



**ROCKHAMPTON
REGIONAL
COUNCIL**
ANNUAL REPORT

2018/2019



2018 – 2019 Financial Year Annual Report

is published by

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COMMUNITY FINANCIAL REPORT

(s184LGR 2012)

For the year ended 30 June 2019

The Community Financial Report provides a simplified summary and analysis of Council's general purpose financial statements for the 2018/19 financial year.

	\$M
How much Council has in the bank	64.1
How much Council owns	2,494.6
How much Council is owed	18.1
Total Assets	2,576.8
How much Council owes suppliers and employees	37.0
How much Council has set aside for the rehabilitation of parks, quarries and landfills	27.4
How much Council has borrowed	119.0
Total Liabilities	183.4
Net Community Assets (Wealth)	2,393.4

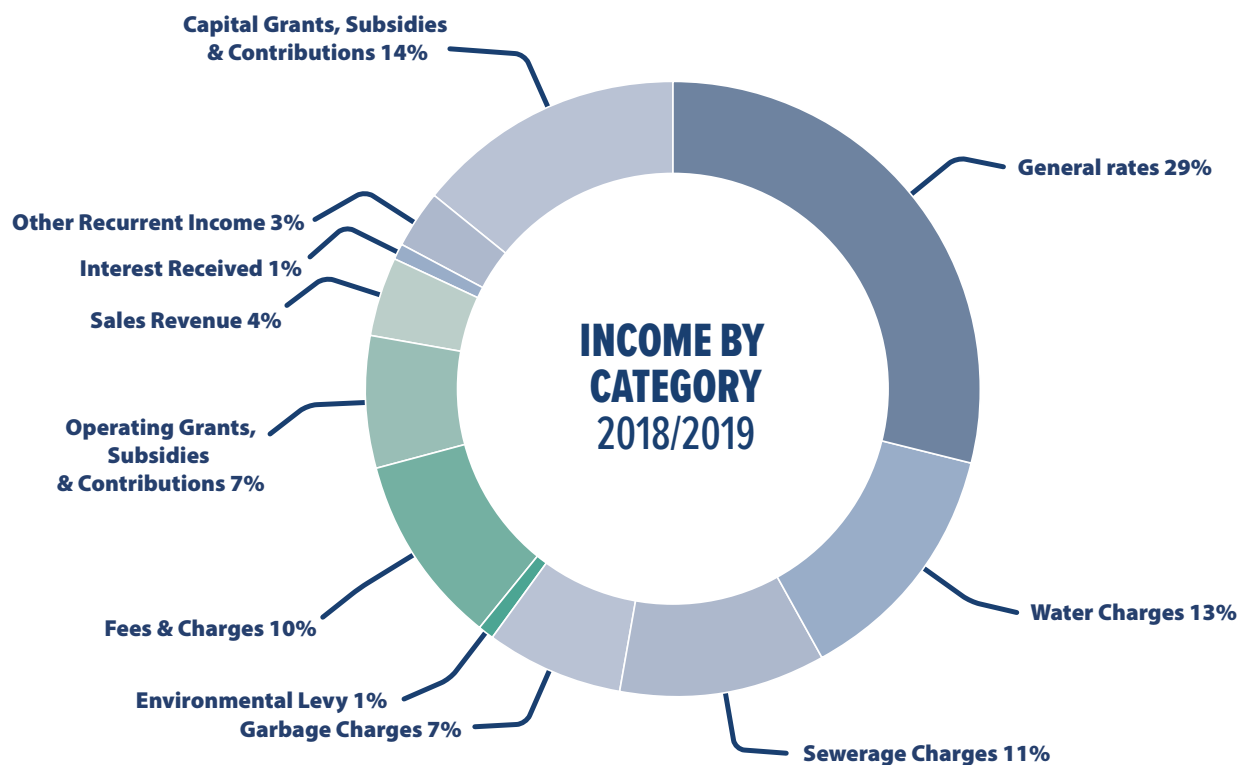
The simplified balance sheet shows the value of the community's assets as at 30 June 2019. It details the total of Council assets and how much Council owes to suppliers and to Queensland Treasury Corporation.

SIMPLIFIED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

Council recorded an operating surplus of \$5 million for 2018-19 which was very close to the Budgeted position.

The bottom line on the Statement of Comprehensive Income was a net gain of \$53.4 million. A net increase of \$46.6 million in the revaluation of Council's non-current assets was processed during the year.

The key components of this increase were due to water and sewer assets increasing in value by \$96.5 million and land assets decreasing by \$40.5 million.



\$M

Rockhampton Regional Council

Operational Results:

Total operating revenue	201.8
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Less operating expenses:

Employee benefits	(79.3)
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Materials and services	(58.1)
------------------------	--------

Finance costs	(6.8)
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Depreciation and amortisation	(52.6)
-------------------------------	--------

Net Operational Result	5.0
-------------------------------	------------

Other Results:

Capital grants, subsidies, contributed assets and other capital income	34.7
--	------

Less write-off of assets and other capital expenses	(32.9)
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Plus increase in non-current asset values on revaluation	46.6
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Net Other Results	48.4
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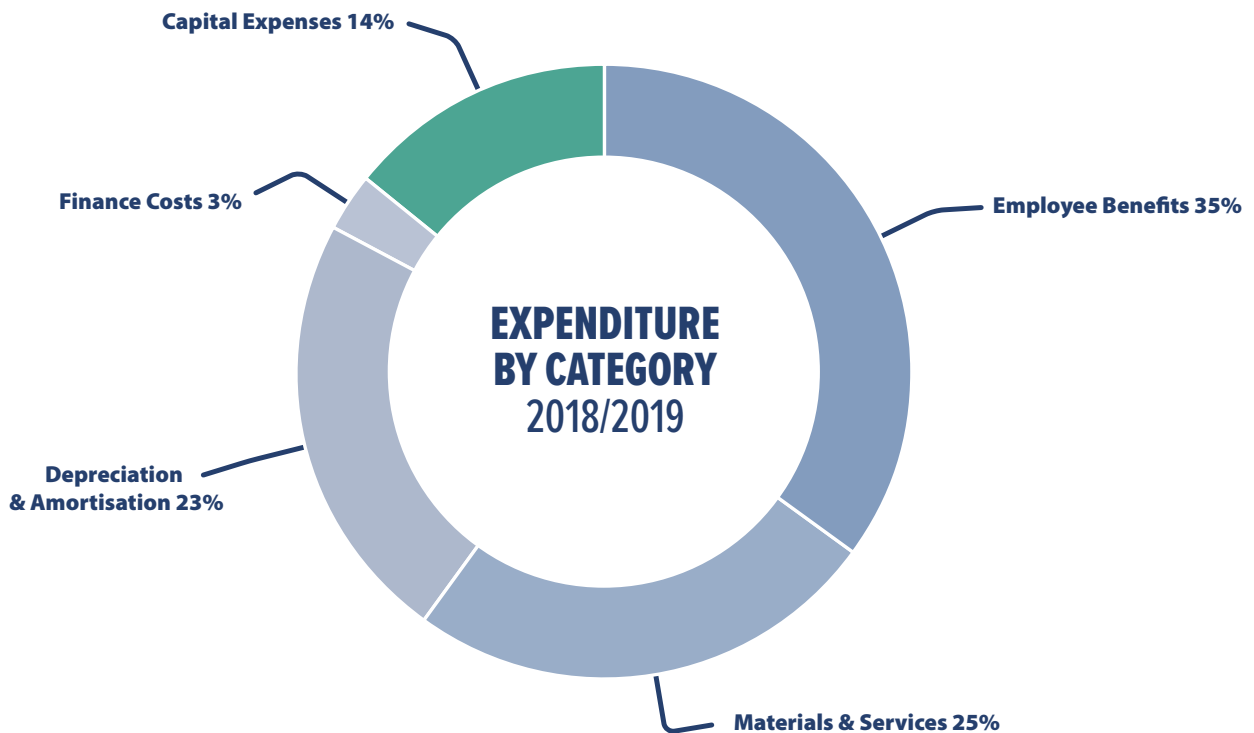
Comprehensive Income for the Year – Increase in Community Equity (Wealth)	53.4
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INCOME – WHERE OUR MONEY COMES FROM...

To provide services to the community, Council must collect income. Council's total income in 2018/19 was \$236.6 million. Rates, levies and utility charges are Council's principal source of revenue and represent approximately 60.5% of Council's revenue in 2018/19. Council also generates income from fees and charges, undertakes recoverable works and receives funding in the form of grants and subsidies from both the State and Federal Government, to help construct and maintain the

extensive infrastructure assets and provide community development programs to the region.

For the 2018/2019 financial year, 14% of Council's total income was comprised of capital revenue (capital grants, subsidies and contributions).



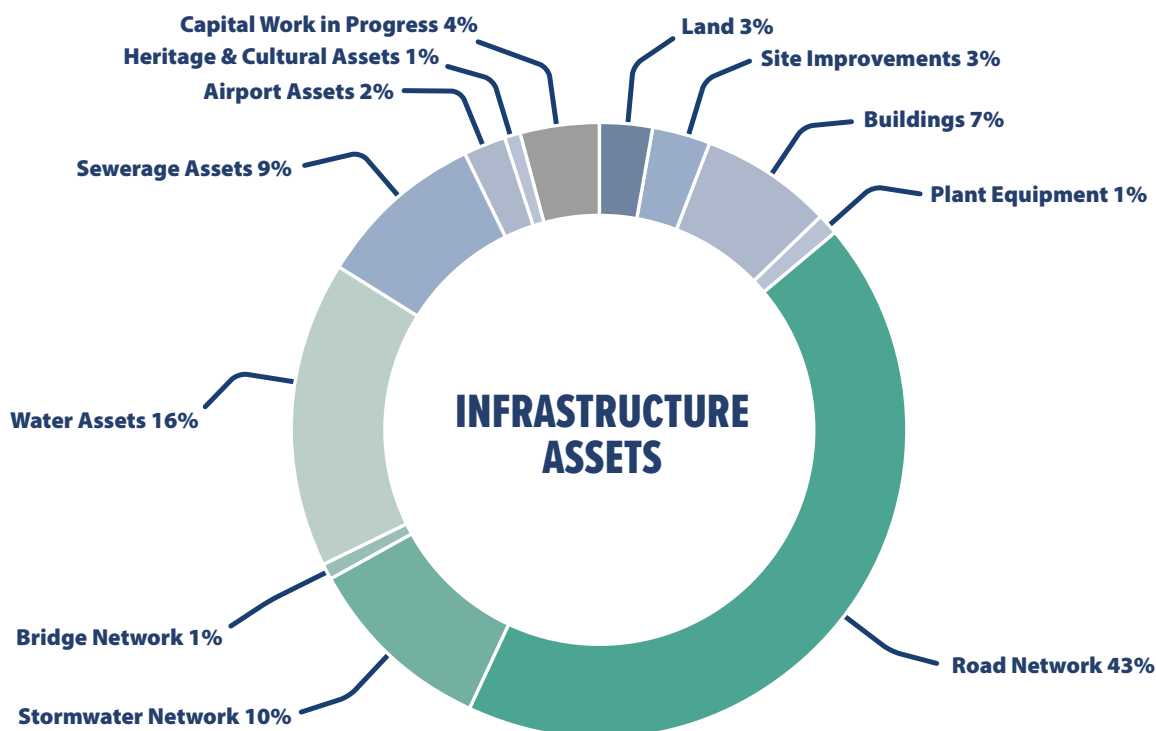
EXPENSES – WHERE OUR MONEY IS SPENT...

Council's operational and capital expenses as per the Statement of Comprehensive Income totalled \$229.7 million for the 2018/19 financial year. The three largest items of Council's expenditure are employee benefits (35%), materials and services (25%), and depreciation and amortisation (23%). 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 is a key employer in the region with a large workforce to deliver a diverse range of services to our community. Council's workforce is crucial in planning and monitoring 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 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.



WHAT ARE OUR ASSETS?

The total value of Council's assets at the end of 2018/19 was \$2,577 million. Infrastructure assets such as roads and drainage, water and sewerage, buildings and land comprise 97% of total assets, with the

remaining 3% being mainly comprised of cash held in bank accounts and investments and money owed to Council from its customers.

INVESTMENT IN INFRASTRUCTURE - CAPITAL WORKS

Capital works expenditure for the 2018/19 year totalled \$106.4 million. Council has spent \$12.2 million on Rockhampton Airport Main Runway Resurface during 2018/19. Rockhampton Hockey Redevelopment totalled \$3.6 million and Lakes Creek Road Landfill expansion \$2.9 million. Council's commitment to sound asset management practices remains strong, as evidenced by the funding of new assets, renewal of existing assets and having an asset sustainability ratio of 126% for the 2018/2019 year.

Significant capital projects undertaken during 2018/19 were:

- > Construction, upgrade and renewal of the region's roads, water and sewerage assets
- > Rockhampton Airport Main Runway Resurface
- > Rockhampton Hockey Redevelopment
- > Lakes Creek Road Landfill expansion
- > CBD Cultural Precinct
- > Cedric Archer Park Wetlands
- > Kershaw Gardens

WHAT DO WE OWE?

Liabilities are amounts that Council owes to others. As at 30 June 2019 Council owed \$183.4 million made up of loan borrowings, amounts owing to suppliers for goods and services, amounts owing to employees for leave entitlements, and obligations to rehabilitate quarries and landfills.

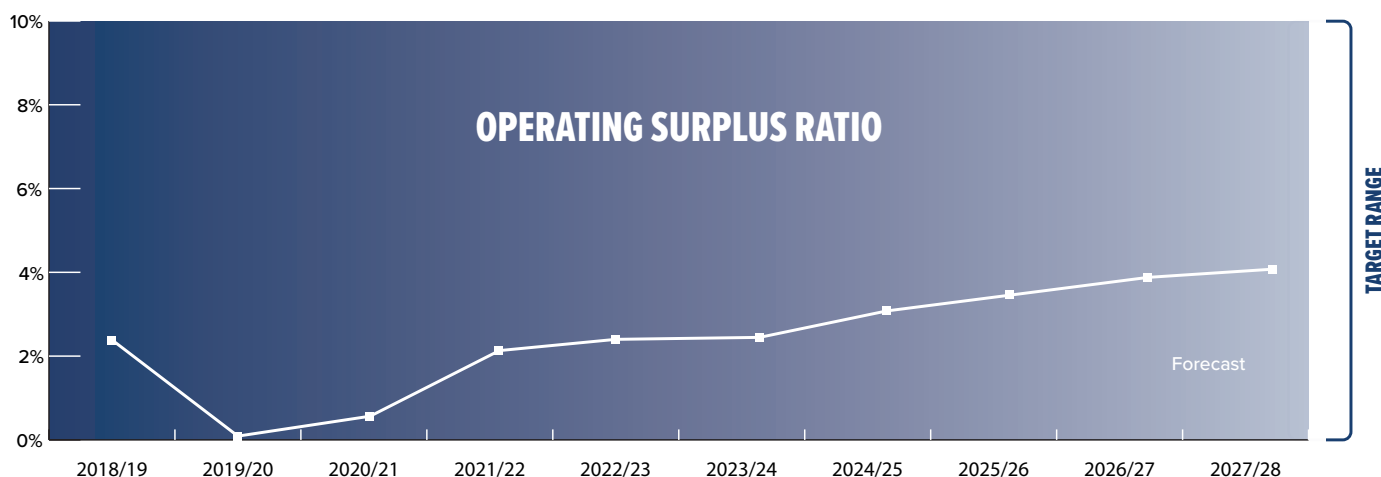
Council's borrowings at the end of 2018/19 totalled \$119 million, a decrease of \$4.9 million from the previous financial year. The level of Council's debt is regularly reviewed as a component of our Long Term

Financial Forecast. Interest expense on loans totalled 3.4% of total operating income, which is within the sustainable range provided by the Department of Local Government. Council is committed to undertake a responsible borrowing program to fund new major assets to service the community's needs.

FINANCIAL SUSTAINABILITY RATIOS

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

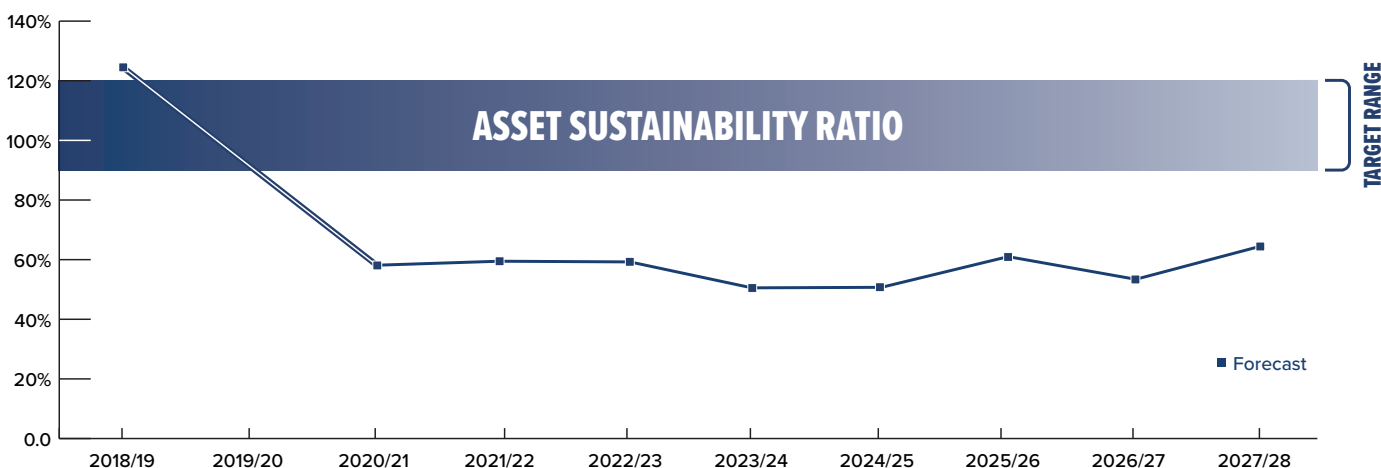
There are three measures of financial sustainability specified in the *Local Government Regulation 2012*. These have been calculated for the 2018/19 year and are shown below together with projected ratios as per Council's adopted Long Term Financial Forecast.



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 services to the community. Council's Operating Surplus

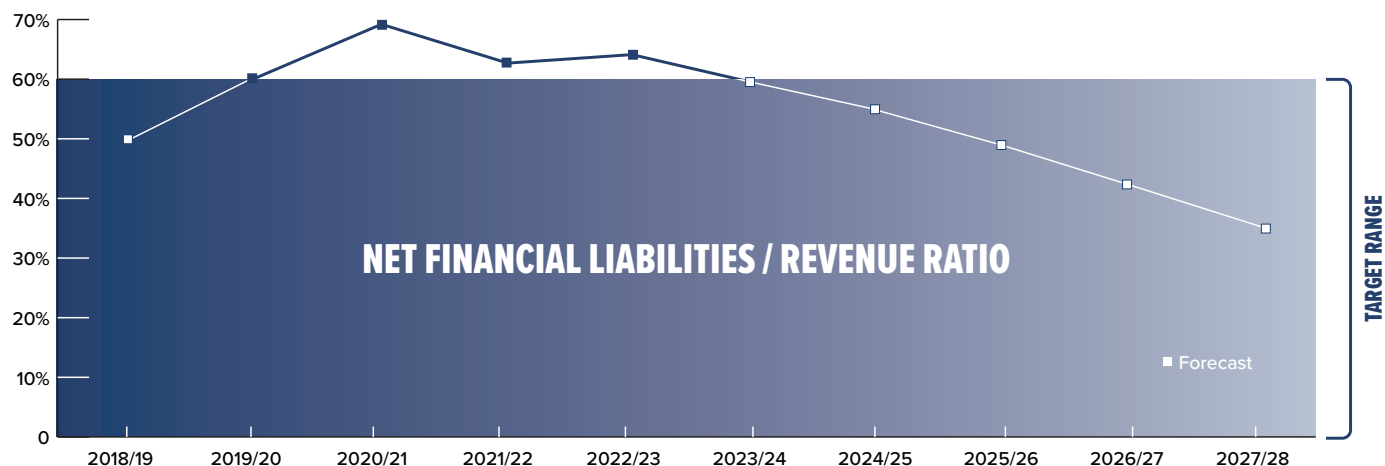
Ratio for 2018/19 was 2.5%. Council's long-term financial forecast shows the operating surplus ratio falling to 0% in 2019/20 and then continuing within the target range over the remainder of the forecast period.



ASSET SUSTAINABILITY RATIO – TARGET BENCHMARK GREATER THAN 90%

This ratio indicates the rate at which Council is renewing or replacing its existing assets. Council's ratio of 126.7% in the 2018/19 year is the strongest result that Council has achieved in recent years. The improvement can be attributed to the larger than normal Capital program in 2018/19 as well as emphasis being given to renewal works in Council's priorities. The forward projections show the ratio mainly below the target range with an average ratio of 80.7% over the forecast period. The

forward Capital program has conservative levels of external funding such as Capital Grants. Where additional funds can be found, renewal works will be increased. Importantly, Council is continually reviewing its asset condition information to ensure that service levels are maintained and renewals for assets are optimised.



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

This ratio indicates the extent to which Council's debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Council's ratio is currently within the target range at 49.3%. The short-term forecast is

to move marginally outside the upper limit of the target range; however the ratio is managed and controlled within the target range over the remainder of the forecast period.

LOOKING TO THE FUTURE

The 19/20 Budget was restrained with a number of areas under pressure to keep costs within targets set. It is vitally important that our rates increases were kept low when many businesses in the community are doing it tough. Council is investing substantially in Economic Development and Events to stimulate the economy and we are optimistic that within 12 months improvement in the local economy will be evident.

The Capital program sees a commitment to the new Art Gallery and the South Rockhampton Flood Levee, both substantial projects that will provide many future opportunities for growth.

The financial position of Council has improved in recent years and we

are now consistently reporting small surpluses. This allows Council to re-invest back into community assets as well as reduce the reliance on loans.

Forward financial planning is integral to maintaining our success and the flexibility to respond in the areas of the community that are needed. On-going long term cash flow planning, sound budgeting and extensive strategic financial planning feature significantly on Council's annual calendar.

Strong fiscal responsibility will continue to be at our core decision making moving forward.

FINANCIAL STATEMENTS

For the year ended 30 June 2019

(s183 LGR 2012)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
INCOME			
RECURRENT REVENUE			
Rates, levies and charges	3(a)	143,198,653	136,096,837
Fees and charges	3(b)	23,256,701	23,193,872
Interest received		2,428,399	3,074,276
Sales revenue		8,595,928	7,988,844
Other recurrent income	3(c)	7,937,961	9,159,793
Grants, subsidies and contributions	4(a)	16,429,045	15,949,017
		201,846,687	195,462,639
CAPITAL REVENUE			
Grants, subsidies and contributions	4(b)	33,655,616	49,736,379
Other capital income	5	1,090,994	99,703
		34,746,610	49,836,082
TOTAL INCOME		236,593,297	245,298,721
EXPENSES			
RECURRENT EXPENSES			
Employee benefits	6	(79,324,353)	(73,579,651)
Materials and services	7	(58,123,910)	(50,424,931)
Finance costs	8	(6,769,820)	(7,655,061)
Depreciation and amortisation	9	(52,610,361)	(51,641,292)
		(196,828,444)	(183,300,935)
CAPITAL EXPENSES	10	(32,900,211)	(11,499,204)
TOTAL EXPENSES		(229,728,655)	(194,800,139)
NET RESULT ATTRIBUTABLE TO COUNCIL		6,864,642	50,498,582
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	19	46,567,665	(6,398,878)
Total other comprehensive income for the year		46,567,665	(6,398,878)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		53,432,307	44,099,704

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$	Restated 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	11	45,133,677	19,461,612
Investments	12	19,000,000	62,000,000
Receivables	13	18,082,109	19,045,958
Inventories		1,686,089	1,884,116
		<u>83,901,875</u>	<u>102,391,686</u>
Assets classified as held for sale		-	208,315
Total current assets		83,901,875	102,600,001
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,491,897,209	2,406,534,989
Intangible assets		995,488	1,267,279
Total non-current assets		<u>2,492,892,697</u>	<u>2,407,802,268</u>
TOTAL ASSETS		2,576,794,572	2,510,402,269
CURRENT LIABILITIES			
Payables	15	18,377,635	20,665,859
Provisions	16	14,921,656	12,661,869
Borrowings	17	22,648,183	20,613,749
Other liabilities	18	2,429,535	345,023
Total current liabilities		58,377,009	54,286,500
NON-CURRENT LIABILITIES			
Provisions	16	27,377,277	16,574,609
Borrowings	17	96,383,734	103,345,245
Other liabilities	18	1,294,616	1,762,955
Total non-current liabilities		125,055,627	121,682,809
TOTAL LIABILITIES		183,432,636	175,969,309
NET COMMUNITY ASSETS		2,393,361,936	2,334,432,960
COMMUNITY EQUITY			
Retained surplus		1,452,582,806	1,440,221,495
Asset revaluation surplus	19	940,779,130	894,211,465
TOTAL COMMUNITY EQUITY		2,393,361,936	2,334,432,960

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 2019

	Note	Total		Retained surplus		Asset revaluation surplus Note 19	
		2019 \$	Restated 2018 \$	2019 \$	Restated 2018 \$	2019 \$	Restated 2018 \$
Balance at beginning of year		2,334,432,960	2,238,601,561	1,440,221,495	1,379,395,989	894,211,465	859,205,572
Adjustment to opening balance - correction of error	27	-	41,404,771	-	-	-	41,404,771
Adjustment to opening balance	14	5,446,851	10,326,924	5,446,851	10,326,924	-	-
Adjustment on initial application of AASB 913		49,818	-	49,818	-	-	-
Restated balances		2,339,929,629	2,290,333,256	1,445,718,164	1,389,722,913	894,211,465	900,610,343
Net result attributable to Council		6,864,642	50,498,582	6,864,642	50,498,582	-	-
Other comprehensive income for the year							
Adjustment to asset revaluation surplus:							
Property, plant & equipment	19	46,567,665	(6,398,878)	-	-	46,567,665	(6,398,878)
Total comprehensive income for year		53,432,307	44,099,704	6,864,642	50,498,582	46,567,665	(6,398,878)

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 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates, levies and charges		141,927,895	135,984,763
Fees and charges		23,256,701	23,193,872
Grants, subsidies and contributions		16,429,045	15,949,017
Interest received		2,823,856	3,290,856
Other income		21,275,092	16,428,827
Net GST / paid		(247,958)	(84,288)
Payments to suppliers		(58,025,254)	(48,893,771)
Payments to employees		(78,103,810)	(73,873,710)
Interest expense		(6,255,229)	(7,371,526)
Net cash inflow from operating activities	24	63,080,338	64,624,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Government subsidies and grants		29,672,815	40,256,968
Capital contributions		1,095,456	1,549,223
Payments for property, plant and equipment		(109,095,840)	(109,066,607)
Payments for intangible assets		(25,870)	(644,337)
Net transfer to cash investments	12	43,000,000	13,000,000
Proceeds from sale of property plant and equipment		2,872,243	2,073,302
Net cash outflow from investing activities		(32,481,196)	(52,831,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	15,451,000	-
Repayment of borrowings	17	(20,378,077)	(19,261,780)
Net cash outflow from financing activities		(4,927,077)	(19,261,780)
Net increase / (decrease) in cash and cash equivalents held		25,672,065	(7,469,191)
Cash and cash equivalents at beginning of reporting year		19,461,612	26,930,803
CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR	11	45,133,677	19,461,612

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

1 SIGNIFICANT ACCOUNTING POLICIES

1.A BASIS OF PREPARATION

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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. These statements do not comply with International Financial Reporting Standards as Council is a not-for-profit entity. 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.

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

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

1.B BASIS OF CONSOLIDATION

Council has no material controlled entities and the financial statements presented are those of the Council only. Information about controlled entities that have not been consolidated, because they are not considered material, is included in Note 30.

1.C CONSTITUTION

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

1.D NEW AND REVISED ACCOUNTING STANDARDS

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, except for receivables which increased by \$49,818 due to a decrease in impairment under the new rules. A corresponding adjustment was made to retained earnings as at 1 July 2018.

Financial asset/liability	Measurement category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

Standards that are not yet effective

Some Australian Standards and Interpretations have been issued but are not yet effective. These standards have not yet been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a impact upon Council's future financial statements are:

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are: Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations. These are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- revenue decrease of \$6,823,175 due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment);
- there would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.
- net result would be lower on initial application as a result of decreased revenue.

A range of new disclosures will also be required by the new standards in respect of the Council's revenue.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. Under this approach, the cumulative effect of initially applying the new requirements is recognised as an adjustment to equity on 1 July 2019. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

The Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Leases in which the Council is a lessee

Council does not currently have any finance leases. The Council will recognise new assets and liabilities for its operating leases (except those with terms of twelve months or less or for which the underlying asset is of low value). The nature of expenses related to those leases will now change because the Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Based on assessment to date, AASB 16 is not expected to have a material impact on Council's future financial statements.

Leases in which the Council is a lessor

No significant impact is expected for leases in which the Council is a lessor.

Peppercorn Leases

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

Transition Method

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 *Leases and Interpretation 4 Determining whether an Arrangement contains a Lease*.

1.E ESTIMATES AND JUDGEMENTS

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to Council's assets or liabilities relate to:

- › Valuation of property, plant and equipment - Note 14
- › Impairment of property, plant and equipment - Note 14
- › Depreciation - Note 9
- › Provisions - Note 16
- › Contingencies - Note 22
- › Capital income - Note 5
- › Capital expenses - Note 10

1.F ROUNDING AND COMPARATIVES

Amounts included in the financial statements are in Australian dollars and 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.G 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

2.A COMPONENTS OF COUNCIL FUNCTIONS

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

Resourcing

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

Office of CEO

The goals of the Office of CEO are to provide leadership, corporate oversight and strategic direction. The Office of CEO incorporates the offices of the Mayor, Councillors, Chief Executive Officer and Workforce and Governance section.

Advance Rockhampton

The objective of Advance Rockhampton is to provide strategic services to cater for the region's future growth as well as optimising quality of life and economic development opportunities for the region's residents and businesses. The sections include Economic Development, Tourism, Events and Marketing.

Regional Services

Regional Services' goals are to achieve safe, secure and reliable road and drainage infrastructure and plan for liveable and distinctive communities that we are proud to be part of. Regional Services provides roadworks, street lighting, stormwater drainage, engineering planning and administration. Regional Services also maintains disaster management response capability to meet community needs when required.

Corporate Services

Corporate Services provides professional financial and information services across all of Council. This function includes communication and information technology, administration services, financial services, strategic planning, internal audit and fleet and plant services. The goal of Corporate Services is to provide accurate, timely and appropriate information and services to all areas of Council to support sound decision making and to meet statutory requirements.

Community Services

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

Airport

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

Waste & Recycling

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

Fitzroy River Water

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

2.B **REVENUE, EXPENSES AND ASSETS HAVE BEEN ATTRIBUTED TO THE FOLLOWING FUNCTIONS:**

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Assets
	Recurrent		Capital		Recurrent	Capital							
	Grants	Other	Grants	Other									
	2019 \$	2019 \$	2019 \$	2019 \$	2019 \$	2019 \$							
Resourcing	8,416,286	67,689,259	-	1,000	76,106,545	(29,288,266)	11,685,235	(17,603,031)	105,393,811	93,709,575	138,017,783		
Office of the CEO	72,863	38,911	-	-	111,774	7,881,153	-	7,881,153	(7,769,379)	(7,769,379)	10,875		
Advance Rockhampton	290,500	926,335	-	-	1,216,835	6,059,233	-	6,059,233	(4,842,398)	(4,842,398)	456,261		
Regional Services	2,546,823	4,416,861	13,239,486	2,109,058	22,312,228	49,034,159	7,935,689	56,969,848	(42,070,475)	(34,657,620)	1,364,112,645		
Corporate Services	523,450	1,435,419	685,658	647,348	3,291,876	15,947,476	-	15,947,476	(13,988,607)	(12,655,601)	57,068,265		
Community Services	3,928,586	7,808,607	7,891,220	651,604	20,280,017	59,051,097	239,990	59,291,087	(47,313,904)	(39,011,070)	225,624,684		
Airport	-	15,484,127	4,911,705	-	20,395,832	15,414,100	3,124,759	18,538,859	70,026	1,856,972	107,720,877		
Waste & Recycling	-	19,668,748	66,208	124,424	19,859,380	15,092,317	492,721	15,585,038	4,576,432	4,274,342	46,819,250		
Fitzroy River Water	16,500	68,583,412	2,878,538	1,540,361	73,018,811	57,637,175	9,421,817	67,058,992	10,962,737	5,959,819	636,963,932		
Total	15,795,008	186,051,679	29,672,815	5,073,795	236,593,297	196,828,444	32,900,211	229,728,655	5,018,243	6,864,642	2,576,794,572		

PRIOR YEAR

Functions	Gross Program Income						Total Income	Gross Program Expenses		Total Expenses	Net Result from Recurrent Operations	Net Result	Restated Assets
	Recurrent		Capital		Recurrent	Capital							
	Grants	Other	Grants	Other									
	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$							
Resourcing	8,823,038	67,046,160	-	-	-	75,869,198	(29,280,323)	-	(29,280,323)	105,149,521	105,149,521	207,130,380	
Office of the CEO	160,455	40,225	-	-	-	200,680	6,987,253	-	6,987,253	(6,786,573)	(6,786,573)	14,463	
Advance Rockhampton	156,613	200,687	-	-	-	357,300	5,342,491	-	5,342,491	(4,985,191)	(4,985,191)	397,201	
Regional Services	1,749,644	3,837,835	25,214,392	6,656,973	-	37,458,844	45,167,965	7,839,089	53,007,054	(39,580,487)	(15,548,210)	1,345,455,535	
Corporate Services	326,362	1,508,306	1,252,318	-	-	3,086,986	14,382,596	1,210,993	15,593,588	(12,547,928)	(12,506,602)	54,381,349	
Community Services	4,584,749	8,591,448	9,792,153	267,041	-	23,235,391	55,117,881	647,668	55,765,549	(41,941,684)	(32,530,158)	214,832,277	
Airport	-	15,883,340	88,295	60,000	-	16,031,635	14,970,338	(132,634)	14,837,704	913,002	1,193,931	101,338,697	
Waste & Recycling	-	18,027,130	-	98,284	-	18,125,414	13,962,781	529,430	14,492,212	4,064,349	3,633,202	42,340,707	
Fitzroy River Water	(41,224)	64,567,871	3,909,810	2,496,816	-	70,933,273	56,649,953	1,404,658	58,054,611	7,876,694	12,878,662	544,511,660	
Total	15,759,637	179,703,002	40,256,968	9,579,114	40,256,968	245,298,721	183,300,935	11,499,204	194,800,139	12,161,704	50,498,582	2,510,402,269	

3 REVENUE

Revenue is recognised at the fair value of the consideration received or receivable, at the time indicated below.

3.A RATES, LEVIES AND CHARGES

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

General rates	59,961,781	56,922,142
Separate rates	17,891,056	17,794,153
Special rates	96,874	132,519
Water	32,968,614	30,859,481
Sewerage	28,939,862	28,326,817
Garbage charges	17,114,295	15,242,696
Rates and utility charge revenue	156,972,482	149,277,808
Less: Discounts	(12,264,679)	(11,679,899)
Less: Pensioner remissions	(1,509,150)	(1,501,072)
Net rates and utility charges	143,198,653	136,096,837

3.B 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.

Airport fees	11,266,072	11,079,348
Waste and recycling fees	3,780,607	4,062,901
Venues, events, tourism and cultural fees	3,675,638	2,995,738
Building, plumbing and development fees	1,074,356	1,428,548
Local laws and health licencing fees	1,153,697	1,473,867
Irrigator and commercial water fees	1,402,994	1,232,420
Other fees	903,337	921,050
	23,256,701	23,193,872

3.C OTHER RECURRENT INCOME

Other revenue is recognised as a revenue 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.

Rental / lease income	3,148,423	3,265,878
Commission and collection fees	2,226,935	2,249,993
Insurance	32,786	918,822
Other income	2,529,817	2,725,100
	7,937,961	9,159,793

4 GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

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

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. Non-cash contributions are recognised at fair value in excess of the recognition thresholds as non-current assets. Those below the thresholds are recorded as recurrent revenues and expenses.

4.A RECURRENT

General purpose grants	8,416,286	7,887,659
Government subsidies and grants	7,378,722	7,871,978
Contributions	634,037	189,380
Total recurrent revenue	16,429,045	15,949,017

4.B CAPITAL

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

(i) Monetary revenue designated for capital funding purposes:

Government subsidies and grants	29,672,815	40,256,968
Contributions	1,563,795	3,156,382
	31,236,610	43,413,350

(ii) Non-monetary revenue received is analysed as follows:

Developer assets contributed by developers at fair value	2,224,461	6,291,573
Other physical assets contributed at fair value	194,545	31,456
	2,419,006	6,323,029
Total capital revenue	33,655,616	49,736,379

Conditions over contributions

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 services	417,552	292,030
Non-reciprocal grants for expenditure on infrastructure	5,435,519	6,383,415
	5,853,071	6,675,445

5 CAPITAL INCOME

Gain on the disposal of non-current assets

(a) Proceeds from disposal of land

952,000

-

Less: Book value of land disposed

(347,372)

-

604,628

-

(b) Proceeds from disposal of plant and equipment

1,594,989

-

Less: Book value of plant and equipment disposed

(1,573,072)

-

21,917

-

(c) Insurance proceeds for buildings

325,253

-

Less: Book value of buildings disposed

-

-

325,253

-

Provision for rehabilitation

Quarry rehabilitation - change from revision of future restoration expenditure

16

14,772

12,152

Landfill restoration - change from revision of future restoration expenditure

16

124,424

-

Landfill restoration - reduction in restoration provision for future costs,
due to a change in discount rate

16

-

87,334

Parks remediation - reduction in remediation provision for future costs,
due to a change in discount rate

16

-

217

Total capital income

1,090,994

99,703

6 EMPLOYEE BENEFITS

	Note	2019 \$	2018 \$
Total staff wages and salaries		68,749,621	65,344,672
Councillors' remuneration		1,006,813	996,754
Annual, sick and long service leave entitlements		9,504,934	9,356,801
Superannuation	23	8,343,657	7,841,055
		87,605,025	83,539,282
Other employee related expenses		3,819,372	1,372,853
		91,424,397	84,912,135
Less: Capitalised employee expenses		(12,100,044)	(11,332,484)
		79,324,353	73,579,651

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

Total employees at year end:		2019 No.	2018 No.
Elected members		8	8
Administration staff		539	518
Depot and outdoors staff		374	358
Total full time equivalent employees		921	884

7 MATERIALS AND SERVICES

	Note	2019 \$	2018 \$
Audit of annual financial statements by the Auditor-General of Queensland		175,282	195,273
Advertising and marketing		1,605,431	1,267,138
Administration supplies and consumables		904,966	1,037,334
Communications and IT		3,604,614	3,451,314
Consultants		2,697,210	3,650,359
Contractors		10,009,624	9,002,151
Donations paid		1,306,173	1,147,175
Insurance		3,463,458	2,909,455
Electricity		6,448,913	6,447,656
Repairs and maintenance		22,949,738	15,889,651
Rentals - operating leases		433,671	515,884
Other materials and services		4,524,830	4,911,541
		58,123,910	50,424,931

	Note	2019 \$	2018 \$
8 FINANCE COSTS			
Finance costs charged by the Queensland Treasury Corporation		6,255,229	7,371,526
Bank charges		304,997	330,749
Impairment of receivables		(271,736)	(166,597)
Quarry rehabilitation - change in present value over time	16	12,752	12,144
Landfill sites restoration - change in present value over time	16	468,578	105,945
Parks remediation - change in present value over time	16	-	1,294
		6,769,820	7,655,061

	Note	2019 \$	2018 \$
9 DEPRECIATION AND AMORTISATION			
Depreciation of non-current assets			
Site improvements		2,694,709	2,639,095
Buildings		6,247,695	6,170,443
Plant and equipment		5,234,191	5,444,422
Road network		18,045,837	17,609,585
Stormwater network		3,691,358	3,588,639
Bridge network		898,503	862,843
Water		8,611,836	7,993,575
Sewerage		4,996,618	5,079,051
Airport		1,891,954	1,705,310
Total depreciation of non-current assets	14	52,312,701	51,092,963
Amortisation of intangible assets			
Computer software		297,660	548,329
Total amortisation of intangible assets		297,660	548,329
Total depreciation and amortisation		52,610,361	51,641,292

10 CAPITAL EXPENSES

Loss on the disposal non-current assets

	Note	2019 \$	2018 \$
(a) Proceeds from disposal of land		-	(10,000)
Less: Book value of land disposed		-	201,197
		-	191,197
(b) Proceeds from disposal of plant and equipment		-	(1,930,668)
Less: Book value of plant and equipment disposed		-	2,855,927
		-	925,259
(c) Insurance proceeds for buildings		-	(132,634)
Less: Book value of buildings disposed		-	-
		-	(132,634)

Write off of non-current assets

Site improvements		-	541,986
Buildings		438,351	305,124
Plant and equipment		-	32,432
Road network		7,439,752	7,494,645
Stormwater network		131,303	191,838
Bridge network		113,161	45,333
Water		4,155,201	841,436
Sewer		2,557,652	489,459
Airport		440,059	-
Intangible assets		-	45,730

Rehabilitation

Quarry rehabilitation - increase in rehabilitation provision for future costs, due to a change in discount rate	16	53,113	2,259
Landfill restoration - change from revision of future restoration expenditure	16	-	525,140
Landfill restoration - increase in restoration provision for future costs, due to a change in discount rate	16	321,441	-
Landfill restoration expenditure in excess of provision	16	200,210	-

Revaluation decrement

Revaluation down of property, plant and equipment	14	16,839,568	-
Impairment of property, plant and equipment	14	210,400	-

Total capital expenses		32,900,211	11,499,204
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11 CASH AND CASH EQUIVALENTS

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

Cash at bank and on hand	3,984,910	3,341,812
Deposits at call	41,148,767	16,119,800
Balance as per statement of cash flows	45,133,677	19,461,612

Council's cash, cash equivalents and investments (Note 12) are subject to a number of externally imposed expenditure restrictions that limit the amount available for discretionary or future use at the reporting date. These restrictions relate to the following cash assets:

		Restated 2018
Unspent government grants and subsidies	5,853,071	6,675,445
Unspent developer contributions	1,294,616	1,762,955
Waste levy refund received in advance	2,162,970	-
Total restricted cash	9,310,657	8,438,400

Cash at bank and on hand at 30 June 2019 includes \$2,162,970 received from the State Government to mitigate the direct impacts on households of the State Waste Levy, which came into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019/20 levy expense.

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

Trust funds held for outside parties

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

1,264,224	1,366,838
1,264,224	1,366,838

12 INVESTMENTS

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

Opening Balance	62,000,000	75,000,000
Transfers from operating bank account	(43,000,000)	(13,000,000)
	19,000,000	62,000,000

Term deposits at fixed interest rates are held with the following financial institutions (respective short term credit ratings noted in brackets): Westpac (A1+), National Australia Bank (A1+) and The Rock (A2). Maturity ranges from 5 to 6 months and bear interest rates from 2.40% to 2.64%.

13 RECEIVABLES

Receivables are amounts owed to Council at year end. They are recognised at the amounts due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

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.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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

Current

Rateable revenue and utility charges	7,504,246	7,786,061
Less: loss allowance	(208,809)	(326,150)
	7,295,437	7,459,911
Other debtors	3,631,821	6,111,411
Less: impairment	(102,685)	(670,754)
	3,529,136	5,440,657
State and Commonwealth government	1,497,297	2,350,904
	12,321,870	15,251,472
Receivables (Non-financial instruments)		
Water charges yet to be levied	2,104,456	669,224
GST recoverable	1,076,588	828,630
Prepayments	2,579,195	2,296,632
	5,760,239	3,794,486
	18,082,109	19,045,958

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

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

Opening balance	996,904	2,675,818
Adjustment to opening balance upon application of AASB 9*	(49,818)	-
Impairment adjustment in the year	(543,377)	(822,128)
Impairment debts written off during the year	(363,857)	(1,512,317)
Impairments recognised	271,642	655,531
Closing balance	311,494	996,904

*Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, has been recalculated using this new methodology and resulting in an opening balance adjustment of (\$49,818). Further details of Council's expected credit loss assessment are contained in Note 28.

14 PROPERTY, PLANT AND EQUIPMENT

14.A

	Note	Land	Site improvements	Buildings	Plant and equipment	Road network
Basis of measurement		Fair value	Fair value	Fair value	Cost	Fair value
Fair value category		Level 2 & 3	Level 3	Level 2 & 3		Level 3
Asset values		\$	\$	\$	\$	\$
Opening gross value as at 1 July 2018		127,256,323	101,697,914	290,233,896	66,544,661	1,335,100,001
Adjustment to opening value		9,000	(11,622)	(123,540)	(2,770,972)	416,043
Additions at cost		468,642	1,911,763	328,078	6,471,132	8,980,370
Prior year write off of additions at cost		-	-	-	-	-
Contributed assets at valuation		1,000	-	-	-	1,109,214
Reassessment of landfill restoration cost		-	11,681,379	-	-	-
Transfers between classes		208,315	12,469	-	-	104,534
Transfers from work in progress		412,723	4,638,044	1,508,525	1,591,269	16,633,585
Disposals		(347,372)	-	-	(4,688,331)	-
Revaluation adjustment to asset revaluation surplus	19	(40,450,485)	-	-	-	-
Revaluation adjustment to capital expenses	10	(16,839,568)	-	-	-	-
Disaster event 2015 asset adjustments	26	-	187,000	532,500	-	610,811
Impairment adjustment to capital expenses	10	(210,400)	-	-	-	-
Write offs	10	-	-	(452,719)	-	(16,547,119)
Transfer to intangible assets		-	-	-	-	-
Closing gross value as at 30 June 2019		70,508,178	120,116,947	292,026,740	67,147,759	1,346,407,439
Accumulated depreciation and impairment						
Opening gross value as at 1 July 2018		-	34,494,364	113,579,457	32,330,193	270,900,729
Adjustment to opening value		-	(7,920)	(69,424)	(2,246,941)	(84,179)
Depreciation provided in period	9	-	2,694,709	6,247,695	5,234,191	18,045,837
Transfers between classes		-	9,262	-	-	20,800
Depreciation on disposals		-	-	-	(3,115,259)	-
Revaluation adjustment to asset revaluation surplus	19	-	-	-	-	-
Disaster event 2015 asset adjustments	26	-	100,414	240,685	-	355,238
Obsolescence adjustment to asset revaluation surplus	19	-	3,734,912	6,449,387	-	-
Depreciation on write offs	10	-	-	(14,368)	-	(9,107,368)
Transfers between classes		-	-	-	-	-
Accumulated depreciation as at 30 June 2019		-	41,025,741	126,433,432	32,202,184	280,131,057
Net value at 30 June 2019		70,508,178	79,091,206	165,593,308	34,945,575	1,066,276,382
Residual value		-	-	-	10,034,101	-
Range of estimated useful life in years		Not depreciated	10 - 1,000	10 - 150	3 - 40	10 - 1,000
Additions comprise:		\$	\$	\$	\$	\$
Infrastructure Renewals		-	33,352	47,844	5,720,887	6,699,844
Other additions (Net of transfer to intangibles)		468,642	1,878,411	280,234	750,245	2,280,526
Total additions		468,642	1,911,763	328,078	6,471,132	8,980,370

	Stormwater network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	
	Level 3	Level 3	Level 3	Level 3	Level 3	Level 2		
	\$	\$	\$	\$	\$	\$	\$	\$
	337,079,349	53,728,642	555,668,226	313,785,879	64,461,000	17,660,208	93,869,060	3,357,085,162
	3,050,594	121,199	(1,251,686)	690,028	-	-	-	129,044
	1,849,671	6,144	5,785,905	5,171,591	12,186,106	151,364	63,133,003	106,443,769
	-	-	-	-	-	-	(820,305)	(820,305)
	509,660	-	259,137	346,450	-	193,545	-	2,419,006
	-	-	-	-	-	-	-	11,681,379
	135,487	(136,772)	(22,500)	(93,218)	-	-	-	208,315
	1,587,215	918,005	7,585,500	7,014,635	1,632,948	-	(43,522,449)	-
	-	-	-	-	-	-	-	(5,035,703)
	-	-	97,088,215	20,137,066	-	-	-	76,774,796
	-	-	-	-	-	-	-	(16,839,568)
	-	159,493	-	-	-	-	-	1,489,804
	-	-	-	-	-	-	-	(210,400)
	(219,947)	(328,672)	(11,906,624)	(5,396,170)	(4,694,261)	-	-	(39,545,512)
	-	-	-	-	-	-	(25,870)	(25,870)
	343,992,029	54,468,039	653,206,173	341,656,261	73,585,793	18,005,117	112,633,439	3,493,753,917
	101,004,125	21,032,966	212,101,157	145,163,467	19,943,715	-	-	950,550,172
	(652,619)	-	(1,910,451)	(346,273)	-	-	-	(5,317,807)
	3,691,358	898,503	8,611,836	4,996,618	1,891,954	-	-	52,312,701
	83,657	(83,779)	(11,869)	(18,072)	-	-	-	(1)
	-	-	-	-	-	-	-	(3,115,259)
	-	-	39,022,835	(18,254,383)	-	-	-	20,768,452
	-	47,848	-	-	-	-	-	744,185
	-	-	-	-	-	-	-	10,184,299
	(88,644)	(215,511)	(7,751,423)	(2,838,518)	(4,254,202)	-	-	(24,270,034)
	-	-	-	-	-	-	-	-
	104,037,877	21,680,027	250,062,085	128,702,839	17,581,467	-	-	1,001,856,708
	239,954,152	32,788,012	403,144,088	212,953,422	56,004,326	18,005,117	112,633,439	2,491,897,209
	-	-	-	-	-	-	-	10,034,101
	25 - 120	10 - 80	15 - 1,000	15 - 1,000	7 - 1,000	Not depreciated		
	\$	\$	\$	\$	\$	\$	\$	\$
	548,869	5,387	5,708,713	4,249,387	11,576,885	-	30,373,037	64,964,205
	1,300,802	757	77,193	922,204	609,221	151,364	32,734,096	41,453,695
	1,849,671	6,144	5,785,906	5,171,591	12,186,106	151,364	63,107,133	106,417,900

14.B PRIOR YEAR

	Note	Land	Site improvements	Buildings	Plant and equipment	Road network
Basis of measurement		Fair value	Fair value	Fair value	Cost	Fair value
Fair value category		Level 2 & 3	Level 3	Level 2 & 3		Level 3
Asset values		\$	\$	\$	\$	\$
Opening gross value as at 1 July 2017		131,514,488	84,051,559	278,872,453	66,920,943	1,262,251,335
Adjustment to opening value - correction	27	-	-	-	-	42,837,347
Adjustment to opening value		35,768	12,865	(213,200)	95,765	2,759,543
Additions at cost		3,490,640	2,650,920	4,394,941	6,931,801	10,894,083
Prior year write off of additions at cost		-	-	-	-	-
Contributed assets at valuation		-	41,067	-	-	1,943,578
Reassessment of landfill restoration cost		-	9,459,695	-	-	-
Transfers between classes		119,031	-	-	-	-
Transfers from work in progress		161,895	2,943,742	7,923,837	717,578	28,693,104
Disposals		(201,197)	-	-	(7,935,533)	-
Revaluation adjustment to asset revaluation surplus	19	(7,864,302)	3,807,781	-	-	-
Write offs	10	-	(1,269,715)	(744,135)	(185,893)	(14,278,987)
Transfer to intangible assets		-	-	-	-	-
Closing gross value as at 30 June 2018		127,256,323	101,697,914	290,233,896	66,544,661	1,335,100,003
Accumulated depreciation and impairment						
Opening gross value as at 1 July 2017		-	31,218,204	106,558,915	32,118,838	258,695,022
Adjustment to opening value - correction	27	-	-	-	-	1,432,576
Adjustment to opening value		-	-	(182,010)	-	(52,112)
Depreciation provided in period	9	-	2,639,095	6,170,443	5,444,422	17,609,585
Depreciation on disposals		-	-	-	(5,079,606)	-
Revaluation adjustment to asset revaluation surplus	19	-	1,364,795	1,471,120	-	-
Depreciation on write offs	10	-	(727,730)	(439,011)	(153,461)	(6,784,342)
Accumulated depreciation as at 30 June 2018		-	34,494,364	113,579,457	32,330,193	270,900,729
Net value at 30 June 2017		127,256,323	67,203,550	176,654,439	34,214,468	1,064,199,274
Residual value		-	-	-	9,383,743	-
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 150	3 - 40	10 - 1,000
Additions comprise:		\$	\$	\$	\$	\$
Infrastructure Renewals		-	346,797	365,624	6,623,991	6,115,404
Other additions (Net of transfer to intangibles)		3,490,640	2,304,123	4,029,318	307,810	4,778,678
Total additions		3,490,640	2,650,920	4,394,942	6,931,801	10,894,082

	Stormwater network	Bridge network	Water	Sewerage	Airport	Heritage and cultural assets	Work in Progress	Total
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	
	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$
	323,359,788	51,557,496	552,709,447	310,670,792	64,461,000	15,272,263	75,434,847	3,217,076,411
	-	-	-	-	-	-	-	42,837,347
	5,087,998	84,884	-	172,955	-	506,147	-	8,542,725
	1,078,397	60,369	3,047,812	1,957,914	-	545,566	73,028,328	108,080,771
	-	-	-	-	-	-	(2,009,895)	(2,009,895)
	1,695,756	1,377,274	576,907	656,990	-	31,456	-	6,323,029
	-	-	-	-	-	-	-	9,459,695
	-	-	-	-	-	-	-	119,031
	6,208,062	814,273	2,286,316	1,379,858	-	811,218	(51,939,883)	-
	-	-	-	-	-	-	-	(8,136,730)
	-	-	-	-	-	493,558	-	(3,562,963)
	(350,652)	(165,654)	(2,952,256)	(1,052,630)	-	-	-	(20,999,922)
	-	-	-	-	-	-	(644,337)	(644,337)
	337,079,349	53,728,642	555,668,226	313,785,879	64,461,000	17,660,208	93,869,060	3,357,085,162
	99,010,466	20,402,691	206,218,402	140,649,250	18,238,405	-	-	913,110,193
	-	-	-	-	-	-	-	1,432,576
	(1,436,166)	(112,247)	-	(1,664)	-	-	-	(1,784,199)
	3,588,639	862,843	7,993,575	5,079,051	1,705,310	-	-	51,092,963
	-	-	-	-	-	-	-	(5,079,606)
	-	-	-	-	-	-	-	2,835,915
	(158,814)	(120,321)	(2,110,820)	(563,170)	-	-	-	(11,057,669)
	101,004,125	21,032,966	212,101,157	145,163,467	19,943,715	-	-	950,550,172
	236,075,225	32,695,676	343,567,069	168,622,412	44,517,285	17,660,208	93,869,060	2,406,534,989
	-	-	-	-	-	-	-	9,383,743
	25 - 120	10 - 80	15 - 120	15 - 100	7 - 1,000	Not depreciated		
	\$	\$	\$	\$	\$	\$	\$	\$
	392,854	39,180	2,279,110	1,354,963	-	-	32,223,298	49,741,221
	685,543	21,189	768,702	602,951	-	545,566	40,160,694	57,695,214
	1,078,397	60,369	3,047,812	1,957,914	-	545,566	72,383,992	107,436,435

14.C RECOGNITION

Plant and equipment with a total value of less than \$5,000, and infrastructure assets (road, stormwater, bridge, water and sewerage 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.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred.

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

Land under the roads and reserve land which falls under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

14.D MEASUREMENT

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value (as shown in the table above) less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including inwards freight, architect's fees and engineering design fees and all other establishment costs. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

14.E DEPRECIATION

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land and Heritage and Cultural assets are not depreciated as these assets have 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.

Where assets have separately identifiable significant 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.

Landfill rehabilitation assets are depreciated on a straight line basis over the period remaining until the forecast closure date 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 Council's asset management processes, for assets measured at depreciated current replacement cost may be used to estimate the useful lives of these assets at each reporting date.

14.F IMPAIRMENT

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

14.G ADJUSTMENT TO OPENING VALUE

During the preparation for revaluations and ongoing data improvement processes, additional assets not previously recognised and recognised incorrectly were identified and brought to account at fair value.

14.H VALUATION

14.H (I) VALUATION PROCESSES

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 external valuers or suitably qualified internal staff to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process may involve physically sighting a representative sample of Council's assets and making assessments of the condition of the assets at the date of inspection.

In the intervening years, Council will assess the assets by utilising a combination of internal and external sources of information, as appropriate, in a structured manner in order to determine if there has been any potential material movement in the fair value of assets. Where this is indicated the relevant assets will be revalued by indexation or to the desktop valuation as appropriate.

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)

There have been no transfers between level 1 and 2; however, there were transfers between Level 2 and Level 3 for land assets during the year.

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

14.H (II) VALUATION TECHNIQUES USED TO DERIVE FAIR VALUES

Land (level 2 & 3)

Land fair values were determined by independent valuer, Australis Asset Advisory Group, effective 30 September 2018.

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.

Where an observable market for land assets could be identified, fair value was determined by a market approach (level 2), utilising sales of comparable properties after adjusting for differences in key attributes of the property, such as size. Where a significant adjustment was required between the sale prices of comparable

properties, fair value was determined by a market approach (level 3). The valuation considered the carrying value of land assets which are subject to restrictions on use. The reduction to fair value from the previous valuation as a result of the application of discounting factors is estimated at \$30.8 million. Council's current use of a non-financial asset is presumed to be its highest and best use.

scheduled rates for construction of assets or similar assets, published cost guides and supplier quotations and calibrated where applicable. Valuation unit rates (replacement costs) were increased by 15% to allow for project overheads including survey, environmental and investigation costs, engineering design, planning, and project management.

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

Infrastructure assets (level 3)

All Council infrastructure assets were valued at current replacement cost. This valuation comprises the asset's 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" or "Incremental Greenfield" assumption for valuations, 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 current replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.

Road network (level 3)

The fair value of sealed and unsealed road components, floodways, carparks and access roads and kerbs were determined by Pavement Management Services, Registered Valuer, as at 30 June 2015. The footpath and road furniture assets (street lights, traffic lights and bus stops) were comprehensively revalued as at 31 March 2016 by suitably qualified officers of Council. The minor road furniture items (medians, retaining walls, roundabouts and indented car parks) were comprehensively revalued by suitably qualified officers of Council as at 31 March 2017.

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

For the road assets, the CRC for road components was calculated by reference to asset linear and area specifications and unit rates (indexed in 2015/16 to the latest available rates; with amendments for significant assumption changes in 2016/17) based on road stereotypes established by the then Roads and Transport Alliance Valuation Project (RAVP), a joint initiative by the Local Government Association of Queensland (LGAQ) of which Council is a member and the Queensland Government. These rates were customised to local design conditions, being generally dry ground conditions with a mixture of reactive and non-reactive soil types, where appropriate. Council assumes that roads are constructed to the standard drawings set out in the Capricorn Municipal Development Guidelines.

An indices assessment was provided by Lemmah Pty Ltd for the year ended 30 June 2019 which found no material movements in value, and as a result no valuation adjustment was applied.

	2019 \$	2018 \$
Land		
Observable market - (level 2)	32,288,004	74,996,941
No observable market - (level 3)	38,220,174	52,259,382
Total	70,508,178	127,256,323

Buildings (level 2 & 3)

The fair value of buildings were determined by independent valuer, Australis Asset Advisory Group, effective 31 March 2017. An indices assessment of the building assets was provided by Australis Asset Advisory Group for the year ended 30 June 2019, which found no material movement in value, and as a result no valuation adjustment was applied.

Where an observable market for Council building assets could be identified, fair value was measured by way of a market approach requiring level 2 and 3 inputs, utilising sales prices of comparable properties after adjusting for differences in key attributes of the property. Where inputs required significant professional judgement assets were classified as level 3. The most significant inputs into this valuation approach was the price per square metre. 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 cost with a modern equivalent asset having similar service potential.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. Condition was assessed taking into account both physical characteristics, age, recent repairs or capital works, as well as factors such as functionality, capability, utilisation and obsolescence. Estimates of expired service potential and remaining useful lives were determined on a straight line basis.

	2019 \$	2018 \$
Buildings		
Non specialised buildings observable market (level 2)	4,187,974	4,385,148
Non specialised buildings - (level 3)	3,235,971	3,356,672
Specialised Buildings - (level 3)	158,169,363	168,912,619
Total	165,593,308	176,654,439

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 current replacement cost. Based on the indices assessment of the site improvement assets conducted by Australis Asset Advisory Group in 2016/17, indexation was applied at 1 July 2017, with no further indexation being required based on the indices assessment provided by Australis Asset Advisory Group for the year ended 30 June 2019.

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 current replacement cost (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,

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

The CRC for assets other than sealed and unsealed roads, floodways, carparks and access roads are derived from published cost guides, internal construction estimates and prices based on existing supplier contract rates or supplier price lists and labour wage rates. All direct costs were allocated to the assets at standard usage quantities with an overhead allocation, or CRC was based on the average unit rates of completed similar projects over the last few years.

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

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

Stormwater network (level 3)

The fair value of stormwater assets were determined by independent valuer, AssetVal Pty Ltd, effective 31 March 2017. An indices assessment was undertaken by Australis Asset Advisory Group as at 31 March 2018 which found no material movement in value, and as a result no valuation adjustment was applied.

Where Council stormwater 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 CRC of assets is derived by unit rates based on similar recent project costs, direct quotations from suppliers, unit rate databases, indices and cost guides.

The level of accumulated depreciation represents an assessment of the expired service potential and remaining useful lives based on a straight line basis derived from the associated benchmark life for the type of asset.

Bridge network (level 3)

The fair value of the bridge network was determined by Australis Asset Advisory Group, as at 31 March 2016. An indices assessment was provided by Australis Asset Advisory Group for the year ended 30 June 2019 which found no material movements in value, and as a result no valuation adjustment was applied.

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

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

Water and sewerage (level 3)

The fair value of water and sewerage assets were determined by AssetVal Pty Ltd, Registered Valuer, as at 31 December 2018.

The water and sewer assets are segregated into active and passive assets. For passive assets (water and sewer mains; water meters) unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's construction rates and quotations and reviews by Council engineers. The active assets of treatment, pumping and storage assets were

valued independently, utilising New South Wales Reference Rates with appropriate adjustments for local Council factors with further componentisation being applied.

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). The remaining useful life was calculated on asset age and estimated useful life.

Airport (level 3)

The fair value of the airport assets were determined by Australis Asset Advisory Group, as at 31 March 2016 at current replacement cost. An indices assessment was provided by Australis Asset Advisory Group for the year ended 30 June 2019 which found no material movements in value, and as a result no valuation adjustment was applied.

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. Current replacement cost was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs and overhead allocations. Various sources, such as published cost guides, historical and current supply costs and information from the Road and Valuation Alliance Project are utilised to determine the estimated replacement cost, including allowance for overheads depending on the complexity of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. An assessment of the useful life and remaining useful life of the various assets considers the inspected physical condition data and construction dates, historical renewal data, failure rates and inputs supplied by Council.

Heritage and cultural assets (level 3)

The fair value of artworks, heritage collections, rare books and museum collections were determined by independent valuer, Australis Asset Advisory Group, effective 31 March 2018 on a market approach. Given the proportionate value of the asset class to overall non-current asset values, no valuation assessment or adjustment was required in the current year.

15 PAYABLES

Creditors are recognised upon receipt of the goods or services ordered at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, sick and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

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

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised in regards to this obligation.

Current

Creditors and accruals	10,370,764	12,374,327
Annual leave	7,288,962	7,553,153
Sick leave	85,146	85,146
Other entitlements	632,763	653,233
	18,377,635	20,665,859

16 PROVISIONS

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.

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

Landfill restoration, quarry rehabilitation and parks remediation

Council recognises provisions for the estimated cost of restoration in respect of refuse dumps (landfills) and rehabilitation of 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. Council also recognised a provision for the estimated cost of remediation in respect of damage to Kershaw Gardens during Tropical Cyclone Marcia in February 2015. The provisions are measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration. Changes to the provisions resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Management estimates the amount of expected restoration work based on current known restoration costs inflated using relevant cost inflation indices and then discounted to current day values, and the timing of the work based on estimated landfill or quarry volumes.

With the commencement of construction of new landfill cells, the Lakes Creek Road landfill facility is now forecast to close in 2060/61. Gracemere landfill ceased accepting waste for disposal during the 2015/16 year.

Remediation work at Kershaw Gardens commenced in 2015/16 and was completed in the 2018/19 financial year.

Current

Quarry rehabilitation	48,980	49,064
Landfill restoration	1,586,264	517,343
Parks remediation	-	80,281
Long service leave	13,286,412	12,015,181
	14,921,656	12,661,869

Non-current

Quarry rehabilitation	531,375	480,198
Landfill restoration	25,260,734	14,497,877
Long service leave	1,585,168	1,596,534
	27,377,277	16,574,609

Details of movements in provisions:

Quarry rehabilitation

Balance at beginning of financial year		529,262	527,011
Increase in provision due to change in time	8	12,752	12,144
Increase in provision due to change in discount rate	10	53,113	2,259
Decrease in estimate of future cost	5	(14,772)	(12,152)
Balance at end of financial year		580,355	529,262

This is the present value of the estimated future costs of restoring the quarry sites to a usable state at the end of their useful life. The projected future cost is \$668,583 and this cost is expected to be incurred over the years 2020 to 2039.

	Note	2019 \$	2018 \$
Landfill restoration			
Balance at beginning of financial year		15,015,220	5,817,178
Decrease in provision for rehabilitation performed		(515,196)	(805,404)
Increase in provision due to change in time	8	468,578	105,945
Increase / (decrease) in provision due to change in discount rate	5,10	321,441	(87,334)
Increase / (decrease) in provision due to change in discount rate - transfer to rehabilitation asset	14	8,781,762	(123,864)
(Decrease) / increase in estimate of future cost	5,10	(124,424)	525,140
Increase in estimate of future cost - transfer to rehabilitation asset	14	2,899,617	9,583,559
Balance at end of financial year		26,846,998	15,015,220

This is the present value of the estimated future costs associated with restoring the refuse disposal sites in accordance with Queensland State Government Environmental Regulations at the end of their useful lives. The projected future cost is \$67,486,795 and this cost is expected to be incurred over the period 2020 to 2102.

Parks remediation

Balance at beginning of financial year		80,281	1,728,784
Decrease in provision for remediation performed		(80,281)	(998,799)
Increase in provision due to change in time	8	-	1,294
Decrease in provision due to change in discount rate	5	-	(217)
Decrease in estimate of future cost - transfer to materials and services		-	(650,781)
Balance at end of financial year		-	80,281

This provision was established for the costs associated with remediating the Kershaw Gardens following damage caused by Tropical Cyclone Marcia in February 2015. Remediation work at Kershaw Gardens was completed in the 2018/19 financial year.

Long service leave

Balance at beginning of financial year		13,611,715	13,556,537
Long service leave entitlement arising		2,960,208	1,498,230
Long service entitlement extinguished		(628,448)	(425,871)
Long service entitlement paid		(1,071,895)	(1,017,181)
Balance at end of financial year		14,871,580	13,611,715

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

17 BORROWINGS

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost at date of reporting. Principal and interest repayments are made quarterly in arrears.

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 15 June 2034. There have been no defaults or breaches of the loan agreement during the period.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next ten 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.

Current

Queensland Treasury Corporation	22,648,183	20,613,749
	22,648,183	20,613,749

Non-current

Queensland Treasury Corporation	96,383,734	103,345,245
	96,383,734	103,345,245

Queensland Treasury Corporation

Opening balance	123,958,994	143,220,774
Loans raised	15,451,000	-
Principal repayments	(20,378,077)	(19,261,780)
Book value at year end	119,031,917	123,958,994

The QTC loan market value for all loans at the reporting date was \$127,914,921. This represents the value of the debt if Council repaid it at 30 June 2019. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Unsecured borrowings are provided by the Queensland Treasury Corporation.

The Council does not have a bank overdraft facility.

18 OTHER LIABILITIES

Current liabilities

Unearned revenue	266,565	345,023
Waste levy refund received in advance	2,162,970	-
	2,429,535	345,023

Non-current liabilities

Developer contributions	1,294,616	1,762,955
	1,294,616	1,762,955
	3,724,151	2,107,978

Developer contributions liability reflects cash contributions from developers for which the related service obligations have yet to be fulfilled by Council.

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which took effect from 1 July 2019. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

19 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.

Movements in the asset revaluation surplus were as follows:

Balance at beginning of the year		894,211,465	859,205,572
Adjustment to opening balance - correction of error	27	-	41,404,771
		<u>894,211,465</u>	<u>900,610,343</u>
Net adjustment to non-current assets to reflect a change in current fair value:			
Adjustments to surplus from fair value assessment done:			
Water - revaluation		58,065,380	-
Sewer - revaluation		38,391,449	-
Heritage and culture - revaluation		-	493,558
Land - revaluation / indexation		(40,450,485)	(7,562,670)
Site improvements - indexation		-	2,442,986
Impairment:			
Road network - disaster adjustment		255,574	-
Bridge network - disaster adjustment		111,645	-
Site improvements - obsolescence / disaster adjustment		(3,648,326)	-
Buildings - obsolescence / disaster adjustment		(6,157,572)	(1,471,120)
Land - impairment		-	(301,632)
		<u>46,567,665</u>	<u>(6,398,878)</u>
Balance at end of the year		<u>940,779,130</u>	<u>894,211,465</u>

Asset revaluation surplus analysis

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

Land		-	40,450,485
Site improvements		5,315,617	8,963,943
Buildings		54,250,575	60,408,147
Road network		599,055,406	598,799,833
Stormwater network		30,594,104	30,594,104
Bridge network		6,301,767	6,190,122
Water		109,349,272	51,283,891
Sewerage		108,268,332	69,876,883
Airport		23,992,279	23,992,279
Heritage and cultural assets		3,651,778	3,651,778
		<u>940,779,130</u>	<u>894,211,465</u>

20 COMMITMENTS FOR EXPENDITURE

CONTRACTUAL COMMITMENTS

Contractual commitments at end of financial year but not recognised in the financial statements by functions are as follows:

Regional Services	2,322,442	5,061,117
Communities	7,655,000	13,138,844
Airport	5,410,960	20,741,285
Waste and Recycling	11,339,422	4,663,383
Fitzroy River Water	811,935	2,434,579
Other	557,977	810,440
	28,097,736	46,849,648

Contractual commitments at end of financial year but not recognised in the financial statements by payable period are as follows:

Within one year	12,189,042	31,269,173
One to five years	10,946,471	9,929,081
Later than five years	4,962,223	5,651,394
	28,097,736	46,849,648

21 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting events after 30 June 2019.

22 CONTINGENCIES

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.

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 Rockhampton Basketball Inc (\$82,254) and Rockhampton Hockey Association Inc (\$250,000). As at 30 June 2019, Rockhampton Hockey Association had not drawn the loan.

Total Community loans guaranteed by Council:	82,254	101,960
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(ii) Local Government Workcare

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

The Council's maximum exposure to the bank guarantee is:	1,683,720	1,732,704
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(iii) Local Government Mutual

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

The financial statements for 30 June 2018 reported an accumulated surplus and it is not anticipated any liability will arise.

23 SUPERANNUATION

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

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

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

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have 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.

The next triennial actuarial review is not due until 1 July 2021.

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

- › Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- › Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.
- › There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Council made less than 4% of the total contributions to the plan in the 2018/19 financial year.

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

	2019 \$	2018 \$
6	8,343,657	7,841,055

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

Net result attributable to Council	6,864,642	50,498,582
Non-cash operating items:		
Depreciation and amortisation	52,610,361	51,641,292
Opening work in progress write off	820,305	2,009,895
Change in restoration provisions expensed to finance costs	481,330	119,383
Parks remediation provision	-	(650,781)
	53,911,996	53,119,789
Investing and development activities:		
Capital grants, subsidies and contributions	(33,655,616)	(49,736,379)
Capital income	(1,090,994)	(99,703)
Capital expenses	32,900,211	11,499,204
	(1,846,399)	(38,336,878)
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables	1,013,667	(610,526)
Decrease / (increase) in inventories (excluding land)	198,027	(160,892)
(Decrease) / increase in payables	(384,422)	317,245
Increase in provisions	1,238,315	26,235
Increase / (decrease) in other liabilities	2,084,512	(229,515)
	4,150,099	(657,453)
Net cash inflow from operating activities	63,080,338	64,624,040

25 RECONCILIATION OF LIABILITIES ARISING FROM FINANCE ACTIVITIES

	As at 30 June 2018	Cashflows	As At 30 June 2019
	\$	\$	\$
Borrowings	123,958,994	(4,927,077)	119,031,917
	<u>123,958,994</u>	<u>(4,927,077)</u>	<u>119,031,917</u>

	As at 30 June 2017	Cashflows	As At 30 June 2018
	\$	\$	\$
Borrowings	143,220,774	(19,261,780)	123,958,994
	<u>143,220,774</u>	<u>(19,261,780)</u>	<u>123,958,994</u>

26 ACCOUNTING FOR NATURAL DISASTER EVENTS

2015 Cyclone Marcia

In February 2015, the Rockhampton area experienced Tropical Cyclone Marcia with considerable damage to botanic assets, some structural damage to roads, buildings and other site improvements and local creek flooding and run off. All restoration works have been completed with the reinstatement of the asset values in the current year.

(a) Current Year		Cost	Accumulated depreciation	Asset revaluation surplus
	Note	\$	\$	\$
Restatement of asset values - impairment no longer required		1,489,804	744,185	745,619
Increase in asset values due to 2015 disaster event	14	<u>1,489,804</u>	<u>744,185</u>	<u>745,619</u>

(b) Prior Year		Cost	Accumulated depreciation	Asset revaluation surplus
	Note	\$	\$	\$
Restatement of asset values - impairment no longer required		-	-	-
Increase in asset values due to 2015 disaster event	14	<u>-</u>	<u>-</u>	<u>-</u>

27 CORRECTION OF ERROR

Road network - unit costs for 2014/15 revaluation:

The estimate of the fair value of road assets in 2014/15 (stage one of a rolling valuation for unsealed and sealed road components, floodways, carparks and access roads and kerb assets) as a component of an expert valuation undertaken by Pavement Management Services, utilised the unit rates established by the Roads and Transport Alliance Valuation Project (Queensland) (RAVP).

In the current year it was identified that the costs associated with sub-soil drainage were inadvertently omitted from the unit rate for one category of roads. The impact of the change has been processed in the current year by adjusting the opening balances at 1 July 2017.

The change has had an immaterial impact upon Council's current year statement of comprehensive income. The impact on the statement of financial position is:

Increase in property, plant and equipment	14	-	41,404,771
Increase in asset revaluation surplus	19	-	41,404,771

28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The effect of initially applying AASB 9 on the Council's financial instruments is described in Note 1.D. Comparative information has not been restated to reflect the requirements.

Council's activities expose it to a variety of financial risks including; credit risk, liquidity risk and market risk.

Risk management framework

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

Council approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

The Council does not enter into derivatives.

Credit risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

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

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

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Other financial assets

Other investments are held with financial institutions, which are rated A1+ to A2 based on Standard and Poor's rating agency ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Trade and other receivables

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 defaults.

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

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	Note	2019 \$	2018 \$
Rates and utility charges		9,608,702	8,455,284
State and Commonwealth Government		2,573,885	3,443,295
Other		3,631,821	5,847,651
Total		15,814,408	17,746,230

A summary of the Council's exposure at period ending 30 June 2019 for which impairment requirements of AASB9 - *Financial Instruments* have been applied, being for rates and charges and other debtors:

Subject to impairment

Not past due	2,837,685	2,812,915
Past due 1-30 days	1,159,198	2,532,385
Past due 31-60 days	996,601	452,407
Past due 61-90 days	101,211	225,090
More than 90 days	4,678,333	4,930,447
Total gross carrying amount	9,773,028	10,953,244
Loss allowance	(311,494)	(996,904)
	9,461,534	9,956,340

Not subject to impairment

Other debtors	1,363,040	2,944,228
State and Commonwealth Government	1,497,297	2,350,904
	2,860,337	5,295,132
	12,321,871	15,251,472

Refer to Note 13 for further details.

Accounting policies - Receivables

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Accounting policies - Grouping

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses (ECL) and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment. Council has identified 3 distinctive groupings of its receivables: Rates and Charges, State and Commonwealth government, Other Debtors.

Rates and Charges: this group of receivables possess a credit enhancement in that Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts. This results in immaterial ECL. Council does not impair rates and charges except when arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

State and Commonwealth government: amounts payable by State and Commonwealth governments and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings. Accordingly Council determines the level of credit risk exposure to be immaterial and therefore Council does not calculate ECL for State and Commonwealth government debtors.

Other Debtors: Council identifies other debtors as receivables which are not rates and charges or State and Commonwealth government debtors.

Credit risk exposure and impairment of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security.

Council uses a provision matrix to measure the expected credit losses on statutory charges and other debtors. Loss rates are calculated separately for groupings with similar loss patterns. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions from the last 4 years for each group. Loss rates are based on actual credit loss experience over the past 4 years, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

Initial application of forward looking adjustments to impairment of receivables

In Council's statements after reviewing macro economic conditions, Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward looking adjustments were made.

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

The Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and expected losses for receivables as at 30 June 2019:

	Weighted-average loss rate*	Gross carrying amount	Loss allowance
	%	\$	\$
Not past due	0.23%	4,200,725	2,248
Past due 1-30 days	0.43%	2,541,574	6,471
Past due 31-60 days	1.54%	1,094,857	2,294
Past due 61-90 days	6.26%	117,821	2,248
More than 90 days	10.02%	4,678,387	298,232
Total		12,633,364	311,493

*Weighted-average loss rate is only applicable to the gross carrying amount of trade receivables.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

Exposure to liquidity risk

The Council is exposed to liquidity risk through its trading in the normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 17. There are no additional facilities or lines of credit available.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
2019					
Payables	10,370,764	-	-	10,370,764	10,370,764
Borrowings - QTC	27,836,188	83,560,663	24,247,214	135,644,065	119,031,917
	38,206,952	83,560,663	24,247,214	146,014,829	129,402,681
2018					
Payables	12,374,327	-	-	12,374,327	12,374,327
Borrowings - QTC	26,633,306	102,764,374	14,773,413	144,171,093	123,958,994
	39,007,633	102,764,374	14,773,413	156,545,420	136,333,321

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

Market Risk

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

Interest rate risk

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

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

Sensitivity

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

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

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

	Net carrying amount		Effect on Net Result		Effect on Equity	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	45,093,031	19,431,036	450,930	194,310	450,930	194,310
Investments	19,000,000	62,000,000	190,000	620,000	190,000	620,000
Net total	64,093,031	81,431,036	640,930	814,310	640,930	814,310

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

QTC Fixed Rate Loans - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 17.

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

29 NATIONAL COMPETITION POLICY

The Council has resolved to commercialise the following activities:

- › Waste and Recycling
- › Fitzroy River Water
- › Airport

Council also applies the Code of Competitive Conduct (CCC) to the following activity:

- › Building Certification

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

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

The following activity statements are for activities subject to the Code of Competitive Conduct:

	Building Certification	Fitzroy River Water	Rockhampton Airport	Waste & Recycling
	2019	2019	2019	2019
	\$	\$	\$	\$
Revenue for services provided to Council	8,033	7,206	278	299,874
Revenue for services provided to external	153,905	68,599,912	15,484,127	19,668,748
Community service obligations	196,843	702,675	324,269	1,413,178
	358,781	69,309,793	15,808,674	21,381,800
Less : expenditure	336,534	58,347,056	15,738,647	16,805,369
Surplus/(deficiency)	22,247	10,962,737	70,026	4,576,432

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

Activities	CSO description	Net cost \$
Building Certification	Non-commercial private certification services	196,843
Fitzroy River Water	Remissions to community & sporting bodies - water	40,571
	Undetected Leak Rebates - water	95,714
	Combined line charges (Operating)	122,936
	Remissions to community & sporting bodies - sewerage	81,417
	Combined line charges (Capital)	125,992
	Raising manholes (Capital)	236,045
		702,675
Rockhampton Airport	Capricorn Rescue Helicopter Service	118,115
	Royal Flying Doctor Service	125,459
	Patient Travelling Subsidy Scheme	80,695
		324,269
Waste and Recycling	Roadside bin operations (collection)	22,406
	Roadside bin operations (cleanup)	75,108
	Roadside bin disposal costs	51,683
	Boat ramp services	3,782
	Old landfill maintenance works	276,222
	Regulated waste disposal	108,826
	Charity waste policy	51,033
	Green waste	713,887
	Clean-up Australia	243
	Waste education	20,480
	Sporting grounds	89,508
		1,413,178

30 CONTROLLED ENTITIES THAT HAVE NOT BEEN CONSOLIDATED

This entity is not consolidated because its size and nature means that it is not material to Council's operations.

Rockhampton Aviation Services Pty Ltd is a proprietary company that is limited by shares and was incorporated on the 24 November 2017. Rockhampton Regional Council is the sole member. The Company was formed to provide limitation of liability to Rockhampton Regional Council in any aviation ventures. At the reporting date, the company remains dormant.

31 TRANSACTIONS WITH RELATED PARTIES

31.A TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2018/19 comprises:

	Note	2019 \$	2018 \$
Details of benefits			
Short-term employee benefits		2,173,705	2,268,817
Post-employment benefits		234,328	257,973
Long-term benefits		-	178,333
Termination benefits		-	-
Total		2,408,033	2,705,123

Detailed remuneration disclosures are provided in the annual report.

31.B TRANSACTIONS WITH OTHER RELATED PARTIES

Other related parties include the close family members of KMP and any entities under significant influence by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse.

Details of transactions between Council and other related parties are disclosed below:

	Note	2019 \$	2018 \$
Details of transactions			
Fees and charges charged to other related parties	31(b)(i)	16,448	18,838
Employee expenses for close family members of key management personnel	31(b)(ii)	68,510	80,897
Purchase of materials and services from other related parties	31(b)(iii)	426,855	344,000

(i) The fees and charges charged to entities controlled by key management personnel were on an arms length basis in accordance with the schedule of fees and charges adopted by council. The fees and charges were in relation to leases, trade waste permits, plumbing application, private works and administration services.

(ii) All close family members of key management personnel were employed through an arms length process. They are paid in accordance with the Award for the job they perform. Council employs 921 staff of which 1 is a close family member of key management personnel.

(iii) Council purchased the following materials and services from related parties. All purchases were at arm's length and were in the normal course of Council operations:

	2019 \$	2018 \$
Details of materials and services purchased		
Hospitality services	1,379	5,639
Donations	5,574	10,595
Trade services with Swadling Painting Contractors	413,477	316,331
Supply of materials	6,425	11,435
Total	426,855	344,000

Council entered into a total of 3 contracts with Swadling Painting Contractors, a company owned by a close family member of Cr Rose Swadling during 2018/19. A contract was awarded for the provision of Trade Services for a period 1 March 2018 to 28 February 2020 based on a schedule of rates. Two contracts were classified as small scale works contracts. One was for painting services at Robert Schwarten Pavilion for a period of 1 October 2018 to 30 January 2019 and was for a value of \$52,227. The other contract was for painting of Mount Morgan Railway Station, this was for a period of 20 December 2018 to 19 April 2019 for \$125,210. All 3 contracts totalling \$413,477 (2 contracts totalling \$316,331 in 2017/18) were awarded in accordance with Council's normal purchasing policies, procedures and Local Government legislative requirements.

31.C OUTSTANDING BALANCES

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

31.D LOANS AND GUARANTEES TO/FROM RELATED PARTIES

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

31.E TRANSACTIONS WITH RELATED PARTIES THAT HAVE NOT BEEN DISCLOSED

Most of the entities and people that are related parties of Council live and operate within the Rockhampton Regional Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties.

Some examples include:

- › Payment of rates
- › Use of regional swimming pools
- › Dog registration
- › Borrowing books from a Council library

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

ROCKHAMPTON REGIONAL COUNCIL

Financial statements

For the year ended 30 June 2019

Management Certificate

For the year ended 30 June 2019

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 48, 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: 26 September 2019



E.A. Pardon
Chief Executive Officer

Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Rockhampton Regional Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Rockhampton Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and *Australian Accounting Standards*.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Rockhampton Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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



Melissa Read
as delegate of the Auditor-General

4 October 2019

Queensland Audit Office
Brisbane

ROCKHAMPTON REGIONAL COUNCIL

Current-year Financial Sustainability Statement

For the year ended 30 June 2019

Measures of Financial Sustainability

Council's performance at 30 June 2019 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)	2.5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	126.7%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	49.3%	Not greater than 60%

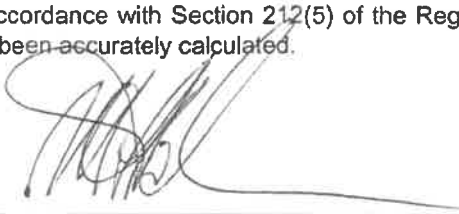
Note 1 - Basis of Preparation

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 2019.

Certificate of Accuracy For the year ended 30 June 2019

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: 26 September 2019



E.A. Pardon
Chief Executive Officer

Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Rockhampton Regional Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year statement of financial sustainability of Rockhampton Regional Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Rockhampton Regional Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Rockhampton Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



4 October 2019

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

ROCKHAMPTON REGIONAL COUNCIL

Unaudited Long-Term Financial Sustainability Statement

Prepared as at 30 June 2019

Measures of Financial Sustainability	Measure	Target	Predicted for the years ended:										
			30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	2.5%	0.0%	0.6%	2.2%	2.5%	2.5%	2.5%	3.2%	3.6%	4.0%	4.2%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	126.7%	99.8%	73.3%	74.6%	74.3%	67.0%	67.4%	75.7%	69.6%	78.6%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	49.3%	59.6%	68.5%	62.0%	63.5%	58.5%	53.8%	47.8%	41.1%	34.5%	

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 as at 30 June 2019

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

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

M.F. Strelow
Mayor

E.A. Pardon
Chief Executive Officer

Date: 26 September 2019

Date: 26 September 2019



> COMMERCIAL BUSINESS UNITS



INSPECTION
DATE: 02/20/14

COMMERCIAL BUSINESS UNITS

FITZROY RIVER WATER

(s190(2) LGR 2012)

Annual statement on operations of Fitzroy River Water

NATURE AND SCOPE OF ACTIVITIES

Fitzroy River Water (FRW) is a commercial business unit of Council and is responsible for operating and maintaining water and sewerage assets totaling approximately \$622.7M.

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 and treatment of sewage and discharge of treated effluent or supply of recycled water.

Broadly, the scope of FRW (based upon the 2018/19 financial year) is as follows:

	\$M
Total income (operating)	\$69.5M
Total expenses (operating)	\$36.8M

ANNUAL OPERATIONS REPORT

Financial Indicators

	2018-19 Target	2018-19 Achieved
Operating surplus ratio	46.7%	47.0%
Interest coverage ratio	5.8 times	5.9 times
Asset sustainability ratio	72.7%	91.1%
Gross revenue	\$67,196,547	\$69,481,147
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$47,099,730	\$48,270,687
Competitive neutrality ratio (% of gross revenue)	31.7%	30.3%
Depreciation ratio	20.9%	19.8%
Total written down asset value	\$558,611,561	\$622,717,180
Return on assets	5.3%	5.2%

FINANCIAL PERFORMANCE

OPERATIONAL

FRW raised operational income of \$69.5 million with the majority raised through utility charges. Operating revenue in the 2018/19 financial year has increased by 6.2% from the 2017/18 financial year. Utility charges realised an increase of 5.73%, with water consumption charges increasing by 12.7%, as a result of increases in consumption patterns. Some other revenue streams also realised increases.

Operational expenditure for the 2018/19 financial year was \$36.8 million, which has increased slightly from the 2017/18 financial year.

Employee costs, materials and services and depreciation continually remain as the largest portion of expenditure for FRW each year. All of these expenditure streams have increased slightly, with finance costs decreasing as a result of paying down debt and not drawing new loans to fund capital expenditure.

NET RESULT ATTRIBUTABLE TO FITZROY RIVER WATER

FRW net result before tax, a surplus of \$27.7 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 income tax

payment), the increased movement in FRW's community equity amounted to \$103.5 million in the 2018/19 financial year. This large increase is a result of the water and sewerage infrastructure revaluation.

CAPITAL

Total capital expenditure for the 2018/19 financial year was \$21.8 million including debt redemption. Extensive refurbishment programs of underground water and sewerage assets were undertaken and also construction of new aboveground infrastructure was prominent.

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

- › Completion of Athelstone High Zone water meter replacement program;
- › Completion of Yaamba Road 600mm water pipeline relocation and renewal;
- › Completion of the Mount Morgan gravity main sewerage expansion, rising main and Sewerage Pump Station;
- › Continuation of the Glenmore Water Treatment Plant electrical and control renewal;
- › Continuation of the Elizabeth Street water main extension project in Gracemere;
- › Completion of mechanical dewatering at the Gracemere Sewerage Treatment Plant;
- › Commencement of concept design for North Rockhampton Sewerage Treatment Plant augmentation;
- › Completion of North Rockhampton Sewerage Treatment Plant complete electrical renewal and continuation of aerator replacement;
- › Completion of South Rockhampton Sewerage Treatment Plant methane flaring system, primary & secondary sludge pump renewal and primary sedimentation tank mechanical & electrical renewal;
- › Continuation of the installation of a sewer rising main to allow transfer of West Rockhampton Sewerage Treatment Plant inflows to the South Rockhampton Sewerage Treatment Plant and decommissioning of the West Rockhampton Sewerage Treatment Plant;
- › Completion of several smaller sewerage pump station electrical renewals and continuation of electrical/control upgrades;
- › 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 (CSO) arise as a result of FRW receiving a direction from Council (RRC) to undertake activities that would generally be considered not to be in the interests of a commercial entity to undertake. The amount attributed to CSO reflects the value of the non-commercial concessional benefit provided by the business to the

community. This is equal to either the cost of providing the service less any attributable revenue received or, alternatively, the benchmarked cost of providing the service less any attributable revenue received where the benchmark has been obtained from equivalent service providers.

The following table summarises the types of CSO revenue received by FRW during the 2018/19:

	\$
WATER	
Remissions to Community and Sporting Bodies	\$40,571
Undetected Leak Rebates	\$95,714
SEWERAGE	
Combined Line Charges (expenses)	\$122,936
Combined Line Charges (capital)	\$125,992
Raising Manholes (capital)	\$236,045
Sporting Bodies Sewerage Access	\$81,417
Total	\$702,675

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

WATER	OBJECTIVE
Other Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW.
Undetected Leak Rebates	A resolution dated 23 May 2017 states that “the implementation of the Undetected Leak Rebate Policy for both residential and commercial customers be identified as a CSO to the amount of \$110,000 per annum”.
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.
SEWERAGE	OBJECTIVE
Combined Line Charges (expenses)	A resolution dated 22 June 1999 states that “Council continue its current policy of maintaining combined line house drains and fund all such work carried out by FRW as a CSO”.
Combined Line Charges (Capital)	Further to the above resolution regarding the maintenance of combined lines, FRW has begun a full replacement program of these assets. As a result the cost of the replacement of these Combined Lines also constitutes a CSO and the full cost incurred is claimed.
Raising Manholes (Capital)	A resolution dated 29 May 2000 states that “FRW carries out the raising of sewerage manholes and claims this as a CSO”.
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Sewerage Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
Other Rate Remissions	RRC upon review of applications grants remissions for Sewerage Charges. These amounts when remitted are then claimed as a CSO by FRW.

ASSET MANAGEMENT

FRW has been working with Council’s Assets team to review and update Asset Management Plans (AMP) for water and sewerage infrastructure in accordance with the requirements of the Local Government Act 2009. The purpose of this planning is to develop a long term strategy for the management of water and sewerage infrastructure to ensure the safe and reliable provision of water and sewerage service for the community.

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

COMPARISON WITH ANNUAL PERFORMANCE PLAN

Water Services Performance

WATER - DAY TO DAY CONTINUITY

CSS Reference	Performance indicator	Potable Water Schemes						Year to Date	Potable Water Schemes						Year to Date
		Rockhampton and Gracemere Water Supply Scheme Number of access charges – 38,032 as at January 2019			Mt Morgan Water Supply Scheme Number of access charges - 1,511 as at January 2019				Rockhampton and Gracemere Water Supply Scheme Number of access charges – 38,032 as at January 2019			Mt Morgan Water Supply Scheme Number of access charges - 1,511 as at January 2019			
		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)	18	16	15	8	<80	57	2	15	1	7	<80	25		
CSS2	Extent of unplanned interruptions - incidents based (no. per 100 km of main per year) Rockhampton and Gracemere 769 km Mount Morgan 71 km	13	14	15	12	<30	54	4	1	1	8	<30	14		
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	100%	100%	96%	100%	>90%	99%	100%	100%	100%	100%	>90%	100%		
CSS4	Customer interruption frequency:														
	1 interruption per year	1.70%	1.37%	2.16%	0.86%	12%	6.09%	0.19%	1.78%	1.91%	0.72%	12%	4.60%		
	2 interruptions per year	0.14%	0.16%	0.01%	0.05%	2%	0.36%	ND	ND	ND	ND	2%	0.00%		
	3 interruptions per year	ND	0.04%	ND	ND	1%	0.04%	ND	ND	ND	ND	1%	0.00%		
	4 interruptions per year	ND	ND	ND	ND	0.50%	0.00%	ND	ND	ND	ND	0.50%	0.00%		
	5 or more interruptions per year	ND	ND	ND	ND	0.25%	0.00%	ND	ND	ND	ND	0.25%	0.00%		
CSS5	Relative incidence of planned and unplanned interruption incidents (% of planned versus total number of interruptions)	9%	3%	6%	7%	>30%	6%	0%	80%	67%	0%	>30%	37%		
CSS6	Average interruption duration - planned and unplanned (hours)	3	1.88	1.46	2.37	3 hrs	2.18	0.15	1.08	0.92	0.21	3 hrs	0.59		

CSS7	Response time	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
	Priority 1 – 1 hour response	95%	99%	96%	100%	95%	98%	ND	100%	100%	100%	95%	100%
	Priority 2 – 2 hours response	95%	97%	96%	99%	95%	97%	100%	100%	100%	100%	95%	100%
	Priority 3 – 24 hours response	100%	100%	100%	100%	95%	100%	100%	100%	100%	100%	95%	100%
	Restoration time												
	Priority 1 – 5 hours restoration	97%	95%	94%	90%	95%	94%	ND	100%	67%	100%	95%	89%
	Priority 2 – 24 hours restoration	97%	98%	99%	100%	95%	99%	100%	100%	100%	100%	95%	100%
	Priority 3 – 5 days restoration	100%	100%	100%	98%	95%	100%	86%	100%	100%	100%	95%	97%

ADEQUACY AND QUALITY OF NORMAL SUPPLY OF WATER SUPPLY

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		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
CSS	Performance indicator	Rockhampton and Gracemere Water Supply Scheme Number of access charges – 38,032 as at January 2018						Mt Morgan Water Supply Scheme Number of access charges - 1,510 as at January 2018					
CSS8	Minimum pressure standard at the water meter (kPa)	220	220	220	220	220 kPa	220	220	220	220	220 kPa	220	220
CSS9	Minimum flow standard at the water meter	9	9	9	9	9 L/min	9 L/min	9	9	9	9 L/min	9 L/min	9 L/min
CSS10	Connections with deficient pressure and/or flow (% of total connections)	0.3%	0.3%	0.3%	0.3%	<2.5%	0.3%	2.0%	2.0%	2.0%	<2.5%	2.0%	2.0%
CSS11	Drinking water quality (compliance with industry standard)	100%	100%	100%	100%	>98%	100%	100%	100%	100%	>98%	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)	0.33	0.23	0.20	0.45	<5	1.21	These figures are combined with the Rockhampton and Gracemere figures to give a total across all water supply schemes.					
CSS13	Drinking water quality incidents (number per 1,000 connections)	0	0	0	0	<5	0	0	0	0	<5	0	0

LONG TERM CONTINUITY OF WATER SERVICES

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		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
		Rockhampton and Gracemere Water Supply Scheme Number of access charges – 38,285 as at January 2019						Mt Morgan Water Supply Scheme Number of access charges - 1,511 as at January 2019					
CSS14	Water main breaks (number per 100 km main) Rockhampton and Gracemere 769 km Mount Morgan 71 km	3	3	3	3	<40	12	4	3	1	1	<40	9
CSS15	Water services breaks (number per 1,000 connections)	4	3	6	5	<40	18	7	8	7	7	<40	29
CSS16	System water loss (litres per connection per day)	161	160	158	195	< 200 L	169	114	176	137	97	< 200 L	131

EFFECTIVE TRANSPORTATION OF SEWAGE

CSS Reference	Performance indicator	Sewerage Schemes							Sewerage Schemes						
		Rockhampton and Gracemere Sewerage Scheme Number of access connections – 51,794 as at January 2019							Mt Morgan Sewerage Scheme Number of access connections – 556 as at January 2019						
		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 740 km Mount Morgan 13 km	14.05	11.94	9.43	4.02	<30	39.44	ND	ND	ND	ND	ND	<10	0	
CSS18	Sewage overflows to customer property (number per 1,000 connections)	2.02	1.69	1.31	1.6	<10	6.62	ND	ND	ND	ND	ND	<5	0	
CSS19	Odour complaints (number per 1,000 connections)	0.1	0.3	0.15	0.08	<1	0.63	These figures are combined with the Rockhampton and Gracemere figures to give a total across all water supply schemes.							
CSS20	Response time														
	Priority 1 – 1 hour response	92%	78%	100%	94%	>95%	91%	ND	ND	ND	ND	ND	>95%	0%	
	Priority 2 – 2 hours response	96%	91%	96%	96%	>95%	95%	ND	ND	ND	ND	ND	>95%	0%	
	Priority 3 – 24 hours response	100%	100%	100%	100%	>95%	100%	ND	ND	ND	ND	ND	>95%	0%	
	Restoration time														
	Priority 1 – 5 hours restoration	94%	96%	92%	97%	>95%	95%	ND	ND	ND	ND	ND	>95%	0%	
	Priority 2 – 24 hours restoration	97%	100%	99%	98%	>95%	99%	ND	ND	ND	ND	ND	>95%	0%	
	Priority 3 – 5 days restoration	100%	100%	100%	100%	>95%	100%	ND	ND	ND	ND	ND	>95%	0%	

Long Term Continuity of Sewerage Services

CSS Reference	Performance indicator	Sewerage Schemes					Sewerage Schemes						
		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
		Rockhampton and Gracemere Sewerage Scheme Number of access connections – 51,794 as at January 2019					Mt Morgan Sewerage Scheme Number of access connections - 556 as at January 2019						
CSS21	Sewer main breaks and chokes (number per 100 km main) Rockhampton and Gracemere 740 km Mount Morgan 13 km	6.18	6.45	5.55	11.51	<50	29.69	ND	ND	ND	ND	<20	0
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	3.1	4.4	3.4	1.2	<5	3.03	1.4	1.4	1.5	1.6	<5	1.48

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)

CUSTOMER SERVICE STANDARDS

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

CUSTOMER SERVICE TARGETS

Performance indicator	1st qtr	2nd qtr	3rd qtr	4th qtr	Target	Year to Date
Installation of new water connections (within the water service area)	94%	100%	90%	70%	15 working days	89%
Installation of sewerage connections (within the sewerage area)	62%	50%	83%	14%	15 working days	52%
Complaints – (excluding maintenance of water and sewerage services) – advise outcome	100%	100%	100%	100%	20 working days	100%

FINANCIAL PERFORMANCE TARGETS

Performance indicator	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported	Target
RRC Operational Plan Reporting Frequency: quarterly	12/10/2018	18/01/2019	15/04/2019	15/07/2019	Initiatives successfully completed by year end
Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2018	31/12/2018	31/03/2019	30/06/2019	Conduct all activities in accordance with required timelines and budget
Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2018	31/12/2018	31/03/2019	30/06/2019	Timely reporting of any significant variations to budget revenue and collection timing
Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2018	31/12/2018	31/03/2019	30/06/2019	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; the indicator is not relevant to that scheme)

NON COMPLIANCE COMMENTS

CSS Reference	Scheme	Comment
CSS2	Rockhampton and Gracemere Water Supply Scheme	Response A total of 95 unplanned incidents affecting 312 connections for the quarter has contributed to this result. Larger scale unplanned interruptions during the last three quarters has influenced this result dramatically.
CSS5	Rockhampton and Gracemere Water Supply Scheme	Response As was the case in the previous quarters, a significant reduction in the number of planned interruptions during water main construction projects is the main contributor to this result. The reduction in planned interruptions is due to the nature of recent water main construction activities requiring less isolations.
CSS5	Mount Morgan Water Supply Scheme	Response As was the case in the previous quarters, a significant reduction in the number of planned interruptions during water main construction projects is the main contributor to this result. The reduction in planned interruptions is due to the nature of recent water main construction activities requiring less isolations.
CSS7	Rockhampton and Gracemere Water Supply Scheme	Response P2 - Total of 272 requests with 265 (94%) being restored within 24 hour restoration time for the year.
CSS7	Mount Morgan Water Supply Scheme	Restoration P1 -Total of 13 requests with 11 (89%) being restored within 5 hours restoration time for the year.
CSS17	Rockhampton and Gracemere Water Supply Scheme	Response Rockhampton and Gracemere Sewerage Scheme. A total number of 619 blockages and 342 overflows for the year. This total of 619 blockages includes all mainline, connection and combined line blockages. FRW is continuing to implement approved inspection programs in order to reduce the amount of storm water entering the sewerage network and the resulting surcharges.
CSS20	Rockhampton and Gracemere Water Supply Scheme	Response P1 -Total of 26 requests with 24 being responded to within the 1 hour response time.
Customer Service	Rockhampton and Gracemere Water Supply Scheme	P1 -Total of 106 requests with 102 being responded to within the 1 hour response time. Continued prioritisation of requests may be a reason for this increased response time.

WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008

In accordance with the *Water Supply (Safety and Reliability) Act 2008*, FRW has an approved Drinking Water Quality Management Plan (DWQMP) to manage the ongoing safe and reliable supply of drinking water to the community. Each year FRW reviews the DWQMP and completes and publishes an annual report that documents the performance of the drinking water schemes against national standards, state regulatory targets and the objectives outlined in the DWQMP. FRW continues to review and update important plan documents that describe the strategies associated with asset management, drought management, trade waste management and system leakage management. Together

these activities help to ensure long term safe and reliable provision of water and sewerage services. FRW also undertakes the various significant activities associated with the safe management of the Mount Morgan No. 7 Dam which is a referable dam that supplies water to the Mount Morgan community.

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

OVERVIEW OF SERVICES

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

CUSTOMER SERVICE STANDARDS PROCESSES SERVICE CONNECTIONS

WATER

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

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

SEWERAGE

A standard sewerage connection is provided free to each property within existing 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 sewerage 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 sewerage area and, in the case of the extension of a Sewerage Scheme; FRW will assess the costs to be apportioned amongst the relevant property owners.

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

TRADE WASTE SERVICES

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

METERING AND BILLING

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

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

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.

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

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

COMPLAINTS

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

DISPUTE RESOLUTION

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

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

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

REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the CSS every year. FRW's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 2016/17 Performance Plan. The Annual Performance Plan report as at 30 June 2017 was presented to Council with the CSS and adopted on 11 July 2017.

The CSS will be reviewed in the current period. The current CSS are available under the FRW section on Council's website.



SUPERIOR PAK

SUPERIOR PAK

CONTROL LEFT HAND DRIVE IVECO

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QUEENSLAND - SUNSHINE STATE

reduce
Did you know...
On average 49,000
tonnes of
buried
Your waste...
it's not just a load of rubbish!
Rockhampton
Region Waste & Recycling

ROCKHAMPTON REGIONAL WASTE & RECYCLING

(s190(2) LGR 2012)

Annual statement on operations of Rockhampton Regional Waste and Recycling

NATURE AND SCOPE OF ACTIVITIES

Rockhampton Regional Waste and Recycling (RRWR) is a commercial business unit of Council and is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$60.2 million (replacement value).

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

Broadly, the scope of RRWR (based upon the 2018/19 financial year) is as follows:

Item	Whole of Council
Total Income (operating)	\$21.1M
Total Expenses (operating)	\$14.5M
Number of staff	32
Properties served– General Waste	32,149
Properties served– Recycling	32,031
Total waste to Landfill – including kerbside waste collection but not including cover material and green waste (tonnes)	51,620
Kerbside Waste Collected (tonnes)	21,345
Kerbside Recycling Collected (tonnes)	4,760
Landfills	1
Transfer Stations (manned), including Lakes Creek Road	6
Roadside Bin Stations	0
Trench Stations, Enclosed Wheelie Bin Collection Points, Bank of Bins	0

ANNUAL OPERATIONS REPORT FINANCIAL INDICATORS

Item	2018-19 Target	2018-19 Achieved
Operating Surplus Ratio	22.5%	31.2%
Interest Coverage Ratio	2.1x	2.8x
Asset Sustainability Ratio	90.0%	21.2%
Depreciation Ratio	5.2%	3.9%

COMPARISON WITH ANNUAL PERFORMANCE PLAN NON-FINANCIAL PERFORMANCE TARGETS

CSS Reference	Performance Indicator	Target	Rockhampton Region
WCSS1	Weekly collection of domestic waste on the same day every week	98%	99.94%
WCSS2	Weekly collection of commercial waste	95%	99.94%
WCSS3	Fortnightly collection of domestic recyclable waste	98%	98.53%
WCSS4	Fortnightly collection of commercial recyclable waste	98%	98.53%
WCSS5	Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%	96.78%
WCSS6	Collection services will be made available within four working days upon application by the owner	98%	99.62%
WCSS7	Provision of assisted services within ten working days from application by the resident	100%	98.40%
WCSS8	Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%	98.06%

WCSS7 and WCSS8 have not achieved the target in 2018/19 due to only receiving a small number of requests for the year, which makes it difficult to achieve the set target if a single request misses the target timeframe.

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	Reported monthly			
Operating Budget Reporting Frequency: quarterly or when variations arise	Conduct all activities in accordance with required timelines and budget	30/09/2018	31/12/2018	31/03/2019	30/06/2019
Annual Revenue Reporting Frequency: quarterly or when variations arise	Timely reporting of any significant variations to budget revenue and collection timing	30/09/2018	31/12/2018	31/03/2019	30/06/2019
Capital Works Reporting Frequency: quarterly or when variations arise	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	30/09/2018	31/12/2018	31/03/2019	30/06/2019

REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the CSS every year. RRWR's performance against financial and non-financial targets and key strategies are reported to Council on a monthly basis.

FINANCIAL PERFORMANCE OPERATIONAL

RRWR raised operational income of \$21.1 million, including internal charges revenue, with the majority raised through rates and utility charges, and landfill fees and charges.

Operating revenue in the 2018/19 financial year is higher than the 2017/18 financial year by 6.7%, which is attributed to higher utility charge revenue received for the 2018/19 year in comparison to 2017/18.

Operational expenditure for the 2018/19 financial year amounted to \$14.5 million which does not include capital expenditure and company tax equivalents.

Materials and services and employee costs formed the largest portion of expenditure for RRWR in the financial period. Expenditure incurred for materials and services (62%) is essential in providing critical waste services to the community and maintaining RRWR property, plant and equipment. RRWR also supports a medium sized in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 24% of operational expenditure.

NET RESULT ATTRIBUTABLE TO ROCKHAMPTON REGIONAL WASTE AND RECYCLING

RRWR's net result of a deficit of (\$3.3 million) before income tax is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. After appropriations (payment of return to Council, transfers of capital income and expenditure) the decrease in RRWR's retained surplus was \$5.9million.

CAPITAL

Total capital expenditure for the 2018/19 financial year was \$4.2 million which fell short of the capital program budgeted of \$ 4.8 million.

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

- › Continuation of the LCR life extension project, with the completion of Cell AContinuation of capping of Gracemere Landfill and Stage 1 of LCR Landfill

- › Continuation of storm water outlets at the WTS
- › Continuation of Alton Downs Waste Transfer Station
- › Completion of the Bajool Waste Transfer Station
- › Completion of the Donga Office extension at LCR
- › Virtual completion of the Levy Ready project
- › Purchase of land for Bushley Waste Transfer Station

DIRECTIONS THE LOCAL GOVERNMENT GAVE THE UNIT NON-COMMERCIAL DIRECTIVES

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

The following table summarises the types of CSO revenue received by RRWR during the 2018/19 financial year:

Description	Actual Cost \$
Roadside Bin Station Operations (3 months), closure and clean-up, on-going interim Sunday collection.	149,197
Boat ramp services	3,782
Old Landfill Maintenance Works	276,222
Regulated waste disposal	108,826
Charity Waste Policy	51,033
Green Waste Processing	713,887
Clean-up Australia	243
Waste Education	20,480
Sporting grounds	89,508
TOTAL CSO	\$ 1,413,178

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

Authorised Group	Date	Limit	Expiry
Anglicare Central Queensland Limited	01/07/2018	60 tonne	30/06/2019
Australian Red Cross	01/07/2018	½ tonne	30/06/2019
Lifeline Central Queensland	01/07/2018	250 tonne	30/06/2019
St Vincent de Paul Society Queensland	01/07/2018	120 tonne	30/06/2019
The Salvation Army	01/07/2018	120 tonne	30/06/2019
The Umbrella Network	01/07/2018	3 tonne	30/06/2019
Rockhampton Women's Shelter	01/07/2018	2 tonne	30/06/2019
Cancer Council - Relay for Life	01/07/2018	6 tonne	30/06/2019
Care & Share Rockhampton	01/07/2018	50 tonne	30/06/2019
Ring Pull Association	01/07/2018	5 tonne	30/06/2019
The Jolly Rogers Fishing Club	22/03/2018	5 tonne	30/06/2019



ROCKHAMPTON AIRPORT

(s190(2) LGR 2012)

Annual statement on operations of Rockhampton Airport

NATURE AND SCOPE OF ACTIVITIES

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

The Airport is used by both domestic and international airlines using a mix of aircraft including wide-bodied aircraft such as the B747 to B777 and A340 types, as being an alternate for the A380.

Rockhampton Airport is responsible for the operation and maintenance of Airport assets totaling approximately \$148.3 million (replacement value).

ANNUAL OPERATIONS REPORT

Item	As at 30 June 2019
Total income	\$15.8M
Total expenses	\$12.2M
Passenger movements	558,971
Number of staff	19
Number of paid parking car parks	788
Aircraft movements	23,940

COMPARISON WITH ANNUAL PERFORMANCE PLAN ANNUAL PERFORMANCE REPORT

The 2013/14 financial year was the first year that the Rockhampton Airport operated as a significant business activity under the Local Government Act 2009. This necessitated the requirement of an Annual Performance Plan.

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

Performance Indicator	Target	Annual Result
Increase Passenger numbers	1%	-0.99%
Increase Aircraft Movements	1%	-8.6%
Bird Strikes	Less than 36	26
Lost Time Days – workplace injuries	0	0
Reported Public Injuries on Airport Precinct	0	0
Customer Requests Actioned	100%	100%
Airline Engagement Meetings held Quarterly	Yes	Yes
All Military Exercise Briefings Attended	Yes	Yes

FINANCIAL PERFORMANCE OPERATIONAL

Total Income for the financial period was \$15.8 million, including revenue from RRC and excluding capital income. Operating income is lower in comparison to the previous financial year by 3% as a result of a one off \$0.5 million insurance payment received in 2017/18.

Operational expenditure for the 2018/19 financial year was \$12.2 million, this does not include capital expenditure and company tax equivalents. Materials and services, depreciation and employee costs formed the largest portion of expenditure for Rockhampton Airport in the financial period. Expenditure incurred for materials and services (54%) is essential in providing critical services to the community and maintaining Rockhampton Airport property, plant and equipment.

Rockhampton Airport also supports a reasonable size in-house workforce in order to provide and maintain these services for today and into the future with employee costs being 18% of operating expenditure.

Rockhampton Airport net result of \$5.5 million before income tax is the difference between total income and total expenditure. Included in the total income and total expenditure are items of capital revenue and capital expenditure which fluctuate from year to year. Overall, Rockhampton Airport achieved a surplus of \$4.3 million for the 2018/19 financial year. After appropriations (payment of return to Council, transfers of capital income and expenditure and application of previous year's surplus) the Airport incurred a retained surplus of \$1.9 million.

CAPITAL

Total capital expenditure for the 2018/19 financial year was \$12.5 million against a budget of \$14.7 million.

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

- › Practical completion of the main runway resurface
- › Practical completion of the replacement of the Hertz Building
- › Continuation of renewal of the aviation security infrastructure
- › Practical completion of the digital display board in the terminal building
- › Commencement of improvements to the Airside Stormwater

DIRECTIONS THE LOCAL GOVERNMENT GAVE THE UNIT NON-COMMERCIAL DIRECTIVES

CSO arise as a result of the Airport receiving a direction from Council to undertake activities that would generally be considered not to be in the interests of a commercial entity to undertake. The amount attributed to CSO reflects the value of the non-commercial concessional benefit provided by the business to the community.

This is equal to either the cost of providing the service less any attributable revenue received or, alternatively, the benchmarked cost of providing the service less any attributable revenue received where the benchmark has been obtained from equivalent service providers.

The following table summarises the types of CSO revenue received by Rockhampton Airport during the 2018/19 financial year.

Description	Actual Cost \$
Royal Flying Doctors Service and Capricorn Helicopter Rescue Service	243,574
Patient Travelling Subsidy Scheme	80,695
Total CSO	\$ 324,269

STATUTORY INFORMATION

BENEFICIAL ENTERPRISES

(s41 LGA 2009)

Identifying beneficial enterprises

- › Building Certification

SIGNIFICANT BUSINESS ACTIVITIES

(s45 LGA 2009)

All Business Activities

- › Water and Sewerage
- › Regional Waste
- › Rockhampton Airport

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

- › Water and Sewerage
- › Regional Waste
- › Rockhampton Airport

The Code of Competitive Conduct was applied to all significant business activities. All significant business activities were conducted in the previous year.

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

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

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

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

The detailed annual results for the 2017-18 Operational Plan were reported to Council's meeting on the 14 August 2018 in accordance with s174(3) Local Government Regulation 2012.

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

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

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

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

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

Tender 13052 – Rockhampton Hockey Kalka Shades Redevelopment

Council identified the need to amend the specification to meet budget constraints.

LIST OF THE REGISTERS KEPT BY COUNCIL (S190(1)(F) LGR 2012)

- > Asbestos Register
- > Asset Register
- > Cemetery Register
- > Dog Registry
- > Infrastructure Charges Register
- > Local Laws Register
- > Activities for Competitive Neutrality
- > Administrative Action Complaints Received
- > Authorised Persons (Environmental Protection Act 1994)
- > Beneficial Enterprises
- > Biosecurity Orders
- > Building Development Application Register
- > Certifier Application Register
- > Complaints about the Conduct or Performance of Councillors
- > Contact with Lobbyists
- > Cost-Recovery Fees (Council Fees and Charges)
- > Register of Delegations
- > Designated Natural Hazard Management Areas (Flood)
- > Development Applications
- > Direction Notices
- > Application Documents for an Application for an Environmental Authority or Amendment of Environmental Authority, Including Information Requests and Responses to Information Requests
- > Environmental Authorities
- > Environmental Evaluations
- > Environmental Protection Orders
- > Environmental Reports
- > Impounded Animals
- > Installed On-site Sewerage and Greywater Use Facilities
- > Interests of Chief Executive Officer and Persons related to Chief Executive Officer
- > Interests of Councillors
- > Interests of Persons related to a Councillor
- > Interests of Senior Executive Employees and Persons related to a Senior Executive Employee
- > Monitoring Programs
- > Pre-qualified Suppliers
- > Permits and Inspection Certificates
- > Results of Monitoring Programs
- > Roads and Road Maps
- > Show Cause and Enforcement Notices
- > Surrendered Environmental Authorities
- > Suspended or Cancelled Environmental Authorities
- > Temporary Emissions Licences
- > Testable Backflow Prevention Devices
- > Transitional Environmental Programs
- > Risk Register

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

(s190(1)(g) LGR 2012)

APPROVED GOVERNMENT PENSIONERS

The Queensland Government Pensioner Rate Subsidy 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 Department of Human Services or the Department of Veterans' Affairs.

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

Eligibility

The following ratepayers are eligible for a concession/subsidy:

- a. A holder of a Queensland "Pensioner Concession Card" issued by Department of Human Services or the Department of Veterans' Affairs, or
- b. A holder of a Queensland "Health Card – For All Conditions" (Gold Card) issued by the Department of Veterans Affairs; or
- c. A person receiving a Widow's Allowance; and
- d. Is the owner or life tenant (either solely or jointly) of the property which is his/her principal place of residence; and
- e. 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.

Applications for Concessions

Applications for concessions are considered during the rating period (that is, half year). Applications received after the date of levy are considered only from the commencement of the current rating period. Rebates are not granted retrospectively without prior approval from the State Government Concessions unit.

A completed Pensioner Rates Subsidies Form must be submitted. A new application is required when a change of address occurs.

Amount of Rebate

Approved ratepayers whose property in which they reside is located within the Region, may be entitled to a rebate of 20% (to a maximum of \$260 each year) on all rates levied in respect of each eligible property, excluding environment separate charge, special rates/charges, water consumption charges and rural and state fire levies/charges.

Should a person be entitled to only part of the State subsidy, because of part ownership of the property, or other relevant reason, the Council rebate would be similarly reduced.

NOT-FOR-PROFIT/CHARITABLE ORGANISATIONS

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

Eligibility

To be eligible, the not-for-profit/charitable organisation – an incorporated body must:

- a. Not include the making of profit in its objectives;
- b. Not charge a fee for service;
- c. Be located within the Region and the majority of its members reside in the Region;
- d. Not receive income from gaming machines and/or from the sale of alcohol in an organised manner (for example, bar with regular hours of operation with permanent liquor license);
- e. Be the owner, lessee or life tenant of the property and is the incorporated bodies main grounds/base/club house or residence;
- f. Either solely or jointly with a co-owner, have the legal responsibility for the payment of rates and charges which are levied in respect of the property; and
- g. Not be 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 concession is similarly reduced.

Applications for Concessions

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

Amount of Rebate

The amount of rebate applied to eligible organisations are as follows:

- a. Category One – Surf Life Saving Organisations
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 50%
 - Rebate Level Waste Charges – 50%
 - Cap – N/A
- b. Category Two - Showground Related Organisations
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 50%
 - Rebate Level Waste Charges – 50%
 - Cap – N/A
- c. Category Three – Kindergartens
 - Rebate Level General Rates – 50%
 - Rebate Level Road Network Separate Charge – 50%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Environment Separate Charge – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 50%
 - Rebate Level Waste Charges – 50%
 - Cap - \$ 1,000.00
- d. Category Four – Charitable Organisations Benefiting the Aged/ Disadvantaged
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – 0%
 - Rebate Level Sewerage Charges – 50%
 - Rebate Level Waste Charges – 50%
 - Cap - \$ 1,000.00 for Service Charges only
- e. Category Five – Sporting Clubs and Associations – Without Liquor and Gaming Licenses
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 55%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 55%
 - Rebate Level Waste Charges – 55%
 - Cap - \$ 4,000.00 for Service Charges only
- f. Category Six – Sporting Clubs and Associations – With Liquor Licenses but No Gaming Licenses
 - Rebate Level General Rates – 100%
 - Rebate Level Road Network Separate Charge – 100%
 - Rebate Level Environment Separate Charge – 0%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 55%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 55%
 - Rebate Level Waste Charges – 55%
 - Cap - \$ 4,000.00
- g. Category Seven – Sporting Clubs and Associations situated on highly valued leasehold land – With Liquor Licenses but No Gaming Licenses
 - Rebate Level General Rates – 85%
 - Rebate Level Road Network Separate Charge – 75%
 - Rebate Level Environment Separate Charge – 0%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 50%

Rebate Level Waste Charges – 50%
Cap - \$ 2,000.00 for Service Charges only
Applies to Assessment Number 105813 – Rockhampton Bowls Club only.

- h. Category Eight – Sporting Clubs and Associations – With Liquor and Gaming Licenses
 - Rebate Level General Rates – 0%
 - Rebate Level Separate Rates/Charges – 0%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 0%
 - Rebate Level Water Consumption Charges – 0%
 - Rebate Level Sewerage Charges – 0%
 - Rebate Level Waste Charges – 0%
 - Cap – N/A
- i. Category Nine - All Other Not-For- Profit/Charitable Organisations
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 50%
 - Rebate Level Water Consumption Charges – Charged at residential rates
 - Rebate Level Sewerage Charges – 50%
 - Rebate Level Waste Charges – 50%
 - Cap - \$ 3,000.00 for Service Charges only.
- j. Category Ten - Rural Fire Brigade
 - Rebate Level General Rates – 100%
 - Rebate Level Separate Rates/Charges – 100%
 - Rebate Level Special Rates/Charges – 0%
 - Rebate Level Water Access Charges – 100%
 - Rebate Level Water Consumption Charges – 100%
 - Rebate Level Sewerage Charges – 100%
 - Rebate Level Waste Charges – 100%
 - Cap - N/A

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

GENERAL RATE REBATES

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

Permits to Occupy Pump Sites and Separate Pump Site Assessments

Council will grant rebates on the following basis for those assessments that only contain pump sites and where the land area is 25 square meters or less:

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

Water Consumption Charges

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

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

Water Consumption Charges – 50% rebate.

Lot 1 South Ulam Rd, Bajool

Council will grant a rebate 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%

Limit in Increases in Rates and Charges

For the 2019/20 financial year Council will not be resolving to limit any increases in rates and charges.

ROCKHAMPTON CBD COMMERCIAL PROPERTIES WITH MIXED RESIDENTIAL USE

The purpose of this concession is to encourage inner city residential living and reduce vacancies in the Rockhampton CBD by providing an incentive for commercial property owners within the defined CBD area (as per Appendix A - Rockhampton CBD Extent) to utilise unoccupied commercial space for residential purposes. Residential purposes is defined as any space constructed and permitted for residential use and occupied by the owner or tenant as a residence.

Council will consider granting a concession of up to \$2,200 per annum or a maximum of 75% of the general rate whichever is the lesser for a CBD mixed use category one property. The concession is primarily intended to facilitate the adaptation of established vacant commercial spaces, particularly above ground floor, to residential use.

Conditions

The following conditions apply:

- a. The residential component should not be vacant longer than six months within the financial year;
- b. Verification of use may be provided by a registered real estate agent or through pre-arranged inspection by a Council officer; and
- c. Properties receiving the concession must advise Council if the residential use is discontinued.

The rates concession may be subject to reversal if the above conditions are not adhered to.

Applications for Concession

To apply a completed CBD Commercial Property Rates Concession Application Form must be submitted and will be subject to approval by Council.

Applications for concessions will be considered during the rating period (that is, half year). Applications received after the date of levy will be considered only from the commencement date of the current rating period (concessions are not applied retrospectively).

Leased Council Vacant Land

Council will grant rebates of 100% of the general rate and separate charges on vacant land owned or held by Council as trustee if the land is leased to another person and the land is not used for any business or commercial/industrial purpose.

In accordance with Chapter 4, Part 10 of the *Local Government Regulation 2012*, properties where 100% rebate of general rates and separate charges apply may be exempt from the payment of general rates and separate charges in lieu of the provision of a rebate.

Waste Rebates for Multi-Residential Unit Developments

The purpose of this concession is to waive the waste/recycling charge where it has been deemed by Council impractical for Council to provide waste and recycling collection services to a multi-residential unit development consisting of six or more individual attached or semi attached premises or units for which a community title scheme exists under the Body Corporate and Community Management Act 1997.

Council may grant a concession of 100% of the waste/recycling charge for each multi-residential unit or units for which a community title scheme exists.

Applications for Concession

To apply a completed Waste Charges Rebate Form must be submitted and will be subject to approval by Council.

Applications will be considered during the rating period (that is, half year). The concession may be applied retrospectively for the full financial year where the service has not been provided in accordance with this policy and the Waste and Recycling Collection Services Policy and Procedure.

REPORT ON INTERNAL AUDIT FOR THE YEAR

s190(1)(h) LGR 2012

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

Audit and Business Improvement Committee

This advisory committee operates under best practice guidelines with a majority independent membership consisting of three external experts. The voting member profiles are –

- › Mr A MacLeod (Committee Chair and Independent External Member)
- › Cr M Strelow (Mayor)
- › Cr E Smith
- › Mr M Parkinson (Independent External Member)
- › Mr G Mullins (Independent External Member)

Committee responsibilities include review and monitoring of the effectiveness of Governance, Risk and Compliance processes and functions, strategic asset management, fraud prevention, including the internal and external audit process. The Committee's role includes making recommendations to Council about any matters reviewed. The Committee meets four times a year.

Internal Audit

Internal Audit's mission is to independently and objectively examine and evaluate Council activities to help ensure that Council meets its objectives. The risk management function is managed through Internal Audit providing a consulting and reporting function to management and Council. Besides assisting with the management of both risks and opportunities relevant to council meeting its key objectives, this function provides the basis for the risk-based audits undertaken.

Internal Audit provides consulting, 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 audit services extend to investigations for fraud and corruption. Internal Audit is empowered to report functionally 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 and audit activities planned and completed during the 2018-19 financial year included:

- › Business Continuity Planning – covering Council's critical business functions
- › Environment Act – covering the state of environment management systems
- › Heritage Village – covering site operation safety for volunteer workers
- › Tender Consideration Plans – covering compliance with Local Government Regulation
- › Contracting Exceptions – covering compliance with Local Government Regulation
- › Rockhampton Show – covering cash handling integrity for this event
- › Status Reports – ensuring audit recommendations have been effectively implemented
- › Annual Risk-based Audit Plan and Assurance Strategy
- › Business Improvement Activities – related to the Internal Audit activity operation

Summary of investigation notices given in the year under section 49 for competitive neutrality complaints (s190(1)(i) LGR 2012)

Nil.

Responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under sections 52(3) and 190(1)(j) LGR 2012

Nil.

Senior Employees (s201 LGA 2009)

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

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

\$1,444,533.68

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.

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

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

ADMINISTRATIVE ACTION COMPLAINTS

(s187 LGR 2012)

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

Council manages complaints through the Complaints Management Policy and related procedures. If a customer is dissatisfied with the outcome of the investigation undertaken by the department they may appeal to the CEO to have the complaint investigated under Council's Complaints

Management Policy and Administrative Action Complaint Procedure.

A total of 263 complaints were received by Council under the Administrative Action Complaint Procedure this financial year. 248 of those complaints were able to be resolved before the end of the financial year, along with nine (9) complaints from the previous financial year.

Number of administrative action complaints received in financial year	263
Number of administrative action complaints resolved in financial year	257
Number of administrative action complaints not resolved in financial year	15
Number of administrative action complaints that were from a previous financial year	9

COUNCILLORS

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

Adopted at Council Meeting on 11 December 2018:

THAT Council adopt the:

1. Draft Councillor Gifts, Benefits and Hospitality Policy as amended; and
2. Revised Expenses Reimbursement and Provision of Facilities for Mayor and Councillors Policy as amended.

Moved by: Mayor Strelow
Seconded by: Councillor Fisher

MOTION CARRIED

Adopted at Council Meeting on 15 January 2019:

THAT Council adopt the revised Expenses Reimbursement and Provision of Facilities for Mayor and Councillors Policy, with the

inclusion of the following wording in Section 5.4:

“Council will cover costs incurred through injury, investigation, hearings or legal proceedings into the conduct of a Councillor, or arising out of, or in connection with the Councillors performance of their civic functions. If it has been found that the Councillor breached the provisions of the governing legislation, the Councillor will reimburse Council with all associated costs incurred by Council. Should a Councillor obtain their own legal advice, Council may consider at its discretion making a contribution in full or in part towards the legal costs incurred subject to the Councillor not being found to be in breach of the provisions of the governing legislation.”

Moved by: Councillor Schwarten
Seconded by: Councillor Smith
MOTION CARRIED

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

Nil

REMUNERATION AND SUPERANNUATION CONTRIBUTIONS PAID TO EACH COUNCILLOR

(S186(a) LGR 2012)

Councillor	YTD Salary 'Work'	Employer Super	Gross
Mayor, Councillor M F Strelow	\$151,878	\$14,422	\$166,300
Councillor C R Rutherford	\$99,921	\$11,986	\$111,907
Councillor R A Swadling	\$87,929	\$10,547	\$98,476
Councillor N K Fisher	\$87,929	\$8,350	\$96,279
Councillor A P Williams	\$87,929	\$10,547	\$98,476
Councillor C E Smith	\$87,929	\$10,547	\$98,476
Councillor M D Wickerson	\$87,929	\$10,547	\$98,476
Councillor S J Schwarten	\$87,929	\$10,547	\$98,476

EXPENSES INCURRED BY AND PROVIDED TO EACH COUNCILLOR UNDER THE EXPENSES REIMBURSEMENT POLICY

(s186(b) LGR 2012)

Councillor	Travel/Expenses/ Allowances
Mayor, Councillor M F Strelow	\$43,316
Councillor C R Rutherford	\$17,858
Councillor R A Swadling	\$22,816
Councillor N K Fisher	\$29,119
Councillor A P Williams	\$15,128
Councillor C E Smith	\$30,132
Councillor M D Wickerson	\$29,084
Councillor S J Schwarten	\$12,479

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

(§186(c) LGR2012)

MEETING ATTENDANCE FIGURES: 1 JULY 2018 – 30 JUNE 2019

Councillor	Council Meeting	Special Council Meeting	Airport, Water & Waste	Audit Advisory	Community Services	Infrastructure	Parks, Recreation & Sport	Planning & Regulatory
Mayor, Councillor M F Strelow	21	2	6	2	7	8	5	13
Deputy Mayor, Councillor C R Rutherford	21	2	10		9	8	9	17
Councillor R A Swadling	17	2	7		10	9	7	
Councillor N K Fisher	19	2	11		11	10	10	14
Councillor A P Williams	20	2	10		8	9		
Councillor C E Smith	21	2	10	4		8	9	17
Councillor M D Wickerson	19	1	11		11	10	10	17
Councillor S J Schwarten	8	1						
Total Meetings Held	22	2	11	4	11	10	10	18

Note: Where the field is blank this denotes that the Councillor is not a member of that Committee.

ORDERS AND COMPLAINTS DURING THE FINANCIAL YEAR ARE SHOWN IN TABLES:

- Period 1 July 2018 to 2 December 2018
- Period 3 December 2018 to 30 June 2019

For the period 1 July 2018 to 2 December 2018 (former legislation – see extracts of the relevant prior sections of the Act below):	
(d) the total number of the following during the financial year	
(i) orders and recommendations made under S180(2) or (4) of the Act; and	0
(ii) orders made under S181; and	0
For the period 3 December 2018 to 30 June 2019:	
(d) the total number of the following during the financial year	0
(i) orders made under section 150I(2) of the Act	0
(iii) decisions, orders and recommendations made under section 150AR(1) of the Act; and	0
For the period 1 July 2018 to 2 December 2018:	
(e) each of the following during the financial year -	
(i) the name of each Councillor for whom an order or recommendation was made under S180 of the Act or an order was made under S181 of the Act;	NA
(ii) a description of the misconduct or inappropriate conduct engaged in by each of the Councillors;	NA
(iii) a summary of the order or recommendation made for each Councillor; and	NA
For the period 3 December 2018 to 30 June 2019:	
(i) the name of each Councillor for whom a decision, order or recommendation mentioned in paragraph (d) was made	NA
(ii) a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors;	NA
(iii) a summary of the decision, order or recommendation made for each Councillor; and	NA
For the period 1 July 2018 to 2 December 2018:	
(f) the number of each of the following during the financial year -	
(i) complaints about the conduct or performance of Councillors for which no further action was taken under S176C (2) of the Act;	3
(ii) complaints referred to the department's chief executive under S176C (3) (a)(i) of the Act;	0
(iii) complaints referred to the mayor under S176C(3)(a) (ii) or (b)(i) of the Act;	0
(iv) complaints referred to the department's chief executive under S176C(4)(a) of the Act;	0
(v) complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act;	0
(vi) complaints heard by a regional conduct review panel;	0
(vii) complaints heard by the tribunal;	0
(viii) complaints to which S176C (6) of the Act applied.	0
For the period 3 December 2018 to 30 June 2019:	
(f) the number of each of the following during the financial year -	
(i) complaints referred to the assessor under section 150P(2)(a) of the Act by the local government; a Councillor of the local government and the chief executive officer of the local government.	0
(ii) matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	0
(iii) notices given under section 150R(2) of the Act;	0
(iv) notices given under section 150S(2)(a) of the Act	0
(v) decisions made under section 150W(a), (b) and (d) of the Act;	0
(vi) referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	0
(vii) occasions information was given under section 150AF(4)(a) of the Act	0
(viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a Councillor	0
(ix) applications heard by the conduct tribunal about the alleged misconduct of a Councillor	0

OVERSEAS TRAVEL

(s188 LGR 2012)

Overseas travel by Councillor or employee in an official capacity

Name/Job Title	Reason	Date	Amount (ext GST)	Destination
Councillor Tony Williams	Supply chain discussions to develop aquaculture opportunities within the region (RRC lead delegation funded by Australia-ASEAN Council grant)	27 October – 2 November 2018	\$2,635.37	Singapore
Wade Clark Senior Economic Development Officer	Supply chain discussions to develop aquaculture opportunities within the region (RRC lead delegation funded by Australia-ASEAN Council grant)	27 October – 2 November 2018	\$3,115.20	Singapore
Young Beamish Senior Executive Trade and Investment	Supply chain discussions to develop aquaculture opportunities within the region (RRC lead delegation funded by Australia-ASEAN Council grant) Attend China International Import Expo	27 October – 14 November 2018	\$9,100.91	Singapore/China
Mayor Margaret Strelow	International Sister Cities Ceremony with Zhenjiang	4-10 November 2018	\$5,859.48	China
Tony Cullen General Manager Advance Rockhampton	Attend China International Import Expo Meetings in Singapore	4-15 November 2018	\$7,292.39	China/Singapore
Mayor Margaret Strelow	Meet with representatives of Singapore Defence and associated partners	17-24 January 2019	\$67.27*	Singapore
Evan Pardon Chief Executive Officer	Meet with representatives of Singapore Defence and associated partners	19-28 January 2019	\$2,578.18	Singapore
Tony Cullen General Manager Advance Rockhampton	Meet with representatives of Singapore Defence and associated partners	20-24 January 2019	\$5,917.43	Singapore
Tony Cullen General Manager Advance Rockhampton	Join Queensland Government's Trade Mission to the 2019 Bio International Convention	31 May – 6 June 2019	\$13,735.38	Philadelphia

*Note: The only cost incurred was an additional insurance premium. All other travel costs were paid personally by Mayor.

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

(s189 LGR 2012)

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

A total of \$528,515 was granted to community organisations during the 2018/19 financial year.

Grant Program	Expenditure for 2018-19
Community Assistance Program	\$405,222.96
Waste and Recycling Community Service	\$ 51,033.00
Australia Day Community Events	\$ 5,800.00
Exemptions of hire costs for public events	\$ 7,806.36
Regional Arts Development Fund	\$ 58,653.07
Total	\$528,515.39

SUMMARY OF EXPENDITURE FROM EACH COUNCILLOR'S DISCRETIONARY FUND DETAILING ORGANISATION, AMOUNT AND PURPOSE 2017-2018 COUNCILLORS DISCRETIONARY FUND

MAYOR, COUNCILLOR MARGARET STRELOW

Community Organisation	Purpose	Amount
Meals on Wheels Rockhampton	Donation towards Christmas luncheon for all Meals on Wheels volunteers in Rockhampton	\$500.00
St Matthews Cottages	Assistance towards painting the cottages	\$2,000.00
Rockhampton Symphony Orchestra	Donation towards "A Night at the Proms" event to cover professional fees for guest conductor.	\$2,000.00
Stanwell & Surrounds Community Club Inc	Donation towards community BBQ to thank the fireys and emergency services for fighting the November fires	\$1,000.00
Rotary Club of Mount Morgan	Financial assistance to assist with the costs for Mount Morgan ANZAC Day Services	\$500.00
Cathedral Parish of St Joseph	Financial support towards the Multicultural celebrations in 2019 at the Rockhampton Cathedral Parish	\$500.00
State Emergency Service Central Region	Financial assistance towards hiring the Rockhampton Showgrounds for the State Disaster Rescue Challenge	\$1,000.00
Legacy Rockhampton & Central Queensland	Ongoing service delivery to the Families (widows, childre & dependants with disabilities) of current and ex-defence service members	\$1,000.00
Cockscomb Veterans Retreat	Urgent maintenance required for power supply	\$1,000.00
Total		\$9,500.00

DEPUTY MAYOR, COUNCILLOR CHERIE RUTHERFORD

Community Organisation	Purpose	Amount
Welfare Bowls	Donation towards plaques for 100th Birthday Celebrations	\$467.50
The Ridgелands and District Sporting and Agricultural Association Inc	Financial assistance with the costs of printing programs for the Ridgелands Show	\$800.00
Mount Morgan Promotion and Development Incorporated	Donation towards purchasing water and barbeque supplied for the Mount Morgan Clean Up Australia Day event	\$100.00
Mount Morgan Historical Museum Inc	Donation towards shipping costs of glass display cabinets for the Mount Morgan Museum displays	\$400.00
The Hall State School P&C Association	Financial assistance for purchasing a set of School sports shirts	\$936.20
Central Queensland Pipes and Drums	Donation towards the purchase of training instruments for learner pipers and for use during public performances	\$150.00
Mount Morgan Show	Donation of prize money for Concours D'Elegance Costume event for the Mount Morgan Show 2019	\$100.00
CQ Community Suicide Prevention Network	Donation towards safeTALK workshops being held in Rockhampton	\$100.00
Peace International Archery Club Inc	Financial assistance towards the costs of a new building for the club	\$300.00
Rocky Roller Derby	Financial assistance for new Junior League equipment	\$600.00
Total		\$3,953.70

COUNCILLOR ROSE SWADLING

Community Organisation	Purpose	Amount
Cockscomb Veteran's Bush Retreat	Donation towards National Veterans Day and 50th Anniversary of the Battle of Coral-Balmoral	\$500.00
Rockhampton Cathedral Parish of St Joseph	Financial support towards the Multicultural celebrations in 2018 at the Rockhampton Cathedral Parish	\$250.00
Crime Stoppers	Financial assistance to help promote Crime Stoppers 1800 number	\$250.00
Police Citizens Youth Club Rockhampton	Donation towards Sunstate Amateur Boxing League QLD State Titles at PCYC	\$250.00
RSL Capricornia & Rockhampton Region Sub Branch Inc	Donation towards bus trip for the volunteers	\$250.00
Lighthouse Christian School	Financial assistance towards a sound mixer for use at School events	\$500.00
Parkhurst State School P&C Association	Financial assistance towards Remembrance Day Project	\$250.00
Leinster Place	Financial assistance towards replacing lighting fixture for Azur House Memorial Garden and water feature	\$500.00
Central Queensland Pipes and Drums	Donation towards the purchase of training instruments for learner pipers and for use during public performances	\$160.00
St. Anthony's Primary School	Donation towards creating and maintaining a vegetable garden for the year 5 & 6 environment student group	\$250.00
Rockhampton Relay for Life	Financial assistance towards the running expenses for the Relay For Life fundraising event	\$250.00
Community Supporting Police (CSP) Rockhampton	Donation towards ongoing costs for program	\$250.00
Rockhampton Mt Archer Lions Club	Donation towards equipment for community food van	\$250.00
Emmaus College	Financial assistance to support the recycling program to purchase recycling bin	\$250.00
Rockhampton Senior Citizens Club	To purchase 2 catering trolleys	\$400.00
Project Booyah	Donation towards operational costs	\$250.00
Queensland Retired Police Association	Fund raising for annual dinner & donation to Queensland Police Legacy Scheme	\$190.00
Total		\$5,000.00

COUNCILLOR NEIL FISHER

Community Organisation	Purpose	Amount
Jason Rich Foundation	Financial assistance towards costs of hiring venue for young driver education course	\$100.00
Diggers Memorial Ladies Bowling Club	Financial assistance towards annual ladies bowls open fours event 2018	\$300.00
Rockhampton Dog Obedience Club Inc	Financial assistance towards replacing agility and obedience trial jumps	\$340.00
Central Queensland Pipes and Drums	Donation towards the purchase of training instruments for learner pipers and for use during public performances	\$160.00
Capricorn Scouts District	Donation towards the purchase of flags for the new Scouts district area	\$470.00
Rockhampton Horticultural Society Inc	Prize money for Rockhampton Agricultural Show in June	\$504.00
Diggers Memorial Bowling Club	Donation towards open mixed bowls carnival	\$500.00
Frenchville State School	Funding to support students with a disability to construct a sensory obstacle course	\$560.00
Mount Archer State School	Financial assistance to purchase recycling bins to assist the students in a recycle collection project	\$550.00
Stitch and Chat	Donation towards members creating rugs, quilts, pillow cases and turbans for people in need to be distributed by Police and the Hospitals	\$900.00
Capricornia Budgerigar Society	Donation towards the purchase of new judging stands and new catering equipment	\$316.00
Meals on Wheels Rockhampton	Financial assistance to purchase a portable workplace first aid kit for the Volunteer meeting room	\$300.00
Total		\$5,000.00

COUNCILLOR TONY WILLIAMS

Community Organisation	Purpose	Amount
Rockhampton Australian South Sea Island Community	Financial assistance towards the cost of bins for the South Sea Islander Twilight Markets	\$166.00
Drug Arm	Donation towards Drug Awareness manual	\$250.00
Multicultural Development Australia	Donation towards Armstrong St Community Garden	\$100.00
Queensland Blue Light Association Inc	Financial assistance towards crime prevention programs for Rockhampton at risk youth	\$200.00
Nerimbera Football Club	Donation towards purchasing marquees for teams travelling to events	\$615.00
CQ Touch Football Association Inc	Financial assistance towards purchasing a large marquee for the junior players	\$1,000.00
St Mary's Catholic Primary School	Donation of extra wheelie bins for St Mary's Parish Fair	\$273.50
Rockhampton Saloon Car Club Inc	Financial assistance towards advertising for the Aaron Smithwick Memorial Super Stocker Title	\$500.00
Football Rockhampton Inc	Financial assistance towards purchasing a BBQ for Norbridge Park	\$500.00
CQ Community Suicide Prevention Network	Donation towards safeTALK workshops being held in Rockhampton	\$100.00
All Blacks Community Sports Club	Donation towards purchasing tables and chairs for community hall	\$1,000.00
RSPCA Op Shop and Animal Adoptions Rockhampton	Financial assistance towards advertising in promoting awareness of the RSPCA Op Shop and Animal Adoption Centre	\$295.50
Total		\$5,000.00

COUNCILLOR ELLEN SMITH

Community Organisation	Purpose	Amount
Jason Rich Foundation	Financial assistance towards costs of hiring venue for young driver education course	\$500.00
Gracemere Scout Group	Financial assistance towards purchasing kitchen appliances and accessories for the Scout hut	\$500.00
Gracemere Croquet Club	Financial assistance towards upkeep and maintenance of club facilities	\$500.00
Gracemere Community Voice Association	Financial assistance towards letter drop and Christmas Party	\$380.00
Gracemere Cub JRL	Donation towards the purchase of canteen equipment	\$500.00
Gracemere Bowls Club	Donation towards the Ladies Fours Carnival and the Mens Fours Carnival in October	\$800.00
Stanwell State School P&C Association	Donation towards School's fundraising event	\$100.00
Bouldercombe Singers	Financial assistance towards travel performances in the community	\$200.00
Mount Morgan State High School	Donation towards 2018 Awards Night	\$50.00
Bouldercombe State School P&C Association	Financial assistance towards school grounds maintenance and beautification	\$500.00
Bouldercombe Progress Association Inc	Donation towards purchasing Hams for the Bouldercombe Community Christmas Fair	\$200.00
Waraburra State School	Financial assistance to upgrade the Prep playground	\$500.00
Gracemere Girl Guides	Donation towards 100 years of Guiding in Qld Celebrations	\$270.00
Total		\$5,000.00

COUNCILLOR DREW WICKERSON

Community Organisation	Purpose	Amount
Community Solutions	Financial assistance towards luncheon to increase work opportunities for people with disabilities	\$1,000.00
NAIDOC	Donation of plants for Naidoc Week Celebrations	\$536.25
Bajool State School	Financial assistance towards raised garden beds for the community harvest gardens.	\$500.00
Birdlife Capricornia	Financial assistance towards conservations works for the critically endangered Capricorn Yellow Chat bird	\$500.00
Rockhampton Golf Club	Financial assistance towards running the Rockhampton Golf Club Ladies Closed Championships	\$500.00
Rockhampton Mallets Sports Club	Financial assistance towards facilities maintenance	\$500.00
Marmor State School	Financial assistance towards installing data points and outlets for the school's computer lab	\$1,000.00
Marmor ANZAC Day Commemorations Committee	Financial assistance toward Marmor ANZAC day services	\$450.00
Total		\$4,986.25

COUNCILLOR STEPHEN SCHWARTEN

Community Organisation	Purpose	Amount
St Matthews Cottages	Assistance towards painting the cottages	\$5,000.00
Total		\$5,000.00



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