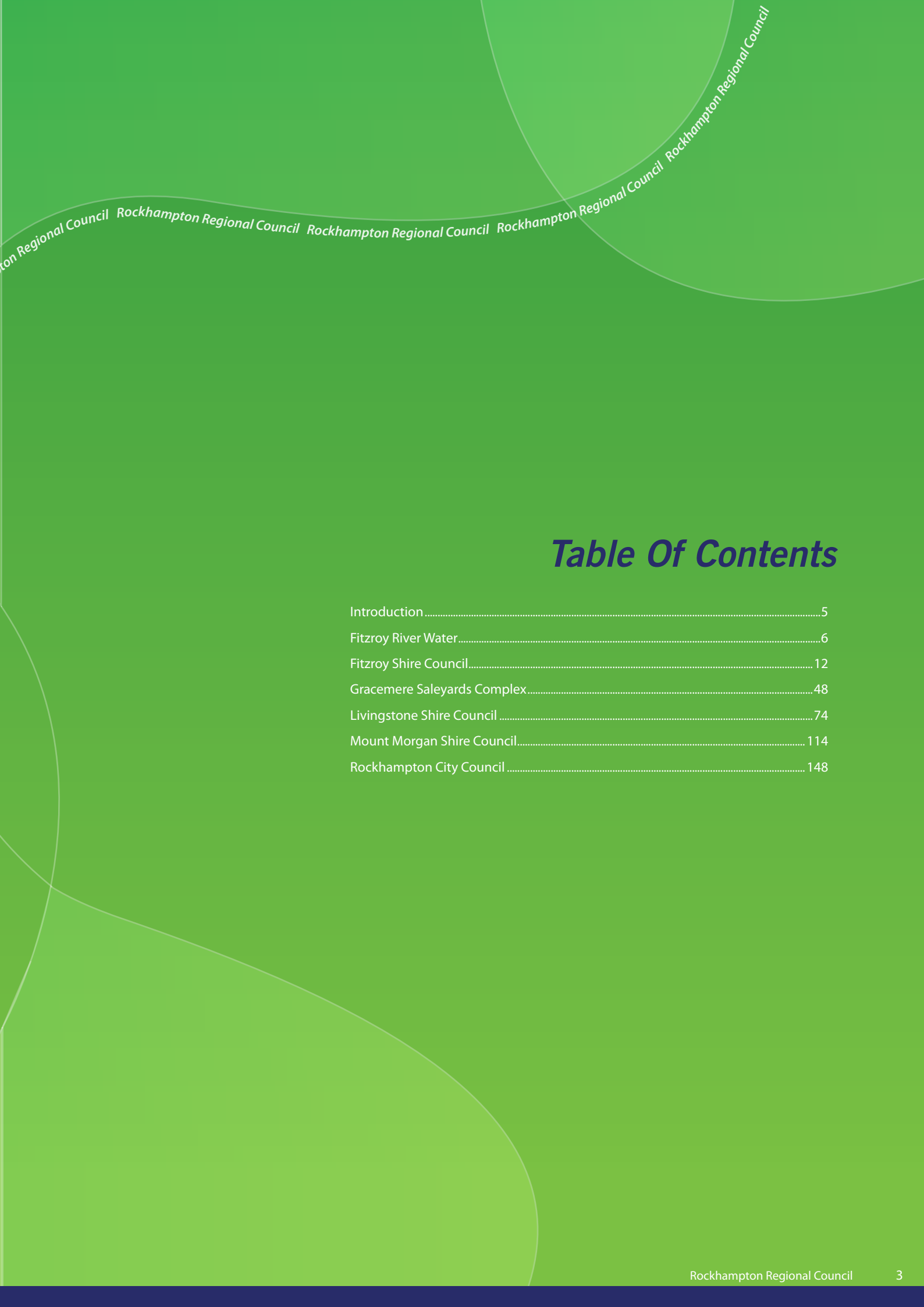


*Rockhampton Regional Council*  
**2007- 2008 Annual Report**









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## Introduction

It has been an eventful year with many changes for the Rockhampton region.

Queensland local government underwent the most historic reform in history during 2007/08, and on 15 March 2008 the communities of Rockhampton, Fitzroy, Livingstone and Mount Morgan joined together to elect the first Rockhampton Regional Council - one team serving one region for better services and facilities.

Accountability is a vital element of public service and all levels of Government, including local government, are required to account for their activities to the community. The Local Government Act 1993 (LGA) establishes the framework for open and accountable local government in Queensland.

It is a requirement that all abolished councils produce general purpose financial reports for the period ended on changeover date to reflect the abolition of the existing councils as reporting entities.

This Annual Report therefore covers the period 1 July 2007 to 14 March 2008 and includes the general purpose financial reports of the former Fitzroy Shire Council, Livingstone Shire Council, Mount Morgan Shire Council, Rockhampton City Council, Fitzroy River Water and the Rockhampton District Saleyards Board.

Next year, the new Rockhampton Regional Council will produce general purpose financial reports for the period ended 30 June 2009 to reflect the reporting period from changeover date 15 March 2008 to 30 June 2009.



Fitzroy River, Rockhampton

# *Fitzroy River Water*

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# Income Statement

For the period 1 July 2007 to 14 March 2008 (Unaudited)

For the period 1 July 2007 to 14 March 2008	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>		
<b>Revenue</b>		
<b>Recurrent revenue</b>		
Rates and levies	23,565,097	26,333,214
Other fees and charges	1,721,148	2,414,971
Revenue from Rockhampton City Council	341,341	799,063
Interest received	271,763	336,378
Sales of contract and recoverable works	466,303	430,877
Other recurrent income	137,569	217,657
Grants, subsidies and contributions	40,660	19,250
Total recurrent revenue	26,543,881	30,551,410
<b>Capital revenue</b>		
Grants, subsidies and contributions	402,403	2,665,005
Total revenue	26,946,284	33,216,415
Total income	26,946,284	33,216,415
<b>Expenses</b>		
<b>Recurrent expenses</b>		
Employee benefits expense	(5,288,811)	(7,305,404)
Materials and services	(3,354,115)	(3,653,498)
Finance costs	(953,207)	(1,196,169)
Depreciation	(5,498,441)	(6,919,353)
Total recurrent expenses	(15,094,574)	(19,074,424)
<b>Capital expenses</b>		
	(206,009)	(233,553)
Total expenses	(15,300,583)	(19,307,977)
Net result before income tax equivalent	11,645,701	13,908,438
Income tax equivalent expense	(2,146,063)	(2,593,974)
<b>NET RESULT ATTRIBUTABLE TO FITZROY RIVER WATER</b>	<b>9,499,638</b>	<b>11,314,464</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.

# Balance Sheet

For the period 1 July 2007 to 14 March 2008 (Unaudited)

For the period 1 July 2007 to 14 March 2008	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>		
Cash assets	7,203,987	3,519,692
Trade and other receivables	3,231,734	3,391,819
Inventories	418,106	363,455
Other financial assets	2,512	3,517
	10,856,339	7,278,483
<b>Non-current assets</b>		
Property, plant and equipment	265,207,015	248,746,162
Capital works in progress	1,589,855	2,512,478
	266,796,870	251,258,640
<b>TOTAL ASSETS</b>	<b>277,653,209</b>	<b>258,537,123</b>
<b>Current liabilities</b>		
Trade and other payables	1,539,282	1,398,428
Borrowings	1,466,324	1,500,000
	3,005,606	2,898,428
<b>Non-current liabilities</b>		
Trade and other payables	1,276,577	1,221,825
Borrowings	20,243,901	21,353,287
	21,520,478	22,575,112
<b>TOTAL LIABILITIES</b>	<b>24,526,084</b>	<b>25,473,540</b>
<b>NET COMMUNITY ASSETS</b>	<b>253,127,125</b>	<b>233,063,583</b>
<b>Community equity</b>		
Capital	134,194,228	133,669,012
Capital cash reserves	483,761	825,997
Asset revaluation reserve	111,377,259	95,221,183
Retained surplus	3,923,563	227,648
Other reserves	3,148,314	3,119,743
<b>TOTAL COMMUNITY EQUITY</b>	<b>253,127,125</b>	<b>233,063,583</b>
The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.		



# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008 (Unaudited)

	Total		Retained surplus		Other reserves		Capital cash reserves		Asset revaluation reserve		Capital	
	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of period	233,063,583	203,734,366	227,648	(175,154)	3,119,743	3,243,499	825,997	354,319	95,221,183	68,025,863	133,669,012	132,285,839
<b>Corrections to opening balances</b>												
Net result for the period	9,499,638	11,314,464	9,499,638	11,314,464	-	-	-	-	-	-	-	-
Dividend paid in period	(5,592,172)	(9,180,567)	(5,592,172)	(9,180,567)	-	-	-	-	-	-	-	-
Transfers to capital	-	-	-	(1,200,942)	-	-	-	-	-	-	-	1,200,942
Transfers to general reserves	-	-	(272,870)	(1,417,789)	272,870	1,417,789	-	-	-	-	-	-
Transfer of funds expended	-	-	-	-	(244,299)	(653,909)	(342,236)	(354,319)	-	-	586,535	1,008,228
Transfers from capital	-	-	61,319	-	-	-	-	825,997	-	-	(61,319)	(825,997)
Transfers from general reserves	-	-	-	887,636	-	(887,636)	-	-	-	-	-	-
<b>Asset revaluation adjustments:</b>												
Revaluations and impairments	16,156,076	27,195,320	-	-	-	-	-	-	16,156,076	27,195,320	-	-
<b>BALANCE AT END OF PERIOD</b>	<b>253,127,125</b>	<b>233,063,583</b>	<b>3,923,563</b>	<b>227,648</b>	<b>3,148,314</b>	<b>3,119,743</b>	<b>483,761</b>	<b>825,997</b>	<b>111,377,259</b>	<b>95,221,183</b>	<b>134,194,228</b>	<b>133,669,012</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.

# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008 (Unaudited)

For the period 1 July 2007 to 14 March 2008	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Cash flows from operating activities:</b>		
<b>Receipts</b>		
Utility rates and charges	23,840,364	25,786,102
Revenue from Rockhampton City Council, other fees and charges	2,062,489	3,214,034
Grants, subsidies and contributions	40,660	19,250
Interest received	271,763	336,378
Other income	488,690	611,532
<b>Payments</b>		
Payments to suppliers	(3,458,398)	(3,790,961)
Payment to employees	(5,042,568)	(6,976,577)
Interest paid	(953,207)	(1,196,169)
Dividend paid	(5,592,172)	(9,180,567)
Income tax equivalent paid	(2,146,063)	(2,593,974)
	9,511,558	6,229,048
<b>Cash flows from investing activities:</b>		
<b>Grants, subsidies and contributions for capital acquisitions:</b>		
Government subsidies and grants	-	301,396
Capital contributions	181,707	929,114
Payments for property, plant and equipment	(4,865,908)	(9,320,719)
Net cash outflow from investing activities	(4,684,201)	(8,090,209)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	-	3,450,504
Repayment of borrowings	(1,143,062)	(1,231,369)
<b>Net cash (outflow) inflow from financing activities</b>	<b>(1,143,062)</b>	<b>2,219,135</b>
<b>Net increase in cash held</b>	<b>3,684,295</b>	<b>357,974</b>
Cash at beginning of reporting period	3,519,692	3,161,718
<b>CASH AT END OF REPORTING PERIOD</b>	<b>7,203,987</b>	<b>3,519,692</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.



# Statement of Appropriations

For the period 1 July 2007 to 14 March 2008 (Unaudited)

<i>For the period 1 July 2007 to 14 March 2008</i>	<i>1 July 2007 to 14 March 2008 \$</i>	<i>2007 \$</i>
Retained surplus (deficiency) from prior years	227,648	(175,154)
Net result attributable to Fitzroy River Water for the period	9,499,638	11,314,464
	9,727,286	11,139,310
Dividend paid	(5,592,172)	(9,180,567)
<b>Transfers (to) from capital account:</b>		
Transfer of capital expenses	206,009	233,553
Non monetary capital revenue	(220,696)	(1,434,495)
General revenue used for capital funding purposes	(341,341)	-
Adjustment for unfunded depreciation	417,347	-
Net capital account transfers	61,319	(1,200,942)
Transfer to the constrained works reserve	(272,870)	(1,342,874)
<b>Retained surplus (deficiency) available for transfer to reserves</b>	<b>3,923,563</b>	<b>(585,073)</b>
<b>Transfers (to) from reserves for future capital funding purposes:</b>		
Pricing reserve	-	1,000,000
Future investments reserve	-	(187,279)
<b>RETAINED SURPLUS AT END OF PERIOD</b>	<b>3,923,563</b>	<b>227,648</b>



# ***Fitzroy Shire Council***

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# Community Financial Report

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

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

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

As a result of the State Government reform of local government in Queensland, Fitzroy Shire Council and the adjoining local governments of Livingstone Shire Council, Rockhampton City Council, Mount Morgan Shire Council and the Rockhampton District Saleyards Board amalgamated on 14 March 2008 to form Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Because of this it will be difficult to compare results from one year to the next due to this fundamental difference in the reporting periods, that is:-

2006/2007 Financial Period – 12 months

2007/2008 Financial Period – 8 1/2 months



## Income Statement

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

### Sources of Income – Where Our Money Comes From...

Council's total revenue from sources including fees and charges, recoverable works, grants, subsidies, contributions and donations is lower than the 2006/2007 financial year. As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months and consequently the total revenue is lower than the 2006/07 financial year. The reduction in total revenue does not therefore reflect a diminishing revenue source for Council.

Rates and utility charges comprise 38% of total income. The balance of the revenue is derived from fees and charges, developer contributions, private and recoverable works and funding in the form of grants and subsidies from both State and Federal Government.

A total of \$23,744,147 was raised in revenue during the financial year. Total income decreased by \$7.05 million over the previous year, given that the financial year was only an 8 1/2 month period. See FIG 1

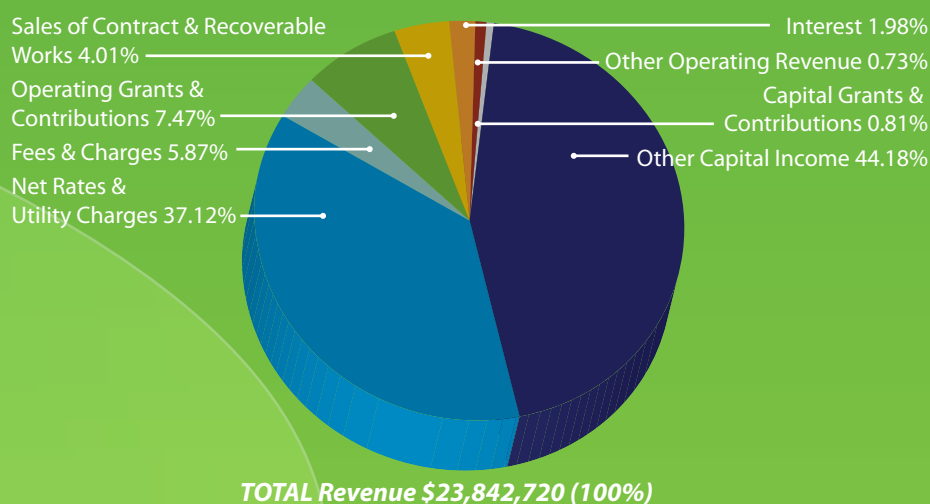
The decrease in income in 2007/08 is primarily attributable to an approximately 40% decrease in the amount of non monetary developer contributions received, due to the shortened financial reporting period in 2007/08. Non monetary developer's contributions are the roads, drainage and other infrastructure assets that are contributed to Council following the completion of a development.

### Operating Expenditure – Where Our Money is Spent...

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

To provide the necessary services and facilities, Council spends considerable funds on materials and services in addition to our employee costs. In accordance with Council's Purchasing Policy, we try to give preference to local business when work is tendered or goods and services purchased. By purchasing locally, Council is contributing to the sustainability of the area.

Figure 1



Depreciation and amortisation is the periodic allocation of the consumption of property, plant and equipment and intangible assets over the asset's estimated 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 when they are at the end of their useful economic life. See FIG 2.

In comparing the total expenditure of Council this reporting period to last financial year, it can be seen that all expenditures have decreased. This has come about due to the shorter reporting period. In addition, Council's depreciation and amortisation expenses have decreased due to Council undertaking a full revaluation of all of its assets during the year and thus providing Council with better data on which to calculate depreciation charges. Finance costs have also reduced due to Council extinguishing some of its debt.

#### Net Result Attributable to Council

The Net Result Attributable to Council is the difference between Total Income and Operating Expenses and measures the change in operating capability.

Council achieved a Net Operating Surplus of \$13.8 million for 2007/2008 reporting period, comparable to the previous financial year's result of \$17.6 million. This result enables funds to be set aside in reserves for future requirements such as capital expenditure on infrastructure and community facilities as well as debt reduction.

The Net Result for this reporting period includes \$10.7 million of non-operating (capital) revenue restricted for capital purposes. Capital revenue fluctuates each year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

### Balance Sheet

The Balance Sheet lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

#### What Do We Own?

Council controls a variety of current and non-current assets of which 91% is attributed to Property, Plant and Equipment Assets. This is a significant investment for the community and requires astute management to ensure

Figure 2

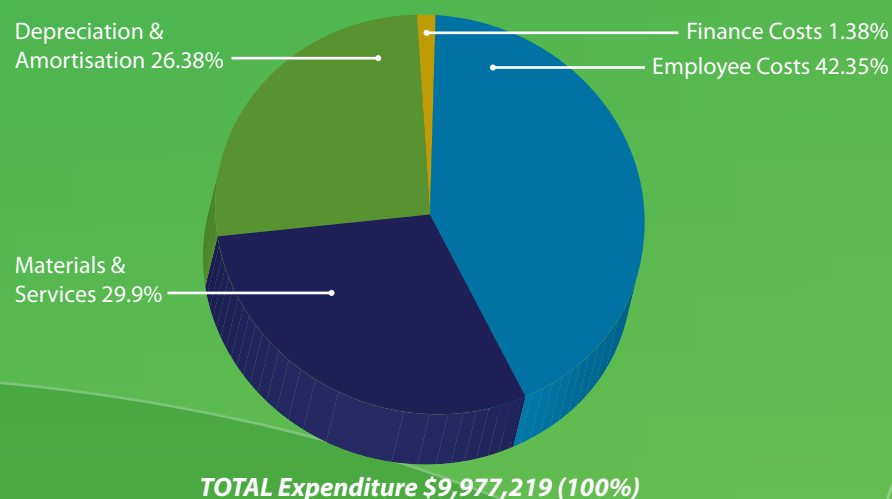
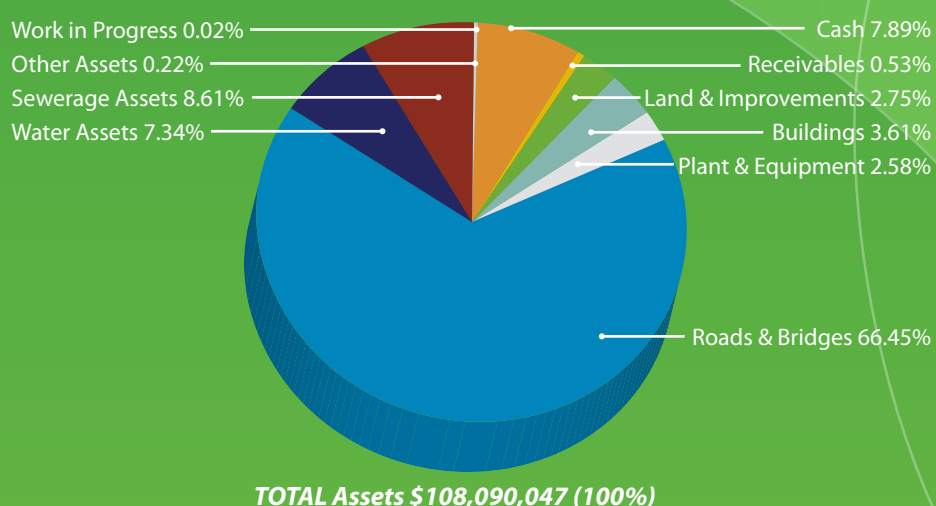


Figure 3



the level of service provided by these assets is maintained. See FIG 3

The total assets of \$180.1 million as at 14 March 2008 includes an increase of \$14 million or 8.41% from the previous year. The development that has been occurring in Gracemere in 2007/08 has been responsible for the increase in value of Council's road, drainage and bridge network of \$5.9 million.

#### Capital Works

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

The total capital works undertaken for the year totalled \$2.1 million.

Significant projects undertaken in 2007/2008 were:

- Redevelopment of Ted Price Park
- Ongoing replacement of Council's plant and equipment
- Significant Capital Works undertaken on Council Road Network

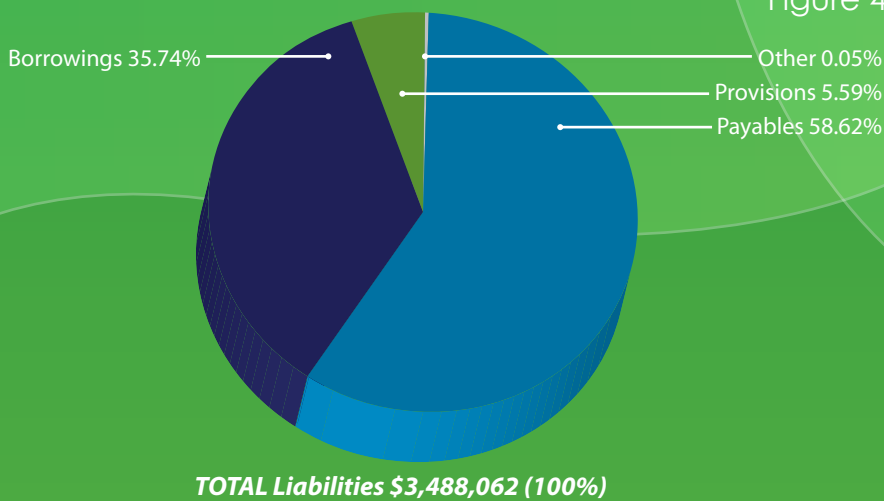
#### What Do We Owe?

Council's borrowings decreased by \$496,396 during 2007/2008. This is the result of Council continuing to make repayments on its borrowed funds. Council had intended to borrow a further \$300,000 during the financial year to fund infrastructure projects although due to the early financial period close these loan funds were not drawn until June 2008. This would have left Council with a debt balance of \$1.55 million. The level of long-term debt is regularly reviewed as a component of the Financial Strategic Plan.

Interest expense on all loans, totalled 0.57% of total operating income. See FIG 4



Figure 4



forward planning, provides capacity for Council to meet its objectives as well as provide a large degree of flexibility if strategic directions change.

#### Cash Flow Statement

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

Council pools and invests funds throughout the year in low-risk short-term investments in accordance with Council's investment policy. The interest earned from investments for the 2007/2008 financial period was \$454,229. In the 2006/2007 financial year total interest earned on investments was \$363,115.

#### Looking to the Future

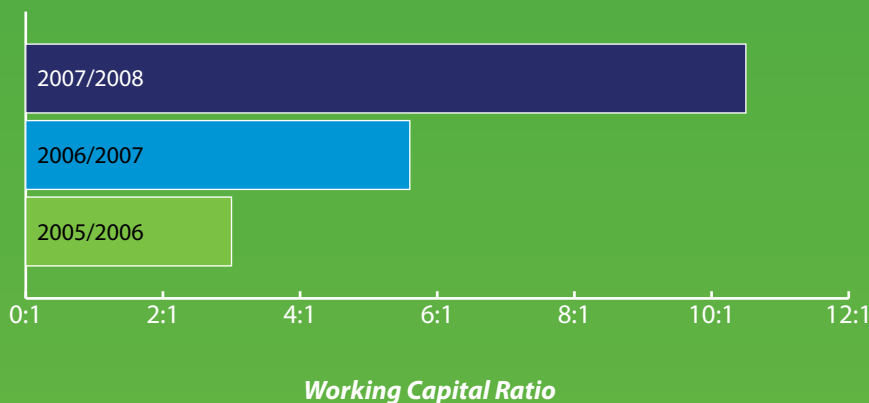
The new Council, amongst other things, will be well placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the region.

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

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

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

Figure 5



### How healthy is Council's Liquidity?

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

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

A ratio of better than 2:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments. Council has improved its working capital ratio from 5.6:1 at 30 June 2007 to 10.5:1 at 14 March 2008. See FIG 5

#### Statement of Changes in Equity

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

#### What Are We Worth?

Community Equity is represented by an Asset Revaluation Reserve, Retained Surplus and Other Reserves. Total Community Equity at 14 March 2008 is \$176 million, an increase of \$14.5 million from 2006/2007.

This increase is primarily attributed to:

- An increase in the value of Council's property, plant and equipment from \$156 million to \$164 million. This was brought about by a revaluation of assets and the completion of a significant capital works program during 2007/2008.
- A decrease in Council's borrowings from \$1.74 million to \$1.24 million.

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

The healthy financial position of Council combined with sound budgeting and

# Income Statement

For the period 1 July 2007 to 14 March 2008

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Net rate and utility charges	3	8,849,410	8,211,097
Fees and charges	3	882,995	1,192,117
Rental income	3	60,697	78,322
Interest received	3	471,197	391,298
Sales - contract and recoverable works	3	956,158	782,590
Other recurrent income		112,830	137,316
Grants, subsidies, contributions and donations	4	1,781,255	2,301,231
Total recurrent revenue		13,114,541	13,093,970
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations		194,171	1,177,131
Developer's contributions		2,428,472	2,712,387
Non-monetary developers contributions		8,105,535	13,790,792
Total capital revenue		10,728,178	17,680,310
Total revenue		23,842,720	30,774,280
Gain/(loss) on disposal of non-current assets	5	(98,573)	22,297
Reduction in provision for land restoration		-	(1,976)
<b>Total income</b>		<b>23,744,147</b>	<b>30,794,601</b>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	7	(4,225,159)	(4,920,734)
Materials and services	8	(2,983,099)	(4,486,425)
Finance costs	9	(137,457)	(213,520)
Depreciation and amortisation	10	(2,631,504)	(3,540,380)
Total recurrent expenses		(9,977,219)	(13,161,059)
<b>Total expenses</b>		<b>(9,977,219)</b>	<b>(13,161,059)</b>
<b>NET RESULT ATTRIBUTABLE TO COUNCIL</b>		<b>13,766,927</b>	<b>17,633,542</b>

The above statement should be read in conjunction with the accompanying notes and the summary of significant accounting policies.



# Balance Sheet

As at 14 March 2008

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>			
Cash and cash equivalents	11	14,202,631	7,699,811
Trade and other receivables	12	950,237	1,479,997
Inventories	13	237,848	115,310
Other financial assets	14	140,049	218,266
Total current assets	2	15,530,766	9,513,385
<b>Non-current assets</b>			
Investment property		-	324,000
Property, plant and equipment	15	164,512,230	156,120,649
Capital works in progress	16	32,626	49,888
Intangible assets	17	14,427	111,570
Total non-current assets	2	164,559,283	156,606,107
<b>TOTAL ASSETS</b>		<b>180,090,048</b>	<b>166,119,491</b>
<b>Current liabilities</b>			
Trade and other payables	18	1,266,370	1,227,146
Interest bearing liabilities	19	123,931	387,144
Provisions	21	90,133	48,024
Other	22	1,884	51,721
Total current liabilities		1,482,318	1,714,035
<b>Non-current liabilities</b>			
Trade and other payables	18	778,199	781,112
Interest bearing liabilities	19	1,122,851	1,356,034
Provisions	21	104,694	177,218
Total non-current liabilities		2,005,744	2,314,364
<b>TOTAL LIABILITIES</b>		<b>3,488,062</b>	<b>4,028,399</b>
<b>NET COMMUNITY ASSETS</b>		<b>176,601,986</b>	<b>162,091,092</b>
<b>Community equity</b>			
Asset revaluation reserve	23	82,993,884	82,330,541
Retained surplus/(deficiency)	24	82,064,008	71,895,202
Other reserves	25	11,544,094	7,865,349
<b>TOTAL COMMUNITY EQUITY</b>		<b>176,601,986</b>	<b>162,091,092</b>

The above statement should be read in conjunction with the accompanying notes and the summary of significant accounting policies.

# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008

	Notes	Asset revaluation reserve		Retained surplus		Other reserves		Total
		Note 23	2007	14 March 2008	2007	Note 25	14 March 2008	
		\$	\$	\$	\$	\$	\$	\$
Opening balance	23	82,330,541	23,883,315	71,895,202	56,183,834	7,865,349	162,091,092	84,899,568
Adjustments to opening equity	25							
Adjusted opening equity		82,330,541	23,883,315	71,975,825	57,292,693	7,865,349	162,171,715	86,008,427
Revaluations of property, plant and equipment		663,343	58,447,226	-	-	-	663,343	58,447,226
<b>Available for sale investments:</b>								
Change in value of future rehabilitation costs		-	-	-	1,976	-	-	1,976
Net income recognised directly in equity	23	663,343	58,447,226	-	1,976	-	663,343	58,449,202
	25							
Surplus for the period		-	-	13,766,927	17,633,542	-	13,766,927	17,633,542
Total recognised income and expense		663,343	58,447,226	13,766,927	17,635,518	-	14,430,271	76,082,744
<b>Transfers to and from reserves</b>								
Transfers to general reserves		-	-	(5,295,139)	(5,208,507)	5,295,139	5,208,507	-
Transfers from general reserves		-	-	1,616,394	2,175,577	(1,616,394)	(2,175,577)	-
Total transfers to and from reserves	23	-	-	(3,678,744)	(3,032,930)	3,678,744	3,032,930	-
	25							
<b>CLOSING BALANCE</b>		<b>82,993,884</b>	<b>82,330,541</b>	<b>82,064,008</b>	<b>71,895,281</b>	<b>11,544,094</b>	<b>176,601,986</b>	<b>162,091,172</b>

The above statement should be read in conjunction with the accompanying notes and the summary of significant accounting policies.

# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		11,332,816	11,704,106
Payments to suppliers and employees		(7,285,325)	(10,773,624)
		4,047,491	930,482
Interest received		459,006	364,659
Rental income		60,697	72,905
Non capital grants and contributions		1,766,255	2,263,731
Borrowing costs		(74,111)	(163,355)
Net cash inflow (outflow) from operating activities	32	6,259,338	3,468,422
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment		(2,075,552)	(3,315,842)
Proceeds from sale of property, plant and equipment	5	226,518	253,207
Grants, subsidies, contributions and donations		2,588,912	3,386,143
Net cash inflow (outflow) from investing activities		739,878	323,508
<b>Cash flows from financing activities:</b>			
Repayment of borrowings	20	(496,396)	(868,927)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(496,396)</b>	<b>(868,927)</b>
<b>Net increase (decrease) in cash held</b>		<b>6,502,820</b>	<b>2,923,003</b>
Cash at beginning of reporting period		7,699,811	4,776,808
<b>CASH AT END OF REPORTING PERIOD</b>	<b>11</b>	<b>14,202,631</b>	<b>7,699,811</b>

The above statement should be read in conjunction with the accompanying notes and the summary of significant accounting policies.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1. Summary of significant accounting policies

### 1.01 Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Queensland Local Government Finance Standard 2005.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport as at 27 July 2007 recommended that Fitzroy Shire Council be amalgamated with Livingstone Shire Council, Rockhampton City Council and Mount Morgan Shire Council to form the new Rockhampton Regional Council. The Rockhampton Regional Council Local Transition Committee was established as the body responsible for overseeing the local level change processes required to transition the existing councils to the new council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Report Implementation Regulation 2008 the amalgamation was effective from 15 March 2008 (the changeover day).

As a consequence of the amalgamation, Fitzroy Shire Council is no longer a going concern as it was dissolved on 14 March 2008. While Council is not considered a going concern at balance date, this report has been prepared on a basis consistent with a going concern basis.

The Local Government Reform Implementation Regulation 2008 and the Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of Fitzroy Shire Council to the new Rockhampton Regional Council as at changeover date. As a result, it is appropriate for the assets and liabilities of Fitzroy Shire Council to be valued and presented on a going concern basis.

The values of the assets and liabilities reported in these general purpose financial reports represent the existing book values as at the changeover day, determined in accordance with the accounting policies outlined in Note 1.

### 1.02 Statement of Compliance

Australian Accounting Standards include Australian equivalents to

International Financial Reporting Standards (AeIFRS). As Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with AeIFRS, to the extent these inconsistencies are applied this report does not comply with AeIFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

### 1.03 Early Adoption of New Accounting Standards.

AASB7 (Financial Instruments: Disclosures) applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards, Amendments to Standards and Interpretations, issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied.

- AASB8 Operating Segments (February 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB101 Preparation of Financial Statements (September 2007)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures (December 2007)
- AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27
- AAS29, and AAS31 (December 2007)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities (December 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)
- AASB2008-2 Amendments to

Australian Accounting Standards - Portable Financial Instruments and Obligations arising on Liquidation (March 2008)

- AASB2008-3 Amendments to Australian Accounting Standards arising from AASB3 and AASB127 (March 2008)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

### 1.04 Critical Accounting Estimates

The preparation of financial statements in conformity with AeIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.05 Currency

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

### 1.06 Constitution

Fitzroy Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

### 1.07 Date of Authorisation

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

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

### 1.08 Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1.09 Financial Assets and Financial Liabilities

### Categorisation

Fitzroy Shire Council has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets	Categorisation
<b>Cash</b>	
Receivables	Loans and receivables (at amortised cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments is determined as follows:

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

- The fair value of Borrowings, as disclosed in the notes to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.
- The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
- The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

- The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately below.

### 1.10 Rates, Grants and Other Revenue

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

- Rates**  
Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received.
- Grants and subsidies**  
Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.
- Non-cash contributions**  
Non-cash contributions in excess of the recognition threshold values, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue.
- Other revenue including contributions**  
Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

### 1.11 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at 14 March 2008, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

The Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

### 1.12 Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision

for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and, if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced with provision being made for impairment. The loss is recognised in other expenses.

The amount of the provision is the difference between the assets carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on loss events.

All known bad debts were written-off against the provision for impairment at 14 March 2008. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

### 1.13 Other Financial Assets

Other Financial Assets are recognised at cost.

### 1.14 Inventories

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

Inventories held for distribution (goods to be supplied at no or nominal charge, or goods to be used for the provision of services at no or nominal charge) are valued at cost, adjusted when applicable for any loss of service potential.

### 1.15 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents. Interest and dividend revenues are recognised on an accrual basis.

### 1.16 Investment Property

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

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

Investment property is subsequently carried at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

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

## 1.17 Property, Plant and Equipment

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

### i. Acquisition of assets -

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

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### ii. Capital and operating expenditure -

Wages and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

### iii. Valuation -

Land, buildings and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. Intangibles are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value.

Details of valuations are disclosed in Note 15(b).

Plant and equipment is measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost does not differ materially from their fair value.

### iv. Depreciation -

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

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

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

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

whichever is the shorter.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 15(a).

### v. Unfunded depreciation -

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

## 1.18 Intangible Assets

Only intangible assets which have a cost exceeding \$5,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval indicates that the project meets the criteria for recognition in AASB138 paragraph 57.

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

The estimated useful life of Council's intangible assets has been revised to 1.25 years, as a result of becoming obsolete as at 30 June 2009. Straight line amortisation has been used to amortise these assets with no residual value.

## 1.19 Capital Work in Progress

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

## 1.20 Impairment of Non Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. 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.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

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

## 1.21 Leases

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

### (i) Finance leases -

Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

### (ii) Operating leases -

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

## 1.22 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts.

Amounts owing are unsecured and are generally settled on 30 day terms.

## 1.23 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave, long service leave and vested sick leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

### i. Salaries and wages -

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is treated as a payable and not as a provision.

### ii. Annual leave -

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values.

### iii. Sick leave -

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

### iv. Superannuation -

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 29.

### v. 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 interest rates attaching as at the reporting date to Commonwealth Government guaranteed securities,

are used to discount the estimated future cash outflows to their present value. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

## 1.24 Borrowings

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets. Gains and losses on the early redemption of borrowings are recorded in other revenue / expense.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## 1.25 Restoration Provision

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

The provision is measured at the expected cost of the work required and discounted to present values using appropriate rates. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities, are considered appropriate rates.

### i. Restoration on land not controlled by Council -

Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

passing of time are treated as an expense or income.

ii. Restoration on land controlled by Council -

Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and amortised over the expected useful life.

Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation reserve for land. If there is no available reserve, increases in the provision are treated as an expense and recovered out of future decreases if any.

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

## 1.26 Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

## 1.27 Reserves

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

i. Plant and Equipment Reserve -

This reserve represents amounts set aside for the future replacement of Council's plant and equipment.

ii. Special Purpose Reserves -

These reserves were created to hold funds to contribute to the future replacement of Council's assets or for specific recurrent expenditure and include the following reserves:

- Shire Development Reserve
- Development of Land Reserve
- Shire Roads Reserve
- Quarry Reserve
- Natural Disaster Reserve
- Community Facilities Reserve
- Computer Reserve
- Small Plant & Equipment Reserve
- Election Reserve
- Cemetery Reserve
- Building Reserve
- Employee Entitlements Reserve
- Telephone Replacement Reserve
- Pest Management Reserve
- Valuation of Assets Reserve
- Waste Development Reserve

iii. Constrained Works Reserve -

This reserve represents amounts received for capital works where the required works have not yet been carried out.

iv. Gracemere Water Reserve -

This reserve was created to contribute to the future funding of new water infrastructure and provide a contingency amount to offset any major unforeseen water supply works which are required.

v. Gracemere Sewerage Reserve -

This reserve was created to contribute to the future funding of new sewerage infrastructure and provide a contingency amount to offset any major unforeseen sewerage supply works which are required.

vi. Recurrent Works Reserve -

This reserve was created to meet expenses of a recurrent nature.

vii. Recoverable Works Reserve -

This reserve was created to hold excess funds generated from carrying out recoverable works.

viii. Cleansing Reserve -

This reserve was created to hold excess funds generated from cleansing activities.

ix. Office Levy Reserve -

This reserve was created to hold funds that have not been applied against the loan for the administration building. All available funds in this reserve were used to finalise the full payout of this loan during the period ending 14 March 2008.

## 1.28 Retained Surplus

This represents that part of Council's net funds not required to meet immediate requirements or to meet specific future needs.

## 1.29 National Competition Policy

Council has reviewed its activities and has determined that the code of

competitive conduct will not be applied to any of Council's business activities as outlined in Note 34. This conclusion is on the basis that Council is the sole supplier of services to main roads for the maintenance of state controlled roads and the cost of administering the national competition policy regime would far exceed the benefits to Council.

## 1.30 Rounding and Comparatives

The final financial period is for the period 1 July 2007 to 14 March 2008. This is not equal in time to the comparative reporting period of 1 July 2006 to 30 June 2007 and, as a result, the financial statements are not comparable to the extent that the current reporting period only covers 8 and 1/2 months.

Amounts included in the financial statements have been rounded to the nearest \$1.00 or, where that amount is \$1.00 or less, to zero. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

## 1.31 Financial Risk Management

Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

Council does not invest in derivatives or other risky investments.

When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of the financial instruments are disclosed in Note 33.

## 1.32 Judgements and Assumptions

Council has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities following their transfer to Rockhampton Regional Council.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1.33 Trust Funds Held for Outside Parties

Funds held in the Trust Account are security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by Council, as detailed in Note 31.

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

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

## 1.34 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 current asset or current liability respectively.

## 2(a). Components of Council Functions

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

### **Civic and Corporate Management**

This program covers corporate governance operations for Council, including the functions of Finance, Information Technology and Promotional Development.

### **Community Facilities**

This program manages matters associated with public facilities such as parks and community centres. In addition the functions of animal management and weed and pest control are also included.

### **Environmental Services**

Provides environmental services including health services, environmental approvals and licences and cemetery management and maintenance.

### **Infrastructure Support**

This program manages recoverable works and town planning and provides administrative support to other functions of Council.

## **Revenue**

The revenue program relates to the collection of rates and grants. The application of funds is for finance related activities.

### **Road Network Management**

Providing and maintaining shire roads, bridges and drainage.

### **Fleet and Plant**

Provides fleet and plant services to Council operations.

### **Refuse Tips and Transfer Stations**

Includes the management and operation of refuse tips and transfer stations and the servicing of associated infrastructure.

### **Sewerage Infrastructure**

Providing sewerage services.

### **Waste Collection**

Providing refuse collection and disposal services.

### **Water Infrastructure**

Providing water supply services.

### **Quarry Management**

Relates to the operation of Council's quarries and the provision of quarry materials to Council.





## 2(b). Analysis of Results by Function

Income and expenses defined between recurring and capital are attributed to the following functions:

	Gross recurring income	Gross capital income	Eliminate inter-fn trans.	Total income	Gross recurring expenses	Gross capital expenses	Eliminate inter-fn trans.	Total expenses	Net result from recurring	Net result attributable to council	Assets
	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008
Civic & Corporate Management	705,682	(1,782)	-	703,900	1,965,429	-	-	1,965,429	-1,259,747	(1,261,529)	242,42,661
Community Facilities	68,667	286,100	-	354,767	379,638	-	-	379,638	-310,971	(24,871)	11,464,669
Environmental Services	127,185	-	-	127,185	449,722	-	-	449,722	-322,537	(322,537)	-
Infrastructure Support	1,670,799	41,898	-	1,712,697	1,667,882	-	-	1,667,882	2,917	44,815	237,848
Revenue	7,127,882	-	-	7,127,882	74,463	-	-	74,463	7,053,419	7,053,419	570,474
Road Network Management	2,495	7,026,026	-	7,028,522	2,974,730	-	-	2,974,730	-2,972,235	4,053,792	119,678,630
Fleet and Plant	24,469	(40,707)	-	(16,238)	(60,028)	-	-	(60,028)	84,497	43,790	4,648,368
Refuse Tips and Transfer Stations	413,045	-	-	413,045	518,018	-	-	518,018	-104,973	(104,973)	-
Sewerage Infrastructure	1,500,590	1,643,842	-	3,144,432	886,329	-	-	886,329	614,261	2,258,103	10,060,209
Waste Collection	298,938	-	-	298,938	150,000	-	-	150,000	148,938	148,939	-
Water Infrastructure	1,174,058	1,674,229	-	2,848,287	987,368	-	-	987,368	186,690	1,860,919	9,187,189
Quarry Management	730	-	-	730	(16,331)	-	-	(16,331)	17,061	17,061	-
Total Council	13,114,541	10,629,606	-	23,744,147	9,977,219	-	-	9,977,219	3,137,320	13,766,927	180,090,048

Income and expenses defined between recurring and capital are attributed to the following functions:

	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Civic & Corporate Management	2,994,569	8,366	-	3,002,935	2,299,938	-	-	2,299,938	694,631	702,997	2,274,312
Community Facilities	283,883	428,937	-	712,520	767,710	-	-	766,710	-482,827	-54,190	17,481,844
Environmental Services	205,426	-	-	205,426	855,987	-	-	855,987	-650,561	-650,562	121,663
Infrastructure Support	318,887	-	-	318,887	834,762	-	-	834,762	-515,875	-515,875	-
Revenue	5,372,362	-	-	5,372,362	127,450	-	-	127,450	5,244,912	5,244,912	-
Road Network Management	799,627	8,393,864	-	9,193,491	3,151,667	-	-	3,151,667	-2,352,040	6,041,825	113,803,580
Fleet and Plant	69,088	14,671	-	83,759	1,374,961	-	-	1,374,961	-1,305,873	-1,291,202	4,134,835
Refuse Tips and Transfer Stations	174,867	-	-	174,867	673,282	-	-	673,282	-498,415	-498,415	286,081
Sewerage Infrastructure	1,310,035	5,238,628	-	6,548,663	1,059,597	-	-	1,059,597	250,438	5,489,067	14,823,607
Waste Collection	199,250	-	-	199,250	184,335	-	-	184,335	14,915	14,915	292,062
Water Infrastructure	1,365,351	3,616,465	-	4,981,816	1,524,018	-	-	1,524,018	-158,667	3,457,798	12,761,699
Quarry Management	625	-	-	625	308,352	-	-	308,352	-307,727	-307,718	139,808
Total Council	13,093,970	17,700,631	-	30,794,601	13,161,059	-	-	13,161,059	-67,089	17,633,542	166,119,491

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>3. Revenue analysis</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>(a) Rates and charges</b>		
General rates	6,256,439	5,811,061
Separate rates	216,121	189,507
Water access charges	727,033	541,704
Water consumption, rental and sundries	289,948	569,962
Sewerage	1,437,753	1,191,562
Garbage charges	539,162	485,622
Total rates and utility charge revenue	9,466,456	8,789,417
Less: Discounts	(509,721)	(474,912)
Less: Pensioner remissions	(107,325)	(103,408)
Net rates and utility charges	8,849,410	8,211,097
<b>(b) Fees and charges</b>		
Fees and Charges	882,995	1,192,117
	882,995	1,192,117
<b>(c) Rental income</b>		
Property rentals	60,697	78,322
	60,697	78,322
<b>(d) Interest received</b>		
Interest received from investments	454,229	363,115
Interest received on sundry debtors	247	-
Interest from overdue rates and utility charges	16,721	28,183
	471,197	391,298
<b>(e) Sales - Contract and recoverable works</b>		
Contract and recoverable works undertaken	956,158	782,590
	956,158	782,590

The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at period end. The contract work carried out is not subject to retentions.

<b>4. Grants, Subsidies, Contributions and Donations</b>		
<b>(a) Recurrent - government grants, subsidies, and other contributions are analysed as follows:</b>		
General purpose grants	1,702,634	2,118,784
State Government subsidies and grants	48,621	164,047
Donations	15,000	15,000
Contributions	15,000	3,400
Total recurrent revenue	1,781,255	2,301,231
<b>(b) Capital - government grants and subsidies, and other contributions are analysed as follows:</b>		
State Government subsidies and grants	159,340	705,759
Contributions	10,568,838	16,974,551
Total capital revenue	10,728,178	17,680,310
<b>(c) Conditions over contributions</b>		
Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition they be expended in a manner specified by the contributor but had not been expended at the reporting date.		
Grants for expenditure on infrastructure	6,818	40,000
	6,818	40,000

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>5. Capital income</b>		
<i>For the period ended 14 March 2008</i>	<i>1 July 2007 to 14 March 2008 \$</i>	<i>2007 \$</i>
<b>Gain (loss) on the disposal of non-current assets</b>		
Proceeds from the sale of property, plant and equipment	226,518	253,207
	226,518	253,207
Less: Book value of property, plant and equipment disposed	(325,091)	(238,535)
	(325,091)	(238,535)
Revaluation up of investment property	-	7,625
	-	7,625
Total gain (loss) on the disposal of non-current assets	(98,573)	22,297

<b>6. Reduction in provision for land restoration</b>		
This reduction relates to Refuse Tips which are on land not controlled by Council	-	(1,976)

<b>7. Employee benefits</b>	<b>Notes</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Total staff wages and salaries		3,354,604	4,087,634
Councillors' remuneration		147,508	198,925
Annual, sick and long service leave entitlements		261,515	634,978
Superannuation	29	333,564	425,224
		4,097,191	5,346,761
Other employee related expenses		550,695	17,387
		4,647,886	5,364,148
Less: Capitalised employee expenses		(422,726)	(443,414)
		4,225,159	4,920,734
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.			
<b>Total Council employees at period end</b>			
Elected members		9	9
Administrative staff		35	43
Depot and outdoors staff		47	48
Total full time equivalent employees		91	100



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>8. Materials and services</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Advertising and marketing	74,678	75,654
Administration supplies & consumables	57,767	112,112
Audit services	36,688	35,862
Communications and IT	112,612	166,509
Consultants	127,418	89,826
Contractors	671,571	871,332
Donations paid	66,398	82,571
Power	144,600	252,989
Repairs and maintenance	575,608	865,880
Water	413,701	588,814
Other material and services	702,057	1,344,875
	2,983,099	4,486,425

<b>9. Finance costs</b>		
<b>Finance costs charged by Queensland Treasury</b>		
Corporation (QTC)	75,219	165,692
Bank charges	29,278	33,838
Impairment of debts	1,083	100
Bad and doubtful debts	(6,836)	0
Refuse restoration	38,713	13,890
	137,457	213,520

Note: Because the period for construction of new assets rarely exceeds twelve months borrowing costs on the construction of assets is not capitalised.

<b>10. Depreciation and amortisation</b>		
<b>(a) Depreciation of non-current assets</b>		
Land improvements	769	66,667
Buildings	126,152	185,063
Plant	439,551	571,522
Road, drainage and bridge network	1,372,207	1,869,038
Water	284,235	391,278
Sewerage	311,447	451,884
Total depreciation of non-current assets	2,534,360	3,535,451
<b>(b) Amortisation of intangible assets</b>		
Software	97,143	4,929
Total depreciation and amortisation	2,631,504	3,540,380

Unfunded depreciation

Accumulated unfunded depreciation

The accumulated un-funded depreciation represents the accumulated shortfall in funding being provided from operating revenue to replace the assets at some future time. It is anticipated external borrowings will be required as the assets are replaced resulting in higher future operating costs. Recognition of un-funded depreciation represents a decline in the capital value of the shire. Net adjusted un-funded depreciation is calculated by taking the gross un-funded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period. The gross un-funded depreciation across all assets for the period is \$0 (30 June 07 - \$45,801).

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>11. Cash and cash equivalents</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Cash at bank and on hand	228,019	2,677,305
Deposits at call	1,000,000	1,000,000
Term deposits	12,974,612	4,022,506
Balance per Cash Flow Statement	14,202,631	7,699,811
<b>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b>		
Unspent government grants and subsidies	137,719	135,000
Unspent reserve funds	6,116,918	4,418,417
Unspent developer contributions	5,289,457	3,048,088
Total unspent restricted cash for capital projects	11,544,094	7,601,505
General funds account and term deposits are held in The Rock Building Society Limited in business cheque accounts and normal term deposits. These deposits bear floating interest rates between 1.00% and 7.50% p.a. The Rock Building Society Limited is a non-rated financial institution.		
Deposits at Call are held in the Queensland Treasury Corporation in the Capital Guaranteed Cash Fund. This deposit bears an annual effective interest rate of 8.45% p.a.		
<b>12. Trade and other receivables</b>		
<b>Current</b>		
Rateable revenue and utility charges	783,863	407,811
Other debtors	140,501	1,082,855
Less: Provision for doubtful debts	(5,721)	(14,999)
GST receivable	31,595	4,331
	950,237	1,479,997
Interest is charged at 11% per annum on overdue rates. There is no concentration of credit risk for rates and utility charges, fees and other receivables.		
<b>13. Inventories</b>		
<b>Current</b>		
Inventories for distribution		
Quarry and road materials	148,473	52,578
Plant and equipment stores	89,375	62,732
Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.		
Total inventories	237,848	115,310
<b>14. Other financial assets</b>		
<b>Current</b>		
Prepayments	140,049	218,266
	140,049	218,266

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>15(a). Council Property, Plant and Equipment</b>									
For the period ended 14 March 2008									
Asset Values	Land and Improvement	Buildings	Plant and Equipment	Roads, Drainage and Bridge Work	Water	Sewerage	Total		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation			
Opening gross value	4,764,000	7,415,417	8,171,180	125,301,829	17,122,194	20,633,373	183,407,993		
Additions at cost	-	166,366	880,905	743,376	286,249	44,125	2,121,021		
Developer contributed assets	-	-	-	6,471,518	509,813	1,124,204	8,105,535		
Disposals	-	(19,572)	(454,500)	(26,282)	(63,879)	(29,161)	(593,394)		
Revaluation adjustment to the ARR	(123,588)	394,171	18,820	-	(38,552)	7,725	258,576		
Assets transferred from Investment Property	324,000	-	-	-	-	-	324,000		
Correction of prior period error	-	-	166,000	-	-	(220,110)	(54,110)		
Assets not previously recognised	-	90,175	-	53,252	-	-	143,427		
Closing gross value	4,964,412	8,046,557	8,782,405	132,543,693	17,815,825	21,560,156	193,713,048		
<b>Accumulated Depreciation</b>									
Opening balance	66,667	1,515,742	4,036,345	11,498,249	4,360,496	5,809,768	27,287,267		
Depreciation provided in period	769	126,152	439,551	1,372,207	284,235	311,447	2,534,361		
Depreciation on disposals	-	(17,790)	(187,274)	(5,392)	(47,849)	(9,997)	(268,302)		
Assets not previously recognised	-	(16,866)	-	-	-	-	(16,866)		
Revaluation adjustment to the ARR	(53,595)	(64,528)	(153,222)	-	(886)	(63,408)	(335,639)		
	13,841	1,542,710	4,135,400	12,865,064	4,595,996	6,047,810	29,200,821		
Total written down value at period end	4,950,572	6,503,846	4,647,005	119,678,630	13,219,829	15,512,347	164,512,229		
Residual value	-	82,367	2,116,400	5,226,152	-	-	7,424,919		
Estimated useful life (years)	28	3 - 75	2 - 20	7 - 120	10 - 60	5 - 60	-		

## 15 (b) Property, Plant and Equipment Valuations

Property, plant and equipment valuations were determined by reference to the following:

### Land and improvement assets

The valuation of land assets at fair value was determined by Australia Pacific Valuers Pty Ltd as at 14 March 2008.

Land under infrastructure and reserve land does not have a value for the purpose of Fitzroy Shire Council's financial statements.

### Building assets

The valuation of building assets at fair value was determined by Australia Pacific Valuers Pty Ltd as at 14 March 2008.

### Plant and equipment assets

The valuation of plant and equipment assets at fair value was determined by Australia Pacific Valuers Pty Ltd as at 14 March 2008.

### Roads, drainage and bridge assets

The valuation of roads, drainage and bridge assets at fair value was determined by Shepherd Services Pty Ltd as at 14 March 2008.

### Water assets

The valuation of water assets at fair value was determined by Soluze Pty Ltd as at 14 March 2008.

### Sewerage assets

The valuation of sewerage assets at fair value was determined by Soluze Pty Ltd as at 14 March 2008.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>16. Capital works in progress</b>		
<i>For the period ended 14 March 2008</i>	<i>1 July 2007 to 14 March 2008 \$</i>	<i>2007 \$</i>
Capital works in progress	32,626	49,888
	32,626	49,888

<b>17. Intangible Assets</b>		
<b>Software</b>		
Opening gross carrying value	121,428	121,428
Acquired at cost	-	-
Closing gross carrying value	121,428	121,428
<b>Accumulated amortisation</b>		
Opening balance	9,858	4,929
Amortisation in the period	97,143	4,929
Closing balance	107,001	9,858
The software's estimated useful life has been revised to 1.25 years, as a result of becoming obsolete at 30 June 2009. Straight line amortisation has been used with no residual value.		
Net carrying value at the period end	14,427	111,570

<b>18. Trade and other payables</b>		
<b>Current</b>		
Creditors	39,485	292,083
Accruals	750,129	431,855
Employee related tax payable	36,902	80,934
Annual leave	340,871	328,710
Long service leave	64,096	63,899
Other accrued leave	34,886	29,665
	1,266,370	1,227,146
<b>Non-current</b>		
Annual leave	201,333	206,017
Long service leave	576,866	575,095
	778,199	781,112

Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary level. These estimates are then adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. 87.11% of the non current liability is funded.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

19. Borrowings		
For the period ended 14 March 2008	1 July 2007 to 14 March 2008 \$	2007 \$
<b>(a) Bank Overdraft</b>		
Council does not have a bank overdraft facility.		
<b>(b) Unsecured Borrowings</b>		
The unsecured borrowings are provided by Queensland Treasury Corporation.		
All borrowings are in \$A 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 from 15 June 2008 to 4 April 2024. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.		
<b>(c) Secured Borrowings</b>		
Fitzroy Shire Council has no secured borrowings.		
<b>(d) Assets Pledged as Security</b>		
No assets of Council are pledged as security.		
<b>Details of borrowings at balance date are:</b>		
Current	123,931	387,144
Loans QTC	123,931	387,144
Non-current	1,122,851	1,356,034
Loans QTC	1,122,851	1,356,034
<b>20. Loans</b>		
<b>Queensland Treasury Corporation</b>		
Opening balance	1,743,178	2,612,105
Loans raised	-	-
Principal repayments	(496,396)	(868,927)
Book value at period end	1,246,782	1,743,178
<b>Classified as:</b>		
Current	123,931	387,144
Non-current	1,122,851	1,356,034
	1,246,782	1,743,178
The loan market value at the reporting date was \$1,205,029.22. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. Borrowings are all in Australian dollars and are underwritten by the Queensland State Government.		

<b>21. Provisions</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>Current</b>		
Refuse restoration	90,133	48,024
	90,133	48,024
<b>Non-current</b>		
Refuse restoration	104,694	177,218
	104,694	177,218
<b>Details of movements in provisions:</b>		
Refuse restoration		
Opening balance	225,242	237,027
Adjustments to ARR - due to change in repayment structure	(75,153)	-
Increase in provision - finance cost	38,713	-
Increase(decrease) in provision due to change in discount rate	6,025	(11,785)
Balance at the end of the period	194,827	225,242
This is the present value of the estimated cost of restoring the Gracemere and Alton Downs refuse disposal sites to a useable state at the end of their useful lives.		
The projected costs for the restoration of the Gracemere and Alton Downs refuse sites are \$200,000 and \$50,000 respectively. The total cost of the restoration of the Gracemere refuse site is expected to be incurred evenly over a twenty year period starting in the financial year ending 30th June 2015 and continuing through to the financial year ending on 30 June 2035.		
The total cost of the restoration of the Alton Downs refuse site is expected to be incurred in the financial years ending 30 June 2009 and 30 June 2010. These costs are expected to be incurred following the closure of the refuse sites of Gracemere and Alton Downs in 2014 and 2009 respectively, allowing a period for settlement.		
<b>22. Other liabilities</b>		
<b>Current</b>		
Revenue received in advance	1,884	51,721
	1,884	51,721
<b>23. Asset revaluation reserve</b>		
<b>(i) Asset revaluation reserve</b>		
<b>Movements in the asset revaluation reserve were as follows:</b>		
Balance at beginning of the period	82,330,541	23,883,315
	-	-
<b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b>		
Land and improvements	(865)	827,921
Buildings	458,699	676,588
Plant and equipment	172,042	141,644
Roads	-	50,888,643
Water	(37,666)	3,584,483
Sewerage	71,133	2,327,948
	663,343	58,447,226
Balance at end of the period	82,993,884	82,330,541
<b>(ii) Asset revaluation reserve analysis</b>		
<b>The closing balance of the asset revaluation reserve is comprised of the following asset categories:</b>		
Land and improvements	3,630,481	3,631,346
Buildings	2,560,842	2,102,143
Plant and equipment	1,476,489	1,304,447
Roads	65,755,432	65,755,432
Water	5,158,106	5,195,772
Sewerage	4,412,535	4,341,402
	82,993,884	82,330,541

<b>24. Retained surplus</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Retained surplus/(deficit) at the beginning of the financial period	71,895,202	56,183,834
Net result attributable to Council	13,766,927	17,633,552
Adjustments to opening equity	80,623	1,108,859
Change in value of future rehabilitation costs	-	1,976
Future capital works reserve	(1,774,290)	903,174
Asset replacement reserve	210,789	(924,946)
Constrained works reserve	(2,379,088)	(2,712,653)
Recurrent expenditure reserve	263,845	(298,591)
Retained surplus at the end of the financial period	82,064,008	71,895,203

<b>25. Other reserves</b>		
<b>(a) Summary of reserves held for future capital expenditure:</b>		
(i) Plant and equipment reserve	33,571	244,359
(ii) Special purpose reserve	2,640,922	1,926,717
(iii) Tip development reserve	308,191	292,062
(iv) Constrained works reserve	5,427,176	3,048,088
(v) Gracemere sewerage reserve	2,330,078	1,385,001
(vi) Gracemere water reserve	804,156	615,310
	11,544,094	7,511,537
<b>(b) Summary of reserves held for future recurrent expenditure:</b>		
(i) Recurrent expenditure reserve	-	263,845
(ii) Office levy reserve	-	85,705
(iii) Recoverable works reserve	-	4,263
	-	353,813
Total reserves	11,544,094	7,865,349
<b>(c) Movements in capital reserves are analysed as follows:</b>		
<b>(i) Plant and equipment reserve</b>		
Balance at the beginning of period	244,359	99,792
Transfer from retained earnings for future expenditure	425,350	694,346
Transfer to retained earnings funds expended in the period	(636,139)	(549,779)
Balance at the end of period	33,571	244,359
<b>(ii) Special purpose reserve</b>		
Balance at the beginning of period	1,926,717	2,829,886
Transfer from retained earnings for future expenditure	730,692	-
Transfer to retained earnings funds expended in the period	(16,487)	(903,169)
Balance at the end of period	2,640,922	1,926,717
<b>(iii) Tip development reserve</b>		
Balance at the beginning of period	292,062	292,062
Transfer from retained earnings for future expenditure	16,129	-
Transfer to retained earnings funds expended in the period	-	-
Balance at the end of period	308,191	292,062
<b>(iv) Constrained works reserve</b>		
Balance at the beginning of period	3,048,088	335,435
Transfer from retained earnings for future expenditure	2,726,743	2,758,944
Transfer to the retained earnings funds expended in the period	(347,656)	(46,292)
Balance at the end of period	5,427,176	3,048,087

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>25. Other reserves (continued)</b>		
<b>For the period ended 14 March 2008</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>(v) Gracemere sewerage reserve</b>		
Balance at the beginning of period	1,385,001	429,110
Transfer from retained earnings for future expenditure	989,312	955,891
Transfer to retained earnings funds expended in the period	(44,235)	-
Balance at the end of period	2,330,078	1,385,001
<b>(vi) Gracemere water reserve</b>		
Balance at the beginning of period	615,310	790,912
Transfer from retained earnings for future expenditure	406,911	686,174
Transfer to retained earnings funds expended in the period	(218,065)	(861,776)
Balance at the end of period	804,156	615,310
<b>(d) Movements in recurrent reserves are analysed as follows:</b>		
<b>(i) Recurrent expenditure reserve</b>		
Balance at the beginning of period	263,845	-
Transfer from retained earnings for future expenditure	-	263,845
Transfer to retained earnings funds expended in the period	(263,845)	-
Balance at the end of period	-	263,845
<b>(ii) Office levy reserve</b>		
Balance at the beginning of period	85,705	50,959
Transfer from retained earnings for future expenditure	-	34,746
Transfer to retained earnings funds expended in the period	(85,705)	-
Balance at the end of period	-	85,705
<b>(iii) Recoverable works reserve</b>		
Balance at the beginning of period	4,263	4,263
Transfer from retained earnings for future expenditure	-	-
Transfer to retained earnings funds expended in the period	(4,263)	-
Balance at the end of period	-	4,263
<b>26. Commitments for expenditure</b>		
<b>Contractual commitments</b>		
Contractual commitments at balance date but not recognised in the financial statements are as follows:		
Within one year	511,143	471,482
Later than one year but not later than five years	387,419	1,131,965
	898,562	1,603,447

## 27. Contingent liabilities

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

### Local Government Mutual

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

proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 14 March 2008 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

### Local Government Workcare

Fitzroy Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has

provided an indemnity towards 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. Council's maximum exposure to the bank guarantee is \$138,566.01. Council's maximum exposure to the bank guarantee as of 30 June 2007 was \$112,982.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 28. Events after balance date

For the period ended 14 March 2008

1 July 2007 to  
14 March 2008  
\$

2007  
\$

There were no material financial adjusting events after balance sheet date.

## 29. Superannuation

Fitzroy Shire Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee benefits. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of Council.

Accordingly there is no recognition in the financial statements of any over or under-funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2007. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

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 amount of superannuation contributions paid by Fitzroy Shire Council to the superannuation scheme in this period for the benefit of employees was:

Contributions	333,564	425,224
---------------	---------	---------

## 30. Operating Leases (Council is lessor)

Council has leased a number of properties to sporting bodies, companies and private individuals.

The minimum lease payments are payable as follows:

Not later than one year	12,783	85,146
One to five years	23,249	390,238
Later than five years	-	610,198
	36,031	1,085,582

## 31. Trust funds

Security deposits	1,679,361	1,005,884
	1,679,361	1,005,884

Fitzroy Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements. Trust cash is invested with The Rock Building Society Limited Trust Account.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 32. Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

For the period ended 14 March 2008

	1 July 2007 to 14 March 2008 \$	2007 \$
Result from ordinary activities	13,766,927	17,633,552
<b>Non-cash operating items:</b>		
Depreciation and amortisation	2,631,504	3,540,381
Non-Monetary developers contributions	(8,105,535)	(13,790,792)
Assets disposed of in prior period	(166,000)	-
Change in future rehabilitation costs	-	1,976
	(5,640,031)	(10,248,435)
<b>Investing and development activities:</b>		
Net (profit) loss on disposal of non-current assets	98,573	(14,672)
Increment in fair value of investment properties	-	(7,625)
Capital grants and contributions	(2,588,912)	(3,386,153)
	(2,490,340)	(3,408,450)
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in receivables	550,152	(243,211)
(Increase) decrease in other operating assets	90,606	(173,469)
Increase (decrease) in payables	17,195	(89,897)
Increase (decrease) in other provisions	14,665	(11,785)
Increase (decrease) in other liabilities	(49,837)	10,117
	622,782	(508,245)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>6,259,338</b>	<b>3,468,422</b>

## 33. Financial instruments

### Financial risk management

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

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

**Fitzroy Shire 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 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 Council against credit risk in the case of these debts. In other cases, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk. Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. 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 regulated financial institutions 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 Council.

33. Financial instruments (continued)

For the period ended 14 March 2008	1 July 2007 to 14 March 2008 \$	2007 \$				
The following represents the Council's maximum exposure to credit risk:						
Financial assets	39,521	39,263				
Cash and cash equivalents	227,466	2,676,785				
Cash and cash equivalents - QTC	1,000,000	1,000,000				
Cash and cash equivalents - other ADI	12,974,612	4,022,506				
Receivables - rates	783,863	407,81				
Receivables - other	166,474	1,072,186				
Total	15,152,416	9,179,288				
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 Council's financial assets that are either fully performing, past due or impaired:						
Receivables						
Fully Performing		76,435				
Past Due						
Less than 30 Days		20,324				
31 - 60 Days		566,340				
61 - 90 Days		57,228				
Over 90 Days		245,631				
Impaired		-5,721				
Total		950,237				
Liquidity risk						
Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.						
The Corporation 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 19.						
The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:						
Financial Liabilities	0-1 Year	1-5 Years	Over 5 Years	Total		
14 March 2008 \$	963,514	649,100	940,640	2,553,255		
2007 \$	1,292,351	799,061	1,053,374	3,144,786		
Interest rate risk						
Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.						
The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.						
Council does not undertake any hedging of interest rate risk.						
Interest rate sensitivity analysis						
The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.						
	Net Carrying amount		Profit		Equity	
	39,521	39,263	39,521	39,263	39,521	39,263
Financial Assets	13,974,612	5,022,506	139,746	50,225	139,746	50,225
Financial Liabilities	1,246,782	1,743,178	12,468	172,432	12,468	172,432
	12,727,830	3,279,328	127,278	32,793	127,278	32,793

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 34. National Competition Policy

Activities to which the code of competitive conduct is applied "business activity" of a local government is divided into two categories:

### (a) Roads business activity:

- i. the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement
- ii. submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government

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

- i. trading in goods and services to clients in competition with the private sector; or

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

Local governments may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory, other than in the event that the local government is carrying out work under a sole supplier arrangement.

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the

activity's primary objective were to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by Council.

Council has reviewed its activities and identified the following activities as business activities:

- Water Services
- Sewerage Services
- Recoverable Works
- Fleet and Plant Management
- Quarries
- Waste Management

However, the code of competitive conduct will not be applied to these activities on the basis that the cost of administering the regime would far exceed the benefits to Council. The code of competitive conduct has not been applied to any maintenance undertaken by Council on state-controlled roads as all works are undertaken through a sole supplier arrangement.



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of the Rockhampton Regional Council

### **Matters Relating to the Electronic Presentation of the Audited Final Financial Report**

The auditor's report relates to the final financial report of the former Fitzroy Shire Council for the final period ended 14 March 2008 included on the Rockhampton Regional Council's website. The Rockhampton Regional Council is responsible for the integrity of the Rockhampton Regional Council's website. I have not been engaged to report on the integrity of the Rockhampton Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the final financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited final financial report, available from Rockhampton Regional Council, to confirm the information included in the audited final financial report presented on this website.

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

### **Report on the Final Financial Report**

I have audited the accompanying final financial report of the former Fitzroy Shire Council, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and cash flow statement for the final period ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

#### *The New Regional Council's Responsibility for the Final Financial Report*

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

#### *Auditor's Opinion*

In accordance with the *Local Government Act 1993* I have audited the former Council's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
  - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Fitzroy Shire Council for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

#### *Emphasis of Matter – Local Government Amalgamation*

Without qualification to the opinion expressed above, attention is drawn to Note 1.A in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Fitzroy Shire Council was amalgamated into the new Rockhampton Regional Council effective from 15 March 2008. All assets and liabilities of the former Council immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly,

this final financial report has been prepared on a basis that is consistent with a going concern basis.

*M. O'Grady*

M O'Grady  
As Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane



## **Fitzroy Shire Council Management Certificate**

**For the final period ended 14 March 2008**

This final general purpose financial report of the former Fitzroy Shire Council has been prepared by Fitzroy Shire Council pursuant to Section 532 of the Local Government Act 1993 (*as amended*), the Local Government Finance Standard 2005, Section 33 of the Local Government Reform Implementation Regulation 2008 and other prescribed requirements.

I certify that:-

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and
- (ii) the final financial statements for the final period 1 July 2007 to 14 March 2008 and supporting notes as set out on pages 1 to 52 present the former Fitzroy Shire Council's income, equity, balances and cash flows as required by the Local Government Act 1993 (*as amended*).



B. Carter  
Mayor  
Rockhampton Regional Council

Date: 14/8/08



A. Dawson  
Chief Executive Officer  
Rockhampton Regional Council

Date: 14/8/08



# Information Required Under the Act

For the period 1 July 2007 to 14 March 2008

<b>Special Charges</b>	
Office levy (\$20 per half year per assessment)	\$207,297.70
This loan has now been paid out to QTC.	\$211,418.11 on 3.3.08

<b>Remissions</b>	
Council Pensioner Remission granted	\$107,325.22
Permit to Occupy rate remission	\$2412.00
50% Water consumption rebate for Clubs	\$1,320.21

<b>COUNCILLOR'S REIMBURSEMENT OF EXPENSES</b>			
Bruce McCamley	23/8/07	\$ 94.70	Cab Fares & Meals (RADF)
	24/1/08	\$114.80	Cab Fares & Meals (RADF)

<b>COUNCILLOR'S MEETING ATTENDANCES</b>			
<i>Name</i>	<i>General Meeting</i>	<i>Special Meeting</i>	<i>Total</i>
John Hopkins	14	2	16
Catherine (Ellen) Smith	13 (1 Apology)	2	15
Sandra O'Brien	14	2	16
Gary Lynch	14	2	16
Bruce McCamley	12 (2 Apologies)	1 (1 Apology)	13
Christine Ward	13 (1 Apology)	2	15
Ann Kirk	13 (1 Apology)	2	15
John Salmon	10 (4 Apologies)	2	12
John McEvoy	12 (2 Apologies)	2	14

<b>COUNCILLOR'S REMUNERATION PAYMENTS</b>		
<i>Name</i>	<i>Allowances Paid</i>	<i>Meeting Attendance Fees Paid</i>
John Hopkins	\$4,876.62	\$31,722.80
Catherine (Ellen) Smith	\$3,175.00	\$20,024.56
Sandra O'Brien	\$8,838.00	\$20,563.83
Gary Lynch	\$251.87	\$8,008.83
Bruce McCamley	\$3,034.00	\$10,499.83
Christine Ward	\$4,520.80	\$15,240.83
Ann Kirk	\$3,194.00	\$8,589.83
John Salmon	-	\$8,090.83
John McEvoy	\$480.00	\$8,248.83

# Information Required Under the Act

For the period 1 July 2007 to 14 March 2008

## EQUAL EMPLOYMENT OPPORTUNITY

Equal Employment Opportunity (EEO) Policy and its Implementation -

Council's EEO Management Plan was adopted in 1997. Council is committed to Equal Employment Opportunity and ensures effective resolution of issues of harassment in the workplace.

Council has maintained its strong commitment to valuing fairness and equity in the workplace, including recruiting and selecting people for positions on the basis of merit.

## LIST OF REGISTERS OPEN TO INSPECTION

Documents which are classed as general documents include those registers which Council is required to hold under legislation, minutes of Council meetings, annual financial reports, corporate and operational plans and annual reports.

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

- Minutes of Council meetings
- Delegation registers
- Staff Code of Conduct
- Councillor's Code of Conduct
- Annual Report
- Annual Financial Statements
- EEO Management Plan
- Returns of the Interests of Councillors and Designated Persons

- Road Register
- Building Register
- Register of Notices – Building
- Food Premises Register
- Food Vehicles Register
- Standing Stalls Register
- Caravan Park Register
- Flammable & Combustible Liquids Register
- EPA Summary Register
- Contaminated Land Register
- Impounded Animals Register
- Revenue Policy
- Promotional Brochure
- Community Directory

Council has copies of these documents available for taking away either for a copying fee or at cost price.

## Policies

For the period 1 July 2007 to 14 March 2008

### INTENT:

The intent of this policy is to provide guidelines in relation to Council's raising of loan funds to finance its capital activities. This policy has been established to comply with the requirements of Part 2, Division 1, Section 8 of the Local Government Finance Standards 2005.

### PROVISIONS:

Council approves, during its budget process, the raising of loan funds to finance its capital activities. Council raises all external borrowing at the most competitive rates available.

Council's planned borrowing will only be used for:-

- capital expenditure
- short term working capital
- a genuine emergency or hardship
- establishing a commercial debt structure for its business units

### New Borrowings

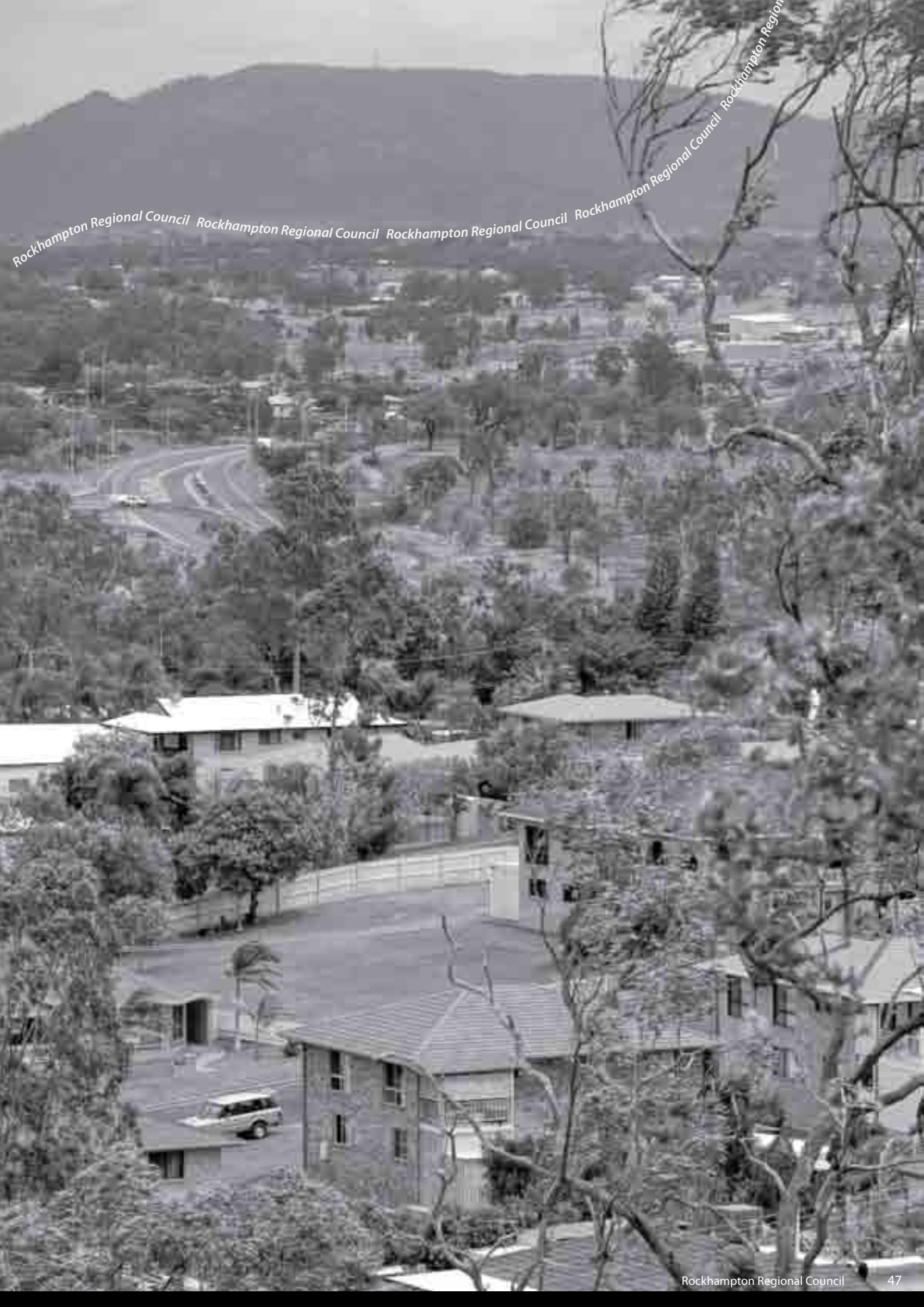
Any amounts borrowed for short term working capital are to be repaid within the financial year in which it is borrowed or the following year. New borrowings for the years 2007/08, 2008/09, 2009/10, 2010/11 and 2011/12 are as follows:-

		\$	Term
2007/08	Community Hall Upgrade	300,000	15 years
2008/09	No new borrowings	-	-
2009/10	No new borrowings	-	-
2010/11	No new borrowings	-	-
2011/12	No new borrowings	-	-

### Existing Borrowings

Council will continue to discharge its existing debt within the shortest possible time. The estimated timetable to repay all existing debt is as follows:-

Loan Purpose	Balance Outstanding as at 30 June 2007	Years to Repayment
Administration Building	\$276,353	2 years
General	\$10,092	.25 years
Road-works	\$341,756	9 years
Drainage	\$51,271	.25 years
Plant	\$318,151	8 years
Water	\$375,863	17 years
Sewerage	\$369,705	15 years



Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council





*Gracemere Saleyards Complex, Gracemere*

# Gracemere Saleyards Complex

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# Community Financial Report

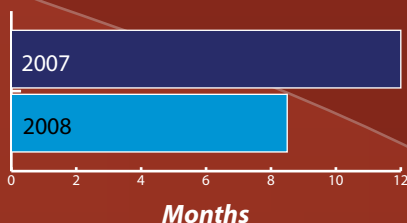
Interpreting formally presented financial statements in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers evaluate the Board's financial performance and financial position without the need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

The Board's Annual Financial Report is a record of our financial performance for the year, and is subject to independent audit to verify the accuracy of the reports, as well as the systems the Board has in place to record financial transactions. The three primary reports are the Income Statement, the Balance Sheet and the Cash Flow Statement.

As a result of the State Government reform of local government in Queensland, the Rockhampton District Saleyards Board and the local governments of Fitzroy Shire Council, Livingstone Shire Council, Mount Morgan Shire Council and Rockhampton City Council amalgamated on 14 March 2008 to form Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Because of this it will be difficult to compare results from one year to the next due this fundamental difference in the reporting periods, that is:-

2006/2007 Financial Period –  
12 months

2007/2008 Financial Period –  
8 1/2 months



## Income Statement

The Income Statement details total income and expenses, and the net result attributable to the Board as a result of the Board's activities for the financial period.

### Sources of Income – Where Our Money Comes From...

The Board's total revenue from sources including yard dues, fees and charges, interest and other recurrent revenue is lower than the 2006/2007 financial year. Due to the amalgamation process, the 2007/2008 financial 'year' is in fact only 8 1/2 months.

A total of \$1,182,384 was raised in revenue during the financial year. Total income decreased by \$304,742 from the 2006/2007 financial year, given that the financial year was only an 8 1/2 month period. *See FIG 1*

Lower revenue figures have come about as a direct result of a number of events outside the control of the Board as well as the financial 'year' being a shorter period of time. The outbreak of Equine Influenza in 2007 resulted in the closure of the Saleyards Ausstadium for much of the 8 1/2 month financial year. Seasonal conditions, a decline in demand from overseas markets and the recent rise in the value of the Australian dollar on world financial markets, have all impacted to varying degrees on the revenues collected by the Board. The reduction in total revenue does not therefore reflect a diminishing revenue source for the Board.

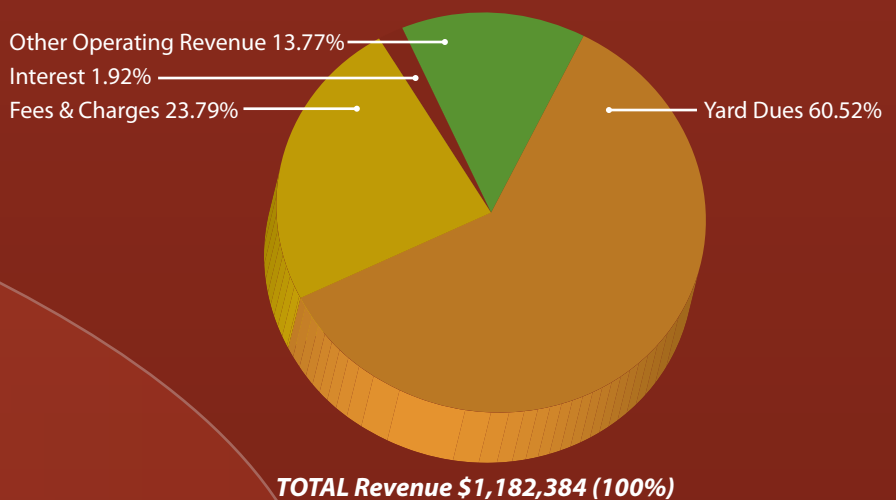
### Operating Expenditure – Where Our Money is Spent...

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

As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months. Therefore the total expenditure of the 2006/2007 year is higher than the total expenditure of the 2007/2008 'year'. *See FIG 2*

The underlying reasons behind the lower levels of expenditure, when compared to last year, is that the 2007/2008 was a shorter financial 'year' and the outbreak of Equine Influenza ensured that less horse events were held. The Board would have had a similar level of expenditure in the event that these two factors were taken out of consideration.

Figure 1



# Community Financial Report

## Net Result Attributable to the Board

The Net Result Attributable to the Board is the difference between Total Income and Total Expenses and measures the change in operating capability.

The Board achieved a net operating deficit of \$146,762 for 2007/2008.

## Balance Sheet

The Balance Sheet lists the Board's assets and liabilities. The result of these two components determines the net worth of the Board.

### What Do We Own?

The Board controls a variety of current and non-current assets of which 96% is attributed to Property, Plant & Equipment. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained. See FIG 3

The total assets of \$16.2 million as at 14 March 2008 included a decrease of \$301,975 (1.86%) from the 2006/2007 financial year. This decrease is primarily attributed to accumulated depreciation charges deducting the value of the Board's Property, Plant and Equipment.

### What Do We Owe?

The Board's borrowings decreased by \$65,682 during 2007/2008. The level of long-term debt is regularly reviewed to ensure that the Board is able to service its debt position.

Interest expense on loans totalled 6.5% of total operating income. See FIG 4

Total liabilities as at 14 March 2008 were \$1,329,146. This was a decrease of \$439,279 (24.84%) from 2006/2007. This decrease is primarily attributed to the Board continuing to make quarterly repayments on its borrowings with the Queensland Treasury Corporation and not drawing down any new loans.

## How healthy is the Board's Liquidity?

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

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

Figure 2

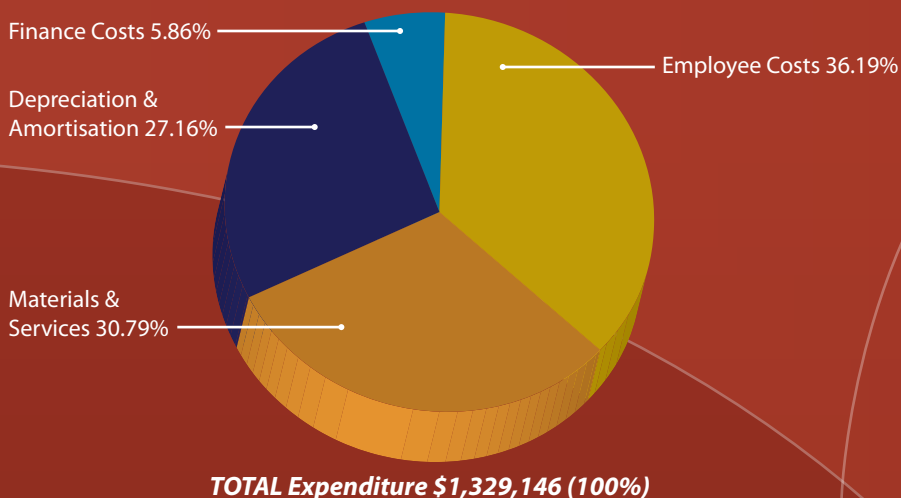


Figure 3

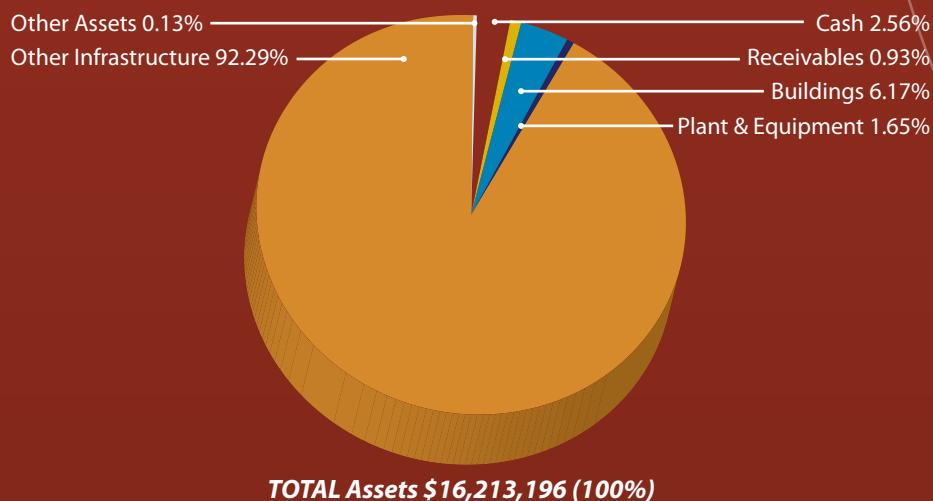
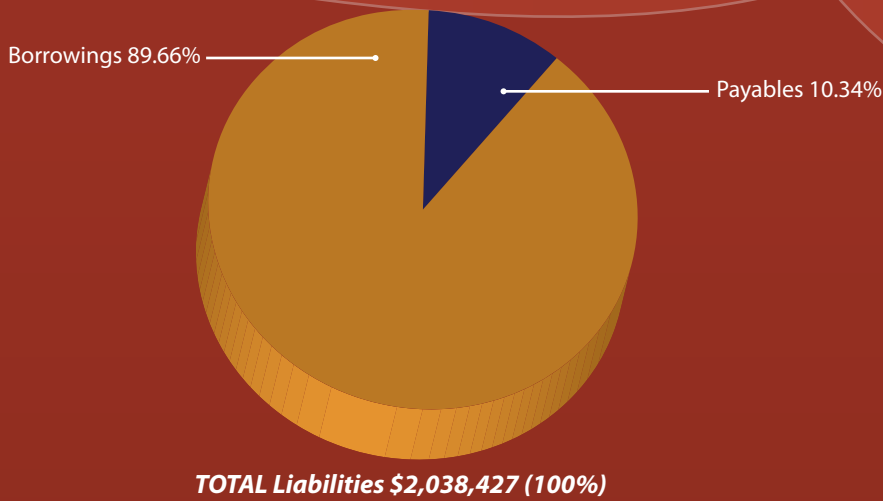


Figure 4



A ratio of better than 2:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments. See FIG 5

The Board has improved its working capital ratio from 1.8:1 in the 2006/2007 financial year to 2.1:1 in the 2007/2008 financial year.

#### Statement of Changes in Equity

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

#### What Are We Worth?

Equity is equal to Assets less Liabilities and is represented by an Asset Revaluation Reserve and Retained Surplus. Total Equity at 14 March 2008 is \$14.1 million, a decrease of \$146,762 from 2006/2007. This decrease in total equity has come about as a result of the deficit the Board made during the financial year.

#### Cash Flow Statement

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

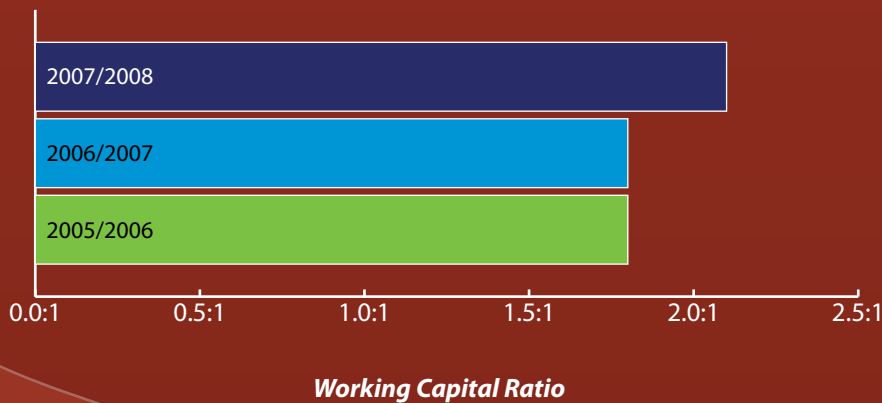
The Board has invested some of its funds with the Queensland Treasury Corporation. The interest earned from investments for the 2007/2008 financial period was \$22,725. In the 2006/2007 financial year total interest earned on investments was \$19,381.

#### Looking to the Future

The new Council, amongst other things, will need to make important decisions very soon on the long term future of the Saleyards. Rockhampton Regional Council on the 10 June 2008 called for expressions of interest on the possible privatisation of the Saleyards. Council is seeking to gain an insight into any private sector interest in managing and undertaking the day to day operations of running the Saleyards.

Expressions of Interest closed on 1 October 2008. In the weeks and months ahead, Rockhampton Regional Council will be looking to make a collective decision on the future of the Saleyards, which is in the best interests of the local community.

Figure 5



# Income Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>			
<b>Recurrent revenue</b>			
Yard dues	4	715,555	868,489
Fees and charges	4	281,346	293,737
Grants, subsidies, contributions and donations	5	-	49,463
Interest received	4	22,725	19,381
Other recurrent income	4	162,758	256,056
Total recurrent revenue		1,182,384	1,487,126
Total income		1,182,384	1,487,126
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	481,074	569,912
Materials and services	7	409,188	577,478
Finance costs	8	77,825	114,532
Depreciation and amortisation	9	361,059	506,503
Total recurrent expenses		1,329,146	1,768,425
Total expenses		1,329,146	1,768,425
<b>NET RESULT</b>		<b>(146,762)</b>	<b>(281,299)</b>

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



# Balance Sheet

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>			
Cash and cash equivalents	10	415,709	449,841
Trade and other receivables	11	150,144	162,718
Other financial assets	12	21,709	51,497
Total current assets		587,562	664,056
<b>Non-current assets</b>			
Property, plant and equipment	13	15,625,634	15,851,115
Total non-current assets		15,625,634	15,851,115
<b>TOTAL ASSETS</b>		<b>16,213,196</b>	<b>16,515,171</b>
<b>Current liabilities</b>			
Trade and other payables	14	182,304	293,488
Borrowings	15	102,396	80,043
Total current liabilities		284,700	373,531
<b>Non-current liabilities</b>			
Trade and other payables	14	28,406	26,268
Borrowings	15	1,725,321	1,793,841
Total non-current liabilities		1,753,727	1,820,109
<b>TOTAL LIABILITIES</b>		<b>2,038,427</b>	<b>2,193,640</b>
<b>NET ASSETS</b>		<b>14,174,769</b>	<b>14,321,531</b>
<b>Equity</b>			
Asset revaluation reserve	18	8,811,475	8,811,475
Retained surplus	19	5,363,294	5,510,056
<b>TOTAL EQUITY</b>		<b>14,174,769</b>	<b>14,321,531</b>

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

# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008

	Total	Retained Surplus		Asset Revaluation Reserve	
		See Note 19	See Note 18		
	14 March 2008	14 March 2008	14 March 2008	2007	2007
	\$	\$	\$	\$	\$
Balance at beginning of period	14,321,531	5,510,056	8,811,475	5,791,355	8,811,475
Revaluations of property and infrastructure	-	-	-	-	-
Net result for the period	(146,762)	(146,762)	-	(281,299)	-
Transfers from reserves	-	-	-	-	-
<b>BALANCE AT END OF PERIOD</b>	<b>14,174,769</b>	<b>5,363,294</b>	<b>8,811,475</b>	<b>5,510,056</b>	<b>8,811,475</b>

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

# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,219,053	1,608,907
Payments to suppliers and employees		(1,017,354)	(1,166,619)
Borrowing costs		(76,811)	(114,532)
Interest received		22,725	19,381
Net cash inflow (outflow) from operating activities	25	147,613	347,137
<b>Cash flows from investing activities</b>			
Payment for deposit		-	1,000
Payments for property, plant, equipment	13	(135,578)	(83,421)
Net cash inflow (outflow) from investing activities		(135,578)	(82,421)
<b>Cash flows from financing activities</b>			
Repayment of borrowings	16	(65,682)	(119,240)
Net cash inflow (outflow) from financing activities		(65,682)	(119,240)
Net increase (decrease) in cash held		(53,647)	145,476
Cash at beginning of reporting period	10	449,841	304,365
<b>CASH AT END OF REPORTING PERIOD</b>	<b>10</b>	<b>396,194</b>	<b>449,841</b>

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1. Basis of preparation

### 1.01 Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Local Government Finance Standard 2005.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport as at 27 July 2007 recommended that Rockhampton District Saleyards Board be amalgamated with, Fitzroy Shire Council, Livingstone Shire Council, Mount Morgan Shire Council and Rockhampton City Council to form the new Rockhampton Regional Council. Rockhampton Regional Council Local Transition Committee was established as the body responsible for overseeing the local level change processes required to transition the existing Councils to the new Council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with Local Government Reform Implementation Regulation 2008 the amalgamation was effective from 15 March 2008 (the changeover day).

As a consequence of the amalgamation, the Rockhampton District Saleyards Board is no longer a going concern and was dissolved on 14 March 2008. While the board is not considered a going concern at balance date, this report has been prepared on a basis consistent with a going concern basis.

The Local Government Reform Implementation Regulation 2008 and the Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of the Rockhampton District Saleyards Board to the new Rockhampton Regional Council as at changeover date. As a result, it is appropriate for the assets and liabilities of the Rockhampton District Saleyards Board be valued and presented on a going concern basis.

The values of the assets and liabilities reported in these general purpose financial reports represent the existing book values as at the changeover day, determined in accordance with the accounting policies outlined in Note 2.

### 1.02 Statement of Compliance

Australian Accounting Standards include Australian equivalents to

International Financial Reporting Standards (AeIFRS). As the Board is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with AeIFRS, to the extent these inconsistencies are applied this report does not comply with AeIFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

### 1.03 Early Adoption of New Accounting Standards

AASB7 (Financial Instruments: Disclosures) applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards, Amendments to Standards and Interpretations, issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied.

- AASB8 Operating Segments (February 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB101 Preparation of Financial Statements (September 2007)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures (December 2007)
- AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27, AAS29, and AAS31 (December 2007)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities (December 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)

- AASB2008-2 Amendments to Australian Accounting Standards - Portable Financial Instruments and Obligations arising on Liquidation (March 2008)
- AASB2008-3 Amendments to Australian Accounting Standards arising from AASB3 and AASB127 (March 2008)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

### 1.04 Critical Accounting Estimates

The preparation of financial statements in conformity with AeIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Board and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.05 Currency

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

### 1.06 Constitution

The Rockhampton District Saleyards Board is constituted under the Local Government Act 1993 and is domiciled in Australia.

### 1.07 Date of Authorisation

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

The Board has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Board as part of the Annual Report.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1.08 Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

## 1.09 Financial Assets and Financial Liabilities

### Categorisation

The Rockhampton District Saleyards Board has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets	Categorisation
<b>Cash</b>	
Receivables	Loans and receivables (at amortised cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

The fair value of financial assets and liabilities must be estimated for recognition, measurement and for disclosure purposes.

The fair value of financial instruments is determined as follows:

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

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

The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately below.

## 2. Summary of Significant Accounting Policies

### 2.01 Grants & Other Revenues

Grants and other revenues are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

- Grants and Subsidies -  
Where the Board has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.
- Non-Cash Contributions -  
Non-cash contributions are recognised as revenue and as non-current assets.
- Other Revenue Including Contributions -  
Other Revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

### 2.02 Cash and Cash Equivalent

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at 14 March, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts.

The Board considers all its term deposits, being for periods of less than one year to be cash equivalents.

### 2.03 Receivables

Trade receivables are recognised initially at the time of sale or service delivery, settlement on trade receivables being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 14 March 2008.

Loans and advances are recognised at cost. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

### 2.04 Other Financial Assets

Other financial assets are recognised at cost.

### 2.05 Inventories

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

Inventories held for distribution (goods to be supplied at no or nominal charge, or goods to be used for the provision of services at no or nominal charge) are valued at cost, adjusted when applicable for any loss of service potential.

### 2.06 Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

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

### 2.07 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents.

Interest revenue is recognised on an accrual basis.

### 2.08 Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of property, plant and equipment with a total value of less than \$5,000, except for land and network assets (an aggregate of interrelated assets), are treated as an expense in the year of acquisition. All other items

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

of property, plant and equipment are capitalised.

i. Acquisition of Assets -

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

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a board restructure, are recognised as assets and revenues at fair value by Board valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

ii. Capital and Operating Expenditure -

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

iii. Valuation -

Land, buildings, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 13(c).

Plant and equipment, other than major plant and equipment, are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not materially differ from their fair value.

iv. Depreciation -

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment 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 Board.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use. Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Board.

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 13(a).

v. Unfunded Depreciation -

The Board has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works.

## 2.09 Capital Work in Progress

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

## 2.10 Impairment of Non Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the board determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the assets is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

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

## 2.11 Leases

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

i. Operating leases -

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 2.12 Payables

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

## 2.13 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

### i. Salaries and Wages -

A liability for wages and salaries is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect to employees' services up to that date. The liability is treated as a payable and not as a provision.

### ii. Annual Leave -

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is treated as a payable and not as a provision.

### iii. Sick Leave -

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

### iv. Superannuation -

The superannuation expense for the reporting period is the amount of the contribution the board makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 23.

### v. 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 interest rates attaching, as at

the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

## 2.14 Borrowings

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by the board are generally completed within one year and therefore are not considered to be qualifying assets. Gains and losses on the early redemption of borrowings are recorded in other revenue / expense.

Borrowings are classified as current liabilities unless the Board has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## 2.15 Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

## 2.16 Reserves

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

### Reserves Held For Future Capital Expenditure

- i. Constrained Works Reserve  
This reserve represents grants, subsidies and contributions received for funding specific capital expenditure. The balance reported represents funds not expended at year end.

## 2.17 Retained Surplus

This represents the amount of Board's net funds not set aside in reserves to meet specific future needs. The main part of this amount is not available for the Board to spend as it has already been invested in assets used to provide services.

## 2.18 Rounding and Comparatives

The final financial period is for the period 1 July 2007 to 14 March 2008. This is not equal in time to the comparative reporting period of 1 July 2006 to 30 June 2007 and, as a result, the financial statements are not comparable to the extent that the current reporting period only covers 8 and 1/2 months.

Amounts included in the financial statements have been rounded to the nearest \$1.00 or, where that amount is \$1.00 or less, to zero.

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

## 2.19 Financial Risk Management

The Board minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

The Board does not invest in derivatives or other risky investments.

When the Board borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

Borrowing by the board is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of the financial instruments are disclosed in Note 26.

## 2.20 Judgements and Assumptions

The board has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities following their transfer to Rockhampton Regional Council.

## 2.21 Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include 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 Board. The Board performs only a custodian role in respect of these monies and because the monies cannot be used for Board purposes they are not considered revenue nor brought to account in the financial statements. The Rockhampton District Saleyards Board does not hold any trust monies.

## 2.22 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.

3. Analysis of results by function												
(a) Income, expenses and assets have been attributed to the following functions:												
	Income				Total Income		Total Expenses		Net result for period		Assets	
	Grants		Other		14 Mar 2008	2007 \$	14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$
	14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$								
	General operations	-	49,463	1,182,384	1,437,663	1,182,384	1,487,126	1,329,146	1,768,425	(146,762)	(281,299)	16,213,196
TOTAL	-	49,463	1,182,384	1,437,663	1,182,384	1,487,126	1,329,146	1,768,425	(146,762)	(281,299)	16,213,196	16,515,171
(b) Components of Board functions												
General operations												
Provide and maintain to a high standard the selling and saleyard facilities and to assist in the promotion of the cattle industry in the Central Queensland area. To provide a high quality source of value added product to the local fertilizer market												



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

4. Revenue analysis			
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>(a) Yard dues</b>			
Yard dues		715,555	868,489
<b>(b) Fees and charges</b>			
Fees and charges		281,346	293,737
<b>(c) Interest received</b>			
Interest received from investments		22,725	19,381
<b>(d) Other recurrent income</b>			
Other income		162,758	256,056
5. Grants, subsidies, contributions and donations			
<b>Recurrent - government grants, subsidies, other contributions and donations are analysed as follows:</b>			
Specific project government subsidies and grants		-	49,463
		-	49,463
6. Employee benefits			
Total staff wages and salaries		394,867	487,675
Board members' remuneration		9,171	13,898
Annual, sick and long service leave entitlements		21,892	27,051
Superannuation	23	41,187	42,051
		467,117	570,675
Other employee related expenses		23,213	23,598
		490,330	594,273
Less: Capitalised employee expenses		9,256	24,361
		481,074	569,912
Board members' remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
<b>Total Board employees at the reporting date:</b>			
Administration staff		5	4
Depot and outdoors staff		6	8
Total full time equivalent employees		11	12
7. Materials and services			
Audit services		17,918	13,377
Business consultancy		60,523	43,133
Rentals - operating leases	17	11,256	14,101
Other materials and services		319,491	506,867
		409,188	577,478
8. Finance costs			
Finance costs charged by the Queensland Treasury Corporation		76,811	113,811
Bank charges		1,014	721
		77,825	114,532
9. Depreciation and amortisation			
<b>Depreciation of non-current assets</b>			
Buildings		19,363	27,500
Plant and equipment		30,123	41,749
Other infrastructure assets		311,573	437,254
		361,059	506,503

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 10. Cash and cash equivalents

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Cash at bank and on hand		100	75,958
Deposits at call		415,609	373,883
		415,709	449,841

### Reconciliation to the Cash Flow Statement

#### Cash at the end of the period as shown in the Cash

#### Flow Statement is reconciled to the Balance Sheet as follows:

Cash and cash equivalents (as listed above)		415,709	449,841
Less Bank Overdraft		19,515	-
		396,194	449,841
Balance as per Cash Flow Statement		396,194	449,841

Cash and deposits at call are held in The Rock Building Society Limited and the Queensland Treasury Corporation in normal term deposits and business cheque accounts. The Rock Building Society is a non-rated financial institution.

## 11. Trade and other receivables

Current			
Fees and charges		144,839	162,718
Other debtors		5,305	-
		150,144	162,718

No interest is charged on other debtors. There is no concentration of credit risk for fees and charges and no debtors receivable.

## 12. Other financial assets

Current			
Prepayments		21,709	51,497
		21,709	51,497

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>13. Property, plant and equipment</b>				
<b>(a) 14 Mar 2008</b>	<b>Buildings</b>	<b>Other infrastructure assets</b>	<b>Plant and equipment</b>	<b>TOTAL</b>
<b>Asset values</b>				
Opening gross value at cost/valuation	1,315,000	20,873,421	238,573	22,426,994
Additions at cost	-	129,578	6,000	135,578
Revaluations in period	-	-	-	-
Disposals	-	-	-	-
Closing gross value	1,315,000	21,002,999	244,573	22,562,572
<b>Accumulated depreciation</b>				
Opening balance	699,700	5,727,554	148,625	6,575,879
Depreciation provided in the period	19,363	311,573	30,123	361,059
Depreciation on disposals	-	-	-	-
Revaluation adjustment	-	-	-	-
Accumulated depreciation at period end	719,063	6,039,127	178,748	6,936,938
Written down value at cost	-	-	65,825	65,825
Written down value at fair value	595,937	14,963,872	-	15,559,809
Total written down value at period end	595,937	14,963,872	65,825	15,625,634
<b>Range of estimated useful life in years</b>				
	10 - 100	5 - 80	3 - 10	-
<b>(b) 2007</b>				
<b>Asset values</b>				
Opening gross value at cost / valuation	1,315,000	20,810,000	218,573	22,343,573
Additions at cost	-	63,421	20,000	83,421
Revaluations in period	-	-	-	-
Disposals	-	-	-	-
Closing gross value	1,315,000	20,873,421	238,573	22,426,994
<b>Accumulated depreciation</b>				
Opening balance	672,200	5,290,300	106,876	6,069,376
Depreciation provided in the period	27,500	437,254	41,749	506,503
Depreciation on disposals	-	-	-	-
Revaluation adjustment	-	-	-	-
Accumulated depreciation at period end	699,700	5,727,554	148,625	6,575,879
Written down value at cost	-	-	89,948	89,948
Written down value at fair value	615,300	15,145,867	-	15,761,167
Total written down value at period end	615,300	15,145,867	89,948	15,851,115
<b>Range of estimated useful life in years</b>				
	10 - 100	5 - 80	3 - 10	-
<b>(c) Property, plant and equipment valuations were determined by reference to the following:</b>				
<b>Land</b>				
No land is owned by the Board.				
<b>Buildings</b>				
Buildings have been included at their written down current replacement cost at 30 June 2006 as determined by M.D Sheehan - Independent Valuer. Buildings built or constructed since that date are included at cost.				
<b>Plant and Equipment</b>				
Plant and equipment are disclosed at cost.				
<b>Infrastructure Assets</b>				
The valuation of infrastructure assets was determined by independent valuer, M.D Sheehan - Independent Valuer at 30 June 2006.				

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 14. Trade and other payables

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current</b>			
Creditors and accruals		28,637	80,845
Prepaid income		26,355	90,358
GST payable		6,278	21,004
Annual leave		28,688	27,946
Long service leave		92,346	73,335
		182,304	293,488
<b>Non-current</b>			
Annual leave		25,888	25,888
Long service leave		2,518	380
		28,406	26,268

## 15. Borrowings

### Current

Bank overdraft		19,515	-
Loans QTC	16	82,881	80,043
		102,396	80,043

### Non-current

Loans QTC	16	1,725,321	1,793,841
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### (a) Bank Overdraft

The Rockhampton District Saleyards Board does not have a bank overdraft facility.

### (b) Unsecured Borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation.

All borrowings are in \$A 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 from 31 January 2016 to 26 October 2022. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

### (c) Secured Borrowings

The Rockhampton District Saleyards Board has no secured borrowings.

### (d) Assets Pledged As Security

The Rockhampton District Saleyards Board has no assets pledged as security.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

16. Loans			
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Queensland Treasury Corporation		1,808,202	1,873,884
<b>Classified as:</b>			
Current		82,881	80,043
Non-Current		1,725,321	1,793,841
		1,808,202	1,873,884
<b>Queensland Treasury Corporation</b>			
Opening balance		1,873,884	1,993,124
Borrowings		-	-
Repayments		(65,682)	(119,240)
Book value at period end		1,808,202	1,873,884
The loans are guaranteed by the Queensland State Government and are all in Australian Dollars.			
The loan market value at the reporting date was \$1,712,310. This represents the value of the debt if the Board repaid it at that date. As it is the intention of the board to hold the debt for its term, no provision is made in these accounts.			
17. Operating leases			
<b>The minimum lease payments are payable as follows:</b>			
Not later than one year		11,256	14,101
		11,256	14,101
Lease payments recognised in the period		11,256	14,101
18. Asset revaluation reserve			
<b>Movements in the asset revaluation reserve were as follows:</b>			
Balance at beginning of period		8,811,475	8,811,475
Balance at end of period		8,811,475	8,811,475
<b>Asset valuation reserve analysis</b>			
<b>The closing balance of the asset revaluation reserve is comprised of the following asset categories:</b>			
Buildings and other infrastructure assets		8,811,475	8,811,475
		8,811,475	8,811,475
19. Retained surplus			
<b>Movements in the retained surplus were as follows:</b>			
Retained surplus at the beginning of financial period		5,510,056	5,791,355
Net result attributable to the board		(146,762)	(281,299)
Retained surplus at the end of the financial period		5,363,294	5,510,056
20. Commitments for expenditure			
The Board had no commitments for capital expenditure at 14 March 2008.			
21. Contingent liabilities			
<b>Local Government Mutual</b>			
The Rockhampton District Saleyards Board is a member of the local government mutual liability self insurance pool, LGM Queensland. In the event of the pool being wound up or being 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 of any year that a deficit arises. As at 30 June 2007 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.			

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 22. Events after balance date

On 10 June 2008 Rockhampton Regional Council elected to call for expressions of interest into the possible sale, lease, joint venture and any other possible proposals of the Rockhampton District Saleyards Board complex. Expressions of interest closed on 1 October 2008 and Rockhampton Regional Council is currently working through the process of considering all expressions of interest in due course. Apart from as disclosed above and in Note 1.01, there were no materials events subsequent to balance date.

## 23. Superannuation

The Rockhampton District Saleyards Board contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee benefits. The Board has no liability to or interest in the scheme beyond the payment of statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the Board.

Accordingly, there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

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 amount of superannuation contributions paid by Rockhampton District Saleyards Board to the superannuation scheme in this period for the benefit of employees was:

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Contributions		41,187	42,051

## 24. Trust funds

The Rockhampton District Saleyards Board does not hold any trust monies.

## 25. Reconciliation of result from ordinary activities to net cash inflow (outflow)

Result from ordinary activities		(146,762)	(281,299)
<b>Non-cash operating items:</b>			
Depreciation and amortisation		361,059	506,503
<b>Changes in operating assets and liabilities:</b>			
(Increase) / decrease in receivables		12,574	(13,505)
(Increase) / decrease in other operating assets		29,788	(3,455)
Increase / (decrease) in payables		(109,046)	138,893
		(66,684)	121,933
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>147,613</b>	<b>347,137</b>

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 26. Financial Instruments

### Financial risk management

The Rockhampton District Saleyards Board's activities expose it to a variety of financial risks including credit risk, liquidity risk, and interest rate risk.

Exposure to financial risks is managed in accordance with the Board's 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 Board.

The Rockhampton District Saleyards Board 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 Board may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations. The board assesses the credit risk before providing the goods or services and applies normal business credit protection procedures to minimise the risk. The Board is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. 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 regulated financial institutions 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 Board.

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

### Financial assets

	1 July 2007 to 14 March 2008 \$	2007 \$
Cash and cash equivalents	100	75,958
Cash and cash equivalents - QTC	415,609	373,883
Receivables - other	150,144	162,718
Total	565,853	612,559

### 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 Board's financial assets that are either fully performing, past due or impaired:

	Fully Performing	Past due			Impaired	Total
		Less than 30 days	30-60 days	61-90 days		
	\$	\$	\$	\$	\$	\$
Receivables	125,587	13,539	628	10,390	0	150,144

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## Liquidity risk

Liquidity risk refers to the situation where the Board may encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

The Corporation 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 15.

The following table sets out the liquidity risk of financial liabilities held by the Board 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:

### Financial liabilities

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
14 March 2008	185,299	661,488	1,538,755	2,385,543
30 June 2007	382,198	759,963	1,896,140	3,038,302

## Interest rate risk

The Board is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

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

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

### Interest Rate Sensitivity Analysis

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

	Net carrying amount		Profit		Equity	
	1 July 2007 to 14 March 2008	Year 30 June 2007	1 July 2007 to 14 March 2008	Year 30 June 2007	1 July 2007 to 14 March 2008	Year 30 June 2007
	\$	\$	\$	\$	\$	\$
Financial Assets	415,709	449,841	4,157	4,498	4,157	4,498
Financial Liabilities	1,827,717	1,873,884	18,277	18,739	18,277	18,739
Net	2,243,426	2,323,725	22,434	23,237	22,434	23,237

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of the Rockhampton Regional Council

### Report on the Final Financial Report

I have audited the accompanying final financial report of the former Rockhampton District Saleyards Board, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and cash flow statement for the final period ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

#### *The New Regional Council's Responsibility for the Final Financial Report*

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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



### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

### *Auditor's Opinion*

In accordance with the *Local Government Act 1993* I have audited the former Board's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
  - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Rockhampton District Saleyards Board for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

### *Emphasis of Matter – Local Government Amalgamation*

Without qualification to the opinion expressed above, attention is drawn to Note 1.01 in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Rockhampton District Saleyards Board was amalgamated into the new Rockhampton Regional Council effective from 15 March 2008. All assets and liabilities of the former Board immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.



D J HASSELL, CPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Rockhampton District Saleyards Board**  
**Annual Financial Statements**  
**For the Final Period Ended 14 March 2008**

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**MANAGEMENT CERTIFICATE**  
For the final period ended 14 March 2008

This final general purpose financial report of the former Rockhampton District Saleyards Board has been prepared by Rockhampton Regional Council pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005*, Section 33 of the *Local Government Reform Implementation Regulation 2008* and other prescribed requirements.

We certify that:-

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and
- (ii) the final financial statements for the final period 1 July 2007 to 14 March 2008 and supporting notes as set out on pages 1 to 25 present the former Rockhampton District Saleyards Board's income, equity, balances and cash flows as required by the *Local Government Act 1993*.



**B. Carter**  
Mayor  
Rockhampton Regional Council

Date:



**A. Dawson**  
Chief Executive Officer  
Rockhampton Regional Council

Date:

# Information Required Under the Act

## Board Remuneration

Meeting Date	Cranny, Mick	Hopkins, John	Lloyd, Morris	Smith, John (Chairman)	Ward, Christine	Green, Rod	Brady, Graeme	Webber, Jim	Belz, Greg	McEvoy, John
<b>7/12/2007</b>	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	No claim	No claim	-	-	-
Travel	\$80.00	-	\$48.00	\$185.60	\$62.40	-	-	-	-	-
<b>8/10/2007</b>	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	No claim	-	\$110.00	-	-
Travel	\$80.00	-	\$48.00	\$105.60	\$62.40	-	-	-	-	-
Saleyards Association Meeting in Brisbane	-	\$110.00	-	-	-	-	-	-	-	-
<b>8/6/2007</b>	\$110.00	-	\$110.00	\$110.00	\$110.00	No claim	-	-	\$110.00	\$110.00
Travel	\$80.00	-	\$48.00	\$185.60	\$62.40	-	-	-	-	\$16.00
<b>10/11/2007</b>	-	\$110.00	\$110.00	\$110.00	-	No claim	-	\$110.00	-	-
Travel	-	-	\$48.00	\$212.20	-	-	-	-	-	-
<b>11/8/2007</b>	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	No claim	-	\$110.00	-	-
Travel	\$80.00	-	\$48.00	\$185.60	\$62.40	-	-	-	-	-
Meeting with R Swarten	-	-	-	\$110.00	-	-	-	-	-	-
Travel	-	-	-	\$160.00	-	-	-	-	-	-
Droughtmaster meeting with CEO	-	-	-	\$160.00	-	-	-	-	-	-
<b>12/14/2007</b>	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	No claim	-	-	-	-
Travel	\$80.00	-	\$48.00	\$185.60	\$62.40	-	-	-	-	-
Saleyards Association Meeting in Toowoomba	-	\$110.00	-	-	-	-	-	-	-	-
<b>1/17/2008</b>	\$110.00	\$110.00	\$110.00	\$110.00	\$110.00	No claim	-	-	-	-
Travel	\$80.00	-	\$48.00	\$185.60	\$62.40	-	-	-	-	-
<b>2/15/2008</b>	\$55.00	\$110.00	\$110.00	\$110.00	-	No claim	-	\$110.00	-	\$110.00
Travel	\$80.00	-	\$48.00	\$185.60	-	-	-	-	-	\$16.00
<b>3/13/2008</b>	\$110.00	\$110.00	\$110.00	\$110.00	-	-	-	-	\$110.00	-
Travel	\$80.00	-	\$48.00	\$185.60	-	-	-	-	28.8	-
<b>TOTALS</b>	<b>\$1,465.00</b>	<b>\$1,100.00</b>	<b>\$1,422.00</b>	<b>\$3,037.00</b>	<b>\$1,034.40</b>	<b>-</b>	<b>-</b>	<b>\$440.00</b>	<b>\$248.80</b>	<b>\$252.00</b>



Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council





*Kepple bay Marina, Yeppoon*

## *Livingstone Shire Council*

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# Community Financial Report

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

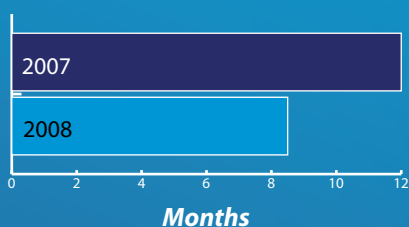
Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as roadworks, street lighting, stormwater drainage, water supply, sewerage and garbage collection and disposal. Therefore, ratepayers need to be satisfied that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

Council's Annual Financial Report is a record of our financial performance for the year, and is subject to independent audit to verify the accuracy of the report, as well as the systems Council has in place to record financial transactions. The three primary reports are the Income Statement, the Balance Sheet, and the Cash Flow Statement.

As a result of the State Government reform of local government in Queensland, Livingstone Shire Council and the adjoining local governments of Fitzroy Shire Council, Mount Morgan Shire Council, Rockhampton City Council and the Rockhampton District Saleyards Board amalgamated on 14 March 2008 to form Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Because of this it will be difficult to compare results from one year to the next due this fundamental difference in the reporting periods, that is:-

2006/2007 Financial Period – 12 months

2007/2008 Financial Period – 8 1/2 months



## Income Statement

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

### Sources of Income – Where Our Money Comes From...

Council's total revenue from sources including fees and charges, recoverable works, grants, subsidies, contributions and donations is lower than the 2006/2007 financial year. As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months and consequently the total revenue is lower than the 2006/07 financial year. The reduction in total revenue does not therefore reflect a diminishing revenue source for Council.

To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue, comprising 54.4% of total income.

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

A total of \$54,921,871 was raised in revenue during the financial year. Total income decreased by \$28.14 million over the previous year, given that the financial year was only an 8 1/2 month period. See FIG 1

This decrease in income is primarily attributable to a shorter time period of only 8 1/2 months to collect revenues, due to the amalgamation process which took place on 15 March 2008. Also, a significant amount of capital funding was received in the 2006/2007 financial year.

### Operating Expenditure – Where Our Money is Spent...

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

Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor the future of the new Regional Council in respect to developments, so that our lifestyle is not eroded.

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

Figure 1

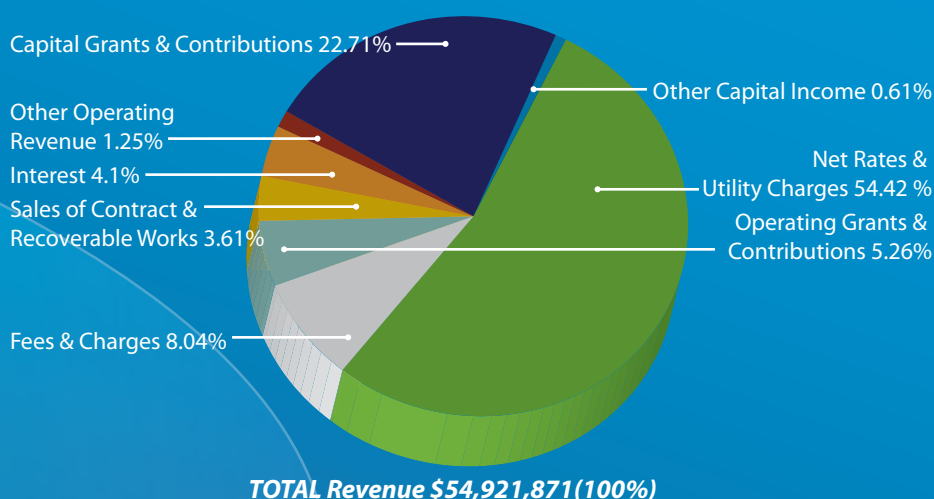
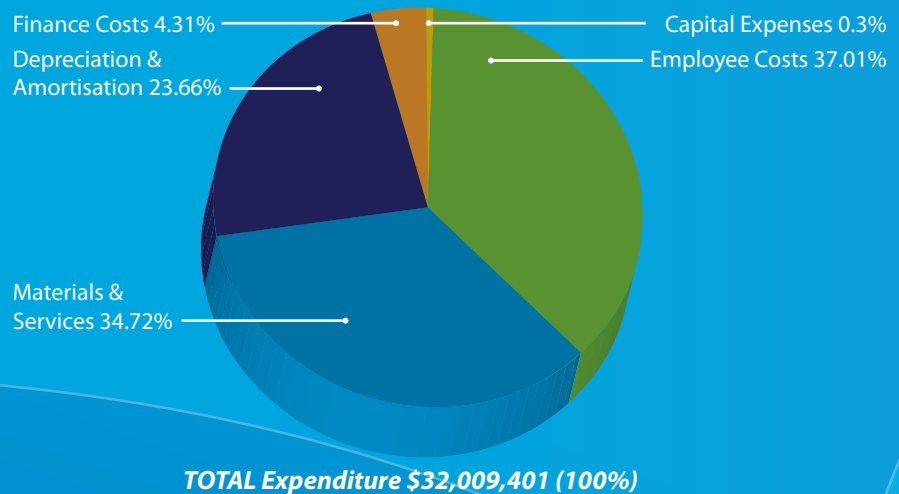


Figure 2



Depreciation and amortisation is the periodic allocation of the consumption of property, plant and equipment and intangible assets over the assets estimated 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.

As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months. Therefore the total expenditure of the 2006/2007 year is higher than the total expenditure of the 2007/2008 'year'. See FIG 2

#### Net Result Attributable to Council

The Net Result Attributable to Council is the difference between Total Income and Operating Expenses, and measures the change in operating capability. The Net Result includes \$12.47 million of non-operating (capital) revenue restricted for capital purposes. Capital revenue fluctuates each year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

Council achieved a net operating surplus of \$22.9 million for 2007/2008, comparable to the previous financial year's result of \$38.1 million. This result enables funds to be set aside in reserves for future requirements such as capital expenditure on infrastructure and community facilities as well as debt reduction.

### Balance Sheet

The Balance Sheet lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

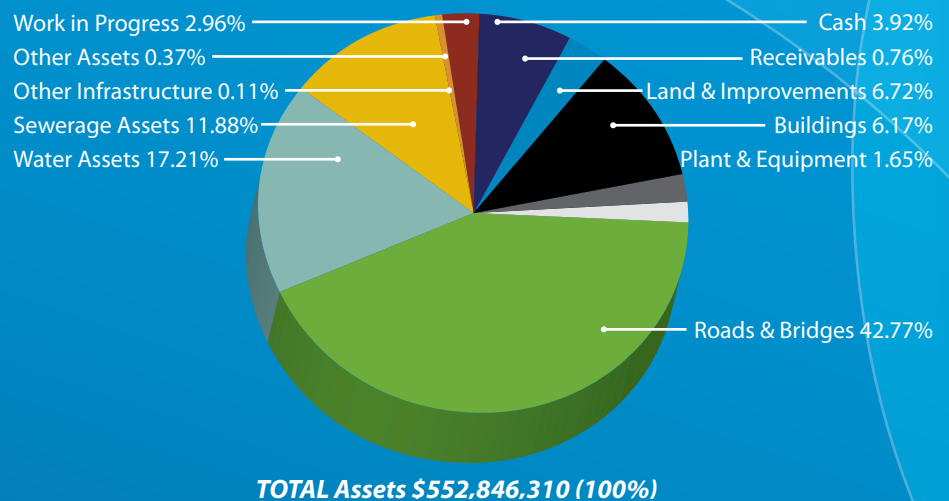
#### What Do We Own?

Council controls a variety of current and non-current assets of which 86.5% is attributed to Property, Plant & Equipment Assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained. See FIG 3

The total assets of \$552.8 million as at 14 March 2008 includes an increase of \$19.9 million (3.74 per cent) over the previous year. This increase is primarily attributed to increases in:

- Trade and other receivables
- Infrastructure assets

Figure 3



- Capital works in progress
- Capital Works

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

The total capital works program for the year totalled \$20.5 million. Significant projects undertaken in 2007/2008 were the:

- The upgrade of Rural Roads
- The Yeppoon - Fitzroy River Pipeline
- Land Development throughout the Shire
- Upgrading and Replacement of Sewerage Infrastructure

#### What Do We Owe?

Council's borrowings decreased by \$2.3 million during 2007/2008. This is the result of Council continuing to make

repayments on its borrowed funds. Council had intended to borrow a further \$6.2 million during the financial year to fund infrastructure projects although due to the early financial period close these loan funds were not drawn until June 2008. This would have left Council with a debt balance of \$29.6 million. The level of long-term debt is regularly reviewed as a component of the Financial Strategic Plan. Interest expense on all loans, totalled 3.02% of total operating income. See FIG 4

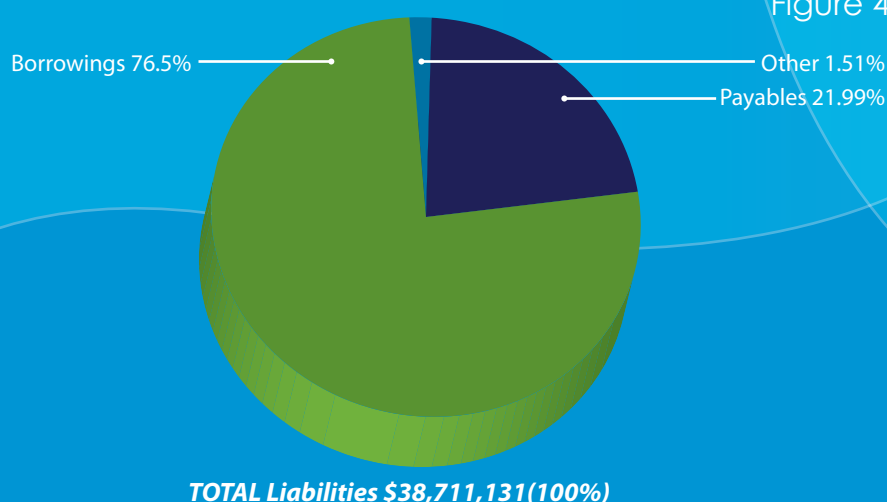
Total liabilities of \$38.7 million as at 14 March 2008 included a decrease of \$1.8 million (4.4%) over the previous year. This decrease is primarily attributed to:

- Major loan borrowings drawn down post 14 March 2008

### How healthy is Council's Liquidity?

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

Figure 4

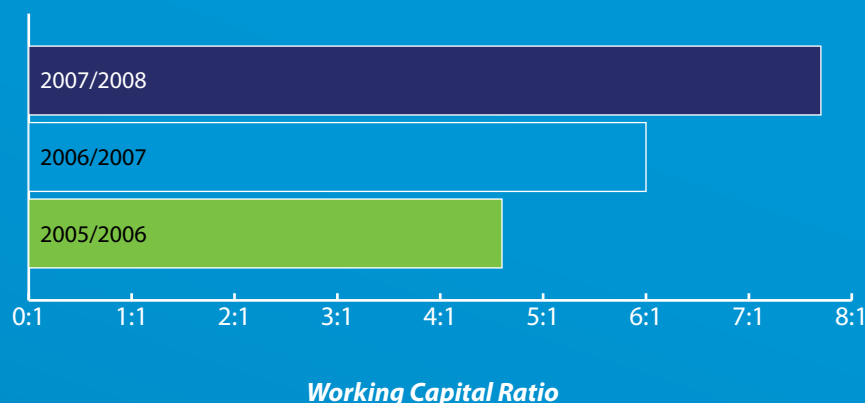


Council pools and invests funds throughout the year in low-risk short-term investments in accordance with Council's investment policy. The interest earned from investments for the 2007/2008 financial period was \$2,109,146. In the 2006/2007 financial year total interest earned on investments was \$1,629,546.

#### Looking to the Future

The new Council, amongst other things, will be placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the region.

Figure 5



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

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

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

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

A ratio of better than 2:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments. See FIG 5

Council has improved its working capital ratio from 6.0:1 at 30 June 2007 to 7.7:1 at 14 March 2008.

#### Statement of Changes in Equity

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

#### What Are We Worth?

Community Equity is equal to Assets less Liabilities and is represented by an Asset Revaluation Reserve, Retained Surplus and Other Reserves. Total Community Equity at 14 March 2008 is \$514.1 million, an increase of \$21.7 million from 2006/2007. This increase

is primarily attributed to the significant capital works program undertaken by Council.

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

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

#### Cash Flow Statement

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

# Income Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates and levies	3 (a)	29,888,983	28,293,744
Fees and charges		4,416,461	5,396,579
Interest received	3 (b)	2,250,897	1,815,415
Sales of contract and recoverable works	3 (c)	1,981,523	2,257,366
Other recurrent income	3 (d)	685,390	754,098
Grants, subsidies, contributions and donations	4 (i)	2,889,976	4,653,045
Total recurrent revenue		42,113,230	43,170,247
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4 (ii)	12,471,641	39,893,887
		12,471,641	39,893,887
Total revenue		54,584,871	83,064,134
Capital income	5	337,000	-
Total income		54,921,871	83,064,134
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits expense	7	(11,847,318)	(16,276,597)
Materials and services	8	(11,112,556)	(14,372,800)
Finance costs	9	(1,378,485)	(1,803,502)
Depreciation and amortisation	10	(7,574,327)	(10,593,189)
Total recurrent expenses		(31,912,686)	(43,046,088)
Capital expenses	11	(96,715)	(1,913,050)
Total expenses		(32,009,401)	(44,959,138)
<b>NET RESULT ATTRIBUTABLE TO COUNCIL</b>		<b>22,912,470</b>	<b>38,104,996</b>

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

# Balance Sheet

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>			
Cash assets and cash equivalents	12	39,145,005	41,680,963
Trade and other receivables	13 (a)	16,896,477	5,043,716
Inventories	14	670,167	461,884
Other financial assets	15	218,298	368,119
		56,929,947	47,554,682
<b>Non-current assets</b>			
Trade and other receivables	13 (b)	11,546	14,230
Investment property	16	690,179	1,288,000
Property, plant and equipment	17 (a)	478,389,274	473,338,635
Capital works in progress	18	16,375,137	10,235,000
Intangible assets	19	450,227	508,167
		495,916,363	485,384,032
<b>TOTAL ASSETS</b>		<b>552,846,310</b>	<b>532,938,714</b>
<b>Current liabilities</b>			
Trade and other payables	20	5,249,876	4,136,654
Borrowings	21	1,598,034	2,840,092
Other	22	582,733	965,721
		7,430,643	7,942,467
<b>Non-current liabilities</b>			
Trade and other payables	20	3,263,885	3,443,888
Borrowings	21	28,016,603	29,088,418
		31,280,488	32,532,306
<b>TOTAL LIABILITIES</b>		<b>38,711,131</b>	<b>40,474,773</b>
<b>NET COMMUNITY ASSETS</b>		<b>514,135,179</b>	<b>492,463,941</b>
<b>Community equity</b>			
Retained surplus (deficiency)	24	224,252,337	198,605,357
Asset revaluation reserve	23	257,572,319	258,813,551
Other reserves	25	32,310,523	35,045,033
<b>TOTAL COMMUNITY EQUITY</b>		<b>514,135,179</b>	<b>492,463,941</b>

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



# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008

	Total		Retained surplus (deficit)		Other reserves		Asset revaluation reserve	
	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of period	492,463,941	431,855,282	198,605,357	172,430,475	35,045,033	23,114,919	258,813,551	236,309,888
<b>Corrections to opening balances</b>								
Net result for the period	22,912,470	38,104,996	22,912,470	38,104,996	-	-	-	-
<b>Transfers to capital</b>								
Transfers to general reserves	-	-	(6,612,355)	(15,079,274)	6,612,355	15,079,274	-	-
Transfer of funds expended	-	-	9,346,865	3,149,160	(9,346,865)	(3,149,160)	-	-
<b>Transfers from capital</b>								
<b>Asset revaluation adjustments:</b>								
Revaluations and impairments	(1,241,232)	22,503,663	-	-	-	-	(1,241,232)	22,503,663
<b>BALANCE AT END OF PERIOD</b>	<b>514,135,179</b>	<b>492,463,941</b>	<b>224,252,337</b>	<b>198,605,357</b>	<b>32,310,523</b>	<b>35,045,033</b>	<b>257,572,319</b>	<b>258,813,551</b>

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

# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Receipt</b>			
General rates and utility charges		17,060,340	28,467,022
Rental and levies, fees and charges		4,416,462	5,378,483
Grants, subsidies and contributions		5,148,120	3,932,528
Interest received		2,250,897	1,815,415
Other income		1,296,298	3,382,977
GST received		1,647,629	2,941,793
<b>Payments</b>			
Payments to suppliers		(10,318,302)	(14,247,663)
Payment to employees		(11,834,607)	(15,201,716)
Interest expense		(1,272,506)	(1,667,256)
GST Paid		(1,980,298)	(2,891,804)
Net cash inflow (outflow) from operating activities	31	6,414,033	11,909,779
<b>Cash flows from investing activities</b>			
<b>Grants, subsidies and contributions for capital acquisitions</b>	4		
State Government subsidies & grants		1,725,643	13,007,927
Capital contributions		4,554,495	4,193,013
Payments for property, plant and equipment		(14,637,023)	(18,665,601)
Proceeds from sale of investment property		1,343,182	1,931,563
Proceeds from sale of property plant and equipment	6	375,055	783,005
Net movement in loans and advances		2,530	11,658
Net cash inflow (outflow) from investing activities		(6,636,118)	1,261,565
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	21	-	5,960,000
Repayment from borrowings	21	(2,313,873)	(3,056,226)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(2,313,873)</b>	<b>2,903,774</b>
<b>Net increase (decrease) in cash held</b>		<b>(2,535,958)</b>	<b>16,075,118</b>
Cash at beginning of reporting period		41,680,963	25,605,845
<b>CASH AT END OF REPORTING PERIOD</b>	<b>12</b>	<b>39,145,005</b>	<b>41,680,963</b>

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1. Summary of Significant Accounting Policies

### 1.1 Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Local Government Finance Standard 2005.

### 1.2 Cessation of Council

The Local Government Reform Commission report to the Minister on 1 August 2007 recommended that Livingstone Shire Council be amalgamated with other Councils in the region to form the new Rockhampton Regional Council. Rockhampton Regional Council Local Transition Committee was established as the body responsible for overseeing the local level change processes required to transition the existing Councils to the new Council. Pursuant to Chapter 3, Part 1B, of the Local Government Act 1993 and in accordance with Local Government Reform Implementation Regulation 2008 the amalgamation was effective from 15 March 2008 (the changeover day) and had a significant impact on the operations of Council in that Council ceased to exist.

As a consequence of the amalgamation, Livingstone Shire Council is no longer a going concern as it was dissolved on 14 March 2008. While Council is not considered a going concern at balance date, this report has been prepared on a basis consistent with a going concern basis. The values of the assets and liabilities reported in these financial statements represent the existing book values immediately before the changeover day, determined in accordance with the accounting policies outlined in Note 1. All of the assets and liabilities were transferred to the new Council on the changeover day at the values reported in the financial statements in accordance with the Local Government Reform Implementation Regulation 2008.

### 1.3 Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AeIFRS). Because Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities

which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

### 1.4 Adoption of New Accounting Standards.

AASB7 applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied.

- AASB8 Operating Segments (February 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures ((December 2007)
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27, AAS29, and AAS31 (December 2007)
- AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (March 2008)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities

It is not expected that the new

standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

### 1.5 Critical Accounting Estimates

The preparation of financial statements in conformity with AeIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.6 Currency

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

### 1.7 Constitution

Livingstone Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

### 1.8 Date of Authorisation

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

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

### 1.9 Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1.10 Financial Assets and Financial Liabilities

### Categorisation

Livingstone Shire Council has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets	Categorisation
<b>Cash</b>	
Receivables	Loans and receivables (at amortised cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

### 1.11 Rates, Grants and Other Revenue

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

#### (a) Rates -

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

#### (b) Grants and Subsidies -

Where Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

#### (c) Non-Cash Contributions -

Non-cash contributions in excess of the recognition thresholds set out in Note 1.19, in value, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

#### (d) Other Revenue Including Contributions -

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

## 1.12 Cash and Cash Equivalents

For the purposes of the Balance Sheet and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and liquid investments with short periods to maturity that are readily convertible to cash at Council's option without penalty and that are subject to a low risk of changes in value. Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

### 1.13 Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 14 March 2008.

Loans and advances are recognised at cost. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

### 1.14 Other Financial Assets

Other Financial Assets are recognised at cost.

### 1.15 Inventories

Stores and raw materials are valued at the lower of cost adjusted for any loss of service potential and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
  - goods to be used for the provision of services at no, or nominal, charge.
- These goods are valued at the lower of cost and replacement cost.

### 1.16 Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets except where it is anticipated that the land will not be sold

within 12 months. Land held beyond 12 months is reported as non-current inventory.

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

### 1.17 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents. Interest and dividend revenues are recognised on an accrual basis.

### 1.18 Investment Property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. Refer Note 16.

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

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

### 1.19 Property, Plant and Equipment

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

#### (a) Major Plant -

Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to Council. Plant which meets this criteria is major plant which can be prone to a high degree of price fluctuations or at risk of becoming obsolete.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

(b) Acquisition of Assets -

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(c) Capital and operating expenditure -

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

(d) Valuation -

Land, buildings, major plant and equipment and infrastructure are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Details of valuers and methods of valuations are disclosed in Note 17 (b)

(e) Depreciation -

Land is not depreciated as it has an unlimited useful life. Depreciation on land improvements and other property, plant and equipment is

based on the pattern in which the asset's future economic benefits are expected to be consumed. This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council.

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 17 (a).

(f) Unfunded Depreciation -

Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works unless insufficient revenue sources are available to meet these funding requirements.

## 1.20 Intangible Assets

Only intangible assets which have a cost exceeding \$5,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in AASB138.57.

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

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

## 1.21 Capital Work in Progress

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

## 1.22 Biological Assets

Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Councils general operations as they are incurred.

## 1.23 Impairment of Non Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

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

## 1.24 Payables

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

## 1.25 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

### (a) Salaries and Wages -

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

### (b) Annual Leave -

A liability for annual leave is recognised. The current portion is and based on current wage and salary levels and includes related employee on-costs. The non current portion is based on projected future wage and salary levels and related employee on-costs, discounted to present values.

### (c) Sick Leave -

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

### (d) Superannuation -

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation

plan which provides benefits to its employees. Details of those arrangements are set out in Note 29.

### (e) Long Service Leave -

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

## 1.26 Borrowings

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

## 1.27 Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

## 1.28 Reserves Held for Future Capital Expenditure

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

### (a) Constrained Works Reserve -

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

### (b) The Caves & Marlborough Water Reserve -

This reserve exists to fund future replacement of water infrastructure as part of the Caves and Marlborough Water Schemes and consists of unspent headwork's contributions received for the development of water infrastructure in the Caves and Marlborough Water Schemes.

### (c) Capricorn Coast Water Reserve -

This reserve exists to fund future replacement of water infrastructure as part of the Capricorn Coast Water Scheme and consists of unspent headwork's contributions received for the development of water infrastructure in the Capricorn Coast Water Scheme.

### (d) Capricorn Coast Sewerage Reserve -

This reserve exists to fund future replacement of sewerage infrastructure as part of the Capricorn Coast Sewerage Scheme and consists of unspent headwork's contributions received for the development of sewerage infrastructure in the Capricorn Coast Sewerage Scheme.

### (e) Capital Works Reserve -

This reserve was created to contribute to future funding for new general infrastructure and provide a contingency amount to offset any major unforeseen works which are required.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1.29 Retained Surplus

The retained surplus represents that part of Council's net funds that are not required to meet specific future funding needs. The balance of this account at the end of each financial year represents the accumulative amount available to Council that may be used to offset against expenditure in the following year or, if a deficit, the additional amount of revenue required to be raised to achieve a balanced funding position. In accordance with the Queensland Local Government Finance Standards all Councils must demonstrate the ability to recover retained deficits in future years through the budget process.

## 1.30 National Competition Policy

Council has reviewed its activities and has identified eight activities that are business activities. Details of these activities can be found in Note 33.

## 1.31 Rounding and Comparatives

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

The final financial period is for the period 1 July 2007 to 14 March 2008. This is not equal in time to the comparative reporting period of 1 July 2006 to 30 June 2007 and, as a result, the financial statements are not comparable to the extent that the current reporting period only covers 8 1/2 months.

## 1.32 Financial Risk Management

Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year

Council does not invest in derivatives or other risky investments.

When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

Details of financial instruments, the associated risks and the requirements of the SBFA Act are shown at Note 32.

## 1.33 Trust Funds Held for Outside Parties

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

The monies are disclosed in the notes to the financial statements for information purposes only and are shown at Note 30.

## 1.34 Taxation

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

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 2. Analysis of results by function

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

Functions	Income		Total income	Total expenses	Net result for period	Assets
	Grants	Other				
	14 Mar 2008 \$	2007 \$				
Governance	-	3,105	3,105	494,060	(490,955)	-
Community Development	502,753	377,152	879,905	2,836,838	(1,956,933)	-
Corporate Services	1,367,102	20,508,496	21,875,598	4,261,719	17,613,879	57,652,101
Civil Operations	3,172,232	3,846,298	7,018,530	9,242,077	(2,223,547)	256,458,298
Development and Planning	41,689	1,911,363	1,953,052	1,617,003	336,049	-
Commercial Services	-	1,453,497	1,453,497	2,889,832	(1,436,335)	64,123,811
Water Supply	(499,621)	13,244,418	12,744,797	5,238,879	7,505,918	102,110,608
Sewerage	-	6,892,464	6,892,464	4,167,612	2,724,852	71,884,079
Waste Management	-	2,100,923	2,100,923	1,261,381	839,542	617,413
Total	4,584,155	50,337,716	54,921,871	32,009,401	22,912,470	552,846,310

### Prior Year

Governance	-	3,082	3,082	709,987	(706,905)	-
Community Development	1,162,384	455,172	1,617,556	3,946,115	(2,328,559)	-
Corporate Services	2,107,003	18,897,457	21,004,460	7,035,715	13,968,745	48,370,695
Civil Operations	13,936,300	10,731,524	24,667,824	12,307,175	12,360,649	255,639,200
Development and Planning	-	2,595,508	2,595,508	2,200,079	395,429	-
Commercial Services	26,773	1,307,217	1,333,990	3,366,449	(2,032,459)	65,121,515
Water Supply	7,018,914	13,528,056	20,546,970	8,277,395	12,269,575	93,995,117
Sewerage	1,366,654	7,817,196	9,183,850	5,318,134	3,865,716	69,188,945
Waste Management	2,500	2,108,394	2,110,894	1,798,089	312,805	623,242
Total	25,620,528	57,443,606	83,064,134	44,959,138	38,104,996	532,938,714

### 2 (b) Components of Council Functions

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

#### Governance

Members Services, Elections, Elected Members Support Services.

#### Community Development & Support

Community Services, Library, Youth Services, Community Development, Tourism / Area Promotion, Community Liaison, Special Projects.

#### Corporate Services

Administration Support, Human Resources, Information Services, Records Management, Customer Service, Financial Management - Debt,

Investment, Accounting, Cost Control, Financial Planning and Budgeting, Accounts, Payroll, Disaster Management/ Emergency Services.

#### Civil Operations

Roads and Drainage Network, Parks and Gardens and Administration, Engineering Support - inc Design, Plant Operations, Asset Management, Stores and Purchasing, Ancillary Services, Foreshore Protection, Chargeable Private Works, Swimming Pools.

#### Development and Planning

Planning Services, Development Assessment and Management, Health Services, Animal Control, Declared Pest Control, Pollution Control, Other Environment Program.

#### Commercial Services

Caravan Parks, Land Development, Leasing and Rentals, Commercial Support Services.

#### Water Supply

The Caves, Capricorn Coast, Marlborough and Ogmoo Water Supply Schemes, Water Supply Operations.

#### Sewerage

Capricorn Coast Sewerage Network, Sewerage Operations.

#### Waste Management

Cleansing Services, Dumps and Transfer Stations.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 3. Revenue analysis

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>(a) Rates and levies</b>	1.11(a)		
General rates		17,512,856	16,134,807
Separate rates		5,564,814	5,146,128
Water		5,878,890	5,889,042
Sewerage		4,768,880	4,629,927
Garbage charges		1,761,511	1,812,384
Rates and utility charge revenue		35,486,951	33,612,288
Less: Discounts		(4,894,965)	(4,654,138)
Less: Pensioner remissions		(703,003)	(664,406)
Net rates and utility charges		29,888,983	28,293,744

Rates and levies collected generally cover the period 1 July 2007 to 30 June 2008. In accordance with the Australian Accounting Standards rate income is recognised at the time of issuing a rate notice and therefore Livingstone Shire Council has recognised all income for the full year. In accordance with the Local Government Reform Implementation Regulation 2008 all business of Livingstone Shire Council transferred to Rockhampton Regional Council (as a result of amalgamation) on 15 March 2008.

## (b) Interest received

Investments		2,109,146	1,629,546
Other sources		75,441	69,775
Over due rates and utility charges		66,310	116,094
		2,250,897	1,815,415

## (c) Sales of contract and recoverable works

Revenue		1,981,523	2,257,366
		1,981,523	2,257,366

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

## (d) Other recurrent income

Other Income		685,390	754,098
		685,390	754,098

## 4. Grants, subsidies, contributions and donations

### (i) Recurrent - grants and subsidies, other contributions and donations are analysed as follows:

General purpose grants	1.11(b)	1,820,976	2,253,196
State Government subsidies & grants		1,037,536	2,370,429
Donations		31,464	29,420
Total recurrent revenue		2,889,976	4,653,045

### (ii) Capital - grants and subsidies, and other contributions are analysed as follows:

#### (a) Monetary revenue designated for capital funding purposes:

State Government subsidies & grants		1,725,643	13,007,927
Contributions		4,554,495	4,377,479
		6,280,138	17,385,406

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

Infrastructure from Government sources at fair value	1.11(c)	-	7,988,976
Roads contributed by developers at fair value		1,115,792	6,981,979
Other physical asset contributed by developers at fair value		5,075,711	7,537,526
		6,191,503	22,508,481
<b>TOTAL CAPITAL REVENUE</b>		<b>12,471,641</b>	<b>39,893,887</b>

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>5. Capital income</b>			
	<i>Note</i>	<i>1 July 2007 to 14 March 2008 \$</i>	<i>2007 \$</i>
Revaluation of investment property	16	337,000	-
		337,000	-

<b>6. Gain (loss) on the disposal of capital assets</b>			
<b>(a) Proceeds from the sale of property, plant and equipment</b>		375,055	503,914
Less: Book value of property, plant and equipment sold		(341,952)	(1,889,329)
		33,103	(1,385,415)
<b>(b) Proceeds from the sale of land and improvements</b>		-	279,091
Less: Book value of land and improvements sold		(8,000)	(561,289)
		(8,000)	(282,198)
<b>(c) Proceeds from the sale of investment property</b>		1,343,182	1,931,563
Less: Book value of investment property sold		(1,465,000)	(2,152,219)
		(121,818)	(220,656)
Total gain (loss) on the disposal of capital assets	11	(96,715)	(1,888,269)

<b>7. Employee benefits expense</b>			
Total staff wages and salaries		9,954,827	13,347,164
Councillors' remuneration		288,037	364,141
Annual, sick and long service leave entitlements		1,546,921	3,501,795
Superannuation	29	1,193,181	1,592,196
		12,982,966	18,805,296
Other employee related expenses		983,392	989,912
		13,966,358	19,795,208
Less : Capitalised employee expenses		(2,119,040)	(3,518,611)
		11,847,318	16,276,597

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

## **Total Council employees at 14 March:**

Elected members		9	9
Administration staff		147	151
Depot and outdoors staff		146	166
Total full time equivalent employees		302	326

<b>8. Materials and services</b>			
Audit services		61,215	51,588
Communications and IT		250,540	280,521
Contractors		2,145,011	3,620,874
Legal fees		314,329	485,291
Insurance		334,294	510,850
Special payments & utilities		790,143	1,001,632
Other		574,707	730,294
Rentals - Operating leases		736,059	840,131
Operational administration		5,906,258	6,851,619
		11,112,556	14,372,800



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 9. Finance costs

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Finance costs charged by the Queensland Treasury Corporation		1,272,506	1,667,256
Bank charges		67,792	134,803
Impairment of receivables		38,187	1,443
		1,378,485	1,803,502

## 10. Depreciation and amortisation

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

	1.19(e)		
Land and improvements		345,599	401,719
Buildings		285,648	397,993
Plant and equipment at cost		612,078	916,829
Road and bridge network		2,870,109	4,044,696
Water		1,966,627	2,766,185
Sewerage		1,395,949	1,924,717
Waste management		40,377	52,985
		7,516,387	10,505,124

### (b) Amortisation of intangible assets

Computer software		57,940	88,065
Total amortisation of intangible assets		57,940	88,065

### Total depreciation and amortisation

		7,574,327	10,593,189
Unfunded depreciation	1.19(f)		

Gross un-funded depreciation across all assets for the period is \$1,586,571 (2007-\$3,169,333 ) Net adjusted un-funded depreciation across all assets for the period is \$326,265 (2007-\$1,874,825) The net adjusted un-funded depreciation is Council's assessment of a future funding shortfall that may arise on the assets future replacement.

Net adjusted un-funded depreciation is calculated by taking the gross un-funded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.

## 11. Capital expenses

Loss on the disposal of capital assets	6	96,715	1,888,269
Revaluation down of investment property	16	-	24,781
Total capital expenses		96,715	1,913,050

## 12. Cash assets and cash equivalents

1.12

Cash in operating bank account		2,700,254	8,197,958
Cash in other banks and on hand		3,005	3,005
Deposits and investments at variable interest rates		36,441,746	33,480,000
Balance per statement of cash flows		39,145,005	41,680,963

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

Unspent government grants and subsidies	25 (i)	1,123,446	6,240,617
Unspent developers contributions		20,219,581	17,217,232
Unspent loan monies		-	420,550
Total unspent restricted cash for capital projects		21,343,027	23,878,399

All investments are in domestic currency denominations. Short term investments are held in cash management accounts which are considered to be a low risk.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

13. Trade and other receivables		1.13	
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>(a) Current</b>			
Rateable revenue and utility charges		13,995,865	1,183,126
Less: Impairment provision		(72,259)	(53,275)
		13,923,606	1,129,851
Accrued government operating grants and subsidies		-	2,258,144
GST recoverable		391,880	59,211
Other debtors		2,598,055	1,610,428
Less: Impairment provision		(22,354)	(19,054)
		2,967,581	3,908,729
Loans and advances to community organisations		5,290	5,136
		16,896,477	5,043,716
<b>(b) Non-current</b>			
Loans and advances to community organisations		11,546	14,230
		11,546	14,230
Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.			
All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.			

14. Inventories		1.15	
Current			
Inventories for distribution:			
Fuel		17,365	15,616
Consumables		467,720	378,959
Bulk material inputs		185,082	67,309
		670,167	461,884
Inventory for distribution is valued at the lower of cost and replacement cost.			

15. Other financial assets			
Current			
Prepayments		218,298	368,119
		218,298	368,119

16. Investment property		1.18	
Assets for development and future sale		690,179	1,288,000
Fair value at end of period		690,179	1,288,000
<b>Movement in assets during the reporting period:</b>			
<b>Assets for development and future sale</b>			
Opening balance		1,288,000	3,809,000
Assets acquired in period		364,179	-
Value of assets sold in the period		(1,465,000)	(2,152,219)
Internal transfers (to) from other asset categories		166,000	(344,000)
Revaluation adjustment in period		337,000	(24,781)
		690,179	1,288,000

Council holds assets for development and future sale to provide funding of future asset purchases.

The property was valued at market value by John Logan & Associates and Rushton AssetVal Pty Ltd as at 30 June 2007.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

17. (a) Property, plant and equipment									
14 March 2008									
	Land and Improvements	Buildings	Plant and Equipment at cost	Road and Bridge Network	Water	Sewerage	Waste Management	Other Assets	Total
Basis of measurement	Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value	64,386,286	18,732,232	11,156,297	273,054,573	165,621,677	86,094,380	1,195,390	-	620,240,834
Additions at cost	491,073	96,558	1,634,542	3,550,810	135,220	2,224,504	-	-	8,132,707
Contributed assets at valuation	-	-	-	1,115,792	4,115,817	959,894	-	-	6,191,503
Disposals	(8,000)	-	(863,614)	-	-	-	-	-	(871,614)
Revaluation adjustment to the ARR	(36,500)	-	-	(1,204,732)	-	-	-	-	(1,241,232)
Internal transfers	(166,000)	-	-	-	-	-	-	-	(166,000)
Closing gross value	64,666,859	18,828,790	11,927,225	276,516,443	169,872,714	89,278,778	1,195,390	-	632,286,198
<b>Accumulated depreciation and impairment</b>									
Opening balance	4,458,166	5,931,629	3,844,806	37,185,379	72,739,718	22,204,902	537,600	-	146,902,200
<b>Correction to opening balance</b>									
Depreciation provided in period	345,599	285,648	612,078	2,870,109	1,966,627	1,395,949	40,377	-	7,516,387
Depreciation on disposals	-	-	(521,662)	-	-	-	-	-	(521,662)
Closing accumulated depreciation and impairment balance	4,803,765	6,217,277	3,935,222	40,055,488	74,706,345	23,600,851	577,977	-	153,896,925
Net value at 14 March 2008	59,863,094	12,611,513	7,992,003	236,460,955	95,166,369	65,677,927	617,413	-	478,389,274
Range of estimated useful life in years	10-100	12 - 80	3 - 25	5-100	10-100	10-100	10-100	-	-

2007									
Basis of measurement	Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value	55,048,939	20,060,870	10,124,390	230,831,742	161,634,404	86,376,131	1,129,490	39,340	565,245,305
Additions at cost	651,880	258,180	2,233,970	9,696,983	2,293,750	1,906,482	-	-	17,041,245
Contributed assets at valuation	-	-	-	14,970,955	5,569,191	1,968,335	-	-	22,508,481
Disposals	(561,289)	(190,781)	(1,131,863)	-	(2,150,626)	(194,377)	-	(39,340)	(4,268,276)
Revaluation adjustment to the ARR	6,007,356	1,429,163	-	17,554,893	(1,725,042)	(3,962,191)	65,900	-	19,370,079
Internal transfers	3,239,400	(2,825,200)	(70,200)	-	-	-	-	-	344,000
Closing gross value	64,386,286	18,732,232	11,156,297	273,054,573	165,621,677	86,094,380	1,195,390	-	620,240,834
<b>Accumulated depreciation and impairment</b>									
Opening balance	2,389,141	6,782,165	3,724,436	33,049,609	70,735,227	24,174,099	454,301	39,340	141,348,318
Depreciation provided in period	401,719	397,993	916,829	4,044,696	2,766,185	1,924,717	52,985	-	10,505,124
Depreciation on disposals	-	(52,395)	(764,881)	-	(870,063)	(90,979)	-	(39,340)	(1,817,658)
Revaluation adjustment to the ARR	29,586	410,008	-	91,074	108,369	(3,802,935)	30,314	-	(3,133,584)
Internal transfers	1,637,720	(1,606,142)	(31,578)	-	-	-	-	-	-
Closing accumulated depreciation and impairment balance	4,458,166	5,931,629	3,844,806	37,185,379	72,739,718	22,204,902	537,600	-	146,902,200
Net value at 30 June 2007	59,928,120	12,800,603	7,311,491	235,869,194	92,881,959	63,889,478	657,790	-	473,338,635
Range of estimated useful life in years	10-100	12 - 80	3 - 25	5-100	10-100	10-100	10-100	7-100	-

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

**Land & Improvements**

Land has been included at fair value as at 30 June 2007 as determined by Rushton AssetVal Pty Ltd and Australia Pacific Valuers. Land purchased since that date was included at cost.

Land under infrastructure and reserve land does not have a value for the purpose of a Local Government's financial statements.

**Buildings**

Buildings were valued as at 30 June 2007 at their current replacement cost by Australia Pacific Valuers. Buildings built, constructed or purchased since that date were included at cost.

**Plant and Equipment**

Plant and Equipment is measured at deemed cost less accumulated depreciation.

**Infrastructure**

Water and Sewerage Infrastructure - Assets valued by Cardno (Qld) Pty Ltd are included at the written down replacement cost as at 30 June 2007.

Road, Bridge and Stormwater Infrastructure Assets were valued by Council engineers in conjunction with consulting engineers Shepherd Services Pty Ltd and are included at the written down replacement cost as at 30 June 2007. Waste Infrastructure Assets valued by Rushton AssetVal Pty Ltd are included at the written down replacement cost as at 30 June 2007. All infrastructure assets built, constructed or contributed by developers since these valuation dates, have been included at cost.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 18. Capital work in progress

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Capital work in progress	1.21	16,375,137	10,235,000
		16,375,137	10,235,000

## 19. Intangible assets

Net carrying value at period end:	1.20		
Computer software		450,227	508,167
		450,227	508,167
Computer software			
Opening gross carrying value		847,289	847,289
		847,289	847,289
Accumulated amortisation			
Opening balance		339,122	251,057
Amortisation in the period		57,940	88,065
		397,062	339,122
Net carrying value at the period end		450,227	508,167

The software has a finite life estimated at 10 years. Straight line amortisation has been used with no residual value.

## 20. Trade and other payables

<b>Current</b>	1.24		
Creditors and Accruals		3,646,113	2,412,795
Employee related tax payable		74,002	149,286
Annual leave		1,050,775	1,086,674
Long service leave		251,040	298,481
Other entitlements		227,946	189,418
		5,249,876	4,136,654
<b>Non current</b>			
Annual leave		570,030	580,084
Long service leave		2,693,855	2,863,804
		3,263,885	3,443,888

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

These estimates are then adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to the present value.

## 21. Borrowings

Details of borrowings at balance date are:	1.26		
<b>Current</b>			
Queensland Treasury Corporation		1,598,034	2,840,092
		1,598,034	2,840,092



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

21. Borrowings (continued)			
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Non current</b>			
Queensland Treasury Corporation		28,016,603	29,088,418
		28,016,603	29,088,418
<b>Details of movements in borrowings:</b>			
Queensland Treasury Corporation			
Opening balance		31,928,510	29,024,736
Loans raised		-	5,960,000
Principal repayments		(2,313,873)	(3,056,226)
Book value at period end		29,614,637	31,928,510
<b>Classified as :</b>			
Current		1,598,034	2,840,092
Non-current		28,016,603	29,088,418
		29,614,637	31,928,510
The loan market value at the reporting date was \$28,517,225, (2007-\$30,858,404). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its full term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. Based on the current level of repayments the expected term of total debt is 17 years (2007-18 years).			

22. Other liabilities			
<b>Current</b>			
Unearned revenue		582,733	965,721
		582,733	965,721

23.(i) Asset revaluation reserve		1.27	
Movements in the asset revaluation reserve were as follows:			
Balance at beginning of period		258,813,551	236,309,888
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land and improvements		(36,500)	5,977,770
Buildings		-	1,019,155
Road and bridge network		(1,204,732)	17,463,819
Water		-	(1,833,411)
Sewerage		-	(159,256)
Waste management		-	35,586
Balance at end of the year		257,572,319	258,813,551
(ii) Asset revaluation reserve analysis			
The closing balance of the asset revaluation reserve is comprised of the following asset categories:			
Land and improvements		39,661,182	39,697,682
Buildings		6,851,814	6,851,814
Plant and equipment at cost		1,746,756	1,746,756
Road and bridge network		136,591,575	137,796,307
Water		48,044,905	48,044,905
Sewerage		24,640,501	24,640,501
Waste management		35,586	35,586
		257,572,319	258,813,551

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

24.Retained surplus		1.29	
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Movement in retained surplus</b>			
Retained surplus (deficit) at the beginning of period		198,605,357	172,430,475
Net result attributable to Council		22,912,470	38,104,996
<b>Transfers (to) from reserves for future capital funding purposes:</b>			
Transfer from (to) the constrained works reserve		5,117,171	(6,240,617)
The Caves & Marlborough Water Reserve		(292,012)	(98,648)
Capricorn Coast Water Reserve		(1,726,726)	(2,859,576)
Capricorn Coast Sewerage Reserve		2,147,057	(976,393)
Capital Works Reserve		(2,510,980)	(1,754,880)
Retained surplus (deficit) at period end		224,252,337	198,605,357
25.Other reserves		1.28	
<b>(a) Summary of reserves held for funding future capital expenditure:</b>			
(i) Constrained Works Reserve		1,123,446	6,240,617
(ii) The Caves & Marlborough Water Reserve		2,122,169	1,830,157
(iii) Capricorn Coast Water Reserve		13,888,301	12,161,575
(iv) Capricorn Coast Sewerage Reserve		6,275,398	8,422,455
(v) Capital Works Reserve		8,901,209	6,390,229
		32,310,523	35,045,033
<b>(b) Movements in capital reserves are analysed as follows:</b>			
(i) Constrained Works Reserve			
Balance at the beginning of period		6,240,617	-
Transfer from retained earnings grants, subsidies and contributions received in the period which restricted to specific capital projects		-	-
Transfers to the capital account funds expended in the period		(5,405,301)	-
Balance at end of period		1,123,446	6,240,617
(ii) The Caves & Marlborough Water Reserve			
Balance at the beginning of period		1,830,157	1,731,509
Transfer from retained earnings for future expenditure		292,012	226,073
Transfer to the capital account funds expended in the period		-	(127,425)
Balance at end of period		2,122,169	1,830,157
(iii) Capricorn Coast Water Reserve			
Balance at the beginning of period		12,161,575	9,301,999
Transfer from retained earnings for future expenditure		2,569,851	3,813,219
Transfer to the capital account funds expended in the period		(843,125)	(953,643)
Balance at end of period		13,888,301	12,161,575
(iv) Capricorn Coast Sewerage Reserve			
Balance at the beginning of period		8,422,455	7,446,062
Transfer from retained earnings for future expenditure		921,998	2,959,025
Transfer to the capital account funds expended in the period		(3,069,055)	(1,982,632)
Balance at end of period		6,275,398	8,422,455
(v) Capital Works Reserve			
Balance at the beginning of period		6,390,229	4,635,349
Transfer from retained earnings for future expenditure		2,540,364	1,840,340
Transfer to the capital account funds expended in the period		(29,384)	(85,460)
Balance at end of period		8,901,209	6,390,229

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 26. Commitments for expenditure

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Operating leases</b>			
<b>Minimum lease payments in relation to non-cancellable operating leases are as follows:</b>			
Within one year		380,069	405,481
Later than one year but not later than five years		334,536	499,458
		714,605	904,939
Operating leases are entered into for motor vehicles. Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.			
<b>Contractual commitments</b>			
<b>Contractual commitments at balance date but not recognised in the financial statements are as follows:</b>			
Within one year		1,483,909	2,412,685
Later than one year but not later than five years		88,130	667,000
		1,572,039	3,079,685
<b>Capital commitments</b>			
<b>Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:</b>			
Infrastructure		35,350,810	8,728,242
Buildings		-	92,540
Other Assets		920,245	-
		36,271,055	8,820,782
<b>These expenditures are payable :</b>			
Within one year		36,271,055	8,359,242
Later than one year but not later than five years		-	461,530
Later than five years		-	-
		36,271,055	8,820,772

## 27. Events after balance date

There were no material financial adjusting events after balance date.

Council ceased to exist immediately after 14 March 2008 and its assets, liabilities and business were transferred to Rockhampton Regional Council.

This is not considered to be an adjusting event as it does not impact on Livingstone Shire Council immediately before the transfer.

The transfer to Rockhampton Regional Council does not give rise to any impairment as any change in the use of the assets would be the result of a decision, made after the cessation, by the new Council.

## 28. Contingent liabilities

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

Various claims are pending against Council. In the opinion of Councils 14 March 2008 should not exceed:

		129,538	192,520
Council has disclaimed liability and no provision has been made in the in the financial statements pertaining to these claims.			
Livingstone Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme 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. Council's maximum exposure to the bank guarantee is:			
		510,857	433,314

Livingstone Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at June 2007 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 29. Superannuation

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Livingstone Shire Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.			
Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee benefits. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.			
Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of Council. Accordingly there is no recognition in the financial statements of any over- or under-funding of the scheme.			
The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.			
The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2007. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.			
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 amount of superannuation contributions paid by Livingstone Shire Council to the superannuation scheme in this period for the benefit of employees:			
		1,174,418	1,569,864
Livingstone Shire Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:			
		18,763	22,332

## 30. Trust funds

1.33

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		713,231	654,859
Security deposits		531,252	585,581
		1,244,483	1,240,440
Livingstone Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements			

## 31. Reconciliation of net result attributable to council to net cash flow from operating activities

Net result attributable to Council		22,912,470	38,104,996
<b>Non-cash operating items:</b>			
Depreciation and amortisation	10	7,574,327	10,593,189
		7,574,327	10,593,189
<b>Investing and development activities:</b>			
Capital income	5	(337,000)	
Capital expenses	11	96,715	1,913,050
		(240,285)	1,913,050
<b>Financing activities:</b>			
Capital grants, subsidies and contributions	4	(12,471,641)	(39,893,887)
		(12,471,641)	(39,893,887)

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 31. Reconciliation of net result attributable to council to net cash flow from operating activities (continued)

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Changes in operating assets and liabilities :</b>			
(Increase) decrease in receivables		(11,852,607)	(1,094,298)
(Increase) decrease in inventories (excluding land)		(208,283)	(62,953)
(Increase) decrease in other operating assets		149,821	(368,119)
Increase (decrease) in payables		933,219	1,765,893
Increase (decrease) in other liabilities		(382,988)	951,908
		(11,360,838)	1,192,431
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>6,414,033</b>	<b>11,909,779</b>

## 32. Financial risk management

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

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

Livingstone Shire Council measures risk exposure using a variety of methods as follows:

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

### Credit risk

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

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

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

Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparts.

Deposits are capital guaranteed. Other investments are held with highly rated and regulated financial institutions and whilst not capital guaranteed the likelihood of a credit failure is remote.

By the nature of Council's operations, there is a geographical concentration of risk in Council's area. Because the area is largely (e.g. agricultural/mining), there is also a concentration in the (e.g. agricultural/mining) sector.

The maximum exposure to credit risk at balance date in relation to each class of recognized 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 Council.

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

Cash and cash equivalents - bank	2,703,259	8,200,963
Cash and cash equivalents - QTC	36,441,746	33,480,000
Receivables - rates	13,923,606	1,129,851
Receivables - other	2,984,417	3,928,095
Total	56,053,028	46,719,543



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 32. Financial risk management (continued)

### Past due or impaired

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

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

	Fully Performing	Past due				Impaired	Total
		Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days		
		\$	\$	\$	\$	\$	\$
Receivables	14,120,397	557,663	34,687	206,292	2,083,597	(94,613)	16,908,023

### Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Corporation 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 21.

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management.

The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

### Financial liabilities

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
14 March 2008	7,430,643	13,755,091	17,525,397	38,711,131
30 June 2007	7,942,467	16,116,639	16,415,667	40,474,773

### Financing arrangements

Unrestricted access was available at balance date to the lines of credit listed below:

	14 March 2008	30 June 2007
	\$	\$
QTC unused loan facility	12,210,000	-
Bank overdraft facility	250,000	250,000

### Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

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

Council does not undertake any hedging of interest rate risk.

### Interest Rate Sensitivity Analysis

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

	Net carrying amount		Profit		Equity	
	14 March 2008	30 June 2007	14 March 2008	30 June 2007	14 March 2008	30 June 2007
	\$	\$	\$	\$	\$	\$
Financial assets	39,142,000	41,677,958	391,420	416,780	391,420	416,780
Financial liabilities	29,614,637	31,928,510	296,146	319,285	296,146	319,285
Net movement	9,527,363	9,749,448	95,274	97,494	95,274	97,494

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 33 National Competition Policy

(a) Activities to which the code of competitive conduct is applied a "business activity" of a local government is divided into two categories :

- (a) Roads business activity:
- the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
  - submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.
- (b) Other business activity, referred to as type three activities, means the following:

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

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

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

- Water & Sewerage
- Refuse Management
- Caravan Parks
- Plant
- Property Development
- Roads - other
- Other Private Works
- Building Certification

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

### 33 National Competition Policy (b) Financial performance of activities subject to competition reforms:

	Water & Sewerage	Refuse Management	Caravan Parks	Plant
	2008	2008	2008	2008
	\$	\$	\$	\$
Revenue for services provided to the Council	-	-	-	2,825,694
Revenue for services provided to external clients	12,762,096	2,207,196	738,907	13,220
* Community service obligations	-	660,173	-	200,000
	12,762,096	2,867,369	738,907	3,038,914
Less : Expenditure	8,525,601	1,922,433	749,849	3,726,015
Surplus (deficiency)	4,236,495	944,936	(10,942)	(687,101)
	Roads - other	Other Private Works	Building Certification	
	2008	2008	2008	
	\$	\$	\$	
Revenue for services provided to Council	2,978,790	-	-	
Revenue for services provided to external clients	500,716	269,189	124,108	
* Community service obligations	3,479,506	269,189	124,108	
Less : Expenditure	3,382,853	137,245	84,426	
Surplus (deficiency)	96,653	131,944	39,682	

(c) CSO's were paid during the reporting period to the following activities.

Activities	CSO description	Actual
Refuse management	Council refuse disposal, tip coupons, subsidised disposal fees, remote waste management sites, recycling program.	660,173
Plant	Uneconomical service supply	200,000

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor of the Rockhampton Regional Council

### **Matters Relating to the Electronic Presentation of the Audited Final Financial Report**

The auditor's report relates to the final financial report of the former Livingstone Shire Council for the final period ended 14 March 2008 included on Rockhampton Regional Council's website. The Rockhampton Regional Council is responsible for the integrity of the Rockhampton Regional Council's website. I have not been engaged to report on the integrity of the Rockhampton Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the final financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited final financial report, available from Rockhampton Regional Council, to confirm the information included in the audited final financial report presented on this website.

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

### **Report on the Final Financial Report**

I have audited the accompanying final financial report of the former Livingstone Shire Council, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and statement of cash flows for the final period ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

#### *The New Regional Council's Responsibility for the Final Financial Report*

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

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

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

### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

### *Auditor's Opinion*

In accordance with the *Local Government Act 1993* I have audited the former Council's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
  - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Livingstone Shire Council for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

*Emphasis of Matter – Local Government Amalgamation*

Without qualification to the opinion expressed above, attention is drawn to Note 1.2 and Note 27 in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Livingstone Shire Council was amalgamated into the new Rockhampton Regional Council effective from 15 March 2008. All assets and liabilities of the former Council immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.



G D Madigan, CPA  
As Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane





## LIVINGSTONE SHIRE COUNCIL

### ANNUAL FINANCIAL STATEMENTS

For the period 1 July 2007 to 14 March 2008

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#### MANAGEMENT CERTIFICATE

For the Final Period Ended 14 March 2008

This general purpose financial report of the former Livingstone Shire Council has been prepared by Rockhampton Regional Council pursuant to Section 532 of the Local Government Act 1993, the Local Government Finance Standard 2005, Section 33 of the Local Government Reform Implementation Regulation 2008 and other prescribed requirements.

We certify that:-

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements for the final period 1 July 2007 to 14 March 2008 and supporting notes as set out on pages 6 to 37 present the former Livingstone Shire Council's income, equity, balances and cash flows as required by the Local Government Act 1993.

  
\_\_\_\_\_  
Mayor

Rockhampton Regional Council

Date: 27 / 6 / 08

  
\_\_\_\_\_  
Chief Executive Officer

Rockhampton Regional Council

Date: 27 / 06 / 08

# Councillors' Remuneration & Meeting Attendance

The following tables detailing Councillors' Remuneration and Meeting Attendance are provided as part of the Statutory Information requirements for Livingstone Shire Council's 2007-2008 Annual Report.

Councillors' Remuneration 1.7.2007 – 14.3.2008					
Councillor	Salary	Allowances	Superannuation		Total Gross Remuneration
Cr. Bill Ludwig	\$82,291	-	\$9,699		\$91,990
Cr. Brian Dorey	\$37,728	-	Nil		\$37,728
Cr. Desley Rial	\$32,248	-	9%	\$2,902	\$35,150
Cr. John Smith	\$32,335	\$7,448	\$2,910		\$42,693
Cr. Vicki Bastin-Byrne	\$27,299	-	12%	\$3,369	\$30,668
Cr. Mick Cranny	\$32,572	-	9%	\$2,940	\$35,512
Cr. Cr. Glenda Mather	\$20,666	-	12%	\$2,525	\$23,191
Cr. Cr. Michael Prior	\$30,212	-	Nil		\$30,212
Cr. Brett Svendsen	\$27,299	-	12%	\$3,170	\$30,469

Councillors' Meeting Attendance 2007-2008							
Councillor	General	Special	Planning & Development	Works & Infrastructure	Community Services	Finance	TOTAL
Cr. Bill Ludwig	9	3	2	3	1	7	25
Cr. Brian Dorey	9	3	6	-	-	7	25
Cr. Desley Rial	8	3	-	-	6	6	23
Cr. John Smith	7.50	3	-	6	-	7	24
Cr. Mike Prior	8.50	2	5	-	5	6.50	27.00
Cr. Vicki Bastin-Byrne	8.66	3	6	-	1	6	24.66
Cr. Glenda Mather	9	3	-	6	-	7	25
Cr. Brett Svendsen	8.66	2	-	1	2	6	19.66
Cr. Mick Cranny	7	3	1	5	-	5	21
<b>TOTAL</b>	<b>75.32</b>	<b>25</b>	<b>20</b>	<b>21</b>	<b>15</b>	<b>57.50</b>	<b>213.82</b>

Breaches of Code of Conduct by Councillors			
No. Breaches of Code of Conduct by Councillors	Name of Councillor Breaching Code	How Code was Breached	Penalty Imposed
2	Cr. GM Mather	Minor Breach under Sections 2.3.2.4 a), e) and f)	Issued with a written reprimand.
Required to make written apology to entire Table.	Cr B Svendsen	Under Section 2.3.2.4 b), d) and a)	Nil

No Complaints referred to Conduct Review Panel or CEO	No. Recommendations made to Local Government by Conduct Review Panel	Adopted/Not adopted	No. Complaints made to Ombudsman and Notified to Local Government in Relation to Enforcement of Code of conduct
1	1	Adopted	Nil

## Overseas Travel

One reportable overseas travel event occurred during the year. The travel was undertaken at no cost to Council as the officer's costs were met by the Local Government Managers Association and the officer himself. The travel was undertaken by Mr. Jason Bradshaw (Deputy Chief Executive Officer) who travelled to New Zealand for the purpose of personal development under a Manager Exchange Program.

### REVENUE POLICY 2007/2008

Council is required by the Local Government Act 1993 (s513A) to have a Revenue Policy. Section 12 of the Local Government Finance Standard 2005 specifies those matters to be included in the Policy.

#### **OBJECTIVE:**

The purpose of this revenue policy is:-

- to comply in all respects with legislative requirements; and

- set out the principles used by Council in 2007/2008 for:

- The making of rates and charges;
- The levying of rates;
- The recovery of unpaid amounts of rates and charges; and
- Exercising its powers to grant rebates and concessions for rates and charges.

#### **APPLICABILITY:**

This revenue policy is effective from the date of Council's resolution and will apply for the financial year 1 July 2007 to 30 June 2008. Council may, by resolution, amend its revenue policy for a financial year at any time before the year ends.

This policy is Council's strategic revenue policy. There are various administrative policies and arrangements that make up the total Council response to revenue management.

#### **POLICY:**

In accordance with the Local Government Act 1993, this revenue policy will be used in developing the revenue budget for 2007/2008.

In general Council will be guided by the principles of equity and "user pays" in the making of rates and charges so as to minimise the impact of rating on the efficiency of the local economy.

#### **(a) Principles used for the making of rates and charges.**

In making rates and charges, Council is required to comply with the requirements of Federal and State legislation.

Council will also have regard to the principles of:

- Equity by taking into account the actual and potential demands placed on Council, location and use of land, unimproved valuation of land and capacity to pay;

- Transparency in the making of rates and charges;
- Flexibility to take account of changes in the local economy.
- Having in place a rating regime that is simple and efficient to administer; and
- National Competition Policy legislation where applicable.

#### **(b) Principles used for the levying of rates**

In levying rates Council will apply the principles of:

- Making clear what is Council's and each ratepayers' responsibility to the rating system;
- Making the levying system simple and efficient to administer;
- Timing the levy of rates to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- Equity through flexible payment arrangements for ratepayers.

#### **(c) Principles used for the recovery of rates and charges**

Council will exercise its rate recovery powers pursuant to the provisions of Chapter 14 Part 7 of The Local Government Act 1993 (as amended) in order to reduce the overall rate burden on ratepayers. It will be guided by the principles of:-

- Transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations;
- Clarity and cost effectiveness in the processes used to recover outstanding rates and charges;
- Equity by having regard to capacity to pay in determining appropriate arrangements for different sectors of the community;
- Providing the same treatment for ratepayers with similar circumstances; and
- Flexibility by responding where necessary to changes in the local economy.

#### **(d) Concessions for rates and charges**

In considering the application of concessions, Council will be guided by the principles of:

- Equity by having regard to the different levels of capacity to pay within the local community;
- Transparency by making clear the requirements necessary to receive

concessions;

- Flexibility to allow Council to respond to local economic issues;
- The same treatment for ratepayers with similar circumstances; and
- Responsiveness to community expectations of what activities should attract assistance from Council.

Consideration may be given by Council to granting a class concession in the event all or part of the local government area is declared a natural disaster area by the State Government.

NOTE: Please also refer to Revenue Statement 2007/2008.

SUPERSEDING:  
REVENUE POLICY NO. F1.11 2006/2007 &  
REVENUE STATEMENT

ADOPTED:  
GENERAL MEETING 27 JUNE 2007 (Page 22)

# Policies

For the period 1 July 2007 to 14 March 2008

## RATE RELIEF & REMISSION POLICY

### OBJECTIVE:

To alleviate the impact of Local Government rates and charges through the provision of financial relief to ratepayers who experience serious financial hardship, not-for-profit/community organisations and ratepayers who are in receipt of an approved government pension in accordance with section 1035A of the Queensland Local Government Act 1993.

### POLICY:

#### 1.1 Approved Government Pension

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

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

##### 1.1.1 Eligibility

Approved Pensioner – A Pensioner who:-

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

Persons who qualify for Rate subsidy under the State Government Rate Subsidy guidelines will be eligible for a Council remission on all General Rates (including Separate Charge/Rates) levied in respect of the property up to the maximum remission amount.

Should an applicant/person be entitled to part only of the State Subsidy, because of part ownership of the

property, or other relevant reason, the Council remission would be similarly reduced.

Council remission is allowed only in respect of the current Budget year.

##### 1.1.2 Close of Applications

Applications for remissions will be considered for a quarterly levy up to the due date for discount. Applications received after this date will be considered only for the following rating periods.

##### 1.1.3 Amount of Remission

Council remission of 20% (to a maximum of \$200.00 per year) on all General Rates (including Separate Charges) in accordance with State Government Subsidy guidelines.

#### 1.2 Serious Financial Hardship

Rate remissions are available to ratepayers who are experiencing serious financial hardship and as a result are unable to pay their rates.

##### 1.2.1 Eligibility

Eligible Ratepayer – A person who:-

- 1) the payment of rates and charges would cause serious financial hardship;
- 2) does not receive commercial benefit or derive an income from the property;
- 3) is the owner of the property and which is the persons principal place of residence; and
- 4) 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.

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

##### 1.2.2 Close of Applications

Applications for remissions will be considered as needed although an applicant is limited to making one application once every three (3) year period. All applications will be heard by the Independent Rate Relief Committee and reference should also be made to the terms of reference for the Committee.

##### 1.2.3 Amount of Remission

Assistance may be granted in one of or a combination of the following ways:-

- 1) Extension of time to pay with payment terms;

- 2) Deferment of payments for a period of time;
- 3) Interest remission; and
- 4) Rate remission (either partial or complete).

The remission of rates and charges would only be granted in very extreme circumstances and in any case there usually would not be a recommendation to liquidate the whole of the amount owing for a ratepayer.

#### 1.3 General Rate Remissions

In accordance with Section 957 of the Local Government Act 1993 and Section 41 of the Local Government Regulation 2005 the properties detailed in Appendix One (1) will be exempted from the payment of general rates.

#### 1.4 Non-For-Profit/Community Organisations

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

##### 1.4.1 Eligibility

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

- 1) does not have any arrears of rates;
- 2) does not include in its objects the making of profit;
- 3) does not charge a commercial fee for service (eg childcare excluding kindergartens);
- 4) is located within Livingstone Shire and the majority of its members reside in Livingstone Shire;
- 5) does not receive income from gaming machines and/or from the sale of alcohol in an organised manner (eg bar with regular hours of operation);
- 6) is the owner, lessee or life tenant of the property and which is the incorporated bodies main grounds/ base/club house or residence;
- 7) 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;
- 8) is not a religious body or entity or educational institution recognised under State or Federal statute or law; and
- 9) is not a Rural Fire Brigade in receipt of a Rural Fire Levy.

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

Council remission is allowed only in respect of the current Budget year and all rates and charges must be current at the commencement of the financial year to be eligible for the remission.

### 1.4.2 Close of Applications

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

### 1.4.3 Amount of Remission

The remission shall be the lesser of either 25% or \$600 of all service charges for sewerage, waste removal and water access charges (general rates, water consumption and separate and special charges are ineligible for remission). Also in recognition of the special services provided to the community by Surf Life Saving Organisations they shall receive a remission of 25% uncapped and Show Ground related organisations shall receive a maximum remission of 50% of the eligible charges uncapped. Also these groups shall not be subject to exclusion clauses (2) & (4) mentioned in section 1.3.1.

SUPERSEDING:  
Rate Remission Policy No. F1.2 adopted  
26 July 2007.

ADOPTED:  
GENERAL MEETING 22 AUGUST 2007  
(Page11)

(Recommendation of Corporate &  
Community Services Committee Meeting  
15.8.2007 (P6))

SIGNED: 27 / 8 / 2007

CHIEF EXECUTIVE OFFICER.

### Schedule of Related Policies

F1.2B Independent Rate Relief Committee – Terms of Reference

### APPENDIX ONE (1)

Section 41 (8)		
Assessment	Organisation Name	Land Address
14686-8	Marlborough & District Rodeo Association	Marlborough Showground
15506-7	The Caves Progress & Agricultural Society	Caves Showground
18459-6	Yeppoon & District Agricultural Society	Yeppoon Showground
18459-6	Yeppoon & District Agricultural Society	Yeppoon Indoor Bowling Club
Section 41 (2)		
11413-0	Emu Park Kindergarten Inc	13 Arthur Street Emu Park
18259-0	Yeppoon & District Kindergarten Association Inc	27 Queen Street Yeppoon
11670-5	Emu Park Surf Lifesaving Club	Keppel Street Emu Park
18103-0	Yeppoon Surf Lifesaving Club	Anzac Parade Yeppoon
12566-4	Aust Volunteer Coast Guard Association	QF20 Keppel Sands
15175-1	Aust Volunteer Coast Guard Association	Rosslyn Bay Yeppoon
12804-9	Keppel Sands Advancement League	Larcombe Hall Keppel Sands
13507-7	Cooee Bay-Lammermoor Progress Association	Cooee Bay Hall Yeppoon
14638-9	Marlborough Public Hall Committee	Marlborough
14886-4	Trustees Ogmoo Community Hall	Ogmoo
19796-0	Byfield Hall Association Inc	Byfield Road Byfield
11102-9	Emu Park Historical Museum	Hill Street Emu Park
14635-5	Marlborough Museum	Marlborough
19825-7	Byfield & District Historical Society Inc	Byfield
13766-9	Scout Association of Australia	Ivey Street Yeppoon
18442-2	Girl Guides Association Qld Branch	Arthur Street Yeppoon
21533-3	Girl Guides Association Qld Branch	Sandringham Road Cawarral
10620-1	Rockhampton Sub Branch RSL Homes Management Committee	Pattison Street Emu Park
20222-4	Woodbury & District Sports & Recreation Club	Woodbury
21894-9	Yeppoon Hack & Pony Club	Millroy Drive Barmaryee
21806-3	Stanage Township Organisation	Pump Site Stanage Bay
22052-3	Yeppoon Lodge No 316	Barmaryee Road Yeppoon



# Policies

For the period 1 July 2007 to 14 March 2008

## Complaints & Investigations into Business Activities

During the year Council received no complaints in relation to its nominated business activities.

## Equal Employment Opportunity

Council continues to review its Equal Employment Opportunity (EEO) management plan. We believe that equality in employment opportunities will enhance the Council's activities by:

- Improving organisational efficiency and productivity through the selection and employment of the best and most talented people;
- Fulfilling Council's policy in equity and fairness based on the idea that all people should be able to compete for employment on the basis of ability to do the job; and
- Increasing the effectiveness of service delivery and decision-making by adopting an employee profile more reflective of the community profile.

An EEO committee has been established to oversee the implementation of this plan and Council's Human Resources Co-ordinator remains the designated EEO officer.

Council maintains a performance appraisal process which places human resource management as the first priority for its management staff.

Recognition of staff achievements are continuously made through a newsletter distributed to all staff.

## Land and Reserves

Livingstone Shire Council has control of:-

1. 29196 hectares of reserve land that are reserves under the Land Act 1994. 1452 km of roads. This land does not have a value in the financial statements.

## Rural Fire Services Levy

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

Rural Fire Brigade	Levy 2007/2008
Adelaide Park Road	\$20.00
Barmoya	\$20.00
Belmont	\$25.00
Bondoola	\$25.00
Bungundarra	\$25.00
Byfield	\$25.00
Canal Creek	-
Canoona	-
Cawarral	\$60.00
Cooberrie	\$25.00
Coowonga	\$25.00
Great Keppel Island	-
Hidden Valley	-
Jardine	-
Keppel Sands	\$60.00
Kunwarara	-
Maryvale	\$40.00
Mt Gardiner	-
Nankin	\$100.00
Nerimbera	\$50.00
Ogmore	-
Rossmoya	\$35.00
Stanage Bay	\$25.00
Stockyard Point	\$40.00
Tanby	\$50.00
The Caves	\$40.00
Wattlebank	-
Woodbury	\$40.00

Each Brigade requiring the levy will be required to provide an annual budget, three year operational plan and audited financial statements. Each Brigade can opt to join the scheme by written notice prior to the commencement of each financial year. Such written notice is to include a Budget Statement to which the levy is to be applied. Council will act as a collection house only and the funds raised will be forwarded to each Brigade.

The overall plan for the services, facilities and activities in respect of which the special charge is made and levied shall be identified as follows:-

The rateable land to which the special charge applies is land within the areas separately described on a map titled:-

- 'Rural Fire Brigade – Adelaide Park'
- 'Rural Fire Brigade – Marlborough'
- 'Rural Fire Brigade – Barmoya'
- 'Rural Fire Brigade – Maryvale'
- 'Rural Fire Brigade – Belmont'
- 'Rural Fire Brigade – Nankin'
- 'Rural Fire Brigade – Bondoola'
- 'Rural Fire Brigade – Nerimbera'
- 'Rural Fire Brigade – Bungundarra'
- 'Rural Fire Brigade – Rossmoya'
- 'Rural Fire Brigade – Byfield'
- 'Rural Fire Brigade – Stanage Bay'
- 'Rural Fire Brigade – Cawarral'
- 'Rural Fire Brigade – Stockyard Point'
- 'Rural Fire Brigade – Cooberrie'
- 'Rural Fire Brigade – Tanby'
- 'Rural Fire Brigade – Coowonga'
- 'Rural Fire Brigade – The Caves'
- 'Rural Fire Brigade – Keppel Sands'
- 'Rural Fire Brigade – Woodbury'

The service facility or activity for which the special charge is made is for the provision of fire fighting services in the defined benefit areas

The time for implementing the overall plan is one (1) year ending 30 June 2008. However, provision of fire fighting services is an ongoing activity, and further special charges are expected to be made in future years. The works and services specified in the overall plan will be carried out or provided during the year ending on 30 June 2008.

The estimated cost of implementing the overall plan (being the cost of planned works and replacement of capital items for 2007/2008) is \$ 110,000. The special charge is intended to raise all funds necessary to carry out the overall plan.

Council is of the opinion that the occupier of the land to be levied with the special charge has specifically benefited, or will specifically benefit, from the implementation of the overall plan, comprising fire fighting services, because:-

The brigades are in charge of fire fighting and fire prevention under the Fire & Rescue Service Act 1990 and whose services could not be provided or maintained without the imposition of the special charge.

### Bangalee Water Supply Special Charge

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

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

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

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

The charge is expected to raise \$64604.80 (\$ 621.20 per parcel) of the funds expended on the project. Council funded the cost of construction of the water supply infrastructure from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from the 1 July 2003.

The funds have been raised per parcel to date:-

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

The annual implementation plan in 2007/2008 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

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

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

### Nerimbera Water Supply Special Charge A

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

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

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

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

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

The funds have been raised per parcel to date:-

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

The annual implementation plan in 2007/2008 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

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

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

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

### Nerimbera Water Supply Special Charge B

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

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

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

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

The charge is expected to raise \$1,000 (\$250 per parcel) of the funds expended on the project. Council funded the construction of the water supply infrastructure from its own revenue sources. The estimated time for implementing the overall plan is 10 years commencing from the 1 January 2005.

The funds have been raised per parcel to date:-

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

The annual implementation plan in 2007/2008 comprises reimbursement to Council of part of the cost that it has incurred to construct the water supply infrastructure.

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

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

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

# Policies

For the period 1 July 2007 to 14 March 2008

## Registers Open for Inspection

- Registers of Interest (S.248) – Access restrictions apply
- Delegations by Council (S.472)
- Delegations by the Chief Executive Officer (S.1132)
- Local laws and Subordinate Local laws (S.895)
- Town Planning and planning documents – as prescribed under the Integrated Planning Act.
- Register of Map of Roads (S.921)
- Register of Regulatory Fees (S.1071E)
- Register of Accreditations and Complaints (S.846)

In addition to the above registers, the following documents are open to inspection by the public and a copy thereof may be purchased if required:

Minutes of Council Meetings (S.468)	10 days after the respective meeting
Corporate Plan & Operational Plan (S.513)	Following Annual Budget meeting
Annual Report (S.5345)	December/January
Annual Budget (S.524)	Following Annual Budget meeting
Statement of Accounts (S.529)	Following Monthly Council meetings
Land Record (S.995)	A fee is charged for this service if the enquirer is not the owner, lessee, or occupier of the land or adjoining land, or the authorised agent off such a person
Integrated Planning Act & Regs. (S.5.7.3)	Continuously
Planning Instruments (S.5.7.2)	Continuously

Reportable Expenditure	Governance	Community Development & Support	Corporate Services	Civil Operations	Development & Planning	Commercial Services	Water Supply	Sewerage	Waste Management	TOTAL
<b>Consultants -</b>										
Town Planning	-	-	-	-	174,107.00	-	-	-	-	174,107.00
Information Technology	-	-	44,149.00	-	-	-	-	-	-	44,149.00
<b>Entertainment &amp; Hospitality</b>	4,850.00	5,107.00	29,152.00	511.00	812.00	6,300.00	474.00	444.00	-	47,650.00
<b>Advertising</b>	14.00	6,622.00	36,524.00	4,268.00	904.00	37,328.00	18,147.00	397.00	1,100.00	105,304.00
<b>Grants to Community Organisations</b>	1,254.00	311,345.00	45,020.00	-	-	-	-	-	51,555.00	409,174.00









Swinging Bridge, Mount Morgan

# Mount Morgan Shire Council

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# Community Financial Report

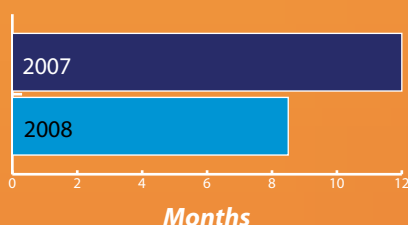
Interpreting formally presented financial statements in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers evaluate Council's financial performance and financial position without the need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

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

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

As a result of the State Government reform of local government in Queensland, Mount Morgan Shire Council and the adjoining local governments of Fitzroy Shire Council, Livingstone Shire Council, Rockhampton City Council and Rockhampton District Saleyards Board amalgamated on 14 March 2008 to form Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Because of this it will be difficult to compare results from one year to the next due this fundamental difference in the reporting periods, that is:-

- 2006/2007 Financial Period – 12 months
- 2007/2008 Financial Period – 8 1/2 months



## Income Statement

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

### Sources of Income – Where Our Money Comes From...

To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue, comprising 62.5% of total income.

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

A total of \$3,708,016 was raised in revenue during the financial year. Total income decreased by \$1,311,422 over the previous year, given that the financial year was only an 8 1/2 month period. See FIG 1

As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months and consequently the total revenue is lower than the 2006/07 financial year. The reduction in total revenue does not therefore reflect a diminishing revenue source for Council.

### Operating Expenditure – Where Our Money is Spent...

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

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

Depreciation and amortisation is the periodic allocation of the consumption of property, plant and equipment and intangible assets over the assets estimated 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.

Figure 1

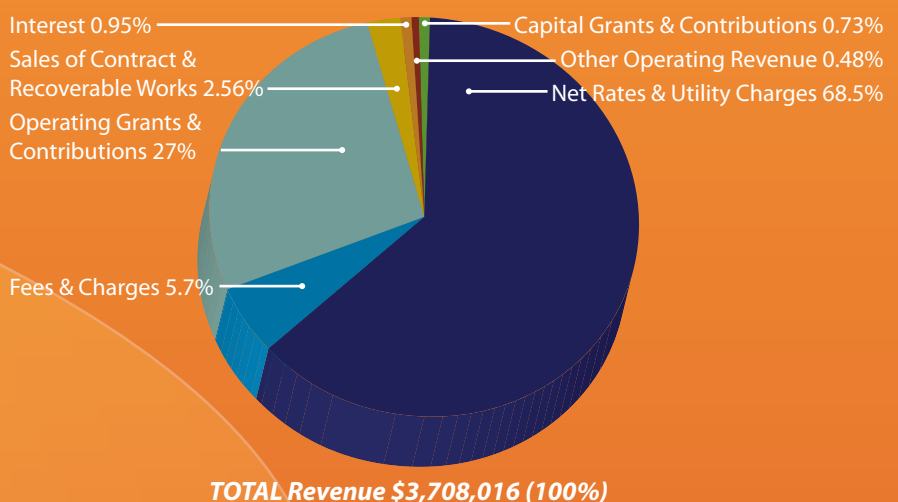
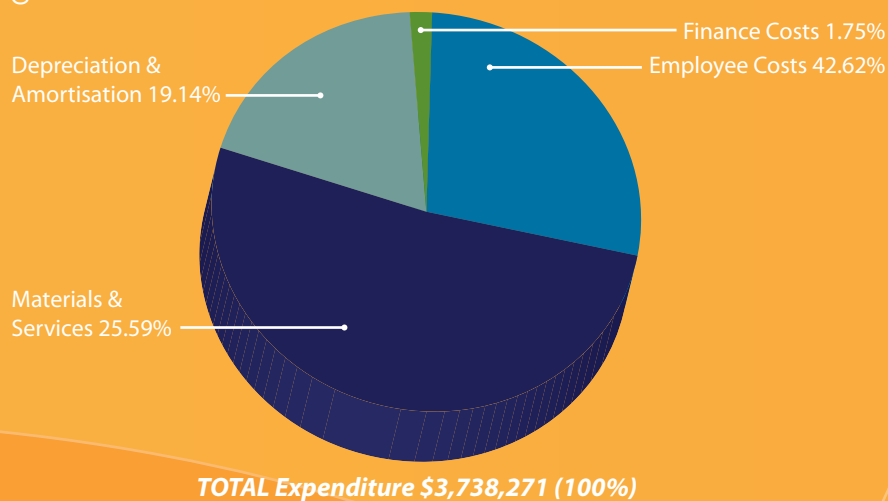


Figure 2



As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months. Therefore the total expenditure of the 2006/2007 year is higher than the total expenditure of the 2007/2008 'year'. See FIG 2

There were a number of variations when comparing total expenses to the previous year. These can be explained as follows:

- The increasing costs of materials and services.
- The implementation and construction of Stage 2 of the Mount Morgan Sewerage Scheme

#### Net Result Attributable to Council

The Net Result Attributable to Council is the difference between Total Income and Total Expenses and measures the change in operating capability. The Net Result includes \$27,000 of non-operating (capital) revenue restricted for capital purposes. Capital revenue fluctuates each year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

Council completed the year with a net operating loss of \$79,200 for 2007/2008, comparable to the previous financial year's surplus of \$67,069. This result reduces the funds set aside in reserves for future requirements such as capital expenditure on infrastructure and community facilities as well as debt reduction.

### Balance Sheet

The Balance Sheet lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

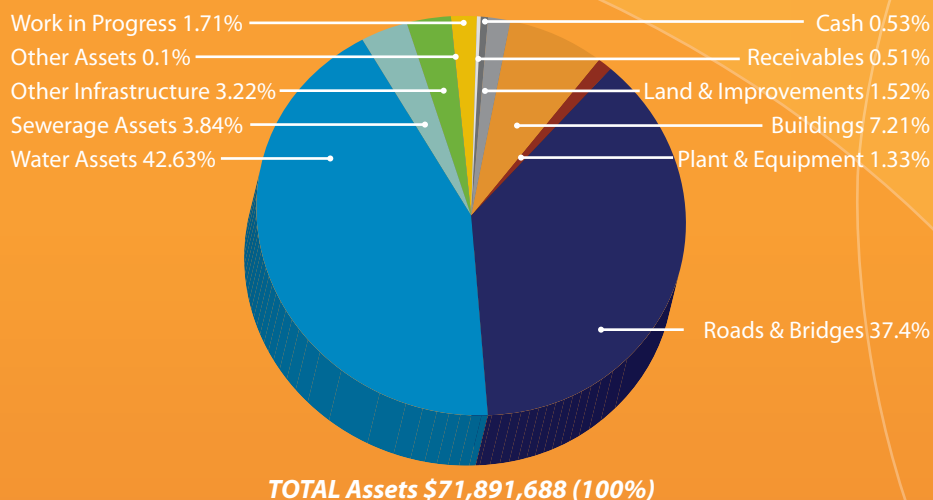
#### What Do We Own?

Council controls a variety of current and non-current assets of which 97.2% is attributed to Property, Plant and Equipment Assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained. See FIG 3

The total assets of \$71,891,688 as at 14 March 2008 included an increase of \$14,038,351 (24.26%) over the previous year. This increase is primarily attributed to:

- Revaluations that were conducted on Council's assets, which included the

Figure 3



complete valuation of the Dam wall and reinstatement of the Fletchers Creek Weir.

- Mount Morgan Sewerage Assets were recognised as non-current assets for the first time.
- An increase in the valuation of road assets due to major road upgrades.
- The acquisition of new plant.

#### Capital Works

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

The total capital works program for the year totalled \$1,228,803.

Significant projects undertaken in 2007/2008 were:

- Upgrade of Dee Esplanade and Little James Street road infrastructure
- Construction started on Stage 2 of the Mount Morgan Sewerage Scheme
- Upgrade of Mount Morgan Water reticulations in Dee Esplanade,

Pattison Street, Edwards Street, Racecourse Road, Showgrounds Road, Crown Street, Byrnes Parade and other minor works.

- The upgrading of the Mount Morgan Swimming Pool including new pumps and resurfacing of the pool and surrounding area.

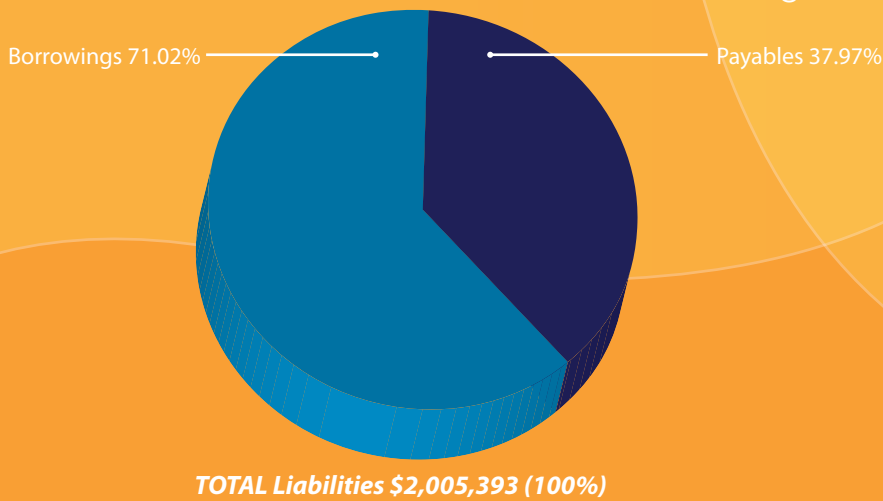
#### What Do We Owe?

Council's borrowings decreased by \$55,292 during 2007/2008. This is largely due to loan repayments on Council's borrowings with the Queensland Treasury Corporation and Council having a balanced budget that did not require capital lending. Council did not have any intention to draw down any further loan funds for the period ending 30 June 2008. The level of long-term debt is regularly reviewed as a component of the Financial Strategic Plan.

Interest expense on loans for the period totalled 1.43% of total operating income. See FIG 4

Total liabilities of \$2,005,393 as at 14 March 2008 included a decrease of \$343,528 (14.62%) over the previous year. This decrease is primarily attributed to:

Figure 4



Sound budgeting practices and forward planning, provides the capacity for Council to meet its objectives as well as provide a large degree of flexibility if strategic directions change.

#### Cash Flow Statement

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

Council pools and invests funds throughout the year in low-risk short-term investments in accordance with Council's investment policy. The interest earned from investments for the 2007/2008 financial period was \$29,140. In the 2007/2008 financial year total interest earned on investments was \$27,830.

#### Looking to the Future

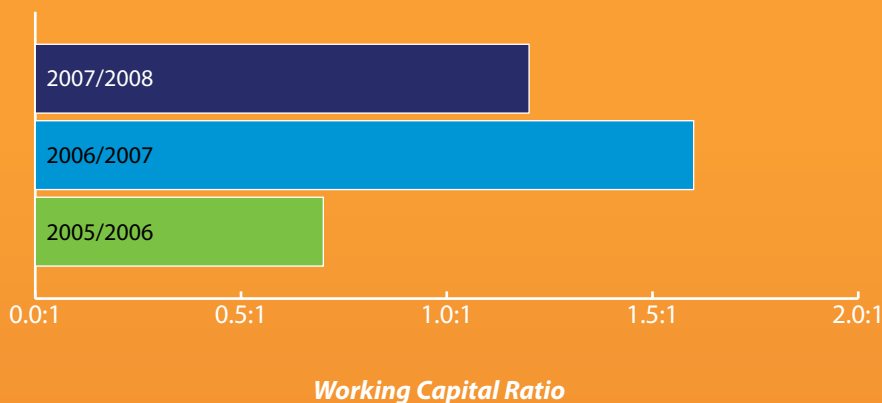
Council, amongst other things, will be placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the region.

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

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

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

Figure 5



- The total amount payable to suppliers at 14 March 2008 was lower than the prior financial year.
- A decrease in Council's outstanding borrowings and the fact that Council balanced budget did not require loans to be drawn down for capital works.

### How healthy is Council's Liquidity?

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

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

A ratio of better than 1:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments. While anything over two means that Council is not investing excess assets. Most believe that a ratio between 1.2 and 2.0 is sufficient.

As can be seen in the table below, Council's ratio is 1.2:1, which is within the recommended level. See FIG 5

#### Statement of Changes in Equity

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

#### What Are We Worth?

Community Equity is equal to Assets less Liabilities and is represented by an Asset Revaluation Reserve, Retained Surplus and Other Reserves. Total Community Equity at 14 March 2008 is \$69,886,295 million, an increase of \$14,381,879 from 2006/2007.

This increase is primarily attributed to:

- A substantial increase in the value of Council's Water, Roads and Building Assets as a result of revaluations completed.
- The capitalisation and recognition of Council's Sewerage Reticulation & Plant.

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

# Income Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>			
<b>Recurrent revenue</b>			
Net rates and utility charges	3 (a)	2,320,386	2,129,750
Fees and charges	3 (b)	211,299	213,409
Sales - Contract and recoverable works	3 (d)	95,099	461,634
Grants, subsidies, contributions and donations	4 (a)	1,001,022	1,609,954
Interest received	3 (c)	35,240	37,569
Other recurrent income	3 (e)	17,970	21,226
Total recurrent revenue		3,681,016	4,473,542
<b>Capital revenue</b>			
Gain/(loss) on disposal of non-current assets	5	(48,945)	176,828
Grants, subsidies, contributions and donations	4 (b)	27,000	369,068
Total capital revenue		(21,945)	545,896
Total income		3,659,071	5,019,438
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	1,031,454	1,496,161
Materials and services	7	1,932,638	2,237,049
Finance costs	8	58,707	65,815
Depreciation	9	715,472	1,153,344
Total recurrent expenses		3,738,271	4,952,369
Total expenses		3,738,271	4,952,369
<b>NET RESULT ATTRIBUTABLE TO COUNCIL</b>			
		<b>\$(79,200)</b>	<b>\$67,069</b>

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

# Balance Sheet

As at 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>			
Cash and cash equivalents	10	380,128	587,483
Trade and other receivables	11	363,690	897,662
Inventories	12	25,763	30,941
Total current assets		769,581	1,516,086
<b>Non-current assets</b>			
Property, plant and equipment	13	69,893,304	55,861,097
Capital work in progress	14	1,228,803	476,154
Total non-current assets		71,122,107	56,337,251
<b>TOTAL ASSETS</b>		<b>71,891,688</b>	<b>57,853,337</b>
<b>Current liabilities</b>			
Trade and other payables	15	572,711	873,422
Borrowings	16	72,654	98,120
Total current liabilities		645,365	971,542
<b>Non-current liabilities</b>			
Trade and other payables	15	188,817	176,342
Borrowings	16	1,171,211	1,201,037
Total non-current liabilities		1,360,028	1,377,379
<b>TOTAL LIABILITIES</b>		<b>2,005,393</b>	<b>2,348,921</b>
<b>NET COMMUNITY ASSETS</b>		<b>\$69,886,295</b>	<b>\$55,504,416</b>
<b>Community equity</b>			
Asset revaluation reserve	18	40,700,679	26,239,600
Other reserves	20	28,914,430	28,887,430
Retained surplus	19	271,186	377,386
<b>TOTAL COMMUNITY EQUITY</b>		<b>\$69,886,295</b>	<b>\$55,504,416</b>

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



# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008

	Total	Retained Surplus		Asset Revaluation Reserve		Other Reserves	
		See Note 19	See Note 18	See Note 20	See Note 20	See Note 20	See Note 20
	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008	2007	14 Mar 2008
	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of period	55,504,416	38,304,239	377,386	282,055	26,239,600	9,106,492	28,887,430
Asset revaluations	14,461,079	17,133,108	-	-	14,461,079	17,133,108	-
Net result for the period	(79,200)	67,069	(79,200)	67,069	-	-	-
Transfers to reserves	-	-	(27,000)	-	-	-	27,000
Transfers from reserves	-	-	-	28,262	-	-	(28,262)
<b>BALANCE AT END OF PERIOD</b>	<b>69,886,295</b>	<b>55,504,416</b>	<b>271,186</b>	<b>377,386</b>	<b>40,700,679</b>	<b>26,239,600</b>	<b>28,914,430</b>

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

# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,212,232	4,008,264
Payments to suppliers and employees		(3,319,985)	(3,681,537)
Borrowing costs		(58,707)	(65,815)
Interest received		35,240	37,569
Net cash inflow from operating activities	25	868,780	298,481
<b>Cash flows from investing activities:</b>			
<b>Grants, subsidies and contributions for capital acquisitions:</b>			
Government subsidies and grants	4	-	369,068
Capital contributions		27,000	-
Proceeds from sale of property, plant and equipment	5	21,109	534,545
Payments for property, plant, equipment	13,14	(1,068,952)	(1,316,896)
Net cash outflow from investing activities		(1,020,843)	(413,283)
<b>Cash flows from financing activities</b>			
Net (repayment of) / proceeds from borrowings		(55,292)	569,076
Net (decrease) / increase in cash held		(207,355)	454,274
Cash at beginning of reporting period		587,483	133,209
<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>10</b>	<b>\$380,128</b>	<b>\$587,483</b>

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1 Summary of significant accounting policies

### 1.01 Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Local Government Finance Standard 2005.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 1 August 2007 recommended that Mount Morgan Shire Council be amalgamated with other councils to form Rockhampton Regional Council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Reform Implementation Regulation 2008 the amalgamation was effective from 15 March 2008 (the changeover day).

As a consequence of the amalgamation, Mount Morgan Shire Council was abolished on 14 March 2008. While Council is not considered a going concern at balance date, this general purpose financial report has been prepared on a going concern basis.

The Local Government Reform Implementation Regulation 2008 and the Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of Mount Morgan Shire Council to Rockhampton Regional Council as at changeover date. As a result, it is appropriate for the assets and liabilities of Mount Morgan Shire Council to be valued and presented on a going concern basis.

The values of the assets and liabilities reported in these general purpose financial reports represent the existing book values as at the changeover day, determined in accordance with the accounting policies outlined in Note 1.

### 1.02 Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are

applied this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

### 1.03 Adoption of new Accounting Standards

AASB7 Financial Instruments Disclosures applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed.

The following Australian Accounting Standards, amendments to standards and interpretations, issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied:

- AASB8 Operating Segments (February 2007)
- AASB101 Presentation of Financial Statements (September 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures (December 2007)
- AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
- AASB2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27, AAS29, and AAS31 (December 2007)
- AASB 2008-2 Amendments to Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
- AASB 2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

### 1.04 Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.05 Currency

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

### 1.06 Constitution

Mount Morgan Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

### 1.07 Date of authorisation

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

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

### 1.08 Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

### 1.09 Rates, Grants and Other Revenue

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## i. Rates

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

## ii. Grants and Subsidies

Where Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

## iii. Non-Cash Contributions

Non-cash contributions in excess of the recognition thresholds set out in note 1.17 in value, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

## iv. Other Revenue Including Contributions

Other Revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

### 1.10 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at 14 March 2008, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 1.11 Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and, if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced with provision being made for impairment. The loss is recognised in other expenses.

The amount of the provision is the difference between the asset's carrying amount and the present value of the

estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on loss events.

All known bad debts were written-off against the provision for impairment at 14 March 2008. Subsequent recoveries of amounts previously written off are credited against other expense in the income statement.

### 1.12 Other Financial Assets

Other financial assets are recognised at cost.

### 1.13 Financial Instruments

#### Categorisation

Mount Morgan Shire Council has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets	Categorisation
<b>Cash</b>	
Receivables	Loans and receivables (at amortised cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes. The fair value of financial instruments is determined as follows:

- The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately below.
- The fair value of borrowings, as disclosed in the notes to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if Council repaid it in full at balance date. As it is the intention of Council to hold its borrowings for their

full term, no adjustment provision is made in these accounts.

- The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

### 1.14 Inventories

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

Inventories held for distribution are:

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

These goods are valued at cost adjusted when applicable for any loss of service potential.

### 1.15 Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the income statement on the signing of a valid unconditional contract of sale.

### 1.16 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents.

Interest and dividend revenues are recognised on an accrual basis.

### 1.17 Property, Plant and Equipment

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

i. Major Plant -

Council has determined that plant which has an individual cost in excess of \$1million is of high value to Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete.

ii. Acquisition of Assets -

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

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

iii. Capital and Operating Expenditure -

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

iv. Valuation -

Land and improvements, buildings, other structures, plant and equipment (excluding office equipment), road network and stormwater assets, water network assets and sewerage network assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation

may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Details of valuers and methods of valuations are disclosed in Note 13(c).

v. Depreciation -

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

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 13.

vi. Unfunded Depreciation -

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

## 1.18 Capital Work in Progress

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

## 1.19 Impairment of Non-Current Assets

Each non-current asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

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

## 1.20 Payables

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

## 1.21 Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability (disclosed within Trade and other payables (Note 15 - current section)). Otherwise the liability is treated as non-current (disclosed within Trade and other payables (Note 15 - non-current section)).

i. Salaries and Wages -

A liability for wages and salaries is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect to employees' services up to that date. The liability is treated as a payable and not as a provision.

ii. Annual Leave -

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is treated as a payable and not as a provision. The split between current and non-current is based on when the payment is expected to be made.

iii. Sick Leave -

A liability for sick leave is recognised as some employees sick leave is vested. This liability is treated as a payable and not as a provision.

iv. Superannuation -

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 23.

v. 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 interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

## 1.22 Borrowings

Loans payable are measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

Gains and losses on the early redemption of borrowings are recorded in other revenue / expense.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## 1.23 Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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 reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

## 1.24 Reserves

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

Reserves Held For Future Capital Expenditure

i. Waste Management Levy Reserve - This reserve represents funds set aside by Council for the future replacement of waste management assets.

ii. Constrained Works Reserve -

This reserve represents funds received from government and developers for specific capital purposes but which had not been spent by the period end.

iii. Roadworks Reserve -

This reserve represented funds set aside by Council for the creation of specific easements. At period end there were no remaining projects identified by Council.

## 1.25 Retained Surplus

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

## 1.26 National Competition Policy

Council has reviewed its activities and has identified two activities that are business activities. Details of these activities can be found in Note 27.

## 1.27 Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest dollar.

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

The final financial period is for the period 1 July 2007 to 14 March 2008. This is not equal in time to the comparative reporting period of 1 July 2006 to 30 June 2007 and, as a result, the financial statements are not comparable to the extent that the current reporting period only covers 8 1/2 months.

## 1.28 Financial Risk Management

Council minimises its exposure to financial risk in the following ways:

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.
- Council does not invest in derivatives or other risky investments.
- When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

institution can offer a more beneficial rate, taking into account any risk. Borrowing by Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

- Details of financial instruments and the associated risks are shown at Note 26.

## 1.29 Judgements and Assumptions

Council has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities following their transfer to Rockhampton Regional Council.

## 1.30 Trust Funds Held for Outside Parties

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

## 1.31 Taxation

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

2. Analysis of results by function											
(a) Income, expenses and assets have been attributed to the following functions:											
	Income				Total Income	Total Expenses		Net result for period		Assets	
	Grants		Other			14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$
	14 Mar 2008 \$	2007 \$	14 Mar 2008 \$	2007 \$							
Administration	696,703	1,036,424	1,207,444	1,209,480	1,904,147	2,245,904	1,337,014	2,335,591	567,133	3,989,807	4,090,109
Road services	230,469	570,230	19,000		249,469	570,230	861,260	909,431	(611,791)	27,494,375	23,354,246
Water services			814,363	1,272,366	814,363	1,272,366	453,982	577,031	360,381	30,645,932	20,599,882
Environmental waste, community and cultural services	73,850	372,368	617,242	558,570	691,092	930,938	1,086,015	1,130,316	(394,923)	9,761,574	9,809,100
TOTAL	1,001,022	1,979,022	2,658,049	3,040,416	3,659,071	5,019,438	3,738,271	4,952,369	(79,200)	71,891,688	57,853,337

## 2. Analysis of results by function

### (b) Components of council functions

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

#### Administration

Includes personnel records, recruitment, training and development, public relations, revenue, purchasing, creditors and payments, payroll, costing, budgeting etc.

#### Road services

Includes road construction and maintenance, stormwater drainage, footpaths and bicycle ways, parking regulation, public transport, street lighting, etc.

#### Water services

Includes water treatment / supply and distribution, water pumping station and reticulation mains.

#### Environmental waste, community and cultural services

Includes sewerage, animal control, pest control, cemeteries, refuse collection and disposal, recycling program, libraries, civic concerts, child care facilities, parks and gardens, local laws and sewerage treatment.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

3. Revenue analysis			
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>(a) Rate and charges</b>			
General rates		1,063,320	927,700
Water rates		883,128	922,582
Sewerage rates		252,200	158,015
Cleansing rates		330,300	330,097
Total rates and utility charge revenue		2,528,948	2,338,394
Less: Discounts		(172,974)	(177,072)
Less: Pensioner remissions		(35,588)	(31,572)
Net rates and utility charges		2,320,386	2,129,750
<b>(b) Fees and charges</b>			
Fees and charges		211,299	213,409
<b>(c) Interest received</b>			
Interest received from investments		29,140	27,830
Interest from overdue rates and utility charges		6,100	9,739
		35,240	37,569
<b>(d) Sales - contract and recoverable works</b>			
Sales - Contract and recoverable works		95,099	461,634
The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the period end. The contract work carried out is not subject to retentions.			
<b>(e) Other recurrent income</b>			
Other income		17,970	21,226
4. Grants, subsidies, contributions and donations			
<b>(a) Recurrent - government grants, subsidies, other contributions and donations are analysed as follows:</b>			
General purpose grants		694,317	1,001,329
Specific project grants		306,705	608,625
Total recurrent revenue		1,001,022	1,609,954
<b>(b) Capital - government grants, subsidies, other contributions and donations are analysed as follows:</b>			
Government grants and subsidies		-	369,068
Contributions		27,000	-
		27,000	369,068
5. Capital income			
Gain/(loss) on the disposal of non-current assets			
Proceeds from the sale of property, plant and equipment		21,109	534,545
Less: Book value of property, plant and equipment disposed		(70,054)	(357,717)
		(48,945)	176,828

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 6. Employee benefits

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Total staff wages and salaries		991,639	1,354,168
Councillors' remuneration		98,693	114,059
Annual, sick and long service leave entitlements		147,280	193,413
Superannuation	23	89,291	123,826
		1,326,903	1,785,466
Other employee related expenses		40,200	45,385
		1,367,103	1,830,851
Less: Capitalised employee expenses		(335,649)	(334,690)
		1,031,454	1,496,161

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

### Total council employees at the reporting date:

Elected members		7	7
Administration staff		5	7
Depot and outdoors staff		16	17
Total full time equivalent employees		28	31

## 7. Materials and services

Advertising		15,028	35,397
Audit services		38,460	43,907
Donations		94,940	2,750
Cleansing		165,083	327,684
Environmental health costs		92,170	115,721
Information technology		47,467	84,422
Insurance		60,451	89,407
Printing and stationery		28,283	44,251
Repairs and maintenance		655,189	493,867
Subscriptions		42,242	48,011
Town cleaning		55,397	11,245
Valuation fees		37,347	27,697
Water treatment		39,856	43,139
Other materials and services		560,725	869,551
		1,932,638	2,237,049

## 8. Finance costs

Finance costs charged by the Queensland Treasury Corporation		52,463	58,000
Bank charges		6,244	7,303
Bad and doubtful debts		-	512
		58,707	65,815

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

9. Depreciation			
	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Depreciation of non-current assets</b>			
Road network and stormwater		248,431	352,425
Plant and equipment		73,107	326,259
Water network		181,366	257,287
Buildings		141,220	211,425
Other structures		60,354	3,670
Office equipment		10,994	2,278
		715,472	1,153,344
<b>Unfunded depreciation</b>			
The accumulated unfunded depreciation represents the accumulated shortfall in funding being provided from operating revenue to replace the assets at some future time. It is anticipated external borrowings will be required as the assets are replaced resulting in higher future operating costs. Recognition of unfunded depreciation represents a decline in the capital value of the shire. Net adjusted unfunded depreciation is calculated by taking the gross unfunded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement cost will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.			
The gross un-funded depreciation across all assets for the period is \$57,255 (2007: \$478,828)			
The net adjusted un-funded depreciation across all assets for the period is \$(80,909) (2007: \$224,817).			
Balance at beginning of period		224,817	-
Net adjustment to un-funded depreciation in the period		(80,909)	224,817
Unfunded depreciation at period end		143,908	224,817
<b>10. Cash and cash equivalents</b>			
Cash at bank and on hand		106,303	5,280
Deposits at call		273,825	582,203
Balance per cash flow statement		380,128	587,483
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent contributions		63,690	36,690
Total unspent restricted cash for capital projects		63,690	36,690
Deposits at call are held with the Queensland Treasury Corporation in its Cash Fund (capital guaranteed) and with highly rated financial institutions in term deposits with short terms.			
<b>11. Trade and other receivables</b>			
<b>Current</b>			
Rateable revenue and utility charges		223,632	97,118
Other debtors		78,664	688,664
Prepayments		61,394	82,968
GST receivable		-	28,912
		363,690	897,662
Interest is charged on outstanding rates at a rate of 11% p.a. No interest is charged on other debtors.			
<b>12. Inventories</b>			
<b>Current</b>			
Inventories held for consumption:			
Stores and raw materials		32,763	37,941
Less: provision for slow moving and obsolete materials		(7,000)	(7,000)
Total inventories for consumption		25,763	30,941



<b>13. Property, plant and equipment</b>									
<b>(a) 14 March 2008</b>	<b>Land and improvements</b>	<b>Buildings</b>	<b>Other structures</b>	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Road network &amp; stormwater</b>	<b>Water network</b>	<b>Sewerage network</b>	<b>TOTAL</b>
Basis of measurement	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value	1,092,000	10,042,230	3,487,728	2,227,239	65,286	28,654,123	26,241,785	2,762,319	74,572,710
Additions at cost	-	-	182,303	134,000	-	-	-	-	316,303
Revaluation adjustment to the ARR	-	-	-	-	-	895,877	7,097,931	-	7,993,808
Disposals	-	-	-	(190,014)	-	-	-	-	(190,014)
Closing gross value	1,092,000	10,042,230	3,670,031	2,171,225	65,286	29,550,000	33,339,716	2,762,319	82,692,807
<b>Accumulated depreciation and impairment</b>									
Opening balance	-	4,715,981	1,292,490	1,302,500	9,385	5,749,354	5,641,903	-	18,711,613
Depreciation provided in the period	-	141,220	60,354	73,107	10,994	248,431	181,366	-	715,472
Depreciation on disposals	-	-	-	(160,310)	-	-	-	-	(160,310)
Revaluation adjustment to the ARR	-	-	-	-	-	(3,337,785)	(3,129,487)	-	(6,467,272)
Accumulated depreciation and impairment balance at period end	-	4,857,201	1,352,844	1,215,297	20,379	2,660,000	2,693,782	-	12,799,503
Total written down value at period end	1,092,000	5,185,029	2,317,187	955,928	44,907	26,890,000	30,645,934	2,762,319	69,893,304
Range of estimated useful life in years	-	10 - 100	20 - 80	7 - 10.5	15 - 20	10 - 100	20 - 80	10 - 100	-
<b>(b) 2007</b>									
Opening gross value	422,150	3,496,000	2,680,810	1,781,654	50,000	29,619,555	13,715,586	-	51,765,755
Additions at cost	-	29,979	-	285,258	15,286	116,372	146,018	2,762,319	3,355,232
Revaluation adjustment to the ARR **	669,850	6,516,251	806,918	500,327	-	(1,081,804)	12,380,181	-	19,791,723
Disposals	1,092,000	-	-	(340,000)	-	-	-	-	(340,000)
Closing gross value	-	10,042,230	3,487,728	2,227,239	65,286	28,654,123	26,241,785	2,762,319	74,572,710
<b>Accumulated depreciation and impairment</b>									
Opening balance	-	1,588,000	967,690	949,382	7,107	6,275,338	5,231,122	-	15,018,639
Depreciation provided in the period	-	211,425	3,670	326,259	2,278	352,425	257,287	-	1,153,344
Depreciation on disposals	-	-	-	(57,873)	-	-	-	-	(57,873)
Revaluation adjustment to the ARR **	-	2,916,556	321,130	84,732	-	(878,409)	153,494	-	2,597,503
Accumulated depreciation and impairment balance at period end	-	4,715,981	1,292,490	1,302,500	9,385	5,749,354	5,641,903	-	18,711,613
Total written down value at period end	1,092,000	5,326,249	2,195,238	924,739	55,901	22,904,769	20,599,882	2,762,319	55,861,097
Range of estimated useful life in years	-	10 - 100	20 - 80	7 - 10.5	15 - 20	10 - 100	20 - 80	10 - 100	-

\*\* Refer correction of error comments contained at Note 21.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

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

## Land

Land has been included at current market value as at 30 June 2007 as determined by an independent valuer Australia Pacific Valuers Pty Ltd. Land under infrastructure and reserve land does not have a value for the purpose of these financial statements.

## Buildings and Other Structures

Buildings and other structures have been included at their written down current replacement cost. Buildings and other structures were revalued as at 30 June 2007 by an independent valuer Australia Pacific Valuers Pty Ltd.

## Office Equipment

Office equipment is measured at original cost less accumulated depreciation.

## Plant and Equipment

Plant and Equipment have been included at their written down current replacement cost. Plant and Equipment were revalued as at 30 June 2007 by an independent valuer Australia Pacific Valuers Pty Ltd.

## Infrastructure Assets

The water network, sewerage network, and road network and stormwater asset classes were valued at written down current replacement cost by an independent valuer Australia

Pacific Valuers Pty Ltd as at 14 March 2008.

The valuations of these asset classes included a reassessment of their useful lives as at 14 March 2008. As the valuations were performed as at period end, there is no impact on depreciation in the current period. Given that Council was dissolved on 14 March 2008 and all assets and liabilities transferred to Rockhampton Regional Council at book value, the impact of the revaluations on depreciation in future periods in the accounts of Rockhampton Regional Council cannot be practically estimated.

Valued at the lower of cost and selling price less costs to sell

## 14. Capital work in progress

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Capital work in progress		1,228,803	476,154

## 15. Trade and other payables

### Current

Trade creditors		59,136	243,488
GST Payable		4,410	
Accrued expenses		96,116	176,681
Other creditors		10,173	60,439
Annual leave		95,412	98,928
Sick leave		10,080	9,586
Long service leave		277,653	258,488
Employee related tax payable		19,731	25,812
		572,711	873,422

### Non-current

Annual leave		72,503	57,921
Long service leave		25,593	25,838
Sick leave		90,721	92,583
		188,817	176,342

Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary level. Long service leave estimates are then adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 16. Borrowings

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current</b>			
Loans QTC	17	72,654	98,120
<b>Non-current</b>			
Loans QTC	17	1,171,211	1,201,037
<b>Unsecured borrowings</b>			
Unsecured borrowings are provided by the Queensland Treasury Corporation.			
All borrowings are in \$A 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 from 8 December 2011 to 13 April 2027.			
There have been no defaults or breaches of the loan agreement during the period.			
Principal and interest repayments are made quarterly in arrears.			

## 17. Loans

### Queensland Treasury Corporation

Opening balance		1,299,157	730,081
Loans raised		-	627,000
Principal repayments		(55,292)	(57,924)
Book value at period end		1,243,865	1,299,157
<b>Classified as:</b>			
Current		72,654	98,120
Non-current		1,171,211	1,201,037
		1,243,865	1,299,157
The loan market value at the reporting date was \$1,191,116 (2007: \$1,247,691). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.			

## 18. Asset revaluation reserve

### Movements in the asset revaluation reserve were as follows:

Balance at beginning of period		26,239,600	9,106,492
<b>Net adjustment to capital non-current assets at end of period to reflect a change in current fair value:</b>			
Land and improvements			669,850
Buildings			3,538,583
Other structures			485,788
Plant and equipment			415,595
Road network and stormwater	13	4,233,662	(203,395)
Water network **	13	10,227,417	12,226,687
		14,461,079	17,133,108
Balance at end of period		40,700,679	26,239,600

\*\* Refer prior year correction of error comments at Note 21

### Asset valuation reserve analysis

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

Road network and stormwater		5,822,841	1,589,179
Water		22,454,104	12,226,687
Other assets		12,423,734	12,423,734
		40,700,679	26,239,600

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>19. Retained surplus</b>			
	<b>Note</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>Movements in the retained surplus were as follows:</b>			
Retained surplus at the beginning of the period		377,386	282,055
Net result attributable to Council		(79,200)	67,069
<b>Transfers (to) / from capital reserves for future capital project funding, or from reserves funds that have been expended:</b>			
Constrained works reserve		(27,000)	28,262
Retained surplus at end of the period		271,186	377,386
<b>20. Other reserves</b>			
<b>(a) Summary of reserves held:</b>			
(i) Constrained works reserve		63,690	36,690
(ii) Waste management levy reserve		119,963	119,963
(iii) Capital reserve		28,730,777	28,730,777
		28,914,430	28,887,430
<b>(b) Movements in reserves are analysed as follows:</b>			
<b>(i) Constrained works reserve</b>			
Balance at the beginning of the period		36,690	64,952
Transfer from retained earnings for future expenditure		27,000	-
Transfer to retained earnings funds expended in the period		-	(28,262)
Balance at the end of the period		63,690	36,690
<b>(ii) Waste management levy reserve</b>			
Balance at the beginning of the period		119,963	119,963
Balance at the end of the period		119,963	119,963
<b>(iii) Capital reserve</b>			
Balance at the beginning of the period		28,730,777	28,730,777
Balance at the end of the period		28,730,777	28,730,777
<b>21. Correction of error</b>			
In the process of valuing Council's water network assets as at 14 March 2008, it was discovered that the original structure and site costs of Dam Number seven had been omitted from the independent valuation performed as at 30 June 2007. This error had the effect of understating total property, plant and equipment by \$12,038,441 as at 30 June 2007.			
Correction in the error has the effect of increasing the applicable depreciation charge on the relevant water network assets for the period 1 July 2007 to 14 March 2008.			
As required by Australian Accounting Standards, this error has been corrected by restating each of the affected financial statement line items for the prior year as described below.			
<b>Revaluation increment on water network assets:</b>			
Gross value (adjustment to revaluation increment)		-	12,160,041
Accumulated depreciation		-	-121,600
Net increase in water network assets - written down value		-	12,038,441
Increase in depreciation charge - Income Statement		5,016	-
Decrease in net result attributable to Council - Income Statement		(5,016)	-
Increase in Property, Plant and Equipment - Balance Sheet		-	12,038,441
Increase in Equity (Asset Revaluation Reserve) - Balance Sheet		-	(12,038,441)

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 22. Contingent liabilities

### Local Government Mutual

Mount Morgan Shire 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 being 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 of any year that a deficit arises. As at 30 June 2007 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

### Local Government Workcare

Mount Morgan Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards 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. Council's maximum exposure to the bank guarantee is \$66,707 (2007: \$55,572).

## 23. Superannuation

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
Mount Morgan Shire Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.			
Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee Benefits. Council has no liability to or interest in the scheme beyond the payment of statutory contributions.			
Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of Council. Accordingly, there is no recognition in the financial statements of any over or under funding of the scheme.			
The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits.			
The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.			
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 amount of superannuation contributions paid by Mount Morgan Shire Council to the superannuation scheme in this period for the benefit of employees was:		89,291	123,826

## 24. Trust funds

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		74,609	80,576
Mount Morgan Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.			

## 25. Reconciliation of result from ordinary activities to net cash inflow (outflow)

Result from ordinary activities		(79,200)	67,069
<b>Non-cash operating items:</b>			
		715,472	1,153,344
<b>Investing and development activities:</b>			
Net (profit) loss on disposal of non-current assets		48,945	(176,828)
Capital grants, subsidies and contributions	4	(27,000)	(369,068)
		21,945	(545,896)
<b>Changes in operating assets and liabilities:</b>			
(Increase) / decrease in receivables		533,972	(571,394)
(Increase) / decrease in inventories		5,178	91,063
Increase / (decrease) in payables		(328,587)	104,295
		210,563	(376,036)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>868,780</b>	<b>298,481</b>



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 26 Financial risk management

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

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

Mount Morgan Shire Council measures risk exposure using a variety of methods as follows:

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

### i. Credit Risk -

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

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

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

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

By the nature of Council's operations, there is a geographical concentration of risk in Council's area.

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 Council.

## 26. Financial risk management (continued)

	1 July 2007 to 14 March 2008 \$	2007 \$
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The following table represents Council's maximum exposure to credit risk:

Financial Assets		
Cash and cash equivalents - QTC	106,303	5,280
Cash and cash equivalents - bank	273,825	282,203
Cash and cash equivalents - other Authorised Deposit-taking Institutions (ADI)	-	300,000
Receivables - rates	223,632	97,118
Receivables - other	78,664	717,576
Total	682,424	1,402,177

### Past due or impaired

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

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

	Fully Performing	Past due				Total
		Less than 30 days	30-60 days	61-90 days	Over 90 days	
	\$	\$	\$	\$	\$	\$
Receivables	6,895	172,655	12,890	33,638	76,218	302,296

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 26. Financial risk management (continued)

### Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

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

### Financial liabilities

	0 - 1 year	1 - 5 years	Over 5 years	Total
	\$	\$	\$	\$
14 March 2008	674,863	729,649	1,293,612	2,698,124
30 June 2007	1,018,274	733,022	1,386,442	3,137,738

### Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation (QTC) and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

Council does not undertake any hedging of interest rate risk.

### Interest rate sensitivity analysis

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

	Net carrying amount		Profit		Equity	
	14 March 2008	2007	14 March 2008	2007	14 March 2008	2007
	\$	\$	\$	\$	\$	\$
Financial assets	380,128	587,483	3,801	5,875	3,801	5,875
Financial liabilities	1,243,865	1,299,157	(12,439)	(12,992)	(12,439)	(12,992)
Net	-863,737	-711,674	-8,637	-7,117	-8,638	-7,117

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 27. National competition policy

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

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

#### (a) Roads business activity:

- i. the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- ii. submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

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

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

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

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

Council has resolved to apply the CCC to the following activities:

- Sole invitee roads
- Works

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

	Sole Invitee Roads	Sole Invitee Roads	Works	Works
	14 March 2008 \$	2007 \$	14 March 2008 \$	2007 \$
Revenue for services provided to the Council	210,000	225,000	218,336	334,380
Revenue for services provided to external clients	-	-	95,099	461,634
Community service obligations	210,000	225,000	313,435	796,014
Less: Expenditure	(210,000)	(225,000)	(293,532)	(763,105)
Surplus	-	-	19,903	32,909

No community service obligations were recognised during the period.

## 28. Events after balance date

Other than as disclosed in Note 1.01, there were no material events subsequent to balance date.

## INDEPENDENT AUDIT REPORT

**To the Mayor of the Rockhampton Regional Council**

### **Matters Relating to the Electronic Presentation of the Audited Final Financial Report**

The auditor's report relates to the final financial report of the former Mount Morgan Shire Council for the final period ended 14 March 2008 included on Rockhampton Regional Council's website. The Rockhampton Regional Council is responsible for the integrity of the Rockhampton Regional Council's website. I have not been engaged to report on the integrity of the Rockhampton Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the final financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited final financial report, available from Rockhampton Regional Council, to confirm the information included in the audited final financial report presented on this website.

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

### **Report on the Final Financial Report**

I have audited the accompanying final financial report of the former Mount Morgan Shire Council, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and cash flow statement for the final period ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

#### *The New Regional Council's Responsibility for the Final Financial Report*

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

### *Auditor's Opinion*

In accordance with the *Local Government Act 1993* I have audited the former Council's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
  - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Mount Morgan Shire Council for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

### *Emphasis of Matter – Local Government Amalgamation*

Without qualification to the opinion expressed above, attention is drawn to Note 1.01 in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Mount Morgan Shire Council was amalgamated into the new Rockhampton Regional Council effective from 15 March 2008. All assets and liabilities of the former Council immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.



**D J BYRAM CPA**  
Audit Manager  
(as Delegate of the Auditor-General of Queensland)



**Queensland Audit Office**  
**Brisbane**



**Mount Morgan Shire Council  
Annual Financial Statements  
For the period ended 14 March 2008**

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**MANAGEMENT CERTIFICATE**

For the final period ended 14 March 2008

This final general purpose financial report of the former Mount Morgan Shire Council has been prepared by Rockhampton Regional Council pursuant to Section 532 of the *Local Government Act 1993*, the Local Government Finance Standard 2005, section 33 of the Local Government Reform Implementation Regulation 2008 and other prescribed requirements.

We certify that -

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and
- (ii) the final financial statements for the final period 1 July 2007 to 14 March 2008 and supporting notes set out on pages 6 to 35 present the former Mount Morgan Shire Council's income, equity, balances and cash flows as required by the *Local Government Act 1993*.



**Mayor  
Rockhampton Regional Council**

Date: 31/7/08



**Chief Executive Officer  
Rockhampton Regional Council**

Date: 25/07/08

# Information Required Under the Act

## Councillors Remuneration

Pursuant to Section 465 of the Local Government Act 1993 notice is hereby given that Council will consider a resolution fixing the remuneration for the 2007/2008 fiscal year at a meeting to be held on Tuesday, 14 August 2007 commencing at 9.00 a.m.

The proposed resolution states:

That Mount Morgan Local Government, having regard to the Local Government Act 1993 and in particular to:

- Chapter 4 – Part 2 – Councillors' Roles
- Chapter 4 – Part 3 – Entitlements and Obligations

Acknowledges that the Mayor, Deputy Mayor and Councillors are elected to carry out the roles and duties as set out and that in order to perform those roles and duties they are called upon to devote a considerable amount of their time and own resources.

Acknowledges that the Mayor by virtue of that office is required to perform additional statutory duties and attend civic and community functions as Council's official representative. The time involved in performing the duties of Mayor is therefore greater to that of the Ordinary Councillor.

Acknowledges that the Deputy Mayor has additional responsibilities in assisting and acting in place of the Mayor.

Acknowledges it is a community expectation that the community should reasonably compensate the Mayor, Deputy Mayor and Councillors by paying some form of remuneration for this service and the level of remuneration should be sufficient :

- To enable the Mayor, Deputy Mayor and Councillors to devote the necessary time and effort to carry out the roles and duties as required by the Local Government Act, and
- To enable the Mayor and Deputy Mayor to devote the necessary time and effort to carry out the roles and duties as required of them as representatives on the Local Transitional Committee as formulated to oversee the implementation of structural reform arising from the deliberations of the Local Government Reform Committee, and
- That members of the community are encouraged, not inhibited from standing for election to Council And hereby resolves to authorise the

payment to Councillors of remuneration for their services in accordance with the remuneration system set out in Schedule 1 below, which has been formulated to remunerate Councillors for the following:

1. Council meetings;
2. Committee meetings;
3. Local Government Transitional Committee meetings and associated matters;
4. Meetings concerning Local Government and Community matters;
5. Deputations, Inspections, Conferences, Training and Technical Seminars in relation to duties as Councillors; and
6. Attendance at other associated civic activities.

With the remuneration system being adopted to take into account the following: -

1. Time required to carry out the duties of a Councillor;
2. Complexity of Local Government and Civic affairs;
3. Provision of appropriate communication technologies to facilitate their availability to their constituents and the work of Council;
4. Attention to and management of the processes of change in Local Government;
5. Degree of responsibility and judgement required to act as a Councillor; and
6. Period of time, which has elapsed since Councillors' remuneration, was last reviewed.

### Schedule 1

#### Mayor

1. A all inclusive salary of \$50,000 per annum for attendance at Official Council meetings, Local Transitional Committee Meetings and associated activities, Special meetings, Committee meetings, training and education seminars, inspections, Council initiated Public meetings, Conferences and deputations. servicing the electorate, community functions and meetings, minor donations, entertainment and out of pocket expenses;
2. The Mayor is entitled to use of a Council vehicle to fulfil his Mayoral duties and limited personal use of that vehicle while in the performance of these Council duties; and

3. The Mayor shall be provided with a Council mobile telephone to fulfil his Mayoral duties.

#### Deputy Mayor

1. The Deputy Mayor will be remunerated with an all inclusive salary of \$35,000 payable for attendance at Official Council meetings, Local Transitional Committee Meetings and associated activities, Special meetings, Committee meetings, training and education seminars, inspections, Council initiated Public meetings, Conferences and deputations, servicing the electorate, community functions and meetings, minor donations, entertainment and out of pocket expenses; and
2. The Deputy Mayor shall be paid at the rate applicable to the Mayoral Allowance when performing the role of Mayor for periods in excess of four weeks.

#### Councillors

1. Councillors will be remunerated with a base salary of \$10,000 payable for attendance at Official Council meetings, servicing the electorate, community functions and meetings, minor donations, entertainment and out of pocket expenses. (Monthly meeting attendance \$5,485, Expense Allowance \$4,515);
2. For attendance at Special meetings, Committee meetings, training and education seminars, inspections, Council initiated Public meetings, Conferences and deputations:-
  - For meetings less than four (4) hours actual meeting time - \$100;
  - For meetings of four (4) hours or more actual meeting time - \$150;
  - For actual travel time to and from meeting - \$14.80 per hour;
  - For attendance as a duly appointed representative at meeting of external Committees, Boards, Associations etc (where remuneration is not provided by that Committee, Board, association etc);
  - For meetings less than four (4) hours actual meeting time - \$100;
  - For meetings of four (4) hours or more actual meeting time - \$150; and
  - For actual travel time to and from meeting - \$14.80 per hour.

# Information Required Under the Act

## Councillors Remuneration

### Reimbursement.

1. Councillors shall be entitled to claim for vehicle mileage in travelling to and from meeting authorised by Council at the rate of 60 cents per kilometre where the claimant is personally liable for such expenses, subject to the provision of receipts.
2. Reasonable accommodation and travel costs for attendance at conferences, seminars and deputations authorised by and specially organised by Council shall be arranged and reimbursed in full by Council. Councillors shall however, not meet the costs of any accompanying person.

### Benefits

1. Workers Compensation Insurance – Protection is afforded to Councillors pursuant to a contract of insurance with Local Government Workcare.

2. Personal Accident Insurance – Council provides a policy of insurance to Councillors covering personal bodily injury caused by accidents whilst in the course of their duties.

### Miscellaneous

1. Council reserves the right to reduce the annual value of salary and allowances where the Mayor, Deputy Mayor or any Councillor absents themselves from the Shire for periods in excess of four (4) weeks per annum without leave being granted by Council in that regard.
2. A Councillor may at their absolute discretion relinquish their right to whole or part of any remuneration, allowance or reimbursement for expenses.

## Registers Open to Inspection

### Registers of Interests.

#### Interests of Councillors -

On application to Chief Executive Officer, Councillor will be informed on details of access (conditions apply).

#### Interests of persons related to Councillors -

On application in writing to Chief Executive Officer by a Councillor of the Mount Morgan Shire Council or another person (or their agent) permitted by law to have access.

#### Interests of Chief Executive Officer and Other Staff -

On application in writing to the Mayor (for Chief Executive Officer) or the Chief Executive Officer (for other staff) by a Councillor of Mount Morgan Shire Council or another person permitted by law to have access. The Chief Executive Officer or staff member will be informed on details of access.

#### Interests of persons related to Chief Executive Officer or other staff -

On application in writing to the Mayor (for Chief Executive Officer) or to Chief Executive Officer (for other staff) by a Councillor of Mount Morgan Shire Council or another person permitted by law to have access. The Chief Executive Officer or staff member will be informed on details of access.

### Other registers

- Delegations of Power - On request.
- Delegations of Authority - On request.
- Minutes to Council and Committees - On request.
- Fortnightly Council Agendas - On request.
- Corporate Plan - On request.
- Operational Plan - On request.
- Budget - On request. Cost - \$20.00.
- Statement of Accounts - On request.
- Annual Report - On request. - \$25.00.
- Local Laws Register/s - On request.
- Policy Manual/Register - On request.
- Statement of Affairs - On request
- Non-Conforming Uses Register - Open for inspection only.
- Register of all Development Applications - On request. As per photocopying charges.
- Asset Register - On request.
- Notifiable Diseases - Open for inspection only.
- Environmental Protection Orders Register - Open for inspection only.
- Environmentally Relevant Activities Register - Open for inspection only.
- Town Planning Consent Approval Register - Open for inspection only.

### Councillor Meeting Attendances and Remuneration. 2007-2008

Councillor	Remuneration	Meeting details	
		General meetings	Special meetings
Gavin M. Finch	\$34,615.42	14	2
Shirley M. Anderson	\$24,230.87	14	2
Stephen G. Curtis	\$7,972.80	11	1
Morris H. Lloyd	\$9,981.60	15	2
Robert W. MacIntyre	\$8,535.20	15	2
Ferdinand M. Miltenburg	\$8,272.80	15	2
Mark S. Strachan	\$6,621.00	11	1

### Revenue Policy 2007/2008

#### Intent

To set out the principles by Council in 2007/2008 for:

- The making of rates and charges
- The levying of rates
- The recovery of rates and charges
- Concessions for rates and charges
- Regulatory Fees and Charges
- Fines and Penalties
- Infrastructure Contributions
- Operating Capability
- Funding of Non-Cash Expenses

#### Scope

This policy provides an outline and explanation of the revenue raising measures adopted by Council for the 2007/2008 fiscal year.

#### PROVISIONS

##### 1. The Making of Rates and Charges

###### General Rates

Rates and charges will be levied at a level taking into account:

- Revenue that can be achieved from direct user charges, grants and subsidies, contributions and other sources.
- The cost of maintaining existing facilities and necessary services.
- The need for additional facilities and services.

In general Council will be guided by the principle of user pays in the making of rates and charges.

Council will also have regard to the principles of:

- Transparency in the making of rates and charges.
- Having in place a rating regime that is simple and inexpensive to administer.
- Equity by taking account of the different levels of capacity to pay within the local community.
- Flexibility to take account of changes to the local economy.

Council will ensure the various sectors of the community contribute equitably towards the cost of delivering Council's services by making and levying differential general rates and applying the 'user pays' principle.

###### Utility Charges

It is the intention of Council in levying service charges, that the charges produce sufficient income to meet the outlays

of the functional programs. The outlays include contributions to administrative costs and overheads initially funded from general revenue and transfers to relevant reserves. Account is taken of ordinary trading income, grants and subsidies or contributions received for the functions and any internal financial accommodation arranged. Service Charges relate to the functions of water supply, sewerage and waste collection.

###### Special Rates/Charges

For 2007/2008 Council will levy a special charge on all rural and rural residential land to defray the costs of providing equipment and training which is identified in a budget submission from the shires rural fire brigade. The charge shall not apply to properties that pay an urban fire levy. Council is of the opinion that all properties will specially benefit to the extent from the operations of the brigade. The income derived from the special charge is sufficient to meet the costs of Council's commitment in this regard.

###### Separate Rates/Charges

- (a) Council will levy a separate charge on all rateable lands within the shire to fund capital expenditure for the operations of Mount Morgan Shire's State Emergency Service.
- (b) Council will levy a separate charge on all rateable lands within the shire to fund the operations of the transfer station and all components of waste management, other than the domestic/commercial services funded by the utility charge.
- (c) In relation to these separate charges, Council considered that the benefit is shared equally by all parcels of land regardless of their value and is more appropriately raised as a charge than recovering the costs from general rates.

###### Discount

Council may grant discount to ratepayers who pay the whole of the rates outstanding on land plus any property related debts within the discount period stated on the rates notice.

##### 2. Levying of Rates and Charges

In levying rates Council will apply the principles of:

- Making clear what is Council's and each ratepayers' responsibility to the rating system;

- Making the levying system simple and inexpensive to administer;
- Timing the levy of rates to ensure a sustainable cash flow for operation of the Council and to spread the burden to the ratepayer over the financial year; and
- Equity through flexible payment arrangements for ratepayers with a lower capacity to pay.

Council will levy the general rate and utility charges every 6 months.

##### 3. Recovery of Rates and Charges

###### Collection of Outstanding Rates and Charges

Council will pursue the collection of outstanding rates and charges diligently but with due concern for the financial hardship faced by sections of the local community. To this end Council has established administrative machinery for the payment of rates and charges by instalments and the recovery of debts according to the varying levels of resistance. It will be guided by the principles of:

- Transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations.
- Making the processes used to recover outstanding rates and charges clear, simple to administer and cost effective.
- Capacity to pay in determining appropriate arrangements for different sectors of the community.
- Equity by having regard to providing the same treatment for ratepayers with similar circumstances.
- Flexibility by responding where necessary to changes in the local economy.

Council's Debt Recovery Policy sets out the detail of the processes used to recover outstanding rates and charges.

###### Interest on Rates and Charges

Council will ensure that the interests of ratepayers generally are protected by discouraging avoidance of responsibilities for meeting rates and charges debts. To this end, Council will impose interest at 15% per annum compounded on daily rests, providing that the charging of interest will commence 60 days after such rates and charges become overdue.



# Policies

For the period 1 July 2007 to 14 March 2008

## 4. Concession and Rebates for Rates and Charges

Council may provide assistance by way of a rate rebate to property owners who at 1 July each year are:

- (a) In receipt of a pension from the commonwealth government;
- (b) The owner, either solely or jointly, of property which is his or her principle place of residence; and
- (c) The person, either solely or jointly with a co-owner, is legally responsible for payment of rates and charges.

Application for a rebate is to be made in the appropriate form. Provided further that where an application by pensioners for a rebate in previous financial years has been accepted, then this application is recognised as compliance with Section 1035 (2) (a) of the Local Government Act 1993 provided the applicant still complies with the provisions of clauses (a) to (c) above.

In considering the application of concessions, Council will be guided by the principles of:

- Equity having regard to different levels of capacity to pay within the local community.
- The same treatment for ratepayers with similar circumstances.
- Transparency by making clear the requirements necessary to receive concessions.
- Flexibility to allow Council to respond to local economic issues.

Council may give consideration to granting a concession to a class of landowner without the need for individual application (s1035A – Local Government Act 1993)

## 5. Regulatory Fees and Charges

Council will, from time to time, identify services that consumers will be expected to pay for on a "user-pays" basis. In such cases, the cost of providing the service will include the cost of acquisition of the particular commodity or service and any overheads associated with these costs. Consumer charges relate to water consumption charged by measure, application processing, registrations for licensing purposes, purchase of information, provision for goods or services, documents and other similar products.

## 6. Fines and Penalties

Council will comply with statutory requirements and guidelines for the imposition of fines and penalties associated with breaches of regulatory provisions.

## 7. Infrastructure Contributions

Council may impose charges on development that are sufficient to deliver essential services to the community. Services which are essential to the basic functioning of a community such as roads, water supply, sewerage and electricity are expected to be provided up front. Charges for the augmentation of existing facilities or that preserve options for cost effective provision of facilities in the future are to be imposed on a contributory basis. The amount of any charge/contribution may be determined by policy or resolution at time of approval.

## 8. Operating Capability

It is the policy of Council, at a minimum, to maintain the operating capability of Council. Revenue raised, through the operation of this policy, will be sufficient to provide maintenance of existing assets and to replace existing assets where required, at the end of their useful lives. Increases in operating capability may be required to fund capital works financed from loan, or to provide for increased services/infrastructure across time.

## 9. Funding of Non-Cash Expenses

It is the policy of Council to fund non-cash expenses, such as depreciation, to the extent necessary for its planned asset replacement and to the extent that service capacity of its assets is not adversely affected.

This policy is to remain in force until otherwise determined by Council.

Responsible for Review:  
Deputy Chief Executive Officer

ADOPTED:

DUE FOR REVISION: 30/04/2008

REVOKED/SUPERSEDED:

## Borrowing Policy

### Scope

This policy addresses Council's proposed borrowing program for the period 2006/2007 to 2010/2011.

### Objectives

The objectives of the policy are:

- To keep borrowing to a minimum.
- Annual borrowing will be contained to an amount equal to or less than redemption for each year of the Policy
- Where possible the term of any loan borrowed will not extend past the current term of Council's debt with the Queensland Treasury Corporation.

### PROVISIONS

Borrowing Capacity.

Year	Redemption	Cumulative Amount	Term
2006/7	63680	63680	20yrs
2007/8	67385	131065	19yrs
2008/9	71305	202370	18yrs
2009/10	75455	277825	17yrs
2010/11	79845	357670	16yrs

Cumulative Borrowings scheduled for these years are based on the premise that no funds have been borrowed in previous years. Should funds be borrowed in previous years then the amount able to be borrowed is reduced by that amount.

Borrowing term is set from the base borrowing year 2006/7 where the existing loan term is 20 years.

This policy is to remain in force until otherwise determined by Council.

Responsible for Review:  
Deputy Chief Executive Officer

ADOPTED:

DUE FOR REVISION: 30/06/2008

REVOKED/SUPERSEDED



## Entertainment and Hospitality Policy

### Intent

To provide clarity as to what is considered reasonable entertainment and hospitality, why it is important to the role of Council and the administrative processes that support this.

### Scope

Applies to all entertainment and hospitality.

### Policy

All Entertainment and Hospitality expenditure must;

- Be for official purposes;
- Be properly documented with the purpose identified;
- Be available for scrutiny by both internal and external audit;
- Appear appropriate and reasonable and withstand the public defensibility test;
- Be in accordance with the adopted budget of Council.

When accepting hospitality, particular care should be taken to avoid any possible conflict of interest. It is particularly important that such situations should not be perceived or construed as providing an incentive for any commercial transactions.

In all instances of personal expenditure claimed for reimbursement or payment, the Chief Executive Officer or delegate should be comfortable in disclosing the expense (the public defensibility test). They should be satisfied that the claim was reasonable, prior to the authorisation of any such payment or reimbursement.

Matters that should be considered include the quantum of the claim and the frequency of claims. Due consideration also needs to be given to factors such as accepted community practice or standard.

In a situation where there is some doubt about the validity of claiming particular expenditure (e.g. where there is doubt that an activity or function relates to the employee's official duties), the Chief Executive Officer should make a determination in relation to the principles of these guidelines.

Decisions should be able to withstand the public defensibility test. Examples of expenditure which are generally regarded as non-official or private in nature include:

- Non-official entertainment or travel costs (i.e. Personal video hire fees; alcohol from an in-room mini bar);
- Tips or gratuities;
- Dinners/functions at an employee's private residence;
- Social and recreational club membership fees;
- Parking and traffic offences; and
- Child minding fees.

Entertainment should only be incurred where it is considered essential to facilitate the conduct of public business through persons who are able to do so, either by advice or because of their vocations or business needs. However such hospitality should not be suitable for business meetings which would ordinarily be conducted in the workplace.

Examples of expenditure considered to be appropriate hospitality include:-

- Hosting interstate and overseas dignitaries;
- Hosting representatives of business, industry and recognised community organisations, the press and other media;
- Hosting representatives of other levels of government;
- Conducting special staff functions such as farewells and annual Christmas drinks; and
- Special function to recognise particular events/achievements.

Other types of expenditure considered reasonable as official hospitality include:

- Provision of tea, coffee, morning or afternoon tea for official visitors;
- Provision of light refreshments/ lunches for Council meetings, internal meetings, conferences, seminars and workshops; and
- Use of Corporate Credit Card  
Corporate Credit Cards can only be used for purposes as outlined in Council's Purchasing Policy and never for non-official purposes as outlined above.

### Budgetary Control

This policy is always subject to the allocation of funding in the annual budget which is disclosed publicly in detail in Council's Operational Plan.

### Scope

This policy is to remain in force until otherwise determined by Council.

Responsible for Review:  
Deputy Chief Executive Officer

ADOPTED:

DUE FOR REVISION: 30/04/2008

REVOKED/SUPERSEDED:

## Grants to Individuals and Community Organisations

### Intent

To provide assistance to local community groups/organisations which make a positive contribution to the quality of life in the local government area.

To assist individual residents who, through their own achievements make a positive contribution to the community.

### PROVISIONS

#### FINANCIAL ASSISTANCE CATEGORIES

There are four types of Financial Assistance offered by Council:

- Annual donation to community groups
- Assistance to students for sporting competitions
- Assistance to individuals
- One-off grants to community group

#### Annual Donations to Community Groups

Each year Council makes a donation to assist the not for profit community groups within the Shire that do not have access to regular sources of revenue. This category is non-specific in purpose.

#### Eligibility

A Community group must:

- (a) Be a not for profit organisation based within the Shire.
- (b) Must be able to demonstrate that it broadly caters for and benefits the general community or that it provides a community welfare service (for example the Pony Club Association cannot demonstrate that it broadly caters for the benefit of the general community as only certain individuals who choose to join the group may benefit from any funds raised, however, a Parents and Citizens Association can demonstrate that it benefits the general community as all children are required to attend school and the P & C Associations support all children attending school).
- (c) Not have access to funds generated from licensed premises (for example golf and bowls club).
- (d) Provide a copy of their most recent audited financial statements.
- (e) Donations must be sought on the appropriate form prior to 31 March each year, as advertised in local and community papers, for consideration in the ensuing financial year.

# Policies

For the period 1 July 2007 to 14 March 2008

## Student Sporting Competition Assistance

Council makes available financial assistance to school children in Mount Morgan Shire, who have been selected as a state, national or international representative, for eligible sporting competition.

Assistance will not exceed:

State Level competition	\$100.00
National Level competition	\$200.00
International Level competition	\$300.00

### Definitions

A school student is defined as a person attending primary or secondary school and who lives, or whose family live, in Mount Morgan Shire.

An eligible sporting competition is defined using the Macquarie Dictionary definition of sport:

***“An activity pursued for exercise or pleasure, usually requiring some degree of physical prowess”***

Should a decision be required regarding the eligibility of a sport, Council will make that decision.

### Eligibility

- (a) The donation is made available to individual school children who have been selected for participation in state, national or international level in an eligible sporting competition.
- (b) A school student may be eligible for a donation from more than one level of competition per financial year eg. State and national competition.
- (c) A school student may only receive one donation from each level in a financial year.
- (d) Financial assistance must be sought on the appropriate form.

### Individual Assistance

Council makes available financial assistance to individuals in the Mount Morgan Shire, who have been selected as a state, national or international representative, for eligible competition.

Assistance will not exceed:

State Level competition	\$100.00
National Level competition	\$200.00
International Level competition	\$300.00

## Definitions

An individual is defined as a person who is currently a resident of Mount Morgan Shire.

Should a decision be required regarding the eligibility of a competition, or residential status Council will make that decision.

### Eligibility

- (a) The donation is made available to individuals who have been selected for participation in state, national or international level in an eligible competition.
- (b) An individual may be eligible for a donation from more than one level of competition per financial year eg. State and national competition.
- (c) An individual may only receive one donation from each level in a financial year.
- (d) Financial assistance must be sought on the appropriate form.

### “Self Help” Grants to Community Groups.

Council may by resolution make available to assist community groups to create or enhance community assets. Council's contribution, for each project, may be a dollar for dollar contribution of up to \$5000 or may be a contribution of a set amount. It may also be an “in kind” contribution ie. Plant, materials and labour. Funding for a dollar for dollar contribution will only be made to the extent of funds raised exclusive of other grants, subsidies and donations above \$50.

### Eligibility.

The community group is required to:

- (a) Be an incorporated body or otherwise eligible at the discretion of Council.
- (b) If not incorporated, be sponsored by an incorporated organisation.
- (c) Have a valid public liability insurance certificate.
- (d) Supply an audited financial statement from the year prior to the application for funding and subsequently for each year the funding is made available.
- (e) Submit a budget for the project including expected cash flow projections.
- (f) Submit a management plan.

- (g) Provide evidence to Council that the community group has the ability to continue in its capacity to complete the project and provide the resources required to continue to operate and maintain the project.
- (h) Raise a minimum of \$1000 dollars exclusive of other grants and subsidies.
- (i) Provide a full acquittal of the grant funding within thirty (30) days of the completion of the project.
- (j) Projects must be completed within twelve (12) months unless an extension is granted by Council.
- (k) Return all contributions made by Council if at any stage the project is not proceeded with.

### Budgetary Control

This Policy is always subject to the allocation of funding in the annual budget which is disclosed publicly in detail in Council's Operational Plan.

This policy is to remain in force until otherwise determined by Council.

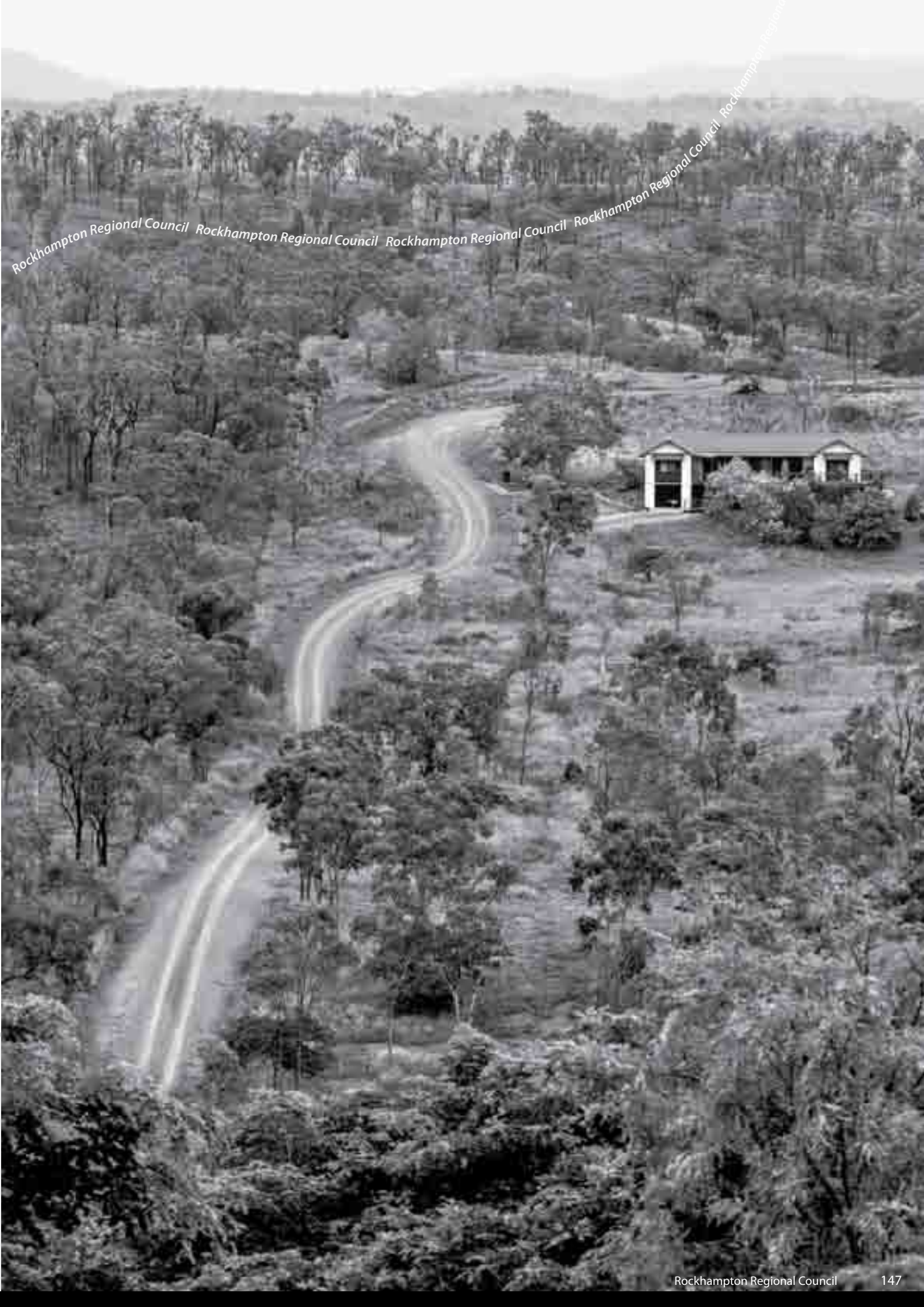
Responsible for Review:  
Deputy Chief Executive Officer

ADOPTED:

DUE FOR REVISION: 30/04/2008

REVOKED/SUPERSEDED:





Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council Rockhampton Regional Council



# *Rockhampton City Council*

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# Community Financial Report

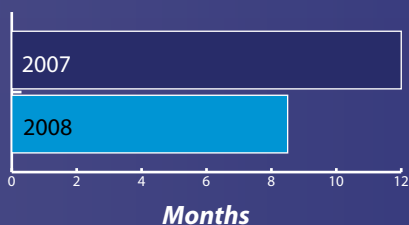
Interpreting formally presented financial statements in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers evaluate Council's financial performance and financial position without the need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

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

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

As a result of the State Government reform of local government in Queensland, Rockhampton City Council and the adjoining local governments of Fitzroy Shire Council, Livingstone Shire Council, Mount Morgan Shire Council and the Rockhampton District Saleyards Board amalgamated on 14 March 2008 to form Rockhampton Regional Council. The four Councils and the Rockhampton District Saleyards Board ceased to exist as of that date. Because of this it will be difficult to compare results from one year to the next due this fundamental difference in the reporting periods, that is:

- 2006/2007 Financial Period – 12 months
- 2007/2008 Financial Period – 8 1/2 months



## Income Statement

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

### Sources of Income Where Our Money Comes From...

Council's total revenue from sources including fees and charges, recoverable works, grants, subsidies, contributions and donations is lower than the 2006/2007 financial year. As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months and consequently the total revenue is lower than the 2006/07 financial year. The reduction in total revenue does not therefore reflect a diminishing revenue source for Council.

To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue, comprising 69% of total revenue. See FIG 1

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

A total of \$80,324,951 was raised in revenue during the financial period. Total income decreased by \$15.6 million over the previous year, given that the financial 'year' was only an 8 1/2 month period.

This decrease in income is primarily attributable to an approximately 73% decrease in the amount of capital grants and subsidies received. This decrease is due to the fact that the 2007/2008 financial year is only an 8 1/2 month financial 'year'.

### Operating Expenditure Where Our Money is Spent...

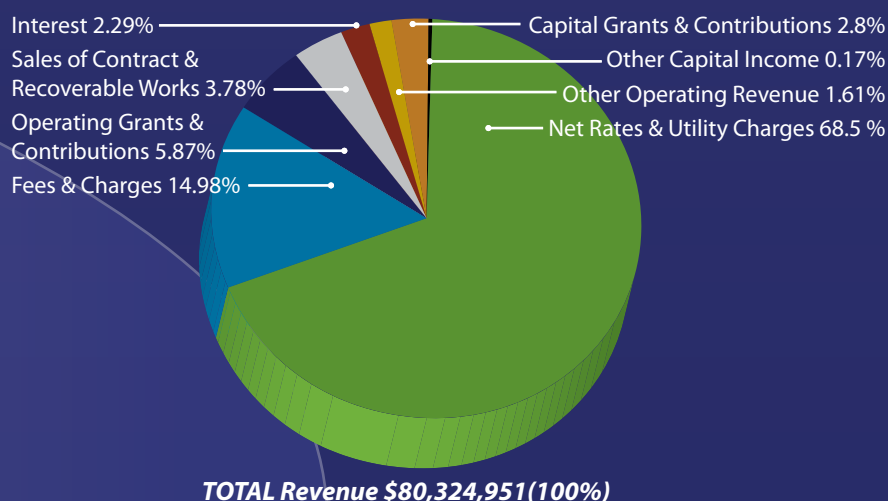
The three largest items of Council's expenditure are employee costs, materials and services and depreciation and amortisation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and then constantly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

Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor the future of Rockhampton in respect to developments, so that our lifestyle is not eroded.

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

Depreciation and amortisation is the periodic allocation of the consumption of property, plant and equipment

Figure 1





and intangible assets over the assets estimated 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.

As a result of amalgamation on 14 March 2008, the financial period for 2007/08 is in fact only eight and a half (8 1/2) months. Therefore the total expenditure of the 2006/2007 year is higher than the total expenditure of the 2007/2008 'year'. See FIG 2

In reviewing the total expenditure of Council this year to last, it can be seen that all expenditures have decreased. This has come about due to the shorter financial year. Further, Council depreciation and amortisation expenses have decreased due to Council undertaking revaluations on some of its assets classes last year, providing Council with even more accurate data to base depreciation charges on.

#### Net Result Attributable to Council

The Net Result Attributable to Council is the difference between Total Income and Operating Expenses and measures the change in operating capability. The Net Result includes \$2.24 million of non-operating (capital) revenue restricted for capital purposes. Capital revenue fluctuates each year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

Council achieved a net operating surplus of \$11.6 million for 2007/2008, comparable to the previous financial year's result of \$8.6 million. This result enables funds to be set aside in reserves for future requirements such as capital expenditure on infrastructure and community facilities as well as debt reduction.

### Balance Sheet

The Balance Sheet lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

#### What Do We Own?

Council controls a variety of current and non-current assets of which 94% is attributed to Property, Plant & Equipment Assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained. See FIG 3

Figure 2

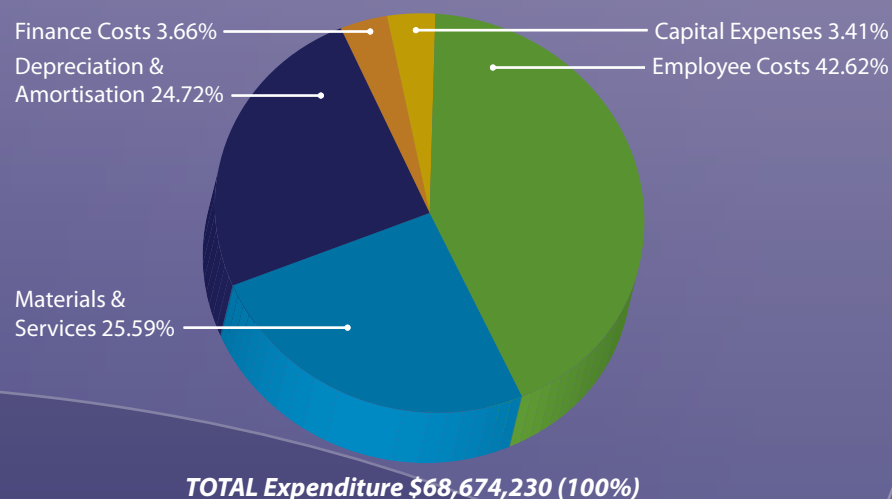
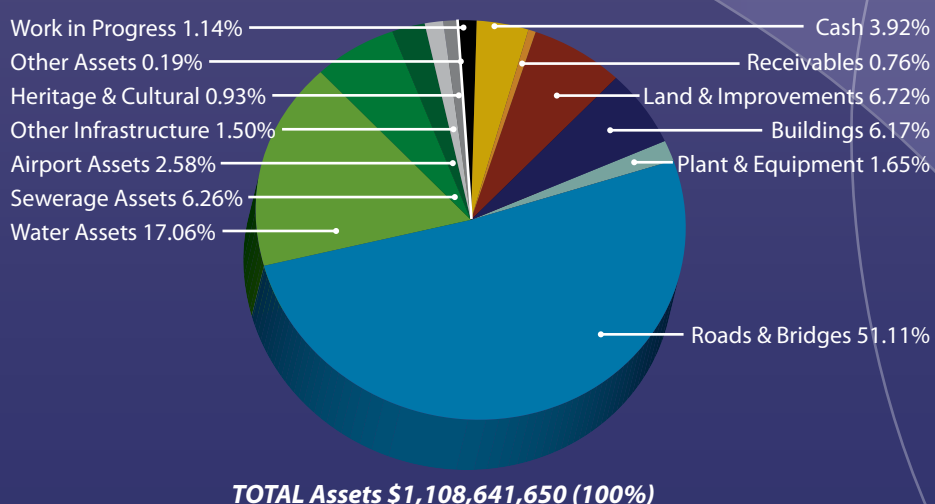


Figure 3



The total assets of \$1.1 billion as at 14 March 2008 includes an increase of \$122 million or 11% from the previous year. This increase is primarily attributed to an increase in the value of Council's property, plant and equipment assets by \$112.5 million.

#### Capital Works

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

The total capital works undertaken for the year totalled \$21.5 million.

Significant projects undertaken in 2007/2008 were:

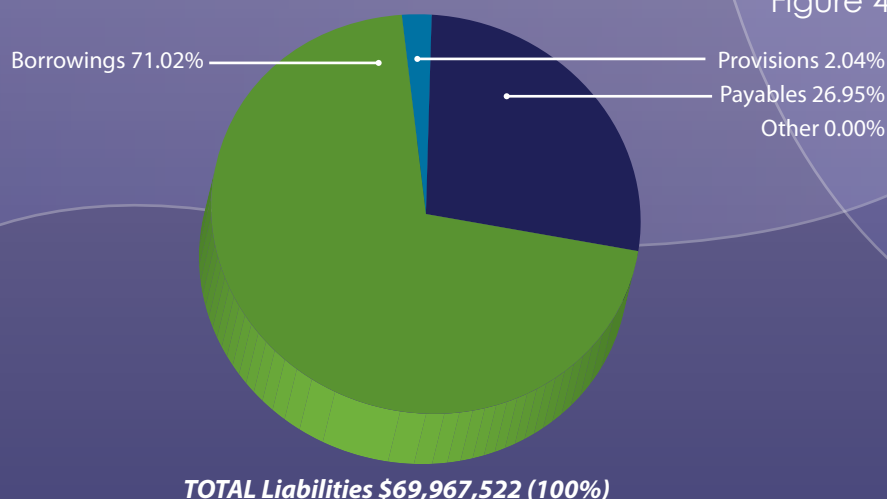
- The renovation of the South Rockhampton Library
- The installation of weigh-bridge at the Rockhampton Landfill
- Replacement of the City's water mains in a number of separate locations

#### What Do We Owe?

Council's borrowings decreased by \$3.2 million during 2007/2008. This is the result of Council continuing to make repayments on its borrowed funds. Council had intended to borrow a further \$13.1 million during the financial year to fund infrastructure projects although due to the early financial period close these loan funds were not drawn until June 2008. This would have left Council with a debt balance of \$49.7 million. The level of long-term debt is regularly reviewed as a component of the Financial Strategic Plan.

Interest expense on all loans, totalled 2.83% of total operating income. See FIG 4. Total liabilities of \$70 million at 14 March 2008 included a decrease of \$1,392,690 (2%) over the previous year. This decrease is primarily attributed to Council continuing to make repayments on its borrowed funds from the Queensland Treasury Corporation.

Figure 4



#### Cash Flow Statement

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

Council pools and invests funds throughout the year in low-risk short-term investments in accordance with Council's investment policy. The interest earned from investments for the 2007/2008 financial period was \$1,763,381. In the 2006/2007 financial year total interest earned on investments was \$2,417,352. Council monitors its investments closely during the year and the decrease in interest earned is due to the fact of the financial 'year' being a shorter period of time.

#### Looking to the Future

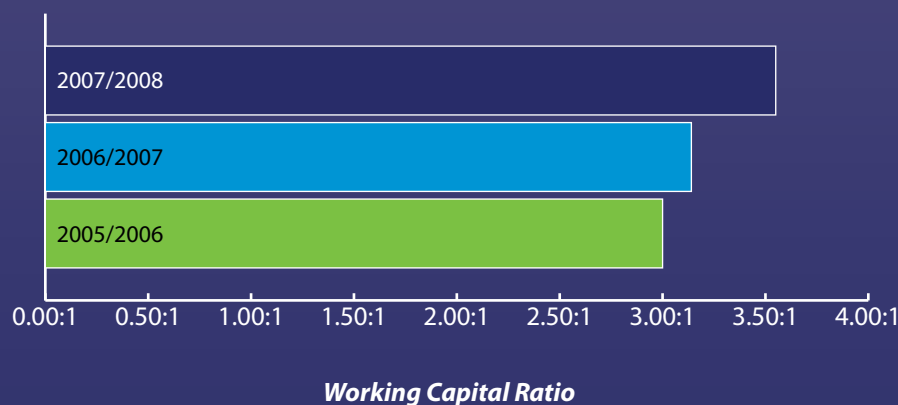
The new Council, amongst other things, will be placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the region.

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

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

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

Figure 5



### How healthy is Council's Liquidity?

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

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

A ratio of better than 2:1 reflects a strong ability to maintain strong cash flows and hence meet future commitments. See FIG 5

Council has kept its working capital ratio relatively steady decreasing slightly from 3.14:1 at 30 June 2007 to 3.0:1 at 14 March 2008.

#### Statement of Changes in Equity

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

#### What Are We Worth?

Community Equity is equal to Assets less Liabilities and is represented by Capital, Capital Cash Reserves, Asset Revaluation Reserve, Retained Surplus, and Other Reserves. Total Community Equity at 14 March 2008 is \$1.038 billion, an increase of \$124.9 million from 2006/2007.

This increase is primarily attributed to an increase in the value of Council's property, plant and equipment from \$929 million to \$1.041 billion.

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

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

# Income Statement

For the period 1 July 2007 to 14 March 2008

For the period 1 July 2007 to 14 March 2008	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Net rates and utility charges	4	55,019,867	56,040,944
Fees and charges	4	12,029,478	16,907,424
Interest received	4	1,839,773	2,570,772
Sales of contract and recoverable works	4	3,037,378	2,104,050
Other recurrent income	4	1,291,683	2,132,018
Grants, subsidies and contributions	5	4,717,531	5,072,745
Total recurrent revenue		77,935,710	84,827,953
<b>Capital revenue</b>			
Grants, subsidies and contributions	5	2,248,991	8,461,626
Total revenue		80,184,701	93,289,579
Capital income	6	140,250	2,676,885
Total income		80,324,951	95,966,464
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	8	(29,268,995)	(38,191,232)
Materials and services	9	(17,575,884)	(20,347,535)
Finance costs	10	(2,512,361)	(3,104,489)
Depreciation and amortisation	11	(16,977,357)	(22,153,078)
Total recurrent expenses		(66,334,597)	(83,796,334)
<b>Capital expenses</b>			
	12	(2,339,633)	(3,608,417)
Total expenses		(68,674,230)	(87,404,751)
<b>NET RESULT ATTRIBUTABLE TO COUNCIL</b>		<b>11,650,721</b>	<b>8,561,713</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.

# Balance Sheet

As at 14 March 2008

	Note	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Current assets</b>			
Cash assets	13	43,433,390	36,493,518
Trade and other receivables	14	8,414,902	7,222,042
Inventories	15	1,384,238	1,376,457
Other financial assets	16	352,282	680,463
		53,584,812	45,772,480
<b>Non-current assets</b>			
Property, plant and equipment	17	1,041,955,380	929,387,854
Capital works in progress		12,689,168	9,827,470
Intangible assets	18	412,290	104,050
		1,055,056,838	939,319,374
<b>TOTAL ASSETS</b>		<b>1,108,641,650</b>	<b>985,091,854</b>
<b>Current liabilities</b>			
Trade and other payables	19	11,685,487	9,654,074
Borrowings	20	6,128,589	4,902,997
		17,814,076	14,557,071
<b>Non-current liabilities</b>			
Trade and other payables	19	7,169,305	7,511,811
Borrowings	20	43,560,265	47,972,113
Provisions	21	1,423,876	1,319,217
		52,153,446	56,803,141
<b>TOTAL LIABILITIES</b>		<b>69,967,522</b>	<b>71,360,212</b>
<b>NET COMMUNITY ASSETS</b>		<b>1,038,674,128</b>	<b>913,731,642</b>
<b>Community equity</b>			
Capital	22	461,022,800	455,437,729
Capital cash reserves	23	483,761	1,889,077
Asset revaluation reserve	24	539,986,142	426,694,377
Retained surplus	25	9,153,810	3,175,903
Other reserves	26	28,027,615	26,534,556
<b>TOTAL COMMUNITY EQUITY</b>		<b>1,038,674,128</b>	<b>913,731,642</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.

# Statement of Changes in Equity

For the period 1 July 2007 to 14 March 2008

	Total		Retained surplus		Other reserves		Capital cash reserves		Asset revaluation reserve		Capital	
	14 Mar 2008 \$	2007 \$	Note 25 14 Mar 2008 \$	2007 \$	Note 26 14 Mar 2008 \$	2007 \$	Note 23 14 Mar 2008 \$	2007 \$	Note 24 14 Mar 2008 \$	2007 \$	Note 22 14 Mar 2008 \$	2007 \$
Balance at beginning of period	913,731,642	700,031,314	3,175,903	3,161,772	26,534,556	28,496,289	1,889,077	2,219,501	426,694,377	221,640,132	455,437,729	444,513,620
Corrections to opening balances	-	84,370	-	-	-	-	-	-	-	-	-	84,370
Net result for the period	11,650,721	8,561,713	11,650,721	8,561,713	-	-	-	-	-	-	-	-
Transfers to capital	-	-	(2,407,743)	(1,893,514)	-	-	-	-	-	-	2,407,743	1,893,514
Transfers to general reserves	-	-	(5,529,138)	(8,171,065)	5,529,138	8,171,065	-	-	-	-	-	-
Transfer of funds expended	-	-	-	-	(1,772,012)	(8,615,801)	(1,405,316)	(354,319)	-	-	3,177,328	8,970,120
Transfers from general reserves	-	-	2,264,067	1,516,997	(2,264,067)	(1,516,997)	-	-	-	-	-	-
Transfer of restricted funds	-	-	-	-	-	-	-	23,895	-	-	-	(23,895)
Asset revaluation adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revaluations and impairments	113,291,765	205,054,245	-	-	-	-	-	-	113,291,765	205,054,245	-	-
<b>BALANCE AT END OF PERIOD</b>	<b>1,038,674,128</b>	<b>913,731,642</b>	<b>9,153,810</b>	<b>3,175,903</b>	<b>28,027,615</b>	<b>26,534,556</b>	<b>483,761</b>	<b>1,889,077</b>	<b>539,986,142</b>	<b>426,694,377</b>	<b>461,022,800</b>	<b>455,437,729</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.



# Cash Flow Statement

For the period 1 July 2007 to 14 March 2008

	Note	1 July 2007 - 14 March 2008 \$	2007 \$
<b>Cash flows from operating activities:</b>			
<b>Receipts</b>			
General rates and utility charges		53,944,095	55,899,500
Rental and levies, fees and charges		11,540,790	16,024,882
Grants, subsidies and contributions		4,717,531	5,072,745
Interest received		1,948,632	2,645,254
Other income		4,329,061	4,236,068
GST received		3,532,304	4,387,777
<b>Payments</b>			
Payments to suppliers		(15,778,200)	(19,218,432)
Payment to employees		(29,105,633)	(37,243,188)
Interest paid		(2,209,108)	(2,820,983)
GST paid		(3,466,780)	(4,509,593)
Net cash inflow from operating activities	32	29,452,692	24,474,030
<b>Cash flows from investing activities:</b>			
<b>Grants, subsidies and contributions for capital acquisitions:</b>			
Government subsidies and grants	5	1,142,009	2,568,584
Capital contributions		368,678	1,278,253
Payments for property, plant and equipment		(21,457,408)	(34,475,921)
Payments for intangible assets		(342,650)	(8,454)
Proceeds from sale of property plant and equipment	7	962,807	1,260,691
Net movement in loans and advances		-	250,248
Net cash outflow from investing activities		(19,326,564)	(29,126,599)
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	20	-	9,106,664
Repayment of borrowings	20	(3,186,256)	(5,191,333)
<b>Net cash (outflow) inflow from financing activities</b>		<b>(3,186,256)</b>	<b>3,915,331</b>
<b>Net increase (decrease) in cash held</b>		<b>6,939,872</b>	<b>(737,238)</b>
Cash at beginning of reporting period		36,493,518	37,230,756
<b>CASH AT END OF REPORTING PERIOD</b>	<b>13</b>	<b>43,433,390</b>	<b>36,493,518</b>

The above statement should be read in conjunction with the accompanying notes including the summary of significant accounting policies.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 1 Basis of preparation

### 1.01 General

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Queensland Local Government Finance Standard 2005.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AeIFRS). As Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with AeIFRS, to the extent these inconsistencies are applied this report does not comply with AeIFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

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

### 1.02 Adoption of new Accounting Standards

AASB7 Financial Instruments Disclosures applies for the first time this year. This standard relates to the presentation of information and does not impact on the result or position disclosed

The following Australian Accounting Standards amendments to standards and interpretations, issued on the dates shown, are not mandatory for the financial year 2007-08 and have not been applied.

- AASB8 Operating Segments (February 2007)
- AASB123 Borrowing Costs (June 2007)
- AASB1004 Contributions (December 2007)
- AASB1051 Land under Roads (December 2007)
- AASB1052 Disaggregated Disclosures (December 2007)
- AASB2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
- AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
- AASB2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)

- AASB2007-9 Amendments to Australian Accounting Standards arising from the review of AAS27, AAS29, and AAS31 (December 2007)
- AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities (December 2007)
- AASB127 Consolidated and Separate Financial Statements (March 2008)
- AASB2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
- AASB2008-3 Amendments to Australian Accounting Standards arising from AASB3 and AASB127 (March 2008)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

### 1.03 Critical accounting estimates

The preparation of financial statements in conformity with AeIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

### 1.04 Currency

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

### 1.05 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Rockhampton City Council (Council) as at 14 March 2008 and the results of all controlled entities for the period ended. Council and its controlled entities together form the economic entity which is referred to in this financial report as the consolidated entity.

Rockhampton City Council owns 100% of the issued share capital (\$40,000) of Rockele Pty Ltd. Rockele Pty Ltd was incorporated in Australia in 1996/97 and has been dormant since 2004. It is the only controlled entity of Council.

No separate financial statements have been prepared for Rockele Pty Ltd due to its dormant status. Its share capital of \$40,000 is represented by a receivable from Rockhampton City Council of \$40,000. This is eliminated upon consolidation against the payable recorded by Rockhampton City Council.

Ownership of Rockele Pty Ltd has passed to the new Rockhampton Regional Council in accordance with the Local Government Report Implementation Regulation 2008.

There have been no transactions between Council and Rockele Pty Ltd during the period.

### 1.06 Constitution

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

### 1.07 Cessation of Council

The Local Government Reform Commission report to the Minister on 27 July 2007 recommended that Rockhampton City Council be amalgamated with Livingstone Shire Council, Fitzroy Shire Council, and Mount Morgan Shire Council to form the new Rockhampton Regional Council. Rockhampton Regional Council Local Transition Committee was established as the body responsible for overseeing the local level change processes required to transition the existing councils to the new council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Report Implementation Regulation 2008 the amalgamation was effective from 15 March 2008 (the changeover day) and had a significant impact on the operations of Council in that Council ceased to exist.

As a consequence of the amalgamation, Rockhampton City Council is no longer a going concern as it was dissolved on 14 March 2008. While Council is not considered a going concern at balance date, this report has been prepared on a basis consistent with a going concern basis. The values of the assets and liabilities reported in

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

these financial statements represent the existing book values immediately before the changeover day, determined in accordance with the accounting policies outlined in Note 2. All of the assets and liabilities were transferred to the new Council on the changeover day at the values reported in the financial statements in accordance with the Local Government Reform Implementation Regulation 2008.

## 1.08 Date of Authorisation

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

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

## 2 Summary of significant accounting policies

### 2.01 Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

### 2.02 Financial Assets and Financial Liabilities

#### Categorisation

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

Financial Assets	Categorisation
<b>Cash</b>	
Shares	Financial assets available for sale (at cost)
Receivables	Loans and receivables (at amortised cost)
Other financial assets	Financial assets available for sale (at cost)
<b>Financial Liabilities</b>	
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

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

### 2.03 Rates, Grants and Other Revenue

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

- Rates - Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received.
- Grants and Subsidies - Where Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.
- Non-Cash Contributions - Non-cash contributions in excess of the recognition threshold values set out in Note 2.11, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and as an expense.
- Other Revenue Including Contributions - Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

### 2.04 Cash Assets

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and liquid investments with short periods to maturity that are readily convertible to cash at Council's option without penalty and that are subject to a low risk of changes in value.

Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

### 2.05 Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts are written-off at 14 March 2008.

### 2.06 Other Financial Assets

Other Financial Assets are recognised at cost.

### 2.07 Inventories

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

Inventories held for distribution (goods to be supplied at no or nominal charge, or goods to be used for the provision of services at no or nominal charge) are valued at cost, adjusted when applicable for any loss of service potential.

### 2.08 Land Held for Resale

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

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

### 2.09 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents.

Interest and dividend revenues are recognised on an accrual basis.

### 2.10 Investment Property

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

### 2.11 Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, information technology equipment with a total value less than \$1,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

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

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

- ii. Capital and operating expenditure - Wages and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

- iii. Valuation - Land, buildings, infrastructure and heritage and cultural assets are measured at fair value, in accordance with AASB116 Property, Plant and Equipment and the (Queensland) Local Government Finance Standard 2005. Major plant or equipment is plant or equipment that is considered to be of high value to Council and prone to a high degree of price fluctuation or in danger of becoming obsolete. There are no items which meet this criteria. All other non-current assets, principally all other items of plant and equipment, and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Details of valuations are disclosed in

Note 17.

Plant and equipment is measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost does not differ materially from their fair value.

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 17.

- v. Unfunded Depreciation - Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future capital works unless insufficient revenue sources are available to meet those funding requirements.

## 2.12 Intangible Assets

Only intangible assets which have a cost exceeding \$5,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval indicates that the project meets the criteria for recognition in AASB138 Intangible Assets.

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

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

## 2.13 Capital Work in Progress

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

## 2.14 Biological Assets

Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

## 2.15 Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

is offset against the asset revaluation reserve of the relevant class to the extent available.

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

## 2.16 Leases

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

- i. Finance leases - Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted of on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.
- ii. Operating leases - Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## 2.17 Payables

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

## 2.18 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave, long service leave and vested sick leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

- i. Salaries and Wages - A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is treated as a payable and not as a provision.
- ii. Annual Leave - A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values.
- iii. Sick Leave - A liability for sick leave is recognised for employee entitlements earned under arrangements that existed in prior years and is the amount Council has a present obligation to pay resulting from employees' services provided up to 31 December 1998. The current portion is based on current wage and salary levels and includes related employee on-costs. The non-current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values.
- iv. Superannuation - The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 30.
- v. 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 interest rates attaching as at the reporting date to Commonwealth Government guaranteed securities, are used to discount the estimated future cash outflows to their present value. The value of the liability is calculated using

current pay rates and projected future increases in those rates and includes related employee on-costs.

## 2.19 Borrowings

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

## 2.20 Restoration Provision

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

The provision is measured at the expected cost of the work required and discounted to present values using appropriate rates. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities, are considered appropriate rates.

- i. Restoration on land not controlled by Council - Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income.
- ii. Restoration on land controlled by Council - Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and amortised over the expected useful life. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation reserve for land. If there is no available reserve, increases in the provision are treated as an expense and recovered out of future decreases if any. Changes to the provision resulting from the passing of time are treated as a finance cost.



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 2.21 Asset Revaluation Reserve

The asset revaluation reserve 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 this reserve.

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

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

## 2.22 Reserves Held for Future Capital Expenditure

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

## Constrained Works Reserve

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

## Airport Development Reserve

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

## Special Projects Reserve

This reserve was created to provide future funds for special projects as they arise.

## New Plant Reserve

This reserve was created to provide future funds for new road plant and equipment items.

## Disaster Relief Reserve

This reserve was created to provide funds for future unexpected disaster relief requirements.

## 2.23 Reserves Held for Funding Future Recurrent Expenditure

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

## Asset Maintenance Reserve

This reserve was created to meet unexpected asset maintenance expenditure.

## 2.24 Retained Surplus

This represents that part of Council's net funds not required to meet immediate requirements or to meet specific future needs.

## 2.25 National Competition Policy

Council has reviewed its activities and has identified eleven activities that are business activities. Details of these activities can be found in Note 36.

## 2.26 Comparatives

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

The final financial period is for the period 1 July 2007 to 14 March 2008. This is not equal in time to the comparative reporting period of 1 July 2006 to 30 June 2007 and, as a result, the financial statements are not comparable to the extent that the current reporting period only covers 8 and 1/2 months.

## 2.27 Financial Risk Management

Council minimises its exposure to financial risk in the following ways:

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.
- Council does not invest in derivatives or other high risk investments.
- When Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

Details of financial instruments and the associated risks are shown at Note 35.

## 2.28 Judgements and Assumptions

Council has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities following their transfer to Rockhampton Regional Council.

## 2.29 Trust Funds Held for Outside Parties

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

## 2.30 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 controlled entity of Council pays an income tax equivalent to Council in accordance with the requirements of the Local Government Act 1993.

Where an activity of the controlled entity of Council is subject to the National Tax Equivalents Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 3. Analysis of results by function

Revenue, expenses and assets have been attributed to the following functions: 1 July 2007 - 14 March 2008

Functions	Income Grants	Other	Total income	Total expenses	Net result for period	Assets
	\$	\$	\$	\$	\$	\$
Governance and Resourcing	2,238,621	27,490,038	29,728,659	6,832,730	22,895,929	74,789,716
Corporate Services	118,911	158,413	277,324	2,129,768	(1,852,444)	2,453,289
Community and Cultural Development	2,037,447	2,630,348	4,667,795	7,514,713	(2,846,918)	38,136,552
Parks, Sport and Recreation	78,706	383,025	461,731	7,312,673	(6,850,942)	28,959,161
Environmental Services	-	8,776,718	8,776,718	10,269,324	(1,492,606)	8,347,641
Works Services	1,239,495	3,362,085	4,601,580	15,298,895	(10,697,315)	586,376,108
Financial Services	-	158,552	158,552	1,106,954	(948,402)	36,595,180
Rockhampton Airport	-	5,119,570	5,119,570	3,249,931	1,869,639	60,628,523
Fitzroy River Water	40,000	26,493,022	26,533,022	14,959,242	11,573,780	272,355,480
<b>TOTAL</b>	<b>5,753,180</b>	<b>74,571,771</b>	<b>80,324,951</b>	<b>68,674,230</b>	<b>11,650,721</b>	<b>1,108,641,650</b>

Revenue, expenses and assets have been attributed to the following functions: 30 June 2007

	\$	\$	\$	\$	\$	\$
Governance and Resourcing	2,481,010	26,728,402	29,209,412	10,794,853	18,414,559	34,971,841
Corporate Services	42,741	291,031	333,772	2,426,863	(2,093,091)	1,770,729
Community and Cultural Development	2,023,561	3,639,383	5,662,944	9,792,246	(4,129,302)	30,677,811
Parks, Sport and Recreation	80,992	1,001,075	1,082,067	9,803,848	(8,721,781)	26,264,207
Environmental Services	5,850	10,556,580	10,562,430	12,605,481	(2,043,051)	6,751,702
Works Services	2,514,782	5,367,528	7,882,310	18,761,773	(10,879,463)	540,715,082
Financial Services	-	164,813	164,813	1,237,138	(1,072,325)	31,417,277
Rockhampton Airport	-	8,651,364	8,651,364	3,473,635	5,177,729	53,986,078
Fitzroy River Water	320,646	32,096,706	32,417,352	18,508,914	13,908,438	258,537,127
<b>TOTAL</b>	<b>7,469,582</b>	<b>88,496,882</b>	<b>95,966,464</b>	<b>87,404,751</b>	<b>8,561,713</b>	<b>985,091,854</b>

### Governance and Resourcing

Incorporates the offices of the Mayor, Councillors and the Chief Executive Officer. Includes recognition and allocation of general rate and grant revenue and compliance costs for Council to meet its legal and statutory requirements.

### Corporate Services

Includes information services, customer services, human resources and corporate support.

### Community and Cultural Development

Includes libraries, art services, theatre and venue management, heritage preservation, child care, aged services, and community assistance.

### Parks, Sport and Recreation

Management and operation of Council

reserves and parks including the Botanic Gardens, Kershaw Gardens and other Council areas. Maintenance and beautification of entrances into the City and road reserves where these are Council controlled.

### Environmental Services

Includes public health, environmental health, waste management, building regulation and certification, development control, health planning and administration and local law enforcement (dog registration and regulation of parking).

### Works Services

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

### Financial Services

Includes all the financial functions of Council such as rating, payroll, accounts receivable and payable, budgeting and financial reporting.

### Rockhampton Airport

Encompasses Rockhampton Airport operations.

### Fitzroy River Water

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

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 4. Revenue analysis

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Rates and levies</b>			
General rates		29,027,598	27,508,208
Special rates		356,347	357,021
Water access charges		7,014,312	7,296,121
Water consumption, rental and sundries		5,738,073	9,196,923
Sewerage		13,347,376	12,766,551
Garbage charges		5,750,317	5,377,939
Rates and utility charge revenue		61,234,023	62,502,763
Less: Discounts		(5,559,117)	(5,675,059)
Less: Pensioner remissions		(655,039)	(786,760)
Net rates and utility charges		55,019,867	56,040,944
Fees and charges		12,029,478	16,907,424
<b>Interest received</b>			
Investments		1,763,381	2,417,352
Overdue rates and utility charges		76,392	153,420
		1,839,773	2,570,772
Sales of contract and recoverable works		3,037,378	2,104,050
The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.			
Other recurrent income		1,291,683	2,132,018

## 5. Grants, subsidies and contributions

### Recurrent

General purpose grants		1,958,621	2,481,010
Government subsidies and grants		2,652,550	2,419,988
Contributions		106,360	171,747
Total recurrent revenue		4,717,531	5,072,745
Capital			

### Monetary revenue

Government subsidies and grants		1,142,009	2,568,584
Contributions		368,678	1,278,253
		1,510,687	3,846,837

### Non-monetary revenue

Infrastructure from developers at fair value		738,304	4,614,789
Total capital revenue		2,248,991	8,461,626

Conditions over contributions. Grants and contributions which were recognised as revenues 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:

Grants for infrastructure		703,243	175,365
Contributions for infrastructure		368,678	1,107,053
		1,071,921	1,282,418

Grants and contributions which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with Council's obligations:

Grants for infrastructure		175,365	370,000
Contributions for infrastructure		298,263	476,722
		473,628	846,722

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

<b>6. Capital income</b>			
	<b>Notes</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Gain on the sale of capital assets	7	140,250	-
Reversal of revaluation decrement of property, plant and equipment	17	-	2,577,357
Reduction in rehabilitation provision due to the change in the estimated future cost on land not controlled by Council	21	-	99,528
		140,250	2,676,885

<b>7. Gain (loss) on the disposal of capital assets</b>			
Proceeds from sale of plant and equipment		687,364	1,114,000
Proceeds from the sale of land and improvements		275,443	146,691
		962,807	1,260,691
Book value of plant and equipment disposed		(714,483)	(1,275,566)
Book value of land and improvements sold		(108,074)	(118,000)
		(822,557)	(1,393,566)
Total gain (loss) on the disposal of capital assets		140,250	(132,875)

<b>8. Employee benefits</b>			
Total staff wages and salaries		24,396,471	31,720,798
Councillors' remuneration		484,571	649,735
Annual, sick and long service leave entitlements		3,079,283	5,152,827
Superannuation	30	2,901,599	3,378,125
		30,861,924	40,901,485
Other employee related expenses		1,684,154	1,991,926
		32,546,078	42,893,411
Less: Capitalised employee expenses		(3,277,083)	(4,702,179)
		29,268,995	38,191,232

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

<b>Total Council employees (full-time equivalents) at period end:</b>			
Governance and Resourcing		12	10
Corporate Services		43	44
Community and Cultural Development		83	84
Parks, Sport and Recreation		103	95
Environmental Services		102	112
Works Services		152	157
Financial Services		24	28
Rockhampton Airport		15	13
Fitzroy River Water		128	131
		662	674

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 9. Materials and services

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
Audit services		96,257	66,445
Lease payments		66,633	112,562
Donations paid		388,097	528,466
Legal fees		212,652	234,271
Insurance		265,050	404,483
Electricity		1,938,225	2,589,770
Materials		2,727,397	3,116,639
Asphalt		681,958	554,682
External contractors		1,921,446	1,535,188
Consultants		580,225	399,105
Repairs and maintenance		1,012,500	1,480,599
External plant hire		1,584,955	1,809,989
Advertising		266,859	532,480
Entertainment and hospitality		55,893	61,495
Other material and services		5,777,737	6,921,361
		17,575,884	20,347,535

## 10. Finance costs

Finance costs charged by the Queensland Treasury Corporation (QTC)		2,209,108	2,820,983
Bank charges		245,478	205,858
Refuse site restoration provision - change in present value over time		57,775	77,648
		2,512,361	3,104,489

## 11. Depreciation and amortisation

### Depreciation of non-current assets

Buildings		2,051,098	2,682,878
Plant and equipment		2,236,751	3,234,287
Road and bridge network		6,199,222	8,172,879
Water infrastructure		3,487,828	4,283,797
Sewerage infrastructure		1,925,478	2,530,038
Airport infrastructure		702,288	760,533
Other infrastructure assets		340,282	440,932
Total depreciation of non-current assets		16,942,947	22,105,344

### Amortisation of other intangible assets

Computer software		34,410	47,734
Total depreciation and amortisation		16,977,357	22,153,078

### Unfunded Depreciation

Unfunded depreciation represents the shortfall in funding being provided by operating revenue to fund depreciation expense. For the period ending 14 March 2008, Council has unfunded depreciation of \$1,060,459 (2007 - \$0).



<b>12. Capital expenses</b>			
	<b>Notes</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>Loss on write-off of non-current assets</b>			
Buildings		-	48,674
Plant and equipment		1,164	-
Road and bridge network		2,023,834	3,192,641
Water infrastructure		206,009	233,553
Airport infrastructure		61,742	-
Other infrastructure assets		-	674
Loss on the sale of capital assets	7	-	132,875
<b>Increase in rehabilitation provision, due to increase in the estimated</b>			
future cost that pertains to land not controlled by Council	21	46,884	-
<b>Total capital expenses</b>		<b>2,339,633</b>	<b>3,608,417</b>
<b>13. Cash assets</b>			
Cash at bank and on hand		11,125,845	14,180
Investments held at fixed interest rate		3,000,000	20,468,782
Investments held with other financial institutions with variable interest rate		-	200,000
Deposits and investments held with QTC at variable interest rate		29,307,545	17,059,602
Less: Bank overdraft		-	(1,249,046)
<b>Balance per statement of cash flows</b>		<b>43,433,390</b>	<b>36,493,518</b>
In 2006/07 there was a cashbook overdraft, however due to the level of unrepresented cheques the actual bank account was not overdrawn.			
<b>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</b>			
Unspent government grants and subsidies	26	703,243	175,365
Unspent developer contributions	26	4,180,448	3,879,103
Unspent loan monies	23	483,761	1,889,077
<b>Total unspent restricted cash for capital projects</b>		<b>5,367,452</b>	<b>5,943,545</b>
Cash and deposits at call are held in a QTC cash management account and other approved institutions. These deposits bear floating interest rates of 1.00% for operating accounts and 8.29% for investment accounts. Deposits and investments at fixed rates are held with other approved institutions. These deposits bear fixed interest rates of 7.32%.			
<b>14. Trade and other receivables</b>			
<b>Current</b>			
Rateable revenue and utility charges		3,149,986	1,473,183
Water charges yet to be levied		1,234,840	1,835,871
Fees and charges		3,530,359	3,027,859
GST recoverable		550,042	812,783
Other debtors		23,021	131,880
Less: Provision for impairment		(73,346)	(59,534)
		8,414,902	7,222,042
Interest is charged on outstanding rates at 11% per annum. There is no concentration of credit risk for rates and utility charges, fees, and other debtors receivable.			
<b>15. Inventories</b>			
Inventories held for sale		381,023	363,110
Inventories for distribution		1,003,215	1,013,347
		1,384,238	1,376,457
Inventory held for sale is valued at the lower of cost and net realisable value. Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.			
<b>16. Other financial assets</b>			
Prepayments		352,282	680,463

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

17. Property, plant and equipment																			
14 March 2008		Land and improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Airport infrastructure	Other infrastructure assets	Heritage and cultural assets	Total								
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation									
Asset Values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$								
Opening gross value	37,539,019	109,869,562	34,572,695	721,010,832	317,834,694	163,713,270	40,150,094	21,818,630	10,216,840	1,456,725,636									
Additions at cost	150,115	1,509,888	3,221,062	6,961,108	4,124,546	1,677,031	318,077	606,775	27,108	18,595,710									
Contributed assets at valuation	-	-	-	540,844	100,725	48,050	-	-	48,685	738,304									
Disposals	(108,074)	-	(1,535,117)	-	-	-	-	-	-	(1,643,191)									
Write-offs	-	-	(24,000)	(3,747,694)	(1,344,288)	-	(207,340)	-	-	(5,323,322)									
Revaluation adjustment to reserve	36,918,998	31,160,823	-	61,369,185	23,158,807	6,493,949	3,258,812	-	-	162,360,574									
Closing gross value	74,500,058	142,540,273	36,234,640	786,134,275	343,874,484	171,932,300	43,519,643	22,425,405	10,292,633	1,631,453,711									
Accumulated depreciation and impairment																			
Opening balance	-	54,457,808	16,554,959	199,498,263	141,057,690	95,920,052	14,415,280	5,433,730	-	527,337,782									
Depreciation provided in period	-	2,051,098	2,236,751	6,199,222	3,487,828	1,925,478	702,288	340,282	-	16,942,947									
Depreciation on disposals	-	-	(820,634)	-	-	-	-	-	-	(820,634)									
Depreciation on write-offs	-	-	(22,836)	(1,723,860)	(1,138,279)	-	(145,598)	-	-	(3,030,573)									
Revaluation adjustment to reserve	-	17,610,169	-	15,525,277	11,364,581	4,657,518	(88,736)	-	-	49,068,809									
Closing accumulated depreciation and impairment balance	-	74,119,075	17,948,240	219,498,902	154,771,820	102,503,048	14,883,234	5,774,012	-	589,498,331									
Written down value at 14 March 2008	74,500,058	68,421,198	18,286,400	566,635,373	189,102,664	69,429,252	28,636,409	16,651,393	10,292,633	1,041,955,380									
Residual value	Not depreciated	-	8,243,861	92,992,460	-	-	11,940,681	-	Not depreciated	113,177,002									
Range of estimated useful life in years	Not depreciated	10 - 90	2 - 40	8 - 135	15 - 150	15 - 100	10 - 100	5 - 100	Not depreciated										

Year 30 June 2007	Land and improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Airport infrastructure	Other infrastructure assets	Heritage and cultural assets	Total
Basis of measurement	Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	
Asset Values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value	36,348,500	100,946,021	32,857,806	520,392,896	281,108,503	157,194,235	34,273,736	21,610,163	8,453,380	1,193,185,240
Correction to opening balance (Note 34)	-	-	-	86,748	-	-	-	-	-	86,748
Additions at cost	1,308,519	9,291,541	4,573,852	13,649,216	5,338,412	2,527,900	180,617	210,750	-	37,080,807
Contributed assets at valuation	-	-	-	3,180,294	478,613	955,882	-	-	-	4,614,789
Disposals	(118,000)	-	(2,858,963)	-	-	-	-	-	-	(2,976,963)
Write-offs	-	(368,000)	-	(5,968,606)	(1,246,392)	-	(14,257)	(2,283)	-	(7,599,538)
Revaluation adjustment to reserve	-	-	-	189,670,284	32,155,558	3,035,253	3,132,641	-	1,763,460	229,757,196
Revaluation adjustment to income	-	-	-	-	-	-	2,577,357	-	-	2,577,357
Closing gross value	37,539,019	109,869,562	34,572,695	721,010,832	317,834,694	163,713,270	40,150,094	21,818,630	10,216,840	1,456,725,636
<b>Accumulated depreciation and impairment</b>										
Opening balance	-	52,094,256	14,904,069	179,381,605	132,611,012	90,570,247	11,678,906	4,994,407	-	486,234,502
Correction to opening balance (Note 34)	-	-	-	2,378	-	-	-	-	-	2,378
Depreciation provided in period	-	2,682,878	3,234,287	8,172,879	4,283,797	2,530,038	760,533	440,932	-	22,105,344
Depreciation on disposals	-	-	(1,583,397)	-	-	-	-	-	-	(1,583,397)
Depreciation on write-offs	-	(319,326)	-	(2,775,965)	(1,012,839)	-	(14,257)	(1,609)	-	(4,123,996)
Revaluation adjustment to reserve	-	-	-	14,717,366	5,175,720	2,819,767	1,990,098	-	-	24,702,951
Closing accumulated depreciation and impairment balance	-	54,457,808	16,554,959	199,498,263	141,057,690	95,920,052	14,415,280	5,433,730	-	527,337,782
Written down value at 30 June 2007	37,539,019	55,411,754	18,017,736	521,512,569	176,777,004	67,793,218	25,734,814	16,384,900	10,216,840	929,387,854
Residual value	Not depreciated	-	8,328,576	85,780,156	-	-	11,015,088	-	Not depreciated	105,123,820
Range of estimated useful life in years	Not depreciated	10 - 90	2 - 40	8 - 130	15 - 150	15 - 100	10 - 100	5 - 100	Not depreciated	

## Land

The valuation of freehold land and improvements were determined by independent valuation in March 2005, with that valuation updated by the use of suitable indicies in March 2008. Land that is a reserve under the Land Act 1994 does not have a value for the purpose of a Local Government's financial statements.

## Buildings

The valuation of buildings were determined by independent valuation in June 2004 and was based on current values together with the accumulated depreciation that had expired to that date resulting in the current net fair value at that date. The June 2004 valuation was updated in March 2008 by the use of suitable indicies.

## Plant and Equipment

Plant and equipment is measured at deemed cost less accumulated depreciation.

## Infrastructure

Water - The valuation of water infrastructure assets at fair value was determined by Fitzroy River Water engineers in March 2008

Sewerage - The valuation of sewerage infrastructure assets at fair value was determined by Fitzroy River Water engineers in March 2008.

## Road and Bridge Network

The valuation of road and bridge infrastructure assets at fair value was determined by Rockhampton City Council engineers in March 2008.

## Airport

The valuation of airport infrastructure assets at fair value was determined Rockhampton City Council engineers in March 2008.

## Other Infrastructure Assets

The valuation of other infrastructure assets (open space furniture and utilities, water features, watering systems, pathway structures, and waterway facilities) at fair value was determined by independent valuation in June 2006.

## Heritage and Cultural Assets

Heritage and cultural assets (artworks and the heritage village attraction) are valued at fair value as determined by independent valuation in July 2006.

<b>18. Intangible assets</b>			
	<b>Notes</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
<b>Computer software</b>			
Opening gross carrying value		243,134	234,680
Acquired at cost		342,650	8,454
		585,784	243,134
<b>Accumulated amortisation</b>			
Opening balance		139,084	91,350
Amortisation in the period		34,410	47,734
		173,494	139,084
Net carrying value at the period end		412,290	104,050
Estimated useful life - 5 to 10 years. Straight line amortisation has been used with no residual value.			
<b>19. Trade and other payables</b>			
<b>Current</b>			
Creditors and accruals		7,144,792	5,074,242
GST payable		243,938	441,155
Employee related tax payable		32,256	32,256
Annual leave		2,381,206	2,196,813
Sick leave		40,616	46,516
Long service leave		924,487	967,103
Other accrued leave		918,192	895,989
		11,685,487	9,654,074
<b>Non-current</b>			
Annual leave		1,462,585	1,554,770
Sick leave		467,959	476,786
Long service leave		5,238,761	5,480,255
		7,169,305	7,511,811
<b>20. Borrowings</b>			
<b>Bank overdraft</b>			
Council does not have a bank overdraft facility.			
<b>Unsecured borrowings</b>			
Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollar denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 12 May 2011 to 10 June 2022. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.			
<b>Details of borrowings at balance date are:</b>			
<b>Current</b>			
Queensland Treasury Corporation		6,128,589	4,902,997
<b>Non-current</b>			
Queensland Treasury Corporation		43,560,265	47,972,113
<b>Details of movements in borrowings:</b>			
Queensland Treasury Corporation			
Opening balance		52,875,110	48,959,779
Loans raised		-	9,106,664
Principal repayments		(3,186,256)	(5,191,333)
<b>Book value at period end</b>		<b>49,688,854</b>	<b>52,875,110</b>
The loan market value at the reporting date was \$47,963,401. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its full term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. Borrowings are all in Australian dollars and are underwritten by the Queensland State Government.			
<b>Secured borrowings</b>			
Council has no secured borrowings.			

<b>21. Provisions</b>			
	<i>Notes</i>	<i>1 July 2007 to 14 March 2008 \$</i>	<i>2007 \$</i>
<b>Refuse site restoration provision</b>			
Opening balance		1,319,217	1,341,097
Increase in provision - borrowing cost		57,775	77,648
Increase (decrease) in provision - change in discount rate		46,884	(99,528)
Balance at the end of year		1,423,876	1,319,217
This is the present value of the estimated future cost of restoring the Lakes Creek Landfill site under the State Government environmental regulations at the end of its useful life. The projected total future cost is \$4,125,000 and this cost is expected to be progressively incurred over the period 2014 to 2043.			

<b>22. Capital</b>			
Balance at beginning of period		455,437,729	444,513,620
Adjustment arising from correction of error in property, plant and equipment	34	-	84,370
		455,437,729	444,597,990
<b>Adjustments from (to) retained surplus:</b>			
Transfer from retained surplus capital income in the period		140,250	2,676,885
Transfer to retained surplus capital expenses in the period		(2,339,633)	(3,608,417)
Transfer from retained surplus non monetary capital revenue		738,304	4,614,789
Transfer from the retained surplus revenue expended on capital assets		4,929,281	-
Unspent capital revenue transferred to retained surplus		-	(1,789,743)
Transfer to retained surplus for unfunded depreciation		(1,060,459)	-
Total transfers from (to) retained surplus		2,407,743	1,893,514
<b>Adjustments from (to) reserves:</b>			
Transfer from the unspent depreciation fund reserve		-	354,319
Transfer from (to) the unspent loan capital fund reserve		1,405,316	(23,895)
Transfers from the constrained works reserve		912,394	3,411,141
Transfers from the airport development reserve		51,745	3,408,107
Transfers from the special projects reserve		604,183	1,729,953
Transfers from the new plant reserve		203,690	66,600
Total transfers from (to) reserves		3,177,328	8,946,225
Balance at end of period		461,022,800	455,437,729

<b>23. Capital cash reserves</b>			
These reserves are part of capital and represent cash held at the reporting date restricted to the future funding of capital assets.			
<b>Unspent depreciation fund reserve</b>			
Opening balance		-	354,319
Cash expended in period		-	(354,319)
Balance at end of period		-	-
<b>Unspent loan capital fund reserve</b>			
Opening balance		1,889,077	1,865,182
Cash (expended) unspent in period.		(1,405,316)	23,895
Balance at end of period		483,761	1,889,077
Total capital cash reserves		483,761	1,889,077



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 24. Asset revaluation reserve

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Movements in the asset revaluation reserve were as follows:</b>			
Balance at beginning of period		426,694,377	221,640,132
<b>Net adjustment to non-current assets at end of period to reflect a changing current fair value:</b>			
Land and improvements		36,918,998	-
Buildings		13,550,654	-
Road and bridge network		45,843,908	174,952,918
Water infrastructure		11,794,226	26,979,838
Sewerage infrastructure		1,836,431	215,486
Airport infrastructure		3,347,548	1,142,543
Heritage and cultural assets		-	1,763,460
Balance at end of the year		539,986,142	426,694,377
<b>Asset revaluation reserve analysis</b>			
<b>The closing balance of the asset revaluation reserve is comprised of the following asset categories:</b>			
Land and improvements		58,044,749	21,125,751
Buildings		27,370,625	13,819,971
Road and bridge network		338,230,911	292,387,003
Water infrastructure		106,464,221	94,669,995
Sewerage infrastructure		2,387,623	551,192
Airport infrastructure		4,490,091	1,142,543
Other infrastructure assets		1,234,462	1,234,462
Heritage and cultural assets		1,763,460	1,763,460
		539,986,142	426,694,377

## 25. Retained surplus

### Movement in retained surplus

Retained surplus at the beginning of period		3,175,903	3,161,772
Net result attributable to Council		11,650,721	8,561,713
		14,826,624	11,723,485
<b>Transfers (to) from capital account:</b>			
Transfer of capital income		(140,250)	(2,676,885)
Transfer of capital expenses		2,339,633	3,608,417
Non monetary capital revenue		(738,304)	(4,614,789)
General revenue used for capital funding purposes		(4,929,281)	-
Unspent capital revenue transferred from capital		-	1,789,743
Adjustment for unfunded depreciation		1,060,459	-
Net capital account transfers		(2,407,743)	(1,893,514)
Transfer to the constrained works reserve		(1,741,617)	(4,239,261)
Retained surplus available for transfer to reserves		10,677,264	5,590,710
<b>Transfers to reserves for future capital funding purposes:</b>			
Airport development reserve		(838,840)	(1,547,981)
Special projects reserve		(99,369)	(364,397)
New plant reserve		(270,032)	(297,297)
<b>Transfers to reserves for future general funding purposes:</b>			
Asset maintenance reserve		(315,213)	(205,132)
Retained surplus at period end		9,153,810	3,175,903

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

26. Other reserves			
	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Summary of reserves held for funding future capital expenditure:</b>			
Constrained works reserve		4,883,691	4,054,468
Airport development reserve		11,873,282	11,086,187
Special projects reserve		6,878,510	7,383,324
New plant reserve		2,637,323	2,570,981
Disaster relief reserve		21,956	21,956
		26,294,762	25,116,916
<b>Summary of reserves held for funding future recurrent expenditure:</b>			
Asset maintenance reserve		1,732,853	1,417,640
Total other reserves		28,027,615	26,534,556
<b>Movements in capital reserves are analysed as follows:</b>			
<b>Constrained works reserve</b>			
Balance at the beginning of period		4,054,468	3,226,348
Transfer from retained earnings grants, subsidies and contributions received in the year for which Council has an obligation to spend on specific capital projects		1,510,687	3,846,837
Transfer to the capital account funds expended in the period		(912,394)	(3,411,141)
Transfers from retained earnings		230,930	392,424
Balance at end of period		4,883,691	4,054,468
<b>Airport development reserve</b>			
Balance at the beginning of period		11,086,187	12,946,313
Transfer from retained earnings for future expenditure		838,840	1,547,981
Transfer to the capital account funds expended in the period		(51,745)	(3,408,107)
Balance at end of period		11,873,282	11,086,187
<b>Special projects reserve</b>			
Balance at the beginning of period		7,383,324	8,748,880
Transfer from retained earnings for future expenditure		1,549,585	1,687,539
Transfer to the capital account funds expended in the period		(604,183)	(1,729,953)
Transfer to retained earnings		(1,450,216)	(1,323,142)
Balance at end of period		6,878,510	7,383,324
<b>New plant reserve</b>			
Balance at the beginning of period		2,570,981	2,340,284
Transfer from retained earnings for future expenditure		270,032	297,297
Transfer to the capital account funds expended in the period		(203,690)	(66,600)
Balance at end of period		2,637,323	2,570,981
<b>Disaster relief reserve</b>			
Balance at the beginning of period		21,956	21,956
Balance at end of period		21,956	21,956
<b>Movements in recurrent reserves are analysed as follows:</b>			
<b>Asset maintenance reserve</b>			
Balance at the beginning of period		1,417,640	1,212,508
Transfer from retained earnings for future expenditure		1,129,064	791,411
Transfer to retained earnings		(813,851)	(586,279)
Balance at end of period		1,732,853	1,417,640

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 27. Commitments for expenditure

	Notes	1 July 2007 to 14 March 2008 \$	2007 \$
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		5,801	15,683
Later than one year but not later than five years		8,122	12,763
		13,923	28,446

## 28. Events after balance date

Other than as disclosed in Note 1.07, there were no material events subsequent to balance date.

## 29. Contingent liabilities

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

Under approval from Queensland Treasury, Council has guaranteed a loan to the Berserker Soccer Club Inc (\$19,891) and the Diggers Memorial Bowls Club (\$826) at reporting date.		20,717	25,768
Rockhampton City Council is a member of the local government self-insurance scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and because of insufficient funds being available to cover outstanding liabilities.			
Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure is:		1,317,210	1,164,850

## 30. Superannuation

Rockhampton City Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme. Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee Benefits. Council has no liability to or interest in the scheme other than the payment of the statutory contributions. Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of Council. Accordingly there is no recognition in the financial statements of any over or under-funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability for Council has been recognised as at the reporting date in respect of superannuation benefits for its employees.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at the 30 June 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

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 amount of superannuation contributions paid by Rockhampton City Council to the superannuation scheme in the year for the benefit of employees was:		2,836,670	3,292,983
Rockhampton City Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the year was:		64,929	85,142
<b>Total superannuation contributions</b>		<b>2,901,599</b>	<b>3,378,125</b>

## 31. Trust funds

Monies collected or held on behalf of another entity yet to be paid out to or on behalf of that entity		2,360,227	2,323,267
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The Rockhampton City Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.

<b>32. Reconciliation of net result to net cash inflow from operating activities</b>			
	<b>Notes</b>	<b>1 July 2007 to 14 March 2008 \$</b>	<b>2007 \$</b>
Net result attributable to Council		11,650,721	8,561,713
<b>Non-cash operating items:</b>			
Depreciation and amortisation	11	16,977,357	22,153,078
Change in restoration provisions expensed to finance costs	21	57,775	77,648
		17,035,132	22,230,726
<b>Investing and development activities:</b>			
Capital income	6	(140,250)	(2,676,885)
Capital expenses	12	2,339,633	3,608,417
		2,199,383	931,532
<b>Financing activities:</b>			
Capital grants, subsidies and contributions	5	(2,248,991)	(8,461,626)
		(2,248,991)	(8,461,626)
<b>Changes in operating assets and liabilities:</b>			
Decrease (increase) in receivables		(1,192,860)	(1,211,634)
Increase in inventories (excluding land)		(7,781)	(113,151)
Decrease (increase) in other operating assets		328,181	(462,507)
Increase in payables		1,688,907	2,998,977
		816,447	1,211,685
Net cash inflow from operating activities		29,452,692	24,474,030

### 33. Contingent assets

- (i) Council has an agreement with Primary Industries Qld Pty Ltd for a lease over a portion of Council's land. The lessee has agreed as part of the agreement to construct fixtures upon the land for their own purpose. It is envisaged that an amount of \$3,830,000 will be expended on this construction.
- Council's obtaining control of this asset is contingent upon the expiration/surrender of the lease agreement. Until such time that the buildings revert back to Council control they will not be included in Council's non-current assets. No value is applied as at the reporting date to the contingent asset as the value can not be reliably measured. The agreement commenced on

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

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

- (ii) Council has an agreement with Fun Pty Ltd for a lease over a Council controlled reserve known as the 42nd Battalion Pool. The lease was transferred from The Ireland Group Pty Ltd to Fun Pty Ltd on 21 September 2006. The lessee/s have agreed as

part of the agreement to construct fixtures upon the land for their own purpose. It has been agreed that a sum of \$3,467,000 will be expended in additions and refurbishments over the term of the lease.

Council obtaining control of this asset is contingent upon the expiration/surrender of the lease agreement. Until such time that the fixtures revert back to Council control they will not be included in Council's non-current assets. It is anticipated that at the expiration of the lease the fixtures will have depreciated substantially.

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

<b>34. Correction of error</b>			
In the process of valuing Council assets at 14 March 2008 it was discovered that recognition errors had been made in previous financial reports. The errors have been corrected, as required by the Australian Accounting Standards, by adjusting the opening balances at 1 July 2006 and the comparative amounts for 2006 - 2007.			
<b>The effect on the comparative financial statements is as follows:</b>			
Increase in property, plant and equipment		-	83,163
Increase in capital		-	(83,163)
Increase in depreciation charge		-	1,207
Decrease in net result attributable to Council		-	(1,207)
<b>Details of property plant and equipment corrections:</b>		<b>At 30 June 2007</b>	<b>At 1 July 2006</b>
Gross value of assets adjusted	17	86,748	86,748
Accumulated depreciation	17	(3,585)	(2,378)
Net value (adjusted to capital)	22	83,163	84,370

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 35. Financial risk management

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

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

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

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

### Credit risk

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

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

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

Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparts.

Deposits are capital guaranteed. Other investments are held with highly rated and regulated financial institutions 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 recognized financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

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

Financial assets		1 July 2007 - 14 March 2008 \$	2007 \$
Cash & cash equivalents- bank		11,125,845	14,180
Cash & cash equivalents - QTC		29,307,545	17,059,602
Cash & cash equivalents - other ADI		3,000,000	20,668,782
Receivables - rates		4,384,826	3,309,054
Receivables - other		4,030,076	3,912,988
Total		51,848,292	44,964,606

### Past due or impaired

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

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

	Fully Performing	Past due Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
	\$	\$	\$	\$	\$	\$	\$
Receivables	3,857,485	2,764,378	153,836	79,589	1,632,960	(73,346)	8,414,902



# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 35. Financial risk management (continued)

### Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Corporation 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 21.

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management.

The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

<i>Financial Liabilities</i>	<i>0 to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
14 March 2008	14,335,961	27,630,162	38,820,388	80,786,511
30 June 2007	10,009,139	24,551,010	31,379,046	65,939,195

### Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

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

Council does not undertake any hedging of interest rate risk.

### Interest rate sensitivity analysis

The following 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.

	<i>Net carrying amount</i>		<i>Profit</i>		<i>Equity</i>	
	<i>14 March 2008</i>	<i>30 June 2007</i>	<i>14 March 2008</i>	<i>30 June 2007</i>	<i>14 March 2008</i>	<i>30 June 2007</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Financial assets	32,307,545	37,728,384	323,075	377,284	323,075	377,284
Financial liabilities	49,688,854	52,875,110	496,889	528,751	496,889	528,751
Net impact	-	-	(173,813)	(151,467)	(173,813)	(151,467)

# Notes to the Financial Statements

For the period 1 July 2007 to 14 March 2008

## 36. National Competition Policy

### (a) Type 1 and type 2 activities

Definitions of type 1 and 2 activities:

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

A significant business activity where the threshold expenditure has been set by the Minister for the year ended 30 June 2007 is as follows:

Type 1:

(a) for water and sewerage combined activities - \$36.4 million

(b) for other activities - \$21.8 million

Type 2:

(a) for water and sewerage combined activities - \$10.9 million

(b) for other activities - \$7.3 million

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

Fitzroy River Water

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

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

(a) Roads business activity, which covers:

- i. the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- ii. submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

(b) Other business activity, which covers:

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

These business activities are referred to as type three activities.

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

The CSO value is determined by Council, and represents a cost which would not be incurred if the activity's primary objective was to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by Council. Notwithstanding CSO's, Council is committed to operating the following activities as business activities in accordance with the CCC:

- Rockhampton Airport
- Building Private Certification
- Venues and Events
- Waste Management Services
- Fleet and Workshop
- Road and Bridge Network
- Private Works
- Main Roads
- Showgrounds
- Heritage Village
- City Occasional Child Care

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

*The following table summarises the financial results for these activities, including competitive neutrality adjustments if applicable. This is a summary only. Full information is available for inspection at the Council offices.*

	<b>Rockhampton Airport</b>		<b>Building Private Certification</b>		<b>Venues and Events</b>	
	14 March 2008 \$	2007 \$	14 March 2008 \$	2007 \$	14 March 2008 \$	2007 \$
Revenue for services provided to Council	-	-	-	-	-	-
Revenue for services provided to external clients	5,277,545	5,960,229	130,510	708,838	1,668,889	2,335,609
Community service obligations	-	-	-	-	1,091,258	1,560,157
	5,277,545	5,960,229	130,510	708,838	2,760,147	3,895,766
Less: Expenditure	4,243,255	4,476,512	282,275	649,269	2,760,147	3,895,766
Surplus (deficiency)	1,034,290	1,483,717	(151,765)	59,569	-	-
	<b>Waste Management Services</b>		<b>Fleet and Workshop</b>		<b>Road and Bridge Network</b>	
Revenue for services provided to Council	-	-	6,335,446	8,348,479	3,110,513	3,206,801
Revenue for services provided to external clients	6,939,430	7,120,558	-	-	-	-
Community service obligations	-	-	-	-	-	-
	6,939,430	7,120,558	6,335,446	8,348,479	3,110,513	3,206,801
Less: Expenditure	5,351,656	6,448,898	6,335,446	8,348,479	3,110,513	3,206,801
Surplus (deficiency)	1,587,774	671,660	-	-	-	-
	<b>Private Works</b>		<b>Main Roads</b>		<b>Showgrounds</b>	
Revenue for services provided to Council	-	-	-	-	-	-
Revenue for services provided to external clients	531,451	509,224	2,039,035	1,163,950	158,727	468,045
Community service obligations	-	-	-	-	455,974	795,780
	531,451	509,224	2,039,035	1,163,950	614,701	1,263,825
Less: Expenditure	588,344	567,778	2,362,321	1,224,981	614,701	1,263,825
Surplus (deficiency)	(56,893)	(58,554)	(323,286)	(61,031)	-	-
	<b>Heritage Village</b>		<b>City Occasional Child Care</b>			
Revenue for services provided to Council	-	-	-	-		
Revenue for services provided to external clients	428,472	580,850	246,580	386,707		
Community service obligations	526,935	612,436	86,939	102,221		
	955,407	1,193,286	333,519	488,928		
Less: Expenditure Surplus (deficiency)	955,407	1,193,286	333,519	488,928		

**(d) Details of community service obligations paid during the reporting period to business activities:**

<b>Activities</b>	<b>CSO description</b>	<b>Actual \$</b>
Fitzroy River Water	Sewerage	
	Combined Line Charges (Operating)	22,796
	Combined Line Charges (Capital)	59,062
	Raising Manholes (Capital)	259,483
	Total	341,341
Venues and Events	Provision of community facilities at affordable pricing	1,091,258
Showgrounds	Provision of community facilities at affordable pricing	455,974
Heritage Village	Provision of community facilities at affordable pricing	526,935
City Occasional Child Care	Provision of community facilities at affordable pricing	86,939

## INDEPENDENT AUDITOR'S REPORT

**To the Mayor of the Rockhampton Regional Council**

### **Matters Relating to the Electronic Presentation of the Audited Final Financial Report**

The auditor's report relates to the final financial report of the former Rockhampton City Council for the final period ended 14 March 2008 included on Rockhampton Regional Council's website. The Rockhampton Regional Council is responsible for the integrity of the Rockhampton Regional Council's website. I have not been engaged to report on the integrity of the Rockhampton Regional Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the final financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited final financial report, available from Rockhampton Regional Council, to confirm the information included in the audited final financial report presented on this website.

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

### **Report on the Final Financial Report**

I have audited the accompanying final financial report of the former Rockhampton City Council, which comprises the balance sheet as at 14 March 2008, and the income statement, statement of changes in equity and cash flow statement for the final period ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

#### *The New Regional Council's Responsibility for the Final Financial Report*

The new Regional Council is responsible for the preparation and fair presentation of the final financial report in accordance with the *Local Government Act 1993*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the final financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

### *Auditor's Opinion*

In accordance with the *Local Government Act 1993* I have audited the former Council's final financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this final financial report have been complied with in all material respects; and
  - (ii) the final financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the former Rockhampton City Council for the final period 1 July 2007 to 14 March 2008 and of the financial position as at the end of that final period.

### *Emphasis of Matter – Local Government Amalgamation*

Without qualification to the opinion expressed above, attention is drawn to Note 1.07 in the final financial report which identifies that pursuant to Chapter 3, Part 1B of the *Local Government Act 1993* and in accordance with *Local Government Report Implementation Regulation 2008*, the former Rockhampton City Council was amalgamated into the new Rockhampton Regional Council effective from 15 March 2008. All assets and liabilities of the former Council immediately before the changeover day were transferred to the new Council on the changeover day at the values reported in the balance sheet, in accordance with the requirements of the Regulation. Accordingly, this final financial report has been prepared on a basis that is consistent with a going concern basis.



D J Byram, CPA  
Acting Director of Audit  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane



## ROCKHAMPTON CITY COUNCIL

### FINANCIAL STATEMENTS

for the period 1 July 2007 to 14 March 2008

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### MANAGEMENT CERTIFICATE

for the final period 1 July 2007 to 14 March 2008

This final general purpose financial report of the former Rockhampton City Council has been prepared by Rockhampton Regional Council pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005*, Section 33 of the *Local Government Reform Implementation Regulation 2008* and other prescribed requirements.

We certify that:-

- (i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and
- (ii) the final financial statements for the final period 1 July 2007 to 14 March 2008 and supporting notes as set out on pages 6 to 40 present the former Rockhampton City Council's income, equity, balances and cash flows as required by the *Local Government Act 1993*.



B. N. Carter

Mayor

Rockhampton Regional Council

Date: 22 / 8 / 08



A. T. Dawson

Chief Executive Officer

Rockhampton Regional Council

Date: 22 / 8 / 08

# Information Required Under the Act

## Councillors Remuneration

At a Special Council meeting on 6 September 2004 with subsequent amendments made on 7 February 2005, it was resolved:

THAT Council, having regard to the Local Government Act 1993 and in particular to:

- Chapter 4 - Part 2 – Councillors' Roles
- Chapter 4 - Part 3 - Entitlements and Obligations

resolves to authorise the payment to Councillors of remuneration for their services for the period 2004-2008 in accordance with the remuneration system set out below which has been formulated to remunerate Councillors for the following:

1. Council Meetings;
2. Committee Meetings;
3. meetings concerning Local Government and community matters;
4. deputations, inspections, conferences, training and educational seminars in relation to duties as Councillors;
5. travel, sustenance and accommodation expenses for Councillors; and
6. all other matters relating to the carrying out by Councillors of their duties, with the remuneration system being adopted to take into account the following:
  - i. time required to carry out the duties of a Councillor;
  - ii. complexity of Local Government and civic affairs;
  - iii. attention to and management of the processes of change in Local Government;
  - iv. degree of responsibility and judgement required to act as Councillor; and
  - v. telephone, electronic communications and motor vehicle expenses associated with the carrying out of duties as a Councillor.

### PART A – PURPOSE

To provide monetary compensation for Councillors' duties and responsibilities as set out above and in the case of the Mayor, Deputy Mayor and Committee Chairpersons, to provide for their additional responsibilities relating to administrative and civic activities.

### PRINCIPLE/BASIS OF REMUNERATION

The system has been based upon a comparison of the duties of a Councillor with those of a member of the Queensland Legislative Assembly and an assessment of the relationship between the respective roles and responsibilities.

AMOUNT (Note: All figures shown below are as at 14 March 2008)

1.
  - i. The amounts of the annual remuneration are based on the above principle and are assessed as percentages of the base salary of a member of the Queensland Legislative Assembly (\$126,560), as amended from time to time during the currency of the policy:  
  
Deputy Mayor 45% (\$56,952)  
Committee Chairperson 40% (\$50,624)  
Councillor 35% (\$44,296)
  - ii. The amount of the annual remuneration of the Mayor is based on the above principle and is assessed as a percentage of the base salary of a Minister of the Crown (\$204,884), as amended from time to time during the currency of the policy.  
  
Mayor 63.07% (\$129,220.34)
  - iii. If the Mayor is continuously away from the City or is unable, for any reason, to act in the capacity of Mayor for more than five (5) days, any Councillor who acts as Mayor during the period of the Mayor's absence will be paid an Acting Mayoral allowance for each day that the Councillor so acts. The amount of remuneration applicable to the Acting Mayor role is assessed as a percentage of the base salary of a member of the Queensland Legislative Assembly (\$126,560), as amended from time to time during the currency of the policy and paid on a pro-rata basis.

Acting Mayor 100% (\$126,560)

2. The Mayor shall continue to receive the above allowance for the full year notwithstanding that he/she may take leave of absence from his/her duties (endorsed via a Council resolution including specifically the dates of the leave taken) for a period of up to and including five (5) weeks per annum (cumulative) to a maximum of twenty (20) weeks. This leave entitlement shall only apply during the current term

of Council (from statutory meeting to the declaration of the poll at the conclusion of the next election) and can be utilised as an accumulated maximum entitlement (e.g. 100 days in one year) at any point during the term.

3. Councillors, Committee Chairpersons and the Deputy Mayor shall continue to receive the above allowances for the full year, notwithstanding that they may take leave of absence from their duties for a period of up to and including four (4) weeks per annum (cumulative) to a maximum of sixteen (16) weeks. This leave entitlement shall only apply during the current term of Council (from statutory meeting to the declaration of the poll at the conclusion of the next election) and can be utilised as an accumulated maximum entitlement (e.g. 80 days in one year) at any point during the term.
4. Councillors shall continue to receive the above allowance for the full year notwithstanding that he/she may take sick leave from his/her duties (endorsed via a doctor's certificate) for a period of up to and including fifteen (15) days per annum (cumulative) to a maximum of sixty (60) days. This leave entitlement shall only apply during the current term of Council (from statutory meeting to the declaration of the poll at the conclusion of the next election) and can be utilised as an accumulated maximum entitlement (e.g. 60 days in one year) any point during the term.
5. In circumstances where a Councillor has exhausted their sick leave entitlements during the course of the term (60 days in total), they can utilise their other leave of absence entitlements (if available) to compensate for an extended illness period that may befall them.
6. In circumstances where a Councillor has exhausted all their sick leave and leave of absence entitlements prior to the end of term, then all salary entitlements will be suspended immediately. It will be at Council's full discretion to reconsider the reintroduction of salary entitlements once Councillor resumes regular Council meeting attendance.
7. A register of leave of absence taken by Councillors will be maintained by the Corporate Support section via a quarterly reconciliation report utilising Council and Committee Meeting

# Information Required Under the Act

## Councillors Remuneration

minutes. A copy of this report will be presented to Councillors for their records once completed.

8. Where, at the conclusion of the term of office of the Mayor or a Councillor, the whole of their applicable leave of absence entitlements (excluding sick leave) to which he or she would have been entitled without loss under Sections 2 and 3 has not been taken, he or she is entitled to an additional payment. This payment will be a pro-rata payment based on the existing term and shall be paid out at the annual salary figure for either the Mayor or Councillor at the time of either death, resignation or at the conclusion of the next quadrennial elections.
9. If a Councillor retires or is defeated at the poll, he/she shall be entitled to a gold pen and a Rockhampton City Council plaque suitably engraved with name, term of office, Chairpersonship (if applicable) and any highlighted achievements. These awards acknowledge dedication and commitment to the office of Local Government Councillor and shall apply to Councillors that have served one complete term of office or greater.
10. The remuneration fixed in No.1 above will be all inclusive for the four (4) year term of office and no additional remuneration will be payable to Councillors for sick leave, annual leave, personal leave etc. or other benefits unless specifically identified in this policy.
11. The Mayor shall be entitled to a motor vehicle as approved by Council, to be supplied and maintained by the Council for full and unrestricted use.
12. Councillors shall be entitled to superannuation benefits on the same basis as those applying to Council staff from time to time and subject to the provisions of the Local Government Act 1993.
13. Councillors shall be entitled to workers' compensation insurance cover, to the extent possible under the relevant legislation and the Local Government Act 1993.
14. Councillors shall be entitled to personal accident insurance coverage whilst in the course of official duties for capital benefits totalling \$500,000 each and in the case of the Mayor \$1,000,000.

15. Councillors shall be entitled to payment of all official expenses incurred in relation to attendance by them at authorised (via Council resolution) conferences, seminars, deputations, meetings, workshops etc.

- (i) Councillors (excluding the Mayor) shall be entitled to a maximum payment of a fee of 0.22% per day of the salary (excluding allowances) (\$278.43) of a member of the Queensland Legislative Assembly for each day, or part of a day, of attendance at an authorised (via Council resolution) conference, deputation, seminar, meeting, workshop or other similar activity (minimum 4 hours).
- (ii) Councillors (excluding the Mayor) be paid travel expenses equivalent to a fee of 0.22% of the salary (excluding allowances) (\$278.43) of a member of the Queensland Legislative Assembly for travel time (eg. if travel time to attend an authorised (via Council resolution) conference/seminar/meeting is two (2) hours or greater (example vehicle travel to and from Duaringa would qualify)), a fee of 0.22% per day of the salary (excluding allowances) (\$278.43) of a member of the Queensland Legislative Assembly be paid to recognise the disruption to a Councillor's normal business day.

16. Councillors shall be entitled to a maximum payment of a telephone allowance set at 2.445% per annum of the salary (excluding allowances) (\$3,094.39) of a member of the Queensland Legislative Assembly. The Mayor shall be entitled to the payment of rental and all calls on one (1) telephone at his/her private residence and all costs associated with a mobile phone.

17. All Councillors shall be provided with and maintained fully by Council appropriate computer equipment and computer communication devices (together with the reimbursement of rental and Council business calls made through that device) to assist in carrying out their roles.

18. In circumstances where Councillors utilise their own personal computer equipment and computer communication devices, all business related costs shall be fully reimbursed by Council.

19. Councillors shall be entitled to payment of a motor vehicle allowance of 3.912% per annum of the salary (excluding allowances) (\$4,951.03) of a member of the Queensland Legislative Assembly. The Deputy Mayor shall be entitled to a motor vehicle allowance of 4.162% per annum of the salary (excluding allowances) (\$5,267.43) of a member of the Queensland Legislative Assembly.

20. Council will provide travel, sustenance and accommodation expenses for Councillors necessary to attend authorised conferences, deputations, seminars, meetings, workshops or other similar activity. Council will reimburse those expenses for travel, sustenance and accommodation necessarily incurred by Councillors when this has been done in lieu of being provided direct by Council.

The provision of reimbursement of expenses (inclusive of GST) will be in accordance with the following:

- (a) Conference Registrations – when a conference/seminar/workshop is attended and Councillors are authorised to attend by way of a Council resolution – registration costs shall be paid by Council
- (b) Accommodation – at the best practical price and where possible at or near the conference centre.

### Cost of food while travelling:

Breakfast	\$30
Lunch	\$25
Dinner	\$40

### Daily costs where not covered by conference registration:

Breakfast	\$30
Lunch	\$25
Dinner	\$50

The individual meal costs can vary provided the total cost does not exceed \$100 per day.

Incidentals to include telephone calls, refreshments, mini bar, reading materials and minor consumables are not to exceed \$20 per day. In circumstances where Cabcharge is not used, taxi fares (relating to conference travel only) are reimbursed on production of a receipt/s.

21. If a Councillor is absent from three (3) consecutive weeks of meetings which he or she is required to

# Information Required Under the Act

## Councillors Remuneration

attend as a Councillor or committee member, without express leave from Council or the committee concerned (including sick leave), the Councillor is not entitled to remuneration for the period from and including the first absence up to and including the last absence unless Council otherwise decides. In accordance with s 452 of the Local Government Act 1993, Council hereby establishes a Council Remuneration Review Committee consisting of the Mayor, Deputy Mayor and Councillor Swadling, and hereby delegates to that committee the power to waive the loss of remuneration, wholly or in part. Where a Councillor loses an entitlement to remuneration due to unauthorised absence as specified above, the Remuneration Review Committee must give the Councillor an opportunity to make submissions to the committee as to why his or her remuneration should continue to be paid, in whole or in part, despite the absence. The committee must consider any submissions and consult with the Chief Executive Officer before making its decision. Where the Councillor concerned is a member of the Remuneration Review Committee, the Councillor must stand down and the committee may not act until a replacement member is appointed by Council to be a member of the committee for the determination of that particular matter.

22. To ensure a level of continuity in civic service, all incumbent Councillors will still receive remuneration from election day up to and including the declaration of the poll for either the Mayoralty or the individual Councillor for each division.

23. In relation to the Mayor Elect and the Councillors Elect, their remuneration will commence from the date the election has been concluded (section 371 of the Local Government Act 1993, - Declaration of the Poll).

24. This remuneration resolution and all elements of the remuneration package will take effect from the day after it is formally authorised by Council in accordance with sections 237 and 465 of the Local Government Act 1993 and will supersede any other remuneration policy decisions made prior to this date.

### PART B

The reasons for adopting the above remuneration system are:

1. That Council considers that Rockhampton City Councillors' roles are related to those of members of the Queensland Legislative Assembly with the relationships being assessed as set out in Part A (1) above.
2. Council considers that Rockhampton City Councillors are entitled to be remunerated for their time and effort in attending to their duties as described in this policy and that the amounts involved recognise this time and effort and the interruption to their personal lives associated with the carrying out of their duties.

### Councillors' Code of Conduct and Complaints Process

S534(1) (n) LGA 1993

Description	TOTAL
1. The total number of breaches of the Local Government's Code of Conduct committed by Councillors as decided during the year.	0
2. The name of each Councillor decided during the year to have breached the code, a description of how the code was breached, and details of any penalty imposed on the Councillor.	0
3. The number of complaints about alleged code of conduct breaches by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year under chapter 4 part 3A of the Local Government Act 1993.	0
4. The number of recommendations made to the Local Government by the conduct review panel during the year were adopted, or not adopted	0
5. The number of complaints resolved under the Local Government's General Process Complaints Process during the year, and the number of those complaints that related to an alleged breach by a Councillor of the Code of Conduct.	0
6. The number of complaints made to the Ombudsman, and notified to the Local Government during the year about decisions made by the Local Government in relation to enforcement of its Code of Conduct.	0



# Roles of Council Committees

The committee system allows Councillors to focus on issues by allocating sufficient time for debate, discussion and effective decision-making. Minutes are taken of all meetings – an important factor in evidencing the transparency of the decision making process and good governance practices.

## Standing Committees

### Rockhampton Airport Management Committee

The committee is dedicated entirely to Airport matters.

Committee Members:

- Deputy Mayor Cr Jim Webber (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Tom Moore
- Cr Greg Belz
- Cr Rod Green
- Cr Tony Williams
- Cr Graeme Brady

### Chief Executive Officer Performance Review Committee

Responsible for reviewing the performance of the Chief Executive Officer.

Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Deputy Mayor Cr Jim Webber
- Cr Graeme Brady
- Cr Cherie Rutherford

### Community Services Committee

Responsible for all matters relating to Community Information and Planning (incorporating Libraries, Aged Services, Youth Services, Social Planning, Multi-cultural Services and Community Development), Arts and Cultural Services (incorporating RADF and operations of the Customs House, Art Gallery and Walter Reid Centre), Heritage Services, Archer Park, Venues and Events (incorporating operations of the Pilbeam Theatre, Music Bowl, Wool Shed and major events).

Committee Members:

- Cr Rose Swadling (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Stephen Schwarten
- Cr Tony Williams
- Cr Cherie Rutherford
- Cr Rod Green

### Councillor Remuneration Review Committee

Responsible for reviewing issues regarding Councillors' remuneration.

Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Deputy Mayor Cr Jim Webber
- Cr Rose Swadling

### Environmental Services Committee

Responsible for all matters relating to Environmental Health, Public Health, Waste Management, Local Laws, Animal Control, Vector Control.

Committee Members:

- Cr Tony Williams (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Greg Belz
- Cr John Broad
- Cr Cherie Rutherford
- Cr Tom Moore
- Cr Rod Green

### Finance Committee

Responsible for all financial and property matters and has delegated authority under section 472 of the Local Government Act 1993 to expedite decision-making as the Committee deems appropriate.

Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Deputy Mayor Cr Jim Webber
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Stephen Schwarten
- Cr John Broad
- Cr Tony Williams
- Cr Greg Belz
- Cr Cherie Rutherford
- Cr Tom Moore
- Cr Rod Green

### Fitzroy River Water Management Committee

Responsible for all matters relating to Council's commercial business activity, Fitzroy River Water and its operations (water supply processing, sewerage, reticulation and construction, projects and maintenance).

Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Deputy Mayor Cr Jim Webber
- Cr John Broad
- Cr Tony Williams
- Cr Cherie Rutherford
- Cr Rod Green

### General Purposes Committee

Responsible primarily for matters relating to governance and corporate services as well as policy development and review, risk management, strategic planning and other corporate issues.

Has delegated authority under section 472 of the Local Government Act 1993 to expedite decision-making as the Committee deems appropriate.

Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Deputy Mayor Cr Jim Webber
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Stephen Schwarten
- Cr John Broad
- Cr Tony Williams
- Cr Greg Belz
- Cr Cherie Rutherford
- Cr Tom Moore
- Cr Rod Green

### Planning and Development Committee

Responsible for all development approvals including planning, building and subdivision approvals.

Delegated with power to make all approvals to expedite decision-making as it deems appropriate, providing that the Committee's decision is unanimous and all six members are present.

Committee Members:

- Cr Tom Moore (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Graeme Brady
- Cr John Broad
- Cr Tony Williams
- Cr Rod Green

### Parks and Recreation Committee

Responsible for all matters relating to the Kershaw Gardens, Botanic Gardens, Zoo, Memorial Gardens, Cemeteries, Swimming Pools, Rockhampton Showgrounds Complex and other associated matters relating to recreation and sport within the city.

Committee Members:

- Cr John Broad (Chairperson)
- Mayor Cr Margaret Strelow
- Deputy Mayor Cr Jim Webber
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Tony Williams
- Cr Cherie Rutherford
- Cr Tom Moore

### Works Committee

Responsible for all matters relating to Council's Works operations (roadworks/ infrastructure, fleet and workshop and design) excluding traffic and transport matters.

Committee Members:

- Cr Greg Belz (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Tony Williams
- Cr Rod Green



## Advisory Committees

### Access and Equity Advisory Committee

The Committee provides advice to Council in relation to access and equity issues and implementation of the Access and Equity Action Plan.

#### Committee Members:

- Cr Rose Swadling (Chair)
- Ms Jenny Smith, Access Recreation
- Mr Jim Byrne, Community Member
- Mr Mark Bom, Queensland Transport
- Ms Raeleen Bougoure, Representative from Disability Services
- Ms Amelia Evans, Queensland Carers
- Mrs Cheryl Haughton, Manager Community Information & Planning, RCC
- Mr Russell Collins, Senior Works Engineer, RCC
- Mr Ron Robertson, Acting Cemeteries Manager, RCC

### Audit Committee

The Audit Committee provides independent oversight of:

- Financial Reporting
- Corporate Control (Internal Control) & Control Systems
- Audit Function (Internal & External)
- Management Performance
- Corporate Performance
- Ethics/Employee Code of Conduct
- Risk Management
- Monitoring

#### Committee Members:

- Mayor Cr Margaret Strelow (Chairperson)
- Cr Greg Belz
- Cr Tony Williams
- Cr Tom Moore
- Mr Derek Lightfoot

### Citisafe Advisory Committee

Focused on pursuing opportunities to improve safety, security and amenity of public places and commercial areas. Includes responsibility to oversee City Centre Security, CCTV, BSCAT, Street Lighting and Good Neighbour Programs.

#### Committee Members:

- Cr Cherie Rutherford (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Rod Green
- Inspector Wayne Knapp, Queensland Police
- Mr Hal Stone, Crime Prevention QLD, Queensland Police Service
- Mr Warren Wilkinson, Department of Aboriginal & Torres Strait Islander Policy
- Mr Brad Coome, Liquor Licensing Commission

- Mr Rowan Toomey, Stadium Nightclub – Licensed Premises Representative
- Mr Ross Hodda, Regional Security Services

### Industrial and Safety Committee

Considers issues regarding industrial relations, workplace health and safety, human resource policy issues and enterprise bargaining agreement negotiations and implementation.

#### Committee Members:

- Cr Stephen Schwarten (Chairperson)
- Cr Graeme Brady
- Cr Tony Williams
- Mr Bradley Duke, Chief Executive Officer
- Mr Martin Crow, Director Works Services, RCC
- Mr Robert Truscott, Reticulation Manager, Fitzroy River Water
- Mr John Moyle, Works Services – TWU
- Mr Darren Arnold, Works Services – AWU
- Mr Danny Quinn, Fitzroy River Water – CEPU
- Mr John Smith, Works Services - CFMEU

### Traffic Matters Committee

Responsible for all traffic and transport related matters but not including construction and maintenance of infrastructure assets.

#### Committee Members:

- Cr Rod Green (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Rose Swadling
- Cr Graeme Brady
- Cr Greg Belz
- Senior Sergeant Michael McKey, Representative - Queensland Police Service
- Mr Trevor Neumann, Senior Advisor Road Safety, Queensland Transport
- Mr D. Pitchford, Senior Technical Officer, Queensland Department of Main Roads
- Mr Colin Goodsell, Regional Manager Central Qld Representative, RACQ
- Mr Dennis Assay, Rocky Cabs

### Sister City Community Advisory Committee

The Committee's objective is to advise Council on appropriate means by which the Ibusuki Sister City Agreement and Declaration of Friendship Obligations can be discharged.

#### Committee members:

- Mayor Cr Margaret Strelow (Chairperson)
- Cr Rose Swadling
- Cr Jim Webber
- Mr Tony Cullen, Rockhampton Tourist

and Business Information

- Mr Takeshi Mitani, Owners Representative of Iwasaki Sangyo Corporation
- Ms Suzi Blair, Manager of Development, Central Queensland University
- Mr Simon Irwin, Chairman, Rockhampton Regional Development Limited
- Ms Lynne Foley, Regional Executive Director, Education Queensland
- Mrs Jacqui Mackay, ABC Broadcaster
- Ms Lavenia James, President, Central Queensland Multicultural Association
- Mrs Kirsty Stewart, Communications Specialist RCC
- Mr John Tate, Assistant District Governor of Rotary

### Rockhampton Show Organising Advisory Committee

The Committee's objective is to perform an advisory role to Council on the effective and efficient operations and management of the Rockhampton Annual Show.

#### Committee members:

- Cr Graeme Brady (Chairperson)
- Mayor Cr Margaret Strelow
- Cr Rose Swadling
- Cr John Broad
- Cr Cherie Rutherford
- Cr Rod Green
- Mr Darren Lawson, Rocky Idol Competition
- Mr Tony Hoffmann, Show Events (Woodchopping)
- Mr Brad Keyworth, Promotions and Marketing
- Inspector Darren Somerville, Queensland Police Service
- Ms Lorraine White - Volunteers
- Mr Glen Guley, Sections
- Mr Tony Cullen, Rockhampton Tourist & Business Information
- Mr Robert Lang

### Youth Council

Provides a forum for young people to offer input and advice to guide Council decision-making processes.

#### Committee Members:

- Youth Councillor Angela Bube
- Youth Councillor Melissa Crane
- Youth Councillor Anne Dowling
- Youth Councillor Amy-Louise Hamilton
- Youth Councillor Lauren James
- Youth Councillor Liam Keith
- Youth Councillor Kendall Layt
- Youth Councillor Caterina Nicolo
- Youth Councillor Jack Piggott
- Youth Councillor Robert Rooney
- Youth Councillor Kellie West

# Attendance Chart 2007/08

(Ordinary and Special Committee and Council Meetings)

1 July 2007 to 15 March 2008

	<i>ENVIRONMENTAL SERVICES</i>	<i>PLANNING &amp; DEVELOPMENT</i>	<i>PARKS &amp; RECREATION</i>
<b>Total Meetings Held</b>	<b>8</b>	<b>14</b>	<b>9</b>
Mayor Cr Margaret Strelow	5 (1 Council Business) (1 Annual Leave) (1 Apology)	9 (2 Council Business) (3 Annual Leave)	7 (2 Council Business)
Deputy Mayor Cr Jim Webber	-	-	6 (1 Council Business) (2 Annual Leave)
Cr Rose Swadling	-	-	9
Cr Graeme Brady	(1 meeting as an Observer)	14	9
Cr Stephen Schwarten	-	(1 meeting as an Observer)	-
Cr John Broad	7 (1 Apology)	13 (1 Apology)	9
Cr Tony Williams	7 (1 Annual Leave)	14	8 (1 Annual Leave)
Cr Greg Belz	8	-	(1 meeting as an Observer)
Cr Cherie Rutherford	7 (1 Annual Leave)	(1 meeting as an Observer)	6 (2 Annual Leave) (1 Apology)
Cr Tom Moore	8	12 (2 Annual Leave)	7 (2 Annual Leave)
Cr Rod Green	6 (2 Apologies)	12 (2 Apologies)	(3 meetings as an Observer)

	<i>ROCKHAMPTON AIRPORT MANAGEMENT</i>	<i>WORKS</i>	<i>COUNCILLOR REMUNERATION REVIEW</i>
<b>Total Meetings Held</b>	<b>6</b>	<b>6</b>	<b>0</b>
Mayor Cr Margaret Strelow	4 (1 Annual Leave) (1 Leave of Absence)	3 (1 Council Business) (1 Annual Leave) (1 Apology)	0
Deputy Mayor Cr Jim Webber	5 (1 Annual Leave)	-	0
Cr Rose Swadling	-	6	0
Cr Graeme Brady	6	6	-
Cr Stephen Schwarten	-	-	-
Cr John Broad	-	-	-
Cr Tony Williams	5 (1 Council Business)	5 (1 Council Business)	-
Cr Greg Belz	3 (1 Council Business) (1 Annual Leave) (1 Apology)	3 (1 Council Business) (1 Annual Leave) (1 Apology)	-
Cr Cherie Rutherford	-	-	-
Cr Tom Moore	5 (1 Apology)	-	-
Cr Rod Green	6	6	-

# Attendance Chart 2007/08

(Ordinary and Special Committee and Council Meetings)

1 July 2007 to 15 March 2008

COMMUNITY SERVICES	FINANCE	GENERAL PURPOSES	FITZROY RIVER WATER
8	7	15	8
4 (2 Council Business) (2 Apologies)	5 (1 Annual Leave) (1 Apology)	13 (1 Council Business) (1 Annual Leave)	5 (1 Council Business) (2 Annual Leave)
-	6 (1 Annual Leave)	12 (1 Council Business) (2 Annual Leave)	5 (1 Annual Leave) (2 Apologies)
8	7	14 (1 Apology)	-
-	6 (1 Apology)	15	(2 meetings as an Observer)
6 (2 Apologies)	7	14 (1 Apology)	-
-	7	15	8
7 (1 Annual Leave)	6 (1 Council Business)	14 (1 Council Business)	8
-	4 (1 Council Business) (1 Annual Leave) (1 Apology)	12 (1 Council Business) (2 Annual Leave)	-
6 (2 Annual Leave)	6 (1 Annual Leave)	12 (3 Annual Leave)	6 (2 Annual Leave)
-	7	11 (2 Annual Leave) (2 Apologies)	-
8	6 (1 Apology)	14 (1 Apology)	8

CEO PERFORMANCE REVIEW	ORDINARY COUNCIL	SPECIAL COUNCIL
1	16	3
(1 Annual Leave)	12 (1 Council Business) (3 Annual Leave)	2 (1 Annual Leave)
1	13 (2 Annual Leave) (1 Apology)	2 (1 Annual Leave)
-	16	3
1	16	3
-	16	3
-	16	3
-	15 (1 Annual Leave)	3
-	14 (1 Annual Leave) (1 Apology)	3
1	13 (3 Annual Leave)	2 (1 Apology)
-	13 (3 Annual Leave)	3
-	13 (3 Apologies)	3

# Advisory Committee Attendances Chart 2007/08

1 July 2007 to 15 March 2008

	TRAFFIC MATTERS	INDUSTRIAL & SAFETY	AUDIT
<i>Total Meetings Held</i>	7	4	2
Mayor Cr Margaret Strelow	3 (1 Annual Leave) (1 Leave of Absence) (2 Apologies)	-	2
Deputy Mayor Cr Jim Webber	(1 meeting as an Observer)	-	-
Cr Rose Swadling	7	-	-
Cr Graeme Brady	7	4	-
Cr Stephen Schwarten	-	3 (1 Apology)	-
Cr John Broad	(1 meeting as an Observer)	-	-
Cr Tony Williams	(1 meeting as an Observer)	3 (1 Apology)	2
Cr Greg Belz	4 (1 Annual Leave) (1 Leave of Absence) (1 Apology)	-	2
Cr Cherie Rutherford	(1 meeting as an Observer)	-	-
Cr Tom Moore	-	-	2
Cr Rod Green	7	-	-

## COUNCILLOR'S REMUNERATION

Given Names	Surname	Gross	Conference Travel	General	Telephone Allowance
Rosemary Ann	SWADLING	\$36,826.59	\$2,784.30	\$556.86	\$2,261.38
James Richard	WEBBER	\$48,368.36	\$2,505.87	\$0.00	\$2,261.38
Stephen John	SCHWARTEN	\$36,826.59	\$0.00	\$0.00	\$2,261.38
Edward John	BROAD	\$36,826.59	\$0.00	\$0.00	\$2,261.38
Gregory Alan	BELZ	\$36,826.59	\$1,113.72	\$0.00	\$2,261.38
Rodney James	GREEN	\$36,826.59	\$556.86	\$556.86	\$2,261.38
Margaret Fay	STRELOW	\$94,001.49	\$0.00	\$0.00	\$0.00
Graeme Kenneth	BRADY	\$36,826.59	\$278.43	\$0.00	\$2,261.38
Thomas M	MOORE	\$36,826.59	\$0.00	\$0.00	\$2,261.38
Cherie Ruth	RUTHERFORD	\$36,826.59	\$0.00	\$0.00	\$2,261.38
Anthony Paul	WILLIAMS	\$37,699.97	\$1,113.72	\$0.00	\$2,261.38

## International Travel Statistics -1 July 2007- 15 March 2008

Name	Reason	Date	Amount (Ex GST)	Destination
James Martin	Travel to USA for Modern Burial System Negotiations	26 July - 18 August 2007	\$4,447.53	USA
Gary Stevenson	Travel to USA for Modern Burial System Negotiations	26 July - 3 August 2007	\$4,206.32	USA
Ian Holden	ISACA International Conference	21-28 July 2007	\$4,704.47	Singapore

# Advisory Committee Attendances Chart 2007/08

1 July 2007 to 15 March 2008

SISTER CITY COMMUNITY	CITISAFE	ROCKHAMPTON SHOW ORGANISING	ACCESS AND EQUITY
3	6	6	2
2 (1 Annual Leave)	2 (2 Annual Leave) (2 Council Business)	(6 Apologies)	-
1 (1 Council Business) (1 Apology)	-	-	-
2 (1 Council Business)	5 (1 Apology)	4 (2 Apologies)	2
-	6	6	-
-	-	-	-
-	-	6	-
-	-	-	-
-	-	-	-
-	-	-	-
-	6	3 (3 Apologies)	-
-	-	-	-
-	5 (1 Apology)	5 (1 Apology)	-

COUNCILLOR'S REMUNERATION				
Vehicle Allowance	Deputy Mayor Vehicle Allowance	Total Gross	Superannuation	TOTAL REMUNERATION
\$3,617.98	\$0.00	\$46,047.11	\$5,525.74	\$51,572.85
\$0.00	\$3,849.21	\$56,984.82	\$6,838.08	\$63,822.90
\$3,617.98	\$0.00	\$42,705.95	\$5,124.80	\$47,830.75
\$3,617.98	\$0.00	\$42,705.95	\$5,124.80	\$47,830.75
\$3,617.98	\$0.00	\$43,819.67	\$5,258.44	\$49,078.11
\$3,617.98	\$0.00	\$43,819.67	\$5,258.44	\$49,078.11
\$0.00	\$0.00	\$94,001.49	\$11,280.27	\$105,281.76
\$3,617.98	\$0.00	\$42,984.38	\$5,158.20	\$48,142.58
\$3,617.98	\$0.00	\$42,705.95	\$5,124.80	\$47,830.75
\$3,617.98	\$0.00	\$42,705.95	\$5,124.80	\$47,830.75
\$3,617.98	\$0.00	\$44,693.05	\$5,363.24	\$50,056.29



