITIES		219,787,101	307,628,443
NET COMMUNITY ASSETS		1,735,855,964	2,438,863,945
Community equity			
Retained surplus	27	1,221,687,076	1,963,537,727
Asset revaluation surplus	28	457,465,006	390,325,398
Other reserves	29	56,703,882	85,000,820
TOTAL COMMUNITY EQUITY		1,735,855,964	2,438,863,945

Council has made a retrospective restatement as a consequence of correction of prior period error(s) and therefore, in accordance with AASB 101 has presented restated comparative information in the prior reporting period. Details are disclosed in Note 38 and 19.

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Total		Retained Surplus/ (Deficiency)		Asset revaluation surplus		Other reserves	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of year	2,438,863,945	2,425,890,446	1,963,537,727	1,952,178,181	390,325,398	398,495,279	85,000,820	75,216,986
Adjustment to opening balance	-	3,252,205	-	(2,647,308)	-	5,899,513	-	-
Restated balances	2,438,863,945	2,429,142,651	1,963,537,727	1,949,530,873	390,325,398	404,394,792	85,000,820	75,216,986
Other comprehensive income for the year	(770,147,589)	23,790,688	(770,147,589)	23,790,688	-	-	-	-
Adjustment to asset revaluation surplus:								
Property, plant & equipment	67,139,608	(14,069,394)	-	-	67,139,608	(14,069,394)	-	-
Total comprehensive income for year	(703,007,981)	9,721,294	(770,147,589)	23,790,688	67,139,608	(14,069,394)	-	-
Transfers to and from reserves								
Transfers from general reserves	-	-	58,163,753	31,065,105	-	-	(58,163,753)	(31,065,105)
Transfers to general reserves	-	-	(29,866,815)	(40,848,939)	-	-	29,866,815	40,848,939
Total transfers to and from reserves	-	-	28,296,938	(9,783,834)	-	-	(28,296,938)	9,783,834
Balance at end of year	1,735,855,964	2,438,863,945	1,221,687,076	1,963,537,727	457,465,006	390,325,398	56,703,882	85,000,820

Council has made a retrospective restatement as a consequence of correction of prior period error(s) and therefore, in accordance with AASB 101 has presented restated comparative information in the prior reporting period. Details are disclosed in Note 38.

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	2014	Restated 2013
Note	\$	\$
Cash flows from operating activities		
Rates, levies and charges	141,850,260	152,614,656
Fees and charges	28,378,088	29,348,318
Grants, subsidies and contributions	15,750,053	17,349,645
Interest received	4,819,030	5,829,437
Other income	21,000,424	22,265,444
Net GST paid	191,442	420,066
Payments to suppliers	(49,626,140)	(63,773,389)
Payments to employees	(75,939,211)	(92,169,777)
Interest expense	(11,318,546)	(12,733,551)
Net cash inflow from operating activities	75,105,400	59,150,849
Cash flows from investing activities		
Government subsidies and grants	16,040,634	8,407,985
Capital contributions	10,417,141	6,969,914
Payments for property, plant and equipment	(86,554,353)	(80,199,169)
Payments for intangible assets	(644,590)	(1,089,821)
Net transfer from/(to) cash investments	35,000,000	(56,000,000)
Proceeds from sale of property plant and equipment	1,875,404	2,435,925
Transfer on restructure of local government	34 (33,003,070)	-
Net cash outflow from investing activities	(56,868,834)	(119,475,166)
Cash flows from financing activities		
Proceeds from borrowings	10,306,321	38,400,000
Repayment of borrowings	(16,159,797)	(18,469,477)
Net cash (outflow)/inflow from financing activities	(5,853,476)	19,930,523
Net increase/(decrease) in cash and cash equivalents held	12,383,090	(40,393,794)
Cash at beginning of reporting year	27,897,808	68,291,602
Cash at end of reporting year	15 40,280,898	27,897,808

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the 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 the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.3 Constitution

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

1.4 Date of authorisation

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

1.5 Currency

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

1.6 Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards* arising from AASB 13 for the first time this year has resulted in greater disclosures.

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

Effective for annual report periods beginning on or after:

AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2017
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2014
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2014
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2014
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards</i> arising from AASB 9 (December 2009)	1 January 2015

AASB 2010-7 <i>Amendments to Australian Accounting Standards</i> arising from AASB 9 (December 2010)	1 January 2015
AASB 2011-7 <i>Amendments to Australian Accounting Standards</i> arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]	1 January 2014
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i> [AASB 139]	1 January 2014
AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i> [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 <i>Amendments to AASB 136</i> arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-7 <i>Amendments to AASB 1038</i> arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	1 January 2014
AASB 2013-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column
Interpretation 21 Levies	1 January 2014

AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Consolidation Standards

The following accounting standards apply to Council from reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities*

These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

AASB 12 contains the disclosure requirements for interests in other entities including unconsolidated structured entities. While the Council is yet to complete a review of disclosure, no significant changes are anticipated, based on those presently made.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

1.7 Critical accounting judgements and key sources of estimation uncertainty

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

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

- Discontinued operations - Note 1.15 and Note 14
- Assets classified as held for sale - Note 1.17 and Note 19
- Valuation of property, plant and equipment - Note 1.19(c) and Note 20
- Impairment of property, plant and equipment - Note 1.21 and Note 20
- Provisions - Note 1.24 (e), Note 1.26 and Note 24
- Contingencies - Note 31 and Note 36
- Capital Income - Note 5
- Capital Expenses - Note 11

1.8 Reporting entities

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

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

The Rockhampton Art Gallery Trust

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

The results for the 2013/14 financial year are as follows:

Art Gallery	2014 \$	2013 \$
Receipts	51,290	28,695
Disbursements	(48,433)	(55,345)
Net Surplus/Deficit	2,857	(26,650)
Assets	68,712	65,854
Liabilities	-	-
Net Assets	68,712	65,854

1.9 Revenue

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

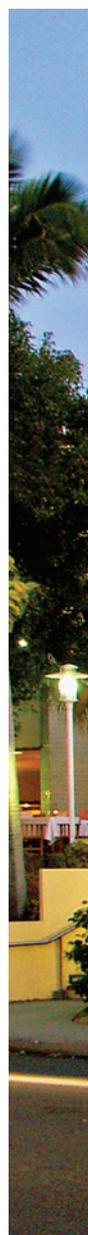
(a) Rates, levies and charges

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

(b) Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital 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.

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

(d) Cash Contributions

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

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

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

(e) Interest received

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

(f) Sales revenue

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

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

(g) Fees and charges

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

(h) Other recurrent income

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

1.10 Financial assets and financial liabilities

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

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

Financial assets

Cash and cash equivalents (Note 1.11)

Investments (Note 1.12)

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

Financial liabilities

Payables - measured at amortised cost (Note 1.23)

Borrowings and borrowing costs - measured at amortised cost (Note 1.25)

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

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 39.

1.11 Cash and cash equivalents

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

1.12 Investments

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

1.13 Trade and other receivables

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

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

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

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

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

1.14 Inventories

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

Inventories held for distribution (internal consumption) are:

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

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

1.15 Discontinued operations

The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the Local Government (De-amalgamation Implementation) Regulation 2013. In line with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* the revenue and expense of the discontinued operations have been separated. Note 14 supplies a summary of the operational results of the discontinued operations and Note 34 supplies a summary of the assets and liabilities in the disposal which have been recorded in accordance with AASB 3 *Business Combinations*.

1.16 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.

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

1.17 Other assets classified as held for sale

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

When the above commitment to a sale or disposal process exists, all appropriate assets and liabilities are classified as held for sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Details of land held for sale can be found in Note 19.

1.18 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance sheet date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

1.19 Property, plant and equipment

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

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

- Land
- Site Improvements
- Buildings
- Plant and Equipment
- Infrastructure Assets:
 - Road and Drainage Network
 - Bridge Network
 - Water Assets
 - Sewerage Assets
- Airport Assets
- Heritage and Cultural Assets
- Work in Progress

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

(a) Acquisition of assets

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

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

(b) Capital and operating expenditure

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.

(c) Valuation

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

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

In the intervening years, Council uses mostly internal resources to assess the condition and cost assumptions associated with all property, plant and equipment assets, measured on the revaluation basis, the results of which are considered in combination with the Australian Bureau of Statistics Indexes for Queensland, and other measures deemed suitable. For the 2013/14 year management has engaged independent, professionally qualified valuers to determine suitable indices for the buildings, airport, bridge and heritage and cultural asset classes. Together these are used to form the basis of a management valuation for property, plant and equipment asset classes, measured on the revaluation basis, in each of the intervening years.

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

- Buildings - Index Number ; 30 Building construction Queensland ;
- Water and Sewerage - Index Number ; 3020 Non-residential building construction Queensland ;
- Road and Drainage Network, Bridge Network and Airport - Index Number ; 3101 Road and bridge construction Queensland ; and
- Site Improvements used the combination of indices above.

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

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

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

(d) Capital work in progress

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

(e) Depreciation

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

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

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of Councils asset management processes, for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 20.

(f) Land under roads

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

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

1.20 Intangible assets

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

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

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

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

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 22.

1.21 Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

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

1.22 Leases

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

(a) Operating leases

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

1.23 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.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

1.24 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months or that Council does not have an unconditional right to defer settlement of the liability for at least 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current. Council has adopted the changes in AASB 119 *Employee Benefits* during the 2013/14 year. This standard is effective for periods commencing on or after 1 January 2013. The transitional provisions of this standard require restatement of the earliest prior period. Council has assessed the impact of these changes on the prior financial year and adjusted the classification of leave provisions; but determined that as the changes are not material, no restatement to the total amounts will be made.

(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 reported in Note 23 as a payable.

(b) Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 23 as a payable.

(c) Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 23 as a payable.

(d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 32.

(e) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The

estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 24 as a provision.

1.25 Borrowings and borrowing costs

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

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

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

Borrowings are classified as current liabilities except for the principal amount that is due and payable, under the contractual terms of the loan agreement, 12 months after the end of the reporting period. This amount is classified as a non-current amount. Further details are provided in Note 25.

1.26 Restoration provision

A provision is made for the cost of restoration of landfill facilities and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. Further details can be found in Note 24.

Landfill restoration

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

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

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

Quarry rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur on an ongoing basis.

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

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

1.27 Asset revaluation surplus

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

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

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

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

1.28 Reserves held for future capital expenditure

These are cash backed reserves and represent funds that are accumulated within the 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) Unspent grants reserve

This reserve is credited with all grants and subsidies 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 for which the grant was received.

(b) Constrained grants and contributions reserve

This reserve is credited with all 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.

(c) Airport development reserve

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

(d) Capital works reserve

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

(e) Plant reserve

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

(f) Water reserve

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

(g) Sewerage reserve

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

(h) Waste management reserve

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

(i) Year-end uncompleted works reserve

This reserve was created to assist with the management of the transition of uncompleted works between financial years in a transparent and timely manner.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

1.29 Reserves held for funding future recurrent expenditure

These are cash backed reserves and represent funds that are accumulated within the 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.

(b) Asset maintenance reserve

This reserve was created to meet unexpected asset maintenance expenditure.

1.30 Retained surplus

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

1.31 National competition policy

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 40.

1.32 Rounding and comparatives

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

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

1.33 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 the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 33.

1.34 Carbon pricing

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

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

1.35 Taxation

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

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



2 ANALYSIS OF RESULTS BY FUNCTION

(a) Components of Council functions

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

Resourcing

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

Office of CEO

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

Infrastructure Services

Includes roadworks, street lighting, stormwater drainage, recoverable works, depot and workshop operations, engineering administration and engineering planning. Also includes development assessment, development compliance and strategic planning.

Corporate Services

Includes communication and information technology, administration services, financial services, workforce and strategy, asset management, rationalisation and realisation of land and building assets, organisational development services and fleet and plant services. Also includes the lease of caravan parks and Gracemere saleyards.

Community Services

Includes libraries, art services, theatre and venue management, heritage preservation, child care, aged services, and community assistance. Management, maintenance and operation of Council facilities, reserves and parks. Maintenance and beautification of entrances into the region and road reserves where these are Council controlled. Local law enforcement (dog registration and regulation of parking) within Council boundaries. Manages operations of public health, environmental health, health planning and natural resource management.

Airports

Encompasses Rockhampton Airport operations.

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. Includes provision of water and sewerage services to the residents of Rockhampton Regional Council 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.



NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

2 ANALYSIS OF RESULTS BY FUNCTION (CONTINUED)

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

Functions	Income		Total Income	Total Expenses	Net Result	Assets
	Recurring					
	Grants	Other				
	2014	2014	2014	2014	2014	2014
	\$	\$	\$	\$	\$	\$
Resourcing	3,258,489	74,192,294	77,450,783	830,877,710	(753,426,927)	225,386,070
Office of CEO	-	34,721	34,721	5,511,110	(5,476,389)	31,606
Infrastructure Services	17,403,907	53,617,679	71,021,586	59,198,406	11,823,180	878,491,126
Corporate Services	915,189	3,005,242	3,920,431	16,886,747	(12,966,316)	42,758,454
Community Services	6,821,104	8,646,203	15,467,307	52,411,266	(36,943,959)	169,188,370
Airports	25,976	13,991,295	14,017,271	13,665,344	351,927	79,227,199
Waste & Recycling	539,745	16,774,304	17,314,049	18,368,392	(1,054,343)	29,994,561
Fitzroy River Water	2,529,528	81,917,419	84,446,947	56,901,709	27,545,238	530,565,679
Total	31,493,938	252,179,157	283,673,095	1,053,820,684	(770,147,589)	1,955,643,065

The analysis of results by function for the current year reflects the restructure of local government. This loss on restructure is included in the total expenses for Resourcing. This note should be read in conjunction with Note 14, Note 19 and Note 34.

Prior Year

Functions	Restated Income		Restated Total Income	Restated Total Expenses	Restated Net Result	Restated Assets
	Recurring					
	Grants	Other				
	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	\$
Resourcing	8,262,488	79,526,574	87,789,062	(29,198,303)	116,987,365	268,424,824
Office of CEO	-	5,869,186	5,869,186	17,334,162	(11,464,976)	11,112
Infrastructure Services	11,859,685	37,722,886	49,582,571	78,659,268	(29,076,697)	1,403,206,267
Corporate Services	627,275	2,684,867	3,312,142	21,636,985	(18,324,844)	55,904,570
Community Services	4,309,078	8,592,993	12,902,071	56,286,237	(43,384,167)	192,430,531
Airports	48,000	12,908,779	12,956,779	12,924,086	32,693	78,023,453
Waste & Recycling	-	21,538,697	21,538,697	20,639,805	898,892	24,853,150
Fitzroy River Water	172,662	76,114,397	76,287,059	68,164,637	8,122,422	723,638,481
Total	25,279,188	244,958,379	270,237,567	246,446,877	23,790,688	2,746,492,388

The amounts for the prior year analysis of results by function, were maintained for the total Rockhampton Regional Council in the prior year, ie. with the inclusion of the amounts relating to the de-amalgamating Livingstone region, as this was deemed to give the most informative position for Rockhampton Regional Council for the comparative years. This note should be read in conjunction with Note 14 and Note 19.

3 REVENUE ANALYSIS

	Note	\$ 2014	Restated \$ 2013
(a) Rates, levies and charges			
General rates		47,296,140	40,698,980
Separate rates		16,021,095	14,595,592
Special rates		109,701	214,390
Water		27,475,150	23,637,384
Sewerage		23,681,427	21,500,339
Garbage charges		13,667,728	12,208,168
Rates and utility charge revenue		128,251,241	112,854,853
Less: Discounts		(9,809,308)	(8,695,423)
Less: Pensioner remissions		(1,447,204)	(1,120,726)
Net rates and utility charges		116,994,729	103,038,704
(b) Fees and charges			
Airport fees		10,183,557	9,043,264
Waste and recycling fees		4,723,052	4,602,613
Venues, events, tourism and cultural fees		3,612,948	2,987,565
Building, plumbing and development fees		3,248,618	3,888,374
Local laws and health licencing fees		1,071,971	898,109
Irrigator and commercial water fees		1,549,947	1,560,020
Other fees		1,120,110	970,113
		25,510,203	23,950,058
(c) Interest received			
Investments		3,229,240	2,628,905
Overdue rates and utility charges		441,918	465,232
		3,671,158	3,094,137
(d) Sales revenue			
Recoverable and private works		12,201,532	11,615,571
		12,201,532	11,615,571
<p>The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.</p> <p>The contract work carried out is not subject to retentions.</p>			
(e) Other recurrent income			
Rental / lease income		2,963,257	3,766,098
Commission and collection fees		1,920,670	370,320
Other income		2,245,422	2,977,766
		7,129,349	7,114,184

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

4 GRANTS, SUBSIDIES AND CONTRIBUTIONS

	Note	\$ 2014	Restated \$ 2013
(a) Recurrent - grants, subsidies and contributions are analysed as follows:			
General purpose grants		2,743,390	6,533,263
Government subsidies and grants		11,454,479	5,817,757
Contributions		278,186	337,302
Total recurrent revenue		14,476,055	12,688,322
(b) Capital - grants, subsidies, and contributions are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		12,957,824	6,353,595
Contributions		4,950,369	4,695,157
		17,908,193	11,048,752
(ii) Non-monetary revenue received is analysed as follows:			
Developer assets contributed by developers at fair value		23,867,849	24,793,945
Other physical assets contributed at fair value		9,986,808	708,955
	20	33,854,657	25,502,900
Total Capital Revenue		51,762,850	36,551,652
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:			
Non-reciprocal grants for expenditure on recurrent Government subsidies and grants		1,049,775	210,128
Non-reciprocal grants for expenditure on capital Government subsidies and grants		82,222	32,735
		1,131,997	242,863

5 CAPITAL INCOME

Gain on the disposal of non-current assets	6	187,437	-
Gain from assets not previously recognised	20	-	452,966
Quarry rehabilitation - change from revision of future restoration expenditure	24	-	66,971
Quarry rehabilitation - reduction in rehabilitation provision for future costs, due to a change in discount rate	24	-	23,185
Landfill restoration - change from revision of future restoration expenditure	24	-	170,948
Landfill restoration - reduction in rehabilitation provision for future costs, on land not controlled by Council, due to a change in discount rate	24	-	309,606
Total capital income		187,437	1,023,676

6 GAIN ON THE DISPOSAL OF NON-CURRENT ASSETS

	Note	\$ 2014	Restated \$ 2013
(a) Proceeds from disposal of land		541,989	-
Less: Book value of land disposed		(195,769)	-
		346,220	-
(b) Proceeds from disposal of plant and equipment		1,126,810	-
Less: Book value of plant and equipment disposed		(1,335,827)	-
		(209,017)	-
(c) Proceeds from disposal of site improvements		120,565	-
Less: Book value of site improvements disposed		(70,331)	-
		50,234	-
			-
Total gain on the disposal of non-current assets		187,437	-

7 EMPLOYEE BENEFITS

Total staff wages and salaries	56,425,284	58,299,658
Councillors' remuneration	1,015,410	1,107,197
Annual, sick and long service leave entitlements	7,376,533	8,145,566
Superannuation	6,754,242	7,218,355
	71,571,469	74,770,776
Other employee related expenses	2,407,134	2,986,085
	73,978,603	77,756,861
Less: Capitalised employee expenses	(10,922,034)	(9,563,604)
	63,056,569	68,193,257
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.		
Total Council employees at the reporting date:		
Elected members	8	11
Administration staff	459	668
Depot and outdoors staff	349	515
Total full time equivalent employees	816	1,194

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

8 MATERIALS AND SERVICES

	Note	\$ 2014	Restated \$ 2013
Audit of annual financial statements by the Auditor-General of Queensland		218,962	208,978
Advertising and marketing		696,452	609,905
Administration supplies and consumables		896,722	829,582
Communications and IT		2,561,293	1,828,086
Consultants		2,932,570	2,330,251
Contractors		6,449,452	7,518,320
Donations paid		1,126,166	1,494,845
Insurance		1,890,359	1,717,451
Electricity		6,156,652	5,555,896
Repairs and maintenance		19,170,827	22,909,570
Rentals - operating leases		250,777	139,873
Other materials and services		1,042,995	764,888
		43,393,227	45,907,645

9 FINANCE COSTS

Finance costs charged by the Queensland Treasury Corporation		9,002,213	8,432,480
Bank charges		385,193	279,351
Impairment of receivables		115,617	265,036
Quarry rehabilitation - change in present value over time	24	24,845	13,689
Landfill sites - change in present value over time	24	125,798	105,102
		9,653,666	9,095,658

10 DEPRECIATION AND AMORTISATION

(a) Depreciation of non-current assets			
Site improvements		2,868,291	1,730,734
Buildings		5,957,811	5,895,165
Heritage and Cultural assets		156,533	-
Plant and equipment		5,472,810	5,944,424
Road and drainage network		15,393,920	15,035,957
Bridge network		410,360	414,984
Water		5,643,705	5,125,699
Sewerage		5,412,311	5,333,815
Airport		1,376,417	1,580,528
Total depreciation of non-current assets	20	42,692,158	41,061,306
(b) Amortisation of intangible assets			
Computer software		737,912	540,730
Total amortisation of intangible assets	22	737,912	540,730
Total depreciation and amortisation		43,430,070	41,602,036

11 CAPITAL EXPENSES

	Note	\$ 2014	Restated \$ 2013
Loss on the disposal non-current assets	12	-	569,454
Write off of non-current assets	13	9,415,791	7,080,199
Quarry rehabilitation - change from revision of future restoration expenditure	24	29,779	-
Quarry rehabilitation - increase in rehabilitation provision for future costs, due to a change in discount rate	24	18,719	-
Flood Events			
Flood event 2013 asset adjustments	37	-	1,634,565
Flood event 2011 asset adjustments	37	-	(2,724,751)
Landfill Rehabilitation			
Closure cost now recognised	13	-	1,773,890
Total capital expenses		9,464,289	8,333,357

12 LOSS ON THE DISPOSAL NON-CURRENT ASSETS

(a) Proceeds from disposal of land	-	(5,388)
Less: Book value of land disposed	-	40,276
	-	34,888
(b) Proceeds from disposal of plant and equipment	-	(2,430,537)
Less: Book value of plant and equipment disposed	-	2,965,103
	-	534,566
Total loss on the disposal of non-current assets	-	569,454

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

13 WRITE OFF OF NON-CURRENT ASSETS

	Note	\$ 2014	\$ Restated 2013
Heritage and cultural		-	414,000
Intangible assets		3,828	3,749
Buildings		273,355	925,625
Plant and equipment		3,695	221,021
Site improvements		211,570	19,581
Road and drainage network		7,170,223	5,046,645
Bridge network		481,596	-
Water		747,944	387,396
Sewer		523,580	62,150
Airport		-	32
	11	9,415,792	7,080,199
Additional information regarding landfill rehabilitation assets			
Additional site and closure recognition for landfill rehabilitation			
Capital closure cost transferred to rehabilitation asset		-	2,083,808
Additional site closure costs for ongoing maintenance and environment rehabilitation		-	(309,918)
	11	-	1,773,890
Landfill rehabilitation asset establishment			
Future landfill closure costs recognised as rehabilitation asset		-	3,110,121
Increase in rehabilitation asset due to reassessment of landfill restoration costs		528,945	-
Future landfill ongoing maintenance and environment costs recognised as an asset		-	309,918
	20	528,945	3,420,039

14 DISCONTINUED OPERATIONS

	Note	\$ 2014	\$ Restated 2013
<p>The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the <i>Local Government (De-amalgamation Implementation) Regulation 2013</i>. Rockhampton Regional Council have considered all relevant impacts, legislation, transactions and modelling on its assets and liabilities as at 31 December 2013 and beyond, as a result of the de-amalgamation process. In accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>, all revenue and expenses for the de-amalgamating Livingstone Shire Council have been separated for the six months ended 31 December 2013, and summarised as per Note 14.</p> <p>Revenue and expenses were mainly apportioned on the basis of geographical location. Where a geographical apportionment was not possible, a population based distribution method was used, while other allocation methodologies were only used where they provided meaningful separation.</p>			
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges		26,043,939	48,573,274
Fees and charges		2,867,885	5,398,260
Interest received		1,133,657	2,142,211
Sales revenue		1,129,258	1,982,828
Other recurrent income		381,944	804,006
Grants, subsidies and contributions		1,273,997	4,661,324
		32,830,680	63,561,903
Capital revenue			
Grants, subsidies and contributions		18,908,651	8,196,132
Total revenue		51,739,331	71,758,035
Capital income		448	-
Total income		51,739,779	71,758,035
Expenses			
Recurrent expenses			
Employee benefits		(13,364,908)	(24,747,276)
Materials and services		(9,925,555)	(19,423,881)
Finance costs		(2,419,799)	(4,444,712)
Depreciation and amortisation		(9,646)	(16,909,249)
		(25,719,908)	(65,525,118)
Capital expenses			
		(22,020)	(8,386,580)
Total expenses		(25,741,928)	(73,911,698)
Surplus/(deficit) from discontinued operations		25,997,851	(2,153,663)
Cash flows from discontinued operations			
Net cash inflows from operating activities		5,340,510	15,938,113
Net cash (outflows) from investing activities		(5,034,243)	(19,202,109)
Net cash (outflows) from financing activities		(3,154,390)	5,071,313
Net cash (outflows)/inflows		(2,848,123)	1,807,317

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

14 DISCONTINUED OPERATIONS (CONTINUED)

	Note	\$ 2014	\$ Restated 2013
In the preparation of accounting entries for the disposal of Livingstone Shire Council as at 31 December 2013, a review of the allocation of revenue and expenses in the 2012/13 financial year was undertaken. With the benefit of new or improved information, some items of revenue and expenses in 2012/13 were subsequently reallocated between continuing and discontinued operations. The effect of the reallocations on revenue, expenses, and cash flows is summarised as follows:			
Restatement of prior year accounts			
Revenue			
Interest received		-	(27,878)
Sales revenue		-	284,745
Grants, subsidies and contributions		-	(327,098)
Total movement in revenue		-	(70,231)
Expenses			
Employee benefits		-	2,025,114
Materials and services		-	(3,089,117)
Total movement in expenses		-	(1,064,003)
Net movement due to restatement		-	(1,134,234)
Restatement of cash flows from discontinued operations			
Net cash inflows from operating activities		-	(233,287)
Net cash (outflows) from investing activities		-	470,504
Net cash (outflows)/inflows from financing activities		-	-
Net cash inflows		-	237,217

15 CASH AND CASH EQUIVALENTS

Cash in operating bank account	1,882,256	1,113,447
Cash in other banks and on hand	27,500	27,350
Deposits and investments held with QTC	27,989,881	13,524,558
Balance as per statement of financial position	29,899,637	14,665,355
Component of cash held for transfer to Livingstone Shire Council	10,381,261	13,232,453
Balance as per statement of cash flows	40,280,898	27,897,808
Cash at bank funds are held with the Commonwealth Bank. Deposits at call consist of funds held in a Queensland Treasury Corporation Cash Fund, which has a short term credit rating of A1+ and a long term rating of AA+, with a floating interest rate (3.38% for 30 June 2014).		
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	372,693	1,047,861
Unspent developer contributions	16,434,564	26,131,295
Cash balance to be transferred to Livingstone Shire Council	10,381,261	-
Total unspent restricted cash	27,188,518	27,179,156

16 INVESTMENTS

	Note	\$ 2014	\$ Restated 2013
Opening balance as at 1 July 2013		59,000,000	36,000,000
Add back assets held for transfer to Livingstone Shire Council as at 30 June 2013		33,000,000	-
Transfers (to)/from operating bank account		(2,000,000)	56,000,000
Assets held for transfer to Livingstone Shire Council		-	(33,000,000)
Amount transferred on restructure of local government	34	(33,000,000)	-
Closing balance of term deposits		57,000,000	59,000,000

Term deposits at fixed interest rates are held with the following financial institutions: Westpac (A1+), National Australia Bank (A1+), ME Bank (A2) and The Rock (A3). Maturity ranges from 4 months to 1 year and bear interest rates from 3.65% to 4.03%.

17 TRADE AND OTHER RECEIVABLES

Current			
Rateable revenue and utility charges		7,277,106	6,252,617
Less: impairment		(30,940)	(23,546)
		7,246,166	6,229,071
Water charges yet to be levied		308,487	50,092
GST recoverable		639,820	579,682
Other debtors		9,085,367	8,134,710
Less: impairment		(483,683)	(427,675)
		9,549,991	8,336,809
Prepayments		1,610,910	1,404,314
		18,407,067	15,970,194
Interest is charged on outstanding rates at a rate of 11% per annum (2013 - 11%). There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.			
Community loans arise from time to time and are subject to negotiated interest rates.			
Movement in accumulated impairment losses (trade and other receivables) is as follows:			
Opening balance		451,220	400,183
Impairment debts written off during the year		(63,582)	(131,355)
Additional impairments recognised		126,985	182,392
Closing balance		514,623	451,220

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

18 INVENTORIES

	Note	\$ 2014	\$ Restated 2013
Inventories held for sale			
Other trading stocks		235,559	279,028
		235,559	279,028
Inventories held for internal use:			
Quarry and road materials		355,039	162,027
Stores and materials		1,139,567	1,018,080
		1,494,606	1,180,107
Valued at cost, adjusted when applicable for any loss of service potential.		1,730,165	1,459,135

19 ASSETS CLASSIFIED AS HELD FOR SALE AND TRANSFER

	Note	\$ 2014	\$ Restated 2013
Land held for sale	(a)	3,719,000	1,442,210
Assets held for transfer to Livingstone Shire Council	(b)	10,381,261	939,386,285
		14,100,261	940,828,495
Liabilities held for transfer to Livingstone Shire Council	(b)	-	101,669,972
<p>(a) Council has decided to sell vacant land. It has been placed with real estate agents or subject to negotiation and is expected to be sold within one year. These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are not depreciated or amortised.</p> <p>(b) The de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council occurred as at 1 January 2014 as per the <i>Local Government (De-amalgamation Implementation) Regulation 2013</i>. Assets and liabilities anticipated to be transferred to the Livingstone Shire Council are as follows:</p>			
Cash, investments and cash equivalents		10,381,261	46,232,455
		-	5,207,872
		-	846,795
Property, plant and equipment		-	885,763,331
Intangible assets		-	857,764
Land held for sale		-	478,068
Assets of Livingstone Shire Council classified as held for sale and transfer	(b)	10,381,261	939,386,285
		-	7,064,528
		-	14,532,944
Loans		-	79,419,045
Other liabilities		-	653,455
Liabilities of Livingstone Shire Council classified as held for sale and transfer	(b)	-	101,669,972
Net assets and liabilities to be transferred		10,381,261	837,716,313

In the preparation of accounting entries for the disposal of Livingstone Shire Council as at 31 December 2013, a review of the allocation of assets and liabilities in the 2012/13 financial year was undertaken. With the benefit of new or improved information, some asset items as at 30 June 2013 were subsequently reallocated between current assets and assets held for transfer to Livingstone Shire Council. The effect of the reallocations is summarised below:

Restatement of prior year (movement in balances)	
Assets	
Cash, investments and cash equivalents	- 2,686,176
Trade and other receivables	- 71,852
Total change in assets	- 2,758,028
Net movement due to restatement	- 2,758,028

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 (A) PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Site improvements	Buildings	Plant and equipment
Basis of measurement		Valuation	Valuation	Valuation	Cost
Asset values		\$	\$	\$	\$
Opening gross value as at 1 July 2013 - Rockhampton Regional Council		104,130,460	67,227,197	235,678,918	61,462,121
Add assets held for transfer to Livingstone Shire Council		50,774,106	29,769,721	39,182,819	18,756,814
Opening gross value as at 1 July 2013		154,904,566	96,996,919	274,861,738	80,218,936
Additions at cost		58,488	923,167	2,294,192	6,232,708
Contributed assets at valuation	4(b) (ii)&14	3,000	-	-	110,191
Reassessment of landfill restoration cost		-	(714,734)	-	-
Transfers between classes		2,931	8,209,130	3,065,904	181,045
Disposals		(195,769)	(161,480)	-	(4,828,172)
Assets classified as held for sale - land	19	(1,814,521)	-	-	-
Revaluation adjustment to asset revaluation surplus	28	25,517,410	10,501,709	-	-
Flood event 2011 asset adjustments	37(a)	-	-	-	-
Write offs	13 & 14	-	(1,753,224)	(1,244,305)	(245,145)
Transfer to intangible assets	22	-	-	-	-
Assets transferred to Livingstone Shire Council	34	(50,850,647)	(28,162,865)	(39,557,263)	(19,492,335)
Closing gross value as at 30 June 2014		127,625,458	85,838,622	239,420,266	62,177,228
<i>Accumulated depreciation and impairment</i>					
Opening gross value as at 1 July 2013 - Rockhampton Regional Council		-	19,007,226	101,742,049	25,698,739
Add assets held for transfer to Livingstone Shire Council		-	6,379,585	16,195,238	7,743,675
Opening balance as at 1 July 2013		-	25,386,812	117,937,289	33,442,414
Depreciation provided in period	10(a)	-	2,868,367	5,957,811	5,482,220
Depreciation on disposals		-	(91,149)	-	(3,406,753)
Revaluation adjustment to asset revaluation surplus	28	-	5,762,214	-	-
Flood event 2011 asset adjustments	37(a)	-	-	-	-
Depreciation on write offs	13 & 14	-	(1,541,654)	(970,949)	(241,450)
Assets transferred to Livingstone Shire Council	34	-	(6,021,380)	(16,193,410)	(7,500,425)
Accumulated depreciation as at 30 June 2014		-	26,363,210	106,730,741	27,776,006
Net value at 30 June 2014		127,625,458	59,475,412	132,689,524	34,401,222
Residual value		-	5,999,626	-	11,213,177
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 80	3 - 40
<i>Additions comprise:</i>					
Continuing operations		\$	\$	\$	\$
Renewals		-	248,944	640,465	4,201,020
Other additions		58,488	668,713	1,599,434	1,153,980
Total additions		58,488	917,657	2,239,899	5,355,000

Road and drainage network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
\$	\$	\$	\$	\$	\$	\$	\$
1,076,032,170	32,903,029	460,593,592	320,926,015	65,513,798	21,319,922	33,946,882	2,479,734,104
583,452,462	28,689,388	237,382,288	109,891,720	-	330,990	12,809,340	1,111,039,648
1,659,484,633	61,592,417	697,975,880	430,817,735	65,513,798	21,650,912	46,756,222	3,590,773,756
16,657,308	575,639	6,444,438	8,493,673	27,246	23,028	42,438,074	84,167,960
38,063,426	71,278	3,654,895	3,344,440	-	149,764	-	45,396,994
-	-	-	-	-	-	-	(714,734)
5,235,710	26,142	2,600,062	2,277,323	122,106	-	(21,720,355)	-
-	-	-	-	-	-	-	(5,185,421)
-	-	-	-	-	-	-	(1,814,521)
-	-	61,507,089	(34,222,052)	-	-	-	63,304,157
1,089,030	-	-	-	-	-	-	1,089,030
(9,769,684)	(663,061)	(3,288,748)	(2,528,574)	-	-	-	(19,492,741)
-	-	-	-	-	-	(644,590)	(644,590)
(589,195,195)	(29,043,666)	(238,475,913)	(110,427,863)	-	(329,190)	(23,924,355)	(1,129,459,292)
1,121,565,228	32,558,749	530,417,703	297,754,682	65,663,150	21,494,514	42,904,996	2,627,420,598
258,572,048	9,266,863	163,590,938	163,189,616	22,135,147	3,932,800	-	767,135,426
74,122,598	6,493,639	90,162,284	24,179,297	-	-	-	225,276,316
332,694,646	15,760,502	253,753,222	187,368,915	22,135,148	3,932,800	-	992,411,748
15,394,080	410,360	5,643,705	5,412,311	1,376,417	156,533	-	42,701,804
-	-	-	-	-	-	-	(3,497,902)
-	-	25,887,470	(34,631,568)	-	-	-	(2,981,884)
235,460	-	-	-	-	-	-	235,460
(2,577,442)	(181,466)	(2,540,804)	(2,004,995)	-	-	-	(10,058,760)
(73,290,304)	(6,524,082)	(90,138,628)	(24,179,297)	-	-	-	(223,847,526)
272,456,440	9,465,314	192,604,965	131,965,366	23,511,565	4,089,333	-	794,962,940
849,108,788	23,093,435	337,812,738	165,789,316	42,151,585	17,405,181	42,904,996	1,832,457,658
308,161,245	-	9,536,208	5,206,471	22,340,805	-	-	362,457,532
4 - 130	10 - 100	15 - 120	15 - 100	12 - 120	Buildings only 15 - 75	-	-
\$	\$	\$	\$	\$	\$	\$	\$
12,325,082	575,639	3,280,978	2,178,527	22,559	-	4,954,481	28,427,695
4,305,394	-	3,163,461	6,315,146	4,687	23,028	25,981,084	43,273,415
16,630,476	575,639	6,444,439	8,493,673	27,246	23,028	30,935,565	71,701,110

(B) PROPERTY, PLANT AND EQUIPMENT - PRIOR YEAR

		Restated 2013	Restated 2013	Restated 2013	Restated 2013
	Note	Land	Site improvements	Buildings	Plant and equipment
Basis of measurement		Valuation	Valuation	Valuation	Cost
Asset values		\$	\$	\$	\$
Opening gross value as at 1 July 2012		146,492,138	79,685,973	270,686,164	80,095,722
Adjustment to opening value	38	2,536,774	(10,482,836)	532,893	(11,000)
Additions at cost		46,804	2,821,582	4,117,533	9,407,806
Contributed assets at valuation	4(b)(ii) & 13	42,521	35,900	-	67,596
Assets not previously recognised		-	-	131,302	18,320
Establishment of future landfill closure and maintenance asset	13	-	21,715,282	-	-
Transfers between classes		10,681	3,290,316	1,059,898	326,549
Disposals		(402,640)	-	-	(8,452,772)
Assets classified as held for sale - land	19	6,178,288	-	-	-
Revaluation adjustment to asset revaluation surplus	28	-	-	5,098	-
Flood event 2013 asset adjustments	37(b)	-	-	-	-
Flood event 2011 asset adjustments	37(b)	-	-	-	-
Write offs	13 & 14	-	(69,298)	(1,671,150)	(1,233,285)
Impairment and reversal of impairment	28	-	-	-	-
Transfer to intangible assets	22	-	-	-	-
Assets held for transfer to Livingstone Shire Council		(50,774,106)	(29,769,721)	(39,182,819)	(18,756,814)
Closing gross value as at 30 June 2013		104,130,460	67,227,198	235,678,919	61,462,122
<i>Accumulated depreciation and impairment</i>					
Opening balance as at 1 July 2012		-	24,904,503	112,200,508	32,158,363
Adjustment to opening value	38	-	(1,840,387)	(536,871)	(8,017)
Depreciation provided in period	10(a) & 14	-	2,372,413	7,019,177	7,792,001
Depreciation on disposals		-	-	-	(5,487,669)
Revaluation adjustment to asset revaluation surplus	28	-	-	-	-
Flood event 2013 asset adjustments	37 (b)	-	-	-	-
Flood event 2011 asset adjustments	37 (b)	-	-	-	-
Depreciation on write offs	13 & 14	-	(49,717)	(745,526)	(1,012,264)
Impairment and reversal of impairment	28	-	-	-	-
Assets held for transfer to Livingstone Shire Council		-	(6,379,585)	(16,195,238)	(7,743,675)
Accumulated depreciation as at 30 June 2013		-	19,007,227	101,742,050	25,698,739
Net value at 30 June 2013		104,130,460	48,219,971	133,936,869	35,763,383
Residual value		-	-	-	16,619,622
Range of estimated useful life in years		Not depreciated	4 - 145	10 - 80	2 - 40
<i>Additions comprise:</i>					
Continuing operations		\$	\$	\$	\$
Renewals		-	255,095	3,290,071	6,615,835
Other additions		46,069	1,530,355	375,048	635,391
Total additions		46,069	1,785,450	3,665,119	7,251,226

Restated 2013	Restated 2013	Restated 2013	Restated 2013	Restated 2013	2013	Restated 2013	Restated 2013
Road and drainage network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
\$	\$	\$	\$	\$	\$	\$	\$
1,636,734,979	61,077,663	663,883,048	429,735,761	65,568,698	19,606,354	73,447,201	3,527,013,701
(363,227)	468,366	13,111,567	(13,841,676)	(277,000)	-	(5,633,043)	(13,959,182)
19,259,186	32,412	7,448,515	5,608,991	233,796	25,909	27,100,747	76,103,281
22,922,870	-	2,525,637	3,376,525	-	708,955	-	29,680,004
281,580	-	-	-	-	50,318	-	481,520
-	-	-	-	-	-	(2,083,808)	19,631,474
18,794,153	94,676	13,237,191	8,162,492	2,304	6,794	(44,985,054)	-
-	-	-	-	-	-	-	(8,855,412)
-	-	-	-	-	-	-	6,178,288
510,388	-	-	-	-	1,666,582	-	2,182,068
(9,777,691)	-	-	-	-	-	-	(9,777,691)
(13,978,418)	-	-	-	-	-	-	(13,978,418)
(14,899,187)	(80,700)	(6,496,990)	(2,224,358)	(14,000)	(414,000)	-	(27,102,968)
-	-	4,266,912	-	-	-	-	4,266,912
-	-	-	-	-	-	(1,089,821)	(1,089,821)
583,452,462)	28,689,388)	237,382,288)	(109,891,720)	-	(330,990)	(12,809,340)	(1,111,039,648)
1,076,032,171	32,903,029	460,593,592	320,926,015	65,513,798	21,319,922	33,946,882	2,479,734,108
323,721,949	15,064,796	253,164,923	189,643,419	20,583,335	-	-	971,441,796
(303,131)	-	(6,592,320)	(7,915,915)	(14,747)	-	-	(17,211,388)
22,684,608	767,498	8,419,090	7,154,473	1,580,528	-	-	57,789,788
-	-	-	-	-	-	-	(5,487,669)
-	-	-	-	-	3,932,800	-	3,932,800
(1,790,974)	-	-	-	-	-	-	(1,790,974)
(8,467,989)	-	-	-	-	-	-	(8,467,989)
(3,149,817)	(71,792)	(3,742,784)	(1,513,063)	(13,968)	-	-	(10,298,931)
-	-	2,504,313	-	-	-	-	2,504,313
(74,122,598)	(6,493,639)	(90,162,284)	(24,179,297)	-	-	-	(225,276,316)
258,572,048	9,266,863	163,590,938	163,189,617	22,135,148	3,932,800	-	767,135,430
817,460,123	23,636,166	297,002,654	157,736,398	43,378,650	17,387,122	33,946,882	1,712,598,678
297,271,914	-	-	-	22,294,349	-	-	336,185,885
4 - 130	10 - 100	10 - 150	20 - 100	12 - 120	Buildings only 15 - 75	-	
\$	\$	\$	\$	\$	\$	\$	\$
9,105,552	-	3,750,736	1,939,694	114,302	-	5,994,374	31,065,659
4,637,058	-	572,119	2,447,452	119,494	25,909	18,904,010	29,292,906
13,742,610	-	4,322,855	4,387,146	233,796	25,909	24,898,384	60,358,565

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

21 FAIR VALUE MEASUREMENTS

(a) Recognised fair value measurements

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

- Property, plant and equipment
- Land
- Site Improvements
- Buildings
- Road and drainage network
- Bridge network
- Water
- Sewerage
- Airport
- Heritage and cultural assets

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 25 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. This comprises land held for sale as disclosed in Note 19. A description of the valuation techniques and the inputs used to

determine the fair value of this land is included below under the heading "Land (level 2)".

In accordance with AASB 13 *Fair Value Measurements* are categorised on the following basis:

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

At 30 June 2014	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
		\$	\$	\$
Recurring fair value measurements - Assets:				
Land	20	78,569,000	49,056,458	127,625,458
Site Improvements	20	-	59,475,412	59,475,412
Buildings	20	-	132,689,524	132,689,524
Road, drainage and bridge network	20	-	849,108,788	849,108,788
Bridge network	20	-	23,093,435	23,093,435
Water	20	-	337,812,738	337,812,738
Sewerage	20	-	165,789,316	165,789,316
Airport	20	-	42,151,585	42,151,585
Heritage and cultural assets	20	-	17,405,181	17,405,181
Total recurring fair value measurements		78,569,000	1,676,582,437	1,755,151,437
Non-recurring fair value measurements - Assets:				
Land held for sale	19	2,524,000	1,195,000	3,719,000

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

Council adopted AASB 13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review. The last full valuation of road and drainage, buildings, airport, bridge and heritage and cultural assets were valued under AASB 116 *Property, Plant and Equipment*.

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

Specific valuation techniques used to value Council assets comprise:

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

Land fair values were determined by independent valuer, APV Valuers & Asset Management effective, 30 April 2014. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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

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

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

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

Sensitivity of valuation to unobservable inputs

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Price per square metre	\$0.50 - \$1 000	The higher the price per square metre, the higher the fair value.

Buildings (level 3)

The fair value of buildings is measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. The indexed based review conducted by AssetVal Pty Ltd and Council's review of indices as at 30 June 2014 found no material movement in values, and as a result no valuation adjustment was undertaken.

Current replacement cost (CRC)

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

Accumulated depreciation

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

Estimated useful lives and residual values (nil for buildings) are disclosed in Note 20.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

Sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement cost per square metre	\$64 - \$5 605	The higher the replacement cost per square metre, the higher the fair value.
Remaining useful life	2 - 80 years	The longer the remaining useful life, the higher the fair value.

Site Improvements (level 3)

The fair value of site improvements were determined by Cardno (Qld) Pty Ltd, Registered Valuer, as at 30 April 2014, at written down current replacement cost.

Current replacement cost (CRC)

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

Accumulated depreciation

In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the consumed or expired future economic benefits of the asset by reference to the useful life and condition of the asset.

Site inspections were undertaken on 50% of the site improvements. For the inspected assets a condition rating was allocated which determined the remaining useful life as per the following table:

Condition rating	Remaining useful life %
0-1	80%-100%
1-2	60%-80%
2-3	40%-60%
3-4	20%-40%
4-5	0%-20%

Where site inspections were not conducted, the remaining useful life was calculated based on age. Where assets have not been inspected and did not have a construction date, an average condition rating based on the 50% inspected assets was extrapolated to those assets and remaining useful life calculated accordingly.

Estimated useful lives and residual values (nil for site improvements) are disclosed in Note 20.

Sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Material cost	20% - 75% of replacement cost	The higher the material cost, the higher the fair value.
Labour cost	15% - 70% of replacement cost	The higher the labour cost, the higher the fair value.
Replacement cost	\$70 - \$5 999 626	The higher the replacement cost, the higher the fair value.
Condition rating	0.1 - 4	The worse the asset condition, the lower the fair value.
Residual value	\$0 - \$5 999 626	The higher the residual value the higher the fair value.
Useful life	10 - 102 years	The longer the useful life, the higher the fair value.

Infrastructure assets (level 3)

All Council infrastructure assets were valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council

first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The depreciated replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

Road and drainage network (level 3)

Current replacement cost (CRC)

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

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that formation, pavement and surfaces are constructed to the standard drawings set out in the Capricorn Municipal Design Guidelines. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average unit rates of completed similar projects over the last few years.

The last full valuation of road and drainage infrastructure was undertaken effective 30 June 2012 by suitably qualified officers of Rockhampton Regional Council under AASB 116 *Property, Plant and Equipment*. A review of indices as at 30 June 2014 using the ABS Producers' Price Index "Roads and Bridges Construction - Queensland (3101) A2333727L" found that there was no material movement in values, and as a result no valuation adjustment was undertaken.

Accumulated depreciation

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

Assessment of expired service potential and remaining useful lives was undertaken based on a straight line basis derived from the associated benchmark life for the type of asset or condition information where reliable information is available.

Estimated useful lives and residual values are disclosed in Note 20.

Road and drainage sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours	Varies depending on type of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on type of assets	The higher the plant hours and more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on type of assets	The higher the usage quantities, the higher the fair value.
Remaining useful life	2 -120 years	The longer the remaining useful life, the higher the fair value.
Residual value	Varies depending on type of assets 0 - 100%	The higher the residual value, the higher the fair value.

Bridge network (level 3)

The fair value of the bridge network is measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. The indexed based review conducted by AssetVal Pty Ltd and Council's review of indices as at 30 June 2014 found no material movement in values, and as a result no valuation adjustment was undertaken.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

Current replacement cost

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

Accumulated depreciation

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

Estimated useful lives and residual values (nil for bridge network) are disclosed in Note 20.

Sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours	5 -100 hours/ component	The higher the labour hours, the higher the fair value.
Raw material usage quantities	Varies depending on type of assets and application	The higher the usage quantities, the higher the fair value.
Remaining useful life	2 - 100 years	The longer the remaining useful life, the higher the fair value.

Water and Sewerage (level 3)

The fair value of water and sewerage assets were determined by AssetVal Pty Ltd, Registered Valuer, as at 30 April 2014, at written down current replacement cost.

Current replacement cost (CRC)

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

Accumulated depreciation

In determining the level of accumulated depreciation for major assets, the assets have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value (the value at the time the asset is considered no longer available) is also a factor. A condition assessment is applied on a component basis, which is based on factors such as the age of the asset, overall condition at the time of inspection, economic and/or function obsolescence. The condition assessment directly translates to the level of depreciation applied.

For the above ground active water and sewer assets there was a 95% inspection undertaken. Where site inspections were not conducted the remaining useful life was calculated on asset age and estimated useful life.

The condition rating inputs can be defined in the following table:

Description	Rating	Percentage of life remaining
Brand new or rehabilitated to new	10	100%
Near new with no visible deterioration	9	90%
Excellent overall condition early stages of deterioration	8	80%
Very good overall condition with obvious deterioration evident	7	70%
Good overall condition, obvious deterioration, serviceability impaired very slightly	6	60%
Fair overall condition, obvious deterioration, some serviceability loss	5	50%
Fair to poor overall condition, obvious deterioration, some serviceability loss	4	40%
Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	3	30%
Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	2	20%
Extremely poor condition, severe serviceability problems, renewal required immediately	1	10%
Failed asset, no longer serviceable. Should not remain in service	0	0%

Estimated useful lives and residual values are disclosed in Note 20.

Sensitivity of valuation to unobservable inputs

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours per component	5-100 hours/linear metre	The higher the labour hours, the higher the fair value.
Raw material usage quantities	Varies depending on type and application	The higher the usage quantities, the higher the fair value.
Condition rating	Water: 1 - 9 Sewer: 1 - 9	The higher the condition score, the higher the fair value.
Remaining useful life	Water: 1 - 116 years Sewer: 1 - 86 years	The longer the remaining useful life, the higher the fair value.
Residual value	Water: \$0 - \$2 173 600 Sewer: \$0 - \$2 079 000	The higher the residual value, the higher the fair value.

Airport (level 3)

The fair value of the airport assets are measured at written down current replacement cost. The last comprehensive revaluation was undertaken by AssetVal Pty Ltd, Registered Valuers, under AASB 116 *Property Plant & Equipment*, as at 30 June 2012. The indexed based review conducted by AssetVal Pty Ltd and Council's review of indices as at 30 June 2014 found no material movement in values, and as a result no valuation adjustment was undertaken.

Current replacement cost

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

Accumulated depreciation

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component and residual values at the time the asset is considered to be no longer available for use. Airport hardstand pavements have a residual of 40% with a formation residual of 100%. An assessment of the economic life and remaining economic life of the various assets has been derived from valuer experience.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

Estimated useful lives and residual values are disclosed in Note 20.

Sensitivity of valuation to unobservable inputs

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

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours per component	5-100 hours/linear metre	The higher the labour hours, the higher the fair value.
Raw material usage quantities	Varies depending on type & application	The higher the usage quantities, the higher the fair value.
Remaining useful life	2 - 118 years	The longer the remaining useful life, the higher the fair value.
Residual value	\$0 - \$4 300 000	The higher the residual value, the higher the fair value.

Heritage and Cultural Assets (level 3)

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

Current replacement cost

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

Accumulated depreciation

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

Heritage buildings - estimated useful lives and residual values (nil for heritage buildings) are disclosed in Note 20.

Sensitivity of valuation to unobservable inputs

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

(a) Heritage and cultural assets - buildings and collections

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Heritage buildings:		
Replacement cost per square metre	\$100 - \$2 160	The higher the replacement cost per square metre, the higher the fair value.
Remaining life	2 - 44 years	The longer the remaining life, the higher the fair value.
Collections - heritage and museum:		
Rate per unit or metre	\$2.40 - \$380 000	The higher the input unit rate, the higher the fair value.

(b) Artworks

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement cost	\$1 - \$850 000	The higher the replacement cost, the higher the fair value.

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

The changes in level 3 assets with recurring fair value measurements are detailed in Note 20 (Property, plant and equipment).

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

(d) Valuation processes

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

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and reviewed by Finance, Chief Executive Officer and Audit and Business Improvement Committee.

22 INTANGIBLE ASSETS

	Note	\$ 2014	Restated \$ 2013
Net carrying value at period end:			
Computer software		2,048,277	1,970,532
		2,048,277	1,970,532
<i>Computer software</i>			
Opening gross carrying value		3,930,504	5,034,161
Add assets held for transfer to Livingstone Shire Council as at 30 June 2013		1,700,999	-
Adjustment to opening value		494,955	-
Transfer from work in progress	20	644,590	1,089,821
Value of asset write off in the period		(11,117)	(492,479)
Assets held for transfer to Livingstone Shire Council		-	(1,700,999)
Assets transferred to Livingstone Shire Council as at 31 December 2013	34	(1,711,990)	-
		5,047,941	3,930,504
<i>Accumulated amortisation</i>			
Opening balance		1,959,972	2,570,440
Add assets held for transfer to Livingstone Shire Council as at 30 June 2013		843,235	-
Adjustment to opening value		494,955	-
Amortisation in the period		737,912	721,497
Amortisation written off in the period		(7,291)	(488,730)
Assets held for transfer to Livingstone Shire Council		-	(843,235)
Assets transferred to Livingstone Shire Council as at 31 December 2013	34	(1,029,119)	-
		2,999,664	1,959,972
Net carrying value at period end		2,048,277	1,970,532
Estimated useful life in years - 4 to 10 years			
Straight line amortisation has been used with no residual value.			

23 TRADE AND OTHER PAYABLES

<i>Current</i>			
Creditors and accruals		14,464,383	8,252,425
Annual leave		7,890,940	7,598,786
Sick leave		127,482	136,801
Other entitlements		692,703	961,377
Balance of cash payable for restructure of local government	19 & 34	10,381,261	-
		33,556,769	16,949,389

In accordance with revised AASB 119 *Employee Benefits*, all annual leave and sick leave has been reclassified to a current liability and restatement for the prior year has now occurred.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

24 PROVISIONS

	Note	\$ 2014	Restated \$ 2013
Current			
Quarry rehabilitation		50,264	49,287
Landfill restoration		1,024,447	2,116,193
Carbon tax		371,000	-
Long service leave		10,721,692	10,043,717
		12,167,403	12,209,197
Non-current			
Quarry rehabilitation		483,301	410,935
Landfill restoration		11,084,006	12,762,950
Long service leave		1,586,256	1,485,335
		13,153,563	14,659,220
Details of movements in provisions:			
Quarry rehabilitation			
Balance at beginning of financial year		460,222	761,261
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		192,575	-
Increase in provision due to change in time		28,126	19,417
Increase/(decrease) in provision due to change in discount rate		18,719	(32,886)
Increase/(decrease) in estimate of future cost		29,779	(94,995)
Liabilities held for transfer to Livingstone Shire Council		-	(192,575)
Liabilities transferred to Livingstone Shire Council as at 31 December 2013	34	(195,856)	-
Balance at end of financial year		533,565	460,222
This is the present value of the estimated cost of restoring the quarry sites to a usable state at the end of their useful life. The projected cost is \$717,852 and this cost is expected to be incurred over the period 2015 to 2034.			
Landfill restoration			
Balance at beginning of financial year		14,879,142	5,622,111
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		9,655,646	-
Decrease in provision for rehabilitation asset expenditure		(2,181,754)	-
Additional sites and closure cost recognitions		-	19,530,968
Increase in provision due to change in time		162,674	171,307
Decrease in provision due to change in discount rate		(1,243,678)	(533,345)
Increase/(decrease) in estimate of future cost		528,944	(256,253)
Liabilities held for transfer to Livingstone Shire Council		-	(9,655,646)
Liabilities transferred to Livingstone Shire Council as at 31 December 2013		(9,692,521)	-
Balance at end of financial year		12,108,453	14,879,142

This is the present value of estimated future closure, maintenance and monitoring cost of landfill sites to the end of their useful lives and regulated periods. The projected cost is \$16,357,320 and this cost is expected to be incurred over the period 2015 to 2046.

24 PROVISIONS (CONTINUED)

	Note	\$ 2014	Restated \$ 2013
Carbon tax liability			
Balance at beginning of financial year		-	-
Increase in liability		371,000	-
Balance at end of financial year		371,000	-
Long service leave			
Balance at beginning of financial year		11,529,052	15,231,683
Add back liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		4,684,723	-
Long service leave entitlement arising		1,906,699	3,094,275
Long service entitlement extinguished		(522,850)	(1,129,923)
Long service entitlement paid		(691,347)	(982,260)
Liabilities held for transfer to Livingstone Shire Council		-	(4,684,723)
Liabilities transferred to Livingstone Shire Council as at 31 December 2013		(4,598,329)	-
Balance at end of financial year		12,307,948	11,529,052

The non-current portion of long service leave are discounted to the present value.

In accordance with revised AASB 119 *Employee Benefits*, the unconditional portion of long service leave is reclassified to a current liability and restatement for the prior year has occurred.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

25 BORROWINGS

	Note	\$ 2014	Restated \$ 2013
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(a) Bank overdraft

The Council does not have a bank overdraft facility.

(b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollar denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary between 15 December 2022 to 4 June 2023.

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

Details of borrowings at balance date are:

Current

Queensland Treasury Corporation		14,407,449	19,396,425
Liabilities to be transferred to Livingstone Shire Council		-	(6,128,970)
		14,407,449	13,267,455

Non-current

Queensland Treasury Corporation		143,495,888	220,625,047
Liabilities to be transferred to Livingstone Shire Council		-	(73,290,075)
		143,495,888	147,334,972

Details of movements in borrowings:

Queensland Treasury Corporation

Opening balance		160,602,426	220,090,948
Add liabilities held for transfer to Livingstone Shire Council as at 30 June 2013		79,419,045	-
Loans raised		10,306,321	38,400,000
Principal repayments		(16,159,797)	(18,469,477)
		234,167,995	240,021,471
Liabilities held for transfer to Livingstone Shire Council		-	(79,419,045)
Liabilities transferred to Livingstone Shire Council as at 31 December 2013		(76,264,659)	-
Book value at year end		157,903,336	160,602,426

The QTC loan market value for all loans at the reporting date was \$171,244,149. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

26 OTHER LIABILITIES

	Note	\$ 2014	Restated \$ 2013
Current			
Unearned revenue		533,319	317,378
		533,319	317,378
Non-current			
Developer contributions		2,472,710	1,220,860
		2,472,710	1,220,860

The developer contribution liability reflects cash contributions from developers for which the related service obligations have yet to be fulfilled by Council. Refer Note 1.9 (d).

27 RETAINED SURPLUS/(DEFICIENCY)

<i>Movement in the retained surplus</i>		
Retained surplus/(deficit) at beginning of the year	1,963,537,727	1,952,178,181
Adjustment to opening balance	-	(2,647,308)
Restated balances	1,963,537,727	1,949,530,873
Net result attributable to Council	(770,147,589)	23,790,688
	1,193,390,138	1,973,321,561
Transfers (to)/from reserves for future capital funding purposes:		
(i) Unspent capital grants reserve	675,177	3,327,194
(ii) Constrained grants and contributions reserve	11,543,868	(2,414,654)
(iii) Airport development reserve	477,266	(159,083)
(iv) Capital works reserve	1,175,470	(113,216)
(v) Plant reserve	(1,892,059)	(194,293)
(vi) Water reserve	1,929,392	134,587
(vii) Sewerage reserve	370,716	-
(viii) Waste management reserve	78,905	-
(ix) Year end uncompleted works reserve	12,463,519	(9,780,209)
Transfers (to)/from reserves for future general funding purposes:		
	1,455,142	(584,160)
	19,542	-
Balance at the end of financial year	1,221,687,076	1,963,537,727

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

28 ASSET REVALUATION SURPLUS

	Note	\$ 2014	Restated \$ 2013
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of the year		390,325,398	398,495,279
Adjustment to opening balance	38	-	5,899,513
Restated balance		390,325,398	404,394,792
Net adjustment to non-current assets to reflect a change in current fair value:			
Water - impairment and reversal of previous impairment		-	1,762,599
Road and drainage network - flood and other adjustments		853,570	(13,570,873)
Buildings - revaluation		-	5,098
Site improvements - revaluation		4,739,495	-
Sewerage - revaluation		409,516	-
Water - revaluation		35,619,617	-
Land revaluation		25,517,410	-
Heritage and cultural assets - revaluation		-	(2,266,218)
Balance at end of the year		457,465,006	390,325,398
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land		48,314,787	22,797,377
Site improvements		6,607,543	1,868,048
Buildings		28,353,361	28,353,361
Road and drainage network		229,586,865	228,733,295
Bridge network		2,048,224	2,048,224
Water		51,283,891	15,664,274
Sewerage		69,918,398	69,508,882
Airport		16,940,328	16,940,328
Heritage and cultural assets		4,411,609	4,411,609
		457,465,006	390,325,398

29 OTHER RESERVES

Note	Balance at beginning of financial year	Transfers to/from retained earnings	Balance at the end of financial year
	\$	\$	\$
(a) Other reserves - current year			
Movements in capital reserves are analysed as follows:			
(i) Unspent capital grants reserve	1,047,870	(675,177)	372,693
(ii) Constrained grants and contributions reserve	27,978,432	(11,543,868)	16,434,564
(iii) Airport development reserve	3,934,804	(477,266)	3,457,538
(iv) Capital works reserve	6,422,539	(1,175,470)	5,247,069
(v) Plant reserve	2,268,006	1,892,059	4,160,065
(vi) Water reserve	2,460,306	(1,929,392)	530,914
(vii) Sewerage reserve	2,125,029	(370,716)	1,754,313
(viii) Waste management reserve	1,067,176	(78,905)	988,271
(ix) Year end uncompleted works reserve	27,078,343	(12,463,519)	14,614,824
	74,382,505	(26,822,254)	47,560,251
Movements in operating reserves are analysed as follows:			
(i) Operating projects reserve	10,222,104	(1,455,142)	8,766,962
(ii) Asset maintenance reserve	396,211	(19,542)	376,669
	10,618,315	(1,474,684)	9,143,631
Total other reserves	85,000,820	(28,296,938)	56,703,882
(b) Other reserves - prior year			
Movements in capital reserves are analysed as follows:			
(i) Unspent capital grants reserve	4,375,064	(3,327,194)	1,047,870
(ii) Constrained grants and contributions reserve	25,563,778	2,414,654	27,978,432
(iii) Airport development reserve	3,775,721	159,083	3,934,804
(iv) Capital works reserve	6,309,323	113,216	6,422,539
(v) Plant reserve	2,073,713	194,293	2,268,006
(vi) Water reserve	2,594,893	(134,587)	2,460,306
(vii) Sewerage reserve	2,125,029	-	2,125,029
(viii) Waste management reserve	1,067,176	-	1,067,176
(ix) Year end uncompleted works reserve	17,298,134	9,780,209	27,078,343
	65,182,831	9,199,674	74,382,505
Movements in operating reserves are analysed as follows:			
(i) Operating projects reserve	9,637,944	584,160	10,222,104
(ii) Asset maintenance reserve	396,211	-	396,211
	10,034,155	584,160	10,618,315
Total other reserves	75,216,986	9,783,834	85,000,820

These reserves are cash backed as per cash and investments held in Notes 15, 16 & 19.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

30 COMMITMENTS FOR EXPENDITURE

	Note	\$ 2014	Restated \$ 2013
Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		4,728	9,557
One to five years		16,736	40,593
		21,464	50,150
Contractual commitments			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Airport		5,726,308	967,829
Waste and Recycling		4,931,186	19,041,080
Fitzroy River Water		1,908,763	1,018,725
Communities		2,592,567	910,015
De-amalgamation		-	906,061
Other		514,814	817,936
		15,673,638	23,661,646

31 CONTINGENT LIABILITIES

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

(i) Community loans

Under approval from Queensland Treasury, Council has guaranteed loans to Diggers Memorial Bowls Club (\$13.33) and Rockhampton Basketball Inc (\$209,401.01) as at 30 June 2014.

209,414 244,414

(ii) Local Government Workcare

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

4,160,251 3,909,040

(iii) Local Government Mutual

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

The financial statements for 30 June 2013 reported an accumulated surplus and it is not anticipated any liability will arise.

31 CONTINGENT LIABILITIES (CONTINUED)

	2014 Number of cases	2013 Number of cases
(iv) As at 30 June 2014, the following cases were filed in the courts naming the Rockhampton Regional Council as defendant:		
Workplace Health and Safety prosecution		
A workplace health and safety prosecution has commenced however there is a dispute in regards to whether Council should remain as defendant. An appeal is currently with the Supreme Court of Queensland to determine whether Council is in fact the defendant. The penalty imposed should Council be listed as defendant and found in breach would be determined following a hearing.	1	0
Yeppoon to Rockhampton pipeline Supreme Court case.		
The above case has been detailed under Contingent Liabilities for a number of years in the financial statements of Rockhampton Regional Council. This case was settled on the 28 May 2014, releasing all parties involved from all liability in respect of the claims in the case, once all conditions of the settlement agreement has been met. All the conditions have now been met.	0	1
(v) Possible liability arising from the de-amalgamation of Livingstone Shire Council from Rockhampton Regional Council		
The substantial and involved de-amalgamation process between the above two councils has progressed almost to completion as at the reporting date. The process was guided by legislation consisting of the Local Government (De-amalgamation Implementation) Regulation 2013, supported by the De-amalgamation Transfer Methodology.		
Due to the numerous assumption and interpretation options available for consideration within this legislative environment, there was always the possibility of contrasting interpretations. The position of Rockhampton Regional Council is that they have met all conditions of the de-amalgamation legislation, and that all matters were dealt with in a timely and transparent manner via participation in the Transfer Committee.		
It is the recent contention of Livingstone Shire Council that some financial separation detail should have been dealt with differently, which would result in an improved cash outcome for Livingstone Shire Council. This matter could not be resolved by the Transfer Committee, and is in the process of being referred to the Minister for Local Government, Community Recovery and Resilience for his consideration.		

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

32 SUPERANNUATION

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

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

The scheme has three elements referred to as:

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

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

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

The Regional DBF is a defined benefit plan as defined in AASB 119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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

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

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

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

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

There are currently 72 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 entities. Rockhampton Regional Council made less than 4% of the total contributions to the plan in the 2013/14 financial year.

	Note	\$ 2014	Restated \$ 2013
The next actuarial investigation will be conducted as at 1 July 2015.			
The amount of superannuation contributions paid by Rockhampton Regional Council to the scheme in this period for the benefit of employees was:		8,188,661	9,228,333

33 TRUST FUNDS

	Note	\$ 2014	Restated \$ 2013
Trust funds held for outside parties:			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.		2,086,597	2,210,679
		2,086,597	2,210,679

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.

34 DISPOSAL DUE TO THE DE-AMALGAMATION OF LIVINGSTONE SHIRE COUNCIL

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

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

(a) Analysis of assets and liabilities over which control was lost

Current assets

Cash, investments and cash equivalents	34(b)	43,384,331	-
Trade and other receivables		3,929,796	-
Inventories		1,043,515	-
Land held for sale		15,799	-

Non-current assets

Property, plant and equipment		905,611,761	-
Intangible assets		682,871	-

Current liabilities

Trade and other payables		(4,275,874)	-
Provisions		(3,941,340)	-
Loans		(6,581,722)	-
Other liabilities		(126,785)	-

Non-current liabilities

Provisions		(10,545,365)	-
Loans		(69,682,937)	-
Other liabilities		(433,118)	-
		859,080,932	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

34 DISPOSAL DUE TO THE DE-AMALGAMATION OF LIVINGSTONE SHIRE COUNCIL (CONTINUED)

	Note	\$ 2014	Restated \$ 2013
Compensation received		-	-
Loss on restructure of local government		859,080,932	-
(b) Net cash outflow on disposal of Livingstone Shire Council			
Cash floats and petty cash transferred on restructure		3,070	-
Initial cash transfer made on restructure		33,000,000	-
		33,003,070	-
Balance of cash payable to Livingstone Shire Council	23	10,381,261	-
		43,384,331	-

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

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

Net result attributable to Council	(770,147,589)	23,790,688
Non-cash operating items:		
Depreciation and amortisation	43,439,719	58,511,284
Landfill rehabilitation	849,220	5,185,709
Carbon tax	371,000	-
Change in restoration provisions expensed to finance costs	190,800	190,724
	44,850,739	63,887,717
Investing and development activities:		
Capital grants, subsidies and contributions	(70,671,502)	(44,747,784)
Capital income	(139,387)	(426,906)
Capital expenses	9,437,813	16,123,167
Loss on restructure of local government	859,080,932	-
	797,707,856	(29,051,523)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(1,158,795)	2,392,069
(Increase)/decrease in inventories (excluding land)	(467,749)	586,015
Increase/(decrease) in payables	3,437,466	(3,731,883)
Increase/(decrease) in provisions	692,501	982,092
Increase/(decrease) in other liabilities	190,971	295,672
	2,694,394	523,965
Net cash inflow from operating activities	75,105,400	59,150,847

36 CONTINGENT ASSETS

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

37 ACCOUNTING FOR NATURAL DISASTER EVENTS

2013 flood event

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

2011 flood event

In January 2011, the Rockhampton area experienced a major flood from Cyclone Yasi and in the reporting period ended 30 June 2011, similar entries were performed to that of the January 2013 event above. However, adjustments were required to this data in the 2012/13 financial year, as below:

- Corrections to revaluation adjustments posted at 30 June 2012 due to incorrect asset dimensions being used.
- Reversal of asset write-offs in the year ended 30 June 2011 due to the preliminary nature of information used.

In the current year the flood restoration works and asset entries were finalised. Any remaining estimated corrections to revaluation adjustments undertaken in 2012/13 were reinstated to the asset values, as below.

(a) Current Year

	Note	\$ Cost	\$ Accumulated Depreciation	\$ Asset Revaluation Surplus	\$ Capital Expenses
(i) 2013 flood event:					
Asset adjustments	20 & 28	-	-	-	-
Write off of assets for 2013 flood event	20 & 28	-	-	-	-
(ii) 2011 flood event:					
Reinstatement of asset values - 2012/13 adjustments not required	20 & 28	1,089,030	235,460	853,570	-
Increase in asset values due to 2011 flood event	20 & 28	1,089,030	235,460	853,570	-

(b) Prior Year

	Note	\$ Cost	\$ Accumulated Depreciation	\$ Asset Revaluation Surplus	\$ Capital Expenses
(i) 2013 flood event:					
Asset adjustments	20 & 28	9,777,691	1,790,974	5,355,165	2,631,553
Assets held for transfer Livingstone Shire Council	34	(3,412,306)	(986,104)	(1,429,215)	(996,988)
Write off of assets for 2013 flood event	11	6,365,385	804,870	3,925,950	1,634,565
(ii) 2011 flood event:					
Asset adjustments	20 & 28	13,978,418	8,467,989	8,726,095	(3,215,667)
Assets held for transfer Livingstone Shire Council	34	(3,791,733)	(1,673,666)	(2,608,982)	490,916
Reduction in asset values due to 2011 flood event	11	10,186,685	6,794,323	6,117,113	(2,724,751)

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

3.8 CORRECTION OF ERROR

(a) Restatement of Opening Balances for 1 July 2012:

The opening balances for assets and equity as at 1 July 2012 have been amended in the financial statements for the below items as were the comparative amounts for 2012/13. The additional assets recognised (existing assets not previously recognised and contributed assets) incorporate depreciation to 1 July 2013 in the asset values.

	Note	Comparatives 2012/13 prior to adjustment		Comparatives 2012/13 restated	
		Opening balance 1 July 2012	Closing balance 30 June 2013	Opening balance 1 July 2012	Closing balance 30 June 2013
Property Plant and Equipment - asset value (decrease)	20(b)	3,527,013,701	2,487,076,576	3,513,054,518	2,479,734,108
Property Plant and Equipment - accumulated depreciation (decrease)	20(b)	971,441,796	784,125,382	954,230,408	767,135,430
Total Property Plant and Equipment (increase)	20(b)	2,555,571,905	1,702,951,194	2,558,824,110	1,712,598,678
Asset revaluation surplus (increase)	28	398,495,279	384,425,885	404,394,792	390,325,398
Retained surplus (decrease)	27	1,952,178,181	1,959,789,759	1,949,530,873	1,963,537,729
Equity		2,350,673,460	2,344,215,644	2,353,925,665	2,353,863,127

	2013	Retained Earnings 1/7/2012	Restated 2013
Capital Expenses - restated 2012/2013	14,728,633	6,395,278	8,333,357
		(6,395,278)	

Note: no retrospective adjustment has been made to the depreciation expense for the 2012/13 year, as the effect of the above adjustments on annual depreciation has been assessed as immaterial.

(b) Correction of error by asset class

Note	Land	Site Improvements	Buildings	Plant and Equipment	Road and drainage network	Bridge network	Water	Sewerage	Airport	Work in Progress	Total
Asset values											
(i) Assets not previously recognised	32,012	9,828,006	1,222,893	-	650,872	468,366	21,142,287	3,534,475	-	-	36,878,911
(ii) Contributed assets - prior years	4,818,400	-	-	-	1,741,206	-	382,966	618,511	-	-	7,561,083
(iii) Assets previously recognised incorrectly	(1,761,261)	(27,539)	-	(11,000)	(2,753,097)	-	(5,475,068)	(15,633,901)	-	-	(25,661,866)
(iv) Disposals (renewals) not previously recorded	(552,377)	(125,533)	(690,000)	-	(2,208)	-	(2,938,618)	(2,360,761)	(277,000)	-	(6,946,497)
(v) Reassessment of landfill rehabilitation treatment	-	(20,157,770)	-	-	-	-	-	-	-	(5,633,043)	(25,790,813)
Total asset values	2,536,774	10,482,836	532,893	(11,000)	(363,227)	468,366	13,111,567	13,841,676	(277,000)	(5,633,043)	(13,959,182)
Accumulated depreciation											
(vi) Assets previously recognised incorrectly	-	(14,157)	-	(8,017)	(303,014)	-	(4,236,230)	(6,176,156)	-	-	(10,737,574)
(vii) Disposals (renewals) not previously recorded	-	(67,729)	(536,871)	-	(117)	-	(2,356,090)	(1,739,759)	(14,747)	-	(4,715,313)
(viii) Reassessment of landfill rehabilitation treatment	-	(1,758,501)	-	-	-	-	-	-	-	-	(1,758,501)
Total accumulated depreciation	-	(1,840,387)	(536,871)	(8,017)	(303,131)	-	(6,592,320)	(7,915,915)	(14,747)	-	(17,211,388)
Total correction of errors	2,536,774	(8,642,449)	1,069,764	(2,983)	(60,096)	468,366	19,703,887	(5,925,761)	(262,253)	(5,633,043)	3,252,206
Corrections to opening balances (1 July 2012) :											
Assets:											
Asset value	2,536,774	10,482,837	532,893	(11,000)	(363,227)	468,366	13,111,567	13,841,676	(277,000)	(5,633,043)	(13,959,183)
Accumulated depreciation	-	(1,840,387)	(536,871)	(8,017)	(303,131)	-	(6,592,320)	(7,915,915)	(14,747)	-	(17,211,388)
Total property plant and equipment	2,536,774	(8,642,450)	1,069,764	(2,983)	(60,096)	468,366	19,703,887	(5,925,761)	(262,253)	(5,633,043)	3,252,205
Equity:											
Asset revaluation surplus	-	-	-	-	(645,674)	-	(5,253,838)	-	-	-	(5,899,512)
Retained surplus/(deficiency)	(2,536,774)	8,642,450	(1,069,764)	2,983	705,770	(468,366)	(14,450,049)	5,925,762	262,253	5,633,043	2,647,308
Net impact	-	-	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

38 CORRECTION OF ERROR (CONTINUED)

(c) As identified as part of the ongoing asset improvement processes

As part of a continual asset data integrity and completeness improvement process, which commenced in 2010/11, the identification of existing assets not previously recorded, disposals from prior years, including where renewals were undertaken (water and sewerage), assets recorded in error and contributed assets that have not previously been recognised have been corrected as an adjustment to comparative periods. This encompasses the reconciliation of information within the asset systems, asset register and graphical information system, and physical verification where appropriate.

(d) As identified in the 2013/14 year as part of the valuation process

During the process of valuing Council's assets at 30 June 2014, additional assets not previously recognised, recognised incorrectly and contributed were identified and brought to account. Disposals of assets that had been renewed in prior years were identified and corrected as an adjustment to the comparative period. These asset classes previously underwent a comprehensive revaluation in June 2009 upon amalgamation, with this year being the final year in the revaluation cycle for all asset classes since amalgamation.

(e) Landfill rehabilitation

(i) Landfill rehabilitation asset: In the prior year Council corrected an error and brought to account for the first time an asset for the establishment of future landfill closure and maintenance costs, amounting to \$24,534,788 in accordance with AASB 116 *Property, Plant and Equipment*. In the current year, during the annual assessment of Council's provision for the restoration of landfills and the related rehabilitation asset, it was identified that this amount should have been reduced by \$11,459,102 in order to appropriately reflect the pattern of existing consumption of the related landfill asset as at that date.

(ii) Leachate assets: Disposal of leachate assets that relate to expenditure incurred for landfill restoration prior to 1 July 2012 amounting to \$15,392,715. A portion of this amount, \$9,214,782, relates to assets previously written off in 2012/13 (Site improvements - \$3,581,739 and Capital closure costs - \$5,633,043); disposal of these assets is now processed as correction of error, consistent with current accounting treatment.

(f) Internal revenue restatement

Council allocates internal revenue and expense between Council departments for the provision of internal services. Any internal revenues and expenses would normally be netted off against each other for consolidated reporting. However, in the 2012/13 financial year, rates and utility charges for Council controlled properties were not netted off, resulting in the overstatement of rates, levies and charges revenue and the overstatement of materials and services. The correction of error to both of the respective lines in the Statement of Comprehensive Income is \$2,930,985, however as there is offsetting reductions to both revenue and expense, there is no impact on Council's net result.

39 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

(i) Credit risk

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

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

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

The Council is exposed to credit risk through its investments with the 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 and regulated banks and whilst not capital guaranteed, the likelihood of a credit failure is remote.

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

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

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

	Note	\$ 2014	Restated \$ 2013
Financial assets		\$	\$
Cash and cash equivalents	15	29,899,637	14,665,355
Investments	16	57,000,000	59,000,000
Receivables - rates	17	7,246,166	6,229,071
Receivables - other	17	9,549,990	8,336,809
Other credit exposures			
Guarantee		4,369,665	4,153,454
		108,065,458	92,384,689

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.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

39 FINANCIAL INSTRUMENT (CONTINUED)

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

30-Jun-14	Fully performing		Past due			Less impairment	Total
	Less than 30 days	30-60 days	61-90 days	Over 90 days			
	\$	\$	\$	\$	\$	\$	\$
Receivables	10,499,061	2,747,915	315,183	49,330	3,699,290	(514,624)	16,796,157
Net receivables	10,499,061	2,747,915	315,183	49,330	3,699,290	(514,624)	16,796,157
30-Jun-13	Fully performing		Past due			Less impairment	Total
	Less than 30 days	30-60 days	61-90 days	Over 90 days			
	\$	\$	\$	\$	\$	\$	\$
Receivables	9,001,443	1,187,897	93,862	525,302	4,280,448	(451,220)	14,637,732
Net receivables	9,001,443	1,187,897	93,862	525,302	4,280,448	(451,220)	14,637,732

(ii) Liquidity risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings Note 25.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
2014					
Trade and other payables	14,464,383	-	-	14,464,383	14,464,383
Loans - QTC	22,752,408	90,898,238	86,096,417	199,747,063	157,903,336
	37,216,791	90,898,238	86,096,417	214,211,446	172,367,719
2013					
Trade and other payables	8,252,425	-	-	8,252,425	8,252,425
Loans - QTC	21,999,697	80,225,681	124,920,476	227,145,854	160,602,427
	30,252,122	80,225,681	124,920,476	235,398,279	168,854,852

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

The Council is exposed to interest rate risk through its finance lease borrowings, 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.

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

Interest rate sensitivity analysis

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

	Net carrying amount		Profit/Loss		Equity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Financial assets	86,872,137	76,324,180	868,721	763,242	868,721	763,242
Financial liabilities	(157,903,336)	(160,602,427)	(1,579,033)	(1,606,024)	(1,579,033)	(1,606,024)
Net total	71,031,199	(84,278,247)	(710,312)	(842,782)	(710,312)	(842,782)

40 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 for Local Government 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 2014 follows :-

(a) for water and sewerage combined activities - \$42,640,000

(b) for other activities - \$25,540,000

Type 2.

(a) for water and sewerage combined activities - \$12,770,000

(b) for other activities - \$8,550,000

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

- Waste and Recycling
- Fitzroy River Water
- Airport

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

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

The code of competitive conduct (CCC) must be applied to the following business activities:

(a) A building certifying activity that:

- involves performing building certifying functions within the meaning of the *Building Act*, section 8; and
- is prescribed under a regulation*.

*Section 38 of the Local Government Regulation 2012 lists the local government's whose activities are prescribed building certifying activities.

(b) A roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement, that involves:

- 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.
- construction or road maintenance on another local government's roads which the local government has put out to tender.

Each local government may elect to apply a Code of Competitive Conduct (CCC) to any other identified business activities. However, for any with current expenditure of \$300,000 or more, the local government must decide, by resolution each year, whether to apply the CCC to that activity.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2014

40 NATIONAL COMPETITION POLICY (CONTINUED)

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

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

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

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

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

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

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

Building Certification

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

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

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

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

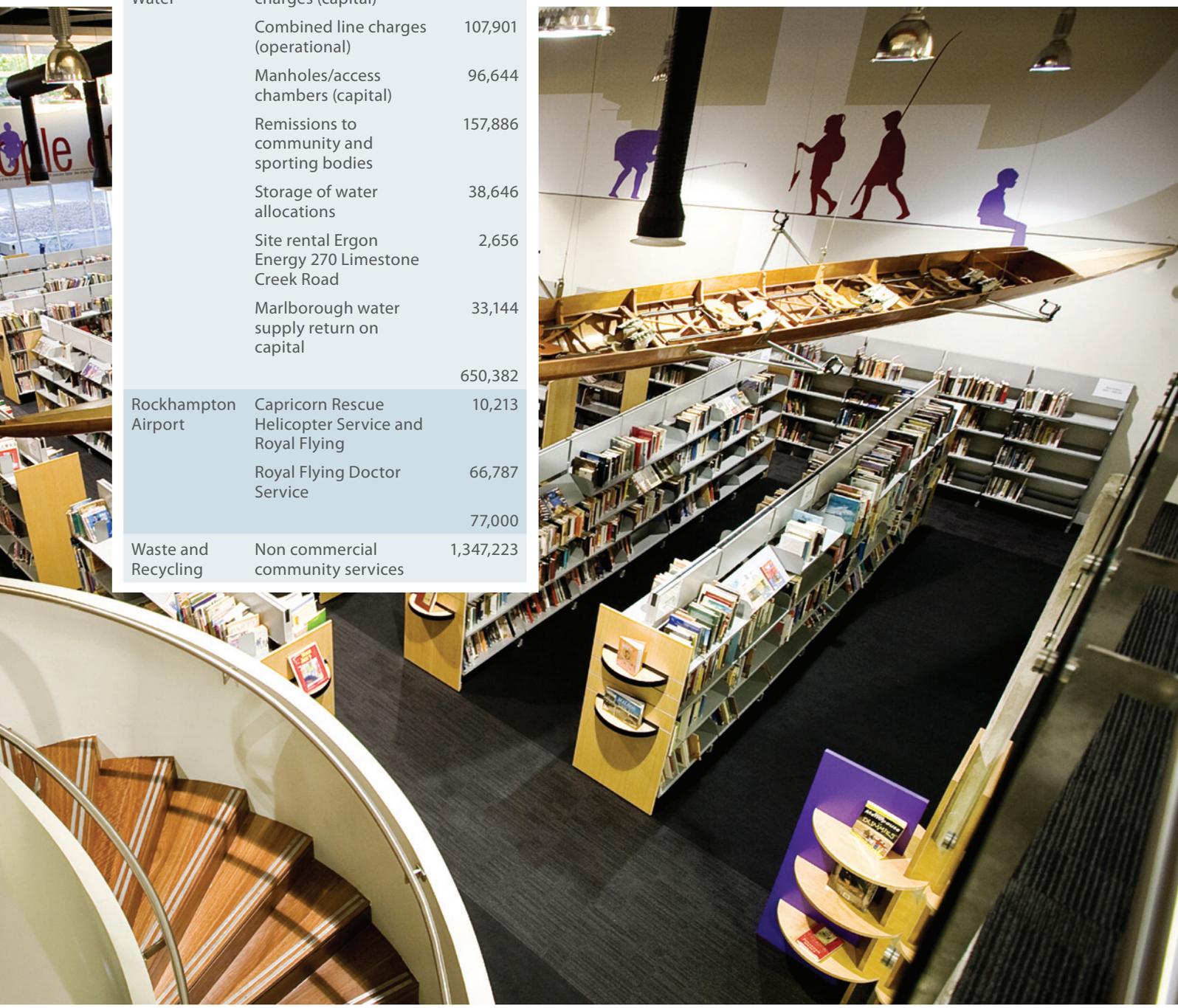
Building Certification	2014	2013
	\$	\$
Revenue for services provided to the Council	-	-
Revenue for services provided to external clients	158,901	161,473
Community service obligations	113,567	92,295
	272,468	253,768
Less : expenditure	272,468	253,768
Surplus/(deficiency)	-	-



40 NATIONAL COMPETITION POLICY (CONTINUED)

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

Activities	CSO description	Actual \$
Building Certification	Non-commercial private certification services	113,567
Fitzroy River Water	Combined lines charges (capital)	99,938
	Combined line charges (operational)	107,901
	Manholes/access chambers (capital)	96,644
	Remissions to community and sporting bodies	157,886
	Storage of water allocations	38,646
	Site rental Ergon Energy 270 Limestone Creek Road	2,656
	Marlborough water supply return on capital	33,144
		650,382
Rockhampton Airport	Capricorn Rescue Helicopter Service and Royal Flying	10,213
	Royal Flying Doctor Service	66,787
		77,000
Waste and Recycling	Non commercial community services	1,347,223



INDEPENDENT AUDITOR'S REPORT

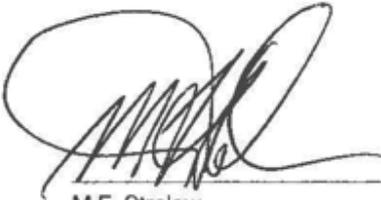
For the year ended 30 June 2014

Management Certificate For the year ended 30 June 2014

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 60, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



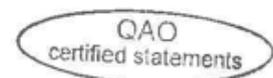
M.F. Strelow
Mayor

Date: 24 October 2014



E.A. Pardon
Chief Executive Officer

Date: 24 October 2014



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Rockhampton Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Rockhampton Regional Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

For the year ended 30 June 2014

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Rockhampton Regional Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane

ROCKHAMPTON REGIONAL COUNCIL
Current-year Financial Sustainability Statement
 For the year ended 30 June 2014

Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	11.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	68.2%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	60.6%	not greater than 60%

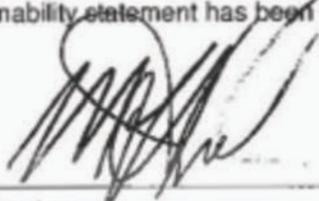
Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.

Certificate of Accuracy
For the year ended 30 June 2014

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

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



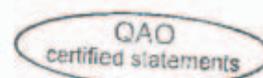
M.F. Strelow
 Mayor

Date: 24 October 2014



E.A. Pardon
 Chief Executive Officer

Date: 24 October 2014



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Rockhampton Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Rockhampton Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificate given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Rockhampton Regional Council, for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



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



Queensland Audit Office
Brisbane

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2014

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Consolidated												
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	11.4%	2.5%	3.8%	4.3%	4.9%	5.4%	5.8%	6.1%	6.8%	7.1%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	68.2%	131.7%	99.8%	95.1%	101.4%	102.0%	103.9%	103.4%	103.8%	103.8%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	60.6%	77.3%	75.2%	71.1%	67.0%	63.2%	59.3%	55.5%	51.3%	47.0%

Council's Financial Management Strategy

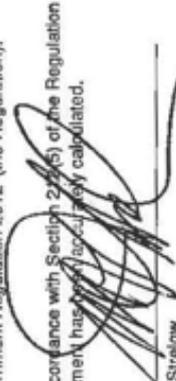
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial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

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2014

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

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


M.F. Strelow
 Mayor


E.A. Pardon
 Chief Executive Officer

Date: 24 October 2014

FITZROY RIVER WATER

ANNUAL STATEMENT ON OPERATIONS OF COMMERCIAL BUSINESS UNIT

With the de-amalgamation of the Livingstone Shire Council as at 1 January 2014 reference is given to 'Continuing Operations' which implies that the figures pertain only to the continuing business activities of Fitzroy River Water under the Rockhampton Regional Council and does not include activities of the Livingstone Shire Council (Discontinued Operations).

NATURE AND SCOPE OF ACTIVITIES

Fitzroy River Water is a commercial business unit of Council and is responsible for operating and maintaining water and sewer assets totalling approximately \$840.3 million (replacement value).

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

Broadly, the scope of Fitzroy River Water (based upon 2013/14 year) is as follows:

Item	RRC	Whole of Council
Total income (operating)	\$58.6M	\$68.4M
Total expenses (operating)	\$30.9M	\$37.4M

ANNUAL OPERATIONS REPORT

Financial Indicators

Item	2013/14 Target	2013/14 Achieved
Operating surplus ratio	35.60%	45.25%
Interest coverage ratio	6.20%	5.09%
Asset consumption ratio	59.50%	60.78%
Gross revenue	\$71,372,265	\$68,357,014
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$45,857,156	\$45,640,455
Competitive neutrality ratio (% of gross revenue)	30.30%	29.35%
Depreciation ratio	22.50%	16.43%
Total written down asset value	\$675,013,227	\$513,366,344
Return on assets	1.50%	3.96%

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

FINANCIAL PERFORMANCE

Operational

Continuing operations of Fitzroy River Water raised operational income of \$58.6 million with the majority raised through utility charges. Operating revenue in 2013/14 has increased by 13.06% from the 2012-2013 period. This increase is predominantly evident in utility charges largely influenced by water consumption.

Continuing operational expenditure for the 2013/14 financial period was \$30.9 million, which has decreased from the 2012/13 financial period.

Employee costs, materials and services and depreciation continually remain to be the largest portion of expenditure for Fitzroy River Water each year. The 2013/14 year is no different in this respect; however there has been a decrease in material and service costs.

Net Result Attributable to Fitzroy River Water

Fitzroy River Water net result before tax of \$48.3 million is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous years' deficit for continuing and discontinuing operations) Fitzroy River Water incurred a retained surplus of \$17.4 million.

Capital

Total capital expenditure for the 2013/14 year was \$31.9 million including debt redemption. Extensive refurbishment programs of underground water and sewerage assets were undertaken and also construction of new aboveground infrastructure was prominent.

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

- Completion of the North Rockhampton and Yeppoon Sewerage Treatment Plant dewatering facilities
- Completion of the Breakspear St sewerage main
- Completion of the relocation of Lakes Ck Rd sewerage main
- Completion of the Gracemere Industrial Area water and sewerage expansion
- Completion of Stage 1 of 300mm trunk water main duplication to Gracemere
- Continuation of stage 2 of the 300mm trunk water main duplication to Gracemere
- Continuation of the augmentation of Gracemere and South Rockhampton sewerage treatment plants
- Continuation of the Glenmore Water Treatment Plant Highlift pump station upgrades
- Continuation of the Mount Morgan Sewerage scheme expansion
- Continuation of the 300mm Gracemere rising sewerage main
- Continuation of the Gracemere Sewerage Treatment Plant effluent return
- Continuation of the refurbishment of the sewerage network, and
- Continuation of the replacement of water mains.

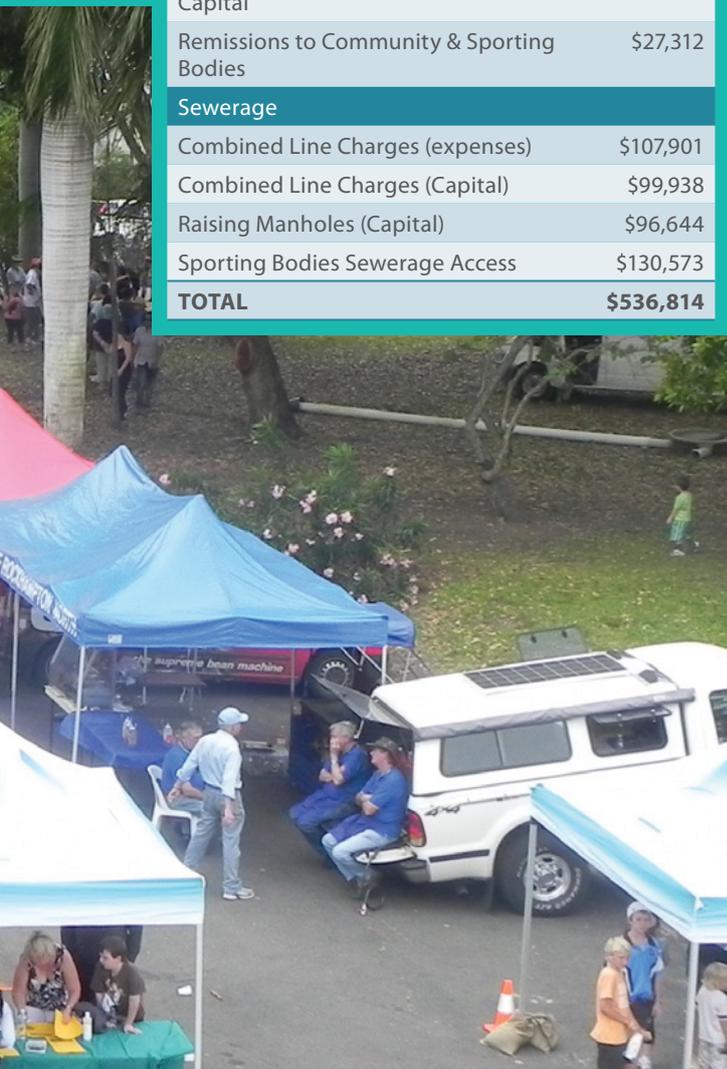


Directions the Local Government gave the Unit – Non Commercial Directives

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

The following table summarises the types of community service obligation revenue received by Fitzroy River Water during the 2013/14 year:

Water	
Storage of Water Allocations	\$38,646
Lease of land to Ergon Energy	\$2,656
Marlborough Water Supply Return on Capital	\$33,144
Remissions to Community & Sporting Bodies	\$27,312
Sewerage	
Combined Line Charges (expenses)	\$107,901
Combined Line Charges (Capital)	\$99,938
Raising Manholes (Capital)	\$96,644
Sporting Bodies Sewerage Access	\$130,573
TOTAL	\$536,814



The following Community Service Obligations (CSO) were funded by a contribution from Council to FRW:

WATER	OBJECTIVE
Other Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW.
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Storage of Water Allocations	A resolution dated 23 December 2008 states that "a Community Service Obligation of 2.5% be applied to the Annual Increase in the Full Commercial Cost".
Lease of land to Ergon Energy – Mt Barmoya	A resolution dated 24 August 2010 states that "a Community Service Obligation to the value of \$5,000pa (increased by CPI) be allocated to FRW" in relation to the 99 year peppercorn lease (nil rent) by Ergon Energy Corporation Limited for part of Mt Barmoya
Marlborough Water Supply Return on Capital	A resolution dated 27 April 2010 states that "Council will fund a Community Service to FRW to the value of the return of capital employed."

SEWERAGE	OBJECTIVE
Combined Line Charges (expenses)	A resolution dated 22 June 1999 states that "Council continue its current policy of maintaining combined line house drains and fund all such work carried out by FRW as a Community Service Obligation".
Combined Line Charges (Capital)	Further to the above resolution regarding the maintenance of combined lines, FRW has begun a full replacement program of these assets. As a result the cost of the replacement of these Combined Lines also constitutes a CSO and the full cost incurred is claimed.
Raising Manholes (Capital)	A resolution dated 29 May 2000 states that "FRW carries out the raising of sewerage manholes and claims this as a community service obligation".
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Sewerage Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Other Rate Remissions	RRC upon review of applications grants remissions for Sewerage Charges. These amounts when remitted are then claimed as a CSO by FRW.

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

Asset Management

Compliance with an approved Strategic Asset Management Plan (SAMP) should ensure continuity of supply of services for customers, and should help a service provider to maintain its current assets and plan future needs to meet customer demand. A SAMP provides performance indicators and targets for service standards. This annual report compares those targets with actual performances.

A summary of the performance indicators and targets set out in Fitzroy River Water's SAMP, actual performance and confidence gradings are outlined below. Where performance has not met the minimum targets set, commentary is provided qualifying the data, including action to be taken.

Confidence Gradings

The confidence levels (reliability and accuracy bands) used in this report are based on both a "reliability band" and an "accuracy band" for each item of data reported as defined by the Regulator and assessed by Fitzroy River Water. Relevant bands include:

Reliability and Accuracy Bands

Reliability Bands			Accuracy Bands	
A	Highly reliable	Data is based on sound records, procedures, investigations or analyses that are properly documented and recognised as the best available assessment methods.	1	+/- 1%
			2	+/- 5%
			3	+/- 10%
B	Reliable	Generally as in "A", but with minor shortcomings eg. some of the documentation is missing, the assessment is old, or some reliance on unconfirmed reports; or there is some extrapolations from such reports/inspections/analysis.	4	+/- 25%
			5	+/- 50%
			6	+/- 100%
C	Unreliable	Generally as in "A" or "B" but data is based on extrapolations from records which cover more than 30% (but less than 50%) of the service provider's system.		
D	Highly unreliable	Data is based on unconfirmed verbal reports and/or cursory inspections or analysis, including extrapolations from such reports/inspections/analysis.		

COMPARISON WITH ANNUAL PERFORMANCE PLAN

Water Services Performance

Table 1: Water - Day to Day Continuity - Potable and Non Potable Water Schemes

CSS Reference	Performance indicator	Potable Water Schemes											
		Rockhampton and Gracemere Water Supply Scheme					Mount Morgan Water Supply Scheme						
		Number of access charges - 35,280 as at 1 January 2014					Number of access charges - 1,454 as at 1 January 2014						
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS1	Extent of unplanned interruptions - connections based (no. per 1,000 connections per year)	11	12	14	11	<80	48	40	18	77	31	<80	166
CSS2	Extent of unplanned interruptions - incidents based (no. per 100 km of main per year) Rockhampton and Gracemere 744.4km Mount Morgan 71.5km	10	10	19	15	<30	54	14	3	15	7	<30	39
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	94%	94%	97%	100%	>90%	96%	100%	100%	94%	100%	>90%	99%
CSS4	Customer interruption frequency:												
	1 interruption per year	1.83%	1.98%	2.53%	1.52%	12%	7.86%	8.13%	3.35%	7.84%	5.19%	12%	24.51%
	2 interruptions per year	0.20%	0.15%	0.07%	0.04%	2%	0.46%	0.14%	0.06%	0.34%	0.13%	2%	0.67%
	3 interruptions per year	0.00%	0.00%	0.00%	0.00%	1%	0.00%	0.00%	0.00%	0.00%	0.00%	1%	0.00%
	4 interruptions per year	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%
	5 or more interruptions per year	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%

Table 2: Adequacy and Quality of Normal Supply of Water Supply

CSS Reference	Performance indicator	Potable Water Schemes																		
		Rockhampton and Gracemere Water Supply Scheme					Mount Morgan Water Supply Scheme													
		Number of access charges - 35,280 as at 1 January 2014					Number of access charges - 1,454 as at 1 January 2014													
CSS8	Minimum pressure standard at the water meter (kPa)	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220
CSS9	Minimum flow standard at the water meter	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min	9 L/min
CSS10	Connections with deficient pressure and/or flow (% of total connections)	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%	<2.5%
CSS11	Drinking water quality (compliance with industry standard)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters - Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines and E.coli - Target: None detected in >98% of all samples tested.																				
CSS12	Drinking water quality complaints (number per 1,000 connections)	0.37	0.45	0.43	0.34	0.43	0.34	0.34	0.34	0.43	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
CSS13	Drinking water quality incidents (number per 1,000 connections)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 3: Long Term Continuity of Water Services Potable and Non Potable Water Schemes

CSS Reference	Performance indicator	Potable Water Schemes																			
		Rockhampton and Gracemere Water Supply Scheme					Mount Morgan Water Supply Scheme														
		Number of access charges - 35,280 as at 1 January 2014					Number of access charges - 1,454 as at 1 January 2014														
CSS14	Water main breaks (number per 100 km main) Rockhampton and Gracemere 744.4km Mount Morgan 71.5km	4	10	6	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	
CSS15	Water services breaks (number per 1,000 connections)	5	5	6	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
CSS16	System water loss (litres per connection per day)	227	161	185	331	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

Table 4: Effective Transportation of Sewage

CSS Reference	Performance indicator	Sewerage Schemes					Sewerage Schemes						
		Rockhampton and Gracemere Sewerage Scheme					Mount Morgan Sewerage Scheme						
		Number of access connections - 43,892 as at 1 January 2014					Number of access connections - 225 as at 1 January 2014						
	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	
CSS17	Sewage overflows – total (number per 100 km main) Rockhampton and Gracemere 689.1km Mount Morgan 10.6km	12.53	1271	13.64	12.92	<30	51.8	0	0	0	0	<10	0
CSS18	Sewage overflows to customer property (number per 1,000 connections)	2.13	1.98	2.14	2.03	<10	8.28	0	0	0	0	<5	0
CSS19	Odour complaints (number per 1,000 connections)	0.12	0.2	0.43	0.32	<1	1.07	0	0	0	0	<1	0
CSS20	Response time												
	Priority 1 – 1 hour response	82%	88%	94%	84%	>95%	87%	100%	100%	100%	100%	>95%	100%
	Priority 2 – 2 hours response	84%	89%	84%	84%	>95%	85%	100%	100%	100%	100%	>95%	100%
	Priority 3 – 24 hours response	96%	100%	97%	100%	>95%	98%	100%	100%	100%	100%	>95%	100%
	Restoration time												
	Priority 1 – 5 hours restoration	94%	96%	94%	100%	>95%	96%	100%	100%	100%	100%	>95%	100%
	Priority 2 – 24 hours restoration	97%	99%	95%	96%	>95%	97%	100%	100%	100%	100%	>95%	100%
	Priority 3 – 5 days restoration	98%	100%	98%	100%	>95%	99%	100%	100%	100%	100%	>95%	100%

Table 5: Long Term Continuity of Sewerage Services

CSS Reference	Performance indicator	Sewerage Schemes											
		Rockhampton and Gracemere Sewerage Scheme	Number of access connections - 43,892 as at 1 January 2014	Mount Morgan Sewerage Scheme	Sewerage Schemes								
CSS21	Sewer main breaks and chokes (number per 100 km main) Rockhampton and Gracemere 689.1km Mount Morgan 10.6km	20.36	20.92	25.25	19.16	<50	85.69	0	0	0	0	<20	0
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	1.2	1.5	4.78	3.57	<5	2.76	1.36	1.21	1.7	1.4	<5	1.42

Reference Codes

A blank field should contain one of the following:

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

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

Customer Service Standards

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

Table 6: Customer Service Targets

Performance indicator	1st qtr	2nd qtr	3rd qtr	4th qtr	Target	Year to Date
Installation of new water connections (within the water service area)	83%	77%	82%	81%	15 working days	81%
Installation of sewerage connections (within the sewerage area)	40%	75%	53%	20%	15 working days	47%
Complaints – (excluding maintenance of water and sewerage services) – advise outcome	100%	100%	100%	100%	20 working days	100%

Table 7: Financial Performance Targets

Performance indicator	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported	Target
RRC Operational Plan Reporting Frequency: quarterly	29/07/2013	10/01/2014	03/04/2014	02/07/2014	Initiatives successfully completed by year end
Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014	30/06/2014	Conduct all activities in accordance with required timelines and budget
Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014	30/06/2014	Timely reporting of any significant variations to budget revenue and collection timing
Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2013	31/12/2013	31/03/2014	30/06/2014	Completion of capital program in accordance with adopted timeframe and budget (within 3%)

Reference Codes

A blank field should contain one of the following:

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

Non Compliance Comments

CSS Reference	Scheme	Comment
CSS1	Mount Morgan Water Supply Scheme	Mount Morgan experienced 6 main breaks and 6 service breaks. A total of 5 unplanned incidents affecting 45 service connections.
CSS2	Rockhampton and Gracemere Water Supply Scheme	A total of 23 broken water mains for fourth quarter affecting a total of 378 unplanned interruptions. The total for YTD is 183 watermains. The number of interruptions to our customers remains above our target. The capital water mains replacement program will provide improvement to support meeting the required target.
CSS2	Mount Morgan Water Supply Scheme	A total of 6 broken water mains for fourth quarter affecting a total of 45 unplanned interruptions. The total for YTD is 22 watermains.
CSS4	Mount Morgan Water Supply Scheme	The percentage exceeds the target due to 6 water main breaks for the fourth quarter. The total number of water incidents was 37 (22 of those relate to watermains). The affected water mains have been included in the capital renewal programme.
CSS5	Rockhampton and Gracemere Water Supply Scheme	Due to the ageing infrastructure Rockhampton has had 115 unplanned versus 12 planned water shut downs. A water mains replacement program is in place.
CSS5	Mount Morgan Water Supply Scheme	Due to the ageing infrastructure Mount Morgan has had 27 unplanned versus 6 planned water shut downs. A water mains replacement program is in place.
CSS6	Mount Morgan Water Supply Scheme	The planned duration for the quarter is 515 minutes based on 6 planned incidents compared to 241 minutes based on 5 unplanned incidents. A water main replacement program is in place.
CSS7	Rockhampton and Gracemere Water Supply Scheme	<p>Response</p> <p>P1 - Total requests 18 and 14 responded to within 1 hour. P2 - Total requests 49 and 43 responded to within 2 hours.</p> <p>Restoration</p> <p>P1 - Total requests 18 and 15 restoration to within 5 hours.</p> <p>Continue to monitor weekly reporting of priorities. The output of that monitoring will be to identify both issues and areas for improvement.</p>
CSS7	Mount Morgan Water Supply Scheme	<p>Response</p> <p>P1 - Total requests 6 and 3 responded to within 1 hour. P2 - Total requests 7 and 5 responded to within 2 hours. P3 - Total requests 9 and 8 responded to within 24 hours.</p> <p>Restoration</p> <p>P1 - Total requests 6 and 5 restored to within 5 hours. P2 - Total requests 7 and 6 restored to within 24 hours. P3 - Total requests 9 and 8 restored to within 5 days.</p> <p>Continue to monitor weekly reporting of priorities. The output of that monitoring will be to identify both issues and areas for improvement.</p>

INFORMATION REQUIRED UNDER THE ACT

Fitzroy River Water

Non Compliance Comments

CSS12	Mount Morgan Water Supply Scheme	A small number (7) of discoloured water complaints were received in May and June and given the relatively low number of connections this relatively small number of complaints led to an exceedance of the compliance target. Follow-up actions to help prevent further similar events have been identified.
CSS16	Rockhampton and Gracemere Water Supply Scheme	Water loss per connection per day 331 litres. Flow meters have recently been installed at major reservoirs outlets. Once communications have been established with these flow meters the current water loss calculations will be drilled down to supply zone level to more accurately assess the current water loss calculations.
CSS17	Rockhampton and Gracemere Sewerage Supply Scheme	A total number of 132 blockages and 89 overflows.
CSS19	Rockhampton and Gracemere Sewerage Supply Scheme	A slightly elevated number of complaints in the last two quarters has led to the compliance target being exceeded by a very small margin. Improved management of wet season events may help to reduce the number of odour complaints that are associated with high sewage inflow events.
CSS20	Rockhampton and Gracemere Sewerage Supply Scheme	Response P1 - Total requests 32 and 27 responded to within 1 hour. P2 - Total requests 104 and 87 responded to within 2 hours. Network Service supervisory staff continue to work with staff on improving resource
CSS21	Rockhampton and Gracemere Sewerage Supply Scheme	Rockhampton and Gracemere sewerage system sustained 132 breaks and chokes during the fourth quarter. A total of 34 were mainline blockages and 89 overflows.

WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008

The *Water Supply (Safety and Reliability) Act 2008* underwent significant change in May 2014. These changes were to simplify regulatory requirements and remove the need for service providers to have multiple management plans in place. The new reporting requirements will come into force for the 2014/15 year.

Fitzroy River Water is a commercial business unit of Rockhampton Regional Council and this Annual Report covers its SAMP (approved 22 February 2012), CSS and SLMP (approved 19 November 2010).

Fitzroy River Water's Drinking Water Quality Management Plan (DWQMP) was approved by the Office of the Water Supply Regulator in August 2012. The DWQMP is the regulatory document used by Fitzroy River Water to manage all risks posed to the safety of drinking water supply.

STATUTORY INFORMATION

Fitzroy River Water

Overview of Services

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

CUSTOMER SERVICE STANDARDS PROCESSES

Service Connections

Water

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

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

Sewerage

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

Fitzroy River Water aims to install all new sewerage connections within the Sewered Area within 15 working days of approval of the application and payment of the related fee or by the installation date agreed with the customer outside the 15 day period.

Trade Waste Services

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

Metering and Billing

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

Fitzroy River Water's water access and sewer charges are integrated with Rockhampton Regional Council rate notices which are issued twice a year.

STATUTORY INFORMATION

Fitzroy River Water

Accounting

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

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

Payment can be made in the following manner:

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

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

Complaints

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

Dispute Resolution

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

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

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

Review of the SAMP

The requirements for a SAMP are currently under review by the Department of Energy and Water Supply (DEWS). Indications are the requirements to produce a SAMP to show how we are managing assets will be replaced by reporting on key performance indicators (KPIs). To replace the SAMP a Water and Sewer Asset Management Plan (AMP) is being put together. The AMP will include all of what was contained in the SAMP as well as a Forward Plan for New Works. Draft Asset Management Plans will be completed by April 2015.

Review of the System Leakage Management Plan (SLMP)

Service providers are required to regularly review their approved SLMP. Fitzroy River Water is currently undertaking a detailed review of the existing SLMP with this to be completed by 30 June 2015.

Review of Customer Service Standards (CSS)

Legislation requires service providers to review the CSS every year. Fitzroy River Water's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 2013/14 Performance Plan. The Annual Performance Plan report as at 30 June 2014 was presented to Council with the Customer Service Standards on 3 September 2014.

As part of the changes to the *Water Supply (Safety and Reliability) Act*, Fitzroy River Water will need to set Customer Service Standards by the end of 2014.

The current CSS are available on Fitzroy River Water's website.

REVIEW AND AUDIT

Rockhampton Regional Council, as a water and sewerage service provider, has previously been required to have an approved SAMP certified by a Registered Professional Engineer, for ensuring continuity of supply of each of the service provider's registered services.

ROCKHAMPTON REGIONAL WASTE & RECYCLING

ANNUAL STATEMENT ON OPERATIONS OF COMMERCIAL BUSINESS UNIT

With de-amalgamation of the Livingstone Shire Council from 1 January 2014 reference is given to 'Continuing Operations' which implies that the figures pertain only to the continuing business activities of Rockhampton Regional Waste and Recycling under Rockhampton Regional Council and does not include activities of the Livingstone Shire Council (Discontinued Operations).

NATURE AND SCOPE OF ACTIVITIES

Rockhampton Regional Waste and Recycling is a commercial business unit of Rockhampton Regional Council and is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$18.1M (replacement value).

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

Broadly, the scope of Rockhampton Regional Waste and Recycling (based upon 2013/14 year) is as follows:

Item	Whole of Council
Total Income (operating)	\$21.7M
Total Expenses (operating)	\$19.1M
Number of staff	31
Properties served- General Waste	31,029
Properties served- Recycling	30,839
Total waste to Landfill – including kerbside waste collection but not including cover material (tonnes)	75,656
Kerbside Waste Collected (tonnes)	27824
Recycling Collected (tonnes)	7196
Landfill	2
Transfer Stations (manned)	3
Roadside Bin Stations	9
Recycling Kerbside Drop Off Stations (unmanned)	0

Financial Indicators		
Item	2013/14 Target	2013/14 Achieved
Operating Surplus Ratio	11.4%	12.2%
Interest Coverage Ratio	10.9%	9.7%
Asset Consumption Ratio	77%	76.1%
Depreciation Ratio	5.9%	7.7%

COMPARISON WITH ANNUAL PERFORMANCE PLAN

Non-Financial Performance Targets

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

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

Financial Performance Targets

Performance indicator	Target	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported
RRC Operational - Plan Reporting Frequency: quarterly	Initiatives successfully completed by year end	1/09/2013	31/12/2013	31/03/2014	30/06/2014
Operating Budget - Reporting Frequency: quarterly or when variations arise	Conduct all activities in accordance with required timelines and budget	30/09/2013	31/12/2013	31/03/2014	30/06/2014
Annual Revenue - Reporting Frequency: quarterly or when variations arise	Timely reporting of any significant variations to budget revenue and collection timing	30/09/2013	31/12/2013	31/03/2014	30/06/2014
Capital Works - Reporting Frequency: quarterly or when variations arise	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	30/09/2013	31/12/2013	31/03/2014	30/06/2014

REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the Customer Service Standards every year. Rockhampton Regional Waste and Recycling's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 2013/14 Performance Plan. The Annual Performance Plan report as at 30 June 2014 was presented to Council with the Customer Service Standards on 3 October 2014.

Significant work has been undertaken during the reporting period on initiatives and work practices that will improve business performance. These include, monitoring of actual performance against response targets for job requests and the assessment of the number and type of actual jobs requiring rework and associated financial performance.

FINANCIAL PERFORMANCE

Operational (Continuing Operations)

Rockhampton Regional Waste and Recycling raised operational income of \$21.7 million, including internal charges revenue, with the majority raised through utility and landfill fees and charges.

Operating revenue in 2013/14 is higher than the 2012/13 period. This is partly attributed to the carbon tax price increase which has been netted off in operational expenditure. Rates revenue was up by 17.9% compared to the 2012/13 financial year and landfill fees and charges were higher by 5.0% in comparison to last year, all of which contain an increase due to the carbon tax price increase.

Operational expenditure for the continuing Regional Waste and Recycling 2013/14 financial period was \$15.3 million; this does not include capital expenditure, company tax equivalents.

Materials and services and employee costs formed the largest portion of expenditure for the continuing RRWR in the financial period. Expenditure incurred for materials and services (60%) is essential in providing critical waste services to the community and maintaining Rockhampton Regional Waste and Recycling property, plant and equipment. Rockhampton Regional Waste and Recycling also supports a medium sized in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 19% of operational expenditure.

Net Result Attributable to Rockhampton Regional Waste and Recycling

Rockhampton Regional Waste and Recycling net result before tax of \$89.5 thousand is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous year's deficit for continuing and discontinuing operations) Fitzroy River Water incurred a retained deficit of \$5.1 million.

Capital

Total capital expenditure for the 2013/14 year was \$11.5 million, including debt redemption.

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

- Continuation of waste transfer station construction
- Replacement of bins under the Rockhampton Regional Waste and Recycling replacement bin program.

Directions the Local Government gave the Unit – Non Commercial Directives

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

The following table summarises the types of community service obligation revenue received by Rockhampton Regional Waste and Recycling during the 2013/14 year:

INFORMATION REQUIRED UNDER THE ACT

Regional Waste and Recycling

DESCRIPTION	ACTUAL COST
Great Keppel Island Collections and Landfill	\$45,933
Roadside Bin Operations	\$ 395,917
Roadside Bin Disposal Costs	\$290,993
Tyres, Oils & Chemicals	\$25,380
Old Landfill Maintenance Works	\$78,397
Green Waste Vouchers	\$337,444
Green Waste/Mulch Loading Trial	-\$72,686
CQLGA Membership	\$186,753
Boat Ramp Services	\$7,357
Charity Waste Policy	\$44,111
Waste Audit	\$7,624
TOTAL COMMUNITY SERVICE OBLIGATIONS	\$1,347,223

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

Authorised Group	Date	Limit	Expiry
The Umbrella Network	01/07/2013	3 tonne	30/06/2014
Lifeline Rockhampton (Uniting Care Community)	01/07/2013	250 tonne	01/07/2014
Anglicare Central Queensland Ltd	01/07/2013	60 tonne	02/07/2014
The Salvation Army	01/07/2013	120 tonne	03/07/2014
St Vincent de Paul Society	01/07/2013	120 tonne	04/07/2014
Endeavour Foundation	01/07/2013	20 tonne	05/07/2014
Rockhampton Women's Shelter	01/07/2013	25 tonne	06/07/2014



ROCKHAMPTON AIRPORT

ANNUAL STATEMENT ON OPERATIONS OF COMMERCIAL BUSINESS UNIT

NATURE AND SCOPE OF ACTIVITIES

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

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

Rockhampton Airport is responsible for the operation and maintenance of Airport assets totalling approximately \$110.1 million (replacement value).

Annual Operations Report

Item	As at 30 June 2014
Total income	\$14.1M
Total expenses	\$9.4M
Passenger movements	677,442
Number of staff	24
Number of paid parking car parks	637
Aircraft movements	35,350

COMPARISON WITH ANNUAL PERFORMANCE PLAN

Annual Performance Report

The 2013/14 financial year was the first period that the Rockhampton Airport operated as a Significant Business Activity under the *Local Government Act*. This necessitated the requirement of an Annual Performance Plan. The non-financial performance targets and corresponding results are included below.

Performance Indicator	Target	Annual Result
Increase Passenger numbers	2%	-5.1%
Increase Aircraft Movements	1%	-5.2%
Bird Strikes	Less than 40	38
Lost Time Days – workplace injuries	0	1
Reported Public Injuries on Airport Precinct	0	5
Customer Requests Actioned	100%	100%
Airline Engagement Meetings held Quarterly	Yes	Yes
All Military Exercise Briefings Attended	Yes	Yes



INFORMATION REQUIRED UNDER THE ACT

Rockhampton Airport

FINANCIAL PERFORMANCE

Operational

Total Income for the financial period was \$14.1 million; this includes capital income for grants received for capital purposes.

Despite passenger numbers being down 4.9% over the previous financial year operating income was higher in comparison to the previous financial year by 9%. This can be attributed mostly to passenger landing charges.

Operational expenditure for the 2013/14 financial period was \$9.4 million, this does not include capital expenditure and company tax equivalents. Total expenditure for the financial period was \$10.9 million.

Materials and services, depreciation and employee costs formed the largest portion of expenditure for the Rockhampton Airport in the financial period. Expenditure incurred for materials and services (47.95%) is essential in providing critical services to the community and maintaining the Rockhampton Airport property, plant and equipment. Rockhampton Airport also supports a reasonable size in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 26.14% of total expenditure.

Rockhampton Airport total net result of \$4.6 million before income tax is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. Overall Rockhampton Airport achieved a surplus of \$3.1 million for the 2013/14 financial year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous years surplus) Rockhampton Airport incurred a retained deficiency of \$381k.

Capital

Total capital expenditure for the 2013/14 year was \$2.8 million which fell short of the capital program budgeted of \$5 million.

During this period a major refurbishment to the terminal was completed allowing the progress of further business opportunities. In addition, work commenced on Stage 1 of a runway lighting project with the final 2 stages to be completed over the next 2 financial years.

Work was also completed on upgrading the storm water management system and expanding the ground maintenance shed to improve operational support. Works were also undertaken to rejuvenate the asphalt on the bay six apron and resurface the tower crescent road to reduce potential operational hazards.

Directions the Local Government gave the Unit – Non Commercial Directives

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

The following table summarises the types of community service obligation revenue received by Rockhampton Regional Airport during the 2013/14 year.

Description	Actual Cost
Royal Flying Doctors Service & Capricorn Rescue Helicopter Service	\$77,000

INFORMATION REQUIRED UNDER THE ACT

For the year ended 30 June 2014

BENEFICIAL ENTERPRISES (S 41 LGA 2009)

Identifying beneficial enterprises

- Caravan Parks
- Building Certification

SIGNIFICANT BUSINESS ACTIVITIES (S 45 LGA 2009)

All business activities

- Water and Sewerage
- Regional Waste
- Rockhampton Airport

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

- Water and Sewerage
- Regional Waste
- Rockhampton Airport

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

All significant business activities were conducted in the previous year.

COUNCIL PERFORMANCE S 190(A)

Assessment of Council Performance in implementing 5 year corporate plan

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

Assessment of Council performance in implementing the annual operational plan

Honest, transparent and accountable corporate governance in line with corporate values has resulted in the majority of key outcome targets being achieved with those results reported to Council via its Operational Plan on an annual basis. The detailed results for the 2013/14 Operational Plan were reported to Council's Performance and Service Committee meeting on the 29 July 2014 in accordance with s104 *Local Government Act 2009* and s174 *Local Government Regulation 2012*.

Particulars of other issues relevant to making an informed assessment of the local government's operation and performance in the financial year

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

Details of any action taken for, and expenditure on a service, facility or activity supplied by another Council for conducting a joint government activity and for which the Council levied special rates/charges for the financial year

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

Number of invitations to change tenders under section 228(7) during the financial year

One (1)

List of the registers kept by Council

- Register of Designated Natural Hazard Management Areas (Flood)
- Register of Thermostatic Mixing Valves
- Register of Development Applications
- Register of Subdivisions Approved under the repealed *Local Government (Planning and Environment) Act 1990*
- Register of Zonings, Rezonings and Consents Approved under the repealed *Local Government (Planning and Environment) Act 1990*
- Adopted Infrastructure Charges Register
- Infrastructure Charges Register
- Regulated Infrastructure Charges Register
- Register of Declared Pest Permits
- Register of Pest Control and Entry Notices
- Register of Testable Backflow Prevention Devices
- Register of Installed On-site Sewerage and Greywater Use Facilities
- Register of Resolutions About Land Liable to Flooding made under the *Building Act*
- Register of Master Plan Applications
- Register of Administrative Action Complaints Received
- Register of Complaints about the conduct or performance of Councillors
- Register of Contact with Lobbyists
- Register of Interests of Councillors
- Register of Interests of persons related to a Councillor

INFORMATION REQUIRED UNDER THE ACT

For the year ended 30 June 2014

- Register of Interests of Senior Executive Employees and Persons related to a senior executive employee
- Register of Interests of Chief Executive Officer and Persons related to Chief Executive Officer
- Asset Register
- Register of Activities for Competitive Neutrality
- Register of Beneficial Enterprises
- Register of Roads and Road Maps
- Register of Cost-Recovery Fees (Council Fees and Charges)
- Register of Pre-qualified Suppliers
- Register of Delegations
- Register of Authorised Persons (*Environmental Protection Act 1994*)
- Asbestos Register
- Cat and Dog Registry
- Register of Impounded Animals
- Cemetery Register
- Local Law Register
- Register of Environmental Authorities
- Register of Surrendered Environmental Authorities
- Register of Suspended or Cancelled Environmental Authorities
- Register of Environmental Evaluations
- Register of Environmental Reports
- Register of Monitoring Programs
- Register of Results of Monitoring Programs
- Register of Transitional Environmental Programs
- Register of Temporary Emissions Licences
- Register of Environmental Protection Orders
- Register of Direction Notices

SUMMARY OF ALL CONCESSIONS FOR RATES AND CHARGES GRANTED BY THE LOCAL GOVERNMENT

Approved Government Pensioners:

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

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

Eligibility

Approved Pensioner – A Person who:

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

Approved Widow/er – A Person who:

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

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

Close of Applications

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

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

Amount of Remission

Persons who qualify for a subsidy under the Queensland Government Pensioner Rate Subsidy Scheme guidelines will be eligible for a Council remission of 20% (to a maximum of \$200) on all rates levied in respect of each eligible property, excluding environment separate charge, special rates/charges and rural and state fire levies/charges.

A person in receipt of a Widow's Allowance will also be entitled to a subsidy of 20% (to a maximum of \$200) on all rates levied in respect of the property the person owns and occupies, excluding environment separate charge, special rates/charges and rural and state fire levies/charges.

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

Not-For-Profit/Charitable Organisations

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

Eligibility

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

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

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

Close of Applications

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

Amount of Remission

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

- Remission Level General Rates – 100%
- Remission Level Separate Rates/Charges – 100%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap – N/A

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

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

(c) Category Three (3) – Kindergartens

- Remission Level General Rates – 50%
- Remission Level Road Network Separate Charge – 50%
- Remission Level Special Rates/Charges – 0%
- Remission Level Environment Separate Charge – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00

(d) Category Four (4) – Charitable Organisations Benefiting the Aged/Disadvantaged

- Remission Level General Rates – 100%
- Remission Level Separate Rates/Charges – 100%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – 0%
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00

(e) Category Five (5) – Sporting Clubs & Associations – Without Liquor & Gaming Licenses

- Remission Level General Rates – 100%
- Remission Level Separate Rates/Charges – 100%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00

INFORMATION REQUIRED UNDER THE ACT

For the year ended 30 June 2014

(f) Category Six (6) – Sporting Clubs & Associations – With Liquor Licenses but No Gaming Licenses

- Remission Level General Rates – 50%
- Remission Level Road Network Separate Charge – 50%
- Remission Level Environment Separate Charge – 0%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00

(g) Category Seven (7) – Sporting Clubs & Associations situated on highly valued leasehold land – With Liquor Licenses but No Gaming Licenses

- Remission Level General Rates – 75%
- Remission Level Road Network Separate Charge – 75%
- Remission Level Environment Separate Charge – 0%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00 for Service Charges only

(h) Category Eight (8) – Sporting Clubs & Associations – With Liquor & Gaming Licenses

- Remission Level General Rates – 0%
- Remission Level Separate Rates/Charges – 0%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 0%
- Remission Level Water Consumption Charges – 0%
- Remission Level Sewerage Charges – 0%
- Remission Level Waste Charges – 0%
- Cap – N/A

(i) Category Nine (9) - All Other Not-For- Profit/ Charitable Organisations

- Remission Level General Rates – 100%
- Remission Level Separate Rates/Charges – 100%
- Remission Level Special Rates/Charges – 0%
- Remission Level Water Access Charges – 25%
- Remission Level Water Consumption Charges – Charged at residential rates
- Remission Level Sewerage Charges – 25%
- Remission Level Waste Charges – 25%
- Cap - \$ 700.00

(j) Category Ten (10) - Rural Fire Brigade

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

NOTE: Sewerage charges are not to be levied in respect of public amenities blocks that are locked and controlled by the clubs.

General Rate Remissions

In accordance with Part 10 of the Local Government (Finance, Plans & Reporting) Regulation 2010, the properties where 100% remission of general rates applies may be exempted from payment of general rates in lieu of the provision of a remission.

Permits to Occupy (Pump Sites)

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

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

Water Consumption Charges

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

- 148543 – Gracemere Lakes Golf Club
- 148545 – Gracemere Bowling Club

Water Consumption Charges – 50% remission.

Lot 1 South Ulam Rd, Bajool

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

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

Exclusions from Capping of General Rates as an Unintended Consequence

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

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

REPORT ON INTERNAL AUDIT FOR THE YEAR S190(1)(H) (FPA) REG 2012

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

Audit and Business Improvement Committee

This Advisory Committee operates under best practice guidelines with a majority membership consisting of 3 external independent experts. Its responsibilities are to review and monitor the effectiveness of Governance, Risk and Compliance functions, including oversight of the overall audit process, and make recommendations to Council.

Internal Audit

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

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

Internal Audit Plan

Specific audits planned and undertaken during the financial year 2013/14 included:

- Cash Floats and Petty Cash
- Public Event Management Process (including public safety)
- Child Care Centre Regulatory Review
- Engineering Records and Associated Systems Review
- Animal Management Business Process Improvement Review
- De-amalgamation Compliance Review
- Follow-Up Audits from previous years' audit recommendations

INFORMATION REQUIRED UNDER THE ACT

For the year ended 30 June 2014

SENIOR EMPLOYEES S201 (1) A & B

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

The total remuneration packages that were payable to senior management for the financial year was \$1,203,812.46.

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

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

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

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

Administrative Action Complaints (s187 LGA 2009)

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

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

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

A total of 54 complaints were received by council under the above policies and procedures this financial year. 42 of those complaints were able to be resolved before the end of the financial year, along with 10 complaints from the previous financial year.

Number of administrative action complaints received in financial year	54
Number of administrative action complaints resolved in financial year	52
Number administrative action complaints not resolved in financial year	12
Number of administrative action complaints that were from a previous financial year	2



COUNCILLORS

AUDIT AND BUSINESS IMPROVEMENT ADVISORY COMMITTEE

Council's Audit and Business Improvement Advisory Committee oversees the audit, control and risk management functions. The Audit Committee is comprised of five members; two councillors and three external representatives appointed by Council.

Statement about the local government's activities during the year to implement its plan for equal opportunity in employment

The Local Government Regulation 2012 does not require this plan therefore the plan does not need to be implemented.

Summary of investigation notices given in the year under section 49 for competitive neutrality complaints

Nil

Responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3)

Nil

Resolutions made under s250(1) LG Regulation 2012 (Requirement to adopt expenses reimbursement policy or Amendment)

That the Expenses Reimbursement and Provision of Facilities for Mayor and Councillors Policy be amended as attached.

Moved by: Councillor Fisher

Seconded by: Councillor Schwarten

MOTION CARRIED

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

That Council's Asset Capitalisation Policy be adopted including the separation of the Roads, Bridges and Drainage asset class as outlined in the report.

Moved by: Councillor Mather

Seconded by: Councillor O'Brien

MOTION CARRIED UNANIMOUSLY

Remuneration and superannuation contributions paid to each Councillor \$186(a)

Councillor	YTD salary 'Work'	Employer Super	Gross
Mayor, Councillor M F Strelow	\$154,636	\$14,303	\$168,939
Councillor A P Williams	\$105,433	\$12,652	\$118,086
Councillor R A Swadling	\$91,375	\$10,965	\$102,341
Councillor G A Belz	\$91,375	\$10,965	\$102,341
Councillor S J Schwarten	\$91,375	\$10,965	\$102,341
Councillor N K Fisher	\$91,375	\$8,223	\$99,599
Councillor C R Rutherford	\$91,375	\$10,965	\$102,341
Councillor C E Smith	\$91,375	\$10,965	\$102,341
Councillor G M Mather	\$49,202	\$5,904	\$55,106
Councillor F W Ludwig	\$49,202	\$5,904	\$55,106
Councillor T A Wyatt	\$49,202	\$5,904	\$55,106

EXPENSES REIMBURSEMENT POLICY

s186(a) LG Regulation 2012

Expenses incurred by and provided to each Councillor under the Expenses Reimbursement Policy s186(a) LG Regulation 2012

Councillor	Travel / Expenses / Allowances
Mayor, Councillor M F Strelow	\$39,728.51
Councillor G M Mather	\$12,966.15
Councillor T A Wyatt	\$15,635.13
Councillor F W Ludwig	\$14,792.78
Councillor C E Smith	\$23,405.09
Councillor C R Rutherford	\$19,364.55
Councillor G A Belz	\$21,847.90
Councillor S J Schwarten	\$15,489.92
Councillor A P Williams	\$26,083.27
Councillor R A Swadling	\$32,143.14
Councillor N K Fisher	\$32,790.69

1. PURPOSE

This Policy will ensure accountability and transparency in the reimbursement of expenses incurred, or to be incurred, by the Mayor, Deputy Mayor and Councillors.

This Policy will also ensure that elected members are provided with reasonable facilities to assist them in carrying out their civic duties.

(This Policy does not provide for salaries or other form of Councillor remuneration. Councillor remuneration is in accordance with the determination of the Local Government Remuneration Tribunal.)

2. REFERENCE (E.G. LEGISLATION, RELATED DOCUMENTS)

- Local Government Act 2009
- Local Government (Operations) Regulation 2010
- Local Government (Finance, Plans and Reporting) Regulation 2010
- Income Tax Assessment Act 1997
- Taxation Rulings issued by the Australian Taxation Office
- RRC Travel and Conference Attendance Policy
- RRC Travel and Conference Attendance Procedure
- RRC Corporate Uniform Policy
- Procurement Policy and Purchasing Guidelines
- Councillors Vehicle Use Policy

3. DEFINITIONS

To assist in interpretation, the following definitions shall apply:

Authorising person: shall mean the person with delegated authority to approve expenditure or reimbursement for Councillor expenses and facilities.

Council business: shall mean official business conducted on behalf of Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council, for example official Council meetings, Councillor forums and workshops, Committees/Boards as Council's official representative, scheduled meetings relating to portfolios or Council appointments.

Council Business should result in a benefit being achieved either for the local government and/or the local government area, for example Council may decide that Council business includes civic ceremony duties such as opening a school fete.

Participating in a community group event or being a representative on a Board not associated with Council is not regarded as Council business.

Councillors: shall mean the Mayor, Deputy Mayor and Councillors.

Expenses: shall mean costs reasonably incurred, or to be incurred, in connection with Councillors discharging their duties. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge.

Expenses are not included as remuneration.

Facilities: shall mean the facilities deemed necessary to assist Councillors in their role.

Public record: shall mean any record created, received or kept in an official capacity.

Reasonable: shall mean Council must make sound judgements and consider what is prudent, responsible and acceptable to the community when determining reasonable levels of facilities and expenditure.

4. 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 2009* and the *Local Government (Operations) Regulations 2010*.

Council is committed to ensuring that Councillors are provided with the facilities required to enable them to perform their duties.

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

- 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* and associated Regulations.

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

The following expenses refer to actual expenses deemed necessary for Council business. Councillors are only entitled to the expenses contained in the categories listed below.

4.1 Representing Council at Events

Councillors may be required to attend a range of events and functions as part of their role in attending to Council business. Councillors may, for example, be required to attend significant sporting and other community events in an official capacity.

Council will pay for expenses associated with Councillors attending events for the purpose of addressing Council's advocacy strategy and to provide support for community social and economic development activities.

4.2 Travel as Required to Represent Council

All Councillor travel, excluding that undertaken in a Council provided vehicle as per this Policy, requires the approval of Council via a report to Council identifying the relevance of such event to the Council and as far as practicable indicate the cost of attendance. The Mayor will not be required to have the approval of Council if attending functions or meetings relevant to the role of Mayor.

Council may approve local, intrastate, interstate, and overseas travel for Councillors where Council considers it appropriate to promote or represent the Rockhampton Regional area for a local government purpose.

Where time does not permit the presentation of a report to Council:

- a) The CEO may approve any requests for travel by the Mayor subject to a report being submitted to the next available Council Meeting; and
- b) The Mayor may approve any Councillor's travel subject to a report being submitted to the next available Council Meeting.

All travel and conference arrangements must be made in accordance with Council's Travel and Conference Attendance Policy and associated Procedure. All expenses incurred in relation to travel and conference attendance will be reimbursed in accordance with Council's Travel and Conference Attendance Policy and associated Procedure.

All requests for travel (including associated registrations) should be made in sufficient time to take advantage of discounts and gain access to the widest range of accommodation and flights. Failure to do so will limit flight and accommodation options.

INFORMATION REQUIRED UNDER THE ACT

Councillors

4.2.1 Meeting Attendance

Where Councillors are attending to Council business such as meetings, functions or other activities in an official capacity, Council will pay for the approved expenses associated with that activity.

The following restrictions apply in the following circumstances:

Mayor: No limit to travel to attend meetings to represent Council in undertaking his/her responsibilities.

Committee Chair: No limit to travel to attend meetings to represent the interest of the Committee in line with the Committee's Terms of Reference or when directed by Council to attend.

Councillors: No limit to travel to attend meetings to represent Council when nominated or requested by the Mayor, Committee Chair or CEO or when directed by Council to attend.

4.2.2 Council Delegates

Where Councillors are appointed by the Council as Council's representative on a Committee or Association, all travel and accommodation associated with the Councillor's fulfilment of that role is deemed as approved without the need for a further report to Council.

4.2.3 Conference Attendance

The CEO, where possible, will advise Councillors of upcoming conferences. Councillors shall give notice of their desire to attend a conference by giving notice to the CEO ten (10) days prior to the relevant Committee/Council Meeting.

4.3 Professional development

There are two categories of professional development for Councillors – Mandatory Training and Discretionary Training.

4.3.1 Mandatory training

Mandatory training is where one or more Councillors are required to attend courses, workshops, seminars or conferences for skill development related to the Councillor's role. This includes events directly relating to the role of Councillor such as Councillor Induction, Meeting Procedures and Legislative Obligations, events that are relevant for a Chairperson of a Committee, or events where a Councillor has been appointed as an official Council delegate.

If a Chairperson or Council delegate is unable to attend an event and an alternative Councillor is appointed by Council then this will be deemed as mandatory. Council will meet all costs associated with mandatory training.

4.3.2 Discretionary training

Discretionary training is where one or more Councillor wishes to attend a course, workshop, seminar or conference outside the provisions of mandatory training.

In addition to any mandatory training required, the following limits apply to any discretionary training attendance:

- Mayor - No limit
- Deputy Mayor - 5 events per year
- Committee Chairs - 4 events per year
- Councillors - 3 events per year

Where the Councillor wishes to attend a conference and has exceeded the above limits, the CEO will submit a report to the table and the Council will determine if the Councillor is able to attend.

4.4 Hospitality Expenses

Where Councillors incur hospitality expenses while conducting Council business, apart from official civic receptions organised by the Council, the maximum amount that may be reimbursed is:

- \$500 per annum for each Councillor; and
- \$6,000 per annum for the Mayor

Hospitality expenses related to official receptions and other functions organised by Council officers are met from relevant approved budgets.

4.5 Provision of Facilities

Facilities provided for Councillors must be deemed necessary and required to assist Councillors in their official capacity. In accordance with statutory provisions, Council may only provide Councillors with the facilities listed below.

Council determines the reasonable standard for facilities for Councillors. If a Councillor chooses a higher standard of facility than that prescribed by Council, any difference in cost must be met by the Councillor personally.

All facilities provided to Councillors remain the property of Council and must be accounted for during annual equipment audits. The facilities must be returned to Council when the Councillor's term expires, unless Council agrees to dispose of the facility in some other manner.

4.5.1 Administrative tools and office amenities

Office space and access to meeting rooms

The Mayor and Deputy Mayor will be provided with a dedicated office in the Rockhampton Office.

Council provides access to occasional office accommodation and meeting rooms for all Councillors to meet with constituents and the public. Such accommodation should be booked through the Councillor Support Section.

Secretarial support

The Mayor's office will be staffed with a Personal Assistant and an Administrative Assistant as a minimum. Additional staffing will be provided as deemed to be warranted from time to time by the CEO based on workloads.

Secretarial support will be provided to all Councillors as warranted by the CEO and based on demand.

Computer and printer for business use

Councillors are provided with a laptop computer and printer for Council business use. The standard of computer shall be similar to that available to Council managers. An iPad will also be made available on request to the CEO.

Photocopier and paper shredder

Councillors are entitled to access photocopiers and paper shredders for business use at the various Council offices. Access to domestic photocopiers/scanners may be provided for the home based offices, on request by Councillors.

Stationery

Councillors are provided stationery for official purposes only, including, but not limited to:

- Pens and pen sets
- Paper
- Note paper
- Letterhead
- Business cards
- Envelopes
- Briefcase
- 'With Compliments' slips

Council stationery is not to be converted or modified in any way and may only be used for carrying out the functions of the role of Councillor. Stationery does not include any form of advertising by Council.

Telecommunication needs

Councillors will be provided with a mobile telephone or hand held device as designated by the CEO. Council will pay for all costs associated with the business use. Any personal calls made by the Councillor should be reimbursed to Council. The Mayor and Deputy Mayor are entitled to have the full cost of Council business related mobile phone/PDA charges paid by Council. It is recognised that community obligations and demands on the Mayor/Deputy Mayor are such that generally all mobile phone/PDA charges are deemed to be council business.

Individual or personal mobile phone plans will not be reimbursable under this policy.

Publications

Councillors are provided access to copies of relevant legislation, books and journals considered necessary for undertaking their duties.

Other administrative necessities

Subject to Council approval, Councillors may be provided with any other administrative necessities to meet the business of Council.

Advertising

Council will not reimburse or provide funds, services or facilities for the purposes of advertising for Councillors.

Community consultation

Councillors may use facilities provided to correspond with community representatives for the purpose of clarifying issues that are relevant to their division or the region in general. Where a Councillor chooses to undertake further community consultation on a particular matter, in addition to that approved by Council, the Councillor is responsible for those costs.

4.5.2 Home office

Councillors may be provided with home office equipment in addition to the abovementioned laptop computer comprising a computer, screen, printer, lockable filing cabinet, desk and chair and internet access for business use only. Where Councillors elect to establish a home office, Council will provide a land line connection to enable phone and internet access for business use only. It is the responsibility of each Councillor to ensure that where a home office is established, all WHS legislative requirements are met and where required, Council's WHS unit can provide assistance.

4.5.3 Name badge and uniforms

Councillors will be provided with any safety equipment such as overalls, safety shoes, safety helmets or glasses, as required, in their role. Councillors will be provided with uniforms in accordance with the Corporate Uniform Policy and Procedure, comprising five (5) items and a blazer, and a name badge if required.

INFORMATION REQUIRED UNDER THE ACT

Councillors

4.5.4 Vehicles

Councillors, with the exception of the Mayor, may either:

- (a) Be provided with a Council vehicle for official business use, or
- (b) Use their own private vehicle for business purposes and claim a mileage allowance for the business use of the vehicle, as per mileage allowances recommended by the Australian Tax Office (ATO). Such claims shall be supported by ATO compliant records.

The standard of Council vehicle provided to Councillors for business use shall be as per the *Councillors Vehicle Use Policy*.

A Council vehicle may also be made available for private use by the Councillor as per the *Councillors Vehicle Use Policy*.

The Mayor is to be provided with a Council owned vehicle for Council business. It is recognised that community expectations and demands on the Mayor are such that generally all vehicle use is deemed to be Council business. The requirement to calculate private use under the provisions of this policy and the *Councillors Vehicle Use Policy* are not applicable to the Mayor.

During the term of Council, a Councillor may change vehicle arrangements providing it is cost neutral for Council. Should excessive costs to Council be apparent, the CEO may refuse the request or require the Councillor to reimburse such costs.

In the case of (b) above, Councillors may utilise Council's Salary Packaging provider to facilitate the provision of a private vehicle.

4.6 Payment of Expenses

Reimbursement of personal expenses incurred whilst undertaking Council work will be paid to a Councillor through administrative processes approved by the CEO. All receipts requiring reimbursement must be submitted no later than 14th June or 14th December of that year.

Travel expenses will be paid subject to the limits outlined in this Policy and Council's Travel and Conference Attendance Policy and associated Procedure subject to the following variation:

Expenses relating to the consumption of alcohol will be reimbursed only where such expenses is incurred with the provision of a meal and which on review would not be deemed as excessive.

Should the Councillor choose not to attend a provided meal/dinner, then the full cost of the alternative meal shall be met by the Councillor.

4.7 Maintenance costs of any Council owned equipment

Council will cover all ongoing maintenance costs associated with fair wear and tear of council owned equipment to ensure it is operating for optimal professional use.

4.8 Legal costs and insurance cover

Councillors will be covered under Council insurance policies while discharging civic duties. Specifically, insurance cover will be provided for public liability, professional indemnity, personal accident and/or workers compensation, international and domestic travel insurance. Any claims over and above that the stated will require the approval of a Council Resolution. In addition the liability of any legal costs incurred while discharging a Councillors civic duty will transfer to Council upon approval via a Council resolution.



5. EVALUATION PROCESS

This Policy is reviewed when any of the following occur:

1. The related information is amended or replaced.
2. Other circumstances as determined from time to time by the CEO/Council.

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

6. RESPONSIBILITIES

Sponsor	Chief Executive Officer
Business Owner	Executive Manager Office of CEO
Policy Owner	Executive Manager Office of CEO
Policy Quality Control	Corporate Improvement and Strategy



INFORMATION REQUIRED UNDER THE ACT

Councillors

DETAILS OF THE NUMBER OF MEETINGS ATTENDED BY EACH COUNCILLOR DURING THE FINANCIAL YEAR

Meeting Attendance Figures

July 2013 - December 2013

Councillor	Council Meeting	Special Council Meeting	Business Enterprise	Communities	Continuing Council
Mayor, Councillor M F Strelow	9	1	5	2	9
Deputy Mayor, Councillor A P Williams	9	1	(1 Observer)	-	8
Councillor G M Mather	10	1	-	-	-
Councillor T A Wyatt	10	1	3	5	-
Councillor F W Ludwig	9	1	-	4	-
Councillor C E Smith	10	1	4	4	8
Councillor C R Rutherford	6	1	5	4	7
Councillor G A Belz	7	1	3	-	8
Councillor S J Schwarten	4	0	3	1	0
Councillor R A Swadling	8	1	-	4	8
Councillor N K Fisher	9	1	5	-	9
Total Meetings Held	10	1	5	5	9

January 2014 – June 2014

Councillor	Council Meeting	Special Council Meeting	Business Enterprise	Communities	Health and Compliance
Mayor, Councillor M F Strelow	5	2	5	5	5
Deputy Mayor, Councillor A P Williams	5	2	(1 Observer)	-	5
Councillor C E Smith	6	2	5	5	5
Councillor C R Rutherford	6	1	5	5	(1 Observer)
Councillor G A Belz	5	2	5	-	-
Councillor S J Schwarten	6	1	-	4	-
Councillor R A Swadling	6	1	4	5	-
Councillor N K Fisher	6	2	5	-	5
Total Meetings Held	6	2	5	5	5

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

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

Divisions 1, 2 and 3 no longer exist within Rockhampton Regional Council as of 1 January 2014 due to de-amalgamation. Committee memberships were reviewed at end of 2013.

Health and Compliance	Infrastructure	Parks and Recreation	Performance and Service	Planning and Development	Water	Audit Advisory	Resource Industry Advisory
2	4	5	1	4	3	(1 Observer)	2
1^	5	5	1	9	3	-	2
4	5	(1 Observer)	1	8	4	2	
4	5	4	1	8	-	-	
-	-	5	1	7	-	-	
5	(1 Observer)	(1 Observer)	1	9	-	2	2
-	-	5	1	(2 Observer)	3	-	0
-	3	-	1	(1 Observer)	3	-	0
-	0	1	0	-	-	-	0
-	-	5	1	(1 Observer)	-	-	2
5	5	5	1	7	4	-	2
5	5	5	1	9	4	1	2

Infrastructure	Parks & Recreation	Performance and Service	Planning and Development	Water	Audit Advisory	Resource Industry Advisory	South Rockhampton Flood Levee
4	5	4	7	5	1	1	1
4	5	5	11	5	1	1	1
4	(2 Observer)	5	11	-	(1 Observer)	1	-
(1 Observer)	5	4	10	5	-	1	-
4	-	5	9	5	-	-	-
2	3	3	8	-	-	-	-
	4	3	7	-	-	1	-
4	5	4	11	5	-	1	-
4	5	5	11	5	1	1	1

INFORMATION REQUIRED UNDER THE ACT

Councillors

COUNCILLORS (S114)

Orders made under s180(2) or s180(4) LGA 2009 –
Orders by Regional Conduct Review Panel

Nil

Orders made under s181 LGA 2009 – Orders by
Mayor/Chairperson for Inappropriate Conduct

Nil

Description of the Order (misconduct,
inappropriate conduct)

(i)	complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act;	3
(ii)	complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	0
(iii)	complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	0
(iv)	complaints assessed by the chief executive officer as being about official misconduct;	0
(v)	complaints heard by a regional conduct review panel;	0
(vi)	complaints heard by the tribunal;	0
(vii)	complaints to which section 176C(6) of the Act applied	0

Summary of the Orders for Councillors

(i)	complaints about the conduct or performance of councillors assessed as frivolous or vexatious under section 176C(2) of the Act;	0
(ii)	complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act;	3
(iii)	complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	0
(iv)	complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	0

(v)	complaints assessed by the chief executive officer as being about official misconduct;	0
(vi)	complaints heard by a regional conduct review panel;	0
(vii)	complaints heard by the tribunal;	0
(viii)	complaints to which section 176C(6) of the Act applied	0

OVERSEAS TRAVEL

Overseas travel by councillor or employee in an official capacity (s188 LGA 2009)

Nil

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

Summary of expenditure for the financial year on grants to community organisations (s189 LGA 2009)

A total of \$323,576 was granted to community organisations during the 2013-14 financial year.

2013-14 payments to community organisations	
Community Assistance Program	247,199
Waste & Recycling Community Service Obligations	44,111
Community Entertainment Fund	-
Australia Day Community Events	-
Regional Arts Development Fund	32,266
	323,576

Summary of expenditure from each councillor's discretionary fund detailing organisation, amount and purpose (s189 LGA 2009)

2013/14 Councillors Discretionary Fund

Due to de-amalgamation, funding for Divisions 1 - 3 were allocated \$2,500.00 as these Councillors will be transferring to the new Livingstone Shire Council as of 1 January 2014. Funding periods for the remaining Divisions remained at \$5,000.00 for the financial year.

Mayor Margaret Strelow

Community Organisation	Purpose	Amount
Rockhampton Bowls Club Inc	to assist with funding for prize money for the Mayoral Trophy	\$1,000.00
Australian High School Rodeo Association	to assist Gracemere students with the costs of competing in the Trans-Tasman	\$500.00
Rockhampton International Nurses Day Organising Committee	financial assistance towards 2014 International Nurses Day Celebrations	\$500.00
Rockhampton Regional Council - Parks Department	donation to fund a drink foundation in the Mt Morgan Skate Park	\$3,200.00
Meals on Wheels	contribution towards a donation for a silver brick to assist Meal on Wheels construct a new kitchen facility. Combined donation for the brick by Mayor Strelow, Councillor Williams, Councillor Rutherford & Councillor Schwarten.	\$200.00
The Salvation Army	donation towards the 2014 Red Shield Appeal	\$1,000.00
Royal Flying Doctor Service	financial assistance in memory of the late Graeme Acton	\$200.00
Gracemere Men's Shed Inc	financial assistance towards the purchase of a drop saw for use in the shed	\$500.00
Warripari Scout Group	financial assistance to assist children from low income earning families to fully participate in group activities	\$500.00
Rotary Club of North Rockhampton Inc	financial assistance towards the running of the hamburger stall at the 2014 Rockhampton Show	\$1,000.00
	TOTAL	\$8,600.00

Councillor Glenda Mather

Community Organisation	Purpose	Amount
Milman State School P&C Association	to provide financial assistance for the Centenary Celebrations for the school	\$500.00
Barmoya Community Sports & Recreation Association	to assist with costs to purchase furniture and equipment for the association	\$500.00
The Byfield Hall Association Inc	to assist with the purchase of stackable chairs	\$500.00
Marlborough State Emergency Service	to assist with the purchase of folding chairs to use while on actions	\$400.00
Byfield & District Historical Society Inc	to assist with the purchase of termite traps and timber repair at the Raspberry Creek	\$300.00
Caves & District Lions Club Inc	to assist with costs associated with painting the exterior of the clubhouse	\$300.00
	TOTAL	\$2,500.00

INFORMATION REQUIRED UNDER THE ACT

Councillors

Councillor Tom Wyatt

Community Organisation	Purpose	Amount
Rockhampton and District Historical Society	to assist with the operations and maintenance of the society	\$250.00
Australian Volunteer Coast Guard Qf20 Keppel Sands	to assist with the costs towards providing a wheelchair access from the car park	\$500.00
Prostate Cancer Foundation of Australia	to assist with fundraising for Prostate Special Care Nurse to be located in Rockhampton	\$500.00
Mt Chalmers & District Progress Association Inc	to assist with costs to replace bore pump	\$500.00
Coee Bay Progress & Sports Association Inc	to provide financial assistance towards the repair and upgrade of the travelling irrigator	\$500.00
	TOTAL	\$2,250.00

Councillor Bill Ludwig

Community Organisation	Purpose	Amount
The Mill Gallery Yeppoon Inc	to assist with the purchase of catering equipment for the gallery	\$500.00
Yeppoon Seagulls Jnr Rugby League Football Club	to assist with the purchase of field gear and padding for corner posts	\$500.00
Keppel Coast District Girl Guides	to assist with the purchase of a marquee and cooking items for activities	\$500.00
132 Yeppoon Army Cadet Unit	to assist with the purchase of a new computer	\$500.00
Capricorn Coast Touch Association	to assist with the cost of Junior Referee Course and Development days	\$500.00
	TOTAL	\$2,500.00

Councillor Ellen Smith

Community Organisation	Purpose	Amount
Capricorn Animal Aid	to assist with costs of veterinary treatment and care of homeless animals	\$500.00
Rockhampton and District Historical Society	to assist with operations and maintenance of the Society	\$150.00
Gracemere Men's Shed Inc	to assist with costs for submitting a Material Change of Use Application to Council	\$500.00
Gracemere State School P&C	to assist with costs for classes to students provided by Family Planning Qld	\$500.00
Marmor State School P&C Association	to assist with the purchase of an outdoor table for use by the students	\$200.00
Bouldercombe State School P&C	to assist with costs associated with the preparation of the School Fete	\$200.00
Bouldercombe Progress Association Inc	donation towards enlarging and updating the Bouldercome Progress Association hall	\$150.00
Mount Morgan State High School P&C Association	financial assistance towards 2013 awards ceremony	\$50.00
Gracemere Bowls Club	financial assistance towards building a shed	\$200.00
Gracemere pensioners' and Superannuants' League	financial assistance towards hire of a bus for a trip for the pensioners	\$500.00
Mount Morgan Promotion & Development	financial assistance towards 2013 Christmas Tree Festival	\$50.00

Councillor Ellen Smith (continued)

Community Organisation	Purpose	Amount
Gracemere Community Voice Association Incorporated	financial assistance towards holding a fundraiser with proceeds going to Gracemere RSL	\$50.00
Upper Ulam Recreation Grounds	financial assistance towards maintenance for playground equipment	\$500.00
Bajool School of Arts Committee	financial assistance towards Bajool School of Arts Centenary 2015	\$200.00
Balmoral Hack & Pony Club	financial assistance towards the purchase of 20 high visibility safety vests for use by volunteers at events	\$100.00
Rockhampton Show	sponsorship of the horse section in the 2014 Show	\$220.00
Mount Morgan Show Society	financial assistance towards hosting the 2014 Mount Morgan Show	\$100.00
Port Curtis Road State School P&C	donation towards the purchase of OX laptops for all students	\$250.00
Rockhampton Agricultural & Citizens Show Society	financial assistance towards Committee establishment	\$300.00
Local Spiritual Assembly of the Baha'is of Rockhampton Region	financial assistance towards hall hire fees for the Junior Youth Spiritual Empowerment Program	\$100.00
Capricorn Region Girl Guides - Gracemere District	financial assistance towards installing screens to the Guide Hut	\$180.00
	TOTAL	\$5,000.00

Councillor Ellen Smith

Community Organisation	Purpose	Amount
Mount Morgan Branch Australian Pensioners and Superannuants League Queensland	to assist with fundraising activities	\$100.00
Kalapa Hall & Sports Committee Inc	to assist with funds to conduct the annual horse & novelty sports day on 31 August 2013	\$300.00
Rockhampton & District Historical Society Inc	to assist with the operations and maintenance of the Society	\$200.00
Mount Morgan Promotion and Development Group	sponsorship of the 2013 Mount Morgan Christmas Tree Festival	\$200.00
Mount Morgan State High School P&C	to assist with the Awards Ceremony being held on 6 November 2013	\$100.00
Ridgeland & District Sporting & Agricultural Assn Inc	donation to cover the cost of printing the 2014 Ridgeland & District Show programs	\$770.00
Rockhampton Show	sponsorship towards the cost of ribbons	\$220.00
Beezsafe Education Productions Pty Ltd	donation towards production of Safety Awareness DVDs to be distributed to Rockhampton Child Care Centres	\$275.00
Meals on Wheels	contribution towards a donation for a silver brick to assist Meal on Wheels construct a new kitchen facility. Combined donation for the brick by Mayor Strelow, Councillor Williams, Councillor Rutherford & Councillor Schwarten.	\$500.00
Rockhampton Mallet Sports Club Inc	donation towards the running of the club's four major events in 2014	\$100.00
Meals on Wheels	to assist with the garden development program	\$500.00
Jok Sang Martial Arts	financial assistance towards the purchase of the junior members' annual medal awards and new equipment	\$150.00

INFORMATION REQUIRED UNDER THE ACT

Councillors

Councillor Ellen Smith (continued)

Community Organisation	Purpose	Amount
RSPCA Rockhampton Branch	financial assistance towards de-sexing, micro chipping and vaccinating rescued animals	\$400.00
Mount Morgan Australian Pensioners and Superannuants League Queensland	financial assistance towards the Mount Morgan APSL Seniors Week Morning Tea being held 18 August 2014	\$150.00
Mount Morgan Show Society	financial assistance towards the 2014 Mount Morgan Show	\$500.00
	TOTAL	\$4,465.00

Councillor Greg Belz

Community Organisation	Purpose	Amount
Rockhampton Golf Club Ladies Committees of Rockhampton Golf Club	financial support for the Rockhampton Closed Ladies Golf Championship 2014	\$500.00
Rockhampton & District Historical Society	financial assistance to ward operating costs and research	\$500.00
Rockhampton Show	sponsorship of the horse section in the 2014 Show	\$330.00
Beezsafe Education Productions Pty Ltd	donation towards production of Safety Awareness DVDs to be distributed to Rockhampton Child Care Centres	\$275.00
Capricorn Region Girl Guides	financial assistance towards hiring a bus to transport Girl Guides to the Kinka Wetlands Discovery Tour	\$200.00
Jok Sang Martial Arts	financial assistance toward further expansion of the club's junior program and to assist with the replacement of training equipment	\$500.00
Warripari Scout Group	financial assistance towards scouting camp equipment	\$500.00
	TOTAL	\$2,805.00

Councillor Stephen Schwarten

Community Organisation	Purpose	Amount
Neighbourhood Watch North Rockhampton Area 1	to assist with financial support	\$500.00
St Matthews Cottages Committee	to assist with costs towards the report of two sets of steps	\$500.00
Rockhampton Tennis Association Inc	to assist with sponsorship funding of the Queensland Age Champions	\$500.00
Five Star Community Service Club Inc	to purchase copies of 'Brigalow Scrub and Melon Holes' to give to regional schools	\$700.00
Central Queensland Filipino-Australian Association Inc	to assist the association with the facility hire costs for the Annual SportsFest Event	\$750.00
Central Queensland Tamil Mandram Inc	to assist the association with running costs	\$500.00
Park Avenue State School P&C Association	to assist with the cost of conducting the compulsory annual audit for the association	\$500.00
Rockhampton & District Indoor Bowls Association Inc	to assist with the cost of refurbishing club trophies	\$250.00
Meals on Wheels	contribution towards a donation for a silver brick to assist Meal on Wheels construct a new kitchen facility. Combined donation for the brick by Mayor Strelow, Councillor Williams, Councillor Rutherford & Councillor Schwarten.	\$300.00
Shalom Independent Units Residents Committee	financial assistance towards upgrades needed at the community hall	\$500.00
	TOTAL	\$5,000.00

Councillor Tony Williams

Community Organisation	Purpose	Amount
Drug Awareness & Relief Foundation (Australasia)	sponsorship of one "Matters of Substance" manual	\$50.00
Sporting Wheelies & Disabled Association	sponsorship of Charity Golf Day being held 15 September 2013	\$300.00
Rockhampton Cricket Ground Management Committee	to cover costs associated with the application to Council for permission to erect billboards at Rockhampton Cricket ground	\$372.00
Rockhampton & District Historical Society	donation towards maintaining the society	\$100.00
Rockhampton District Neighbourhood Watch Committee	contribution towards payment of registration fees for the Committee's participation in the Cancer Council Queensland Christmas Parade	\$200.00
Anglicare Central Queensland	donation towards 2014 Annual Cent Sale	\$200.00
Rockhampton Show	sponsorship of Beef Cattle section in 2014 Rockhampton Annual Show	\$275.00
Queensland Blue Light Association	sponsorship of one child for 2014 Disadvantaged Children's Movie Day being held 1 March 2014	\$60.00
Beezsafe Education Productions	donation towards production of safety awareness DVDs to be distributed to Rockhampton Child Care Centres	\$495.00
Variety Queensland Inc	donation for 5 children to attend Children's Movie Spectacular being held on Rockhampton 22.06.2014	\$250.00
Meals on Wheels	contribution towards a donation for a silver brick to assist Meal on Wheels construct a new kitchen facility. Combined donation for the brick by Mayor Strelow, Councillor Williams, Councillor Rutherford & Councillor Schwarten.	\$500.00
Indoor Sports Arena	donation towards cost of Cancel Council Queensland Corporate Games Breakfast being held on 22 June 2014	\$500.00
Rockhampton Mallet Sports Club Inc	donation towards the running of the club's four major events for 2014	\$100.00
Umbrella Network	financial assistance towards purchase of 1725 DL Flyers	\$497.55
Rockhampton Tigers Junior Rugby League	financial assistance towards the purchase of sporting equipment	\$500.00
Capricorn Animal Aid	financial assistance towards promotional signage for adoption days	\$500.00
RSPCA Rockhampton Branch	financial assistance towards de-sexing, micro-chipping and vaccinating rescued animals	\$100.00
	TOTAL	\$4,999.55

INFORMATION REQUIRED UNDER THE ACT

Councillors

Councillor Rose Swadling

Community Organisation	Purpose	Amount
Crimestoppers Rockhampton Area Committee	assistance for education programs	\$250.00
Rockhampton Special School P&C	assistance for the Poker Run Charity Fundraiser	\$250.00
The Umbrella Network	to assist with ongoing costs of the Network	\$250.00
South Rockhampton Chaplaincy Committee	to assist with funds for the School Breakfast program	\$250.00
Girls Time Out Young Women's Support Service	to assist with ongoing support for the program	\$250.00
Sporting Wheelies & Disabled Association	sponsorship for Charity Golf Day	\$250.00
Rockhampton & District Blind Club	to assist with running costs of the club	\$250.00
All Blacks Sports Club	to purchase a banner for S.S.I 50th Anniversary celebrations	\$250.00
School Library Association of Queensland	to purchase book club award vouchers	\$245.00
Community Supporting Police	to assist with ongoing expenses and upkeep of the Sondra Lena Park	\$250.00
Cerebral Palsy League	to assist with the purchase of sensory equipment for the community centre	\$250.00
Azar House	to assist with the donation towards a lockable shed	\$250.00
RFDS Auxiliary	assistance with ongoing costs for the Royal Flying Doctor Service	\$255.00
Emmaus College P&C	assist with the purchase of equipment for the school's eco-club	\$1,000.00
RSL Ladies Auxiliary	assist with costs of a bus trip	\$250.00
Red Cross (Walali Centre)	assist with various projects for the centre	\$250.00
Parkhurst State School P&C	assist with financial support for the school	\$250.00
	TOTAL	\$5,000.00

Councillor Neil Fisher

Community Organisation	Purpose	Amount
Bundara Kindergarten	to assist purchasing books for the library	\$300.00
Diggers Memorial Ladies Bowling Club	sponsorship donation for Invitation Masters Four Carnival	\$500.00
Capricorn Region Bonsai Society Inc	financial assistance towards Annual Bonsai Exhibition	\$300.00
Rockhampton Show	sponsorship of the Horticulture section in 2014 Rockhampton Show	\$330.00
Bajool School of arts	financial assistance towards the Bajool School of Arts Centenary	\$200.00
Rockhampton & District Historical Society Inc	financial assistance towards maintenance of the Rockhampton & District Historical Society	\$100.00
Diggers Memorial Ladies Bowling Club	financial assistance towards sponsoring the Bowling Carnival	\$300.00
Rockhampton Agricultural and Citizens Show Society	financial assistance towards Committee establishment	\$300.00
Frenchville State School P&C Association	donation to provide outdoor seating to the shaded learning spaces	\$350.00
Mount Morgan Show Society	financial assistance towards hosting the 2014 Mount Morgan Show	\$100.00
Mount Archer State School P&C	financial assistance towards purchasing new small-medium appliances for the tuckshop kitchen	\$350.00
Meals on Wheels Rockhampton	to assist with the garden development program	\$1,870.00
	TOTAL	\$5,000.00



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ROCKHAMPTON REGIONAL COUNCIL
ANNUAL REPORT
2013-14