

# ROCKHAMPTON REGIONAL COUNCIL



ANNUAL REPORT  
2016/2017

2016



2017

This Annual Report is published by  
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2016 – 2017 Financial Year



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**KERSHAW  
GARDENS**

**\$95M  
CAPITAL  
INVEST-  
MENT**

**RECOVERY**

**CBD  
FRAMEWORK**

**INFRASTRUCTURE**

**RIVERBANK**

**SMART  
TECHNOLOGY**

**CULTURAL  
PRECINCT**

**START UP  
CULTURE**



## MAYOR'S MESSAGE ROCKHAMPTON REGION MAYOR MARGARET STRELOW

This has been a defining year for Rockhampton Regional Council. We laid the foundations for a bigger and better Rockhampton and made bold decisions to shape our Region's future.

We are now starting to see the green shoots in our economy and Council has worked hard to encourage that growth. We cut red tape for businesses through our development incentives policy and our CBD Framework is designing a city which will help facilitate private sector investment.

Council's commitment to innovative start-up culture and the use of smart technology in the strategic planning and redevelopment of our city has once again seen Rockhampton become part of the national conversation – most recently when we won the National Economic Development Award for Excellence for Digital Entrepreneurs in 2016.

Council's strong commitment to financial management has also seen our books stay in the black. The years of belt tightening and an increased focus on paying down debt has left us willing and able to play a part in facilitating major private sector investments while also delivering projects of significant transformation right across our Region.

Council invested \$93.5 million on capital projects in order to drive job creation and boost local spending in our community. This has been our largest spend on capital for many years.

These capital projects, as well as the completion of developments including the Riverbank Redevelopment, Kershaw Gardens Redevelopment, and our planning for a new Art Gallery and Cultural Precinct, position us well for the future.

We have also worked hard to minimise the impact on our ratepayers and kept rates to a minimum while finding the balance between successful asset management and long term financial sustainability. We achieved an operational surplus of \$8.3 million this financial year, despite the impacts of a major flood in early April. We have also reduced our debt by close to \$15 million since de-amalgamation and it's within Council's financial plan to continue to reduce further.

In the midst of an economic downturn, and in spite of recovering from Tropical Cyclone Marcia in 2015 and a flood in April 2017, our Council and community have pushed through with amazing spirit and determination.

Our journey towards a bigger and better Rockhampton Region has already begun. While there is still a lot of work to be done, I am proud to say that we are gaining momentum and heading in the right direction. It has been a good year!





**ACCOUNTABLE**

**ONE TEAM**

**CUSTOMER  
FOCUSED**

**PEOPLE  
DEVELOPMENT**

**CONTINUOUS  
IMPROVEMENT**



## CEO'S MESSAGE EVAN PARDON

This financial year saw Rockhampton Regional Council reduce its debt by \$10.8 million and I am extremely proud to say that we have managed to deliver our fourth successive budget in surplus, which is a major achievement given that an extreme flood event was experienced early in 2017. The 2016/17 budget supported economic growth, job creation and major capital projects. Council delivered a \$94.1 million Capital Works Program across our Region which went towards renewal and upgrade of roads, sports and recreation facilities, and improvements to community facilities. This was a deliberate effort to boost productivity and keep the local labour market active through the delivery of new and exciting projects for a more vibrant future.

Council made a commitment to local procurement this year with changes being made to our purchasing policy that put greater emphasis on supporting local businesses, with 77% of Council's good and services expenditure in the last 12 months being acquired from local businesses.

The last year saw many exciting projects gaining traction such as the Riverbank Redevelopment and Kershaw Garden's revival. The Riverbank Redevelopment has continued to grow and transform into a vibrant and attractive multi-use area. The Kershaw Gardens development works continue to progress as we start to see them restored to

their former glory as well as the addition of many existing new features to the precinct.

It was disappointing to see the 2016 River Festival washed out but we are gearing up for our July 2017 River Festival which is set to be the biggest and best yet with hopes of attracting record numbers to our Region. The event will provide the perfect opportunity to utilise the newly redeveloped upper bank of the Riverbank.

Council was extremely grateful to receive a significant amount of state government funding as part of the Works for Queensland grant with a view to stimulating our local economy. A number of exciting projects are well underway and due for completion by the end of November 2017. This money will be spent by November 2017 and will result in a number of great projects for our Region including: North Rockhampton boat ramp car park; Mount Morgan Streetscape works; waters slides at North Rockhampton pool and Gracemere's Cedric Archer Park; development of walkways at the top of Mount Archer; and many more exciting projects. Not only will these projects improve and benefit the local community, but they will also continue to contribute to an increase in job creation throughout the region.

Our community spirit and Council services were tested as a result of Tropical Cyclone Debbie and the subsequent flooding from the cyclone, but once again, we came out the

other side stronger. This flooding event was the first to see the North Rockhampton Flood Mitigation project in action which was a big win for the community with over 400 houses that would usually flood at this level protected by the flood barrier.

I would like to extend my thanks to all staff who worked tirelessly to help the community prepare and recover from the inundation of water. I would also like to thank the community for their patience and community spirit during this trying time.

As part of developing the culture at Council, we have invested in a cultural development program to help us achieve my vision of becoming *One Great Council*. This program has involved a revamp of Council's corporate values, frequent CEO forums to communicate important messages to leaders of the organisation, Culture Champions appointed across the organisation to help lead and champion our culture to their peers, a new performance review system, as well as much more that will see Council's culture transformed into an industry leader.

Our greatest strength is and always will be our people and there's no doubt that together we can create a region that our community values and others admire. I'm looking forward to the next 12 months which, together, will see our ideas become a reality.



**82%**

have participated  
in a culture activity  
in the workplace



# OUR TEAM

The departmental report is compiled with stats as at 30 June 2017.

*Page 198 of the report deals with employee numbers*

- › There were 901 FTE positions
- › 13 apprentices
- › 17 trainees

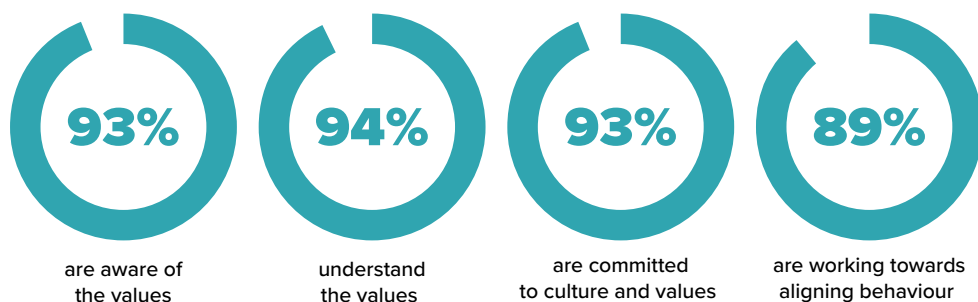
# CULTURAL DEVELOPMENT

The Pulse survey undertaken in May 2017 had a 66% completion rate compared to 57% in 2015. Take a look at what we have achieved so far, what the 2017 results were, and what we have planned for the future.

In August 2016 CEO Evan Pardon launched Rockhampton Regional Council's new *Values and Behaviours* which has been rolled out under a new cultural development program.

## What were the key results from the Survey?

### Self-Awareness



### Organisationally

- › 61% agree that we are improving the culture
- › 82% have participated in a culture activity in the workplace

## What have we achieved since the launch of our new values in August 2016?

- › A CEO forum for leaders is held six monthly.
- › New values symbol designed by Council employee.
- › Value embroidered polo shirts for employees living the values.
- › Values branded water bottles issued to all staff in December 2016.
- › *Cultural Development Program* featured prominently each month in Council's staff newsletter.
- › Network of culture champions from across the organisation established to promote culture.
- › Values agenda items included in toolbox talks.
- › 'Value of the month' launched to highlight our new values.
- › Values activities available on the Intranet.
- › Leader participation in workshops and cohort meetings to encourage cross department collaboration.
- › 360 degree feedback for all managers and coordinators.
- › Values questions included in interview processes.
- › Introduction of new *My Plan* performance review process.
- › Bureaucracy breakthroughs to improve policies, forms and processes.
- › Safety shares included in toolbox talks.
- › New corporate plan features *Values and Behaviours*.



# HIGHLIGHTS

## Disaster Recovery

December 2016 marked a significant milestone in Rockhampton's recovery from the destruction caused by Tropical Cyclone Marcia; the completion of repair and upgrade works on Pilbeam Drive.

Pilbeam Drive sustained more than 140 recorded defects, including 26 landslips (two significant landslips), scoured table drains, blocked culverts, pavement damage and debris build-up. Remediation works required Pilbeam Drive – a popular tourist route to our

Region's magnificent Mount Archer as well as access for residents of the area – to be temporarily closed for almost 11 months.

Council completed repair and upgrade works in time for Christmas 2016 after receiving more than \$5.5 million provided through the Natural Disaster Relief and Recovery Arrangements (NDRRA) program. Thanks to the joint State and Federal natural disaster recovery funding, Pilbeam Drive is more resilient, with improved drainage that makes it better able to withstand

heavy rainfall and flooding, ensuring this vital link is stronger and more disaster-resistant. Council has also carried out a further \$1.6 million in additional works on Pilbeam Drive throughout the works period.

The added drainage infrastructure at the two main land slip sites and the widened shoulders of the road, along with works on 10 other sites, will minimise rock falls and prevent new slips forming in future on Pilbeam Drive.

## Piggy Back Landfill

Planning and design for an innovative option for waste disposal in the Rockhampton Region was completed, setting out the plan to "piggy back" onto our existing Lakes Creek Road Landfill site.

The piggy back option will allow building on top of existing capped landfill at the Lakes Creek Site and see more than 20 years added to its lifespan.

A total of four landfill cells will be added to the site over a period of time, with the first being able to accept around 180,000 cubic metres.

The piggy back innovation will be further assisted by the use of the Waste Transfer Station which will achieve further compaction before being transferred to the cell, and

ultimately further extend the life of the new piggy back cells. The Waste Transfer Station also provides the community a safer drop off option, rather than going to the face of the operating site.

The piggy back planning and design comes after a long and difficult journey, searching for a new landfill site for our Region. While a longer term solution will still need to be investigated in collaboration with surrounding Councils, the piggy back option is a game changer.

## Water and Sewerage Upgrades

Fitzroy River Water rolled out a capital upgrade totaling \$930,000 of the North Rockhampton Sewerage Pump Stations located near the North Rockhampton Sewerage Treatment Plant. This project achieved a complete electrical and mechanical upgrade of these two important pump stations as well as some significant safety upgrades to the walkway and access structures at these sites. A new freestanding electrical switch room was constructed to ensure

flood immunity but also to incorporate a fire suppression system to protect the electrical infrastructure against a fire hazard. Four new energy efficient pumps and a new pumping control system were installed to renew the old equipment and within the first month of operation the new pumps have delivered in excess of a 15% decrease in electricity costs with further improvement expected with some additional changes to the control system.

Fitzroy River Water also completed projects to improve and maximise energy efficiency in their operational performance. Installation of new energy efficient pumps and motors at Glenmore High Lift Water Pump Station and Arthur St Sewerage Pump Station achieved approximately 27% and 16% improvements respectively. The projects have led to a combined annual reduction in greenhouse gas emissions of approximately 90,000 tonnes of CO2 equivalents.





# SMART WAY FORWARD STRATEGY

The Rockhampton Region is well on its way to becoming Australia's first Smart Regional Centre with the implementation of the 'Rockhampton Region: The Smart Way Forward' (Digital Readiness) strategy. Council is working to position the region as a great place to start and run a business, attract future residents to relocate to the region, and encourage tourists to return again and again.

As part of Our Smart Way Forward Strategy, Council was successfully awarded co-contribution funding to the value of \$2,274,000 through the State Government Building Our Regions Grant Funding in November.

The \$4.5 million project has seen the following activities roll-out this year.

## CBD Smart Technology

Smart lighting, CCTV, digital banners, parking sensors and free public Wi-Fi have been rolled out in Quay and Denham Streets as part of the riverbank revitalisation. Designs are also underway for roll-out of the smart technology in parts of East and William Street.

Smart technology and communications infrastructure has also been built into the riverbank park area.

The CBD Smart Technologies and Hub Project won the Digital Entrepreneur category of the Economic Development Australia 2016 Awards which were announced at the EDA National conference in October 2016.

## SmartHUB

Council's SmartHUB, established in May 2016, is a Co-working space for various startup businesses to come and work alongside each other, fostering inter-business communication, cooperation and networking. Eighteen local startups have taken up tenancy in the hub, the continued occupancy of this cost efficient co-working space leads to sustained revenue growth and profit additions to business teams, increasing both employment rates and economic growth in the local community. The Smart Hub is starting to build momentum, with increasing community engagement creating outcomes that will benefit the Smart Hub's future ecosystem.

The following funded programs are run out of the SmartHUB.

## Startup Club

The Startup Club program, facilitated by Mr Bill McKeague, involves formal coaching sessions using the Lean Launchpad approach. Lean Launchpad provides real world, hands-on learning about what it is like to plan and design a new business or new product or service. Council was successful in its funding application through the Federal Government Incubator Support – Expert in Residence grant, receiving \$15,325 towards the two programs scheduled for 2017.

## Startup Stars

The Startup Stars program demonstrates that our region is the place to start and grow a successful business. Six selected entrepreneurs are currently participating in an intensive mentoring program run by a nationally recognised expert mentor Mr Mark Phillips (Business in Bare Feet). The program mentors and supports the entrepreneurs to rapidly scale their business to reach international markets. Council was successful in its funding application through the QLD Government Advance QLD Startup Events & Activities grant, receiving \$17,237 towards the 2017 Startup Stars program.

## GovHack 2016

Gov Hack is Australia's largest open government hackathon and Rockhampton's Smart Hub hosted three teams in the international event. As one of the smallest regional centres in Queensland and the second smallest area nationally, our 3 teams participated in the 56 hours event to develop tech solutions using government open data.

## Federal Government Smart Cities and Suburbs Roundtable

Rockhampton was the only regional centre Australia wide to be invited to host a roundtable event, coordinated by the Department of Prime Minister and Cabinet in September 2016.

The event encouraged input from Councils, business and the community on how the \$50M Smart Cities and Suburbs Funding Program could be designed to best meet the needs of the broader region. It was well attended with more than 60 participants from state and local government (Central Highlands, Gladstone, Livingstone and Rockhampton Councils), and Central Queensland businesses.



rockhampton  
library



# A VIBRANT AND HEALTHY COMMUNITY

## CapriCon

As part of National Youth Week in April Rockhampton Regional Libraries hosted CapriCon, a steampunk and pop culture convention. In its second year the event was deemed a mammoth success, with numbers jumping from 1000 attendees in 2016 to over 6500 in 2017. The community had the opportunity to dress up, listen to panel discussions and meet Australian television presenter, actor, Steven 'Bajo' O'Donnell. CapriCon supports Council's push to provide all-inclusive events for all ages, and received government funding support through the State Library of Queensland.

## Literacy learning for life

Council's Library Service continued to play a critical role in developing literacy, including digital literacy, and lifelong learning for the community. With programs for all ages from baby and parent sessions through to adults, Council libraries provided over 1,290 programs to enhance learning for people of all ages, backgrounds, interests and abilities during the 2016/17 year attracting 28,178 participants who discovered new activities linked to digital learning and robotics, multicultural awareness, early and family literacy, young adult and adult literacy. This included delivery of the very successful First 5 Forever and Tech Savvy Seniors programs.

## Emergency Services Day 2016

Each year, Council joins forces with the State Emergency Services to deliver the Central Queensland Emergency Services Day. The event encourages the community to be prepared and get ready for any disaster or emergency. This resilience building event gives the community the tools and knowledge required to mitigate risk.

Council's disaster management team continues to deliver resilience building workshops to community groups, business and schools.

## First Five forever

Rockhampton Regional Libraries was again delighted to offer the First 5 Forever program to the community, in partnership with the State Library of Queensland and the Queensland Government. From January - December 2016, 3410 attendees attended 186 First Five Forever sessions where they enjoyed reading, singing, playing and most importantly sharing family experiences. The program encourages parents and carers to talk, sing, play and read more with their young children and has been greatly successful in the region.

## Animal Management

Effective management of animals in the Region has been solidified by Council in December when the Animal Management Strategy 2017-2020 was adopted. Council now has clear directions, both ongoing and project based, to address ten key animal issues.

## Pets in the Park

Since it's overwhelming success in 2014, Pets in the Park has become an annual event that has visited multiple locations around the region, where pet owners have been able to access a subsidised microchipping service. This year's event in North Rockhampton saw approximately 300 owners take advantage of onsite service and microchipping vouchers. Pets in the Park supports the strategies objective to manage unidentified cat and dogs by increasing the number of pets microchipped and animals reunited with their owners.

## National Tree Day

Council has been a long term supporter of Plant' Ark's annual July event; National Tree Day. This year, Council set up three community tree planting sites at Ollie Smith Park- Koongal, Frenchville Road-Frenchville and Arthur Timms Lookout-Mount Morgan. Just over 100 people simultaneously participated in the day. School tree planting day was also rolled out through the Region, with Depot Hill State School, Rockhampton State High School, Saint Anthony's Primary School and Lakes Creek State school participating.

## Spring Garden Spectacular

The annual Spring Garden Spectacular promotes gardening, environmental sustainability and community cohesion. The competition saw 93 category entries across 44 unique addresses, with the announcement taking place in September 2016.

## Tropicana 2016

In its maiden year, Tropicana, the region's Tropical and Sustainable Gardening Expo was held at the Rockhampton Botanic Gardens in September. The event aims was to improve the community's understanding, awareness and skills in tropical and sustainable gardening. It provided a platform for local community groups to also showcasing their works.

With over 22 site holders and a number of guest speakers and presenters, the event was a success, welcoming approximately 2000 people through the gates.

## Sports and Health Expo

The Central Queensland Sports and Health Expo was held in February with over 3,000 people in attendance; a record number for the event. The event offered workshops and presentations, and were supported by 96 siteholders.

## Economic Development – International Relations and Trade

This financial year, Council successfully led a delegation of regional businesses and education leaders into Asia on a six-day trade and relationship building mission to Singapore and China in November 2016. As a result, the region has since received over 28 incoming trade delegations from China, Singapore, South Korea, Japan, Taiwan, Malaysia, and Latin America. Members of the delegations have included key political leaders along with investors and business leaders from a wide range of industries including logistics, defence, agriculture, property development, education, manufacturing and tourism. Council also signed a Friendship City Agreement with Zhenjiang in the People's Republic of China in November 2016. This has opened significant opportunities for the Rockhampton Region, creating linkages to key industry sectors.

The State Government's Works for Queensland funding of \$9.38 million was allocated to major projects including Cedric Archer Park wet play area, 42nd Battalion Memorial pool water slides, North Rockhampton Boat Ramp Carpark and walkways and the Mount Morgan Streetscape revitalisation.

TOWERS OF TOMORROW

WICKED

# 2016

NATIONAL TREE DAY

CAROLS BY CANDLELIGHT

**JULY**

## EMERGENCY SERVICES DAY

Heritage Village  
5548 attendees

**JULY**

## SPRING GARDEN SPECTACULAR

Rockhampton Region  
93 category entries, 44 participating properties attendees

**JULY**

## NATIONAL TREE PLANTING DAY PUBLIC

Ollie Smith Park, Arthur Timms Lookout, Frenchman's Creek  
210 attendees

**JULY**

## HOMELESS CONNECT

**AUGUST**

## MULTICULTURAL FESTIVAL

Rockhampton Heritage Village  
6500 attendees

**SEPTEMBER**

## QLD SCHOOLS CHAMPIONSHIPS REGATTA

Fitzroy River  
3929 attendees

**SEPTEMBER**

## TROPICANA

Botanic Gardens  
2000 attendees

**OCTOBER**

## THE GAP

Rockhampton Zoo  
101 attendees

**DECEMBER**

## TOWERS OF TOMORROW WITH LEGO BRICKS

Rockhampton Art Gallery  
10205 attendees

**DECEMBER**

## CAROLS BY CANDLELIGHT

Pilbeam Theatre and Rockhampton Music Bowl  
2000 attendees

**DECEMBER**

## NYE 2016

Queens Park  
2000 attendees

TROPICANA



# EVENT CALENDAR

## AT A GLANCE

15



SPORTS AND HEALTH EXPO



CAPRICON



2017

LANEWAYS

### JANUARY

#### AUSTRALIA DAY AWARDS AND CITIZENSHIP

Pilbeam Theatre  
800 attendees

### FEBRUARY

#### SPORTS AND HEALTH EXPO

Robert Schwaren Pavillion  
3000 attendees

### MARCH

#### DA VINCI MACHINES

Rockhampton Art Gallery  
8247 attendees

### APRIL

#### WICKED

Pilbeam Theatre  
6600 attendees

### APRIL

#### CAPRICON

Library and Town Hall precinct  
6500 attendees

### APRIL

#### ANZAC DAY

Rockhampton CBD and Botanic Gardens  
8000 attendees

### MAY

#### WHOLLY COW MONTH

Rockhampton Region  
12 Partner restaurants, 19 Boutique events, 3 Signature events, with  
capstone event What's Your Beef attracting over 500 attendees

### MAY

#### ROMP IN THE PARK

Botanic Gardens  
700 attendees

### JUNE

#### LANEWAYS

Quay Lane  
2500 attendees

### JUNE

#### PETS IN THE PARK

Rigalsford Park  
300 attendees



# MAJOR PROJECTS AT A GLANCE

KERSHAW GARDENS

## ROCKHAMPTON

STANWELL

WYCARBAH

A2

CEDRIC ARCHER PARK

WESTWOOD  
MOUNT

GOGANGO



YEPPOON

42ND BATTALION MEMORIAL POOL WATER PLAY

PILBEAM WALKWAY STAGE 1

FIRST TURKEY MOUNTAIN BIKE RESERVE

REDEVELOPMENT

NORTH ROCKHAMPTON

ROCKHAMPTON

EMU  
PARK

GRACEMERE

CBD REDEVELOPMENT

K WET PLAY

NORTH ROCKHAMPTON BOAT RAMP

CARPARK AND WALKWAYS

BOULDERCOMBE

BAJOOOL

PORT  
ALMA

MORGAN

MARMOR

A1

A3

MOUNT MORGAN STREETSCAPES

# COMMUNITY FINANCIAL REPORT

(s184LGR 2012)

For the year ended 30 June 2017

The Community Financial Report provides an easy to read summary and analysis of Council's general purpose financial statements for the 2016/2017 financial year.

\$M

## SIMPLIFIED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2017

How much Council has in the bank	101.9
How much Council owns	2,307.2
How much Council is owed	18.4
<b>Total Assets</b>	<b>2,427.6</b>
How much Council owes suppliers and employees	37.7
How much Council has set aside for the rehabilitation of parks, quarries and landfills	8.1
How much Council has borrowed	143.2
<b>Total Liabilities</b>	<b>189.0</b>
<b>Net Community Assets (Wealth)</b>	<b>2,238.6</b>

The simplified balance sheet shows the value of the community's assets as at 30 June 2017. 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 2017

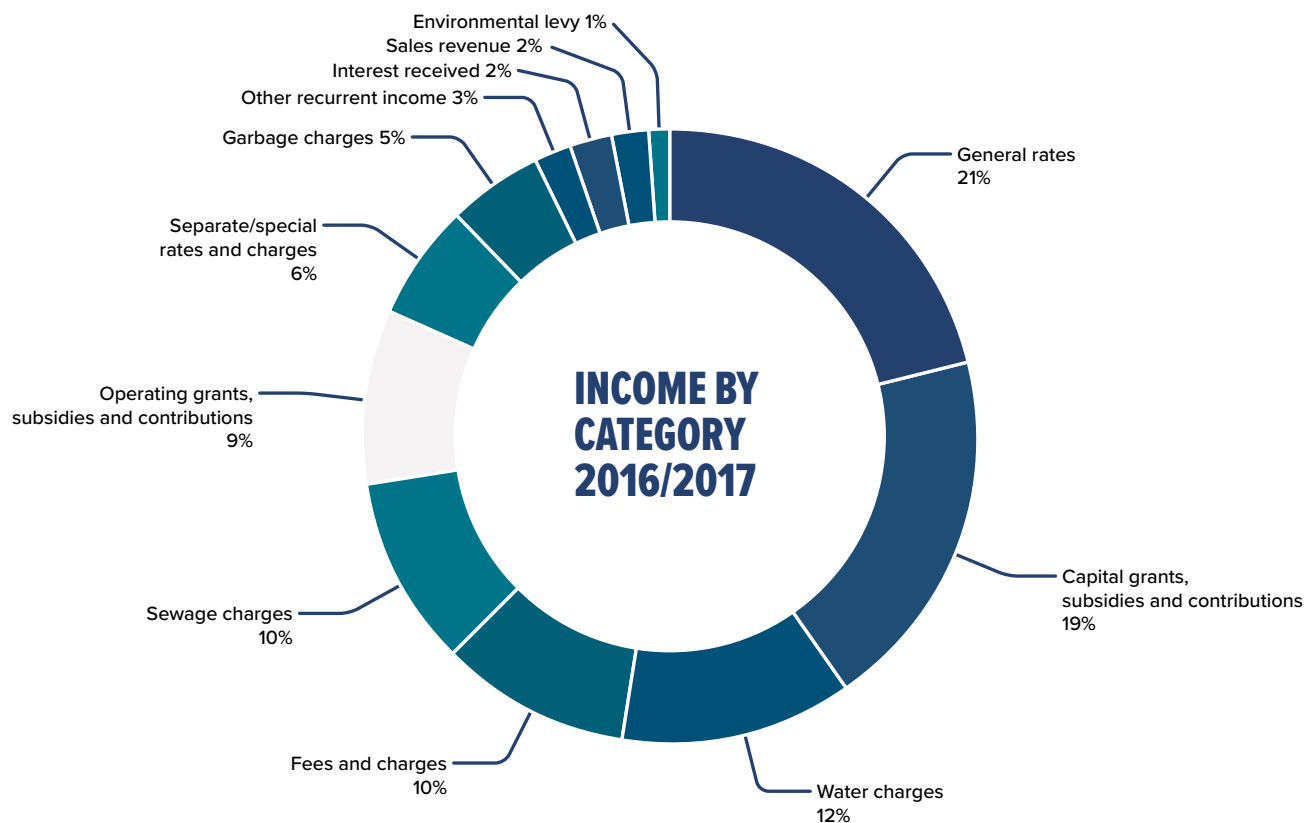
Council recorded an operating surplus of \$8.4 million for 2016-17. This was a substantial achievement given that a major flood was experienced in early April. A key component of this improved surplus is attributable to an advance payment of Council's Federal Assistance Grants for 2017-18 of \$3.7 million.

After Capital Revenue and Capital Expenses are applied, the net result attributable to Council is \$45 million. A key component is the increase in Grants and Subsidies received by Council for its Capital expenditure. Key projects such as Rockhampton Riverfront Development, Kershaw

Gardens and damage reimbursement from Tropical Cyclone Marcia in 2015 are included in this amount.

The bottom line on the Statement of Comprehensive Income was a net loss of \$90.7 million. This was due to a decline in the valuation of Council's non-current assets of \$135.8 million. This biggest adjustment in the assets related to Road assets where Council has applied a State-wide system of Road Valuation that has been developed by the Local Government Association of Queensland.





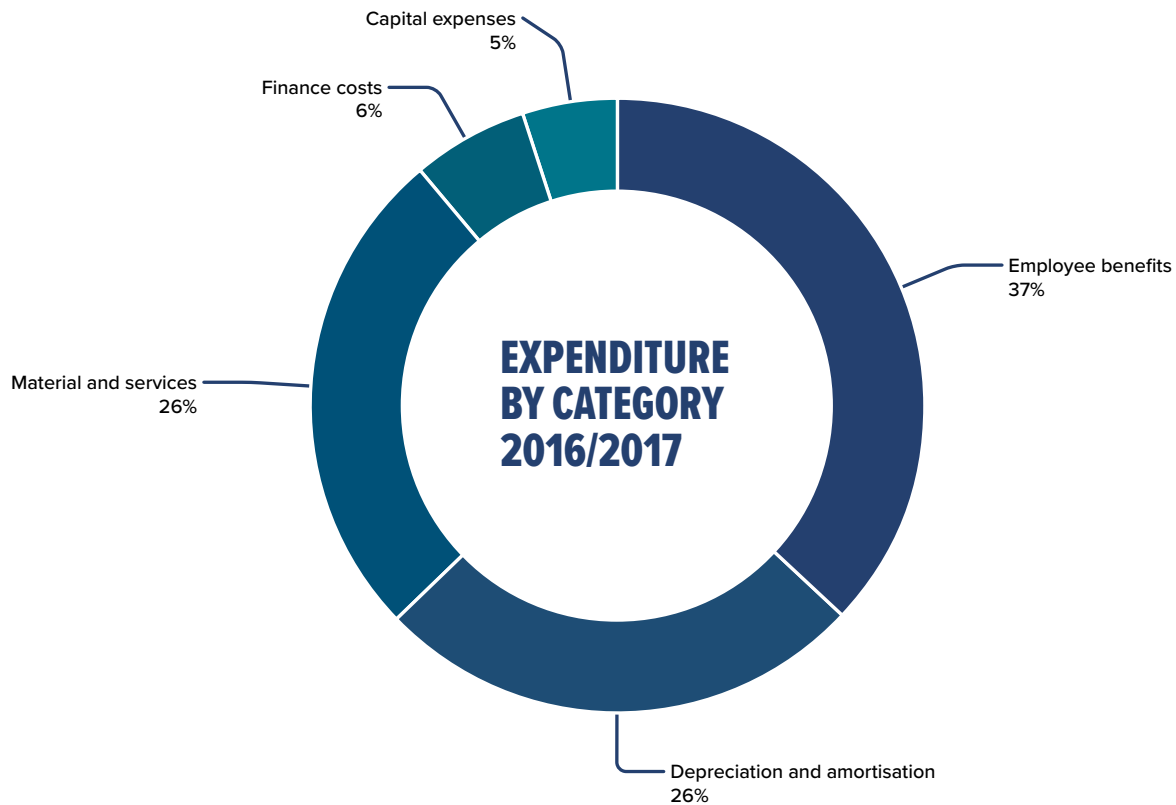
	\$M
<b>Rockhampton Regional Council</b>	
<b>Operational Results:</b>	
Total operating revenue	191.5
<b>Less operating expenses:</b>	
Employee benefits	(71.2)
Materials and services	(49.8)
Finance costs	(11.3)
Depreciation and amortisation	(50.8)
<b>Net Operational Result</b>	<b>8.4</b>
<b>Other Results:</b>	
Capital grants, subsidies, contributed assets and other capital income	46.3
Less write-off of assets and other capital expenses	(9.6)
Less increase in non-current asset values on revaluation	(135.8)
<b>Net Other Results</b>	<b>(99.1)</b>
<b>Comprehensive Income for the Year – Increase in Community Equity (Wealth)</b>	<b>(90.7)</b>

## INCOME – WHERE OUR MONEY COMES FROM...

To provide services to the community, Council must collect income. Council's total income in 2016/17 was \$237.9 million. Rates, levies and utility charges are Council's principal source of revenue and represent approximately 54.9% of Council's revenue in 2016/17. 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 2016/2017 financial year, 19% of Council's total income was comprised of capital revenue (capital grants, subsidies and contributions).



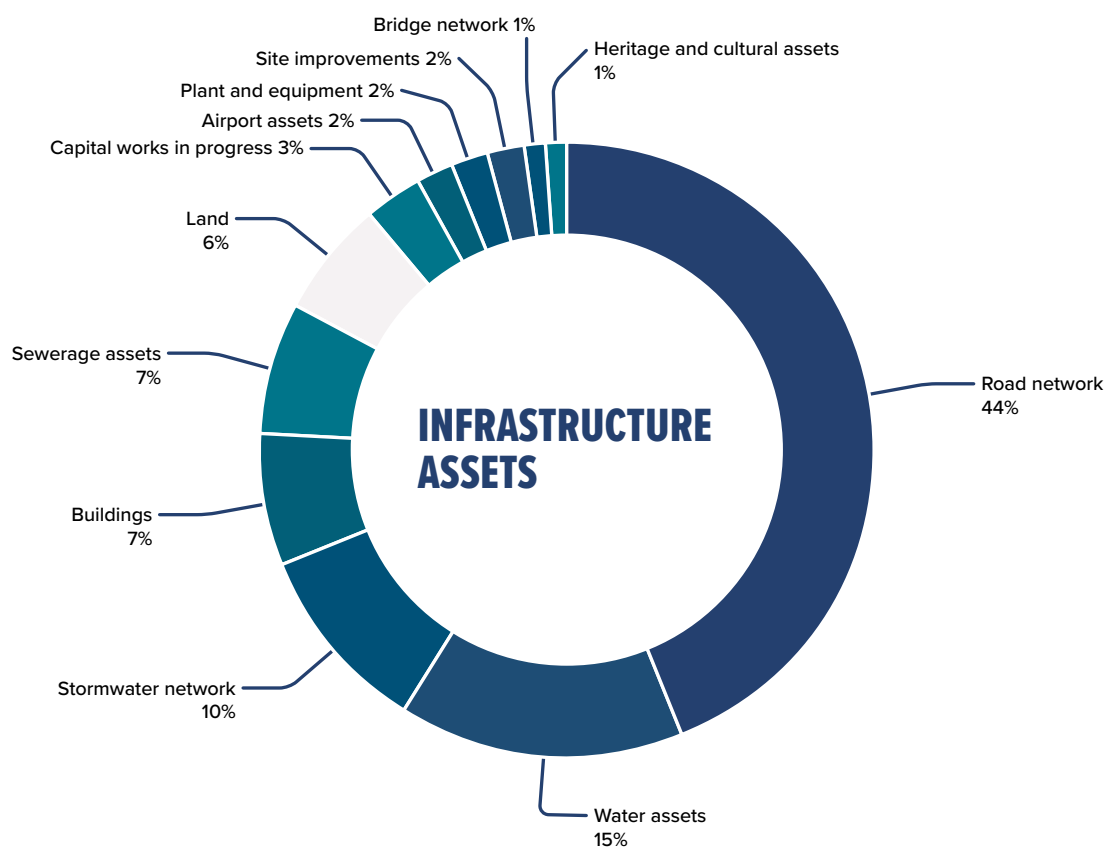
## EXPENSES – WHERE OUR MONEY IS SPENT...

Council's operational and capital expenses, as per the Statement of Comprehensive Income, totalled \$192.8 million for the 2016/17 financial year. The three largest items of Council's expenditure are employee benefits (37%), depreciation and amortisation (26%), and materials and services (26%). Council's expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and reviewed throughout the year to ensure that funds are utilised efficiently.

Council 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 some preference to local businesses when work is tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense to keep our money circulating in the region for the benefit of all who live here.

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



## WHAT ARE OUR ASSETS?

The total value of Council's assets at the end of 2016/17 was \$2,428 million. Infrastructure assets such as roads and drainage, water and sewerage, buildings and land comprise 95% of total assets, with the remaining 5% being mainly comprised of cash held in bank accounts

and investments and money owed to Council from its customers.

The following graph details the \$2,304 million of community infrastructure owned and managed by Council.

## INVESTMENT IN INFRASTRUCTURE - CAPITAL WORKS

Capital works expenditure for the 2016/17 year totalled \$94.1 million. The Riverfront Revitalisation project, which is well underway, will transform the upper and lower bank of Quay Street, the amount spent during the financial year was \$14.9 million. Council also spent \$10 million on restoration and betterment to roads following damage caused by Tropical Cyclone Marcia. Council's commitment to sound asset management practices remains strong, as evidenced by the funding of new assets and the renewal of existing assets during the 2016/17 financial year.

Significant capital projects undertaken during 2016/17 were:

- Riverbank Revitalisation
- Tropical Cyclone Marcia Restoration to roads and Kershaw Gardens
- Reseal program to road and drainage network
- Replacement and upgrade program of the Region's water and sewerage mains
- Redevelopment of the 42nd Battalion Memorial Pool
- Life extension of the Lakes Creek Road Landfill



## WHAT DO WE OWE?

Liabilities are amounts that Council owes to others. As at 30 June 2017 Council owed \$189 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 parks, quarries and landfills.

Council's borrowings at the end of 2016/17 totalled \$143.2 million, a decrease of \$10.8 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 4.3% 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.

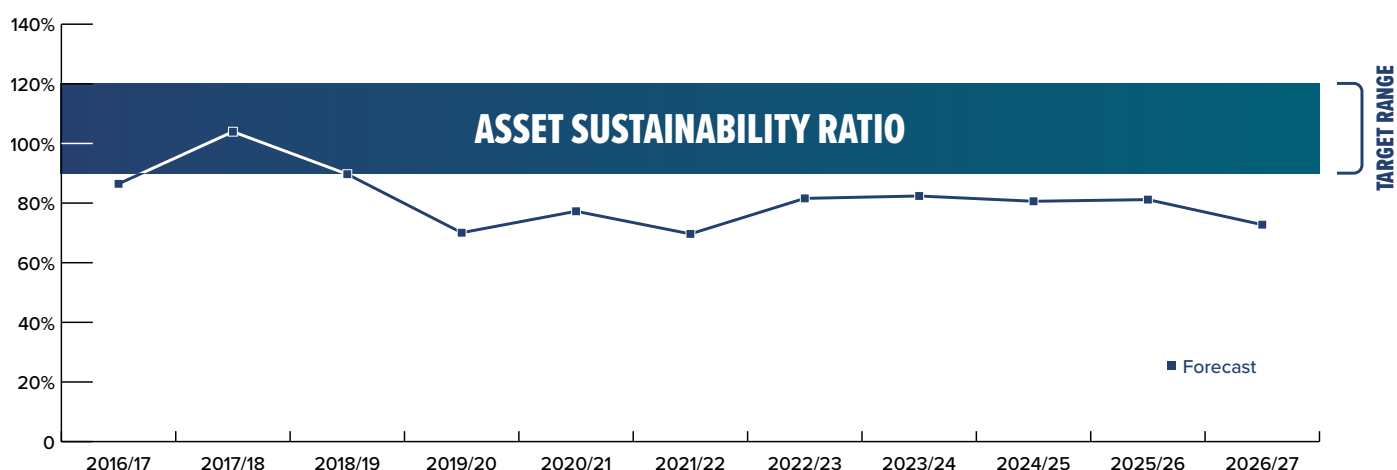
There are three measures of financial sustainability specified in the *Local Government Regulation 2012*. These have been calculated for the 2016/17 year and are shown below together with projected ratios as per Council's adopted Long Term Financial Forecast.



## 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 ratio of 4.37% for 2016/17 was positively influenced by the

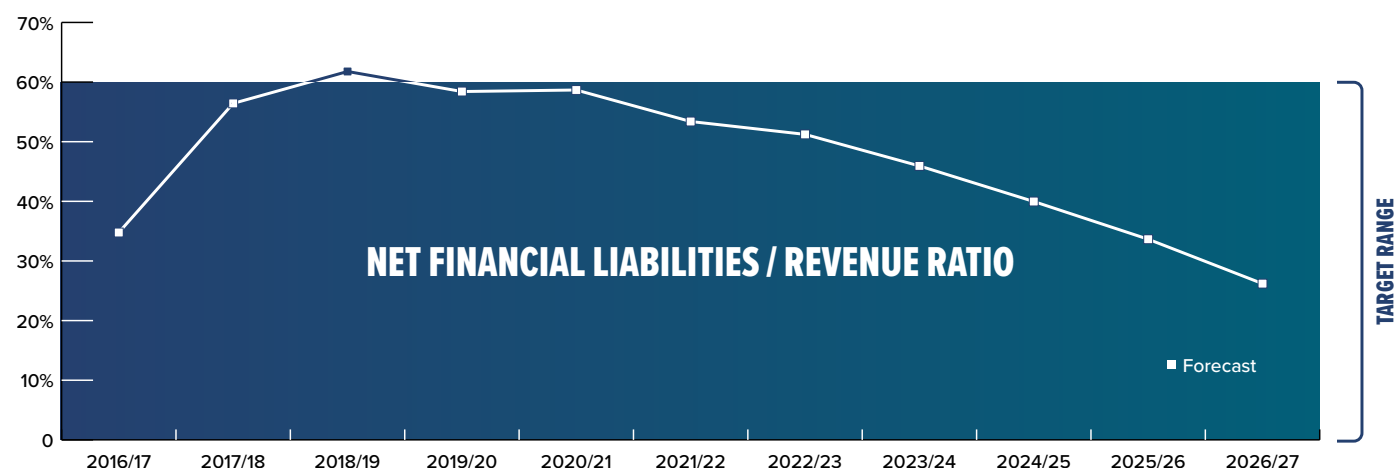
receipt of grants for restoration works from Tropical Cyclone Marcia, for recovery work associated with Tropical Cyclone Debbie, and the advance payment of half of the 2017/2018 Federal Assistance Grant. Council's long-term financial forecast shows the operating surplus ratio continuing within the target range.



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

This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council's asset management plans continue to place emphasis on renewal works and at each annual budget Council has to determine an appropriate balance between renewal projects as well as meeting the requirements of our growing community. Council's ratio of 86.45% in the 2016/17 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 2016/17 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 80.8% over the forecast period as a greater proportion of capital expenditure is invested into growth assets.



## 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 34.77%.

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

Council is doing everything possible to stimulate the local economy by boosting employment and economic activity in the region. The forward capital program will see the continuation of transformational projects such as the Riverbank Redevelopment project, development of a Cultural Precinct to house the Art Gallery, and activating laneways to transform the Central Business District of Rockhampton. Other key projects include redevelopment of Kershaw Gardens, Cedric Archer Park, Mount Morgan Streetscape and preliminary planning for the South Rockhampton Flood Levee. Works for Queensland grant money from the State Government has allowed Council to bring forward a number of projects with the aim of also stimulating the local economy.

Council will continue its substantial investment into Economic Development Initiatives to ensure Council is best placed to take advantage of future opportunities that may be presented. The recent announcement that Rockhampton will share in the FIFO hub for the Adani Carmichael mine will be a transformational project for Rockhampton Region.

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

# ➤ FINANCIAL STATEMENTS

For the year ended 30 June 2017  
(s183 LGR 2012)





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# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>INCOME</b>			
<b>RECURRENT REVENUE</b>			
Rates, levies and charges	3(a)	130,474,287	126,821,272
Fees and charges	3(b)	22,842,943	23,979,439
Interest received		3,675,787	3,570,242
Sales revenue		5,443,459	5,461,208
Other recurrent income	3(c)	7,600,113	11,660,925
Grants, subsidies and contributions	4(a)	21,476,145	25,066,311
		<b>191,512,734</b>	<b>196,559,397</b>
<b>CAPITAL REVENUE</b>			
Grants, subsidies and contributions	4(b)	45,675,266	31,500,103
Other capital income	5	666,629	11,889,767
		<b>46,341,895</b>	<b>43,389,870</b>
<b>TOTAL INCOME</b>		<b>237,854,629</b>	<b>239,949,267</b>
<b>EXPENSES</b>			
<b>RECURRENT EXPENSES</b>			
Employee benefits	6	(71,222,968)	(69,671,171)
Materials and services	7	(49,805,063)	(46,781,431)
Finance costs	8	(11,317,383)	(9,200,198)
Depreciation and amortisation	9	(50,806,476)	(49,744,453)
		<b>(183,151,890)</b>	<b>(175,397,253)</b>
<b>CAPITAL EXPENSES</b>	10	(9,642,327)	(25,055,363)
<b>TOTAL EXPENSES</b>		<b>(192,794,217)</b>	<b>(200,452,616)</b>
<b>NET RESULT ATTRIBUTABLE TO COUNCIL</b>		<b>45,060,412</b>	<b>39,496,651</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to net result			
(Decrease) / increase in asset revaluation surplus	18	(135,803,564)	189,964,603
<b>Total other comprehensive income for the year</b>		<b>(135,803,564)</b>	<b>189,964,603</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(90,743,152)</b>	<b>229,461,254</b>

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	26,930,803	31,538,004
Investments	12	75,000,000	75,000,000
Receivables	13	18,435,432	14,681,641
Inventories		1,723,224	1,830,573
		122,089,459	123,050,218
Assets classified as held for sale		327,346	320,000
<b>Total current assets</b>		<b>122,416,805</b>	<b>123,370,218</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	2,303,966,218	2,406,033,846
Intangible assets		1,217,002	1,438,053
Total non-current assets		2,305,183,220	2,407,471,899
<b>TOTAL ASSETS</b>		<b>2,427,600,025</b>	<b>2,530,842,117</b>
<b>CURRENT LIABILITIES</b>			
Payables	15	20,203,531	16,924,320
Provisions	16	14,985,411	16,177,635
Borrowings	17	19,535,892	18,171,619
Other liabilities		574,538	543,344
<b>Total current liabilities</b>		<b>55,299,372</b>	<b>51,816,918</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	16	6,644,096	8,931,404
Borrowings	17	123,684,882	135,860,501
Other liabilities		3,370,114	2,406,813
<b>Total non-current liabilities</b>		<b>133,699,092</b>	<b>147,198,718</b>
<b>TOTAL LIABILITIES</b>		<b>188,998,464</b>	<b>199,015,636</b>
<b>NET COMMUNITY ASSETS</b>		<b>2,238,601,561</b>	<b>2,331,826,481</b>
<b>COMMUNITY EQUITY</b>			
Retained surplus		1,379,395,989	1,336,817,345
Asset revaluation surplus	18	859,205,572	995,009,136
<b>TOTAL COMMUNITY EQUITY</b>		<b>2,238,601,561</b>	<b>2,331,826,481</b>

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 2017

	Note	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<b>Balance at beginning of year</b>		<b>2,331,826,481</b>	<b>2,102,365,227</b>	<b>1,336,817,345</b>	<b>1,297,320,694</b>	<b>995,009,136</b>	<b>805,044,533</b>
Adjustment to opening balance	14	(2,481,768)	-	(2,481,768)	-	-	-
Restated balances		2,329,344,713	2,102,365,227	1,334,335,577	1,297,320,694	995,009,136	805,044,533
Net result attributable to Council		45,060,412	39,496,651	45,060,412	39,496,651	-	-
Other comprehensive income for the year							
Adjustment to asset revaluation surplus:							
Property, plant & equipment		(135,803,564)	189,964,603	-	-	(135,803,564)	189,964,603
<b>Total comprehensive income for year</b>		<b>(90,743,152)</b>	<b>229,461,254</b>	<b>45,060,412</b>	<b>39,496,651</b>	<b>(135,803,564)</b>	<b>189,964,603</b>
<b>Balance at end of year</b>		<b>2,238,601,561</b>	<b>2,331,826,481</b>	<b>1,379,395,989</b>	<b>1,336,817,345</b>	<b>859,205,572</b>	<b>995,009,136</b>

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 2017

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rates, levies and charges		130,089,574	126,184,916
Fees and charges		22,842,943	23,979,440
Grants, subsidies and contributions		21,476,145	25,066,311
Interest received		3,627,741	3,264,066
Other income		6,999,886	22,199,275
Net GST paid		177,537	271,699
Payments to suppliers		(49,094,329)	(49,225,407)
Payments to employees		(70,783,056)	(69,793,175)
Interest expense		(8,188,692)	(8,542,030)
<b>Net cash inflow from operating activities</b>	<b>23</b>	<b>57,147,749</b>	<b>73,405,095</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Government subsidies and grants		35,156,874	16,775,200
Capital contributions		6,493,664	3,775,659
Payments for property, plant and equipment		(93,448,114)	(66,148,277)
Payments for intangible assets		(270,666)	(442,531)
Net transfer to cash investments	12	-	(45,000,000)
Proceeds from sale of property plant and equipment		1,124,638	2,619,835
<b>Net cash outflow from investing activities</b>		<b>(50,943,604)</b>	<b>(88,420,114)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	17	7,041,394	12,969,708
Repayment of borrowings	17	(17,852,740)	(15,117,873)
<b>Net cash outflow from financing activities</b>		<b>(10,811,346)</b>	<b>(2,148,165)</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(4,607,201)</b>	<b>(17,163,184)</b>
Cash and cash equivalents at beginning of reporting year		31,538,004	48,701,188
<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR</b>	<b>11</b>	<b>26,930,803</b>	<b>31,538,004</b>

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 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009*, the *Local Government Regulation 2012*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

These general purpose financial statements comply with all accounting standards and interpretations issued by the 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:

- 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 28.

## 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

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

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 29.

### Standards that are not yet effective

At the date of authorisation of the financial report, AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

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

### AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 *Financial Instruments*, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. Council is yet to undertake a detailed assessment of the impact of AASB 9 on its financial statements.

### 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 (effective from 1 January 2019)

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Council is still reviewing the way that revenue is measured and recognised to determine the materiality of impacts arising from these standards.

## 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 21
- 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 and the Chief Executive Officer and includes internal audit and governance sections.

#### Regional Development

The objective of the Regional Development department 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, Regional Promotions and Strategic Planning.

#### 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.

#### 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, workforce and strategy, asset management, organisational development services and fleet and plant services. The goal of Corporate Services is to provide accurate, timely and appropriate information and services to all areas of Council to support sound decision making and to meet statutory requirements.

#### Community Services

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

#### 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		2017 \$	2017 \$		2017 \$	2017 \$				
	Grants	Other	Grants	Other			Recurrent			Capital			
											2017 \$	2017 \$	2017 \$
		2017 \$											
Office of the CEO	32,622	41,305	-	-	-	73,927	-	3,533,595	-	3,533,595	(3,459,668)	(3,459,668)	175,122
Regional Development	-	121,410	-	-	-	121,410	-	5,153,215	-	5,153,215	(5,031,805)	(5,031,805)	-
Regional Services	4,110,661	1,569,304	25,435,776	3,688,155	-	34,803,896	5,343,879	43,534,629	5,343,879	48,878,508	(37,854,664)	(14,074,612)	1,285,703,105
Corporate Services	557,216	1,500,959	708,000	54,847	-	2,821,022	282,428	17,854,675	282,428	18,137,103	(15,796,500)	(15,316,081)	44,948,591
Community Services	4,660,441	8,237,849	5,415,692	371,983	-	18,685,965	1,082,214	52,707,022	1,082,214	53,789,236	(39,808,732)	(35,103,271)	193,860,601
Airport	3,636	15,310,728	-	-	-	15,314,364	14,503	14,225,343	14,503	14,239,846	1,089,021	1,074,518	101,862,429
Waste & Recycling	-	17,008,243	-	630,945	-	17,639,188	-	14,329,644	-	14,329,644	2,678,599	3,309,544	29,887,892
Fitzroy River Water	650,455	61,553,883	3,597,406	2,895,449	-	68,697,193	2,919,303	57,310,346	2,919,303	60,229,649	4,893,992	8,467,544	541,125,512
Total	21,403,717	170,109,017	35,156,874	11,185,021	-	237,854,629	9,642,327	183,151,890	9,642,327	192,794,217	8,360,844	45,060,412	2,427,600,025

**PRIOR YEAR**

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									
	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$
Resourcing	12,551,858	62,305,556	-	1,860,825	76,718,240	-	(27,670,628)	-	(27,670,628)	102,528,042	104,388,868	228,948,705	
Office of the CEO	-	17,956	-	-	17,956	-	3,203,928	-	3,203,928	(3,185,971)	(3,185,972)	36,789	
Regional Development	1,000	272,702	-	(5,400)	268,302	-	3,995,397	-	3,995,397	(3,721,696)	(3,727,095)	(0)	
Regional Services	5,570,241	1,414,158	15,006,860	13,141,473	35,132,731	21,753,495	37,760,594	21,753,495	59,514,088	(30,776,195)	(24,381,357)	1,414,377,280	
Corporate Services	451,808	1,711,158	-	(102,150)	2,060,816	23,010	16,787,770	23,010	16,810,780	(14,624,804)	(14,749,964)	44,834,214	
Community Services	5,922,919	11,836,727	599,796	3,684,684	22,044,126	778,061	52,612,895	778,061	53,390,957	(34,853,249)	(31,346,831)	174,697,392	
Airport	16,136	14,693,062	-	2,215,277	16,924,475	355,766	14,298,631	355,766	14,654,396	410,567	2,270,079	98,341,447	
Waste & Recycling	86,103	17,838,208	-	2,677,276	20,601,587	227,153	17,551,398	227,153	17,778,551	372,912	2,823,036	30,442,528	
Fitzroy River Water	252,038	61,617,767	1,168,531	3,142,698	66,181,034	1,917,880	56,857,267	1,917,880	58,775,147	5,012,538	7,405,887	539,163,760	
Total	24,852,105	171,707,293	16,775,187	26,614,682	239,949,267	25,055,364	175,397,252	25,055,364	200,452,616	21,162,144	39,496,651	2,530,842,117	



### 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	54,003,275	51,379,477
Separate rates	17,778,397	17,647,432
Special rates	91,340	96,815
Water	29,615,855	29,756,114
Sewerage	27,053,047	25,958,560
Garbage charges	14,593,772	14,185,520
Rates and utility charge revenue	143,135,686	139,023,918
Less: Discounts	(11,158,272)	(10,714,870)
Less: Pensioner remissions	(1,503,127)	(1,487,776)
<b>Net rates and utility charges</b>	<b>130,474,287</b>	<b>126,821,272</b>

#### 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	11,153,724	10,654,064
Waste and recycling fees	3,745,233	4,924,884
Venues, events, tourism and cultural fees	2,519,220	2,865,614
Building, plumbing and development fees	1,594,179	1,605,935
Local laws and health licencing fees	1,418,484	1,573,659
Irrigator and commercial water fees	1,318,083	1,386,839
Other fees	1,094,020	968,444
	<b>22,842,943</b>	<b>23,979,439</b>

#### 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	3,103,326	3,045,118
Commission and collection fees	1,966,176	1,947,355
Insurance	66,239	3,464,835
Other income	2,464,372	3,203,617
	<b>7,600,113</b>	<b>11,660,925</b>

## 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	10,990,249	7,094,781
Government subsidies and grants	10,413,468	17,757,323
Contributions	72,428	214,207
<b>Total recurrent revenue</b>	<b>21,476,145</b>	<b>25,066,311</b>

### 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	35,156,874	16,775,187
Contributions	5,530,363	3,618,812
	<b>40,687,237</b>	<b>20,393,999</b>

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

Developer assets contributed by developers at fair value	4,855,207	8,576,887
Other physical assets contributed at fair value	132,822	2,529,217
	<b>4,988,029</b>	<b>11,106,104</b>
<b>Total capital revenue</b>	<b>45,675,266</b>	<b>31,500,103</b>

### 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	212,340	223,779
Non-reciprocal grants for expenditure on infrastructure	5,427,251	2,971,739
	<b>5,639,591</b>	<b>3,195,518</b>

	Note	2017 \$	2016 \$
<b>5 CAPITAL INCOME</b>			
Gain from assets not previously recognised	14	-	6,973,002
Gain on the disposal of non-current assets			
(a) <b>Proceeds from disposal of land</b>		-	8,303
Less: Book value of land disposed		-	(13,641)
		-	(5,338)
(b) <b>Proceeds from disposal of plant and equipment</b>		-	1,410,080
Less: Book value of plant and equipment disposed		-	(1,638,676)
		-	(228,596)
(c) <b>Non cash restoration / proceeds due to disposal of buildings</b>		-	1,331,918
Less: Book value of building assets disposed		-	(485,637)
		-	846,281
(d) <b>Non cash restoration / proceeds from disposal of site improvement assets</b>		-	1,657,681
Less: Book value of site improvements disposed		-	(99,594)
		-	1,558,087
(e) <b>Non cash restoration of heritage and cultural assets</b>		-	120,334
Less: Book value of heritage and cultural assets disposed		-	(29,625)
		-	90,709
(f) <b>Insurance proceeds from water assets</b>		-	2,695
Less: Book value of water assets disposed		-	-
		-	2,695
Quarry rehabilitation - change from revision of future restoration expenditure	16	12,935	16,606
Quarry rehabilitation - reduction in rehabilitation provision for future costs, due to a change in discount rate	16	21,984	-
Landfill restoration - change from revision of future restoration expenditure	16	511,047	2,636,321
Landfill restoration - reduction in restoration provision for future costs, due to a change in discount rate	16	119,898	-
Parks remediation - reduction in remediation provision for future costs, due to a change in discount rate	16	765	-
<b>Total capital income</b>		<b>666,629</b>	<b>11,889,767</b>



## 6 EMPLOYEE BENEFITS

	Note	2017 \$	2016 \$
Total staff wages and salaries		64,056,409	59,564,882
Councillors' remuneration		990,224	1,091,450
Annual, sick and long service leave entitlements		8,710,022	7,815,546
Superannuation	22	7,519,122	7,155,795
		81,275,777	75,627,673
Other employee related expenses		1,345,688	3,491,799
		82,621,465	79,119,472
Less: Capitalised employee expenses		(11,398,497)	(9,448,301)
		<b>71,222,968</b>	<b>69,671,171</b>

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

Total employees at year end:	2017 No.	2016 No.
Elected members	8	8
Administration staff	507	491
Depot and outdoors staff	362	363
<b>Total full time equivalent employees</b>	<b>877</b>	<b>862</b>

## 7 MATERIALS AND SERVICES

	Note	2017 \$	2016 \$
Audit of annual financial statements by the Auditor-General of Queensland		219,377	265,533
Advertising and marketing		1,153,227	886,368
Administration supplies and consumables		964,281	990,281
Communications and IT		3,289,509	2,636,247
Consultants		3,934,343	4,430,507
Contractors		13,917,547	10,682,548
Donations paid		854,529	1,053,506
Insurance		2,498,842	2,598,950
Electricity		6,260,930	5,991,828
Repairs and maintenance		13,124,961	11,614,683
Rentals - operating leases		258,114	76,622
Other materials and services		3,329,403	5,554,358
		<b>49,805,063</b>	<b>46,781,431</b>

	Note	2017 \$	2016 \$
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## 8 FINANCE COSTS

Finance costs charged by the Queensland Treasury Corporation		8,188,692	8,542,030
Bank charges		335,424	353,771
Impairment of receivables		2,638,868	49,887
Quarry rehabilitation - change in present value over time	16	10,563	13,512
Landfill sites restoration - change in present value over time	16	116,785	166,521
Parks remediation - change in present value over time	16	27,051	74,477
		<b>11,317,383</b>	<b>9,200,198</b>

	Note	2017 \$	2016 \$
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## 9 DEPRECIATION AND AMORTISATION

### Depreciation of non-current assets

Site improvements		2,380,479	2,529,046
Buildings		6,926,098	7,069,257
Plant and equipment		5,130,818	4,791,467
Road network		16,632,465	16,392,490
Stormwater network		3,498,785	3,307,352
Bridge network		844,690	590,038
Water		7,879,569	7,663,139
Sewerage		5,454,723	5,208,080
Airport		1,566,699	1,350,378
Heritage and cultural assets <sup>†</sup>		432	159,002
Total depreciation of non-current assets	14	50,314,758	49,060,249

### Amortisation of intangible assets

Computer software		491,718	684,204
Total amortisation of intangible assets		491,718	684,204

<b>Total depreciation and amortisation</b>		<b>50,806,476</b>	<b>49,744,453</b>
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<sup>†</sup>The heritage buildings were transferred to the Buildings asset class in 2016/17 - being the only depreciable assets in the Heritage and Cultural class.

## 10 CAPITAL EXPENSES

### Loss on the disposal non-current assets

	Note	2017 \$	2016 \$
(a) <b>Proceeds from disposal of land</b>		(6,818)	-
Less: Book value of land disposed		210,000	-
		203,182	-
(b) <b>Proceeds from disposal of plant and equipment</b>		(1,117,820)	-
Less: Book value of plant and equipment disposed		1,101,680	-
		(16,140)	-
<b>Write off of non-current assets</b>			
Site improvements		220,975	318,986
Buildings		946,116	479,591
Plant and equipment		7,482	16,850
Road network		5,208,584	17,230,113
Stormwater network		135,295	4,285,888
Bridge network		3,988	187,057
Water		2,265,062	1,401,157
Sewer		653,280	516,723
Airport		14,503	355,740
Intangible assets		-	13,062
Quarry rehabilitation - increase in rehabilitation provision for future costs, due to a change in discount rate	16	-	41,917
Landfill restoration - increase in restoration provision for future costs, due to a change in discount rate	16	-	190,745
Parks remediation - increase in remediation provision for future costs, due to a change in discount rate	16	-	17,534
<b>Total capital expenses</b>		<b>9,642,327</b>	<b>25,055,363</b>

## 11 CASH AND CASH EQUIVALENTS

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

Cash at bank and on hand	2,104,462	1,905,020
Deposits at call	24,826,341	29,632,984
<b>Balance as per statement of cash flows</b>	<b>26,930,803</b>	<b>31,538,004</b>

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

Unspent government grants and subsidies	6,291,035	3,971,506
Unspent developer contributions	19,263,226	17,663,632
<b>Total restricted cash</b>	<b>25,554,261</b>	<b>21,635,138</b>

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

1,071,531	1,335,915
<b>1,071,531</b>	<b>1,335,915</b>

## 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	75,000,000	30,000,000
Transfers from operating bank account	-	45,000,000
	<b>75,000,000</b>	<b>75,000,000</b>

Term deposits at fixed interest rates are held with the following financial institutions (respective short term credit ratings noted in brackets): National Australia Bank (A1+), Westpac (A1+), Suncorp (A1), Bendigo Bank (A2), Bank of Queensland (A2), The Rock (A2). Maturity ranges from 6 to 9 months and bear interest rates from 2.60% to 2.80%.



## 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	7,036,971	7,589,574
Less: impairment	(300,410)	(15,677)
	6,736,561	7,573,897
Water charges yet to be levied	1,280,500	58,451
GST recoverable	744,342	921,879
Other debtors	9,726,657	3,989,952
Less: impairment	(2,375,408)	(122,760)
	9,376,091	4,847,522
Prepayments	2,322,780	2,260,222
	<b>18,435,432</b>	<b>14,681,641</b>

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	138,437	94,185
Impairment adjustment in the year	62,351	(3,170)
Impairment debts written off during the year	(101,487)	(49,887)
Impairments recognised	2,576,517	97,309
<b>Closing balance</b>	<b>2,675,818</b>	<b>138,437</b>

# 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
Asset values		\$	\$	\$	\$	\$
Opening gross value as at 1 July 2016		129,522,350	87,355,216	281,541,274	63,933,365	1,385,055,534
Adjustment to opening value		-	-	670,693	(10,000)	(194,532)
Additions at cost		1,877,405	769,116	-	6,112,506	8,324,830
Prior year write off of additions at cost		-	-	-	-	-
Contributed assets at valuation		-	-	77,974	54,846	2,484,493
Reassessment of landfill restoration cost		-	356,446	-	-	-
Transfers between classes		(7,345)	(4,415,910)	8,386,167	42,915	2,289,318
Transfers from work in progress		332,078	463,391	125,119	844,652	8,395,766
Disposals		(210,000)	-	-	(4,011,336)	-
Revaluation adjustment to asset revaluation surplus	18	-	-	(9,958,789)	-	(133,123,323)
Disaster event 2015 asset adjustments	24	-	-	84,152	-	855,957
Write offs	10	-	(476,700)	(2,054,137)	(46,005)	(11,836,708)
Transfer to intangible assets		-	-	-	-	-
<b>Closing gross value as at 30 June 2017</b>		<b>131,514,488</b>	<b>84,051,559</b>	<b>278,872,453</b>	<b>66,920,943</b>	<b>1,262,251,335</b>
<b>Accumulated depreciation and impairment</b>						
Opening gross value as at 1 July 2016		-	30,118,878	127,334,428	30,001,572	251,472,767
Adjustment to opening value		-	-	(163,488)	(9,687)	(307,182)
Depreciation provided in period	9	-	2,380,479	6,926,098	5,130,818	16,632,465
Depreciation on disposals		-	-	-	(2,909,656)	-
Revaluation adjustment to asset revaluation surplus	18	-	-	(31,282,072)	-	(3,108,161)
Disaster event 2015 asset adjustments	24	-	-	127,505	-	153,240
Depreciation on write offs	10	-	(255,725)	(1,108,021)	(38,523)	(6,628,124)
Transfers between classes		-	(1,025,428)	4,724,465	(55,686)	480,017
<b>Accumulated depreciation as at 30 June 2017</b>		<b>-</b>	<b>31,218,204</b>	<b>106,558,915</b>	<b>32,118,838</b>	<b>258,695,022</b>
<b>Net value at 30 June 2017</b>		<b>131,514,488</b>	<b>52,833,355</b>	<b>172,313,538</b>	<b>34,802,105</b>	<b>1,003,556,313</b>
Residual value		-	-	-	9,640,237	-
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 150	3 - 40	10 - 1,000
Additions comprise:		\$	\$	\$	\$	\$
Infrastructure Renewals		-	533,912	-	4,609,990	4,813,043
Other additions (Net of transfer to intangibles)		1,877,405	235,204	-	1,502,516	3,511,787
<b>Total additions</b>		<b>1,877,405</b>	<b>769,116</b>	<b>-</b>	<b>6,112,506</b>	<b>8,324,830</b>

	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	
	\$	\$	\$	\$	\$	\$	\$	\$
	349,537,963	51,227,079	547,111,087	303,042,422	60,502,377	21,768,440	46,754,119	3,327,351,226
	(6,355,268)	24,336	92,455	57,728	-	-	-	(5,714,588)
	6,060,425	-	3,796,225	3,829,084	801,787	8,000	62,475,001	94,054,379
	-	-	-	-	-	-	(1,821,414)	(1,821,414)
	1,333,618	-	553,980	483,118	-	-	-	4,988,029
	-	-	-	-	-	-	-	356,446
	111,936	316,581	121,557	(298,389)	-	(6,554,177)	-	(7,346)
	2,579,649	-	7,430,477	6,197,204	5,283,857	50,000	(31,702,193)	-
	-	-	-	-	-	-	-	(4,221,336)
	(29,670,157)	-	-	-	-	-	-	(172,752,269)
	-	-	-	-	-	-	-	940,109
	(238,378)	(10,500)	(6,396,335)	(2,640,375)	(2,127,021)	-	-	(25,826,159)
	-	-	-	-	-	-	(270,666)	(270,666)
	<b>323,359,788</b>	<b>51,557,496</b>	<b>552,709,446</b>	<b>310,670,792</b>	<b>64,461,000</b>	<b>15,272,263</b>	<b>75,434,847</b>	<b>3,217,076,411</b>
	100,159,646	19,487,630	202,445,886	137,274,628	18,784,222	4,237,723	-	921,317,380
	(2,739,646)	-	-	(12,817)	-	-	-	(3,232,820)
	3,498,785	844,690	7,879,569	5,454,723	1,566,699	432	-	50,314,758
	-	-	-	-	-	-	-	(2,909,656)
	(1,899,107)	-	-	-	-	-	-	(36,289,340)
	-	-	-	-	-	-	-	280,745
	(103,083)	(6,512)	(4,131,273)	(1,987,096)	(2,112,517)	-	-	(16,370,874)
	93,871	76,883	24,220	(80,188)	-	(4,238,154)	-	-
	<b>99,010,466</b>	<b>20,402,691</b>	<b>206,218,402</b>	<b>140,649,250</b>	<b>18,238,405</b>	<b>-</b>	<b>-</b>	<b>913,110,193</b>
	<b>224,349,322</b>	<b>31,154,805</b>	<b>346,491,045</b>	<b>170,021,542</b>	<b>46,222,595</b>	<b>15,272,263</b>	<b>75,434,847</b>	<b>2,303,966,218</b>
	-	-	-	-	-	-	-	9,640,237
	25 - 120	10 - 80	15 - 120	15 - 100	7 - 1,000	Not depreciated		
	\$	\$	\$	\$	\$	\$	\$	\$
	1,053,629	-	3,368,874	2,252,131	624,424	-	26,199,161	43,455,164
	5,006,796	-	427,351	1,576,953	177,363	8,000	36,005,174	50,328,549
	<b>6,060,425</b>	<b>-</b>	<b>3,796,225</b>	<b>3,829,084</b>	<b>801,787</b>	<b>8,000</b>	<b>62,204,335</b>	<b>93,783,713</b>

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
Asset values		\$	\$	\$	\$	\$
Opening gross value as at 1 July 2015		128,154,113	85,927,174	277,887,095	64,767,005	1,522,847,565
Additions at cost		474,512	558,109	2,807,628	4,290,347	8,882,278
Prior year write off of additions at cost		-	-	-	-	-
Contributed assets at valuation & non-cash insurance restoration		897,619	741,872	2,108,151	112,794	3,926,862
Assets not previously recognised	5	-	75,476	13,371	-	6,425,755
Reassessment of landfill restoration cost		-	98,578	-	-	-
Transfers between classes		-	(332,143)	(126,783)	-	(325,590,370)
Transfers from work in progress		8,293	459,842	515,164	784,937	10,126,348
Disposals		(12,187)	(152,051)	(885,485)	(5,267,172)	-
Revaluation adjustment to asset revaluation surplus	18	-	-	-	-	184,098,646
Disaster event 2015 asset adjustments	24	-	539,531	466,268	-	(250,476)
Write offs	10	-	(561,172)	(1,244,135)	(754,546)	(25,411,074)
Transfer to intangible assets		-	-	-	-	-
<b>Closing gross value as at 30 June 2016</b>		<b>129,522,350</b>	<b>87,355,216</b>	<b>281,541,274</b>	<b>63,933,365</b>	<b>1,385,055,534</b>
<b>Accumulated depreciation and impairment</b>						
Opening gross value as at 1 July 2015		-	27,927,213	121,151,957	29,576,296	320,208,932
Depreciation provided in period	9	-	2,529,046	7,069,257	4,791,467	16,392,490
Depreciation on disposals		-	(52,456)	(399,848)	(3,628,496)	-
Revaluation adjustment to asset revaluation surplus	18	-	-	-	-	14,561,689
Disaster event 2015 asset adjustments	24	-	63,707	269,770	-	17,498
Depreciation on write offs	10	-	(242,185)	(764,544)	(737,695)	(8,180,961)
Transfers between classes		-	(106,447)	7,836	-	(91,526,881)
<b>Accumulated depreciation as at 30 June 2016</b>		<b>-</b>	<b>30,118,878</b>	<b>127,334,428</b>	<b>30,001,572</b>	<b>251,472,767</b>
<b>Net value at 30 June 2016</b>		<b>129,522,350</b>	<b>57,236,338</b>	<b>154,206,846</b>	<b>33,931,793</b>	<b>1,133,582,767</b>
Residual value		-	-	-	9,382,178	-
Range of estimated useful life in years		Not depreciated	10 - 102	10 - 80	3 - 40	10 - 1,000
Additions comprise:		\$	\$	\$	\$	\$
Infrastructure Renewals		-	154,749	1,072,625	3,467,870	5,254,851
Other additions (Net of transfer to intangibles)		474,512	403,360	1,735,003	822,478	3,627,427
<b>Total additions</b>		<b>474,512</b>	<b>558,109</b>	<b>2,807,628</b>	<b>4,290,348</b>	<b>8,882,278</b>



	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	
	\$	\$	\$	\$	\$	\$	\$	\$
	-	41,531,100	536,216,260	301,830,501	62,659,308	21,561,691	37,381,445	3,080,763,257
	2,594,249	472,125	5,284,227	2,596,644	-	22,550	36,394,412	64,377,081
	-	-	-	-	-	-	(2,888,088)	(2,888,088)
	3,163,020	-	1,145,091	669,606	-	252,264	-	13,017,279
	113,651	220,350	35,727	-	88,673	-	-	6,973,003
	-	-	-	-	-	-	-	98,578
	330,431,272	418,844	-	3,000	(4,803,820)	-	-	-
	1,438,313	481,577	8,897,073	730,628	248,944	-	(23,691,119)	-
	-	-	-	-	-	(102,869)	-	(6,419,764)
	18,689,965	8,420,423	-	-	2,748,731	-	-	213,957,765
	-	46,207	-	-	-	34,804	-	836,334
	(6,892,507)	(363,547)	(4,467,291)	(2,787,957)	(439,459)	-	-	(42,921,688)
	-	-	-	-	-	-	(442,531)	(442,531)
	<b>349,537,963</b>	<b>51,227,079</b>	<b>547,111,087</b>	<b>303,042,422</b>	<b>60,502,377</b>	<b>21,768,440</b>	<b>46,754,119</b>	<b>3,327,351,226</b>
	-	10,232,799	197,848,881	134,336,292	24,302,279	4,126,610	-	869,711,259
	3,307,352	590,038	7,663,139	5,208,080	1,350,378	159,002	-	49,060,249
	-	-	-	-	-	(73,244)	-	(4,154,044)
	5,417,615	8,804,367	-	-	(4,303,220)	-	-	24,480,451
	-	(27,285)	-	-	-	25,355	-	349,045
	(2,606,619)	(176,489)	(3,066,134)	(2,271,234)	(83,719)	-	-	(18,129,580)
	94,041,298	64,200	-	1,490	(2,481,496)	-	-	-
	<b>100,159,646</b>	<b>19,487,630</b>	<b>202,445,886</b>	<b>137,274,628</b>	<b>18,784,222</b>	<b>4,237,723</b>	-	<b>921,317,380</b>
	<b>249,378,317</b>	<b>31,739,449</b>	<b>344,665,201</b>	<b>165,767,794</b>	<b>41,718,155</b>	<b>17,530,717</b>	<b>46,754,119</b>	<b>2,406,033,846</b>
	-	-	-	-	-	-	-	9,382,178
	15 - 130	10 - 80	15 - 120	15 - 100	7 - 1,000	"Buildings only 15 - 75"		
	\$	\$	\$	\$	\$	\$	\$	\$
	563,768	321,275	3,655,645	2,188,000	-	-	19,609,328	36,288,111
	2,030,481	150,851	1,628,581	408,644	-	22,550	16,992,094	28,295,981
	<b>2,594,249</b>	<b>472,126</b>	<b>5,284,226</b>	<b>2,596,644</b>	-	<b>22,550</b>	<b>36,601,422</b>	<b>64,584,092</b>

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

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 the revaluations 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 from Level 3 to 2 for the building 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, APV Valuers & Asset Management, effective 30 April 2014. An indices assessment of the land assets was conducted by Australis Asset Advisory Group at 31 March 2017 which found no material movements in value, and as a result no valuation adjustment was undertaken.

Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key

attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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

	2017 \$	2016 \$
<b>Land</b>		
Observable market - (level 2)	79,410,944	79,550,944
No observable market - (level 3)	52,103,544	49,971,406
<b>Total</b>	<b>131,514,488</b>	<b>129,522,350</b>

### Buildings (level 2 & 3)

The fair value of buildings were determined by independent valuer, Australis Asset Advisory Group, effective 31 March 2017.

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.

	2017 \$	2016 \$
<b>Buildings</b>		
Non specialised buildings observable market (level 2)	5,462,761	-
Non specialised buildings - (level 3)	3,491,188	-
Specialised Buildings - (level 3)	163,359,589	154,206,846
<b>Total</b>	<b>172,313,538</b>	<b>154,206,846</b>

The previous valuation in 2011/12 was undertaken under AASB116 *Property, Plant and Equipment* utilising the cost approach. The current valuation recognised the market approach for the valuation for non-specialised buildings where there was an observable market resulting in the transfer from level 3 to level 2 for these assets.

### 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. An indices assessment was undertaken by Australis Asset Advisory Group as at 31 March 2017 which found

no material movements in value, and as a result no valuation adjustment was undertaken.

Where site improvement assets are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The unit rates (labour and materials) and quantities applied to determine the 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, 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)

This is the final year in the three year rolling revaluation of the road assets where the fair value of minor road furniture items (medians, retaining walls, roundabouts and indented car parks) were being determined by suitably qualified officers of Council. 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.

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) based on road stereotypes established by the Roads and Transport Alliance Valuation Project (RAVP), a joint initiative by the Local Government Association of Queensland (LGAQ) and the Queensland Government of which Council is a member. These rates were customised to local design conditions, being generally dry ground conditions with a mixture of reactive and non-reactive soil types, where appropriate. Council assumes that roads are constructed to the standard drawings set out in the Capricorn Municipal Development Guidelines.

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.

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 undertaken by Australis Asset Advisory Group as at 31 March 2017 which found no material movements in value, and as a result no valuation adjustment was undertaken.

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

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

### **Water and sewerage (level 3)**

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

A indices assessment was undertaken by Australis Asset Advisory Group as at 31 March 2017 and Council performed an assessment of the internal construction costs, which found no material movements in value, and as a result no valuation adjustment was undertaken.

The water and sewer assets are segregated into active and passive assets. For passive assets (water and sewer mains; water meters) unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's construction rates and quotations and reviews by Council engineers. The active assets of treatment, pumping and storage assets were componentised and valued independently, with allowances for complexity, size, function and site factors. As part of the 2013/14 valuation raw costs were increased by up to 30% depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

In determining the level of accumulated depreciation for major assets, the assets have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). A condition assessment is applied on a component basis, which is based on factors such as the age of the asset, overall condition at the time of inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. Where site inspections were not conducted 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 undertaken by Australis Asset Advisory Group as at 31 March 2017 which found no material movements in value, and as a result no valuation adjustment was undertaken.

Where Council airport assets are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. 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 are valued on a market based approach, with the heritage buildings now forming part of the buildings asset class. The last comprehensive revaluation was undertaken by byjoel, Registered Valuer for artworks, and AssetVal Pty Ltd, Registered Valuers, for all other items, under AASB 116 *Property Plant & Equipment*, as at 30 June 2013. Taking account of the low value of the asset class, no valuation assessment or adjustment was undertaken 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, annual and long service 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	11,564,411	8,484,585
Annual leave	7,838,849	7,765,776
Sick leave	88,172	97,063
Other entitlements	712,099	576,896
	<b>20,203,531</b>	<b>16,924,320</b>

## 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 recognises 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.

The existing cells at the Lakes Creek Road landfill facility are forecast to close in 2018/2019 and Gracemere landfill ceased accepting waste for disposal during the 2015/2016 year.

Remediation work at Kershaw Gardens commenced in 2015/16 and is scheduled for completion in the 2017/2018 financial year.

#### Current

Quarry rehabilitation	49,196	49,218
Landfill restoration	1,264,931	885,073
Parks remediation	1,728,783	3,397,149
Long service leave	11,942,501	11,846,195
	<b>14,985,411</b>	<b>16,177,635</b>

#### Non-current

Quarry rehabilitation	477,815	502,149
Landfill restoration	4,552,246	6,181,826
Parks remediation	-	380,846
Long service leave	1,614,035	1,866,583
	<b>6,644,096</b>	<b>8,931,404</b>

#### Details of movements in provisions:

##### Quarry rehabilitation

Balance at beginning of financial year		551,367	512,544
Increase in provision due to change in time	8	10,563	13,512
(Decrease) / increase in provision due to change in discount rate	5	(21,984)	41,917
Decrease in estimate of future cost	5	(12,935)	(16,606)
<b>Balance at end of financial year</b>		<b>527,011</b>	<b>551,367</b>

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 cost is \$668,583 and this cost is expected to be incurred over the years 2018 to 2037.

	Note	2017 \$	2016 \$
<b>Landfill restoration</b>			
Balance at beginning of financial year		7,066,900	10,095,432
Decrease in provision for rehabilitation performed		(1,092,008)	(848,055)
Increase in provision due to change in time	8	116,785	166,521
(Decrease) / increase in provision due to change in discount rate	5	(119,898)	190,745
(Decrease) / increase in provision due to change in discount rate - transfer to rehabilitation asset	14	(189,984)	334,326
Decrease in estimate of future cost	5	(511,047)	(2,636,321)
Increase / (decrease) in estimate of future cost - transfer to rehabilitation asset	14	546,430	(235,748)
<b>Balance at end of financial year</b>		<b>5,817,178</b>	<b>7,066,900</b>

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 cost is \$6,218,742 and this cost is expected to be incurred over the period 2018 to 2047.

#### Parks remediation

Balance at beginning of financial year		3,777,996	7,260,035
Decrease in provision for remediation performed		(1,131,606)	(1,445,839)
Increase in provision due to change in time	8	27,051	74,477
(Decrease) / increase in provision due to change in discount rate	5	(765)	17,534
Decrease in estimate of future cost - transfer to materials and services		(943,892)	(2,128,211)
<b>Balance at end of financial year</b>		<b>1,728,784</b>	<b>3,777,996</b>

This is the present value of the estimated future costs associated with remediating the Kershaw Gardens following damage caused by Tropical Cyclone Marcia in February 2015. The projected cost is \$1,757,029 and this cost is expected to be incurred during the 2017/2018 financial year.

#### Long service leave

Balance at beginning of financial year		13,712,778	12,527,857
Long service leave entitlement arising		912,650	2,423,980
Long service entitlement extinguished		(373,879)	(442,177)
Long service entitlement paid		(695,012)	(796,882)
<b>Balance at end of financial year</b>		<b>13,556,537</b>	<b>13,712,778</b>

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 2032. 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	19,535,892	18,171,619
	<b>19,535,892</b>	<b>18,171,619</b>

### Non-current

Queensland Treasury Corporation	123,684,882	135,860,501
	<b>123,684,882</b>	<b>135,860,501</b>

### Queensland Treasury Corporation

Opening balance	154,032,120	156,180,285
Loans raised	7,041,394	12,969,708
Principal repayments	(17,852,740)	(15,117,873)
<b>Book value at year end</b>	<b>143,220,774</b>	<b>154,032,120</b>

The QTC loan market value for all loans at the reporting date was \$155,069,564. This represents the value of the debt if Council repaid it at 30 June 2017. 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 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:

	995,009,136	805,044,533
<b>Balance at beginning of the year</b>		
Net adjustment to non-current assets to reflect a change in current fair value:		
Adjustments to surplus from fair value assessment done:		
Buildings - revaluation	21,323,284	-
Road network - revaluation	(130,015,162)	169,536,957
Stormwater network - revaluation / indexation	(27,771,050)	13,272,350
Bridge network - revaluation	-	(383,944)
Airport - revaluation	-	7,051,951
<b>Impairment:</b>		
Road network - adjustment various disasters	702,717	(267,974)
Bridge network - disaster adjustment	-	73,492
Site improvements - disaster adjustment	-	475,824
Buildings - disaster adjustment	(43,353)	196,498
Heritage and cultural assets - disaster adjustment	-	9,449
	(135,803,564)	189,964,603
<b>Balance at end of the year</b>	<b>859,205,572</b>	<b>995,009,136</b>

### Asset revaluation surplus analysis

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

Land	48,314,787	48,314,787
Site improvements	6,520,957	6,520,957
Buildings	60,645,713	39,365,783
Road network <sup>†</sup>	589,992,445	736,437,797
Stormwater network <sup>†</sup>	2,634,207	13,272,349
Bridge network	1,552,636	1,552,636
Water	51,283,891	51,283,891
Sewerage	69,876,883	69,876,883
Airport	23,992,279	23,992,279
Heritage and cultural assets	4,391,774	4,391,774
	<b>859,205,572</b>	<b>995,009,136</b>

<sup>†</sup>In 2015/16 Stormwater network assets were transferred out of the Road network asset class. During this process the revaluation surplus of related assets were not separately identified and transferred. A review of the 2011/12 revaluation found \$17,132,907 in asset revaluation surplus that were attributable to the Stormwater network asset class which have been transferred during 2016/17.

## 19 COMMITMENTS FOR EXPENDITURE

### CONTRACTUAL COMMITMENTS

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

Airport	753,865	1,585,544
Waste and Recycling	4,660,595	4,683,970
Fitzroy River Water	957,100	1,216,459
Communities	25,767,098	11,233,617
Regional Services	13,063,302	7,089,178
Other	216,331	538,362
	<b>45,418,291</b>	<b>26,347,130</b>

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

Within one year	34,638,814	13,013,646
One to five years	4,239,943	6,228,524
Later than five years	6,539,534	7,104,960
	<b>45,418,291</b>	<b>26,347,130</b>

## 20 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting events after 30 June 2017.

## 21 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 a loan to Rockhampton Basketball Inc (\$125,006) as at 30 June 2017. As at 30 June 2016, outstanding loans were for Digger's Memorial Bowls Club (\$16.17) and Rockhampton Basketball Inc (\$148,466.33).

<b>Total Community loans guaranteed by Council:</b>	<b>125,006</b>	<b>148,483</b>
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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.

<b>The Council's maximum exposure to the bank guarantee is:</b>	<b>1,930,457</b>	<b>2,466,283</b>
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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 2016 reported an accumulated surplus and it is not anticipated any liability will arise."

## 22 SUPERANNUATION

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

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

The scheme has three elements referred to as:

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

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

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

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

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

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Rockhampton Regional Council made less than 4% of the total contributions to the plan in the 2016/17 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

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

6	7,519,122	7,155,795
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## 23 RECONCILIATION OF NET RESULT ATTRIBUTABLE TO COUNCIL TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2017 \$	2016 \$
Net result attributable to Council		45,060,412	39,496,651
<b>Non-cash operating items:</b>			
Depreciation and amortisation		50,806,476	49,744,453
Opening work in progress write off		1,821,414	2,888,088
Change in restoration provisions expensed to finance costs		154,399	254,510
Parks remediation provision		(943,892)	(3,105,642)
		51,838,397	49,781,409
<b>Investing and development activities:</b>			
Capital grants, subsidies and contributions		(45,675,266)	(31,500,103)
Capital income		(666,629)	(11,889,767)
Capital expenses		9,642,327	25,055,363
		(36,699,568)	(18,334,507)
<b>Changes in operating assets and liabilities:</b>			
(Increase) / decrease in receivables		(3,753,793)	3,820,449
Decrease / (increase) in inventories (excluding land)		107,349	(46,331)
Increase / (decrease) in payables		719,999	(2,457,176)
(Decrease) / increase in provisions		(156,241)	1,184,921
Increase / (decrease) in other liabilities		31,194	(40,321)
		(3,051,492)	2,461,542
<b>Net cash inflow from operating activities</b>		<b>57,147,749</b>	<b>73,405,095</b>



## 24 ACCOUNTING FOR NATURAL DISASTER EVENTS

### 2017 Flood event - Cyclone Debbie

In April 2017, the Rockhampton area experienced a flood event resulting from Tropical Cyclone Debbie with damage to a portion of infrastructure road assets. The assets continue to be functional with no impairment being recorded.

### 2015 Cyclone Marcia

In February 2015, the Rockhampton area experienced Tropical Cyclone Marcia with considerable damage to the botanic assets, some structural damage to roads, buildings and other site improvements and local creek flooding and run off. All restoration works available for Queensland Reconstruction Authority funding were completed in the current year with any remaining estimated corrections to previous years being reinstated to the asset values. Some minor impairments remain for the Kershaw Gardens where there are still access restrictions from previous landfill activities.

(a) Current Year		Asset depreciation	Cost	Accumulated revaluation surplus
	Note	\$	\$	\$
(ii) 2015 Cyclone Marcia:				
Restatement of asset values - impairment no longer required		855,957	153,240	702,717
Reassessment of asset adjustments - minor and moderate damage		84,152	127,505	(43,353)
Increase in asset values due to 2015 disaster event	14	940,109	280,745	659,364
(b) Prior Year		Asset depreciation	Cost	Accumulated revaluation surplus
	Note	\$	\$	\$
(ii) 2015 Cyclone Marcia:				
Restatement of asset values - impairment no longer required		1,470,319	526,930	943,389
Reassessment of asset adjustments - minor and moderate damage		(633,985)	(177,885)	(456,100)
Increase in asset values due to 2015 disaster event	14	836,334	349,045	487,289
		Note	2017 \$	2016 \$

## 25 CHANGE IN ACCOUNTING ESTIMATE AND CORRECTION OF ERROR

Change in accounting estimate - 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 changes were made to assumptions by RAVP, based upon new information and considerations, thereby impacting on the unit rates previously adopted by Council and the fair value of stage one road assets. The unit rates impacted by the change in assumptions were updated in the current year.

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

(Decrease) / increase in property, plant and equipment	(126,197,411)	127,526,543
(Decrease) / increase in asset revaluation surplus	(126,197,411)	127,526,543

### Correction of error - Stormwater valuation 2011/12:

An expert valuation was undertaken in the current year for the stormwater assets which highlighted an error in the previous valuation undertaken in 2011/12. The error resulted from the unit of measure utilised for cost information incorporated in the unit rates. However it is impracticable to retrospectively restate the prior year comparatives. The statement of financial position has been corrected in the current year through the expert valuation.

## 26 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

### Credit risk

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

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

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

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

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

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

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

	Note	2017 \$	2016 \$
<b>Financial assets</b>			
Cash and cash equivalents	11	26,930,803	31,538,004
Investments	12	75,000,000	75,000,000
Receivables - rates	13	6,736,561	7,573,897
Receivables - other	13	9,376,091	4,847,522
<b>Other credit exposures</b>			
Guarantees	21	2,055,463	2,614,766
<b>Total</b>		<b>120,098,918</b>	<b>121,574,189</b>

### Past due or impaired

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

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

	Note	2017 \$	2016 \$
Fully Performing		7,300,133	8,611,848
Past due 1-30 days		2,782,592	178,142
Past due 31-60 days		445,930	83,277
Past due 61-90 days		48,600	33,011
More than 90 days		8,211,215	3,653,578
Impaired		(2,675,818)	(138,437)
<b>Total</b>		<b>16,112,653</b>	<b>12,421,419</b>

### Liquidity risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings Note 18. There are no additional facilities or lines of credit available.

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
<b>2017</b>					
Payables	11,564,411	-	-	11,564,411	11,564,411
Loans - QTC	26,633,306	106,533,223	37,637,869	170,804,398	143,220,774
	<b>38,197,717</b>	<b>106,533,223</b>	<b>37,637,869</b>	<b>182,368,809</b>	<b>154,785,185</b>
<b>2016</b>					
Payables	8,484,585	-	-	8,484,585	8,484,585
Loans - QTC	26,041,432	104,165,728	57,760,564	187,967,724	154,032,120
	<b>34,526,017</b>	<b>104,165,728</b>	<b>57,760,564</b>	<b>196,452,309</b>	<b>162,516,705</b>

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.

### Interest rate risk

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

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

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

### Interest rate sensitivity analysis

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

	Net carrying amount		Profit/Loss		Equity	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Financial assets	101,901,723	106,509,924	1,019,017	1,065,099	1,019,017	1,065,099
Financial liabilities	(143,220,774)	(154,032,120)	(1,432,208)	(1,540,321)	(1,432,208)	(1,540,321)
<b>Net total</b>	<b>(41,319,051)</b>	<b>(47,522,196)</b>	<b>(413,191)</b>	<b>(475,222)</b>	<b>(413,191)</b>	<b>(475,222)</b>

### Fair Value

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

The 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.

## 27 NATIONAL COMPETITION POLICY

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

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

A significant business activity where the threshold expenditure has been set by the Minister for the year ended 30 June 2017 follows:

- (a) **for water and sewerage combined activities - \$13,750,000**
- (b) **for other activities - \$9,200,000**

### Activities to which the Code of Competitive Conduct (CCC) is applied

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

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

The CCC must be applied to the following business activities:

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

Each local government may elect to apply a CCC to any other identified business activities. However, for any with current expenditure of \$325,000 or more, the local government must decide, by resolution each year, whether to apply the CCC to that activity.

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

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

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

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

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

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

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

➤ Building Certification

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

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

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

	Building Certification	Fitzroy River Water	Rockhampton Airport	Waste & Recycling
	2017	2017	2017	2017
	\$	\$	\$	\$
Revenue for services provided to Council	5,274	50,935	759	153,685
Revenue for services provided to external clients	60,046	68,646,258	15,313,605	17,485,503
Community service obligations	180,510	701,809	286,112	1,987,039
	<b>245,830</b>	<b>69,399,002</b>	<b>15,600,476</b>	<b>19,626,227</b>
Less : expenditure	245,830	60,229,649	14,239,846	14,329,644
<b>Surplus/(deficiency)</b>	<b>-</b>	<b>9,169,353</b>	<b>1,360,630</b>	<b>5,296,583</b>



**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	180,510
Fitzroy River Water	Remissions to community & sporting bodies - water	39,219
	Combined line charges (operating)	95,735
	Remissions to community & sporting bodies - sewerage	78,145
	Combined line charges (capital)	293,974
	Raising manholes (capital)	194,736
		<b>701,809</b>
Rockhampton Airport	Capricorn Rescue Helicopter Service	96,771
	Royal Flying Doctor Service	117,684
	Patient Travelling Subsidy Scheme	71,657
		<b>286,112</b>
Waste and Recycling	Roadside bin operations	403,169
	Boat ramp services	2,584
	Old landfill maintenance works	323,971
	Tyres, oils and chemicals	15,009
	Charity waste policy	41,063
	Green waste	642,694
	Clean-up Australia	104
	Waste education	66,739
	TC Debbie Community Recovery Assistance	491,706
		<b>1,987,039</b>

## 28 CONTROLLED ENTITIES THAT HAVE NOT BEEN CONSOLIDATED

Council had two controlled entities that are not consolidated because their size and nature means that it is not material to Council's operations.

A summary of Council's controlled entities, their net assets and results for the year ended 30 June 2017 follows:

Controlled Entities - Financial Results:

### CQ Performing Arts Foundation

	Receipts		Disbursements		Net (deficit) / surplus		Assets		Liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	1,334	10,365	1,160	1,320	174	9,045	-	120,957	-	-

### The Rockhampton Art Gallery Trust

	Receipts		Disbursements		Net (deficit) / surplus		Assets		Liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	-	1,991	-	-	-	1,991	-	-	-	-

The CQ Performing Arts Foundation wound up in December 2016. All of the Foundation's assets were transferred to the Friends of the Theatre Rockhampton Inc. Friends of the Theatre enhance the experience of patrons attending the Pilbeam Theatre by providing volunteers that act as front of house and other services at performances.

The Rockhampton Art Gallery Trust wound up in June 2016. All of the Trust's assets were transferred to the Rockhampton Art Gallery Gift Fund (The Gift Fund). The Gift Fund has been established by Council to hold any gifts to the Rockhampton Art Gallery on trust for the Rockhampton Art Gallery.

## 29 TRANSACTIONS WITH RELATED PARTIES

### 29.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 2016/17 comprises:

	Note	2017 \$
<b>Details of benefits</b>		
Short-term employee benefits		2,356,545
Post-employment benefits		239,540
Long-term benefits		117,996
Termination benefits		87,785
<b>Total</b>		<b>2,801,866</b>

Detailed remuneration disclosures are provided in the annual report.

**29.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:

Fees and charges charged to other related parties	29(b)(i)	12,305
Employee expenses for close family members of key management personnel	29(b)(ii)	38,375
Purchase of materials and services from other related parties	29(b)(iii)	459,436

- (i) The fees and charges charged to related parties were on arm's length basis in accordance with the schedule of fees and charges adopted by Council. The fees and charges were in relation to food licences, leases, trade waste permits and conference registration.
- (ii) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. Council employs 877 staff, of which 1 is a close family member of a 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:

**Details of materials and services purchased**

Hospitality services	2,566
Donations	4,082
Trade services with Swadling Painting Contractors	447,313
Supply of materials	5,475
<b>Total</b>	<b>459,436</b>

As part of the tender process for the provision of Trade Services Council entered into a contract for painting services with Swadling Painting Contractors, a company owned by a close family member of Cr Rose Swadling. The contract was awarded in accordance with Council's normal purchasing policies, procedures and Local Government legislative requirements. The contract is for the period 1 March 2017 to 28 February 2018 and is based on a schedule of rates.

**29.C OUTSTANDING BALANCES**

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

**29.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.

**29.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 2017

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**Management Certificate**

For the year ended 30 June 2017

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: 6 October 2017



E.A. Pardon  
Chief Executive Officer

Date: 6 October 2017

**MANAGEMENT CERTIFICATE**

# ROCKHAMPTON REGIONAL COUNCIL

## Current-year Financial Sustainability Statement For the year ended 30 June 2017

### Measures of Financial Sustainability

Council's performance at 30 June 2017 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)	4.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	86.5%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	34.8%	not greater than 60%

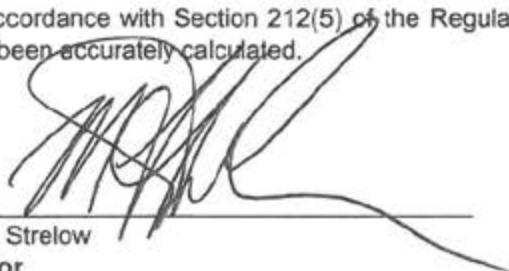
### Note 1 - Basis of Preparation

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 2017.

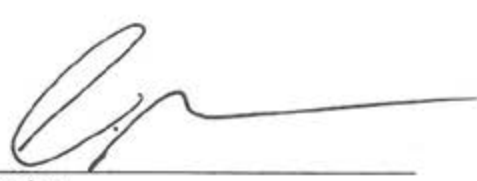
### Certificate of Accuracy For the year ended 30 June 2017

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: 6 October 2017

  
E.A. Pardon  
Chief Executive Officer

Date: 6 October 2017



# ROCKHAMPTON REGIONAL COUNCIL

## Long-Term Financial Sustainability Statement Prepared as at 30 June 2017

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2017	Predicted for the years ended:								
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	4.4%	0.3%	0.6%	1.0%	1.3%	1.6%	2.1%	2.3%	2.9%	3.2%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	86.5%	103.9%	89.7%	70.1%	77.3%	69.7%	81.6%	82.4%	80.6%	81.2%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	34.8%	56.4%	61.8%	58.4%	58.7%	53.4%	51.2%	45.9%	40.0%	33.6%

### 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 2017

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

Date: 6 October 2017

E.A. Pardon  
Chief Executive Officer

Date: 6 October 2017

## 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 financial sustainability statement of Rockhampton Regional Council for the year ended 30 June 2017, 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 2017 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 2017, 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 prepared and approved by the Councillors was the general purpose financial statements and 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 approved by the Councillors 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.

  
C.G. Strickland  
QUEENSLAND  
12 OCT 2017  
AUDIT OFFICE

C G STRICKLAND CA  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Rockhampton Regional Council

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of Rockhampton Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, 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 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors 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 approved by the Councillors 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.

### **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 2017:

- 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.


C G STRICKLAND CA  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane





# ➤ **COMMERCIAL BUSINESS UNITS**





## 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 \$555.9M.

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 2016-17 financial year) is as follows:

	\$M
Total income (operating)	63.1
Total expenses (operating)	36.5

## ANNUAL OPERATIONS REPORT

Financial Indicators

	2016-17 Target	2016-17 Achieved
Operating surplus ratio	42.90%	42.07%
Interest coverage ratio	3.60%	3.54%
Asset consumption ratio	60.00%	59.80%
Gross revenue	\$62,228,748	\$63,079,781
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$42,423,584	\$42,540,916
Competitive neutrality ratio (% of gross revenue)	34.20%	33.40%
Depreciation ratio	21.40%	21.44%
Total written down asset value	\$520,023,320	\$526,851,467
Return on assets	4.90%	4.04%

## FINANCIAL PERFORMANCE

### OPERATIONAL

FRW raised operational income of \$63.1 million with the majority raised through utility charges. Operating revenue in the 2016-17 financial year has increased by 0.80% from the 2015-16 financial year. Utility charges realised an increase of 0.60%, with water consumption charges decreasing by 6%, largely due to rainfall from Tropical Cyclone Debbie. Grants and subsidies revenue has increased due to funding received for TC Debbie. Most other revenue streams have decreased from the 2015-16 financial year.

Operational expenditure for the 2016-17 financial year was \$36.5 million, which has increased slightly from the 2015-16 financial year.

Employee costs, materials and services, and depreciation continually remain to be the largest portion of expenditure for FRW each year. The 2016-17 financial year is no different in this respect.



## NET RESULT ATTRIBUTABLE TO FITZROY RIVER WATER

FRW net result before tax, a surplus of \$30.1 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 \$8.8 million in the 2016-17 financial year.

## CAPITAL

Total capital expenditure for the 2016-17 financial year was \$22.0 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 Reservoir fencing upgrades;
- Continuation of Yaamba Road 600mm water pipeline relocation and renewal;
- Completion of Stage 2 of the North Rockhampton flood mitigation project;
- Continuation of Stage 3 of the Mount Morgan sewerage expansion;
- Completion of the Mount Morgan Sewage Treatment Plant additional drying bed, floating wetlands and SCADA upgrade;
- Continuation of the North Rockhampton Sewerage Pump Stations No.1 and No.2 complete electrical and mechanical;
- Continuation of mechanical dewatering at the Gracemere Sewage Treatment Plant;
- Completion of the Arthur Street Sewerage Pump Station electrical and dry well pump upgrade;
- Completion of the Lucas Street Water Pump Station pump and trunk main upgrade;
- Completion of the Glenmore High-Lift Water Pump Station mechanical and electrical upgrade;
- Continuation of the installation of a sewer rising main to allow transfer of West Rockhampton Sewage Treatment Plant inflows to the South Rockhampton Sewage Treatment Plant;
- Continuation of several smaller sewerage pump station electrical and 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 2016-17 financial year:**

	\$
<b>WATER</b>	
Remissions to Community and Sporting Bodies	\$39,219
<b>SEWERAGE</b>	
Combined Line Charges (expenses)	\$95,735
Combined Line Charges (capital)	\$293,974
Raising Manholes (capital)	\$194,736
Sporting Bodies Sewerage Access	\$78,145
<b>Total</b>	<b>\$701,809</b>

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

WATER	OBJECTIVE
Other Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW.
Sporting Bodies Rate Remissions	RRC upon review of applications, at times grants remissions for Water Charges. These amounts are then claimed as a CSO by FRW. Refer to Council Rate Rebates and Remissions Policy.
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 Asset Management 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						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme						Mount Morgan Water Supply Scheme					
		Number of access charges - 37,929 as at January 2017						Number of access charges - 1,516 as at January 2017					
		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)	19	14	12	14	<80	59	9	30	15	19	<80	73
CSS2	Extent of unplanned interruptions - incidents based (no. per 100 km of main per year) Rockhampton and Gracemere 769 km Mount Morgan 71 km	11	17	19	11	<30	58	4	7	1	7	<30	19
CSS3	Time for restoration of service - unplanned interruptions (% restored within 5 hours)	100%	98%	94%	100%	>90%	98%	62%	100%	68%	100%	>90%	83%
CSS4	Customer interruption frequency:												
	1 interruption per year	2.04%	2.32%	1.50%	1.68%	12%	7.54%	0.86%	7.33%	2.77%	1.45%	12%	12.41%
	2 interruptions per year	0.18%	0.00%	0.28%	0.07%	2%	0.53%	0.00%	2.24%	ND	1.51%	2%	3.75%
	3 interruptions per year	0.00%	ND	ND	ND	1%	0.00%	0.00%	0.06%	ND	ND	1%	0.06%
	4 interruptions per year	0.00%	ND	ND	ND	0.50%	0.00%	0.00%	ND	ND	ND	0.50%	0.00%
	5 or more interruptions per year	0.00%	ND	ND	ND	0.25%	0.00%	0.00%	ND	ND	ND	0.25%	0.00%
CSS5	Relative incidence of planned and unplanned interruption incidents (% of planned versus total number of interruptions)	13%	11%	6%	10%	>30%	10%	0%	100%	50%	17%	>30%	42%
CSS6	Average interruption duration - planned and unplanned (hours)	2.92	2.87	1.87	1.78	3 hrs	2.36	2.33	2.25	3.17	2.36	3 hrs	2.53

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
	<b>Priority 1</b> – 1 hour response	90%	95%	96%	100%	<b>95%</b>	95%	83%	100%	100%	100%	<b>95%</b>	96%
	<b>Priority 2</b> – 2 hours response	91%	93%	93%	97%	<b>95%</b>	94%	100%	100%	100%	100%	<b>95%</b>	100%
	<b>Priority 3</b> – 24 hours response	99%	99%	100%	100%	<b>95%</b>	100%	100%	100%	100%	100%	<b>95%</b>	100%
	Restoration time												
	<b>Priority 1</b> – 5 hours restoration	94%	93%	92%	100%	<b>95%</b>	95%	100%	100%	50%	100%	<b>95%</b>	88%
	<b>Priority 2</b> – 24 hours restoration	100%	100%	98%	100%	<b>95%</b>	100%	100%	100%	67%	100%	<b>95%</b>	92%
	<b>Priority 3</b> – 5 days restoration	99%	98%	100%	100%	<b>95%</b>	99%	100%	100%	100%	100%	<b>95%</b>	100%

## ADEQUACY AND QUALITY OF NORMAL SUPPLY OF WATER SUPPLY

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 37,929 as at January 2017						Mount Morgan Water Supply Scheme Number of access charges - 1,516 as at January 2017					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS8	Minimum pressure standard at the water meter (kPa)	220	220	220	220	220 kPa	220	220	220	220	220	220 kPa	220
CSS9	Minimum flow standard at the water meter	9	9	9	9	9 L/min	9 L/min	9	9	9	9	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%	2.0%	<2.5%	2.0%
CSS11	Drinking water quality (compliance with industry standard)	100%	100%	100%	100%	>98%	100%	100%	100%	100%	100%	>98%	100%
FRW's Drinking Water Quality Management Plan identifies the following key water quality parameters as reference indicators for customer service purposes: Physical and Chemical Water Quality Parameters - Target: >99% of all samples tested compliant with Australian Drinking Water Guidelines and E.coli - Target: None detected in >98% of all samples tested													
CSS12	Drinking water quality complaints (number per 1,000 connections)	0.37	0.29	0.24	0.21	<5	1.11	0.66	2.64	1.32	1.32	<5	5.94
CSS13	Drinking water quality incidents (number per 1,000 connections)	0	0	0	0	<5	0	0	0	0	0	<5	0



## LONG TERM CONTINUITY OF WATER SERVICES

CSS Reference	Performance indicator	Potable Water Schemes						Potable Water Schemes					
		Rockhampton and Gracemere Water Supply Scheme Number of access charges - 37,929 as at January 2017						Mount Morgan Water Supply Scheme Number of access charges - 1,516 as at January 2017					
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date
CSS14	Water main breaks (number per 100 km main) Rockhampton and Gracemere 769 km Mount Morgan 71 km	3	4	5	3	<40	15	8	8	10	6	<40	32
CSS15	Water services breaks (number per 1,000 connections)	4	5	7	6	<40	22	6	9	21	7	<40	43
CSS16	System water loss (litres per connection per day)	101	135	82	147	<200 L	116.25	94	114	107	107	≤200 L	106

# EFFECTIVE TRANSPORTATION OF SEWAGE

CSS Reference	Performance indicator	Sewerage Schemes						Sewerage Schemes					
		Rockhampton and Gracemere Sewerage Scheme						Mount Morgan Sewerage Scheme					
		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	14.13	6.58	18.33	11.08	<30	50.12	0	9.09	0	0	<10	9.09
CSS18	Sewage overflows to customer property (number per 1,000 connections)	1.99	0.93	2.57	1.61	<10	7.1	0	1.98	0	0	<5	1.98
CSS19	Odour complaints (number per 1,000 connections)	0.18	0.22	0.1	0.29	<1	0.79	0	0	0	0	<1	0
CSS20	Response time												
	Priority 1 – 1 hour response	54%	92%	68%	100%	>95%	79%	ND	ND	ND	ND	>95%	100%
	Priority 2 – 2 hours response	92%	96%	93%	97%	>95%	95%	ND	100%	ND	ND	>95%	100%
	Priority 3 – 24 hours response	98%	96%	100%	100%	>95%	99%	ND	ND	ND	ND	>95%	100%
	Restoration time												
	Priority 1 – 5 hours restoration	85%	96%	66%	75%	>95%	81%	ND	ND	ND	ND	>95%	100%
	Priority 2 – 24 hours restoration	99%	99%	96%	100%	>95%	99%	ND	100%	ND	ND	>95%	100%
	Priority 3 – 5 days restoration	100%	100%	97%	100%	>95%	99%	ND	ND	ND	ND	>95%	100%

## Long Term Continuity of Sewerage Services

CSS Reference	Performance indicator	SewerageSchemes							Sewerage Schemes						
		Rockhampton and Gracemere Sewerage Scheme Number of access connections - 50,902 as at January 2017							Mount Morgan Sewerage Scheme Number of access connections - 506 as at January 2017						
		1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date	1st qtr	2nd qtr	3rd qtr	4th qtr	Annual Target	Year to Date		
CSS21	Sewer main breaks and chokes (number per 100 km main) Rockhampton and Gracemere 740 km Mount Morgan 13 km	18.75	13.71	26.86	21.08	<50	80.4	ND	ND	ND	ND	<20	0		
CSS22	Sewer inflow and infiltration (ratio of Peak Day Flow to Average Day Flow)	5.8	1.18	4.8	3.6	<5	3.85	2.33	1.43	2.6	1.28	<5	1.91		

## 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)	92%	90%	84%	92%	15 working days	90%
Installation of sewerage connections (within the sewerage area)	80%	90%	66%	60%	15 working days	74%
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	20/10/2016	24/01/2017	27/04/2017	10/07/2017	Initiatives successfully completed by year end
Operating Budget Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016	31/03/2017	30/06/2017	Conduct all activities in accordance with required timelines and budget
Annual Revenue Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016	31/03/2017	30/06/2017	Timely reporting of any significant variations to budget revenue and collection timing
Capital Works Reporting Frequency: quarterly or when variations arise	30/09/2016	31/12/2016	31/03/2017	30/06/2017	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	A total of 440 unplanned incidents for the year affecting a total of 2216 connections for the year. As this is incident based, a large number of interruptions to individual properties has resulted in a non-compliance.
CSS3	Mount Morgan Water Supply Scheme	A total of 129 connections affected due to unplanned water shut downs for the year, complexity of repairs resulted in extended restoration times in some cases.
CSS4	Mount Morgan Water Supply Scheme	The percentage exceeds the target due to 23 water main breaks for the year, with a small number of mains experiencing repeated failures. These water mains will be scheduled for inclusion in capital replacement programs.
CSS5	Rockhampton and Gracemere Water Supply Scheme	Due to the ageing infrastructure, Rockhampton has had 440 unplanned versus 48 planned water shut downs for the year. A water mains replacement program is in place, however a reduction in planned interruptions due to nature of construction projects can contribute to this non-compliance.
CSS7	Rockhampton and Gracemere Water Supply Scheme	<b>Response</b> P2 - Total of 340 requests and 314 responded to within 2 hour response time for the year. Network Operations staff continue to allocate resources and prioritise requests in order to improve service standard compliance, although current service standard is only 1% below annual target.
CSS7	Mount Morgan Water Supply Scheme	<b>Restoration</b> P1 - Total of 18 requests and 15 restored within 5 hour restoration time for the year. P2 - Total of 17 requests and 16 restored within 24 hour restoration time for the year. As above, location and complexity of water main failures in Mount Morgan has resulted in extended restoration times in some cases. These instances will be significantly reduced as a result of the current and future capital replacement programs.
CSS12	Mount Morgan Water Supply Scheme	A slight exceedance of the target was recorded due largely to the effect a small number of complaints has on this target when expressed as the number of complaints per 1000 connections. Mount Morgan has only 1516 connections.
CSS17	Rockhampton and Gracemere Sewerage Scheme	A total number of 580 blockages and 361 overflows for the year. A significant number of the overflow events were associated with rainfall events in late March and also as a result of TC Debbie. FRW is continuing to implement approved inspection programs in order to reduce the amount of storm water entering the sewerage network. Programs have proven successful with a large number of defects found and rectified in areas proven to be prone to high levels of inflow/infiltration.
CSS20	Rockhampton and Gracemere Sewerage Scheme	<b>Response</b> P1 -Total of 157 requests and 152 responded to within 1 hour response time for the YTD. Increased number of requests during significant rainfall events has resulted in extended response times.
CSS21	Rockhampton and Gracemere Sewerage Scheme	Rockhampton and Gracemere sewerage system sustained 580 breaks and chokes for the year. A total of 203 were mainline blockages resulting in 361 overflows, increased number of overflows are experienced during significant rainfall events.



# WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008

In accordance with the *Water Supply (Safety and Reliability) Act 2008*, FRW has an approved Drinking Water Quality Management Plan (DWQMP) to manage the ongoing safe and reliable supply of drinking water to the community. Each year FRW reviews the DWQMP and completes an annual report that documents the performance of the drinking water schemes against national standards, state regulatory targets and the objectives outlined in the DWQMP. 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
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 sewered areas. Any additional connection or reconnection where a service is removed will incur the appropriate fee. Where a request is made for a sewerage connection outside the sewered area, FRW will assess if it is practical to make the service available, or if the Sewerage Scheme should be extended. The applicant will be required to meet all associated costs where it is a connection outside an existing sewered area and, in the case of the extension of a Sewerage Scheme; FRW will assess the costs to be apportioned amongst the relevant property owners.

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

### TRADE WASTE SERVICES

Trade waste is any wastewater that is acceptable either treated or untreated for discharge to sewer. Trade waste specifically excludes any sewage discharged from private residential premises. A customer may discharge trade waste into the sewerage system provided the customer has first entered into a Trade Waste Agreement with 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 except water consumption charges on which there is no discount applicable.

Payment can be made in the following manner:

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

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

## COMPLAINTS

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

## DISPUTE RESOLUTION

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

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

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

## REVIEW OF CUSTOMER SERVICE STANDARDS

Legislation requires service providers to review the CSS every year. FRW's performance against financial and non-financial targets and key strategies are reported to Council on a quarterly basis in accordance with the adopted 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.

# 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 \$34.0 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 2016-17 financial year) is as follows:

Item	Whole of Council
Total Income (operating)	\$19.0M
Total Expenses (operating)	\$15.0M
Number of staff	35
Properties served— General Waste	31,499
Properties served— Recycling	31,417
Total waste to Landfill – including kerbside waste collection but not including cover material and green waste (tonnes)	56,211
Kerbside Waste Collected (tonnes)	22,590
Kerbside Recycling Collected (tonnes)	5,571
Landfills	1
Transfer Stations (manned)	4
Roadside Bin Stations	6
Trench Stations (1), Enclosed Wheelie Bin Collection Points(1), Bank of Bins (1)	3

## ANNUAL OPERATIONS REPORT

### FINANCIAL INDICATORS

Item	2016-17 Target	2016-17 Achieved
Operating Surplus Ratio	19.6%	21.3%
Interest Coverage Ratio	4.2%	4.4%
Asset Consumption Ratio	80.4%	78.5%
Depreciation Ratio	6.7%	5.8%

## 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%	99.97% <sup>†</sup>
WCSS2	Weekly collection of commercial waste	95%	99.97% <sup>†</sup>
WCSS3	Fortnightly collection of domestic recyclable waste	98%	99.93% <sup>†</sup>
WCSS4	Fortnightly collection of commercial recyclable waste	98%	99.93% <sup>†</sup>
WCSS5	Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%	91.41%
WCSS6	Collection services will be made available within four working days upon application by the owner	98%	86.24%
WCSS7	Provision of assisted services within ten working days from application by the resident	100%	87.31%
WCSS8	Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%	84.85%

<sup>†</sup> Further work to separate domestic and commercial data for Gracemere and Mount Morgan has been done during 2016-17. Staff are currently still working on this to enable these indicators to be reported on in the future.

### FINANCIAL PERFORMANCE TARGETS

Performance Indicator	Target	1st qtr date reported	2nd qtr date reported	3rd qtr date reported	4th qtr date reported
RRC Operational Plan Reporting Frequency: quarterly	<b>Initiatives successfully completed by year end</b>	Reported monthly			
Operating Budget Reporting Frequency: quarterly or when variations arise	<b>Conduct all activities in accordance with required timelines and budget</b>	30/09/2016	31/12/2016	31/03/2017	30/06/2017
Annual Revenue Reporting Frequency: quarterly or when variations arise	<b>Timely reporting of any significant variations to budget revenue and collection timing</b>	30/09/2016	31/12/2016	31/03/2017	30/06/2017
Capital Works Reporting Frequency: quarterly or when variations arise	<b>Completion of capital program in accordance with adopted timeframe and budget (within 3%)</b>	30/09/2016	31/12/2016	31/03/2017	30/06/2017

## 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 in accordance with the 2016-17 Annual Performance Plan presented to Council 6 December 2016.

## FINANCIAL PERFORMANCE

### OPERATIONAL (CONTINUING OPERATIONS)

RRWR raised operational income of \$19.0 million, including internal charges revenue, with the majority raised through utility and landfill fees and charges.

Operating revenue in the 2016-17 financial year is lower than the 2015-16 financial year by 10.25%, which is attributed to lower fees and charges revenue received for the 2016-17 year in comparison to 2015-16.

Operational expenditure for the 2016-17 financial year amounted to \$15.0 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 (64%) 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 22% of operational expenditure.

## NET RESULT ATTRIBUTABLE TO ROCKHAMPTON REGIONAL WASTE AND RECYCLING

RRWR net result of \$2.6 million before income tax is the difference between total income and total expenditure. Items of capital revenue and capital expenditure that fluctuate from year to year are included in the total income and total expenditure. After appropriations (payment of return to Council, transfers of capital income and expenditure) the increase in RRWR's retained surplus was \$0.9million.

## CAPITAL

Total capital expenditure for the 2016-17 financial year was \$2.4 million which fell short of the capital program budgeted of \$3.8 million.

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

- Commencement of the LCR life extension project
- Continuation of the rubbish bin replacement program
- Purchase of an automatic tarping machine for waste covering
- Installation of stormwater outlets at the WTS
- Commencement of the LCR carpark upgrade project

## DIRECTIONS THE LOCAL GOVERNMENT GAVE THE UNIT NON-COMMERCIAL DIRECTIVES

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



The following table summarises the types of CSO revenue received by RRWR during the 2016-17 financial year:

Description	Actual Cost \$
Roadside Bin Operations	403,169
Boat ramp services	2,584
Old Landfill Maintenance Works	323,971
Tyres, oils and chemicals	15,009
Charity Waste Policy	41,063
Green Waste Processing	642,695
Clean-up Australia	104
Waste Education	66,739
TC Debbie Community Recovery Assistance	491,706
<b>TOTAL CSO</b>	<b>\$ 1,987,040</b>

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

Authorised Group	Date	Limit	Expiry
Anglicare Central Queensland Limited	01/07/2016	60 tonne	30/06/2017
Australian Red Cross	01/07/2016	½ tonne	30/06/2017
Lifeline Central Queensland	01/07/2016	250 tonne	30/06/2017
St Vincent de Paul Society Queensland	01/07/2016	120 tonne	30/06/2017
The Salvation Army	01/07/2016	120 tonne	30/06/2017
The Umbrella Network	01/07/2016	5 tonne	30/06/2017
Rockhampton Women's Shelter	02/08/2016	½ tonne	30/06/2017
Cancer Council - Relay for Life	08/05/2017	6 tonne	30/06/2017
Gavial Creek Rodeo & Camp draft Association	12/05/2017	5 Tonne	30/06/2017



# 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 Gold Coast, 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 \$140 million (replacement value).

## ANNUAL OPERATIONS REPORT

Item	As at 30 June 2017
Total income	\$15.5M
Total expenses	\$11.5M
Passenger movements	572,290
Number of staff	23
Number of paid parking car parks	788
Aircraft movements	25,470

## 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%	-5.3%
Increase Aircraft Movements	1%	-11.8%
Bird Strikes	Less than 36	39
Lost Time Days – workplace injuries	0	0
Reported Public Injuries on Airport Precinct	0	3
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 \$15.5 million, including revenue from RRC and excluding capital income. Operating income was higher in comparison to the previous financial year by 4%, which is attributed to an increase in checked bag screening revenue in comparison to the 2015-16 financial year.

Operational expenditure for the 2016-17 financial year was \$11.5 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 (53.56%) 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 21.06% of operating expenditure.

Rockhampton Airport net result of \$4.1 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 \$2.9 million for the 2016-17 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 \$1.2 million.

### CAPITAL

Total capital expenditure for the 2016-17 financial year was \$1.6 million which fell short of the capital program budgeted of \$1.8 million.

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

- Installation of the Terminal Standby Power Generators.
- Practical completion of the Runway Lighting Power Distribution and Switching System with minor defects still to be rectified.
- Replacement of the check bag screening security equipment.
- Continuation of the GA power switchboard upgrade
- Commencement of the main runway resurfacing project.

## 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 2016- 17 financial year.

Description	Actual Cost \$
Royal Flying Doctors Service and Capricorn Helicopter Rescue Service	214,454.34
Patient Travelling Subsidy Scheme	71,657.27
<b>Total CSO</b>	<b>\$ 286,111.61</b>

# 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 2016-17 Operational Plan were reported to Council's Performance and Service Committee meeting on the 22 August 2017 in accordance with s104 *Local Government Act 2009* and s174 *Local Government Regulation 2012*.

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

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

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

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

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

Tender 12218 – Supply and Delivery of Soil to Kershaw Gardens

Following review of all submissions received at the closing date of 3 August 2016, the Evaluation Panel identified the need to amend the specification to better reflect Council's requirements and to ensure Council was obtaining value for money. All tenderers were invited to resubmit their pricing and a material sample, based on the amended specification, by close of business, Friday, 23 September 2016.

## 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
- › Register of Activities for Competitive Neutrality
- › Register of Administrative Action Complaints Received
- › Register of Authorised Persons (*Environmental Protection Act 1994*)
- › Register of Beneficial Enterprises
- › Register of Biosecurity Orders
- › Register of Complaints about the Conduct or Performance of Councillors
- › Register of Contact with Lobbyists
- › Register of Cost-Recovery Fees (Council Fees and Charges)
- › Register of Delegations
- › Register of Designated Natural Hazard Management Areas (Flood)
- › Register of Development Applications
- › Register of Direction Notices
- › Register of Environmental Authorities
- › Register of Environmental Evaluations
- › Register of Environmental Protection Orders
- › Register of Environmental Reports
- › Register of Impounded Animals
- › Register of Installed On-site Sewerage and Greywater Use Facilities
- › Register of Interests of Chief Executive Officer and Persons related to Chief Executive Officer
- › Register of Interests of Councillors
- › Register of Interests of Persons related to a Councillor
- › Register of Interests of Senior Executive Employees and Persons related to a Senior Executive Employee
- › Register of Monitoring Programs
- › Register of Pre-qualified Suppliers
- › Register of Results of Monitoring Programs
- › Register of Roads and Road Maps
- › Register of Surrendered Environmental Authorities
- › Register of Suspended or Cancelled Environmental Authorities
- › Register of Temporary Emissions Licences
- › Register of Testable Backflow Prevention Devices
- › Register of Thermostatic Mixing Valves (Temperature Control Devices)
- › Register of Transitional Environmental Programs
- › Risk Register



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

(s190(1)(g) LGR 2012)

## APPROVED GOVERNMENT PENSIONERS

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

The 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 Centrelink or the Department of Veterans' Affairs and who are the owners of property in which they reside and have responsibility for payment of Council rates and charges thereon.

### Eligibility

Approved Pensioner - A person who:

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

Approved Widow/er A person who:

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

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

### Close of Applications

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

A completed Pensioner Rates Subsidies Application Form must be submitted with a new application being submitted when a change of address occurs.

### Amount of Rebate

Approved ratepayers whose property in which they reside is located within the boundaries of Council, may be entitled to a rebate of 20% (to a maximum of \$250) 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

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

1. Does not include the making of profit in its objectives;
2. Does not charge a fee for service;

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

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

### Close of Applications

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 for approval 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

- a. Category One (1) – 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 (2) - Showground Related Organisations  
Rebate Level General Rates – 100%  
Rebate Level Separate Rates/Charges – 100%  
Rebate Level Special Rates/Charges – 0%  
Rebate Level Water Access Charges – 50%  
Rebate Level Water Consumption Charges – Charged at residential rates  
Rebate Level Sewerage Charges – 50%  
Rebate Level Waste Charges – 50%  
Cap – N/A
- c. Category Three (3) – Kindergartens  
Rebate Level General Rates – 50%  
Rebate Level Road Network Separate Charge – 50%  
Rebate Level Special Rates/Charges – 0%  
Rebate Level Environment Separate Charge – 0%  
Rebate Level Water Access Charges – 50%  
Rebate Level Water Consumption Charges – Charged at residential rates  
Rebate Level Sewerage Charges – 50%  
Rebate Level Waste Charges – 50%  
Cap - \$ 1,000.00
- d. Category Four (4) – Charitable Organisations Benefiting the Aged/Disadvantaged  
Rebate Level General Rates – 100%  
Rebate Level Separate Rates/Charges – 100%  
Rebate Level Special Rates/Charges – 0%  
Rebate Level Water Access Charges – 50%  
Rebate Level Water Consumption Charges – 0%  
Rebate Level Sewerage Charges – 50%  
Rebate Level Waste Charges – 50%  
Cap - \$ 1,000.00 for Service Charges only
- e. Category Five (5) – Sporting Clubs and Associations – Without Liquor and Gaming Licenses

Rebate Level General Rates – 100%  
 Rebate Level Separate Rates/Charges – 100%  
 Rebate Level Special Rates/Charges – 0%  
 Rebate Level Water Access Charges – 50%  
 Rebate Level Water Consumption Charges – Charged at residential rates  
 Rebate Level Sewerage Charges – 50%  
 Rebate Level Waste Charges – 50%  
 Cap - \$ 2,000.00 for Service Charges only

- f. Category Six (6) – Sporting Clubs and Associations – With Liquor Licenses but No Gaming Licenses  
 Rebate Level General Rates – 50%  
 Rebate Level Road Network Separate Charge – 50%  
 Rebate Level Environment Separate Charge – 0%  
 Rebate Level Special Rates/Charges – 0%  
 Rebate Level Water Access Charges – 50%  
 Rebate Level Water Consumption Charges – Charged at residential rates  
 Rebate Level Sewerage Charges – 50%  
 Rebate Level Waste Charges – 50%  
 Cap - \$ 2,000.00
- g. Category Seven (7) – Sporting Clubs and Associations situated on highly valued leasehold land – With Liquor Licenses but No Gaming Licenses  
 Rebate Level General Rates – 75%  
 Rebate Level Road Network Separate Charge – 75%  
 Rebate Level Environment Separate Charge – 0%  
 Rebate Level Special Rates/Charges – 0%  
 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 for Service Charges only  
 Applies to Assessment Number 105813 – Rockhampton Bowls Club only.
- h. Category Eight (8) – Sporting Clubs and Associations – With Liquor and Gaming Licenses  
 Rebate Level General Rates – 0%  
 Rebate Level Separate Rates/Charges – 0%  
 Rebate Level Special Rates/Charges – 0%  
 Rebate Level Water Access Charges – 0%  
 Rebate Level Water Consumption Charges – 0%  
 Rebate Level Sewerage Charges – 0%  
 Rebate Level Waste Charges – 0%  
 Cap – N/A
- i. Category Nine (9) – All Other Not-For-Profit/Charitable Organisations  
 Rebate Level General Rates – 100%  
 Rebate Level Separate Rates/Charges – 100%  
 Rebate Level Special Rates/Charges – 0%  
 Rebate Level Water Access Charges – 50%  
 Rebate Level Water Consumption Charges – Charged at residential rates  
 Rebate Level Sewerage Charges – 50%  
 Rebate Level Waste Charges – 50%  
 Cap - \$ 2,000.00 for Service Charges only.
- j. Category Ten (10) – Rural Fire Brigade  
 Rebate Level General Rates – 100%  
 Rebate Level Separate Rates/Charges – 100%  
 Rebate Level Special Rates/Charges – 0%  
 Rebate Level Water Access Charges – 100%  
 Rebate Level Water Consumption Charges – 100%  
 Rebate Level Sewerage Charges – 100%  
 Rebate Level Waste Charges – 100%  
 Cap - N/A

NOTE: Sewerage charges are not 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:

- Separate Charges – 100% rebate
- 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 grants a rebate on the following basis for the following assessment:

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

### Capping of General Rates

For the 2017-18 financial year Council will not be resolving to limit any increases in rates and charges.

## GENERAL RATE CONCESSION FOR CARAVAN PARKS

Council will grant a concession of general rates for those assessments potentially impacted by the opening of free camping sites. Council recognises the importance of the tourism drive market and the extra value that Caravan Parks offer.

### Eligibility

Properties must have a land use code of “49 – Caravan Parks” and must disclose the number of tent and caravan park sites that are available for itinerant use. They must also advise the number of ensuite sites. Sites where an ensuite is provided are not eligible.

### Close of Application

Eligibility for this concession is assessed by Council annually prior to the issue of the first rate notice each financial year (generally June/July). Assessments not automatically provided with the concession, and believe they meet the relevant criteria, may apply for approval 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

An amount of \$20 per annum will be provided per eligible site, and capped at \$2,000 per annum.

## 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 \$2,000 per annum for properties within the defined CBD area that are rated in Category 1 (commercial/light industry) and have a mixed use of commercial and residential. The concession is primarily intended to facilitate the adaptation of vacant commercial spaces, particularly above ground floor, to residential use. The actual concession amount will be \$2,000 or a maximum of 75% of the general rate whichever is the lesser.

To be eligible for the concession, the 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 (i.e. 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).

### Conditions

- The residential component should not be vacant longer than 6 months within the financial year;
- Verification of use may be provided by a registered real estate agent or through pre-arranged inspection by a Council officer;
- 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.

## LEASED COUNCIL VACANT LAND

Council will grant rebates of 100% of the general rate and separate charges on vacant land owned or held as Trustee by Council 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 REMISSION FOR MULTI-RESIDENTIAL UNIT DEVELOPMENTS

The purpose of this concession is to waive the waste/recycling charge where it has been deemed impractical for Council to provide waste/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.

To be eligible for the concession, the completed Waste Charges Rebate Form must be submitted and will be subject to approval by Council.

Applications for concession will be considered during the rating period (i.e. half year). The concession may be applied retroactively 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.

## CODE OF CONDUCT IMPLEMENTATION STATEMENT

The current version of the Code of Conduct was approved on 15 January 2014. This version is currently under review with proposed changes expected to be presented to stakeholders for consultation with subsequent approval and implementation in 2018. The Code of Conduct has been broken into ten training modules called "Cracking the Code" each with their own questionnaire covering content. Each module specifically addresses a component of the Code of Conduct. These modules are completed annually by all staff members to ensure they are trained and aware of their obligations in accordance with the Code of Conduct. All employees are bound by the Code of Conduct where their behaviour or activities may be directly related to their employment, Council activities or the reputation/image of Council.

# 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 under Section 105 of the *Local Government Act 2009*.

## Audit and Business Improvement Committee

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

## Internal Audit

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

Internal Audit provides analyses, appraisals, recommendations for improvement, and assurance over internal controls across all areas of operations, which assists Council in the effective discharge of its responsibilities.

These in-house services extend to investigations for fraud and corruption. Internal Audit reports administratively to the CEO but is also empowered to report functionally independently directly to the Audit and Business Improvement Committee, thus following a best practice governance approach to protect the public interest.

## Internal Audit Plan

Specific audits planned and undertaken during the financial year 2015-2016 included:

- Building, Plumbing & Drainage – Business Process Efficiency Review
- Purchasing – Assurance over Plant Hire Process
- Public Safety – Assurance over Playgrounds Inspections Process
- Purchasing – Assurance over Compliance of Riverbank Project Tender
- Fraud Prevention – Comprehensive Process Assessment
- Follow-Up Reviews – Confirming Completion/Effectiveness of Actions Taken by Management to Correct Deficiencies

# ADMINISTRATIVE ACTION COMPLAINTS

(s187 LGR 2012)

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

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

## 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 \$1,405,401.07.

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

Four senior contract employees with a total remuneration package in the range of \$200,000-\$299,000. One senior contract employee with a total remuneration package in the range of \$300,000-\$399,000.

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

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

A total of 97 complaints were received by Council under the Complaint Management Policy and Administrative Action Complaint Procedure this financial year. 91 of those complaints were able to be resolved before the end of the financial year, along with two complaints from the previous financial year.

Number of administrative action complaints received in financial year	97
Number of administrative action complaints resolved in financial year	93
Number of administrative action complaints not resolved in financial year	6
Number of administrative action complaints that were from a previous financial year	2

## COUNCILLORS

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

Nil.

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

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	\$145,927	\$13,863	\$159,790
Deputy Mayor, Councillor C R Rutherford	\$96,066	\$11,528	\$107,594
Councillor R A Swadling	\$84,514	\$10,142	\$94,656
Councillor N K Fisher	\$84,514	\$8,029	\$92,543
Councillor A P Williams	\$84,514	\$10,142	\$94,656
Councillor C E Smith	\$84,514	\$10,142	\$94,656
Councillor M D Wickerson	\$84,514	\$10,142	\$94,656
Councillor S J Schwarten	\$84,514	\$10,142	\$94,656

## 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	\$84,478
Deputy Mayor, Councillor C R Rutherford	\$26,638
Councillor R A Swadling	\$38,267
Councillor N K Fisher	\$23,149
Councillor A P Williams	\$21,047
Councillor C E Smith	\$22,041
Councillor M D Wickerson	\$17,187
Councillor S J Schwarten	\$19,582



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

(s186(c) LGR 2012)

### MEETING ATTENDANCE FIGURES: 1 JULY 2016 – 30 JUNE 2017

Councillor	Council Meeting	Special Council Meeting	Airport, Water & Waste	Audit Advisory	Community Services	Infrastructure	Parks, Recreation & Sport	Planning & Regulatory
Mayor, Councillor M F Strelow	20	5	7	3	6	7	6	11
Deputy Mayor, Councillor C R Rutherford	23	6	9		9	9	10	15
Councillor R A Swadling	18	5	9		9	10	10	
Councillor N K Fisher	20	5	10		9	11	10	17
Councillor A P Williams	19	5	9		8	11		
Councillor C E Smith	22	5	9	4		10	10	17
Councillor M D Wickerson	21	6	9			10	10	17
Councillor S J Schwarten	11	0						1 (Observer)
Total Meetings Held	23	6	10	4	10	11	11	18

\* Note: Where the field is blank or states "observer" this denotes that the Councillor is not a member of that Committee.

## ORDERS MADE UNDER S180(2) OR S180(4) LGA 2009 – ORDERS BY REGIONAL CONDUCT REVIEW PANEL

(s186(d)(i) LGR 2012)

Nil.

## ORDERS MADE UNDER S181 LGA 2009 – ORDERS BY MAYOR/CHAIRPERSON FOR INAPPROPRIATE CONDUCT

(s186(d)(ii) LGR 2012)

Nil.

## DESCRIPTION OF THE ORDER (MISCONDUCT, INAPPROPRIATE CONDUCT)

(s186(f) LGR 2012)

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

## OVERSEAS TRAVEL

(s188 LGR 2012)

Overseas travel by Councillor or employee in an official capacity

Name/Job Title	Reason	Date	Amount (ext GST)	Destination
Mayor Margaret Strelow	Mayoral Delegation to Singapore and China for trade and investment opportunities	23 November - 1 December 2016	\$5,912	Singapore/China
Councillor Rose Swadling	Mayoral Delegation to Singapore and China for trade and investment opportunities	23 November - 1 December 2016	\$5,912	Singapore/China
Evan Pardon Chief Executive Officer	Mayoral Delegation to Singapore and China for trade and investment opportunities	23 November - 1 December 2016	\$7,211	Singapore/China
Damon Morrison Executive Coordinator to the Mayor	Mayoral Delegation to Singapore and China for trade and investment opportunities	23 November - 1 December 2016	\$7,211	Singapore/China
Young Beamish Senior Executive Trade and Investment	Mayoral Delegation to Singapore and China for trade and investment opportunities	23 November - 1 December 2016	\$7,162	Singapore/China
Councillor Neil Fisher	Mayoral Delegation to Singapore	23 - 28 November 2016	\$2,825	Singapore
Scott Waters Executive Manager Regional Development	Mayoral Delegation to Singapore	24 - 27 November 2016	\$2,023	Singapore
Mayor Margaret Strelow	Premier's Trade & Investment Mission to India with Qld Premier and Regional Mayors	13 - 20 March 2017	\$3,090	India
Scott Waters General Manager Regional Development and Aviation	Premier's Trade & Investment Mission to India with Qld Premier and Regional Mayors	14 - 21 March 2017	\$8,232	India

## EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

(s189 LGR 2012)

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

A total of \$471,208 was granted to community organisations during the 2016-17 financial year.

Grant Program	Expenditure for 2016-17
Community Assistance Program	\$379,929
Waste and Recycling Community Service	\$80,372
Community Entertainment Fund	\$0
Australia Day Community Events	\$0
Exemptions of hire costs for public events	\$10,907
Regional Arts Development Fund	\$0
<b>Total</b>	<b>\$471,208</b>

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

### 2016-2017 COUNCILLORS DISCRETIONARY FUND

#### MAYOR, COUNCILLOR MARGARET STRELOW

Community Organisation	Purpose	Amount
2nd Battalion, The Royal Australian Regiment Association Inc.	Financial Assistance Reunion 2016 BCOY 2RAR 67-68 SVN	\$600.00
Rockhampton Rugby Referee Association	Financial Assistance for the Under 14's CQ Brahman's Rugby Union Team travelling to the Queensland State Championships at the Gold Coast	\$500.00
Central QLD Family History Association Inc	Financial assistance to complete kitchen renovations	\$250.00
Carinity Aged Care	Financial assistance towards purchasing 12 Easels to be used for the Art Therapy sessions.	\$368.40
Rockhampton South Kindergarten Association	Financial assistance towards a high tea fundraiser	\$50.00
Australian Pensioners & Superannuants League QLD - Mount Morgan branch	Financial assistance for Seniors Week morning tea	\$200.00
Central QLD Family History Association Inc	Financial assistance to purchase screen door for kitchen/meeting room	\$215.00
CQ Aquajets Swim Club Inc.	Financial assistance to assist with Tropic of Capricorn Swim Meet	\$500.00
Legacy Rockhampton	Financial donation to support their work in Rockhampton and Central Queensland	\$100.00
Archer Park Rail Museum	Financial assistance for advertising for a fundraising event	\$200.00
Delwood Tennis Club	Financial assistance towards INAS Tennis World Championships	\$500.00
Rockhampton Musical Union Choir	Assist with renovations to choir hall	\$2,350.00
The Rockhampton Musical Union Choir Inc	Financial assistance towards the purchase of stage lighting	\$4,166.60
<b>Total</b>		<b>\$10,000.00</b>

#### DEPUTY MAYOR, COUNCILLOR CHERIE RUTHERFORD

Community Organisation	Purpose	Amount
Australian Pensioners & Superannuants League QLD - Mount Morgan branch	Financial assistance for Seniors Week morning tea	\$100.00
Bluebirds Netball Club	Financial assistance for visors to be used at an upcoming coach/player clinic with Australian Diamond coach, Lisa Alexander	\$305.00
Mount Morgan State High School P&C Association	Financial assistance for 2016 Awards Ceremony	\$100.00
Mount Morgan Central State School	Financial assistance for Annual Sports Person of the Year Award	\$50.00
The Ridgeland and District Sporting and Agricultural Association Inc	Financial assistance towards the printing of programs for the 2017 Show	\$800.00
Relay for Life	Donation for Relay for Life	\$100.00
Mount Morgan Show Society	To assist Mount Morgan Show Society show 2017	\$500.00
Delwood Tennis Club	Financial assistance with Delwood Tennis Club 85th Birthday celebration	\$250.00
Rocky Outrigger Canoe Club Inc	Reimbursement of hire fee for Jubilee event	\$255.50
Rocky Roller Derby	Financial assistance for venue hire costs	\$300.00
Wildlife Rockhampton	Financial assistance to support not for profit charity to continue educational role within the community	\$500.00
RRC - Zoo Capital Works - Volunteer program	Financial assistance towards the volunteer program	\$1,739.50
<b>Total</b>		<b>\$5,000.00</b>

## COUNCILLOR ROSE SWADLING

Community Organisation	Purpose	Amount
Mount Archer Lions Club	Financial Assistance for fit out of BBQ trailer	\$500.00
RSL Capricornia & Rockhampton Regional Sub-branch Inc	Financial assistance for the cost of hiring a bus driver to take the members on an outing	\$250.00
Crime Stoppers Queensland Ltd	Financial Assistance for community education	\$300.00
Community Supporting Police Inc	Financial assistance for emergency housing for officers and their families in times of need	\$500.00
Friends of the Rockhampton Heritage Village Inc	Financial assistance towards a greenhouse at the Rockhampton Heritage Village	\$500.00
Cockscomb Veteran's Bush Retreat	Financial assistance towards the welfare of Veterans	\$800.00
Parkhurst State School P & C Association	Financial assistance towards the extension of the Remembrance Garden	\$250.00
CQ Supports for Adults Surviving Child Abuse Stakeholders	Financial assistance for Blue Knot Day fundraising event	\$200.00
Lively Knitting & Crochet Book Clubs	Financial assistance for the purchase of yarn to make items for the Homeless Connect Project	\$150.00
Rockhampton Horse Riding for the Disabled	Financial assistance for running costs of the organisation	\$200.00
Rockhampton Senior Citizens Club Inc	Financial assistance for PO Box rental and Senior's week advertising	\$200.00
Volunteers without Borders	Financial assistance to continue and expand work for the poor program in the Region	\$200.00
9 Field Ambulance Association (Rockhampton)	Financial assistance towards purchase of new flag, banner and associated carrying equipment	\$500.00
Leinster Place - Mercy Aged Care Services	Financial assistance for Azar House for purchase of a barbecue to replace barbecue damaged in Cyclone Marcia	\$200.00
Central Queensland Filipino Australian Assoc Inc	Financial assistance to purchase equipment for sports festival	\$200.00
Capricorn Animal Aid	Financial assistance for adoption fees for abandoned dogs and cats	\$50.00
<b>Total</b>		<b>\$5,000.00</b>

## COUNCILLOR NEIL FISHER

Community Organisation	Purpose	Amount
Gymnastic & Trampoline Inc	Financial assistance towards travel expenses for competitors attending the 2016 National Championships in Melbourne	\$100.00
Friends of Frenchville Falcons	Financial assistance towards a new set (30 pairs) of rugby league playing shorts	\$600.00
Diggers Memorial Bowls Club Inc	Financial assistance towards hosting the 2016 Open Mixed Bowls Competition	\$500.00
Diggers Memorial Ladies Bowling Club	Financial assistance towards hosting the 2016 Ladies Bowling Carnival	\$300.00
Rockhampton Agriculture & Citizens Show Society Inc	Financial assistance towards sponsoring the Kids Education Program	\$300.00
Alliance Francaise de Rockhampton	Financial assistance towards Immersion Weekend	\$400.00
Capricorn Animal Aid	Financial assistance towards supporting abandoned cats and dogs	\$200.00
Diggers Memorial Bowls Club Inc	Financial assistance to support mixed bowls carnival	\$500.00
Society for Growing Australian Plants (Rockhampton Branch)	Financial assistance for purchasing copy(s) of Plants of Central Queensland by Eric Anderson, CSIRO 2016, Hardcover book	\$300.00
Nerimbera Football Club Inc	Turf & Landscaping around Clubhouse	\$990.00
Mount Morgan Show Society Inc	Sponsorship towards prizes for the Mount Morgan Show to be held on 12 August 2017	\$300.00
Friends of Frenchville Falcons	Financial assistance towards the Frenchville girls rugby league team to participate in the Karyn Murphy Cup in Townsville	\$510.00
<b>Total</b>		<b>\$5,000.00</b>

## COUNCILLOR TONY WILLIAMS

Community Organisation	Purpose	Amount
Nerimbera Football Club	Financial Assistance for security for the Nerimbera Football Club Clubhouse	\$1,000.00
Santa's Lolly Drop 2016	Financial assistance towards purchasing of lollies for the 2016 Santa's Lolly Drop	\$100.00
St Mary's Catholic Primary School Parents & Friends Association	Financial assistance towards purchasing of 5 mature Fig Trees to provide shade for our students	\$200.00
Lakes Creek State School P & C Association	Financial assistance towards the multi draw raffle for Carols at the Creek	\$100.00
St Mary's P & F Association	Financial assistance towards the cost of wheelie bins for St Mary's Parish Fair	\$261.00
Rockhampton Tigers JRL	Financial assistance to purchase 4 pop-up gazebos for additional shade	\$602.40
Umbrella Network Rockhampton Inc	Donation to print flyers to advertise our services within the community	\$588.50
Capricorn District Country Music Association Inc	Financial assistance towards upgrading the existing hall to cater for more patrons with mobility needs	\$1,000.00
Rockhampton Australian South Sea Islander Community Association	Financial assistance for landscaping for community hall	\$500.00
Legacy Rockhampton & Central Queensland	Financial assistance for the 2017 ANZAC Shield Golf Day run by Walkabouts Social Golf Club	\$100.00
RSPCA Queensland Inc Rockhampton	Assist with funding of RSPCA Million Paws Walk	\$248.00
Heart Foundation	Internal transfer to RRC Parks Department for purchase of merchandise (Internal Charges Advice)	\$300.00
<b>Total</b>		<b>\$4,999.90</b>

## COUNCILLOR ELLEN SMITH

Community Organisation	Purpose	Amount
Gymnastic & Trampoline Club Inc	Financial assistance towards travel expenses for competitors attending the 2016 National Championships in Melbourne	\$100.00
Santa's Lolly Drop 2016	Financial assistance towards purchasing of lollies for the 2016 Santa's Lolly Drop	\$100.00
Stanwell State School P&C	Financial assistance towards the School Camp	\$1,000.00
Gracemere State School P&C	Financial assistance towards family planning funding for classes	\$500.00
Gracemere Croquet Club	Financial assistance towards upkeep costs of the club e.g. Maintenance of buildings and courts	\$500.00
Bouldercombe Singers	Financial assistance towards travel costs for performances in the community	\$300.00
Gracemere Cubs JRL	Financial assistance towards the running costs of the not-for-profit organisation	\$500.00
Gracemere Ladies Bowls Club	Financial assistance towards mixed fours carnival	\$200.00
Gracemere Scouts	Financial assistance towards renovations to den kitchen and installation of wheel chair ramp	\$1,500.00
Scripture Union Queensland	Powerkids community program run in Gracemere	\$300.00
<b>Total</b>		<b>\$5,000.00</b>



## COUNCILLOR DREW WICKERSON

Community Organisation	Purpose	Amount
Balmoral Hack and Pony Club	Financial assistance towards purchasing new safety standard mandatory equipment to meet our Pony Club of QLD ruling guidelines to hold our major events planned each year and for riders to be covered by insurance when riding on the grounds for rally events	\$100.00
Rockhampton Golf Club Ladies committee of Rockhampton Gold Club Inc	Financial assistance towards hosting the 2017 Closed Championships	\$500.00
Bluebirds Netball Club	Financial assistance for visors to be used at an upcoming coach/player clinic with Australian Diamond coach, Lisa Alexander	\$305.00
Depot Hill State School	Financial assistance towards school fencing and engagement program for 'Dad's Club'	\$1,000.00
Lane 4 Aquatics	Financial assistance towards the 50th Anniversary of the 1967 Referendum Celebrations	\$508.00
Upper Ulam Recreation Grounds Association	Financial assistance towards relocation the old State School for restoration	\$2,587.00
<b>Total</b>		<b>\$5,000.00</b>

## COUNCILLOR STEPHEN SCHWARTEN

Community Organisation	Purpose	Amount
Carinity Shalom Lifestyle Residents Committee	To assist with purchase of chairs for residents club house	\$500.00
Park Avenue Brothers Hockey Club	Assist with coaching the community program designed to encourage young people for hockey	\$1,500.00
Australian South Sea Islander Pikinini Canecutters (ASSIPC)	Assistance with providing cultural training to ASSIPC youths	\$500.00
Parkhurst & District Pony Club	Financial assistance for community horse events and equipment for the club	\$500.00
St Matthews Cottage Committee	Financial assistance for community activities and upgrades to facilities	\$500.00
Park Avenue Brothers Hockey Club	Financial assistance for club members selected to represent the club at the QLD State Championships in Ipswich	\$500.00
RRC - Peter Smith Memorial Grove	Financial Assistance for the landscape treatment/ improvement of the Peter Smith Memorial Grove road reserve area	\$1,000.00
<b>Total</b>		<b>\$5,000.00</b>

# COUNCILLORS OUT AND ABOUT



GOVHACK2016



CEDRIC ARCHER PARK SKATE PARK OPENING



SPRING GARDEN SPECTACULAR



FREEDOM OF THE CITY



NBL SHOWDOWN



MOUNT MORGAN STREETScape PROJECT



EMERGENCY SERVICES DAY



HOMELESS CONNECT DONATIONS



BRICK BY BRICK LAUNCH



ANNA MEARES - KEYS TO THE CITY





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