



**Redland**  
CITY COUNCIL

2011-12

# Annual Report

# Glossary of common terms used in this annual report

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**Advocacy** – Speaking out or arguing for something such as a cause, an idea or a policy. Council advocates, often to other levels of government, on a number of issues that are a priority for Redlands.

**Audit** – An official inspection of an organisation's accounts, processes and procedures, typically by an independent body.

**Corporate plan** – A strategic document that sets out Council's plans over a five-year period. It outlines the strategies to be undertaken to achieve the vision and outcomes in the community plan. It is a legal requirement under the *Local Government Act 2009* for Council to adopt a Corporate Plan.

**Community plan** – A strategic document that sets out the community's long-term vision, outcomes and priorities. A community plan is a legal requirement under the *Local Government Act 2009* and must have a minimum 10-year outlook.

**Financial year** – The 12 months between 1 July of one year and 30 June of the next year. This annual report is for the 2011-12 financial year, which runs from 1 July 2011 to 30 June 2012.

**Full-time equivalent (FTE)** – The hours worked by one or more staff members that are the equivalent of a full-time employee (for example, this may involve a full-time employee, or one or more part-time employees filling a single position as a job-share arrangement).

**Governance** – How decisions are made and implemented and how organisations are managed and controlled to achieve objectives. Governance also describes the ways an organisation can be held accountable.

**Operational plan** – A one-year plan that sets out activities to be undertaken to achieve the corporate plan. An operational plan is a legal requirement for Queensland councils under the *Local Government Act 2009*.

**Performance review** – The regular review of a staff member, team, or function within Council against the agreed objectives of a performance plan.

**Vision** – A statement that describes the future Council is working towards.

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# Introduction

Each year, Redland City Council produces an annual report, as required by the state government<sup>1</sup>. As well as being a statutory requirement, we welcome the opportunity to provide a report to our community on our performance against our corporate and operational plans.

We are reporting against the requirements of the *Local Government Act 2009*. You will find a list of these statutory requirements (and where to find the relevant information) at the back of this document on pages 188-192.

This 2011-12 Annual Report is the second to report against the Redland City Council Corporate Plan 2010-15 (which reflects the Redlands 2030 Community Plan), and Council's 2011-12 Operational Plan.

## Overview of changes to organisation

In July 2011, a third round of voluntary redundancies was finalised. This allowed Council to deliver internal savings to ensure our long-term financial strategy and, short-term operating costs and expenses were met and a realistic and sustainable budget was delivered in 2011-12.

Consultation across the organisation was undertaken and a new organisational structure was adopted by Council on 27 July 2011.

Once this structure was adopted, a redesign process commenced to develop sub-structures, managed by Group Managers with the support of the People & Change team.

On 29 February 2012, Council resolved to rename the Economic Development Group to Business and Tourism Support and change its reporting lines from the CEO to Group Manager City Enterprises. (view this structure on page 20).

## About Redland City

### Traditional (Aboriginal) Owners

Council acknowledges the Quandamooka People as the Traditional Owners of most of the lands and waters of the Redlands. The Turbal and Jagera Peoples also claim a connection to a small portion of mainland Redlands.

### Our city

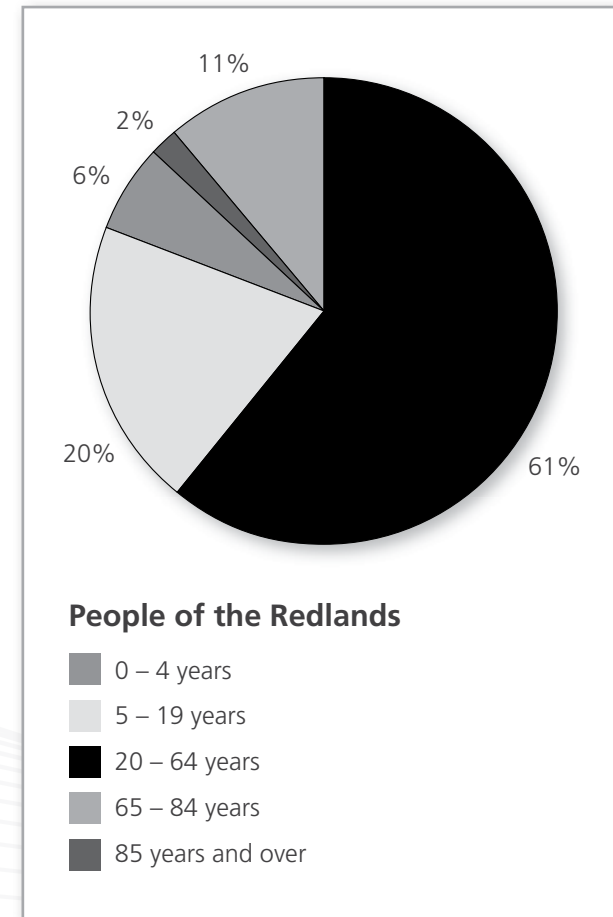
**Location:** South-east of Brisbane, Queensland

**Area:** 537 square kilometres

**Geography:** Mainland, coast, hinterland and islands (North Stradbroke Island, Coochiemudlo Island and the Southern Moreton Bay Islands of Karragarra, Lamb, Macleay and Russell)

**Economy:** Retail, mining, horticulture, construction, poultry and specialist farming, and tourism

**Population:** 138,670



<sup>1</sup> Under the *Local Government (Finance, Plans and Reporting) Regulation 2010*, s.108

## Introduction continued

### Our vision

Enhancing community spirit, lifestyle and the natural environment.

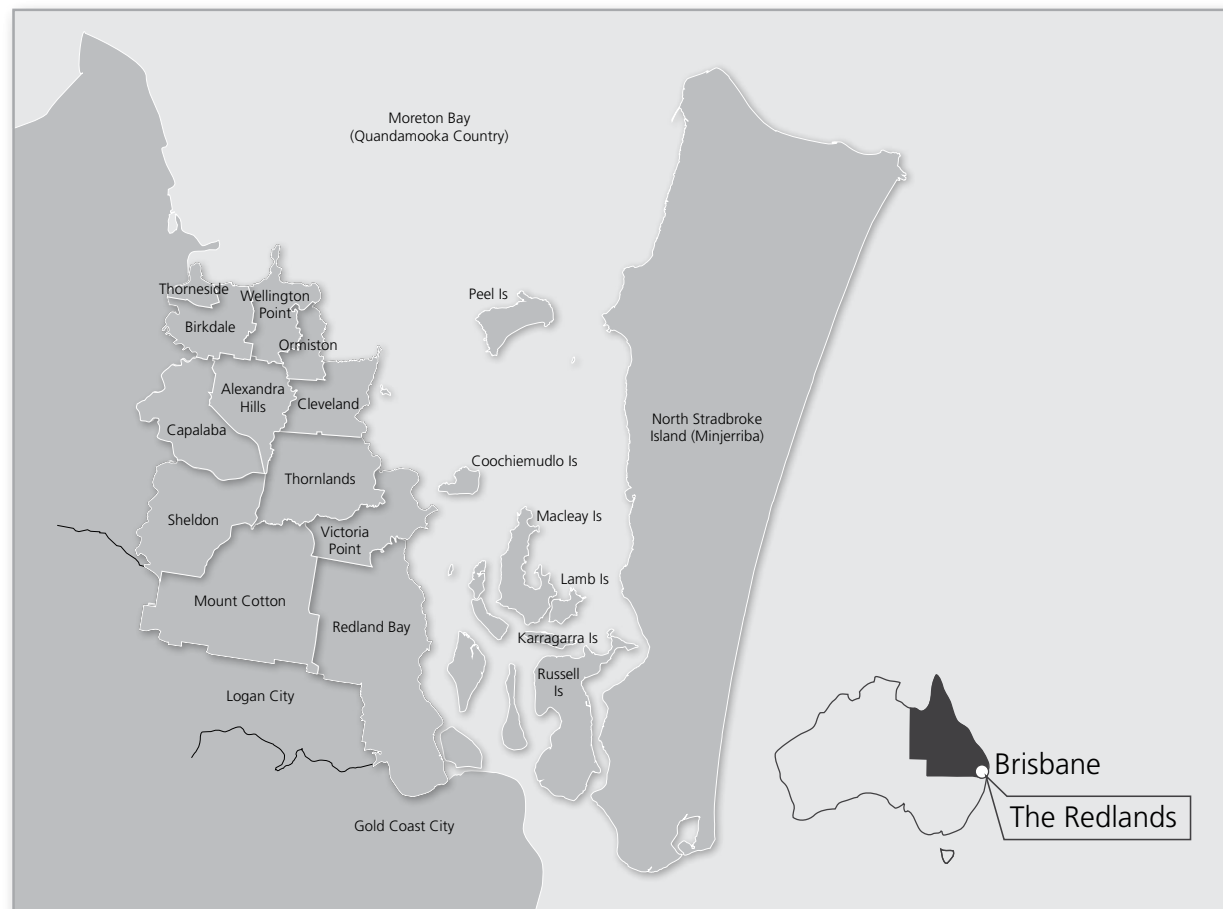
### Our mission

To be a sustainable and effective organisation with clever and caring people.

### Our values

Our values are to:

- strive to achieve sustainably in our organisation and our community
- support community engagement and leadership
- continuously improve our services
- carefully manage our finances and deliver value for money
- deliver excellent customer service
- be an ethical and transparent organisation
- treat people with respect and value diversity
- listen to our community and engage effectively with them.



## Five years in the Redlands

<b>Financial (CPI adjusted to current dollars)</b>					
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Total revenue</b>	225,978,363	235,481,830	239,448,501	185,316,033	188,900,757
Operating revenue	181,268,405	191,532,506	200,369,058	155,265,321	159,026,489
Operating expenses	210,897,512	205,881,440	216,669,939	179,075,701	176,068,910
Rates revenue (after discount)	137,939,483	151,194,169	163,039,464	96,189,352	100,405,652
Rates revenue as % of total budget	61.04%	64.21%	68.09%	51.91%	53.15%
<b>Total assets</b>	<b>2,410,629,814</b>	<b>2,357,239,759</b>	<b>2,316,467,579</b>	<b>1,882,540,102</b>	<b>1,857,636,604</b>
Debts/assets ratio	5.98%	1.87%	1.96%	3.12%	3.37%
Outstanding loans borrowings	144,207,713	43,966,297	45,484,805	58,772,671	62,589,355
Debt servicing ratio	15.87%	51.14%	2.44%	3.36%	4.28%
<b>Environment</b>					
Bushland under conservation	9,121 ha	9,254 ha	9,769 ha	10,087 ha	10,136 ha
Approximate number of trees planted	80,623	96,865	105,852	58,950	61,798
Area treated for mosquitoes	4,334 ha	3,837 ha	6,437 ha	7,406 ha	3,525 ha
Ecosystem Health Monitoring Program rating for Redlands creeks	Fresh water	F	F	F	D+
	Estuarine Eprapah	C	C	C-	C+
	Estuarine Tingalpa	C	C	C+	C+
<b>Economic</b>					
Total building applications received (domestic and commercial)	3,891	2,847	3,318	2,209	419
Planning applications received	967	676	659	941	517
Amount Council spends in the city for purchases	\$39,263,076	\$35,526,383	\$37,779,691	\$37,911,543	\$44,890,607
<b>Staff as of 30 June each year</b>					
Number of staff (including casual and part-time)	950	964	1,149	1,041*	1,015

\* Staff reduction from 2009-10 due to the separation of Redland Water to Allconnex Water.

## Five years in the Redlands *continued*

<b>Community</b>					
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Library membership	71,429	81,270	70,855	74,219	82,369
Number of children in outside school hours care per day	948	920	860	844	849
Number of hours of respite care	45,735	49,234	51,150	48,882	47,941
Dog registrations	20,712	22,822	23,073	23,165	22,871
Cat registrations	n/a	n/a	n/a	925	4,691
Value of grants committed to community from Council	\$1,496,557	\$777,561	\$807,365	\$713,158**	\$685,650**
Average number of monthly community hall hirers	121	143	141	143	155
Redland Performing Arts Centre community hire (days)	27	108	126	117	107
<b>Waste</b>					
Number of kerbside waste collections (weekly)	51,612	50,464	53,615	52,134	51,606
Number of kerbside recycling collections (fortnightly)	51,660	51,612	53,409	51,977	51,539
Total recyclables (tonnes)	11,960	12,503	12,971	12,319	12,074

\*\* Includes \$625,852 under the Community Grants Program.

# Highlights and milestones for 2011-12

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## **Redland Water comes home**

Council welcomed the announcement that Redland Water would return from 1 July 2012. This followed the introduction of state legislation enabling the water business to separate from Allconnex Water and be re-established as the Redlands' water retailer and distributor. Months of planning were undertaken to ensure a smooth and seamless transition in time for the 1 July deadline. Council now expects residents will see clear benefits from having the water business back home.

## **Gate fees abolished at landfills and waste transfer stations**

Following the April 2012 election, the newly elected Council abolished domestic gate fees at all mainland waste facilities. (Domestic gate fees were not in place on the islands.)

## **Green waste truck hits our streets for the first time**

Council's new green waste service started in October 2011, collecting green waste for composting and recycling – diverting it from landfill. This was a key element of Council's wide-ranging waste management strategy.

## **Birkdale landfill**

The Birkdale landfill closed in October 2011, completing the exit strategy for that facility and marking the start of a new era of waste management in the city. Waste is now transported out of the city for final disposal at a Brisbane City Council facility. The Birkdale transfer station continues to operate, with investigations under way for future improvements at the site.

## **Redlands' waterways health stable and improving**

The 2012 Healthy Waterway Ecosystem Health Report Card provides a waterway health rating for the 2011-12 financial year. Details were announced in October 2012. Redlands' freshwater catchments improved overall from F to D+, the best result in eight years. Redlands' catchments feed into Waterloo Bay, improving from B+ to A-. Redlands' estuary systems Erapah Creek and Tingalpa Creek both improved to C+ from a C in 2011.

## **Kinross Road Structure Plan adopted**

In December 2011, Council adopted the Kinross Road Structure Plan, with necessary amendments to the Redlands Planning Scheme being made in February 2012. This followed a final round of negotiation with the state government to ensure concerns raised by Council and the community were better addressed in the final plan that provides positive outcomes for development and the environment.

## **Community comments on draft Redlands housing strategy**

In January 2012, the Redlands community was given the opportunity to provide input into the draft Redlands housing strategy, an important planning document examining a wide range of complex housing issues including supply, location, diversity, affordability and sustainability. When finalised, the strategy will play a vital role in guiding the new Redlands Planning Scheme. The draft was a statutory requirement under Queensland's *Sustainable Planning Act 2009* and *Local Government Act 2009*, and included more than 50 recommendations on current and future housing issues in the Redlands over the next 20 years.

## **Refocus recommended for Council's economic activity**

In February 2012, Council moved to strengthen business outcomes and support for the city by agreeing to a major refocus and restructure of its Economic Unit activities. It followed a six-month internal review of the Economic Development Group. Council decided to develop a new Business and Tourism Strategy and review arrangements for the city's Visitor Information Centre to improve cost efficiency.



# Highlights and milestones for 2011-12 *continued*

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## **New identity for Cleveland and Capalaba to promote local businesses**

New destination brands for Cleveland and Capalaba were unveiled in February 2012, aimed at promoting the business districts and improving business activity. Two new logos for the districts were revealed, with the taglines 'This is the life' for Cleveland and 'Surprisingly more' for Capalaba. The aim is to represent the districts in a unique and distinct way.

## **Redlands Koala Fun Run a major success**

More than 1,000 runners and walkers participated in the second annual Redlands Koala Fun Run on 27 May 2012. The event doubled in size from its debut in 2011 as competitors took on the 10km, 5km or 3.5km course.

## **Housing applications made easier, cheaper and faster**

In a move to make housing applications simpler and more affordable in the Redlands, Council eliminated the need for planning applications for many new houses. Where new houses do not meet the criteria for exemption, application fees have been reduced by up to 80 per cent and turnaround times for some proposals reduced to 48 hours. (All new houses and buildings still need building approval from a building certifier.)

## **Council secures key land at Toondah Harbour**

Council further established its role in the future development of Toondah Harbour at Cleveland by purchasing another key parcel of land from the CSIRO in April 2012. The 19,888 square metre site, which includes the former CSIRO administrative office, laboratories and sheds, covers six allotments zoned for marine activity. The \$3.4m acquisition followed the purchase of 7,120 square metres of foreshore land from CSIRO in late 2010 for \$3.495m. Toondah Harbour is the departure point to North Stradbroke Island and Council aims to maximise its tourism and economic development opportunities.

## **Planning for neighbourhood parkland**

The local community was invited to provide input into planning for neighbourhood parkland as part of the draft Redland Open Space Strategy 2012-2026 consultation. The strategy, when endorsed by the community and Council, will form the blueprint for neighbourhood parks and open spaces for the next 14 years.

## **Redlands the best for medium density planning, affordability and investment returns**

A detailed study, commissioned by the Council of Mayors (South East Queensland) in March 2012, found the feasibility and affordability of medium density development in the Redlands was one of the best in the region. It also showed a positive return for all tested development examples. Of the 11 local government areas studied, Redland City Council was the only one where no planning scheme changes were suggested. The analysis was funded through the Commonwealth Government's Housing Affordability Fund.

## **Weinam Creek parking options explored**

In 2011, Council adopted a plan to improve parking at the Weinam Creek ferry terminal at Redland Bay. In March 2012, nearly 300 residents registered interest for a guaranteed parking bay at a proposed offsite secure car park. This site would be linked to the terminal by a shuttle bus. However, following the April 2012 election, the newly elected Council, responding to public feedback, resolved to review all decisions regarding the car park with a preference for longer term solutions.

## **Awards**

Council again took out a number of awards in 2011-12. See page 27 for details.

## A message from our Mayor

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The 2011-2012 financial year has been one of productivity and change for Redland City Council.

In May 2012 I was sworn in as Mayor with a mandate to keep rates as low as possible and get 'back to basics'.

Work began immediately on the preparation of a budget for 2012-13 that delivered the lowest rate rise of any comparable Council in south-east Queensland, with a headline rate increase of only 1.91 per cent and general commercial rates frozen. It is a sustainable budget in line with all financial targets and key performance indicators as detailed in our financial strategy.

This financial year also saw Council develop a new organisational structure that resulted in efficiencies throughout the organisation and improved synergies between workforce groups.

Council continued to work towards its vision of a redeveloped Toondah Harbour, purchasing additional key land at a cost of \$3.4m.

Residents were invited to have their say about the future planning of our neighbourhood parkland as part of the draft Redland Open Space Strategy consultation. The strategy will form the blueprint for neighbourhood parks and open spaces for the next 14 years.

Council also introduced a kerbside green waste collection service. More than 5,600 residents are using the green bins and have saved more than 1,100 tonnes of green waste from ending up as landfill with general waste.

This financial year, we also planned for the 1 July 2012 welcome return of Redland Water to Council.

This improved Council financial forecasts for 2012-13. I am confident the new Redland Water will again successfully and efficiently deliver water distribution and retailing services locally, as it has done in the past.

I would like to thank all those involved in delivering positive outcomes to our residents and look forward to building an even better Redlands in the future.



*K Williams*

**Councillor Karen Williams**  
Mayor of Redland City (Elected April 2012)

**Note:** CEO Gary Stevenson left Council in July 2012. An interim CEO undertook executive responsibilities until a new CEO, Bill Lyon, started on 5 November 2012.

## Mayor and Councillors' information



### July 2011 – April 2012 (up to 2012 election)

Division 1 – **Councillor Wendy Boglary**  
Wellington Point/Ormiston

Division 2 – **Councillor Craig Ogilvie**  
Cleveland/North Stradbroke Island

Division 3 – **Councillor Debra Henry**  
Cleveland/Thornlands

Division 4 – **Councillor John Burns**  
Victoria Point/Coochiemudlo Island

Division 5 – **Councillor Barbara Townsend**  
Redland Bay/Southern Moreton  
Bay Islands

Division 6 – **Councillor Toni Bowler**  
Mount Cotton/Sheldon/Capalaba/Thornlands/  
Victoria Point/Redland Bay

Division 7 – **Councillor Murray Elliott**  
(Deputy Mayor)  
Alexandra Hills/Capalaba

Division 8 – **Councillor Kathy Reimers**  
Birkdale South/Alexandra Hills

Division 9 – **Councillor Karen Williams**  
Capalaba

Division 10 – **Councillor Helen Murray**  
Birkdale/Thorneside

## Mayor and Councillors' information *continued*

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### April 2012 (election) – June 2012



**Mayor**  
**Councillor Karen Williams, GAICD**  
Elected: 2012

Karen was elected as Mayor in April 2012 after serving as the Divisional Councillor for Division 9 (Capalaba) from 2004. Before joining Council, Karen worked for 10 years in the domestic money market both in Sydney and Brisbane and also owned and operated two successful retail floral studios in Brisbane. Karen has been involved in a large number of community organisations. She is a graduate of and holds a Diploma with the Australian Institute of Company Directors.



**Division 1**  
**Councillor Wendy Boglary**  
Wellington Point/Ormiston  
Elected: 2008

Wendy's initial career path in banking was followed by two decades of small business success in the Redlands where she ran, with her family, two successful businesses including the Ormiston Foodstore. Wendy has raised her family in the division she now represents, and continues to be involved in a large number of school, sporting and community organisations. She is a graduate of and holds a Diploma with the Australian Institute of Company Directors.



**Division 2**  
**Councillor Craig Ogilvie**  
Cleveland/North Stradbroke Island  
Elected: 2004

Craig has been based in the Redlands for more than 20 years. He has worked at the Australian Institute of Sport, spent three years in Japan running his own business (importing Australian-made sporting goods), and was also the founder/director of a successful IT company. He speaks Japanese, has tourism industry experience, and has been a professional skier, snowboarder and scuba diver.

## Mayor and Councillors' information continued

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**Division 3**  
**Councillor Kim-Maree Hardman**  
Cleveland South/Thornlands  
Elected: 2012

Kim-Maree has experience in a variety of roles including working as a legal secretary in the United States, teaching English in South Korea, and managing a small business in Capalaba before raising three school-aged children. Kim-Maree has studied dance for 14 years and achieved a high level of success culminating in dancing with the Australian Ballet Company, Queensland Ballet Company and the Royal Ballet in England.



**Division 4**  
**Councillor Lance Hewlett**  
Victoria Point/Coochiemudlo Island  
Elected: 2012

Lance has experience across a range of sectors including the state government, where he was the Procurement Officer/Manager of the then State Stores Board. He then moved into sales and marketing in the private sector with positions including National Sales Manager of one of Australia's leading paper merchants/importers and Queensland State Manager of a major distributor in the graphic and signage industry.



**Division 5**  
**Councillor Mark Edwards**  
Redland Bay/Southern Moreton Bay Islands  
Elected: 2012

Mark has an association with the Redlands spanning nearly 40 years. He started his working life at a bank in Cleveland, a career which spanned 20 years and saw him climb the ranks through various accountancy and manager positions, culminating in a regional management position in Brisbane. He also engaged in a number of business activities outside banking, primarily in tourism and small-scale residential property development.

## Mayor and Councillors' information *continued*

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### **Division 6**

#### **Councillor Julie Talty**

Mount Cotton/Sheldon/Capalaba/Thornlands/Victoria Point/Redland Bay

Elected: 2012

Julie holds academic qualifications including a Bachelor of Communication, a Bachelor of Arts with Honours in Media Studies, and a Graduate Diploma in Teaching (Secondary and Middle Years). She has taught at local schools, owned and operated small businesses, and worked for large corporate entities in publishing. Julie has lived her whole life in the Redlands and is involved in a number of community organisations.



### **Division 7**

#### **Councillor Murray Elliott**

Alexandra Hills/Capalaba

Elected: 1997

Murray worked in the electricity industry at a senior level before running his own successful retail businesses. He was elected to Council in 1997 and has held many chair positions as well as the role of deputy mayor. He has lived in Alexandra Hills for 24 years.



### **Division 8**

#### **Councillor Alan Beard (Deputy Mayor)**

Birkdale South/Alexandra Hills

Elected: 2012

Alan has been a professional musician for more than 40 years, working as a writer, arranger and manager in the music industry. He worked as community fundraising manager for both the Spina Bifida Association of Queensland and the Leukaemia Foundation of Queensland before being elected to Council for the first time in 1997. Before being re-elected in 2012, he worked as a professional musician.



## Mayor and Councillors' information continued

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**Division 9**  
**Councillor Paul Gleeson**  
Capalaba  
Elected: 2012

A Redlands resident for 20 years, Paul's work history varies from senior retail management roles to successfully running his own company within the city for the past nine years.



**Division 10**  
**Councillor Paul Bishop**  
Birkdale/Thorneside  
Elected: 2012

Paul has spent 25 years working with Australia's major theatre companies and in film and television roles, earning several awards including nominations for his role on 'Blue Heelers'. A resident of Birkdale since 2004, he has earned a living as an employee, contractor, mentor, entrepreneur, investor, and community enabler. His recent work includes presenting, performing, social media production, design-thinking and group facilitation.

## Councillors' statutory meeting attendance

### Totals of statutory meetings attended July 2011 – April 2012

Meeting	Mayor Cr Hobson	Division 1 Cr Boglary	Division 2 Cr Ogilvie	Division 3 Cr Henry	Division 4 Cr Burns	Division 5 Cr Townsend	Division 6 Cr Bowler	Division 7 Cr Elliott	Division 8 Cr Reimers	Division 9 Cr Williams	Division 10 Cr Murray	Total Meetings
General and Special Meetings	19	19	20	19	13	17	19	15	19	16	20	20
Development & Community Standards Committee	12	13	13	11	11	12	13	13	13	13	13	13
Planning & Policy Committee	8	8	8	8	5	8	8	8	8	8	8	8
Corporate Services & Governance Committee	7	8	8	7	0	8	7	7	8	8	8	8
Customer Services Committee	7	8	8	7	3	8	7	8	8	8	7	8
<b>Totals</b>	<b>53</b>	<b>56</b>	<b>57</b>	<b>52</b>	<b>32</b>	<b>53</b>	<b>54</b>	<b>51</b>	<b>56</b>	<b>53</b>	<b>56</b>	<b>57</b>



## Councillors' statutory meeting attendance *continued*

### Totals of statutory meetings attended May 2012 – June 2012

Meeting	Mayor Cr Williams	Division 1 Cr Boglary	Division 2 Cr Ogilvie	Division 3 Cr Hardman	Division 4 Cr Hewlett	Division 5 Cr Edwards	Division 6 Cr Talty	Division 7 Cr Elliott	Division 8 Cr Beard	Division 9 Cr Gleeson	Division 10 Cr Bishop	Total Meetings
General and Special Meetings	3	3	3	3	3	3	3	3	3	3	3	3
City Services Committee	1	1	1	1	1	1	1	1	1	1	1	1
Environment & Planning Committee	1	1	1	1	1	1	1	1	1	1	0	1
Corporate Services & Governance Committee	1	1	1	1	1	1	1	1	1	1	1	1
Development Assessment & Community Standards Committee	0	1	1	1	1	1	1	1	1	1	1	1
<b>Totals</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>

# Councillors' remuneration

The following table contains information relating to:

- Councillors serving up to the April 2012 election
- Councillors elected as a result of the April 2012 election/continuing Councillor

Division	Name	Gross salary	Superannuation contribution	*Transport	**Discretionary Training and Discretionary Conference Registration	^^Delegations and Conference related exps	Mandatory training	Telephone, Blackberry and Remote Access	##Expenses Council/Community Events	Total
	Mayor Hobson	\$125,553.32	\$15,066.40	\$1,837.62	\$3,342.72	\$1,604.61	\$0	\$1,649.14	\$2,248.29	<b>\$151,302.10</b>
	Mayor Williams	\$23,447.09	\$2,813.65	\$269.12	\$0.00	\$2,693.05	\$0.00	\$314.69	\$30.00	<b>\$29,567.60</b>
1	Cr Boglary	\$89,209.91	\$10,705.31	\$27.26	\$0.00	\$430.39	\$212.50	\$3,009.31	\$390.00	<b>\$103,984.68</b>
2	Cr Ogilvie	\$89,209.91	\$10,396.47	\$3,794.49	\$0.00	\$0.00	\$212.50	\$2,377.26	\$218.18	<b>\$106,208.81</b>
3	Cr Henry	\$76,523.68	\$9,182.94	\$126.51	\$1,468.00	\$995.25	\$0.00	\$2,276.69	\$122.73	<b>\$90,695.80</b>
3	Cr Hardman	\$12,686.23	\$1,213.75	\$0.00	\$0.00	\$0.00	\$0.00	\$264.94	\$0.00	<b>\$14,164.92</b>
4	Cr Burns	\$76,523.68	\$9,182.94	\$24.74	\$900.00	\$1,110.86	\$0.00	\$2,484.04	\$0.00	<b>\$90,226.26</b>
4	Cr Hewlett	\$12,686.23	\$1,522.36	\$103.65	\$0.00	\$0.00	\$212.50	\$528.65	\$27.27	<b>\$15,080.66</b>
5	Cr Townsend	\$76,523.68	\$9,182.94	\$247.45	\$1,468.00	\$0.00	\$0.00	\$2,272.61	\$71.00	<b>\$89,765.68</b>
5	Cr Edwards	\$12,686.23	\$1,522.36	\$288.00	\$0.00	\$0.00	\$212.50	\$415.99	\$47.27	<b>\$15,172.35</b>
6	Cr Bowler	\$76,523.68	\$9,182.94	\$76.82	\$1,914.15	\$2,198.41	\$0.00	\$4,556.72	\$444.09	<b>\$94,896.81</b>
6	Cr Talty	\$12,686.23	\$1,213.75	\$0.00	\$0.00	\$2,402.92	\$212.50	\$416.23	\$108.15	<b>\$17,039.78</b>
7	Cr Elliott	\$98,898.21	\$11,867.91	\$241.99	\$3,586.36	\$2,209.21	\$0.00	\$3,709.81	\$0.00	<b>\$120,513.49</b>

Table continued on page 19.

## Councillors' remuneration continued

Division	Name	Gross salary	Superannuation contribution	*Transport	** Discretionary Training and Discretionary Conference Registration	^^ Delegations and Conference related exps	Mandatory training	Telephone, Blackberry and Remote Access	## Expenses Council/ Community Events	Total
8	Cr Reimers	\$76,523.68	\$9,182.94	\$0.00	\$0.00	\$0.00	\$0.00	\$2,087.43	\$0.00	<b>\$87,794.05</b>
8	Cr Beard (Dep Mayor)	\$14,321.48	\$1,718.59	\$0.00	\$0.00	\$0.00	\$212.50	\$408.67	\$0.00	<b>\$16,661.24</b>
9	Cr Williams	\$75,495.07	\$9,059.51	\$30.91	\$0.00	\$0.00	\$0.00	\$4,316.46	\$83.18	<b>\$88,985.13</b>
9	Cr Gleeson	\$12,686.23	\$1,522.36	\$0.00	\$0.00	\$0.00	\$212.50	\$331.51	\$0.00	<b>\$14,752.60</b>
10	Cr Murray	\$76,523.68	\$9,182.94	\$0.00	\$0.00	\$0.00	\$0.00	\$1,595.79	\$0.00	<b>\$87,302.41</b>
10	Cr Bishop	\$12,686.23	\$1,522.36	\$0.00	\$0.00	\$2,886.30	\$212.50	\$353.17	\$80.88	<b>\$17,741.44</b>
		<b>\$1,051,394.45</b>	<b>\$125,242.42</b>	<b>\$7,068.56</b>	<b>\$12,679.23</b>	<b>\$16,531.00</b>	<b>\$1,700.00</b>	<b>\$33,369.11</b>	<b>\$3,871.04</b>	<b>\$1,251,855.81</b>
									Support costs	<b>531,122.78</b>
									<b>Total costs</b>	<b>1,782,978.59</b>

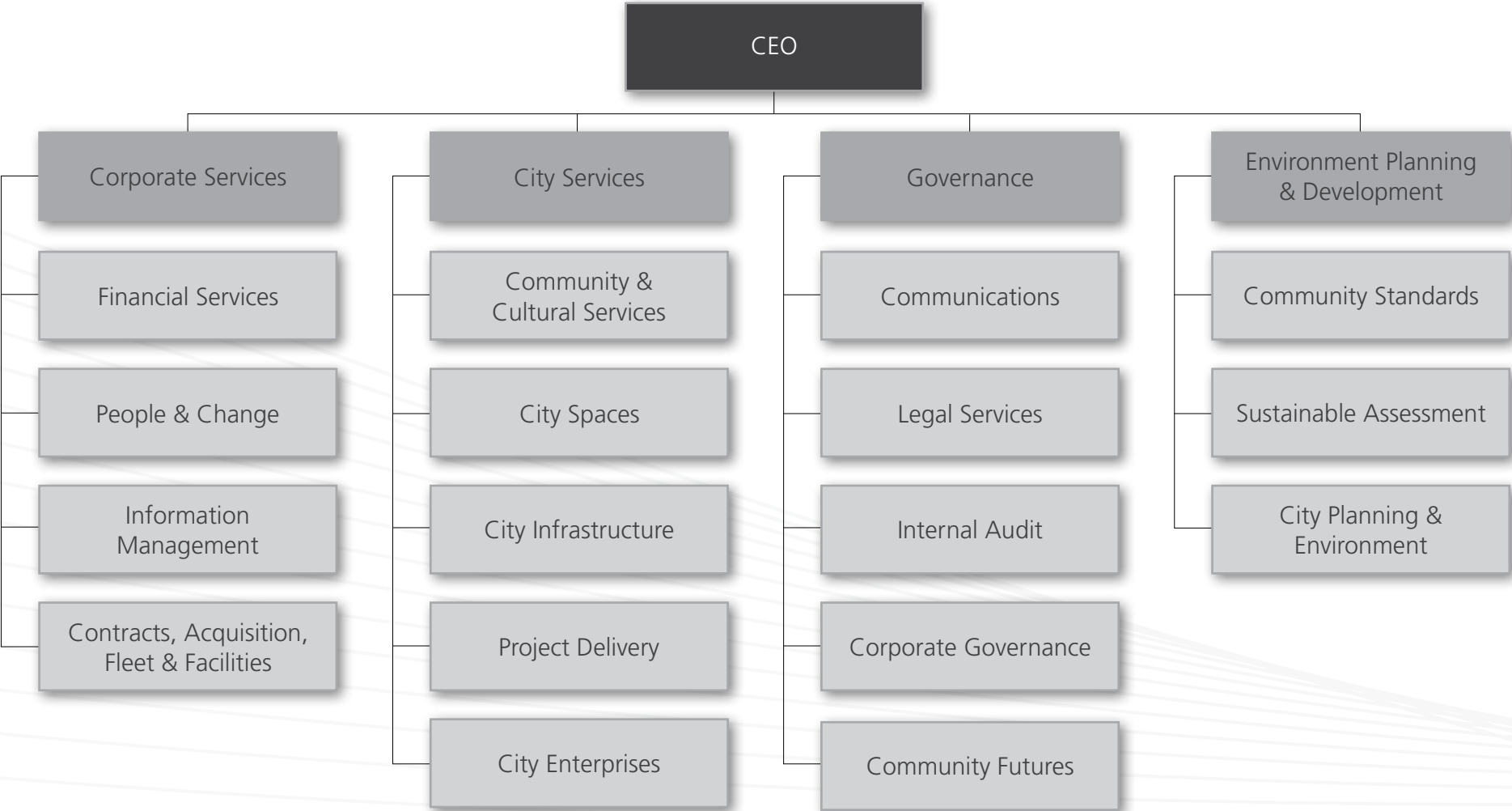
\* Business-related transport costs (ferries, barges and taxis) including transport to/from the islands

\*\* \$5000 allowance per term (provides for registration and training fees)

^^ Includes travel costs associated with events whether attended in a discretionary capacity or as a delegate (on behalf of Council)

## \$6000 per annum Mayor or delegate, \$500 per annum per Councillor

# Organisational structure



## Executive Leadership Group profile

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Chief Executive Officer  
**Gary Stevenson PSM**  
(until July 2012)  
Fellow of Local Government  
Managers Australia (Life)



General Manager  
Governance  
**Nick Clarke**  
Master of Science; Member of Local  
Government Managers Australia



General Manager  
Environment Planning &  
Development  
**Toni Averay**  
Master of Policy & Administration;  
Bachelor of Arts; Graduate Diploma  
Education; Graduate Diploma of  
Industrial Relations; Member of Local  
Government Managers Australia;  
Graduate Australian Institute of  
Company Directors



General Manager  
City Services  
**Louise Rusan**  
Bachelor of Business; Graduate  
Australian Institute of Company  
Directors; Member of Local  
Government Managers Australia



General Manager  
Corporate Services  
**Martin Drydale**  
Member of Local Government  
Managers Australia; Member of  
the Institute of Public Accountants;  
Master of Commerce (Professional  
Accounting)

# Our people

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## People Strategy 2012-2015 (replaces 'Human Resources Management Plan')

In 2011-12, Council developed a People Strategy through an extensive engagement process involving employees and managers. This three-year strategy sets out how Council will attract and keep the best people, cultivate the best leaders and create the right conditions in which employees can thrive. The strategy helps Council achieve the 'people' outcomes in the Corporate Plan 2010-2015 and prioritises initiatives and activities that maintain and improve employee satisfaction and engagement. The People Strategy also outlines the behaviours expected of managers, supervisors and individuals that will help drive a people-focused culture. It is supported by an annual action plan, and is aligned with our business planning and governance frameworks to ensure a consistent and integrated approach to people management.

## Values

We have continued to integrate our four key organisational objectives – to be caring, effective, sustainable and clever – into our culture. We do this through our four-way test:

- Will it last? (Will the organisation, its assets, and its activities be sustainable?)
- Will it serve its purpose (Will the organisation's efforts and outputs be effective?)
- Is there a better way? (Is the organisation – and its people – clever?)
- Is it reasonable? (Is the organisation – and its people – caring?)

## Opportunities

There is a wide variety of career opportunities at Council, ranging from engineering surveyors and business support administration officers, to animal management officers and loader operators. Information on all vacant positions can be accessed on Council's e-recruitment page on our website. Recruitment and selection is a merit-based process, which ensures consistency, impartiality and provides all applicants with equal opportunity. Our employees enjoy work benefits that include a generous local government superannuation scheme, education assistance, employee development and training, an employee wellness program and flexible working arrangements.

## Employee development in 2011-12

Council has a strong commitment to ongoing employee development and had registered 3,542 attendees for face-to-face and e-learning training. In addition, our leadership development program has been successfully rolled out across Council with great success, with 279 managers and supervisors investing in leadership development training. Our corporate and leadership course schedule is informed by the results of our MySay employee satisfaction survey and feedback from managers. Both professional and technical courses are designed to reflect changing requirements faced by local government employees.

In addition, 31 employees have accessed our education assistance scheme to receive support with tertiary studies this financial year. A further 103 employees graduated with an accredited qualification (Diploma or Certificate IV) in Management, Business, Project Management, Local Government Administration, Occupational Health & Safety Training and Assessment, and Animal Control and Regulation. This year, 60 employees enrolled in a variety of Certificate IV and Diploma courses. The accredited qualification program is largely funded through the Local Government Association of Queensland (LGAQ).

## Our people continued

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### **Traineeships**

Our successful traineeships program continues to offer entry-level employment to our community. Traineeships are funded by the state and federal governments, and provide opportunities to gain work experience while undertaking certificate level studies. In February 2012, 18 full-time trainees graduated from our program and half of these have since gained ongoing work within Council.

In addition, we encourage target groups to apply (for example Indigenous candidates, candidates with a disability, school-leavers, and women re-entering the workforce).

A further 16 full-time trainees and three school-based trainees were recruited in February 2012 in areas of administration, arts administration, theatre and live production, hospitality, horticulture and record-keeping.

### **Employee Satisfaction Survey 2011**

During 2011-12, Council developed a new People Strategy in consultation with employees and managers. The People Strategy 2012-2015 outlines delivery of people management projects and initiatives for attracting and keeping great people at Council, shaping how leaders manage teams and individuals for the best outcomes and shaping how employees behave and perform in their roles to maximise satisfaction, performance and safety. The People Strategy was distributed to all employees in June 2012 and will be supported in its delivery with prioritised annual action plans for implementation every financial year. Progress will be measured, monitored and reported on annually to the organisation.

## Our people continued

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### **Equity, diversity and equal opportunity**

Council is committed to ensuring there is no form of discrimination within our organisation. We worked hard to achieve or progress a number of strategies and initiatives in 2011-12, by:

- scheduling and delivering quarterly leadership essentials programs ensuring the principles of equity and diversity are applied
- ensuring the review of guidelines and procedures supported equity and diversity
- holding induction programs for all new employees (including our equal employment opportunities program)
- providing recruitment and selection training for employees (including interviewing skills and resume skills workshops)
- ensuring a cross-gender team represented Council at the Local Government Managers Australia Management Challenge in 2011-12
- scheduling and conducting bi-monthly Diversity Contact Officers' meetings
- ensuring mentoring, advice and support is available from Diversity Contact Officers and People and Change Advisors
- supporting and promoting the Employee Assistance Program

- investigating equity and diversity training needs from the MySay PULSE survey, feedback forms, the waiting list and performance appraisals
- promoting programs to support the personal, professional and career development of women in particular (including through Women in Local Government).

### **Code of Conduct**

Council's Employee Code of Conduct is compliant with current legislation, in particular the principles outlined in the *Public Sector Ethics Act 1994*.

### **Safety and wellbeing (Workplace health and safety)**

The Safety and Wellbeing Unit has undertaken five major missions in the last year.

#### **Mission 1 – Safety culture**

To enhance the Safety First ethos at Council, a Safety Leadership and Culture Program was developed for frontline leaders and teams. This program will be rolled out in 2012-13.

#### **Mission 2 – Enforceable undertaking**

Council has moved towards full compliance of its Safety Management System and closing off its enforceable undertaking items with the Queensland Regulator.

#### **Mission 3 – Safety management systems**

A major safety systems project has been undertaken to take components of the Safety Management System to managers' desktops to allow them to meet their due diligence requirements.

#### **Mission 4 – Harmonisation**

A major system review and education campaign was undertaken to prepare Council for the changes brought about by legislation harmonisation.

#### **Mission 5 – Water business safety management reintegration**

With the pending return of Redland Water to Council (from Allconnex Water), a major project was started to align the water business with Council's Safety Management System.



## Our people continued

<b>Employees at a glance</b>	
<b>Employees (total number of employees)</b>	
Permanent	702
Permanent part-time	99
Permanent (executive)	1
Temporary contract of service	89
Contract of service (executive)	20
Casual (based on hours worked)	104
<b>Total</b>	<b>1,015</b>

<b>Corporate profile</b>	
Full-time equivalent employees (excluding casuals and Councillors and based on actual hours worked)	860.42
New full-time equivalent positions in 2011-12 budget	15

<b>Employees recruited</b>	
Internal	168
External	164
<b>Total</b>	<b>332</b>

<b>Employee departures</b>	
Employee turnover rate	13%
Employee initiated separation	137
Employees nominating for and accepting voluntary redundancy	15
Employees redeployed/retrained due to redundancy	12

<b>Gender balance</b>		
	<b>Female</b>	<b>Male</b>
Executive/Senior Management Group	7 (32%)	15 (68%)
Elected representatives	4 (36%)	7 (64%)
<b>Total employees</b>	<b>58%</b>	<b>42%</b>

<b>Senior Contract Employees</b>	
<b>Range</b>	<b>No. of senior staff paid</b>
\$280,000 to \$380,000	1
\$180,000 to \$230,000	4

## Our people continued

### Number of hours lost through workers' compensation claims

2009-10	2010-11	2011-12
3,113	4,266	4,869

The total hours lost during the year increased from 4266.3 in 2010-11 to 4869.15 in 2011-12. This indicates that the rehabilitation required for the staff injured has increased by 14.1%. Council works very closely with all injured workers to ensure they are able to return to their former duties, or suitable alternative duties, in the shortest timeframe possible.

### Number of workers' compensation claims

2009-10	2010-11	2011-12
58	37	51

There has been an increase in the total number of claims lodged in 2011-12 (51) compared to 2010-11 (37).

There were 28 lost-time injuries in 2011-12. A lost-time injury relates to an approved workers' compensation claim where the total time lost was more than one working day. There has been a significant increase in minor injury claims that required monitoring only for 2011-12 (21). In 2010-11, by way of comparison, there were seven claims that required monitoring only. The injury locations and most common injuries were consistent with the 2010-11 results, except for sprains and strains, which increased from 18 to 25 claims. Six psychological claims were reported in 2011-12 compared to two in 2010-11.

Positive steps have been taken to address these trends through Council's Operational Risk Management Committee and Council continues to place great emphasis on our Workplace Health and Safety program in the interests of staff wellbeing and reduced costs.

### Number of work-related injuries reported

2009-10	2010-11	2011-12
153	196	182

The number of workplace injuries has reduced from 2010-11 but is still higher than 2009-10. Of the 182 injuries reported, 51 resulted in workers' compensation claims. Council has been working to raise awareness about the importance of reporting all injuries. Council has a comprehensive workplace health and safety system that continues to manage risks and reduce the number of workplace injuries. Council's Safety Management System audit in February 2012 showed Council is making good progress in implementing workplace health and safety improvements.

## Our people continued

Recognising our achievements	
Award	Description
<b>Australasian Fleet Managers' Association Safety Award 2011</b>	This prestigious national award acknowledged Council's Fleet Services' ongoing dedication, innovation and commitment to ensuring the safety of all Council staff using plant equipment.
<b>National Road Safety Award – Corporate Fleet Safety Category</b>	Another award for Council's Fleet Services' safety practices.
<b>Redland Chamber of Commerce Business Achievement Awards – Excellence in the Arts</b>	This award recognised the leading role the Redland Art Gallery plays in the city's cultural life.
<b>2012 Planning Institute of Australia Awards – Award for Planning Excellence, Best Planning Ideas – Small or Local Project</b>	Council was presented with this award in the 'Child and Youth Friendly City' category in conjunction with Griffith University, Laurel Johnson and Play Environment Consulting, for creating a strategy for a child and youth friendly city.
<b>Local Government Managers Australia (LGMA) – Young Manager of the Year</b>	Council's Service Manager for Health and Environment Jennifer Haines was honoured with this coveted award at the LGMA Queensland Future Leaders Conference.
<b>Emergency Services Medal</b>	Council employee and SES volunteer Tom Short received the medal for his role in the international search and rescue operation to find the missing passengers and crew of an inter-island freighter which failed to reach its destination on the eastern outer islands.
<b>Keep Australia Beautiful – Sustainable Cities Awards</b>	Council was recognised for its sustainable practices in the 2011 awards, taking out the following categories: <ul style="list-style-type: none"> <li>• Litter Prevention (for the 'Butt-Free' program on Coochiemudlo Island)</li> <li>• Environmental Innovation and Protection (for IndigiScape's environmental protection programs)</li> <li>• Water Conservation (for a series of projects minimising water use).</li> </ul>

# Performance report – what we did

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On the following pages, we provide our 'state of the city' report – a summary of our performance against our Corporate Plan during 2011-12.

There are three key documents that provide the framework to guide our direction and measure our performance:

- **Redlands 2030 Community Plan** – the overarching vision for our community
- **Corporate Plan 2010-15** – Council's commitment to achieving that vision over a five year period
- **Operational Plan 2011-12** – the projects Council will undertake toward the Corporate Plan for a given financial year.

All are guided by the eight vision outcomes in the Redlands 2030 Community Plan:

- Healthy natural environment
- Green living
- Embracing the bay
- Quandamooka Country
- Wise planning and design
- Supportive vibrant economy
- Strong and connected communities
- Inclusive and ethical governance.

There were 178 measures in the Operational Plan 2011-12 when it was originally adopted by Council in June 2011.

	Number	Percentage
Completed	121	68
Carried forward	20	11
Included in Operational Plan 2012-13	7	4
Not commenced	3	2
Cancelled	27	15
<b>Total</b>	<b>178</b>	<b>100</b>

Of the 27 cancelled projects, 14 were removed from the Operational Plan in the first half of the year as a result of changes to Council's financial position due to the impacts of state government changes to water pricing and infrastructure charges.

At 30 June 2012, 20 projects were not completed, but were expected to be completed in quarter one or quarter two of 2012-13. These projects will be monitored until completion and any issues reported to the Executive Leadership Group and Council.

Seven projects are continuing into, and have been included in, the Operational Plan 2012-13. More than two-thirds (68%) of the projects in the Operational Plan 2011-12 were expected to be completed by the end of 2012. This is lower than in previous years but is the result of the higher-than-normal number of cancelled projects as explained above.

# Annual state of the city indicators

<b>Healthy natural environment</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Koala population</b>				
Number of koalas sighted as part of annual koala count on North Stradbroke Island	26	28	31	The annual koala count in the townships on North Stradbroke Island took place on 15 October 2011, recording 31 koalas compared to 28 the previous year: Dunwich – 10, including a joey; Amity Point – 19, including 2 joeys; Point Lookout – 1; Flinders Beach – 1.
Total number of koala trees planted	Unavailable	7,465	5,318	Council planted 61,798 trees, shrubs and other plants in 2011-12, including 9,330 trees – of these, 5,318 were koala food trees.
<b>Community involvement in environmental programs</b>				
Number of people involved in community environmental programs	Unavailable	5,000	5,180	<p>Council's community environmental programs are managed by IndigiScapes (Council's environmental education centre). The figures include one-off participation in education programs and ongoing involvement in programs that show tangible results.</p> <p>Programs include:</p> <ul style="list-style-type: none"> <li>• private property habitat protection programs (including Land for Wildlife, Rural Support, Your Backyard Garden, Koala Conservation Agreements, Voluntary Conservation Agreements and Waterways Extension Program)</li> <li>• Bushcare and community plantings</li> <li>• IndigiScapes volunteers in the nursery, centre and botanic gardens</li> <li>• wildlife ambulance drivers</li> <li>• wildlife care network telephone volunteers</li> <li>• student participants in school programs</li> <li>• members of the IndigiKids program.</li> </ul>

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Health of Redlands' waterways</b>				
Waterway health rating in Redlands	Fair to Good	Fair to Good	Fair to Good	Redlands' waterway recovery program delivers a comprehensive local assessment of waterway health for our 11 major catchments and Moreton Bay islands, including Coochiemudlo Island and North Stradbroke Island. In 2012, the overall water quality trend for the mainland freshwater creeks was generally fair to good and remaining steady. Council will continue to monitor the creeks and identify hot spots to help us focus on future efforts for onground waterway recovery action.
Healthy waterways data from ecosystem health monitoring program –				
Freshwater creeks	F	F	D+	The 2012 Healthy Waterway Ecosystem Health Report Card provides a waterway health rating for the 2011-12 financial year. Details were announced in October 2012. Redlands freshwater catchments' improved overall from F to D+, the best result in eight years. Redlands' catchments feed into Waterloo Bay, improving from B+ to A-. Redlands' estuary systems Eprapah Creek and Tingalpa Creek both improved to C+ from a C in 2011.
Tingala Creek	C+	C	C+	
Eprapah Creek	C-	C	C+	
Waterloo Bay	B	B+	A-	
<b>Habitat gained</b>				
Total number of new plantings	86,832	58,950	67,402	Significant plantings were undertaken at: <ul style="list-style-type: none"> <li>• Cottonwood Court, Capalaba</li> <li>• Lorikeet Drive, Thornlands</li> <li>• Hilliards Creek, Ormiston</li> <li>• Macleay Island Waste Transfer Station</li> <li>• Creekside Circuit, Victoria Point</li> <li>• Smith Street, Cleveland.</li> </ul>

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Manage fire, pests and other hazards</b>				
Total area (hectares) treated for mosquitos	6,437 ha	2,693 ha	3,525 ha	An error has been identified in the figure included in the 2010-11 Annual Report. Instead of the 7406.48 ha reported, only 2,693 ha had been treated in 2010-11. This year's treatment area of 3524.87 ha for mosquitos indicates an increase in area treated and is largely due to seasonal changes in tides and the conditions surrounding rainfall. An average mortality rate of 98% was achieved, which is excellent.
Number of complaints regarding overgrown allotments	1,025	1,075	830	There has been a solid reduction from the 2010-11 figure, indicating success in our proactive approach to managing overgrown land.

### Case study – Koala food trees

#### Corporate plan strategy 1.2

Stop the decline in population of the koala and other species at risk through advocacy, protecting and restoring vital habitat and increasing community engagement and action

#### Description

Trees are vital to koalas and can be used for eating, sleeping, breeding and keeping them safe. Trees are important in ensuring the long-term survival of the koala in the Redlands. There are a few key species of food tree that are of particular importance to koalas, without which they would not survive. These are medium to large gum trees.

The importance of these trees was recognised in the Redlands Koala Policy and Implementation Strategy 2008, with several of its actions linked to increasing plantings of koala food trees in the Redlands. Given the size these trees can grow, not all sites are suitable for plantings. Council must consider public safety and visual appeal of particular trees, and the appropriateness for koalas in any given location. However, where possible, koala food trees are prioritised in plantings throughout the city.

Plantings are part of revegetation projects on Council land, included as street trees, or included in park vegetation. These projects are delivered through community participation in Bushcare programs on Council land or through habitat protection programs (partnering with landholders to improve the habitat potential of private land).

One of our key events each year is the Koala Community Planting, where a site is specifically chosen to provide significant habitat benefits to koalas. Our event this financial year was held on 26 May 2012 at Norm Dean Park in Cleveland, a key area for koala movement. With the assistance of a team of community volunteers, more than 2,000 plants were planted, of which 400 were koala food trees. The remaining species will help provide broader habitat and also protect the koala food trees as they grow.

## Annual state of the city indicators *continued*

<b>Green living</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Go local</b>				
Total creditor payments to local businesses	\$37,779,691	\$37,911,543	\$44,890,607	From a total spend of \$221,783,060 in 2011-12, \$44,890,607 (20.24%) was paid to businesses with a registered address in the Redlands. While Council purchasing is governed by strict legislative requirements and the need to ensure best value for ratepayers, we always strive to support local suppliers where they can demonstrate they are competitive on price and quality.
<b>Council's energy consumption</b>				
Annual energy consumption for Council's occupied buildings	3,595,484 kw	3,142,808 kw	2,943,984 kw	The percentage saving compared to 2010-11 for kilowatts consumption equates to 6.72% and 186.5 tonnes of greenhouse gas emissions. The savings achieved compared to the base year of 2008-09 equates to 22.62% and 759.25 tonnes of greenhouse gas.
<b>Community participation – practical and positive local action</b>				
Number of people involved in energy efficient programs	Unavailable	9,927	6,392	A number of programs supported energy efficiency in 2011-12: <ul style="list-style-type: none"> <li>• 459 households registered for the Energy Conservation Communities Program</li> <li>• 2,763 households were involved in the Climate Smart Home Service Program</li> <li>• four schools were involved in the Green Lane Diaries Program.</li> </ul>
<b>Manage environmental harm</b>				
Number of routine environmental licence inspections for environmentally relevant activities (ERAs)	Unavailable	222	209	Of the 209 routine environmental licence inspections, 12 were not completed within the timeframes. Overall achievement was 95.06%. There was a slight increase in complaints against ERAs in 2011-12. However, this number of complaints was relatively consistent with complaints in previous years.



## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Waste management</b>				
Total domestic tonnage of waste sent to landfill per capita/year	447.5 kg	437 kg	409 kg	Total waste sent to landfill per capita for 2011-12 (409 kilos) was 21 kg less than the maximum annual target. This continuing reduction in per capita waste to landfill may be attributed to the new kerbside green waste collection service and ongoing implementation of our Waste Management Strategy.
Percentage of recyclable material diverted from kerbside collection	23.85%	21.93%	22.40%	Overall percentage of recycled waste did not meet the 25% target for 2011-12 as stated in the RedWaste Annual Performance Plan. However, two main factors may be influencing recycling performance in the Redlands: there was a 3.3% overall reduction in domestic waste tonnage and a corresponding 1.2% reduction in kerbside recycling tonnage when compared to 2010-11. The net effect of this has seen slight improvement in recycling performance when compared to 2010-11.

# Annual state of the city indicators *continued*

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## Case study – Redland City TravelSmart Schools Program

### Corporate plan strategy 2.4

Provide and maintain safe and attractive routes for people to walk and cycle throughout the city and to connect to nearby regional centres

#### Description

TravelSmart Schools is a voluntary travel behaviour change program for primary schools, encouraging more sustainable modes of travel (walking, cycling, public transport and car pooling). The program is a fun, hands-on initiative encouraging students and the school community to develop new ways to travel to and from school.

Traffic congestion and road safety around schools is a significant issue for Redland City. Travel patterns to and from schools in the Redlands reflect those of other urban centres in south-east Queensland, with the majority of students driven to and from school by car. According to Department of Transport and Main Roads (DTMR) figures, the percentage of primary school children being driven to school has increased from 55% in 1992, to 72% in 2007.

A pilot Sustainable School/Active Travel Program was initiated by Council in 2010 at Redland Bay State School, modelled on similar projects conducted in Redland City and by Brisbane City Council. The pilot program demonstrated a positive shift away from car use and an increase in active travel from 49% to 60% of students. This program has since transitioned into the TravelSmart Schools Program, which is a partnership between Council, DTMR and participating schools in the city. During 2011 and 2012, the program was rolled out at four schools: Bay View State School, Cleveland State School, Thornlands State School and Hilliards State School.

Along with alleviating congestion, noise and air pollution around schools, the TravelSmart School Program has other benefits for schools and the broader community. The program helps promote road safety awareness, healthy lifestyles and improved social interaction between children.

## Annual state of the city indicators *continued*

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<b>Embracing the bay</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Island infrastructure</b>				
Capital reserve funding on Southern Moreton Bay Islands (SMBI)	\$4,473,694	\$3,824,650	\$3,244,934	Major funding for the accelerated roads program has enabled several road access projects, pedestrian access improvements and road sealing across all islands to continue during the 2011-12 financial year.
<b>Promote enjoyment of the bay by improving access</b>				
Number of new and upgraded bay access points	Unavailable	4	3	A canoe access point was provided at Ferry Road, Birkdale. The boat ramp at Moores Road, Redland Bay, was resurfaced (100% funded by Department of Transport and Main Roads). Lamb Island barge/boat ramp was also resurfaced (25% funded by Department of Transport and Main Roads).

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# Annual state of the city indicators *continued*

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## Case study – SMBI 2030 Community Plan

### Corporate plan strategy 3.1

Address the social, cultural and economic needs of island communities by partnering with residents and other tiers of government to deliver infrastructure, facilities and services

#### Description

The picturesque Southern Moreton Bay Islands (SMBI) of Macleay, Perulpa, Lamb, Karragarra and Russell Islands are the second largest offshore island communities in Australia. The islands have a unique set of challenges due to their history of inappropriate property development and scattered settlement patterns. The development legacy carried by past governments has resulted in a costly infrastructure backlog for roads, sewerage and accessible transport services.

At the time of the 2011 Census, the SMBI had an estimated population of 5,630 people, with a projected ultimate population of 22,696 based on current land tenure. The needs of residents and businesses reflect their relative isolation and the barriers created by their dependency on water-based transport to access mainland services, facilities and jobs. The islands present a unique set of challenges unparalleled in south-east Queensland to balance infrastructure provision with lifestyle needs, as well as environmental considerations in light of the islands' location in the Moreton Bay Marine Park.

In December 2011, Council adopted the SMBI 2030 Community Plan, which provides a new strategic direction in planning for the Southern Moreton Bay Islands. It sets a framework to fulfill the Redlands 2030 Community Plan vision outcome of a strong future for islands. The contents of the SMBI 2030 Community Plan are based on three sources:

- Redlands 2030 Community Plan: providing the foundation structure and guiding vision and goals for the new SMBI 2030 strategy.
- Recommendations of the SMBI PLUS 1999 Review: providing the principles and technical detail to make the new planning strategies specific to the islands.
- SMBI Communities Advisory Committee, SMBI residents, businesses, community organisations, non-resident land owners, Council officers and state government representatives: providing advice, identifying the issues and validating the initiatives contained in the plan.

All three sources combine to produce a 20-year community plan relevant to islanders and stakeholders and aligned to contemporary planning practices at state and local levels.

## Annual state of the city indicators *continued*

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### Quandamooka Country

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Awareness of local Aboriginal history and culture</b>				
Level of community awareness	Unavailable	60.4%	Unavailable	This data is sourced from the Community Satisfaction Survey, undertaken every two years. It is next planned for 2012-13.

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# Annual state of the city indicators *continued*

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## Case study – Quandamooka Stories

### Corporate Plan strategy 4.1

Improve community understanding and promote respect for the Quandamooka peoples' relationship with the land and waters of Redlands

### Corporate Plan strategy 4.5

Work with Traditional Owners and Elders and apply creative and educational techniques to improve employees', residents', and visitors' understanding of the heritage, achievements and aspirations of local Aboriginal people

### Description

Quandamooka Stories is a documentary film project funded by Council and managed by the Quandamooka Combined Aboriginal Organisations Forum. Filmmaker Marcia Machado was contracted to create four films about local history and culture in collaboration with Aboriginal Elders and community members including children and young people of Quandamooka Country. The films are a collection of Indigenous stories and views about the future, the present and the past of Quandamooka Country.

*'Traditionally, oral storytelling, visual arts, song and dance were the sole means for our community to express our culture and pass on knowledge from generation to generation. While the technology filmmaker Marcia Machado is using in this project is 21st century, the meaning, ideas and cultural values it will capture are timeless.'*

**Aunty Joan Hendriks**

Council's Community Development Team has worked in partnership with the Quandamooka Combined Aboriginal Organisations Forum to deliver a very successful public screening of the films on North Stradbroke Island on 18 January 2012 in the Dunwich Community Hall, with 150 people attending.

Council also helped the Quandamooka Forum to produce copies of the DVD for distribution, and supported the Quandamooka Forum to develop a distribution plan. Copies of Quandamooka Stories are available for purchase through the North Stradbroke Island Housing Cooperative. The films have also been catalogued in local libraries.

The Quandamooka Stories films have provided an excellent avenue to increase awareness and understanding of the past, present and future for the Quandamooka people of the Redlands.

*'We are the people of the sand and the sea.'*

**Aunty Margaret Kucirek**

## Annual state of the city indicators *continued*

<b>Wise planning and design</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Connect the city's communities with an improved walking and cycling network</b>				
Total length of footpaths	376.4 km	380 km	383 km	New footpaths constructed in 2012-12 continue to add to the existing network, filling missing links near schools, transport hubs and other community facilities.
Length of footpaths constructed	2.7 km	3.6 km	2.8 km	
Total length of cycleways	51.1 km	53 km	54 km	Council's strategic focus continues to be completing and improving links of the Moreton Bay Cycleway. New projects in 2011-12 also included other links identified in the Redland City Council Cycleway Trunk Network.
Length of cycleways constructed	1.8 km	2.6 km	1.2 km	
<b>Plan and advocate to connect the city's communities with improved public transport</b>				
Number of new bus shelters provided	Unavailable	27	4	In addition to the four new bus shelters, a total of 38 bus stops were upgraded to minimum boarding points, making them compliant with the <i>Disability Discrimination Act 1992</i> (concrete slab, tactile indicators and other minor works).
Number of bus journeys started in Redlands	Unavailable	2,378,578	Unavailable	

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Housing diversity</b>				
Number of new attached housing approvals	152	308	102	With a year of tighter global and local economic conditions, there were still high level of approvals for attached dwellings at almost 20%. This has continued since the introduction of the 2006 Redlands Planning Scheme, with an average in the 20-30% range for attached dwellings, demonstrating efficient use of available land.
Number of new detached housing approvals	619	705	451	
<b>Provide and manage high quality parks and open space</b>				
Land acquired for open space and nature	Unavailable	70.3 ha	38.33 ha	The majority of land acquired was through the Southern Moreton Bay Island land exchange, development contributions and government trusteeship.



# Annual state of the city indicators **continued**

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## **Case study – Developing the Redland Open Space Strategy 2026**

### **Corporate Plan strategy 5.13**

Enhance the city's livability and enable people to enjoy outdoor activities, social gatherings and community events through planning, providing and managing high quality parks and open spaces

#### **Description**

The purpose of the Redland Open Space Strategy 2026 is to outline the future of the city's open space network to ensure a wide range of recreation activities is available to everyone in our community. The strategy aims for our parks to become more vibrant, fun and safe places to visit all year. Council developed the strategy in 2011-12 and expects to consider it for adoption before the end of 2012 (calendar year).

The Redlands 2030 Community Plan sets the framework for the Redland Open Space Strategy 2026. The vision, outcomes and goals – developed from thousands of contributions of local residents, businesses and organisations, expressing and sharing their vision for the Redlands – underpins the values expressed in the Open Space Strategy.

In developing the strategy, Council researched which particular recreation and sporting activities local people like to do in the city's parks and open spaces. The most popular activities were then matched to the most suitable open spaces and parks, firstly within walking distance of residential neighbourhoods and then across the suburbs.

Providing great accessible places for people to easily participate in outdoor recreation, community and sporting activities is important to the health and wellbeing of every Redland citizen. The Open Space Strategy maps out a new vision for open space, parks and recreation that will guide future decision-making for Redlands' city spaces. The strategy is long term, with a 14-year horizon for implementation.

## Annual state of the city indicators *continued*

<b>Supportive and vibrant economy</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Strengthen local economy and local employment</b>				
Number of schools involved in EcoMan program	6	5	5	The EcoMan program combines 'economics' and 'management' and was developed as a business simulation training program. It promotes an understanding of business and the contribution private enterprise makes on the community, and encourages school leavers to consider the private sector as a career choice. It also makes participants aware of the commercial realities of operating a business.
Number of international students	116	114	82	Redlands schools hosted 82 international students, attending three education institutions.
<b>Provide business support to local companies</b>				
Number of businesses assisted by the Business Grow program	864	690	736	The Business Grow program offers advice and mentoring to potential and existing businesses in the Redlands.
Number of Redlands businesses assisted by the China Trade Investment Officer	30	41	47	The China Trade and Investment Officer advised businesses on importing and/or exporting from/to China.

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Tourism numbers</b>				
Number of accommodation beds in the city (approximate)	7,184	7,184	7,184	Accommodation data is collated for the whole of the Redlands, including North Stradbroke Island, Southern Moreton Bay Islands and Coochiemudlo Island. A range of accommodation options is available, including motels, backpacker rooms, self-contained rooms, caravan and camping, and bed and breakfast rooms. Limited development has been undertaken in the region and therefore there has been no increase in beds.
Number of visitors to the Visitor Information Centre	8,878	6,891	10,100	Visitor Information Centre usage generally varies according to region, physical alignment with an attraction or destination, location and accessibility. In 2011-12, the Redlands Visitor Information Centre assisted more than 10,000 people with a wide range of enquiries, providing advice on accommodation, attractions, transport and tours. The delivery of visitor services has changed with advances of technologies and Council will review its delivery in 2012-13.

# Annual state of the city indicators **continued**

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## **Case study – Redland City Council: Visitation to the Redlands statistics**

### **Corporate Plan strategy 6.6**

Promote Redlands as a high-quality tourism destination and encourage the development of sustainable nature-based, heritage and eco-tourism

#### **Description**

Council commissioned research to deliver tourism visitation statistics for Redland City. The research aimed to measure visitor numbers to the Redlands and also:

- determine the origin of visitors
- ascertain day and overnight visitation
- ascertain purpose of travel
- ascertain mode of transport
- calculate length of stay
- determine and track locations visited.

The results showed:

- total annual visitation was 1,066,112 people, with day visitors making up approximately one third
- in the past 12 months, almost 50% of visitors who stayed one night or more in the Redlands stayed with family and/or friends, with the other 50% staying in paid accommodation
- on average, local households hosted visitors from outside the Redlands around three times a year, with these visitors staying for around one week
- nearly 50% of visitors to the Redlands came from Brisbane, 15% from Logan, 8% from the Gold Coast, 8% from interstate and 5% are international (UK, Europe and New Zealand)
- the majority of visitors used a private vehicle to get to the Redlands (94%), which was consistent for day trippers and overnight visitors
- 63% of all households in the Redlands had overnight visitors from outside of Redland City and 37% had visitors six or more times per year.

The research will be used to provide direction on Council's role in supplying tourism-related infrastructure. The statistics provide a focus and direction, and will help Council support the tourism industry with the long-term goal of bringing more visitors to the region and enhancing their experience.

## Annual state of the city indicators *continued*

<b>Strong and connected communities</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Increased community health and wellbeing</b>				
Number of vaccines administered	7,360	6,911	7,501	6,403 vaccines were administered through the schools program and 1,098 were administered at Council community clinics. There was an increase in vaccines delivered through the school program from 2010-11 to 2011-12, and a reduction in the number of vaccines delivered at the community clinics. This may be as a result of a general decline in vaccination numbers, or due to the reduction of hours of operation of the community clinics.
Percentage of generally compliant food businesses	97.8%	97.2%	97.5%	Council monitors food businesses, and the results for the past financial year show a good overall level of compliance with food and safety practices.
<b>Increase community safety</b>				
Percentage of residents satisfied with safety in the city and their neighbourhood	Not collected	75%	Not collected	This data is sourced from the Community Satisfaction Survey, undertaken every two years. It is next planned for 2012-13.
<b>Promote festivals, events and activities</b>				
Number of events managed by Council	29	20	21	Corporate events in 2011-12 included Christmas by Starlight, Redland – Koala Fun Run and numerous citizenship ceremonies.
<b>Provide practical support to the community sector</b>				
Number of sponsorships approved	15	38	42	Sponsorship approvals for 2011-12 had an approximate value of \$173,512 for events including RedFest, Redland Easter Family Festival, Straddie Salute Multisports Festival, Redland Bluegrass Convention, Macleay Island Canoe Race and Careflight.
Value of grants committed to the community from Council	\$807,365	\$675,130	\$685,650	This year's allocation was shared between 252 organisations and individuals through the Community Grants Program. For additional information and a breakdown of categories see page 71.

# Annual state of the city indicators *continued*

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## Case study – Seniors concert series at Redland Performing Arts Centre

### Corporate Plan strategy 7.4

Increase the participation of people from all age groups and backgrounds in local heritage, the arts and cultural expression

### Corporate Plan strategy 7.8

Support 'Ageing Well in the Redlands', to enable active participation in all aspects of community life

### Description

The Redland Performing Arts Centre (RPAC) is the city's premier performing arts and events facility. The centre presents an annual season of concerts titled Musical Melodies, which are presented specifically to entertain seniors and pensioners. The program aims to provide this section of the community with high-quality performances at an affordable price. These performances also cater for those with special needs.

Musical Melodies, now in its fourth year, is the local version of the national Morning Melodies program. The success of this series is demonstrated in the continued growth in attendance over the past three years. Audience capacity has increased from 59% in 2008-09 to 98% in 2011-12 with most performances selling out well in advance. The program offers a variety of genres from country music to Broadway musical tributes, featuring local talent and of some of Australia's most accomplished performers.

This program demonstrates Council's commitment to enhancing community lifestyle by providing facilities and services that are both accessible and of high quality.

## Annual state of the city indicators *continued*

<b>Inclusive and ethical governance</b>				
<b>Performance indicators</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Comments</b>
<b>Provide accessible information</b>				
Monthly average number of visits to Council's corporate home page	57,500	53,000	54,904	Online interaction is expected to grow gradually with greater use of digital media by the community. The 2010-11 figures included major consultation undertaken for Redlands 2030 community planning.
Number of visits to Council's consultation online pages	Unavailable	7,475	4,105	
Number of media releases and responses issued	499	494	295	Council works hard to be responsive to media requests for information and to ensure our community is informed of Council projects, services and decisions. Council answered all media inquiries.
<b>Deliver broad, rich and deep engagement</b>				
Number of community engagement activities recorded by Council	Unavailable	58	51	Council's formal engagement activities are guided by its Community Engagement Policy.
Percentage of the community who agree they have the opportunity to have a say on key decisions affecting the Redlands on important issues	Unavailable	47.7%	Unavailable	This data is sourced from the Community Satisfaction Survey, undertaken every two years. It is next planned for 2012-13.

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Ensure resource allocation is sustainable</b>				
Number of full-time employees in the organisation	970	690	702	There was a slight increase in full-time employees due to the reduction of job-share positions, and an increase in employees returning from parental leave in a part-time capacity reverting back to full-time. (Note: the figure for 2010-11 in the 2010-11 Annual Report of 888.09 was incorrect. This figure was for full-time equivalent employees and included part-time employee and contractors.)
<b>Ensure delivery against our priorities</b>				
Community satisfaction with Council leadership	Not collected	47.7%	Not collected	This data is sourced from the Community Satisfaction Survey, undertaken every two years. It is next planned for 2012-13.
<b>Rates set to finance delivery of community and corporate plan</b>				
Revenue raised from rates, utilities, special and separate charges – less discounts and remissions	\$82,931,229	\$94,355,564	\$100,405,652	From 2010-2011, there was a 6.4% increase in funds collected.



# Annual state of the city indicators **continued**

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## **Case study – Redland City Council Facilitation Training Program**

### **Corporate Plan strategy 8.4**

Deliver broad, rich and deep engagement that reaches residents of all ages, backgrounds and locations, enabling them to contribute their views about plans and decisions affecting them and developing community leadership

### **Description**

Council staff members regularly communicate and consult with residents and other stakeholders on a range of issues. These include Council planning activities, delivering projects on the ground or talking with residents on the phone or in the community. It is important for staff to listen effectively, encourage dialogue and accurately record these conversations. Council's facilitation training provides them with key skills to manage a range of conversations. Staff members from all areas of Council have participated in this training.

Those who have completed this training have had the chance to use their skills at a wide range of public consultation activities including open houses, speak outs, project working groups and community forums. This provides a range of benefits for both residents and staff. By participating in engagement activities run by other areas of Council, officers build their knowledge about the city and issues faced by residents, and learn about topics they might not otherwise be aware of through their daily work duties. Through this program, Council is able to run significant engagement activities without external contractors and residents can be confident their comments are directed back into the organisation.

Many officers who complete this training go on to complete formal training in public participation through the International Association of Public Participation.

## Annual state of the city indicators *continued*

### An efficient and effective organisation

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Ensure flexibility is incorporated into work practices</b>				
Number of part-time employees in the organisation	80	110	99	The number of part-time employees has decreased slightly due to organisational redesign and some part-time and job-share employees converting to full-time employment.
Operating surplus ratio	Unavailable	-11.90%	-10.72%	Net operating deficit = \$17,042,421 or (-10.72%) of total operating revenue (\$159,026,489). This was outside of the targeted range of positive 0-15%.
Level of dependence on general rates	Unavailable	44%	46.1%	General rates (excluding remissions) = \$73,242,036 or 46.1% of total operating revenue (\$159,026,489).
Percentage debt servicing ratio	Unavailable	3.4%	4.3%	Total interest = \$3,697,259 and total redemption = \$3,105,410. Payments to Queensland Treasury Corporation including total interest and redemption were \$6,802,669 or 4.3% of total operating revenue of \$159,026,489. This result is comfortably within the target set of less than 10%.
Cash capacity	Unavailable	6	7.7	Cash balance at 30 June 2012 was \$84,803,512 compared to average monthly payments to suppliers and employees (including interest expense) = \$131,912,325 or \$10,992,694 on average each month over 12 months. This equates to a cash capacity of 7.7 months comfortably ahead of targeted cash holdings of three to four months.

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Promote diversity in the workforce</b>				
Percentage of female employees in management positions	23%	27%	32%	Council strives to achieve a good gender balance in management positions. This figure represents the three most senior tiers of the organisation: CEO, General Managers, Group Managers
Percentage of male employees in management positions	77%	73%	68%	
Percentage of female employees	56%	59%	58%	Council has a relatively even split of male to female employees across the organisation
Percentage of male employees	44%	41%	42%	
<b>Provide a safe place for staff to work</b>				
Number of hours lost through workers' compensation claims	3,113	4,266	4,869	Total hours lost during the year increased in 2011-12, indicating the rehabilitation required for the staff injured during the year remained steady. Council works very closely with all injured workers to ensure they are able to return to their former duties, or suitable alternative duties, in the shortest timeframe possible.
Number of workplace related injuries	266	249	220	The drop in workplace-related injuries is a reflection of the effectiveness of Council's 'Safety First' campaign, now in its third year.
Number of workers' compensation claims	58	37	51	The most common injuries were strains and sprains, followed by wounds, lacerations and bruising. Data is included in the workplace health and safety plan, which is used to identify trends.

## Annual state of the city indicators *continued*

Performance indicators	2009-10	2010-11	2011-12	Comments
<b>Recruit and train high-quality staff</b>				
Satisfaction with Council as an employer	Unavailable	78%	79%	In October 2011, the MySay PULSE employee satisfaction survey was administered by ORIMA Research with a 70% participation rate (up from 65% in 2010). The key survey outcome measures of overall satisfaction and employee engagement were at least consistent with, or more favourable than, the 2010 results. The results place Council in the top 25% of public sector agencies surveyed by ORIMA Research between 2008 and 2011. Employees generally are as satisfied overall with their current job (77%) and with Council as an employer (79%) as they were in 2010 (75% and 78% respectively). These results compare well with the Australian Public Service average of 70% of employees satisfied with their job, despite the significant organisational change experienced in Council in the past year. Employees continued to express positive views across a range of workplace attributes, with strong results in workplace safety, individual goal clarity and intrinsic job rewards.
Overall job satisfaction	Unavailable	75%	77%	
Percentage employee turnover	14%	14%	13%	The turnover rate of staff is relatively stable. Turnover decreased slightly from the previous year, which had risen due to the large organisation redesign during that period.
Number of transfers in Council	72	136	132	This figure represents 13% of total employees, which is in line with the benchmark for local government in Queensland.
<b>Support the health and wellbeing of our people</b>				
Percentage overall absenteeism of employees	Unavailable	4.9%	4.6%	The slight reduction in overall absenteeism may be linked to the wellbeing strategy.

# Annual state of the city indicators **continued**

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## Case study – Safety and Wellbeing Taskforce

### Corporate Plan strategy 9.4

Provide a safe place for staff to work in and support the health and wellbeing of our people

#### Description

Council's Executive Leadership Group has a strong commitment to providing a positive safety culture in the organisation. As part of its commitment to an efficient and effective organisation, Council has developed the Safety First Taskforce Strategic Plan Mission 2012 and Beyond. The plan enables Council to undertake a number of key recommended actions:

#### 1. Promote a safety culture to ensure sustainability of new practices

Council developed the following statement for staff:

- We will act with courage to:
  - speak up and inspire others to act safely
  - always look for better ways to be safe
  - be responsible for our own and other's safety.
- We will take steps to improve our safety culture.
- We will do our bit, but we need everyone to be responsible for safety if we are to reach our goal of a cooperative safety culture.
- Are you safe when no one is watching?
- Safe work practices will be noticed and rewarded.

## Annual state of the city indicators **continued**

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### **2. Respond to enforceable undertaking audit**

Council was required to undertake a number of activities as a result of an enforceable undertaking accepted on 30 July 2009. An enforceable undertaking is one of the options available to promote compliance with workplace health and safety laws as a result of a worker sustaining injuries. Some activities to be undertaken included:

- occupational health and safety management system audits
- a system for competency to operate high-risk plant, incorporating training and competency testing
- a workshop for local government on 'zero harm'.

### **3. Integrate systems and processes to ensure efficiencies are found**

Council has achieved good results in many areas of the Safety Management Plan. The undertakings achieved to date continue to evolve as part of a continuous improvement process. There are 32 business systems that relate to safety management that provide a holistic view and include other project requirements from the key elements of safety culture, enforceable undertaking, harmonisation and water reintegration. Council has a fully compliant AS4801 Safety Management System, which will satisfy the requirements of the National Self Insurance Audit Tool and is available to all staff through the Safety First link on the intranet.

### **4. Harmonisation (new legislation)**

Council has undertaken an extensive process to deliver the harmonisation of occupational health and safety laws to ensure officers are aware of their obligations.

### **5. Water business reintegration**

The Safety and Wellbeing Unit worked with the Water Reintegration and Disestablishment (WRAD) team to develop a project plan, including a schedule of tasks for action as part of the transitional arrangements for the return of the water business to Council from Allconnex. This work continues from 1 July 2012 and the overall goal is to provide a framework for a compliant system that will have further implementation and review.

# Governance at Redland City Council

## What is governance?

Governance is about the control and management of the organisation to enable Council to achieve its plans. It includes planning and decision-making, implementation, monitoring, performance management and accountability.

## Legislative compliance

Council has been proactive in implementing changes as a result of new legislation. In 2011-12, we continued to respond to the changes required by the *Local Government Act 2009*. This legislation significantly impacts on Council.

Every three months, Council completes a survey of all supervisors and managers to check compliance with legislative requirements. This process is currently under review and we intend to develop a new approach in 2012-13 to better track Council's performance against specific legislative requirements. This new process will take account of changing legislation and ensure our approach to legislative compliance is suitably comprehensive.

## Organisational Planning

Organisational planning in Council is guided by a series of key documents.



## • Redlands 2030 Community Plan

The Redlands 2030 Community Plan: Creating Our Future is our community's long-term plan. It was developed in 2009 and 2010 and included input from thousands of residents. The plan is ambitious and responds to local, national and global challenges.

The plan sets a vision for 2030 when:

*'...the Redlands will be a well-designed, vibrant city of mainland and island communities, each with distinctive character, heritage and lifestyles. Our shared values will shape the way we care for each other and how we protect the land, seas and waters where we choose to be.'*

The plan sets out eight vision outcomes:

- Healthy natural environment
- Green living
- Embracing the bay
- Quandamooka Country
- Wise planning and design
- Supportive vibrant economy
- Strong and connected communities
- Inclusive and ethical governance

## • Corporate Plan 2010-2015

Council's Corporate Plan 2010-2015 represents Council's contribution to the delivery of the Redlands 2030 Community Plan. The plan sets out what Council plans to do over the next five years to contribute to the eight vision outcomes. It also includes a ninth outcome, which explains how Council will be an efficient and effective organisation in terms of internal support services (for example financial management, information management and managing our people etc.).

The Corporate Plan 2010-2015 also informs Council's long-term, strategic planning documents such as our financial and asset management strategies, land use and infrastructure plans.

# Governance at Redland City Council continued

## • Operational planning

Each year Council must develop and adopt an operational plan, which sets out the particular projects and programs we plan to deliver during the financial year to help progress the Community Plan and Corporate Plan. This is a requirement of the *Local Government Act 2009*. The Operational Plan 2011-12 was closely linked to the budget and set out specific actions planned in the financial year that contributed to the delivery of the Corporate Plan.

The Operational Plan 2011-12 included 178 projects. These projects were delivered by teams across Council and progress was reported quarterly to the Corporate Services and Governance Committee. These comprehensive performance reports are all readily available on Council's website. At the end of the 2011-12 financial year, a report was prepared outlining progress against the plan. The following table shows a summary of Council's performance against the plan. Any projects not complete at 30 June 2012 continue to be monitored until completion.

	Number
Completed	121
Carried forward	20
Included in Operational Plan 2012-13	7
Not commenced	3
Cancelled	27
<b>Total</b>	<b>178</b>

## Performance management framework

Council's performance management framework sets out our approach to tracking our performance and shows how we are progressing against our plans. The framework helps the organisation to work towards clear, measurable goals aligned with our vision. It is closely integrated with our Community Plan, Corporate Plan, Operational Plan and annual budget.

The framework includes three key elements:

Annual Performance Report – The information presented in this annual report (see pages 28-54) provides a strategic measure of Council's performance against the Community Plan and the Corporate Plan. This annual report includes annual indicators and case studies, which outline progress against these plans.

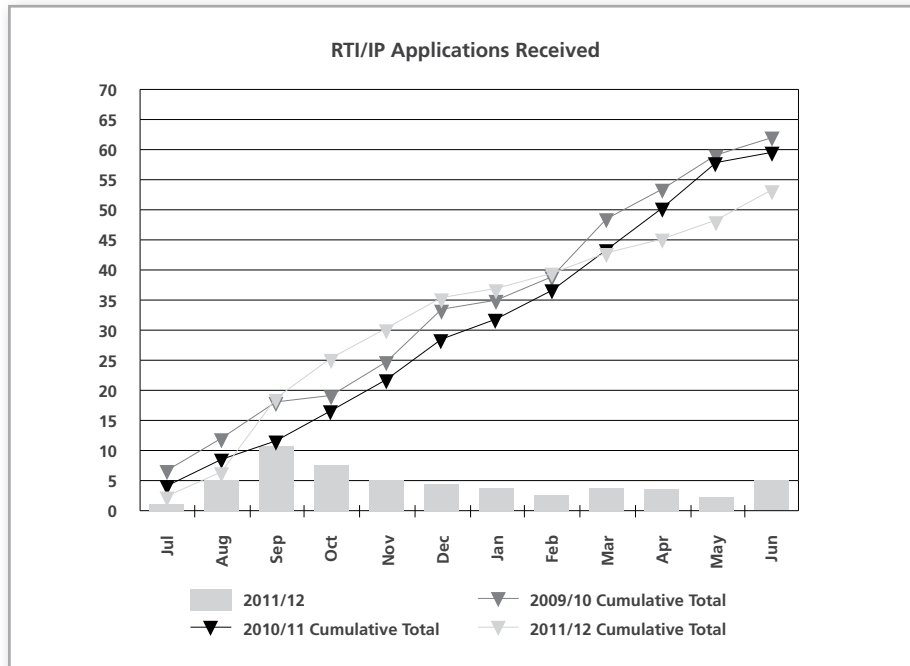
- Quarterly Performance Report – Every three months, Council presents an update on progress against the annual Operational Plan. In addition, a set of key performance indicators is prepared for Councillors to provide an update on Council services.
- Customer Satisfaction Survey – Every two years, a Community Satisfaction Survey provides important information about how the community thinks Council is performing and how satisfied it is with the delivery of Council services and the implementation of the Community Plan. This is an important tool within the framework because it shows what impact Council's work is having in the community.

At an individual level, Council uses performance appraisals and individual development plans to measure staff performance. These annual plans enable staff to agree on performance goals and identify training and development required for them to meet these goals.



# Governance at Redland City Council continued

## Right to Information/information privacy applications



During 2011-12, a total of 51 applications were received requesting access to Council documents. This represents a slightly smaller number of applications compared to last financial year. Applicants who are dissatisfied with a decision under the *Right to Information Act 2009* or the *Information Privacy Act 2009* can request an internal or external review of their decision. During 2011-12, three requests for internal review were received and finalised. One decision was upheld and two were varied. One application for external review was lodged with the Office of the Information Commissioner and is still under review.

## Risk management

Council is committed to enterprise-wide risk management practices to ensure we manage and mitigate – where possible – the risks to our staff and the community, as well as to our financial stability, our assets, service delivery capability and reputation.

In May 2011, Council adopted the Enterprise Risk Management Policy and Framework, which aims to enhance Council's approach to risk by incorporating sound risk management practices into all parts of our organisation. Enterprise risk management is embedded in aspects of Council's operations such as the Internal Audit Plan, budget development, project management, development and review of policies and strategies, staff training and induction, and staff performance management.

Council has formal risk registers to capture risks at strategic, operational and activity levels. The registers are reviewed annually to identify additional risks, review risk ratings and consider control measures.

During 2011-12, Council established an Operational Risk Management Committee comprising the CEO and General Managers, the Corporate Governance Manager and the Risk and Liability Services Manager. The role of the Committee, which meets quarterly, is to ensure appropriate senior management attention to Council's extreme and high risks, to report biannually to Council's Audit Committee on matters of importance, to review statistics, and provide direction on Council's Workers' Compensation Self-Insurance program and our insurance program in general etc.

# Governance at Redland City Council *continued*

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## Internal audit

Internal Audit provides the CEO and senior management with assurance that internal control systems are efficient, effective and economically viable, and that risk is appropriately addressed so objectives can be met.

Internal Audit operates as an independent function within Council, reporting directly to the CEO and the Audit Committee with respect to audit/investigation findings. For administrative/financial/employee management, Internal Audit reports to the General Manager Governance.

Internal Audit reviews and advises on:

- legislative and policy compliance
- operational cost-effectiveness and efficiency
- reliability of financial and related management information
- use of public funds and assets under Council's control
- adequacy and accuracy of accounting and computing systems.

Internal Audit also:

- conducts investigations requested by the CEO
- provides an advisory function concerning business improvement processes and systems of internal controls
- manages and co-ordinates the general complaints process for resolving administrative action complaints and complaints about the conduct and performance of Councillors.

In 2011-12, its findings confirmed that a satisfactory internal control environment exists within Council.

## Major achievements

In 2011-12, Internal Audit:

- completed all major tasks in the 2011-12 Annual Audit Plan
- released 11 audit reports
- released 53 investigation reports
- strengthened relationships by providing advisory services to committees and user groups within Council
- continued to improve professionalism by reviewing and updating procedures and operating manuals for quality control.

## Audit Committee

The Audit Committee comprised the Mayor, Chair of the Corporate Services and Governance Committee and two independent external members. The Audit Committee was chaired by one of the independent external appointees, Len Scanlan, the former Auditor-General of Queensland.

The primary objective of the Audit Committee is to help Council fulfil its corporate governance role and oversight of financial management and reporting responsibilities imposed under Subdivision 2, Sections 157-160 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* and other relevant legislation.

# Governance at Redland City Council *continued*

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## Major achievements

In 2011-12, the Audit Committee:

- endorsed the risk-based 2011-12 Internal Audit Plan
- reviewed quarterly end-of-year financial information
- reviewed audit reports and action taken to address recommendations
- monitored Internal Audit performance against the approved 2011-12 Audit Plan targets
- checked the resolution of prior-period Queensland Audit Office audit issues
- reviewed changes in accounting practices and policies.

Under its charter, the committee meets quarterly. The external and internal auditors, the CEO and five General Managers attend each meeting.

## External audit

Council is audited annually by the Queensland Audit Office. This provides a statutory mechanism for external reviewing of Council's financial operations and other corporate matters affecting the sound management of the organisation.

## Complaints management process and conduct and performance of Councillors

On 20 October 2010, Council adopted the:

- Complaints management process in accordance with Section 268(1) of the *Local Government Act 2009* (LGA 2009) and requirements set out in Section 119(1) – (6) of the *Local Government (Operations) Regulation 2010*.
- Conduct and Performance of Councillors process in accordance with Sections 176 to 182 of the *LGA 2009*.

All complaints received by Council are considered on their merits and addressed in an equitable and unbiased manner through an established complaints process and the observation natural justice principles. Complainants are treated courteously and are kept informed of the progress of the handling of their complaint, the timing of its handling and the outcome of their complaint.

Council staff who undertake roles in resolving or investigating complaints have received training, the effectiveness of which is reviewed on an annual basis.

During 2011-12, there were 99 new complaints made, of which 81 were resolved by 30 June 2012. Of these new complaints 18 were unresolved at 30 June 2012. Of those, 12 related to Councillor matters and six to administrative matters.

During 2010-11, there were 145 complaints made, of which 101 were resolved under Council's general complaints process. Of these new complaints 44 were still under investigation at 30 June 2011. Of those, 15 related to Councillor matters and 29 to administrative matters.

One administrative complaint from the 2008-09 financial year remains unresolved at 30 June 2012.

# Governance at Redland City Council continued

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## Administrative action complaints

During 2011-12, the following statistics are reported in accordance with the requirements of Section 501D and Section 501E of the *LGA 1993* (complaints actioned prior to 1 July 2010) and Section 115(1) - (2) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (complaints actioned after 1 July 2010):

There were 82 new administrative action complaints plus 30 carry-over matters (112 in total). Of the 82 new complaints, 76 related to administrative matters only, while six related to both Councillor and administrative matters. The 112 administrative action complaints comprise the following:

- One was a carry-over complaint from the 2008-09 financial year and is reported in accordance with the requirements set out in Section 501D and Section 501E of the *LGA 1993*. This matter was still under investigation at 30 June 2012. Due to the nature and complexity of this complaint, it is taking Council an unusual length of time to resolve.
- 105 administrative complaints were investigated and subsequently satisfactorily resolved. From these complaints, 18 adverse findings were identified relating primarily to improvements to existing processes and procedures.
- A further six complaints were still under investigation at 30 June 2012.

## Complaints - Councillors

During 2011-12, the following statistics are reported in accordance with the requirements of Section 114 (f) - (h) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*:

There were 23 new complaints made plus 15 carry-over matters (38 in total). Of the 23 new complaints, 17 related to Councillor matters only, while six related to both Councillor and administrative matters. The 38 Councillor complaints comprise the following:

- Seven complaints are reported in accordance with the requirements set out in Section 180(2) of the *LGA 2009*. These seven complaints were assessed as misconduct. All seven related to remarks made by Councillor Wendy Boglary to the Bayside Bulletin newspaper about the 'Our Parking Spot' petition and were reviewed by the Regional Conduct Review Panel as one complaint. The Regional Conduct Review Panel made the following order:
  - that Cr Boglary be counselled by the Mayor about the misconduct and how not to repeat the misconduct
  - that Cr Boglary make an apology for this breach at the next full meeting of Council.

- In accordance with the requirements set out in Section 180(4) and (5b) of the *LGA 2009*, one complaint was classified as official misconduct regarding Councillor Karen Williams releasing confidential information to the public about Council's decision to withdraw from Allconnex. This complaint was reviewed by the Remuneration and Discipline Tribunal who ordered that:
  - the Chief Executive Officer explain to all Councillors and Council officers how the release of confidential information occurred
  - Cr Williams make an admission of error and an apology at the next full meeting of Council.
- Nine councillor complaints were classified as potential official misconduct and were referred to the Crime and Misconduct Commission (CMC) in accordance with Section 177(7) of the *LGA 2009*. Of these, five were reviewed by the Regional Conduct Review Panel of which three were determined to be unsubstantiated, while the panel dismissed two complaints as lacking in substance. One further complaint was reviewed by the Remuneration and Discipline Tribunal, which recommended that no further action be taken. Three complaints were withdrawn by the complainant subsequent to being referred to the CMC.

## Governance at Redland City Council *continued*

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- As required by Section 177(6) of the *LGA 2009*, six Councillor matters were classified as misconduct and referred to the Department of Local Government. Of these, two were determined to be unsubstantiated and two were dismissed by the Regional Conduct Review Panel. A further two were subsequently withdrawn by the complainant.
- Two of these complaints were referred to the Mayor as required by Section 177(5)(b) of the *LGA 2009* for inappropriate conduct. For one of these complaints, the Mayor ordered Cr Barbara Townsend to personally write a letter of apology to the complainant for inappropriate conduct. The other complaint was subsequently withdrawn by the complainant.
- No complaint was assessed as relating to the conduct of the Mayor in accordance with Section 177(5)(a) of the *LGA 2009* for inappropriate conduct.
- None of the complaints were categorised as frivolous or vexatious under Section 177(4) of the *LGA 2009*.
- No complaint was assessed as relating to another matter in accordance with Section 177(8) of the *LGA 2009*.
- 12 complaints were still under investigation at 30 June 2012. These complaints contain the following categories of complaints:
  - seven complaints have been categorised as allegations of official misconduct and have been referred from the CMC to the Department of Local Government
  - five complaints have been categorised as allegations of misconduct and have been referred to the Department of Local Government.

# RedWaste Business Unit statement of operations and annual report

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RedWaste, a Type 2 commercial business unit of Redland City Council, is Council's waste management unit and is responsible for the management, collection and disposal of waste generated within the city. RedWaste manages Council's kerbside collection service, the operation and maintenance of transfer stations and the remediation of the closed Birkdale landfill site.

RedWaste provides services to Council and the community in accordance with the RedWaste Annual Performance Plan (APP) 2010-2011.

In 2011-12, RedWaste provided essential waste collection services to 51,606 households and 51,539 recycling services.

## Our statutory duties

This annual report, covering the 2011-12 financial year, has been provided to meet the requirements of the *Local Government Act 2009* and subordinate legislation, the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*. This legislation requires RedWaste to report annually on its operations and performance and includes information on:

- RedWaste's operations, and comparison with the annual performance plan
- changes made to the annual performance plan during the year
- impacts of the annual performance plan, including:
  - financial position
  - operating surplus or deficit
  - prospects
- details of Council's direction to the unit.

## Focus on the future – Sustainable Resources from Waste Plan

Council's Sustainable Resources from Waste Plan was progressed in 2011-12.

### Highlights:

- The kerbside green organics collection service was introduced as an option for residents. The service aims to reduce the amount of biodegradable organic green waste sent to landfill each year and diverted nearly 1,200 tonnes of green waste between October 2011 and June 2012. As at 30 June 2012, there were 5,600 residential properties participating in the service. The material is sent to a composting facility where it is processed into soil conditioners and mulch products.
- We offered a waste 'bin menu' allowing residents to choose from 10 different combinations of bin sizes and services including smaller 140L waste and recycling, larger 340L recycling and 240L green waste bins. This bin exchange program encouraged residents to downsize their waste bin from 240 litre to 140 litre waste bin through financial incentives to recognise waste minimisation practices. More than 6,200 residents took advantage of the bin exchange program.

## RedWaste Business Unit statement of operations and annual report continued

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- A waste minimisation pilot project within Council was launched, which involved a recycling service for Council's external workforce capturing green waste, tyres, scrap metal and other recyclables. This allowed Council's hardfill and builders' rubble to be diverted to a local recycling plant instead of being sent to landfill. The project also trialled the phase out of individual desk bins and the installation of shared 'bin stations' to encourage recycling among Council office workers.
- The Birkdale Landfill closed in October 2011, completing the exit strategy for that facility and marking the start of a new era of waste management in the city. Waste is now transported out of the city for final disposal (to a Brisbane City Council facility). As part of the finalisation, Council confirmed the Birkdale transfer station would continue to operate, pending assessment of further infrastructure upgrades.
- The 'Rethink your rubbish' campaign continued, encouraging people to view contents of their bins as a resource rather than waste. The campaign provides information and advice to help people change their behaviour and minimise waste. It was designed to clearly articulate why waste charges are necessary and how revenue is spent in delivering services and planning for future waste services and infrastructure.
- A green waste composting trial on Russell Island continued to assess whether compost could be made on the islands to meet Australian Standards quality, as part of a strategy towards more sustainable waste management on the Southern Moreton Bay Islands.
- A public place recycling strategy was launched to progressively increase the number of recycling bins in parks and on streets to maximise recycling by residents and visitors in public places. Another 10 recycling and six waste enclosures have been delivered under the Public Place Recycling Program.
- The rollout continued of National Standard (AS4123.7-2006) bin lid colours in order to increase recognition of recycling and waste bins to better differentiate Council's new kerbside green waste collection service. Redland City was the first local government in Queensland to adopt this bin colour differentiation.
- A mattress recycling trial was introduced, with a local manufacturer diverting approximately 45 mattresses per month from landfill.
- We continued to operate the Birkdale renewable energy plant. This facility captures gas generated from the breakdown of organic waste in the landfill and converts it to energy.



## RedWaste Business Unit statement of operations and annual report continued

### Key performance indicators

Number of domestic waste and recycling collections				
	2008-09	2009-10	2010-11	2011-12
Waste	50,464	53,615	52,134	51,606
Recycle	51,612	53,409	51,977	51,539

Percentage growth in number of domestic waste and recycling collections				
	2008-09	2009-10	2010-11	2011-12
Waste	-	6.24%	-2.76%	-1.01%
Recycle	-	3.48%	-2.68%	-0.84%

Net amount and type of recyclable waste from kerbside recycling collection (tonnes)				
	2008-09	2009-10	2010-11	2011-12
Aluminium	95	79	82	100
Glass	3,907	4,656	4,313	3,955
High density polyethylene	454	533	555	907
Steel	208	189	189	202
Cardboard and paper	7,839	7,513	7,179	6,910
<b>Total</b>	<b>12,503</b>	<b>12,970</b>	<b>12,318</b>	<b>12,074</b>



## RedWaste Business Unit statement of operations and annual report continued

<b>Change (percentage) in net amount and type of recyclable waste from kerbside recycling collection (tonnes)</b>				
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Aluminium	-	-20.25%	3.66%	18.00%
Glass	-	16.09%	-7.95%	-9.05%
High density polyethylene	-	14.82%	3.96%	38.81%
Steel	-	-10.05%	0.00%	6.44%
Cardboard and paper	-	-4.34%	-4.65%	-3.89%
<b>Total</b>	-	<b>3.60%</b>	<b>-5.29%</b>	<b>-2.02%</b>

<b>Kilograms per household per week</b>				
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Mass of kerbside domestic waste stream	15.14 kg	14.92 kg	15.60 kg	14.76 kg
Mass of kerbside domestic recycling stream	4.76 kg	4.80 kg	4.50 kg	4.38 kg
Mass of contaminants in the kerbside domestic recycling stream	0.55 kg	0.41 kg	0.44 kg	0.46 kg

<b>Commercial and other collections (services per week)</b>				
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Roll on roll off (RORO) mainland	63	57	47	40
RORO islands	9	8	8	7

## RedWaste Business Unit statement of operations and annual report continued

<b>Waste diverted from waste transfer stations and landfill (tonnes)</b>				
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Total waste received at landfills (excluding soil for landfill cover)	59,699	63,999	63,374	61,301
Soil received at landfills (including cover material)	78,037	47,832	41,702	69,675
Materials diverted for recycling/reuse at landfills and transfer stations	24,357	25,885	28,469	33,435
Total materials diverted from landfills	36,860	38,857	40,789	44,508
Percentage of materials diverted from landfills (diversion rate)	38%	38%	39%	43%

### Performance Indicators

<b>Program</b>	<b>Component</b>	<b>Performance measure</b>	<b>Target</b>	<b>2010-11</b>	<b>2011-12</b>
Waste and recycling collections	Domestic waste	Percentage of missed services complaints	0.012%	0.800%	4.93% <sup>1</sup>
	General waste	Percentage of other complaints	-	0.500%	0.492%
	Kerbside recycling	Recycling rate per service	-	6.49 kg	5.93 kg
	Kerbside recycling	Recycling rate per capita	-	2.36 kg	2.16 kg
	Kerbside recycling	Total tonnage recycled	-	12,320 tonnes	12,073 tonnes
	Transfer station recycling	Net financial returns from the sale of recyclables	-	\$410,282	\$587,946
	Transfer station recycling	Total tonnes recycled	-	14,031 tonnes <sup>2</sup>	4,392 tonnes
	Green waste recycling	Total tonnes recycled	-	20,229 tonnes	29,043 tonnes
	Total recycling statistics	Total recycling statistics	-	46,580 tonnes	45,508 tonnes

<sup>1</sup> This figure reflects changes to waste bin services in the city (including the introduction of a green waste service, and diversion to Brisbane City Council waste facilities), during which time adjustments were required by the contractor and the community.

<sup>2</sup> The 2010-11 figure includes a significant portion of green waste and timber, which is not included in 2011-12. This year, green waste and timber have been reported separately.

## RedWaste Business Unit statement of operations and annual report *continued*

		<b>KPI Key performance indicator</b>	<b>Frequency</b>	<b>APP* yearly target</b>	<b>Yearly KPI achieved</b>
Community and customers	1	Total kgs of domestic waste to landfill per capita/ year	Monthly	Max 450 kg	406.96 kg
	2	% recyclable material diverted from kerbside collection (recycling bin only)	Monthly	Min 25%	22.4%
	3	Total Tonnes of waste transported to BCC facilities	Monthly	<55,000	42,412
	4	Waste education – number of activities (events, tours, visits)	Monthly	Min 108	46
Financial	5	% compliance with Department of Environment Resource Management licence – waste management	Qtrly	Min 98%	99.46%
	6	Operating performance (actual to budget operating expenditure)	Monthly	+/- 5%	-8.43%
	7	Earning before interest, tax and depreciation (EBITD)	Monthly	+/- 5%	70.67%
Internal processes	8	Number of missed bin services each year (refuse and recycling)	Monthly	Max 504	1,421

\* Annual Performance Plan

# RedWaste Business Unit statement of operations and annual report **continued**

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## **The following KPIs were not met during the 2011-12 financial year:**

### **Recyclable material diverted from the kerbside collection**

This indicator did not meet the target of 25% diversion for 2011-12 (as published in the RedWaste Annual Performance Plan). However, there was also a 4.25% reduction in total kerbside waste sent to landfill and a 6.8% reduction in domestic waste per person sent to landfill. While domestic waste generation has reduced, recycling performance has improved only marginally against the previous year despite the 'Rethink your rubbish' campaign, bin exchange program and new green waste recycling service. Overall, the percentage of kerbside recycling increased from 21.9% in 2010-11 to 22.4% in 2011-12.

### **Waste education**

This indicator did not meet the target of 108 waste education visits as the position that delivered educational visits was seconded to the Councils' Rethink Your Rubbish campaign for part of the year. This campaign encouraged people to view contents of their bins as a resource rather than waste and provided information and advice to help people change their behaviour and minimise waste.

## **Operating Performance**

The target for Operating Performance of +/-5% was not achieved. For the financial year ending 30 June 2012, the result was -8.43% which was due to underspend in RedWaste Goods and Services. Specifically, efficiencies in transfer station waste collection were found during the 2011-2 financial year, in addition to a reduction in kerbside waste collection expenditure and administration costs.

## **Earnings before interest, tax and depreciation**

The target for earning before interest, tax and depreciation (EBITD) of +/-5% was not achieved. For the financial year ending 30 June 2012, the result was 70.67%. This represents higher than expected revenue from the sale of recyclable materials such as scrap metal, and improved cost efficiencies and operational savings.

## **Number of missed bin services each year**

Due to the closure of Birkdale Landfill, the collection times of the kerbside waste collection were changed, resulting in a high number of missed bin services.

## **RedWaste Business Unit Annual Performance Plan**

Council adopted the RedWaste Annual Performance Plan (APP) at the General Meeting held on 25 May 2011. The APP is included in Council's Operational Plan and includes:

- units objectives
- nature and extent of the significant business the commercial business unit is to conduct
- units financial and non-financial performance targets
- nature and extent of the community service obligations the unit must perform
- cost of, and funding for, the community service obligations
- units notional capital structure, and treatment of surpluses
- units proposed major investments
- units outstanding and proposed borrowings
- units policy on the level and quality of service consumers can expect
- delegations necessary to allow the unit to exercise autonomy in its commercial activities
- type of information that the units report to the local government must contain.

# RedWaste Business Unit statement of operations and annual report continued

## Council directions to RedWaste Business Unit during 2011-12

RedWaste was directed by Council to:

- provide a fortnightly, kerbside green waste collection service to complement existing kerbside waste and recycling collections
- accept the tender submitted by River City Plant Hire to operate the Birkdale Landfill and Redland Bay Waste Transfer Facility
- accept the tender submitted by Lees Liquid Waste for the transport and disposal of regulated liquid waste
- accept the tender submitted by Tox Free for the supply of Household Hazardous Waste collection and disposal
- accept the tender submitted by Earth Pro for Stage 1(B) Redland Bay Closed Landfill capping project
- provide fee exemptions for waste disposed by registered not-for-profit organisations and community groups under Council's community service obligations.

## Other significant directions during 2011-2012

In December 2010 the state government released Queensland's Waste Avoidance and Recycling Waste Strategy 2010 in response to a steadily increasing trend in waste generation that is predicted to continue. The strategy focuses on the waste management hierarchy: avoid, reduce, reuse, recycle, recover and dispose. Other tools influencing the strategy are product stewardship, user pays, local solutions, partnerships, engagement, communication and knowledge management, and strengthening the legislation. The guiding principles include resource efficiency, sustainability, engagement, and capacity building.

The table below summarises the reduction targets proposed for municipal solid waste:

Source	2008 base case	By 2014	By 2017	By 2020
Municipal solid waste	23%	50%	55%	65%

Legislation driving the strategy, the *Waste Reduction and Recycling Act 2011*, received Royal Assent on 28 October 2011. The key provisions of the Act include:

- a waste disposal levy on industry waste sent to landfill
- a requirement for Queensland Government agencies and local governments to prepare waste management plans
- introduction of product stewardship arrangements for any waste products that are identified as a growing problem for landfill in the future, such as e-waste
- strengthened litter and illegal dumping offences, including public reporting of vehicle-related littering offences.

The strategy will be reviewed by the state government during 2012-13 (the waste levy was repealed as at 1 July 2012).

## Community service obligations

As directed by Council, RedWaste provided a range of waste management services to the community. These services, known as community service obligations, required Council to reimburse RedWaste for the cost of providing them as they were contrary to the commercial interests of RedWaste.

## Other statutory information

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Under the *Local Government Act 2009*, Council must provide specific information about its operations and key policies. This section includes a large portion of the information required under the Act, with the remaining information in other sections of this annual report.

A full list of annual reporting requirements for councils required under the Act is provided on pages 80-84, along with directions on where to find the relevant information in this report.

### **Business activities**

#### Type 2

RedWaste, which looks after Council's waste management activities, is our only Type 2 business activity. You can find more information on RedWaste's activities in 2011-12 on pages 62-69.

### Business activities subject to the code of competitive conduct

Council has the following business activities:

- building certification
- caravan parks
- cemeteries
- fleet and plant
- quarry operations
- Redland Art Gallery
- Redland Performing Arts Centre
- school aged care
- Marine Transport.

The competitive neutrality principle has been applied to all significant business activities above. There were no investigation notices given in 2011-12 under section 137 of the *Business Activities Regulation* for competitive neutrality complaints.

Under *Local Government (Business Enterprises and Business Activities) Regulation 2010*, section 32:

- (1) A local government's annual report for a financial year must include an annual operations report for each commercial business unit.
- (2) An annual operations report for a commercial business unit is a document that contains the following information for the previous financial year:
  - (a) information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan
  - (b) particulars of any changes made to the unit's annual performance plan
  - (c) particulars of the impact the changes had on the unit's:
    - (i) financial position
    - (ii) operating surplus or deficit
    - (iii) prospects
  - (d) particulars of directions the local government gave the unit.

## Other statutory information *continued*

### Overseas travel – Mayor and Councillors

There was no overseas travel by the Mayor or Councillors in 2011-12.

### Overseas travel – staff

Name	Position	Destination	Purpose	Cost
Toni Averay	General Manager Environment Planning & Development	Port Moresby	Skills exchange with Port Moresby City Council	\$1,020

### Grants to community organisations

Grants to community organisations	Value
Community Grants Program (including Regional Arts Development Fund)	\$625,853
Voluntary Conservation Agreements	\$8,294
Koala Conservation Agreement Program	\$37,200
Wildlife carer reimbursement	\$14,303
<b>Total</b>	<b>\$685,650</b>

### Length of roads in the Redlands

	2007-08	2008-09	2009-10	2010-11	2011-12
Land under roads	1,001 km	1,014 km	1,026 km	1,035 km	1,042 km
Length of roads owned by Council	930 km	935 km	947 km	956 km	963 km
Length of roads owned by other entities	79 km	79 km	79 km	79 km	79 km

## Other statutory information continued

### Tenders

There were no changes to procurement tenders in 2011-12.

The Project Delivery Group had no "Invitation To Change" to Civil Construction tenders for the 2011/2012 Financial Year.

### List of registers

- Adopted Committee and Council meeting dates
- Assets
- Authorisations
- Beneficial Enterprise
- Business Activities
- Cat and Dog
- Complaints
- Corporate Gift
- Cost Recovery Fees
- Council Policies
- Delegations
- Contact with Lobbyists
- Local Laws and Subordinate Local Laws

- Mayor to CEO Directions
- Minutes of Local Government Meetings
- Personal Identification (in relation to animals)
- Regulated Dogs
- Regulatory Fees
- Roads
- Statement of Interests for
  - Councillors
  - Chief Executive Officer
  - senior contract employees
  - a person who is related to a Councillor, Chief Executive Officer, officer or senior contract employee.

### Services supplied by another local government

No services were provided by another government.

### Shareholder delegates

There were no shareholder delegates for corporate entities.

### Rates and concessions

The *Local Government (Finance, Plans & Reporting) Regulation 2010* provides Council with the powers to grant concessions to individuals and classes of landowners. Council provides concessions to pensioners on rates and various other services Council provides to the community.

### Pensioner concessions

Pensioner concessions on general rates are provided to eligible pensioner ratepayers on the basis of Council's Policy POL-2557 Council Pensioner Rebate Policy.

#### Concessions available to eligible pensioners on the general rate for 2012-13

Ratepayers in receipt of a maximum pension	\$330.00 per financial year
Ratepayers NOT in receipt of maximum pension	\$165.00 per financial year

Other charitable organisations, community groups, sporting associations and independent schools may also be entitled to concessions.

Council provides a concession to property owners whose land is used for farming (primary production) to assist and encourage endurance in their particular industry, which will benefit the economic development of the city as a whole.



## Other statutory information *continued*

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### **Expenses reimbursement and provision of facilities for Councillors**

#### Head of power

Section 45 of the *Local Government (Operations) Regulation 2010* defines the requirements for the reimbursement of expenses and provision of facilities for Councillors.

The objectives of this policy are to:

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

#### Policy statement

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 2009* and Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors issued by the Chief Executive of the Department of Local Government.

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

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

- is to be open and transparent, prudent, responsible, acceptable to the community and in accordance with statutory requirements
- based on ensuring economy and efficiency
- subject to budget provisions.

Council's annual report must contain a copy of the policy and a copy of any resolution made during the year authorising payment of expenses or provision of facilities to Councillors. The annual report must also include particulars about the expenses incurred by, and the facilities provided to, each councillor.

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

For details about entitlements in regard to the payment or reimbursement of Councillor expenses and the provision of facilities for Councillors, refer to GL-3076-001 Guideline – Expenses Reimbursement and Provision of Facilities for Councillors.

Failure to comply with this policy and guidelines, or misappropriation of expenses or facilities, may constitute 'misconduct' and/or be an offence under the *Criminal Code Act 1899*.

#### Scope

This policy provides for:

- payment of expenses incurred, or to be incurred, by the Councillors in the course of discharging their duties and responsibilities as Councillors
- the provision of facilities to the Councillors for that purpose.

This policy does not provide for salaries or other forms of Councillor remuneration, nor does it provide reimbursement for non-business related expenses unless specifically stated.

## Other statutory information *continued*

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### Definitions

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

**'Council business'** means official business conducted on behalf of, and/or approved by Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. Council business should result in a benefit being achieved either for Council, the local government area or the community. Council business includes functions and events that are a statutory requirement of the Councillor's role; or are officially recorded in minutes or other public records. This might also include attending an event or function to perform official duties or as an official Council representative, such as:

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

- any other meeting, event or function described in section 107(4) *Local Government Act 2009* under 'Insurance of Councillors', for example, attendance at:
  - meetings of the local government or its committees that the Councillor is entitled or asked to attend
  - meetings for a resident of the local government area
  - conferences, deputations, inspections and meetings at which the councillor's attendance is permitted by the local government
  - official functions organised for the local government
- gathering of information by a Councillor necessary to inform him or her of an incident of interest to Council or that properly falls within the responsibility of Council.

**'Councillors'** means all Councillors, including the Mayor and Deputy Mayor.

**'Civic duties'** means Council business.

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

**'Expenses'** refers to expenses described in the Guidelines.

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

**'Mandatory training'** is any training in a list that Council resolves that all, or one or more Councillors must attend.

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

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

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

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

**'Travel advance'** is a cash payment paid in advance for anticipated expenses associated with travelling on Council business. A travel advance may include expenses for meals, accommodation and incidentals. All expenses must be reconciled at the return of the travel.

## Other statutory information *continued*

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### **Related policies/legislation/documents**

- *Local Government Act 2009*
- *Local Government (Operations) Regulation 2010*
- *Local Government (Finance, Plans & Reporting) Regulation 2010*
- *Local government (Beneficial Enterprises & Business Activities) Regulation 2010*
- Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors (Department of Local Government)
- GL-3076-001 Guideline – Expenses Reimbursement and Provision of Facilities for Councillors
- Redland City Council Procurement Manual
- *Income Tax Assessment Act 1997*
- Taxation Rulings issued by the Australian Taxation Office

### **Reporting requirements**

(See index, pages 188-192)

The following information must be reported/published:

- publicly funded overseas travel – published in the annual report
- domestic and international travel – Council reports and annual report (international only)
- resolutions made during the year authorising the payment or provision of remuneration, including expenses paid or facilities provided to Councillors or members of committees of the local government – annual report
- particulars of the total remuneration paid or provided, including expenses paid or facilities provided to each Councillor during the year and the total superannuation contributions paid for each Councillor during the year – annual report
- a copy of POL-3076 Expenses Reimbursement and Provision of Facilities for Councillors – annual report and Council's website
- changes to POL-3076 – advertised in local newspaper and on Council's website.

\* *This policy was amended at Council's General Meeting on 30 May 2012.*

## Other statutory information continued

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### Code of Conduct breaches by Councillors (inappropriate conduct)

Meeting	Legislation	Councillor	Details
General Meeting 27 July 2011	<i>Local Government Act 2009 s.181(2)(a)</i>	Cr John Burns	Item 11.1.5 – Review of Delegated Authority – Managing and Deciding Development Applications.
General Meeting 27 July 2011	<i>Local Government Act 2009 s.181(2)(b)</i>	Cr John Burns	Item 11.1.5 – Review of Delegated Authority – Managing and Deciding Development Applications.
General Meeting 29 February 2012	<i>Local Government Act 2009 s.181(2)(a)</i>	Cr John Burns	Item 18.1.1 – Weinam Creek Parking and Associated Initiatives

## Other statutory information *continued*

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### **Mandatory training for Councillors**

The following is a list of training areas that require mandatory attendance by at least one, and in some cases, all Councillors. Guidance is provided alongside each item. Payment of expenses incurred in attending these events does not affect each Councillor's discretionary training budget:

- Australian Local Government Association – National General Assembly: it is usual for one or more Councillors to attend this event. The most senior Councillor attending the event, usually the Mayor, will be the official voting delegate of Council.
- Local Government Association of Queensland – State Conference: it is usual for one or more Councillors to attend this event. Council will resolve prior to the event which one or more of its attendees will have delegated voting authority. It is usual for Council to have several votes on each motion before the conference.
- Local Government Association of Queensland – Civic Leaders and Financial Summit: it is usual for the Mayor, Deputy Mayor and CEO only to be invited to attend this event.
- Local Government Association of Queensland – Elected Member Professional Development: all Councillors attend this training.

- Courses provided by providers other than the Local Government Association of Queensland (for example the Department of Local Government), which relate to updating Councillors with regard to their core responsibilities, for example changes to legislation. All Councillors attend this training.
- Redland City Council training programs that enable Councillors to fulfil their core responsibilities, for example information technology, occupational health and safety, Councillor induction, Code of Conduct and meeting procedures. All Councillors attend this training.

The following is a list of other training opportunities which, while not mandatory in the sense that one or more Councillors must attend every event, are of sufficient relevance to a Councillor's responsibilities to be of significant potential benefit to each elected member. It is also likely a Councillor will wish to attend one of these events and present his/her learnings back to the full Council. In that regard, attendance will not require the use of a Councillor's discretionary training budget to meet the associated costs:

- Local Government Association of Queensland – Infrastructure Summit
- Local Government Association of Queensland – Disaster Management Conference
- Local Government Association of Queensland – Community Wellbeing Symposium

- Local Government Managers Australia – National Congress
- Local Government Managers Australia (Queensland) – Queensland State Conference
- Planning Institute of Australia – National Congress
- Planning Institute of Australia – Queensland State Conference
- Institute of Public Works Engineering Australia – National Conference
- Institute of Public Works Engineering Australia – Queensland State Conference
- Queensland Environmental Law Association – State Conference
- Australian Local Government Women's Association – National Conference
- Australian Local Government Women's Association – Queensland State Conference.

### **Councillors' discretionary funding**

There was no Councillors' discretionary funding in 2011-12.

## Other statutory information *continued*

**Relevant measures of financial sustainability – years 1 through 9 align to the adopted Financial Strategy from December 2011. Council conducts an annual review of its financial strategy between October and December each year.**

<b>Financial Stability Ratios (RCC)</b>	<b>Current Year</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Level of dependence on General Rate Revenue (Excludes Utility Revenues) – Threshold Set <37.5%	46.1%	36.8%	34.9%	35.0%	35.2%	36.0%	35.9%	36.3%	36.2%	36.1%
Ability to pay our bills – Current Ration Target between 1.1 and 4.1	2.35	2.27	2.31	2.46	2.54	2.31	2.15	2.24	2.29	2.41
Ability to repay our debt – Debt Servicing Ration (%) Target less than or equal to 10%	4.28%	3.82%	4.01%	4.61%	4.85%	5.02%	5.18%	5.15%	5.04%	4.94%
Cash Balance – \$000s	84,804	51,451	57,123	65,730	72,257	68,911	66,933	74,401	80,552	90,322
Cash Balances – cash capacity in months Target 3 to 4 months	7.71	3.65	3.81	4.12	4.28	3.87	3.47	3.65	3.73	3.95
Longer term financial stability – debt to asset ration (%) Target less than or equal to 10%	3.37%	4.09%	4.81%	5.11%	5.19%	5.41%	5.28%	5.11%	4.93%	4.72%
Operating Performance Target greater than or equal to 20%	12.6%	19.7%	23.6%	23.2%	23.2%	22.3%	21.3%	20.9%	21.7%	22.3%

## Other statutory information continued

### Relevant measures of financial sustainability

Financial Stability Ratios (RCC)	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Operating Surplus Ratio Target between 0% and 10%	-10.72%	-4.41%	1.12%	0.77%	1.05%	0.65%	0.30%	0.40%	0.89%	2.30%
Net Financial Liabilities Ratio Less than or equal to 60%	29.60%	31.90%	33.23%	31.40%	28.91%	31.58%	30.21%	25.94%	22.01%	17.33%
Interest Coverage Ratio Between 0% and 5%	0.85%	0.80%	0.85%	1.00%	0.88%	0.71%	0.75%	0.68%	0.46%	0.27%
Asset Sustainability Ratio (Infrastructure Assets Only) Greater than 90%	32.25%	52.80%	64.97%	49.87%	59.95%	44.96%	46.95%	46.03%	43.25%	45.20%
Asset Consumption Ratio (Infrastructure Assets Only) Between 40% and 80%	68.44%	66.77%	66.00%	64.89%	63.90%	62.62%	61.81%	60.58%	59.55%	58.45%

# Community financial report

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## Purpose

The Community Financial Report is produced annually as part of Council's annual report, to provide members of the community, customers, business partners and employees with a better understanding of our financial performance and position over the last financial year. The report uses plain language and pictorial aids such as graphs and tables to give all interested readers and stakeholders an easy-to-follow summary of the financial statements for the past financial year.

## Summary of key financial performance and sustainability indicators

We strategically aim to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to these financial health indicators (which can also be referred to as Financial Stability Ratios), we have five sustainability indicators that have been set by the Department of Local Government to help monitor the long-term sustainability of all councils across Queensland.

Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. This means that should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take timely, corrective action as required.

On an annual basis Council reviews and adopts a financial plan that is consistent with the adopted long-term financial forecast.

The table below summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered five of the financial targets, performing well in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved whilst maintaining community services and making ongoing investment in community infrastructure.

Financial health indicators	Target	Actual performance
Level of dependence on general rates revenue	< 45.0%	46.1%
Ability to pay our bills – current ratio	> 1.25	2.35
Ability to repay our debt – debt servicing ratio	< 10%	4.28%
Cash balance	<\$32M	\$84.8M
Cash balances – cash capacity in months	3 to 4 months	7.71
Longer term financial stability – debt to assets ratio	< 10%	3.37%
Operating performance	> 20%	12.6%



## Community financial report continued

The measures of sustainability are shown in the table below. Overall, the results indicate a sound outlook, with three of the targets being met and Council being on-trend to achieving the targeted operating surplus in 2013-14 as detailed in the 2012-13 Operational Plan and Budget. Achieving the targets for the asset sustainability ratio will be challenging over the coming years, however, we have committed to a long-term financial strategy that works towards meeting this goal.

Measures of sustainability	Target	Actual performance
Operating surplus ratio (Net operating surplus/total operating revenue)	0% to 15%	-10.72%
Net financial liabilities (Total liabilities – current assets)/total operating revenue)	< 60%	29.60%
Interest coverage ratio (Net interest expense in debt service/total operating revenue)	0% to 10%	0.85%
Asset sustainability ratio (Capital expenditure on renewal/depreciation expense)	>90%	32.25%
Asset consumption ratio (Written-Down-Value of infrastructure assets/gross replacement cost of infrastructure assets)	40% to 80%	68.44%

## Community financial report continued

### Information at a glance

Following is a series of tables and graphs that illustrate our major sources of revenue and expenses in addition to the value of our assets and liabilities. Comparisons are made between the 2011-12 and 2010-11 financial years. These prior year (2010-11) figures have been adjusted up to take account of price changes (CPI - Consumer Price Index) to ensure comparisons are meaningful.

Several of the prior year comparisons values reflect the impacts of water reform and present a distortion to the relevant 2011-12 value.

In the table below, the impact of water reform has been split-out from the current and prior year's performance for easier comparability.

Information at a glance	2011-12 \$ millions	2010-11 \$ millions*
<b>Revenue</b>		
- Council operations	156.45	162.60
- Associate (Allconnex Water)	32.45	22.71
<b>Total revenue</b>	<b>188.90</b>	<b>185.31</b>
<b>Expenditure</b>		
- Council operations	179.01	180.38
- Discontinued operations	0	303.01
<b>Total expenditure</b>	<b>179.01</b>	<b>483.39</b>
<b>Net result</b>	<b>9.88</b>	<b>(298.08)</b>

See Financial Statements 'Income Statement' page 01 for more information

\* CPI adjustment included to ensure comparison of like with like

# Community financial report **continued**

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## **What was the impact of continued water reform?**

### Establishment of Allconnex Water

Following reforms recommended by the Queensland Water Commission in 2007, the Queensland Government in July 2008 transferred bulk water assets and liabilities from various councils to the Queensland Bulk Water Transport Authority and the Queensland Bulk Water Supply Authority.

In 2009, the Southern SEQ Distributor-Retailer Authority was established to deliver water and wastewater services to customers of Gold Coast City Council, Logan City Council and Redland City Council and, on 1 July 2010, this authority began trading as Allconnex Water. This meant the remainder of the water and wastewater assets we held were transferred to Allconnex Water.

Allconnex Water was a separate legal entity managed by an independent board of directors and executive management team. It was jointly owned by Gold Coast City Council, Logan City Council and Redland City Council. The value of assets contributed by each Council provided input to determine the percentage of ownership each council has of Allconnex Water.

Our total investment, based on 11.1384892% of Allconnex Water's market value, equated to \$251.3M and was made up of an equity investment in the business and loans to the business.

### Discontinuation of Allconnex Water

On 7 April 2011, then Queensland Premier Anna Bligh announced that the participating councils had the opportunity to take back responsibility for water and wastewater pricing, retail and distribution, therefore enabling Council to opt out of Allconnex Water if desired.

On 25 July 2011, Gold Coast City Council (GCCC), the majority shareholder voted to withdraw from Allconnex Water. Following the GCCC decision, Redland City Council and Logan City Council also decided to withdraw from Allconnex Water on the 08 August 2012 and 23 August 2011 respectively. Effectively, as at 30 June 2012, Allconnex Water ceased to operate and its assets and liabilities transferred to the participating Councils on 01 July 2012.

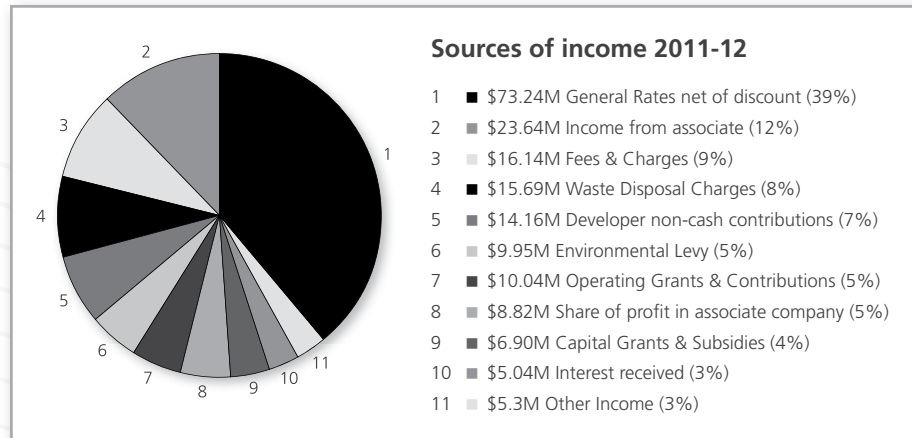
### Council's investment in Allconnex Water at 30 June 2012

At 30 June 2012, as a shareholding partner of Allconnex Water, we were entitled to receive financial returns in the form of interest on loans, tax equivalent payments and dividends and we received a share of profit of \$8.8M in 2011-12. We continued to provide a variety of business support services to Allconnex Water under service level agreements throughout 2011-12 for which we received revenue for this service. We also received funds from Gold Coast City Council as a recoupment of costs we had incurred in respect to withdrawing from Allconnex Water.

# Community financial report continued

## What were our major sources of income?

(Statement of Comprehensive Income)



Total income received this year was \$188.9M. This result was \$3.6M (CPI adjusted), or 1.9%, greater than the 2010-11 financial year.

Rates and utilities income comprised of \$100.4M, which equates to 53% of total revenue. The major sources of income continue to be general rates, waste disposal, fees and charges. Additionally, grants subsidies and cash contributions received were \$16.9M and we also earned \$32.5M from our investment in Allconnex Water.

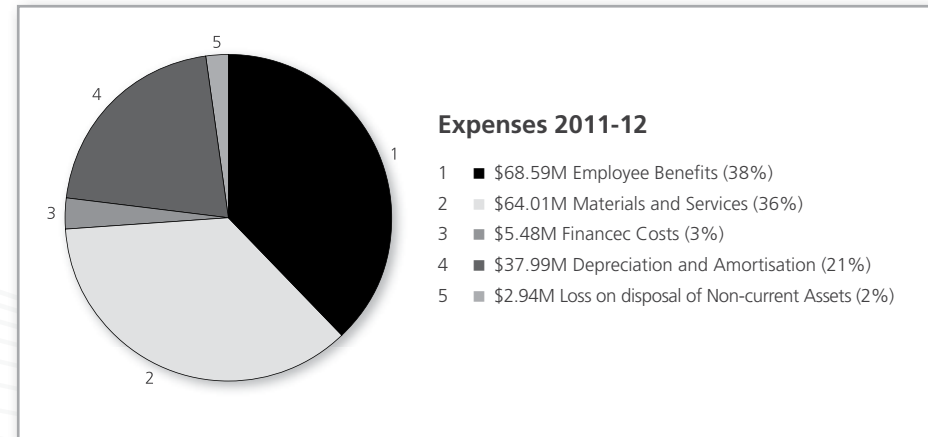
We earned \$5.0M, or 3.2%, of total operating revenue (which can also be referred to as total recurrent revenue) from interest on investments and overdue rates during the financial year, and this result is reflective of sound financial management of cash holdings.

## What expenses did we have to meet?

(Statement of Comprehensive Income)

Our expenses for the 2011-12 financial year totalled \$179.0M, a decrease of 0.8% from the comparable previous year's expense of \$180.4M (CPI adjusted and excluding the effect of discontinued operations – water reform).

The graph below illustrates the breakdown of expenses between the major categories of materials and services, employee costs, depreciation, finance costs and loss on disposal of non-current assets.



Materials and services expenditure includes the costs of all consultancies, contractors and other goods and materials consumed in delivering hundreds of projects and services to the community, including roads, parks, canals, footpaths, bikeways, marine infrastructure, car parks, libraries, caravan parks, swimming pools, showgrounds, sports fields, community halls and town planning.

# Community financial report continued

Employee costs include wages and salaries, annual leave, long service leave, superannuation and allowances paid to all full-time, part-time and casual staff.

Depreciation expenses refer to the estimated reduction in the value of our assets due to wear and tear or becoming technically out of date. This includes roads and stormwater drainage infrastructure, buildings, marine infrastructure and plant and equipment.

## What is the value of the community's assets in our care?

## How much debt do we carry?

(Statement of Financial Position)

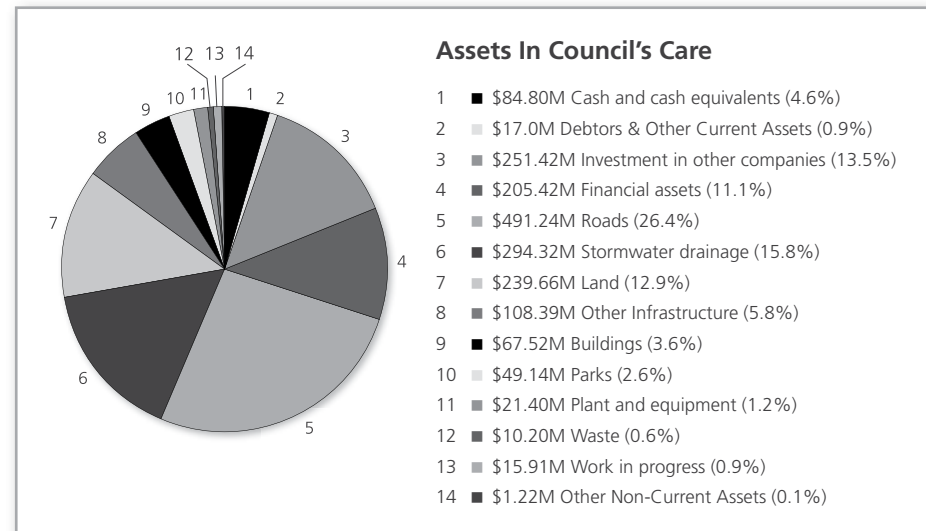
Value of community assets	2011-12 \$ millions	2010-11 \$ millions*
Total assets	1,857.64	1,882.48
Total liabilities	148.87	136.80
Net community assets	1,708.77	1,745.68
Cash held	84.80	73.89
Loan borrowings	62.59	58.77

See Financial Statements 'Balance Sheet' page 02 for more information

\* CPI adjustment included to ensure comparison of like with like

## Assets

The value of all assets we controlled totalled \$1.86B at 30 June 2012. This figure is broken down between current assets of \$102M (5.5%) and non-current assets of \$1.76B (94.5%).

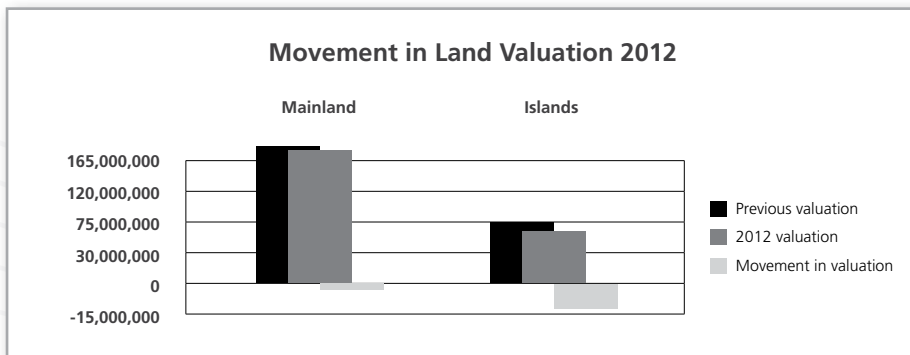


Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed from customers. Cash assets were \$84.8M and receivables from customers \$15M at the end of the 2011-12 financial year.

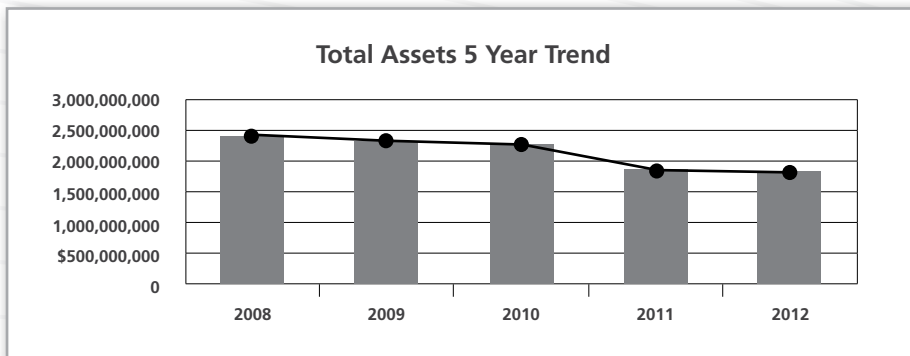
Our property, plant and equipment assets of \$1.3B include freehold land, buildings, roads, stormwater drainage, parks infrastructure, plant and equipment and other infrastructure assets.

# Community financial report continued

Land assets were re-valued in 2011-12. The valuation showed an overall reduction on prior valuations, with a total reduction of \$13.6M to \$239.7M. As shown in the graph below, whilst all geographical areas experienced reduction in land valuations, Council properties on the islands were most notably affected.

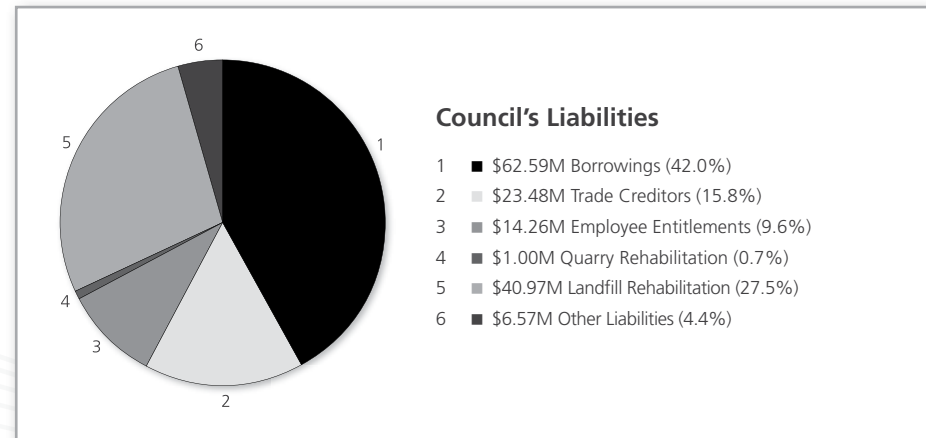


The table below graphs the value of total assets over the past five years. The trend over the five-year period highlights the impact of the transfer of water and wastewater assets to Allconnex Water and the overall reduction in the value of Council land.

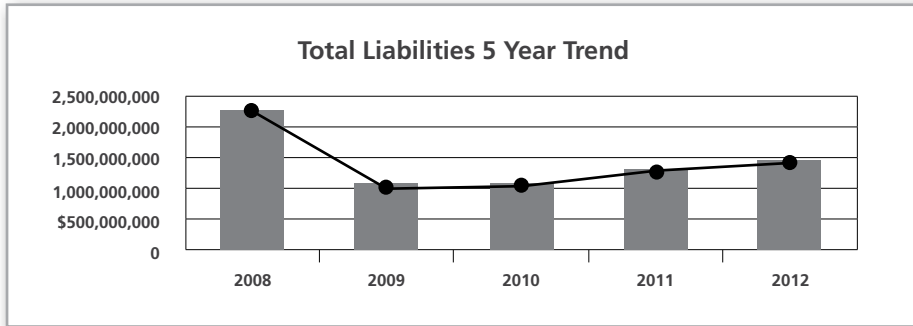


## Liabilities

Liabilities or amounts owing at 30 June 2012 totalled \$148.9M. The largest single debt we owed at 30 June 2012 was to Queensland Treasury Corporation (QTC). QTC is the state government-owned lending agency from which most local governments and state authorities borrow to finance their large-scale infrastructure projects. At the end of the financial year, we owed QTC a total of \$62.6M, with \$4.0M payable in the next 12 months and \$58.6M due in subsequent years.

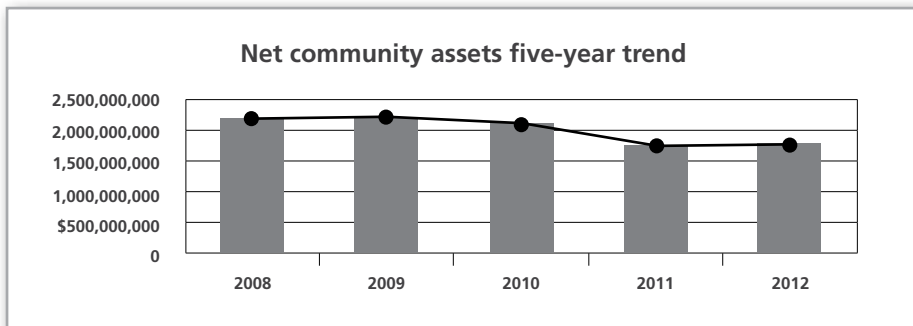


# Community financial report *continued*

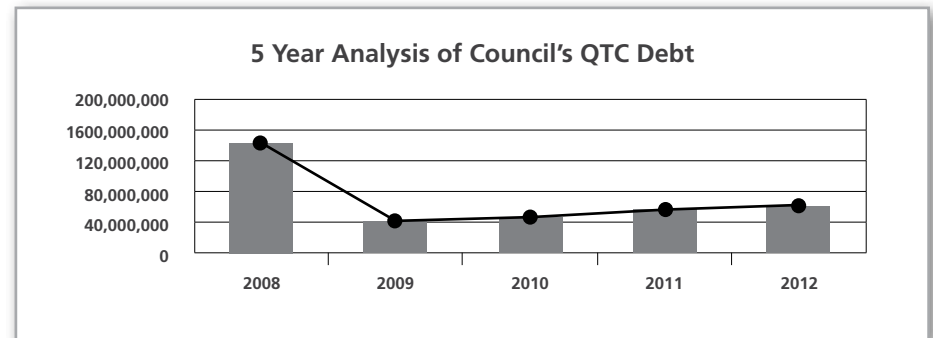


As shown in the above five year trend for liabilities, in the 2008-09 financial year, a large sum, (approximately \$83.8M) was repaid to QTC from the compensation proceeds for the transfer of bulk water assets to the state water authorities. Each of the ratios relating to liabilities will reflect this reduction.

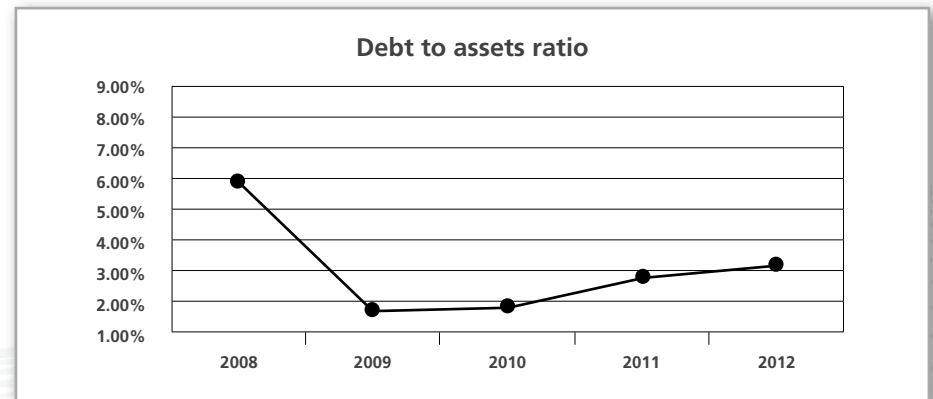
Net community assets are our total assets, less our total liabilities, and essentially represent our net worth. The following graph shows our net community assets over the last five years.



The graph below illustrates the level of our debt to QTC over the past five years. All comparative year figures have been adjusted for CPI.

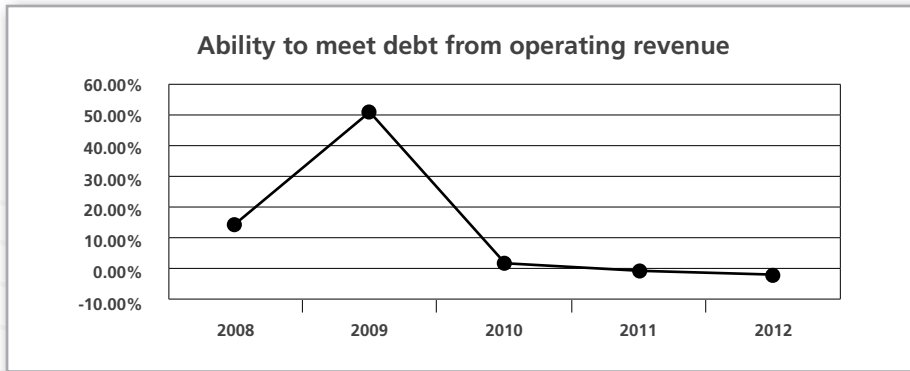


The graph below outlines the ratio of our total loans compared to total assets over the past five years. At the end of the 2012 financial year, total debt as a percentage of total assets was only 3.37%. This puts into perspective the relatively low level of borrowings compared with total assets.



# Community financial report *continued*

The following graph shows how much of our revenue is consumed in the repayment of interest and principal to QTC.



In 2011-12, only 4.3% of operating revenue was spent repaying interest and principal on our borrowings. This is still relatively low, being comparable to 2010 onwards and falling very comfortably within our Financial Stability Ratio targets.

## What were the major sources of cash in and cash out?

(Statement of Cash Flows)

The table below outlines the main sources of cash receipts and applications of cash payments between 1 July 2011 and 30 June 2012.

Sources of cash in and out	2011-12 \$ millions	2010-11 \$ millions*
Net cash received from operations (excluding interest and borrowing costs)	17.61	(1.23)
Purchases of assets	36.10	51.12
New loans taken out	7.55	16.99
Working Capital Facility established **	0.50	0
Repayment of debt	3.11	2.23

See Financial Statements 'Statement of Cash Flows' page 03 for more information

\* CPI adjustment included to ensure comparison of like with like

\*\* The Working Capital Facility was established to fund withdrawal-from-Allconnex Water costs and will be extinguished down once withdrawal has been finalised. These withdrawal costs are recouped from GCCC and the receipts are applied to the Working Capital Facility.



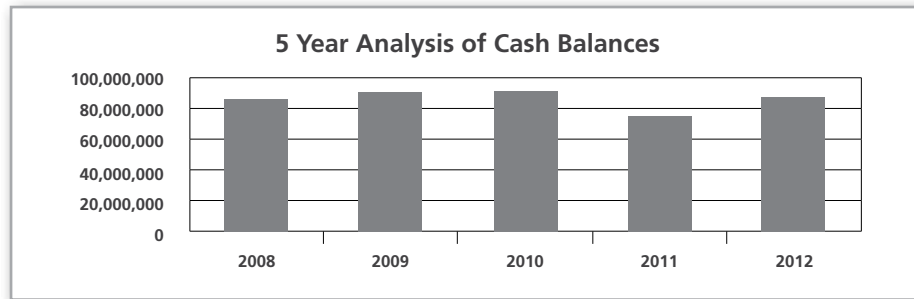
# Community financial report **continued**

The cash flow statement is summarised into three activities:

- Operating activities- are our normal day-to-day functions. These include receipts of rates, fees and charges and operating grants offset by payments for employees' costs, materials and services and interest costs.
- Investing activities- include payments for the purchase and construction of property, plant and equipment and proceeds from the sale of surplus assets.
- Financing activities- are repayments of principal on our loans, as well as the inflows from new loans drawn down in the year. Financing activities also include the interest returns from Allconnex Water.

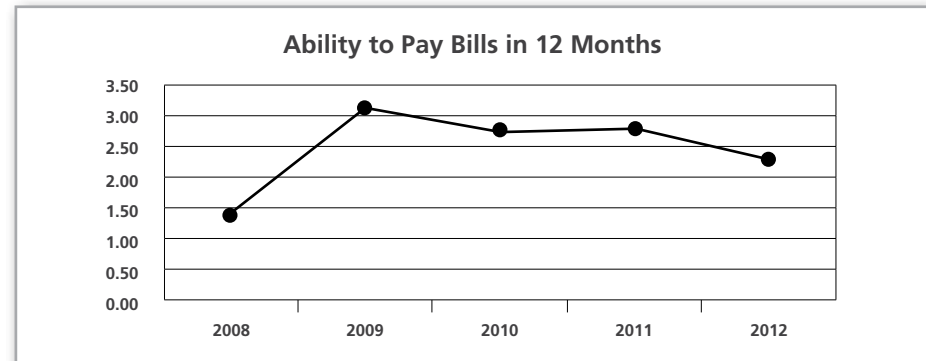
We started the 2011-12 financial year with \$72.5M cash in the bank and ended the year with \$84.8M exceeding the target for cash held and equivalent cash capacity in months.

The following graph shows our total cash holdings for the past five years.



To maintain our strong financial position on behalf of the community, we must make enough cash from our day-to-day operations to fund purchases of property, plant and equipment, repay interest and principal payments on loans, and leave enough in reserve for future requirements.

An essential requirement for any business, including Council, is its ability to pay its bills as and when they fall due. A good benchmark for measuring this capacity is called the current ratio, which is the ratio of current assets to current liabilities. The following diagram illustrates that the ratio has been greater than 1.25 for the past five years, remaining at a healthy level of 2.35 in 2012.



## Summary

During the 2011-12 financial year, we managed to deliver a large program of operational and capital works to the Redlands community. We achieved this result while still outperforming on five out of seven of the key financial performance indicators. We continued to meet all financial commitments and keep debt at very manageable levels. Your Council is in a strong financial position to deliver the planned program of projects and services throughout the 2012-13 financial year and beyond.

# Annual financial statements For the year ended 30 June 2012

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# Annual financial statements For the year ended 30 June 2012 *continued*

## Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$	Restated 2011 \$
<b>Recurrent revenue</b>			
Rates, levies and charges	4(a)	100,405,652	94,355,564
Fees and charges	4(b)	16,141,655	16,614,399
Rental income	4(c)	561,421	700,252
Interest received	4(d)	5,041,199	4,809,467
Sales revenue	4(e)	1,385,056	1,339,969
Other income	4(f)	1,820,328	1,165,880
Income from associate	4(g)	23,635,726	22,274,369
Grants, subsidies and contributions	5(a)	10,035,452	11,045,387
<b>Total recurrent revenue</b>		<b>159,026,489</b>	<b>152,305,287</b>
<b>Capital revenue</b>			
Grants, subsidies and contributions	5(b)	6,901,403	8,649,589
Non-cash contributions	5(b)	14,157,642	20,792,226
Increase in investment property		-	36,000
Share of profit in associate company	20	8,815,223	-
<b>Total capital revenue</b>		<b>29,874,268</b>	<b>29,477,815</b>
<b>TOTAL REVENUE</b>		<b>188,900,757</b>	<b>181,783,102</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	Restated 2011 \$
<b>Recurrent expenses</b>			
Employee benefits	6	(68,587,430)	(69,363,359)
Materials and services	7	(64,012,966)	(70,518,024)
Finance costs	8	(5,475,618)	(4,808,911)
Depreciation and amortisation	9	(37,992,896)	(30,971,444)
<b>Total recurrent expenses</b>		<b>(176,068,910)</b>	<b>(175,661,738)</b>
<b>Capital expenses</b>			
Loss on disposal of non-current assets	10	(2,943,407)	(1,281,927)
Loss on disposal of discontinued operations	11	-	(292,933,972)
Share of loss in associate company	20	-	(4,301,440)
<b>Total capital expenses</b>		<b>(2,943,407)</b>	<b>(298,517,339)</b>
<b>TOTAL EXPENSES</b>		<b>(179,012,317)</b>	<b>(474,179,077)</b>
<b>NET RESULT</b>		<b>9,888,440</b>	<b>(292,395,975)</b>
<b>Other comprehensive income</b>			
Decrease in asset revaluation surplus	26	(13,580,939)	(63,878,771)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(3,692,499)</b>	<b>(356,274,746)</b>

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

# Annual financial statements For the year ended 30 June 2012 *continued*

## Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	Restated 2011 \$	Restated 1 July 2010 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	12	84,803,512	72,483,024	84,602,295
Trade and other receivables	13(a)	14,975,402	15,474,555	16,988,117
Inventories	14	991,391	1,048,542	706,817
Non-current assets held-for-sale	15	29,324	160,254	95,012
Other assets	16	994,245	1,246,057	1,476,426
<b>Total Current Assets</b>		<b>101,793,874</b>	<b>90,412,432</b>	<b>103,868,667</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	13(b)	9,211	26,184	42,927
Investment property	17	845,868	3,876,000	3,840,000
Property, plant and equipment	18	1,297,788,186	1,303,705,197	2,076,744,268
Intangible assets	19	352,682	599,308	879,469
Investment in other companies	20	251,421,363	244,514,560	-
Financial assets	21	205,425,420	203,517,000	-
<b>Total Non-Current Assets</b>		<b>1,755,842,730</b>	<b>1,756,238,249</b>	<b>2,081,506,664</b>
<b>TOTAL ASSETS</b>		<b>1,857,636,604</b>	<b>1,846,650,681</b>	<b>2,185,375,331</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	Restated 2011 \$	Restated 1 July 2010 \$
<b>CURRENT LIABILITIES</b>				
Trade and other payables	22(a)	27,580,231	24,386,058	27,625,185
Borrowings	23	3,996,401	3,130,884	2,206,329
Provisions	24(a)	5,081,163	3,768,406	5,129,663
Other liabilities	25	6,572,295	1,097,507	1,636,312
<b>Total Current Liabilities</b>		<b>43,230,090</b>	<b>32,382,855</b>	<b>36,597,489</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	22(b)	1,027,000	343,000	345,000
Borrowings	23	58,592,954	54,521,324	40,966,106
Provisions	24(b)	46,020,259	46,944,702	38,733,190
<b>Total Non-Current Liabilities</b>		<b>105,640,213</b>	<b>101,809,026</b>	<b>80,044,296</b>
<b>TOTAL LIABILITIES</b>		<b>148,870,303</b>	<b>134,191,881</b>	<b>116,641,785</b>
<b>NET COMMUNITY ASSETS</b>		<b>1,708,766,301</b>	<b>1,712,458,800</b>	<b>2,068,733,546</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	Restated 2011 \$	Restated 1 July 2010 \$
<b>COMMUNITY EQUITY</b>				
Asset revaluation surplus	26	526,587,847	540,498,469	1,132,409,076
Retained surplus		1,139,165,963	1,130,188,445	901,935,774
Other Reserves	27	43,012,491	41,771,886	34,388,696
<b>TOTAL COMMUNITY EQUITY</b>		<b>1,708,766,301</b>	<b>1,712,458,800</b>	<b>2,068,733,546</b>

Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period, i.e. as at 1 July 2010. Refer Note 33 for details.

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

# Annual financial statements For the year ended 30 June 2012 *continued*

## Statement of Changes in Equity

For the year ended 30 June 2012

	Asset revaluation surplus \$ Note 26	Retained surplus \$	Reserves \$ Note 27	Total community equity \$
<b>Balance as at 1 July 2011</b>	<b>540,498,469</b>	<b>1,145,891,187</b>	<b>41,771,886</b>	<b>1,728,161,542</b>
Correction to opening balance (Note 33)		(15,702,742)		(15,702,742)
<b>Adjusted Balance as at 1 July 2011</b>	<b>540,498,469</b>	<b>1,130,188,445</b>	<b>41,771,886</b>	<b>1,712,458,800</b>
<b>Total comprehensive income:</b>				
Net result	-	9,888,440	-	9,888,440
Other comprehensive income for the year:				
Increase/(decrease) in asset revaluation surplus	(13,580,939)	-	-	(13,580,939)
<b>Total comprehensive loss for the year</b>	<b>(13,580,939)</b>	<b>9,888,440</b>	<b>-</b>	<b>(3,692,499)</b>
<b>Transfers to and from reserves:</b>				
Transfers to reserves	-	(19,842,626)	19,842,626	-
Transfers from reserves	-	18,602,021	(18,602,021)	-
Derecognition of asset revaluation surplus	(329,683)	329,683	-	-
Total transfers to/(from) reserves	(329,683)	(910,922)	1,240,605	-
<b>Balance as at 30 June 2012</b>	<b>526,587,847</b>	<b>1,139,165,963</b>	<b>43,012,491</b>	<b>1,708,766,301</b>



# Annual financial statements For the year ended 30 June 2012 *continued*

	Asset revaluation surplus \$ Note 26	Retained surplus \$	Reserves \$ Note 27	Total community equity \$
<b>Balance as at 1 July 2010</b>	<b>1,132,409,076</b>	<b>915,480,216</b>	<b>34,388,696</b>	<b>2,082,277,988</b>
Correction to opening balance (Note 33)	-	(13,544,442)	-	(13,544,442)
<b>Adjusted Balance as at 1 July 2010</b>	<b>1,132,409,076</b>	<b>901,935,774</b>	<b>34,388,696</b>	<b>2,068,733,546</b>
<b>Total comprehensive income:</b>				
Net result as stated in prior year	-	(290,237,675)	-	(290,237,675)
Corrections (Note 33)	-	(2,158,300)	-	(2,158,300)
Net result - restated	-	(292,395,975)	-	(292,395,975)
Other comprehensive income for the year:				
Increase/(decrease) in asset revaluation surplus	(63,878,771)	-	-	(63,878,771)
<b>Total comprehensive loss for the year</b>	<b>(63,878,771)</b>	<b>(292,395,975)</b>	<b>-</b>	<b>(356,274,746)</b>
Transfers to and from reserves:				
Transfers to reserves	-	(25,348,900)	25,348,900	-
Transfers from reserves	-	17,965,711	(17,965,711)	-
Derecognition of asset revaluation surplus	(528,031,836)	528,031,836	-	-
Total transfers to/(from) reserves	(528,031,836)	520,648,646	7,383,190	-
<b>Balance as at 30 June 2011</b>	<b>540,498,469</b>	<b>1,130,188,445</b>	<b>41,771,886</b>	<b>1,712,458,800</b>

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

# Annual financial statements For the year ended 30 June 2012 *continued*

## Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		124,316,069	114,953,851
Allconnex tax equivalent returns		1,751,566	3,135,605
Allconnex service level agreement and other recoveries		4,589,156	6,032,143
Payments to suppliers and employees		(128,215,066)	(136,352,460)
		2,441,725	(12,230,861)
Interest received		5,041,199	4,809,466
Non-capital grants and contributions		15,169,855	11,026,822
Borrowing costs		(3,697,259)	(2,920,880)
<b>Net cash inflow from operating activities</b>	<b>32</b>	<b>18,955,520</b>	<b>684,547</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(35,119,447)	(49,897,560)
Payments for investment property		(845,868)	-
Payments for intangible assets		(132,503)	(249,312)
Returns/(payments) for investments in associate		84,653	(73,000)
Net movement in loans to community groups		17,889	21,749
Proceeds from sale of property, plant and equipment		4,320,161	2,137,493
Capital grants, subsidies and contributions		6,901,403	8,649,589
<b>Net cash (outflow) from investing activities</b>		<b>(24,773,712)</b>	<b>(39,411,041)</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Allconnex Water interest returns		13,201,534	12,127,449
Proceeds from borrowings	23	8,042,557	16,670,283
Repayment of borrowings		(3,105,411)	(2,190,509)
<b>Net cash inflow (outflow) from financing activities</b>		<b>18,138,680</b>	<b>26,607,223</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>12,320,488</b>	<b>(12,119,271)</b>
Cash and cash equivalents at beginning of the financial year		72,483,024	84,602,295
<b>Cash and cash equivalents at end of the financial year</b>	<b>12</b>	<b>84,803,512</b>	<b>72,483,024</b>

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

# Annual financial statements For the year ended 30 June 2012 *continued*

## Notes to the Financial Statements

For the year ended 30 June 2012

### 1 Basis of preparation and compliance

#### 1.a Basis of preparation

These general purpose financial statements are for the period 1 July 2011 to 30 June 2012 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

#### 1.b Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Redland City Council's operations and effective for the current reporting period.

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

#### 1.c Basis of consolidation

At 30 June 2012 the Council had control over Redheart Pty Ltd (controlled entity), a company whose principal activity was to act as the holder of the mining lease pursuant to the *Mineral Resources Act 1989* in respect of the Council's German Church Road quarry operations. As at 30 June 2012 the company had net assets of \$2 and remained dormant throughout the financial year.

Consolidated financial statements have not been prepared as the controlled entity's transactions are not material. As such, transactions between Council and its controlled entity have not been eliminated.

Refer to note 2.x for the basis of consolidation of associates.

#### 1.d Constitution

Redland City Council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

#### 1.e Date of authorisation

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

#### 1.f Currency

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

#### 1.g 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.

#### 1.h Adoption of new and revised Accounting Standards

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

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

## Annual financial statements For the year ended 30 June 2012 *continued*

	<b>Effective for annual report periods beginning on or after</b>
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2013
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2013
AASB 11 <i>Joint Arrangements</i>	1 January 2013
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2013
AASB 13 <i>Fair Value Measurement</i>	1 January 2013
AASB 119 <i>Employee benefits</i> (completely replaces existing standard)	1 January 2013
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB10)	1 January 2013
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2013
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i>	1 July 2012
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 July 2013
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>	1 January 2013
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i>	1 July 2012
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119</i> (September 2011)	1 January 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> (AASB 1)	1 January 2013
AASB 2011-13 <i>Amendments to Australian Accounting Standards – Improvements to AASB 1049</i>	1 July 2012

# Annual financial statements For the year ended 30 June 2012 *continued*

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## **AASB 9 Financial Instruments (effective from 1 January 2013)**

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2013 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Management has yet to assess the impact that AASB 9 *Financial Instruments* is likely to have on the financial statements of Council and it does not expect to implement the amendments prior to the effective date of 1 January 2013.

## **Consolidated Standards**

The AASB issued a suite of six related accounting standards which are effective for annual reporting periods beginning on or after 1 January 2013. These standards being

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 127 Separate Financial Statements;
- AASB 128 Investments in Associates and Joint Ventures; and
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.

The aim is to improve the accounting requirements for consolidated financial statements, joint arrangements and vehicles not recognised on the Statement of Financial Position. The AASB is still considering whether these standards need to be modified for application by not-for-profit entities. Consequently, not-for-profit entities are not currently permitted to apply these standards prior to the mandatory application date. As council is a not-for-profit entity, no assessment has been made of the potential impact. An assessment of the impact will be made when the not-for-profit requirements are finalised.

## **AASB 13 Fair Value Measurement (AASB 13)**

AASB 13 applies to reporting periods beginning on or after 1 January 2013. The standard sets out a new definition of 'fair value', as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

Council has yet to commence reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for Council's property, plant and equipment in 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.

## **Amendments to AASB 101 Presentation of Financial Statements**

The AASB 101 Amendments require Council to group items presented in other comprehensive income into those that, in accordance with other standards: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. Council's management does not expect this will change the current presentation of items in other comprehensive income.

## **Amendments to AASB 119 Employee Benefits**

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

The revised standard includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. Had Council applied the revised standard this year annual leave currently classified as 'short-term benefit' would have been reclassified as 'long-term benefit'. However, no reported amounts would have been amended as Council already discounts the annual leave liability to present value in respect of amounts not expected to be settled within 12 months.

The concept of 'termination benefits' is clarified and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Council contributes to the Local Government Superannuation Scheme (QLD) as disclosed in note 30. The revised standard will require Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme.

The reported results and position of the Council will not change on adoption of the other pronouncements as they do not result in any changes to the Council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. Council does not intend to adopt any of these pronouncements before their effective dates.

## **1.i Critical accounting judgements and key sources of estimation uncertainty**

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

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

Investment property – Note 2.i and Note 17  
Valuation and depreciation of property, plant and equipment – Note 2.j and Note 18  
Impairment of non-current assets – Note 2.l  
Impairment of investments in associate – Note 2.i and Note 20  
Restoration Provision – Note 2.q and Note 24  
Contingencies – Note 29  
Events after the reporting period - Note 34



# Annual financial statements For the year ended 30 June 2012 continued

## 2 Significant accounting policies

### 2.a Revenue

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

#### Rates and levies

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

#### Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Unspent non-reciprocal grants are held in a Constrained Works Reserve.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled.

#### Non-cash contributions

Physical assets contributed to Council by developers in the form of roadworks, stormwater and park equipment are recognised as revenue when the development becomes 'on maintenance' (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. In these circumstances, an accrual is raised to recognise the revenue and the non-current assets. All non-cash contributions are recognised at fair value respective of their fair value on the date of acquisition.

#### Cash contributions

Council receives cash contributions from property developers to construct assets such as roads and footpaths for new property developments in accordance with Council's planning scheme policies. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, these cash contributions are recognised as income when received.

#### Rental income

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

#### Interest

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

#### Other revenue

Other revenue is recognised when the amount of revenue can be measured reliably and its probable that future economic future benefits will flow to the entity.

#### Sales revenue

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

Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

#### Fees and charges

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

# Annual financial statements For the year ended 30 June 2012 *continued*

## 2.b Financial assets and financial liabilities

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

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

### Financial assets

Financial assets – loans and receivables (Note 2.d)

Cash and cash equivalents (Note 2.c)

Trade and other receivables – measured at amortised cost (Note 2.d)

### Financial liabilities

Trade and other payables – measured at amortised cost (Note 2.n)

Borrowings and borrowing costs – measured at amortised cost (Note 2.p)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 23 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 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.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 35.

## 2.c Cash and cash equivalents

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

## 2.d Trade and other receivables

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

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

All known bad debts were written-off at 30 June 2012. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are recognised at amortised cost. Outstanding terms range from 1 to 4 years with all loans being interest free. Security is not normally obtained.

# Annual financial statements For the year ended 30 June 2012 continued

## 2.e Inventories

Stores and raw materials are valued at the lower of cost and net realisable value. 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.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

## 2.f Other assets

Prepaid expenses for vehicle registration, insurances and other material expenditure are recognised initially at cost and classified as a current asset. Once the benefits are received, the amount is expensed.

## 2.g Non-current assets held-for-sale

Items of property, plant and equipment are reclassified as non-current assets held-for-sale

when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held-for-sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held-for-sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

## 2.h Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2012 Council did not have any term deposits in excess of three months.

Council holds investments in other associates at 30 June 2012 which are detailed in Note 20 Investment in associates.

## 2.i Investment property

Investment property is property held for the primary purpose of earning rental income and/or capital appreciation. This includes land held by Council for a currently undetermined future use. Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance date.

Where investment property is acquired at no or nominal cost it is recognised at fair value.

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

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

## 2.j Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, accumulated depreciation and accumulated impairment losses. Non-current asset thresholds for recognition purposes are as follows:

Land	(all)
Building	(all)
Plant and equipment	\$200
Roads	\$5,000
Stormwater drainage	\$5,000
Parks	\$500
Other infrastructure	\$5,000
Waste	\$5,000
Work in progress	(all)

# Annual financial statements For the year ended 30 June 2012 *continued*

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## Acquisition of assets

Acquisitions of assets are initially recorded at cost and in the cases of some infrastructure assets such as stormwater and roads, at a standard unit rate value. Cost is determined as the fair value of the assets given as consideration such as cost of materials, direct labour and where relevant, the initial estimate of restoring the site on which the assets are located, plus costs incidental to the acquisition, including all costs incurred in preparing the assets for use.

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

## Capital and operating expenditure

Wages and material costs incurred in 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 non-current assets are expensed as incurred. Expenditure that relates to the replacement of a major component of an asset to maintain its service potential is capitalised.

## Valuation

Land, buildings, roads, stormwater drainage, parks, waste and other infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years by engaging either independent external valuers or suitably qualified internal staff. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. In interim years, valuations using a suitable index are performed where there has been a material variation in the index.

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

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

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

Details of valuers and methods of valuations are disclosed in Note 18(c).

## 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.

Investment property under construction is classified as investment property. Refer to Note 2.i for further information.

## Depreciation

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Assessments performed as part of the annual process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 18.

#### Land under roads

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

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

#### **2.k Intangible assets**

Intangible assets with a cost or other value exceeding \$1,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

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

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. Amortisation methods, estimated remaining lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 19.

#### **2.l Impairment of non-current assets**

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

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

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

Please refer to note 20 for the impairment assessment assumptions used in consideration of Council's investment in associate, Allconnex Water.



## 2.m Leases

All Council leases are of an operating nature where substantially all the risks and benefits remain with the lessor.

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.n Trade and other payables

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

## 2.o Liabilities – employee benefits

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

## Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 22 as a payable.

## Annual Leave

A liability for annual leave is recognised based on current wage and salary levels indexed by certified enterprise bargaining agreement increases and related employee on-costs such as superannuation contributions. This liability represents an accrued expense and all annual leave has been classified as a current payable and is reported in Note 22.

## Superannuation

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

## Long Service Leave

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

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

## 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.

## 2.p Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010*, Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.

Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

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

## 2.q Restoration provision

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

### Refuse dump restoration

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided.

Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

### Quarry rehabilitation

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

Changes in the provisions are treated as an expense or income.

## 2.r Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets.

Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

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

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

When an asset is derecognised, the revalued amount relating to that asset is transferred directly to retained earnings from the asset revaluation surplus.

## 2.s Retained surplus

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

## 2.t 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. An identified amount is transferred from retained surplus into the relevant reserve. As expenditure is incurred on specific projects, the equivalent amount is transferred out of the relevant reserve and returned to retained surplus. Reserve groupings shown below are further detailed in note 27.

### Constrained works capital reserves

This reserve includes all contributions of monetary revenue received during the reported and previous periods which are constrained for the purpose of funding specific expenditure. The closing balance reported at the year end represents amounts not yet expended and must be retained until expended in the manner specified by the contributor or relevant legislation.

### Special projects reserve

This reserve holds funds identified for various projects and for funding specific expenditure. Included in this group is Council's self-funded Redland WorkCover Reserve.

### Special capital projects reserve

This reserve holds funds collected from the differential of Southern Moreton Bay Islands general rates for capital works including land purchases on Macleay, Russell, Perulpa, Karragarra and Lamb Islands.

### Cleansing reserve

This reserve hold funds set aside to meet future specific expenditure for the Waste Management Unit.

### Separate charge reserve – Environment

This reserve was established to hold funds collected from the Environment Charge for ongoing maintenance and future capital expenditure for conservation maintenance, environmental land acquisition and landfill remediation.

### Special charge reserve – Other

This reserve was established to hold funds collected from the Rural Fire Levy Special Charge and are distributed to the respective Southern Moreton Bay Islands Rural Fire Brigades.

### Special charge reserve – Canals

This reserve was established to hold funds collected from the Canal Special Charge and the Sovereign Waters Lake Special Charge for ongoing and future maintenance.

### Constrained works recurrent reserve

This reserve holds any constrained operating revenue in the form of grants or contributions received during the year and remaining unexpended at the end of the financial year.

## 2.u National Competition Policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 36.

## 2.v Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include proceeds in excess of rates and charges recovered through sale of land for overdue rates and various security deposits lodged to guarantee performance. Council performs only a custodial role in respect of these monies and because they cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. The monies are disclosed in the notes to the financial statements for information purposes only in Note 31.



## 2.w 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 is shown as an asset.

Council pays Payroll Tax to the Queensland Government on certain activities as required by legislation.

## 2.x South East Queensland Water Reform

Redland City Council has been required to adopt water reform measures legislated by the Queensland State Government on introduction of the *South East Queensland Water (Restructuring) Act 2007*. The Queensland Water Commission released a report in May 2007 to the Queensland Government on the Urban Water Supply Arrangement in South East Queensland. The report proposed a range of structural and regulatory reforms for urban water supply arrangements in South East Queensland including enhanced economic regulation and pricing.

### Bulk water reform

The *South East Queensland Water (Restructuring) Act 2007* provided the legislative basis to affect the first stage of the Government's reforms by facilitating bulk water supply and transport business restructure in South East Queensland.

Pursuant to transfer notices gazetted under the Restructuring Act, bulk water assets and liabilities were transferred to the Queensland Bulk Water Transport Authority and the Queensland Bulk Water Supply Authority on 1 July 2008.

### Distribution and retail water reform

The South East Queensland Water (Distribution and Retail Restructuring) Act 2009 ('the DR Act') established a statutory body called the Southern SEQ Distributor-Retailer Authority (the Authority) on 3 November 2009 to deliver water and wastewater services to customers within the local government areas of participating Councils: Gold Coast City Council, Logan City Council and Redland City Council. On 1 July 2010 the Authority acquired legislative power to begin trading, using the business name Allconnex Water (Allconnex).

Under the Act, governance arrangements for the Authority were established in a Participation Agreement, which was operative from 25 June 2010. The Agreement provided for participation rights to be held by the participating Councils, to be determined as soon as practical after the date of the agreement.

The Fairer Water Prices for SEQ Amendment Act 2011 was enacted effective 1 July 2011 to introduce a cap on water and wastewater price increases.

Distribution and retail water reform changes from 1 July 2012

Further legislative amendments allowing the local government participants to withdraw from Distributor-Retailers were introduced in 2012 under the South East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Act 2012 (the restructure Act). The restructure Act provides that Allconnex ceases to be a service provider and that each local government (withdrawn council) becomes a service provider for its local government area from the end of 30 June 2012.

Withdrawn councils are defined as Gold Coast City Council, Logan City Council and Redland City Council.

### Adjustment to initial investment carrying values

Allconnex Water continued to operate until 30 June 2012 and the net assets of Allconnex at 30 June 2012 will retransfer to withdrawn councils in proportion to their participation rights on 1 July 2012. Council's investment in Allconnex was accounted for under equity method whereby the investment was initially recorded at cost and then adjusted for Council's share of Allconnex profit or loss and other comprehensive income. This practice continued up to the Statement of Financial Position date on 30 June 2012. Council's investment carrying value in Allconnex and changes in the investment carrying value are based on the values of assets and liabilities in Allconnex financial statements immediately prior to retransfer on 1 July 2012 as disclosed in Note 20.

# Annual financial statements For the year ended 30 June 2012 *continued*

The expected carrying values of retransferred assets disclosed as events occurring after the reporting period in note 34 have been based on assumptions used in Allconnex's business model and will not be consistent with the assumptions used under Council's water business model going forward.

The total contribution of each participating council to Allconnex Water on 1 July 2010 was based on a provisional Regulated Asset Base (RAB) valuation approved by the Queensland Government for water pricing purposes. The RAB calculation was adjusted in the 2011/12 financial period, such that total Allconnex opening equity reduced from \$4,111,848,000 to \$4,098,000,000. Interim participation rights were also adjusted to 61.6501477% Gold Coast, 27.2113631% Logan and 11.1384892% Redland. Refer to note 20 for a detailed calculation on the positive impact to Council's investment in Allconnex Water resulting from the adjustment from the finalisation of the RAB value.

## **Participation rights**

The total contribution of each Council to the Distributor-Retailers was calculated using a regulatory asset base (RAB) valuation approved by the Queensland Government for water pricing purposes. The RAB represented the market value of the assets at 25 June 2008 adjusted to 30 June 2010.

RAB was used to determine each council's participation rights, which were *originally* as follows: Gold Coast City Council 62%, Logan City Council 24% and Redland City Council 14%, recorded in a signed participation agreement. Redland City Council's participation percentage as at 30 June 2012 is now 11.1384892%.

## **Name of associate:**

Allconnex Water

## **Country of incorporation:**

Australia

## **Principal activity:**

Water and wastewater services

## **Council's participation rights**

30/06/2012: 11.1384892%

30/06/2011: 11.138%

## **Council returns**

### Participation return

As a party to the Participation Agreement, Council will receive a proportional share of net profits as a participation return. Participation returns declared prior to the 30 June 2012 have been recognised as revenue in the Statement of Comprehensive Income. Returns are paid from post-tax operating profits (after adjusting for capital receipts).

Independent assessment of the regulatory asset base (RAB) has been provided to participating councils of Allconnex Water and Council is relying on this independent assessment as its basis for final participation rights in Allconnex Water. Although as at 30 June 2011 Council held interim participation rights in Allconnex Water of 11.138%, during the financial year 2011-12, Council initially received returns based upon the original 14% participation rights and subsequent returns were aligned to the revised participation rights of 11.138%. A recognised liability relating to the differential between the participation rights receipts has been extinguished as at 30 June 2012 following repayment by Redland City Council to Allconnex Water in June 2012.

# Annual financial statements For the year ended 30 June 2012 *continued*

Under the Allconnex Water participation agreement, Council is entitled to receive financial returns from its investment in Allconnex in the form of dividend payments; tax equivalent payments and subordinate loan interest only payments.

#### Tax equivalents

Allconnex operates under an income tax equivalent regime; with all tax paid being distributed to the participating councils on a pro-rata basis to their participation rights. Tax is payable quarterly based on a percentage of Allconnex's gross revenue until its first tax assessment.

#### Shareholder loans

Shareholder loans provide for a fixed interest rate of 6.67% for senior debt and 7.51% for subordinate debt with quarterly interest-only payments for three years.

#### **Assets and liabilities transferred**

On 1 July 2010 Council transferred the assets, instruments and employees necessary for Allconnex Water to commence trading under a scheme made in accordance with the Act and gazetted on 29 June 2010. Current assets and liabilities along with employee annual leave and long service leave provisions were physically paid in cash to Allconnex Water and as such are not included in the calculation below. The calculation below is the RAB as published by Allconnex Water but does not represent Council's final participation rights within Allconnex Water. As consideration was less than the value of assets transferred to Allconnex Water of \$745.19 million, Council incurred a loss on disposal of \$292.93 million in the financial year 2010-11. As with the other participating councils of Allconnex Water Redland City Council contributed 55% of the net assets contributed in the form of physical assets in return for participation rights. The remaining 45% of the net assets contributed is held in the form of cash loans to Allconnex Water, as outlined below.

Details of the transferred net assets are:

	As at 30 June 2012 \$'000	As at Transfer Date \$'000
Property, plant and equipment		737,244
Capital work in progress		7,950
<b>Book value of net assets transferred</b>		<b>745,194</b>
Participation rights (55%)	251,348	248,743
Senior loans receivable (25%)	114,125	113,065
Subordinate loans receivable (20%)	91,300	90,452
<b>Fair value of compensation received (Participation Rights and Loans Receivable)</b>	<b>456,773</b>	<b>452,260</b>
<b>Net loss on transfer of assets to the authority as at 30 June 2011</b>		<b>(292,934)</b>

## **Associates**

Allconnex Water is an associate of Council. Associates are entities that Council has significant influence over. Significant influence is the power to participate in the financial and operating policy decisions but is not control or joint control. Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this method, the consolidated entity's share of post-acquisition profits or losses of associates is recognised in Statement of Comprehensive Income and the interest in the equity of the associate is recognised in the Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the cost of the investment.

## **Financial instruments**

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.

## 3. Statement of Functions and Activities

### **(a) Components of Council functions**

As at 30 June 2012, the activities relating to Council's components reported on in Note 3(b) are as follows:

#### **Governance Department**

Governance comprises the following groups to support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements:

- Chief Executive Office
- Mayor and Councillors
- Internal Audit
- Legal Services
- Corporate Performance and Risk
- Communications
- Community Futures
- Office of the General Manager

#### **City Services Department**

City Services is responsible for responding to areas of Council in relation to operational support and comprises the following groups:

- Community and Cultural Services
- Operations and Maintenance
- Project Delivery
- City Spaces
- City Enterprises
- City Infrastructure
- Office of the General Manager

#### **Corporate Services Department**

Corporate Services is responsible for delivery of the internal services by the following groups:

- Financial Services
- People and Change
- Information Management
- Corporate Acquisitions, Fleet and Facilities
- Strategic Finance and Projects
- Water Reintegration and Disestablishment (WRAD) Project Group
- Office of the General Manager

#### **Environment, Planning & Development Department**

Environment, Planning & Development is responsible for assessment and approval of applications in accordance with legislation and local laws and comprises the following groups:

- Community Standards
- Sustainable Assessment
- City Planning and Environment
- Business and Performance
- Office of the General Manager

# Annual financial statements For the year ended 30 June 2012 *continued*

## 3. Statement of Functions and Activities *continued*

### (b) Analysis of results by function

Income, expenses and assets have been attributed to the following functions:

Year ended 30 June 2012

Functions	Income		Total Income 2012 \$	Total Expenses 2012 \$	Net Result 2012 \$	Total Assets 2012 \$
	Grants 2012 \$	Other 2012 \$				
Governance Department	156,704	143,226	299,930	10,007,429	(9,707,499)	2,062,540
City Services Department	6,474,374	48,098,161	54,572,535	118,120,402	(63,547,867)	1,031,836,266
Corporate Services Department	6,244,745	113,003,328	119,248,073	27,969,619	91,278,454	619,128,615
Environment, Planning & Development Department	218,517	14,561,702	14,780,219	22,914,867	(8,134,648)	204,609,183
<b>Total</b>	<b>13,094,340</b>	<b>175,806,416</b>	<b>188,900,757</b>	<b>179,012,317</b>	<b>9,888,440</b>	<b>1,857,636,604</b>

Year ended 30 June 2011

Functions	Income		Total Income 2011 \$	Total Expenses 2011 \$	Net Result 2011 \$	Total Assets 2011 \$
	Grants 2011 \$	Other 2011 \$				
Governance Department	14,000	101,316	115,316	6,863,033	(6,747,717)	391,926
Customer Services Department	3,586,207	27,613,779	31,199,986	82,375,270	(51,175,284)	164,288,552
Planning and Policy Department	6,224,552	36,061,658	42,286,210	37,336,832	4,949,378	1,080,233,283
Corporate Services Department	5,230,821	95,429,326	100,660,147	328,867,121	(228,206,974)	601,124,956
Development & Community Standards Department	135,554	7,385,889	7,521,443	18,736,821	(11,215,378)	611,964
<b>Total</b>	<b>15,191,134</b>	<b>166,591,968</b>	<b>181,783,102</b>	<b>474,179,077</b>	<b>(292,395,975)</b>	<b>1,846,650,681</b>

A prior period correction was made to Total Assets 2011 and Total Expenses 2011 – refer Note 33.

# Annual financial statements For the year ended 30 June 2012 *continued*

## 4. Revenue analysis

	Note	2012 \$	2011 \$
<b>(a) Rates, levies and charges</b>			
General rates		75,782,783	68,404,948
Special charges		1,516,350	2,394,729
Separate Charge Environment Levy		7,180,007	7,126,621
Separate Charge Landfill Remediation		2,772,533	2,531,355
Waste disposal		15,694,727	16,351,526
Total rates and utility charges		<b>102,946,400</b>	<b>96,809,179</b>
Less pensioner remissions		(2,540,747)	(2,453,615)
		<b>100,405,653</b>	<b>94,355,564</b>
<b>(b) Fees and charges</b>			
Fines and penalties		366,217	495,625
Mooring and parking fees		845,406	838,680
Search fees		671,938	677,629
Building application fees		1,364,491	1,584,712
Development application fees		1,534,348	1,759,778
Water and sewerage application fees		220,035	360,933
Camping and caravan fees		2,424,445	2,313,028
License fees		1,829,205	1,725,404
Commercial collection fees		301,017	452,038
Child care fees		3,460,400	3,074,924
Other fees and charges		3,124,153	3,331,648
		<b>16,141,655</b>	<b>16,614,399</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>(c) Rental income</b>			
Investment property rental		165,896	335,002
Other rental income		395,525	365,250
		<b>561,421</b>	<b>700,252</b>
<b>(d) Interest received</b>			
Interest received from investments		4,646,163	4,415,237
Interest from overdue rates and utility charges		385,926	381,657
Other interest income		9,110	12,573
		<b>5,041,199</b>	<b>4,809,467</b>
<b>(e) Sales revenue</b>			
Recoverable works		65,041	61,764
Event sales		169,744	201,598
Services and product sales		1,150,271	1,076,607
		<b>1,385,056</b>	<b>1,339,969</b>
<b>(f) Other income</b>			
Miscellaneous income		883,519	509,422
Commission received		216,080	215,330
Recoverable income		668,491	81,947
Insurance proceeds		52,238	218,181
Compensation proceeds		-	141,000
		<b>1,820,328</b>	<b>1,165,880</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>(g) Income from associate</b>			
Senior and subordinate debt interest	20	14,473,704	16,169,933
Tax equivalents	20	4,638,910	4,244,970
Dividends	20	84,653	-
Less overpayment adjustment – Allconnex Water		429,641	(4,172,676)
Establishment costs reimbursement	20	-	1,732,615
Service level agreement and other recoveries	20	4,008,818	4,299,527
		<b>23,635,726</b>	<b>22,274,369</b>

### 5. Grants, subsidies and contributions

	Note	2012 \$	2011 \$
<b>(a) Recurrent</b>			
General purpose government grants		6,117,495	4,948,941
Government subsidies and grants		3,532,773	4,793,870
Contributions		385,184	1,302,576
		<b>10,035,452</b>	<b>11,045,387</b>



## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>(b) Capital</b>			
Government subsidies and grants		3,444,072	5,448,323
Contributions		3,457,331	3,201,266
		<b>6,901,403</b>	<b>8,649,589</b>
Non-cash contributions		<b>14,157,642</b>	<b>20,792,226</b>

### Conditions over contributions

Contributions and grants which were recognised as income during the current 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:

	Note	2012 \$	2011 \$
Road infrastructure		440,077	2,317,599
Park infrastructure		182,768	32,935
Water & wastewater infrastructure		76,401	-
Grants and contributions		1,659,460	4,042,418
		<b>2,358,706</b>	<b>6,392,952</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

Contributions and grants which were recognised as income during a previous reporting period and where expended during the current reporting period in accordance with Council's obligations:

	Note	2012 \$	2011 \$
Road infrastructure		2,551,570	937,529
Park infrastructure		52,651	41,038
Grants and contributions		2,357,665	1,629,366
		<b>4,961,886</b>	<b>2,607,933</b>

### 6. Employee benefits

	Note	2012 \$	2011 \$
Total staff wages and salaries		52,927,555	53,981,530
Councillors' remuneration		1,176,637	1,170,354
Annual leave and long service leave entitlements		6,653,888	6,393,212
Superannuation		6,441,687	6,436,120
		<b>67,199,767</b>	<b>67,981,216</b>
Other employee related expenses		6,624,519	6,021,988
		<b>73,824,286</b>	<b>74,003,204</b>
Less: Capitalised employee expenses		(5,236,856)	(4,639,845)
		<b>68,587,430</b>	<b>69,363,359</b>

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

# Annual financial statements For the year ended 30 June 2012 *continued*

<b>Total Council employees (FTE) at the reporting date:</b>	<b>2012</b>	<b>2011</b>
Elected members	11	11
Administration and indoor staff	670	710
Outdoors staff	173	178
Total full time equivalent employees excluding elected members	843	888

## 7. Materials and services

	<b>Note</b>	<b>2012</b> \$	<b>2011</b> \$
Contractors		27,943,555	27,194,329
Consultants		1,916,843	2,631,184
Other Council outsourcing costs		7,624,099	7,089,558
Purchase of materials		7,793,514	6,515,254
Office administration costs		6,912,475	6,975,037
Electricity charges		3,102,553	3,127,265
Plant operations		4,338,535	4,979,419
Information technology resources		2,375,188	2,226,600
General insurance		1,054,248	974,902
Community assistance		1,478,026	1,449,879
Audit of annual financial statements by the Auditor-General of Queensland		151,140	123,568
Other material and service expenses		881,469	1,037,360
Remediation costs for landfill and quarry		(1,558,679)	6,193,669
		<b>64,012,966</b>	<b>70,518,024</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

### 8. Finance costs

	Note	2012 \$	2011 \$
Finance costs charged by the Queensland Treasury Corporation		3,697,259	2,920,880
Bank charges		319,937	308,503
Bad debts		34,984	6,731
Borrowing costs – landfill and quarry remediation		1,423,438	1,572,797
		<b>5,475,618</b>	<b>4,808,911</b>

### 9. Depreciation and amortisation

	Note	2012 \$	2011 \$
<b>Depreciation of non-current assets</b>			
Buildings		5,677,975	2,919,197
Plant and equipment		5,276,284	5,537,877
Roads		10,858,812	10,211,654
Stormwater drainage		4,761,073	4,669,137
Parks		5,658,348	3,547,403
Other infrastructure		4,951,857	3,224,510
Waste		429,418	380,441
	18	<b>37,613,767</b>	<b>30,490,219</b>
<b>Amortisation of intangible assets</b>			
Software	19	379,129	481,225
Total depreciation and amortisation	32	<b>37,992,896</b>	<b>30,971,444</b>

## Annual financial statements For the year ended 30 June 2012 continued

### 10. Loss on disposal of non-current assets

	Note	2012 \$	2011 \$
Proceeds from sale of property, plant and equipment (excluding land)		(3,853,290)	(1,547,080)
Less: book value of property, plant and equipment disposed		6,583,010	2,340,409
		2,729,720	793,329
Proceeds from sale of land		(317,091)	(478,182)
Less: book value of land disposed		524,018	984,000
		206,927	505,818
Proceeds from sale of non-current assets held-for-sale		(149,780)	(112,232)
Less: book value of disposed non-current assets held-for-sale		156,540	95,012
		6,760	(17,220)
	32	<b>2,943,407</b>	<b>1,281,927</b>

### 11. Loss on disposal of discontinued operations

	Note	2012 \$	2011 \$
Proceeds from sale of discontinued operations		-	(452,260,000)
Less: book value of assets disposed from discontinued operations		-	745,193,972
	2.x	-	292,933,972

## Annual financial statements For the year ended 30 June 2012 *continued*

### 12. Cash and cash equivalents

	Note	2012 \$	2011 \$
Cash at bank		317,068	1,245,181
Cash on hand		20,112	17,955
Deposits at call		84,466,332	71,219,888
Balance per Statement of Cash Flows		<b>84,803,512</b>	<b>72,483,024</b>

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

	Note	2012 \$	2011 \$
Unspent government grants and contributions		5,567,508	6,265,713
Unspent contributions		10,942,895	12,847,871
Total unspent restricted cash		16,510,403	19,113,584

Cash is held with the Australian and New Zealand Banking Corporation in a normal business cheque account. The bank currently has a short term credit rating of A1+ and a long term credit rating of AA. Deposits at call are held with Queensland Treasury Corporation which has a short term credit rating of A1+ and a long term credit rating of AA+.

Council holds three facilities with the Australian and New Zealand Banking Corporation to facilitate its operational monetary requirements. These facilities and their associated values are:

1. Commercial Card           \$325,000
2. Electronic Payway       \$4,000,000
3. Varied Facility           \$5,050,000

# Annual financial statements For the year ended 30 June 2012 *continued*

## 13. Trade and other receivables

	Note	2012 \$	2011 \$
<b>(a) Current</b>			
Rates and utility charges		4,038,869	3,513,842
Allconnex-related receivables		5,623,933	5,151,848
Trade debtors		2,524,641	3,466,677
Infringement debtors		739,173	660,324
Other debtors		1,642,848	1,316,897
GST recoverable		472,931	1,408,120
Loans and advances to community organisations		15,827	16,743
Less: Allowance for impairment		(82,820)	(59,896)
		<b>14,975,402</b>	<b>15,474,555</b>
<b>(b) Non-current</b>			
Loans and advances to community organisations		<b>9,211</b>	<b>26,184</b>

Interest is charged on outstanding rates at 11% (2011: 11%) per annum. No interest is charged on other debtors. There is no concentration of credit risk interest for rates and utility charges, fees and other receivables. Loans relate to advances made to various sporting and community organisations in the Redland City. All loans are made on an interest-free basis.

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Movement in accumulated impairment losses is as follows:</b>			
Opening balance at 1 July		(59,896)	(63,950)
Impairment Debts written off during the year		12,060	10,784
Additional impairments recognised		(34,984)	(6,730)
Closing balance at 30 June		(82,820)	(59,896)

### 14. Inventories

	Note	2012 \$	2011 \$
<b>Inventories held for distribution</b>			
Gravel stockpiles		388,730	491,850
Plant and equipment stores		602,661	556,692
		<b>991,391</b>	<b>1,048,542</b>

All inventories held by Council throughout the financial year were held for distribution. All inventories are valued at the lower of cost and replacement value.

### 15. Non-current assets classified as held for sale

	Note	2012 \$	2011 \$
Plant and equipment		29,324	160,254
		<b>29,324</b>	<b>160,254</b>

Non-current assets held for sale relates to vehicles held at auction.



## Annual financial statements For the year ended 30 June 2012 *continued*

### 16. Other assets

	Note	2012 \$	2011 \$
Prepaid registration		78,340	87,383
Prepaid insurance		149,790	138,936
Prepaid salaries and wages		-	203,341
Prepaid other expenses		766,115	816,397
		<b>994,245</b>	<b>1,246,057</b>

### 17. Investment property

	Note	2012 \$	2011 \$
Fair value at beginning of financial year		3,876,000	3,840,000
Disposal of investment property		(3,876,000)	-
Acquisition of investment property		845,868	-
Fair value adjustment – investment property		-	36,000
Fair value at end of financial year		<b>845,868</b>	<b>3,876,000</b>

The investment property disposal during the reporting period consisted of a block of 4 shops situated at Dollery Road Capalaba.

The investment property purchase relates to the investment portion of the Toondah Harbour Business Centre.

The Toondah Harbour Business Centre was valued at fair value by Cardno (Qld) Pty Ltd, an independent professionally qualified valuation firm, as at 30 June 2012. Cardno (Qld) Pty Ltd have extensive experience in valuing properties of this nature in the Redland City Council district and surrounding areas. Fair value was determined by reference to market based evidence including observable historical sales data in the relevant market for properties of similar nature and specification.

At reporting date there was no property being constructed or developed for future use as investment property.

Income from investment property up to date of sale is shown in Note 4.

# Annual financial statements For the year ended 30 June 2012 *continued*

## 18. (a) Property, plant and equipment

2012	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Asset values</b>										
Opening gross value at 1 July	250,837,390	119,062,147	41,821,415	693,284,214	389,974,788	84,810,665	156,511,912	11,612,342	17,019,937	1,764,934,810
Work in progress expenditure	-	-	-	-	-	-	-	-	33,653,519	33,653,519
Transfer from WIP to non-current assets	-	-	-	-	-	-	-	-	(34,756,004)	(34,756,004)
Additions at cost	2,935,204	2,784,235	3,498,122	12,064,340	1,465,778	5,156,955	4,737,467	2,832,455	-	35,474,556
Contributed assets at valuation	-	-	7,824	9,166,424	4,392,251	573,753	17,390	-	-	14,157,642
Land acquired in lieu of rates	4,621	-	-	-	-	-	-	-	-	4,621
Disposals	(524,018)	(1,243,624)	(2,357,342)	(2,691,034)	(99,474)	(1,783,195)	(826,884)	-	-	(9,525,571)
Revaluation adjustments to asset revaluation surplus	(13,580,939)	-	-	-	-	-	-	-	-	(13,580,939)
Transfer to assets classified as held-for-sale	-	-	(239,016)	-	-	-	-	-	-	(239,016)
Transfer between non-current asset classes	(7,364)	24,364	-	(9,946)	3,611	(10,665)	-	-	-	-
<b>Closing gross value</b>	<b>239,664,894</b>	<b>120,627,122</b>	<b>42,731,003</b>	<b>711,813,998</b>	<b>395,736,954</b>	<b>88,747,513</b>	<b>160,439,885</b>	<b>14,444,797</b>	<b>15,917,452</b>	<b>1,790,123,618</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 18. (a) Property, plant and equipment

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Accumulated depreciation</b>										
Opening balance at 1 July	-	48,414,002	18,286,022	211,691,890	96,667,849	34,824,717	47,529,016	3,816,119	-	461,229,614
Depreciation provided for the year	-	5,677,974	5,276,284	10,858,812	4,761,073	5,658,348	4,951,858	429,418	-	37,613,767
Depreciation on disposals	-	(987,333)	(2,018,672)	(1,978,857)	(15,606)	(868,018)	(426,057)	-	-	(6,294,543)
Depreciation on revaluation adjustments to asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
Transfer to assets classified as held-for-sale	-	-	(213,405)	-	-	-	-	-	-	(213,405)
Transfer between non-current asset classes	-	5,571	-	(293)	74	(5,353)	-	-	-	-
<b>Accumulated depreciation at 30 June</b>	-	<b>53,110,214</b>	<b>21,330,229</b>	<b>220,571,552</b>	<b>101,413,389</b>	<b>39,609,694</b>	<b>52,054,817</b>	<b>4,245,537</b>	-	<b>492,335,432</b>
<b>Total written down value at 30 June 2012</b>	<b>239,664,894</b>	<b>67,516,909</b>	<b>21,400,774</b>	<b>491,242,447</b>	<b>294,323,564</b>	<b>49,137,819</b>	<b>108,385,068</b>	<b>10,199,261</b>	<b>15,917,452</b>	<b>1,297,788,186</b>
Range of estimated useful life in years	n/a	50	3 - 10	16 - 80	80	5 - 15	5 - 75	3 - 80	n/a	

# Annual financial statements For the year ended 30 June 2012 *continued*

## 18. (b) Property, plant and equipment – prior year comparative

2011	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Disposals	(3,732,300)	(649,856)	(7,335,349)	(1,887,352)	(320,924)	(1,062,491,446)	(475,234)	(302,415)	(5,227,964)	-	(1,082,422,840)
Revaluation adjustments to asset revaluation surplus	(68,476,299)	2,924,120	-	-	-	-	-	-	1,057,741	-	(64,494,438)
Transfers to assets classified as held- for-sale	-	-	(312,703)	-	-	-	-	-	-	-	(312,703)
Transfers between non-current asset classes	-	(354,922)	354,922	(7,328)	9,945	-	(1,707,265)	1,707,265	(2,617)	-	-
Asset corrections during period	-	-	35,977	-	(251,094)	-	-	-	-	-	(215,117)
<b>Closing gross value at 30 June</b>	<b>250,837,390</b>	<b>119,062,147</b>	<b>41,821,413</b>	<b>693,284,214</b>	<b>389,974,788</b>	<b>-</b>	<b>84,810,665</b>	<b>156,511,912</b>	<b>11,612,342</b>	<b>17,019,937</b>	<b>1,764,934,809</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 18. (b) Property, plant and equipment – prior year comparative

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
<b>Accumulated depreciation</b>											
Opening balance at 1 July	-	43,578,548	18,685,663	203,398,042	92,067,379	328,358,783	32,653,586	43,874,914	11,559,004	-	774,175,919
Adjustments to opening value	-	-	(44,482)	(277,370)	-	-	(433,223)	(62,092)	2,907	-	(814,261)
Depreciation provided for the year	-	2,919,197	5,537,877	10,211,654	4,669,137	-	3,547,403	3,224,510	380,441	-	30,490,220
Depreciation on disposals	-	(384,885)	(5,793,132)	(1,640,436)	(68,728)	(328,358,783)	(272,316)	(179,049)	(5,156,822)	-	(341,854,150)
Depreciation on revaluation adjustments to asset revaluation surplus	-	2,353,685	-	-	-	-	-	-	(2,969,350)	-	(615,666)
Transfers to assets classified as held-for-sale	-	-	(152,450)	-	-	-	-	-	-	-	(152,450)
Transfers between non-current asset classes	-	(52,543)	52,543	-	61	-	(670,733)	670,733	(61)	-	-
<b>Accumulated depreciation at 30 June</b>	-	<b>48,414,002</b>	<b>18,286,019</b>	<b>211,691,890</b>	<b>96,667,849</b>	-	<b>34,824,716</b>	<b>47,529,016</b>	<b>3,816,119</b>	-	<b>461,229,612</b>
<b>Total written down value at 30 June 2011</b>	<b>250,837,390</b>	<b>70,648,145</b>	<b>23,535,394</b>	<b>481,592,324</b>	<b>293,306,939</b>	-	<b>49,985,948</b>	<b>108,982,896</b>	<b>7,796,223</b>	<b>17,019,937</b>	<b>1,303,705,197</b>
Range of estimated useful life in years	n/a	50	3-10	16-80	80	80	5-15	5-75	3-80	n/a	

## 18 (c) Property, plant and equipment valuations

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

### **(i) Land**

All Council freehold land was comprehensively revalued at fair value as at 30 June 2011 by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839). The valuation was based on publicly available data on sales of similar land in nearby localities.

A subsequent desktop valuation was performed by AssetVal Pty Ltd as at 30 June 2012 as the movement in land values across the city indicated a material adjustment.

### **(ii) Buildings**

All buildings were valued at fair value as at 30 June 2011 by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839). Fair value for these assets was assessed to be written down replacement cost and was determined with reference to relevant construction data. Assessment of economic and remaining life was based on historical assessment of similar assets by the valuer and was the basis for determining the depreciated value.

Movement in the ABS Asset Valuation Non-Residential Construction Index (*March Quarter 2012*), has not indicated material movement since this valuation and as a result, further indexation has not been applied.

### **(iii) Road infrastructure assets**

Road assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). As these are specialist public service assets that are rarely independently sold, depreciated replacement cost was determined as the most appropriate valuation method. Unit rates were determined with reference to relevant construction data and were applied to the asset specifications. These were depreciated based on economic lives determined through historic assessment of similar assets.

Movement in the ABS Queensland Road and Bridge Index (*March Quarter 2012*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

### **(iv) Stormwater drainage infrastructure assets**

Stormwater drainage assets, road bridges and traffic signals were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). As these are specialist public service assets that are rarely independently sold, depreciated replacement costs was determined as the most appropriate valuation method. Unit rates were determined with reference to relevant construction data and were applied to the asset specifications. The assets were depreciated based on economic lives determined through historic assessment of similar assets.

Movement in the ABS Queensland Road and Bridge Index (*March Quarter 2012*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

## **(v) Parks infrastructure assets**

Parks infrastructure assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold. The assets were depreciated based on economic lives determined through industry standard ranges and historic assessment of similar assets.

Movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2012*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

## **(vi) Other infrastructure assets**

These assets include bus shelters, car parks, cycle ways, streetscapes, pedestrian underpasses, swimming pools, marine and jetty facilities, and seawalls and were valued at fair value at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold. The assets were depreciated based on economic lives determined through industry standard ranges and historic assessment of similar assets.

Movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2012*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

## **(vii) Waste infrastructure assets**

All assets were valued at fair value as at 30 June 2011 by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839). Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold. The assets were depreciated based on economic lives determined through industry standard ranges and historic assessment of similar assets.

Movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2012*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

## Annual financial statements For the year ended 30 June 2012 *continued*

### 19. Intangible assets

	Note	2012 \$	2011 \$
<b>Software</b>			
Opening gross carrying value		8,412,852	8,211,787
Additions in period		132,503	249,312
Correction during period (note 33)		-	(48,247)
Closing gross carrying value		<b>8,545,355</b>	<b>8,412,852</b>
<b>Accumulated amortisation</b>			
Opening balance		(7,813,544)	(7,332,318)
Amortisation in the period		(379,129)	(528,698)
Correction during period (note 33)		-	47,472
Closing balance		<b>(8,192,673)</b>	<b>(7,813,544)</b>
Net carrying value at end of financial year		<b>352,682</b>	<b>599,308</b>

The software has a finite life estimated at 3 years. Straight-line amortisation has been used with no residual value.



# Annual financial statements For the year ended 30 June 2012 *continued*

## 20. Investment in other companies

	Note	2012 \$	2011 \$
Investment in associate (Allconnex Water)		251,348,363	244,441,560
Investment in SEQ Recreational Regional Facility		73,000	73,000
Total investment in other companies		<b>251,421,363</b>	<b>244,514,560</b>

### Details of associate

Council has a right to participate in a statutory body called the Southern South East Queensland Distributor - Retailer Authority (the Authority) established under the *South East Queensland (Distribution and Retail Restructuring) Act 2009* ('the DR Act'). The Authority was established to deliver water and wastewater services to customers within the local government areas of participating councils: Gold Coast City Council, Logan City Council and Redland City Council (Council).

### Participation rights

Name of associate: Allconnex Water  
 Country of incorporation: Australia  
 Principal activity: Water and wastewater services

		30/06/2012	30/06/2011
Percentage Participation rights	2.x	11.1384892%	11.138%

On 1 July 2010, the Authority acquired legislative power to begin trading, using the business name Allconnex Water. Under the Act, governance arrangements for the Authority were established in a Participation Agreement operative from 25 June 2010.

The DR Act was amended effective 1 July 2012 under the *South East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Act 2012* to allow participating councils to withdraw from Allconnex.

Under the DR Act a retransfer scheme has been entered into by the three withdrawing councils and Council's participation rights have been exchanged for a share of Allconnex's net assets effective 1 July 2012.

# Annual financial statements For the year ended 30 June 2012 continued

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Council accounts for its investment in Allconnex Water under the equity method whereby the investment is initially recorded as cost and then adjusted for Council's share of Allconnex profit or loss and other comprehensive income.

Council is entitled to a share of net profits as a participation return and has further provided senior and subordinated loans of \$114,125,230 (2011: \$113,065,000) and \$91,300,190 (2011: \$90,452,000) respectively with quarterly interest-only payments for three years.

Allconnex Water is a participant in the Local Government Tax Regime. Taxes are payable to participating councils in proportion to percentage participation rights.

Allconnex Water has paid a dividend of \$84,653 (2011: \$nil) during the current financial year.

Council also provided services per Service Level Agreements signed with Allconnex Water, which include the collection of water and wastewater rates and charges. The Service Level Agreement amounts owing by Allconnex Water were fully settled in the 2011-12 financial year.

## **Impairment Assessment**

As stated in note 2.1, Council is obliged to undertake annual assessments for indicators of impairment on all of its non-current physical and intangible assets. Due to the dissolution of Allconnex Water on 30th June 2012 and the reintegration of the Redland district water business back to Council, an impairment assessment was undertaken of the investment which determined that there was no requirement for Council to recognise any impairment of the investment asset. The impairment assessment was undertaken utilising an independent model which was prepared for Council by the Queensland Treasury Corporation (QTC). Council had undertaken this financial modeling for water and wastewater retail and distribution services incorporating the principles around the regulated asset base (RAB), regulated pricing principles which included relevant growth and price indicators to provide Council with the most accurate forecast given current economic conditions. This modeling incorporated QTC applying a Discounted Cash Flow valuation approach over ten (10) years and the results of this modeling demonstrated that the return of the water and wastewater business to Council ownership and operations resulted in a favourable financial position in comparison to the previously expected returns for the investment in Allconnex Water. Therefore, Council determined that no impairment of the investment asset existed.

# Annual financial statements For the year ended 30 June 2012 *continued*

## Summarised financial information

Summarised financial information in respect of Council's associate entity is set out below:

	Note	2012 \$	2011 \$
<b>Financial position:</b>			
Current assets		195,694,000	156,271,000
Non-current assets		4,252,127,000	4,176,723,000
Total assets		4,447,821,000	4,332,994,000
Current liabilities		205,614,000	161,652,000
Non-current liabilities		1,940,655,000	1,948,932,000
Total liabilities		2,146,269,000	2,110,584,000
Net assets		2,301,552,000	2,222,410,000
<b>Council's share of Allconnex net assets</b>		256,358,121	244,465,100

Council's interest in its associate is measured using the equity method.

# Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Financial performance:</b>			
Income		705,974,000	644,893,000
Expenses		597,419,000	644,568,000
Pre-tax profit/(loss)		108,555,000	325,000
Tax expense		34,699,000	27,937,000
Post-tax profit/(loss)		73,856,000	(27,612,000)
Prior year surplus/(deficit)		-	(11,492,000)
Adjustment for finalisation of RAB:		6,046,000	-
Adjustment to 2010/11 accumulated surplus		13,437,000	-
Adjustment to contributed equity		(7,391,000)	-
Accumulated surplus/(deficit)		<b>79,902,000</b>	<b>(39,104,000)</b>
<b>Council's share of Allconnex profit/(loss)</b>		<b>8,899,876</b>	<b>(4,301,440)</b>
<b>Change in associate investment carrying value:</b>			
Opening balance		244,441,560	-
Initial investment carrying value	2.x	-	248,743,000
Plus share of profit/(loss)		8,226,443	(4,301,440)
Plus share of other comprehensive income		673,433	-
Council's share of Allconnex profit/(loss)		8,899,876	(4,301,440)

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
Less reduced contribution due to changed participation percentage		(1,908,420)	-
Less dividends received or declared	4(g)	(84,653)	-
Closing investment carrying value		<b>251,348,363</b>	<b>244,441,560</b>
Share of profit/(loss) based on participation rights		8,899,876	(4,301,440)
Less dividend received in year		(84,653)	-
Share of profit/(loss) excluding dividend		<b>8,815,223</b>	<b>(4,301,440)</b>
<b>Other associate entity revenue:</b>			
Interest on senior and subordinate loans	4(g)	14,473,704	16,169,933
Tax equivalent payments	4(g)	4,638,910	4,244,970
Establishment costs	4(g)	-	1,732,615
Service level agreements	4(g)	4,008,818	4,299,527
Overpayment adjustment - Allconnex	4(g)	429,641	(4,172,676)
		<b>23,551,073</b>	<b>22,274,369</b>

The value of assets transferred by the participating councils to Allconnex was originally calculated using a regulatory asset base (RAB) valuation approved by the Queensland Government to represent the market value of the business. An interim RAB value was initially advised and during the 2011/12 period, the Queensland Competition Authority confirmed the revised final RAB value retrospective to 1 July 2010. On 17 February 2012, the participating councils' participation rights were also revised as reported in note 2x.

The changes to RAB and to participation rights have resulted in adjustments to revenue allocations and investment carrying values, which have been accounted for during the 2011-12 financial year.

# Annual financial statements For the year ended 30 June 2012 *continued*

## 21. Financial assets

	Note	2012 \$	2011 \$
Senior loan to associate		114,125,230	113,065,000
Subordinate loan to associate		91,300,190	90,452,000
		<b>205,425,420</b>	<b>203,517,000</b>

## 22. Trade and other payables

	Note	2012 \$	2011 \$
<b>(a) Current</b>			
Creditors and accruals		22,450,585	19,357,963
Annual leave		5,129,646	5,028,096
		<b>27,580,231</b>	<b>24,386,058</b>
<b>(b) Non-Current</b>			
Creditors and accruals		1,027,000	343,000
		<b>1,027,000</b>	<b>343,000</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 23. Borrowings and borrowing costs

	Note	2012 \$	2011 \$
<b>Loans - Queensland Treasury Corporation</b>			
In year proceeds from borrowings			
Loans raised		7,544,156	16,670,283
Working Capital Facility*		495,000	-
Interest accrued		3,401	-
<b>Total proceeds from Borrowings</b>		<b>8,042,557</b>	<b>16,670,283</b>
Balance at beginning of financial year			
Loans raised		7,544,156	16,670,283
Working Capital Facility*		495,000	-
Principal repayments		(3,105,411)	(2,190,509)
Interest accrued		3,401	-
Book value at end of financial year		<b>62,589,355</b>	<b>57,652,208</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
Classified as:			
Current		3,996,401	3,130,884
Non-current		58,592,954	54,521,324
		<b>62,589,355</b>	<b>57,652,208</b>

The loan market value at the reporting date was \$68,883,933 (2011: \$60,336,720). This represents the value of 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.

These funds were used to repay debt, as reflected above, the split between current and non-current loans reflects the forthcoming debt repayment to be made by Council to Queensland Treasury Corporation (QTC).

Unsecured borrowings are provided by the QTC. All borrowings are in \$AUD denominated amounts and carried at amortised costs, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period.

Expected final repayment dates vary from 7 October 2021 to 29 December 2026. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made in the first period of each quarter and interest is applied at the end of the quarter.



## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Working Capital Facility*</b>			
Balance at beginning of financial year		-	-
Loans raised		495,000	-
Principal repayments		-	-
Interest accrued		3,401	-
Book value at end of financial year		<b>498,401</b>	-

\* On the disestablishment of Allconnex Water, Gold Coast City Council was mandated by legislation to pay all legitimate disestablishment costs. Council negotiated a working capital facility up to \$3.24m with QTC for disestablishment costs.

On approval of disestablishment costs from Gold Coast City Council, Council invoices and then applies the revenue received to the balance of the working capital facility on a periodic basis.

# Annual financial statements For the year ended 30 June 2012 *continued*

## 24. Provisions

	Note	2012 \$	2011 \$
<b>(a) Current</b>			
Quarry rehabilitation		92,865	39,859
Landfill rehabilitation		4,406,763	3,123,682
Provision for concrete recycling (retired due to closure of Giles Road Landfill)		-	75,000
Long service leave		581,535	529,865
		<b>5,081,163</b>	<b>3,768,406</b>
<b>(b) Non-Current</b>			
Quarry rehabilitation		907,999	958,580
Landfill rehabilitation correction (note 33)		-	12,906,763
Landfill rehabilitation		36,564,136	25,078,121
Total Landfill rehabilitation		36,564,136	37,984,884
Long service leave		8,548,124	8,001,239
		<b>46,020,259</b>	<b>46,944,702</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
Details of movements in provisions:			
<b>Quarry rehabilitation</b>			
Balance at beginning of financial year		998,439	425,677
Increase in provision - borrowing cost		39,504	19,496
(Increase)/decrease in provision due to change in discount rate and costs		(37,079)	553,266
Balance at end of financial year		1,000,864	998,439

This is the present value of the estimated cost of restoring the quarry site to a usable state at the end of its useful life. These costs are expected to be incurred up to 2018.

<b>Landfill rehabilitation</b>			
Balance at beginning of financial year		41,108,565	22,895,165
Prior period correction (note 33)		-	11,019,695
Restated opening balance		41,108,565	33,914,860
Correction of error (note 33)		-	1,887,068
Increase in provision - borrowing cost		1,383,934	1,048,599
Increase (decrease) in provision due to change in discount rate and costs		(1,521,600)	4,258,038
Balance at end of financial year		40,970,899	41,108,565

This is the present value of the estimated cost of restoring approximately 25 closed landfill sites. These costs are expected to be incurred up to 2022.

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Long service leave</b>			
Balance at beginning of financial year		8,531,104	9,447,316
Long service leave entitlement arising		1,200,465	686,431
Long service entitlement paid		(601,911)	(1,602,643)
Balance at end of financial year		9,129,658	8,531,104

### 25. Other liabilities

	Note	2012 \$	2011 \$
Unearned revenue		1,072,295	1,097,507
Unexpended grants		5,500,000	-
		<b>6,572,295</b>	<b>1,097,507</b>

The \$5.5 million unexpended grants relates to a deed of agreement between the State Government of Queensland (acting through the Department of Transport and Main Roads) and Redland City Council for the dredging of Fison Channel/Toondah Harbour. This work is expected to be completed by 30 June 2014.

# Annual financial statements For the year ended 30 June 2012 *continued*

## 26. Asset revaluation surplus

	Note	2012 \$	2011 \$
<b>Movements in the asset revaluation surplus were as follows:</b>			
Balance at beginning of financial year		540,498,469	1,132,409,076
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		(13,580,939)	(68,476,299)
Buildings		-	570,436
Waste		-	4,027,091
Net decrease in fair value		<b>(13,580,939)</b>	<b>(63,878,771)</b>
Transfer to retained earnings - revalued component of disposed assets		(329,683)	(528,031,836)
Balance at end of financial year		<b>526,587,847</b>	<b>540,498,469</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Asset revaluation surplus analysis:</b>			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land		69,273,433	83,184,055
Buildings		27,141,686	27,141,686
Plant and equipment		104,669	104,669
Roads		266,294,919	266,294,919
Stormwater drainage		85,233,484	85,233,484
Parks		35,943,948	35,943,948
Other infrastructure		35,898,578	35,898,578
Waste		6,697,130	6,697,130
		<b>526,587,847</b>	<b>540,498,469</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 27. Other reserves

	Note	2012 \$	2011 \$
<b>Reserves held for future expenditure:</b>			
Special Projects Reserve		9,867,359	11,335,700
Special Capital Projects Reserve		1,930,601	567,297
Cleansing Reserve		2,103,167	2,789,747
Constrained Works Reserve		15,221,427	15,864,480
Separate Charge Reserve - Environment		9,562,798	6,278,144
Special Charge Reserve - Other		-	-
Special Charge Reserve - Canals		3,067,269	1,693,929
Constrained Works Recurrent Reserve		1,259,870	3,242,589
		<b>43,012,491</b>	<b>41,771,886</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

Movements in reserves are analysed as follows:

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Special Projects Reserve</b>				
Cemetery	631,251	-	(60,552)	570,699
State Emergency Service	6,515	31,589	(9,000)	29,105
Special Surplus (retired at 30 June 2012)	2,160,711	-	(2,160,711)	-
Weinam Creek	1,439,596	467,527	(46,120)	1,861,003
Contributions to Road Maintenance	155,175			155,175
Redland WorkCover	5,907,167	241,937	(528,675)	5,620,429
Contributions to Raby Bay Land Sales	277,625			277,625
Legal Pool (retired at 30 June 2012)	290,000	-	(290,000)	-
Art Gallery Commission & Donations	8,550	2,856	-	11,406
Interest Free Loans	457,073	17,889	-	474,963
Halls	2,037			2,037
Raby Bay Maintenance	-	292,704	-	292,704
Aquatic Paradise Maintenance	-	510,832	-	510,832
Sovereign Waters Maintenance	-	61,381	-	61,381
	<b>11,335,700</b>			<b>9,867,358</b>
<b>Special Capital Projects Reserve</b>				
SMBI Capital	567,297	1,471,244	(107,940)	1,930,601
	<b>567,297</b>			<b>1,930,601</b>



# Annual financial statements For the year ended 30 June 2012 *continued*

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Cleansing Reserve</b>				
RedWaste	2,789,747	271,122	(957,702)	2,103,167
	<b>2,789,747</b>			<b>2,103,167</b>
<b>Constrained Works Capital Reserve</b>				
Tree Planting	102,191	19,350	(52,651)	68,890
Parks	-	771,694	(608,277)	163,418
SP1 Wellington Pt Road Infrastructure	463,312			463,312
Redland Bay South Road Infrastructure	1,433,435	-	-	1,433,435
East Thornlands Road Infrastructure	674,351			674,351
Car Parking	339,993			339,993
Street Lighting	12,808			12,808
Quarry Development	357,831			357,831
Roadworks Infrastructure	1,803,046	13,583	-	1,816,629
Community Facility Infrastructure	25,404	36,271	-	61,676
Water Renewal & Purchase	1,259,656	26,127	-	1,285,783
Sewerage Renewal & Purchase	3,424,061	50,274	-	3,474,335
Constrained Cap Grants & Contributions	3,016,609	1,426,881	(164,957)	4,278,533
Transport Trunk Infrastructure	2,551,570	1,420,332	(3,971,903)	-
Cycling Trunk Infrastructure	-	148,310	(25,000)	123,310
Stormwater Infrastructure	400,211	266,913	-	667,123
	<b>15,864,480</b>			<b>15,221,427</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Separate Charge Reserve - Environment</b>				
Environment Charge Acquisition	3,712,762	2,320,578	(78,071)	5,955,269
Environment Charge Maintenance	597,592	4,859,428	(4,193,773)	1,263,248
Landfill Remediation Charge	1,967,790	2,772,533	(2,396,042)	2,344,281
	<b>6,278,144</b>			<b>9,562,798</b>
<b>Special Charge Reserve - Other</b>				
Bay Island Rural Fire Levy	-	193,415	(193,415)	-
	-			-

# Annual financial statements For the year ended 30 June 2012 *continued*

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Special Charge Reserve - Canals</b>				
Raby Bay Canal	661,684	24,242	(493,300)	192,626
Aquatic Paradise Canal	565,966	23,810	(32,991)	556,785
Sovereign Lake	466,280	19,742	(44,749)	441,272
Raby Bay Tidal Works Non CTS	-	1,589,654	-	1,589,654
Raby Bay Tidal Works CTS	-	135,280	-	135,280
Raby Bay Marina	-	120,155	-	120,155
Aquatic Paradise Marina	-	31,497	-	31,497
	<b>1,693,929</b>			<b>3,067,269</b>
<b>Constrained Works Recurrent Reserve</b>				
Constrained Opr Grants & Contributions	3,242,589	203,474	(2,186,193)	1,259,870
	<b>3,242,589</b>			<b>1,259,870</b>
	<b>41,771,886</b>	<b>19,842,624</b>	<b>(18,602,021)</b>	<b>43,012,491</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 27. Other Reserves – prior year comparative

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Special Projects Reserve</b>				
Cemetery	660,065	-	(28,815)	631,251
State Emergency Service	15,286	14,546	(23,316)	6,515
Special Surplus	2,160,711	-	-	2,160,711
Weinam Creek	991,384	468,341	(20,130)	1,439,596
Contributions to Road Maintenance	155,175	-	-	155,175
Redland WorkCover	6,053,530	312,361	(458,724)	5,907,167
Contributions to Raby Bay Land Sales	277,625	-	-	277,625
Legal Pool	290,000	-	-	290,000
Beach Access Permits	11,632	-	(11,632)	-
Art Gallery Commission & Donations	-	8,550	-	8,550
Interest Free Loans	435,324	21,749	-	457,073
Halls	2,037	-	-	2,037
	<b>11,052,770</b>			<b>11,335,700</b>
<b>Special Capital Projects Reserve</b>				
SMBI Capital	575,993	2,152,200	(2,160,896)	567,297
	<b>575,993</b>			<b>567,297</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Cleansing Reserve</b>				
RedWaste	942,950	2,707,356	(860,559)	2,789,747
	<b>942,950</b>			<b>2,789,747</b>
<b>Constrained Works Capital Reserve</b>				
Tree Planting	110,295	32,935	(41,038)	102,191
Parks	-	672,348	(672,348)	-
SP1 Wellington Pt Road Infrastructure	463,312	-	-	463,312
Redland Bay South Road Infrastructure	2,119,140	-	(685,705)	1,433,435
East Thornlands Road Infrastructure	512,522	161,829	-	674,351
Car Parking	339,993	-	-	339,993
Street Lighting	12,808	-	-	12,808
Quarry Development	357,831	-	-	357,831
Roadworks Infrastructure	1,648,402	154,644	-	1,803,046
Community Facility Infrastructure	5,688	19,716	-	25,404
Water Renewal & Purchase	1,259,656	-	-	1,259,656
Sewerage Renewal & Purchase	3,424,061	-	-	3,424,061
Constrained Cap Grants & Contributions	1,899,308	1,377,437	(260,137)	3,016,609
Transport Trunk Infrastructure	1,136,401	1,666,993	(251,824)	2,551,570
Cycling Trunk Infrastructure	-	169,628	(169,628)	-
Stormwater Infrastructure	110,794	314,416	(25,000)	400,211
	<b>13,400,213</b>			<b>15,864,480</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended in the year	Balance at end of financial year
<b>Separate Charge Reserve - Environment</b>				
Environment Charge Acquisition	2,188,309	3,256,866	(1,732,413)	3,712,762
Environment Charge Maintenance	604,537	3,869,755	(3,876,700)	597,592
Landfill Remediation Charge	2,058,105	2,531,355	(2,621,670)	1,967,790
	<b>4,850,951</b>			<b>6,278,144</b>
<b>Special Charge Reserve - Other</b>				
Bay Island Rural Fire Levy	362	131,799	(132,162)	-
	<b>362</b>			<b>-</b>
<b>Special Charge Reserve - Canals</b>				
Raby Bay Canal	1,075,246	2,028,069	(2,441,630)	661,684
Aquatic Paradise Canal	104,473	533,650	(72,158)	565,966
Sovereign Lake	399,861	81,497	(15,078)	466,280
	<b>1,579,580</b>			<b>1,693,929</b>
<b>Constrained Works Recurrent Reserve</b>				
Constrained Opr Grants & Contributions	1,985,878	2,660,860	(1,404,149)	3,242,589
	<b>1,985,878</b>			<b>3,242,589</b>
	<b>34,388,697</b>	<b>25,348,900</b>	<b>(17,965,711)</b>	<b>41,771,886</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

## 28. Commitments

	Note	2012 \$	2011 \$
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within 1 year		509,203	407,119
1 to 5 years		1,523,155	1,675,362
		<b>2,032,358</b>	<b>2,082,481</b>
<b>Operating contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Roadworks		1,542,722	1,778,762
Waste		37,092,952	49,896,233
Other		7,101,659	6,869,119
		<b>45,737,333</b>	<b>58,544,114</b>
These expenditures are payable:			
Within 1 year		18,649,066	20,040,250
1 to 5 years		27,088,267	38,503,864
		<b>45,737,333</b>	<b>58,544,114</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Capital contractual commitments</b>			
Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities:			
Roadworks		49,466	201,083
Waste		118,293	9,853
Other		4,946,802	2,692,822
		<b>5,114,561</b>	<b>2,903,758</b>
These expenditures are payable:			
Within 1 year		5,114,561	2,903,758
		<b>5,114,561</b>	<b>2,903,758</b>



# Annual financial statements For the year ended 30 June 2012 continued

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## 29. Contingent liabilities and contingent assets

### **Contingent Liabilities**

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

#### **WorkCover self-insurer liability**

The estimated claims liability for Council as a self-insurer under the Workers Compensation and Rehabilitation Act 2003 ('the Act') as at 30 June 2012 is \$1,495,000 (2011: \$622,000) where estimated claims liability as defined in Section 84 of the Act. The Actuary has recommended that a provision be recognised for \$1,470,000 for the total estimated claims liability. Council has in place a bank guarantee with the ANZ Banking Group Ltd for \$5,000,000.

#### **Other claims**

The Quandamooka-Redland City Council Indigenous Land Use Agreement (ILUA) sets out broad principles and mechanisms for how parties will work together and meet their respective responsibilities for mutual benefits in accordance with the *Native Title Act 1994*. The ILUA establishes native title validation and consultation for Council's projects and a framework for other policies, programs and initiatives for the mutual benefit of parties and local community.

### **Guarantees**

Redland City Council has signed two deeds of guarantee and indemnity both in favour of Queensland Treasury Corporation (QTC) for the due payment of a proportion of all monies payable from time to time by the Southern SEQ Distributor - Retailer (authority) (A.B.N. 80769308350).

### **Landfill Remediation**

Council has historically and continues to recognise a provision for the remediation of former landfill sites throughout the city. Over the coming 12 months during the 2012/13 financial year, additional planning and work will take place in order to reconfirm the longer term remediation requirements for landfill sites. Given this review moving forward, remediation works may be greater than currently provided for, however, the full cost cannot be reliably measured until the revised programme is estimated and assessed through prudence and efficiency measures.

### **Contingent Assets**

#### **Allconnex withdrawal costs**

Council's possible future claims made to Gold Coast City Council relating to withdrawal-from-Allconnex costs incurred up to 30 June 2013 could result in returns to Council.

## 30. Superannuation

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The DBF is a defined benefit plan as defined in AASB 119. Council is not able to account for the DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of the 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 2011 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recently completed actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

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

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial valuation commenced on 1 July 2012, however is yet to be finalised.

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:		6,416,558	6,414,684
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of councillors was:		124,762	124,915

### 31. Trust funds

	Note	2012 \$	2011 \$
Monies collected or held on behalf of other entities, yet to be paid out to or on behalf of those entities		8,674,531	9,315,288

Council performs only a custodial role in respect of these monies. Council separately accounts for all trust funds through a dedicated trust ledger and within a separate account whereby balances are excluded from the Statement of Financial Position.

## Annual financial statements For the year ended 30 June 2012 *continued*

### 32. Reconciliation of net operating surplus for the year to net cash inflow from operating activities

	Note	2012 \$	2011 \$
<b>Net operating result</b>		<b>9,888,440</b>	<b>(292,395,975)</b>
<b>Non-cash operating items:</b>			
Depreciation and amortisation	9	37,992,896	30,971,444
Non-cash contributions	5(b)	(14,157,642)	(20,792,226)
Allowance for impairment		22,923	(4,055)
Land acquired in lieu of rates		(4,621)	(60,797)
Fair value adjustment - investment property	17	-	(36,000)
		<b>23,853,556</b>	<b>10,078,366</b>
<b>Investing and development activities:</b>			
Net loss on disposal of non-current assets	10	2,943,407	1,281,927
Net loss on disposal of discontinued operations	11	-	292,933,972
Capital grants, subsidies and contributions	5(b)	(6,901,403)	(8,649,589)
Allconnex Water investment returns		(13,286,187)	(12,127,450)
Share of profit or loss in associate company	20	(8,815,223)	4,301,440
		<b>(26,059,406)</b>	<b>277,740,300</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Note	2012 \$	2011 \$
<b>Changes in operating assets and liabilities:</b>			
(Increase)/decrease in rates and utility charges receivable		(525,024)	7,729,771
(Increase)/decrease in other debtors		1,000,340	(6,217,160)
(Increase)/decrease in other current assets		308,963	(111,355)
Increase/(decrease) in creditors and accruals		4,625,548	(1,590,227)
Increase/(decrease) in provisions		388,314	5,989,632
Increase/(decrease) in other liabilities		5,474,789	(538,805)
		<b>11,272,930</b>	<b>5,261,856</b>
<b>Net cash inflow from operating activities</b>		<b>18,955,520</b>	<b>684,547</b>

# Annual financial statements For the year ended 30 June 2012 *continued*

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## 33. Correction of errors

In the process of preparing the financial statements for the year ended 30 June 2012, adjustments relating to prior periods were required to accurately reflect the balances of the comparative periods. The errors have been corrected by adjusting the opening balances at 1 July 2010 where necessary and the comparative amounts for the year ended 30 June 2011.

Details of corrections are provided in the narrative below.

### **Property, plant and equipment:**

#### Buildings

The correction of \$4,929 decreases the accumulated depreciation of buildings to reflect a correction for assets that had not previously been depreciated in the asset register.

#### Plant and equipment

The gross value of plant and equipment was decreased by \$58,798 and the accumulated depreciation by \$47,788 to correct for a duplicated asset. This adjustment relates to periods prior to 1 July 2010 and had an impact of \$3,438 on annual depreciation expense.

An additional adjustment of \$1,636 in relation to the gross asset value of commissioned office equipment that was purchased in the 2010-11 financial year and was not recognised and an adjustment of \$7,843 to decrease plant and equipment was recognised for previously unrecognised depreciation. The impact on annual depreciation expense was immaterial.

An increase of \$44,396 to the gross asset value and an increase of \$124,193 to accumulated depreciation was recognised to plant and equipment to correct for an error that occurred in the transfer of assets to Allconnex in the 2009-10 year. An annual increase of \$8,862 in depreciation expense resulted from this correction.

#### Parks infrastructure

A decrease of \$756,815 to the gross value and \$403,578 to the accumulated depreciation of parks infrastructure was recognised to remove duplications as the net result of ongoing data cleansing. These adjustments relate to periods prior to 1 July 2010 and had a reduction of \$34,735 on annual depreciation expense.

An additional amount of \$20,282 was recognised in respect of the gross value of parks infrastructure and \$1,786 of accumulated depreciation for assets that had not previously been recognised. An annual increase of \$689 to depreciation expense resulted.

An adjustment of \$51,000 to the gross value and \$31,107 to the accumulated depreciation was recognised to decrease parks infrastructure to correct an error in the recognition of assets brought into account through the revaluation applied at year end 2009-10. The impact on annual depreciation was immaterial.

An adjustment of \$50,583 to increase accumulated depreciation of parks infrastructure was recognised to correct the carrying value of depreciation on three parks assets. An annual decrease to depreciation of \$15,705 resulted from the correction.

#### Roads infrastructure

Ongoing data cleansing after the conversion of the asset register from SMEC to Maximo highlighted a number of duplicate and missing asset records dating prior to 1 July 2010. A decrease of \$1,106,140 to the gross value and \$297,668 to accumulated depreciation was recognised to roads infrastructure and resulted in a reduction to annual depreciation expense of \$20,297.

## Annual financial statements For the year ended 30 June 2012 continued

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### Stormwater drainage infrastructure

A reduction of \$251,094 to the gross value of stormwater drainage infrastructure and \$6,389 to accumulated depreciation was recognised to correct wastewater assets incorrectly classified as stormwater during 2010-11. The impact to depreciation was an annual reduction of \$6,388.

### Other infrastructure

This adjustment relates to a duplicate asset identified during ongoing data cleansing. A decrease of \$226,677 to the gross value and \$66,625 to accumulated depreciation was recognised in relation to other infrastructure. The correction related to records prior to 1 July 2010 and resulted in a reduction to annual depreciation expense of \$4,534.

### Work in progress

This decrease to the gross value of work in progress \$1,169,912 relates to the over recognition of assets recognised as developer contributions in a previous financial year. There was no impact to depreciation expense.

### Waste

A reduction of \$6,069 to the accumulated depreciation of waste assets was posted recognised to Property, Plant & Equipment to recognise depreciation not previously brought into account. There was no further impact to depreciation expense.

### Intangible assets

The total decrease of \$48,247 to the gross value and \$47,472 to the accumulated amortisation of Intangible Assets relates to the balance of Allconnex assets which were not identified for transfer. This adjustment relates to the 2010-11 year and had an immaterial impact on amortisation.

### Provisions - Non-current

The landfill remediation provision was increased by \$12,906,763 (1 July 2010: \$11,019,695) due to the omission of remediation costs for the Birkdale and Giles Road landfill sites in the 2008-09, 2009-10 and 2010-11.

# Annual financial statements For the year ended 30 June 2012 *continued*

The following table represents the financial impact of these corrections:

1 July 2010	Gross value added \$	Accumulated depreciation \$	Net value \$
<b>Property, plant and equipment</b>			
Plant and equipment	(48,744)	44,482	(4,262)
Parks infrastructure	(787,533)	433,223	(354,310)
Roads infrastructure	(1,106,140)	277,370	(828,770)
Other infrastructure	(226,677)	62,092	(164,585)
Work in progress	(1,169,912)	-	(1,169,912)
Waste	-	(2,907)	(2,907)
<b>Total property, plant and equipment</b>	<b>(3,339,006)</b>	<b>814,260</b>	<b>(2,524,746)</b>
<b>Provisions - Non-current</b>	11,019,695	-	11,019,695
	<b>7,680,689</b>	<b>814,260</b>	<b>8,494,949</b>



# Annual financial statements For the year ended 30 June 2012 *continued*

30 June 2011	Gross value added \$	Accumulated depreciation \$	Net value \$
<b>Property, plant and equipment</b>			
Buildings	-	(4,929)	(4,929)
Plant and equipment	(12,766)	(84,248)	(97,014)
Parks infrastructure	(787,533)	483,482	(304,051)
Roads infrastructure	(1,106,140)	297,668	(808,472)
Stormwater drainage infrastructure	(251,094)	6,389	(244,705)
Other infrastructure	(226,677)	66,625	(160,052)
Work in progress	(1,169,912)	-	(1,169,912)
Waste	-	(6,069)	(6,069)
<b>Total property, plant and equipment</b>	<b>(3,554,122)</b>	<b>758,918</b>	<b>(2,795,204)</b>
<b>Intangible assets</b>	<b>(48,247)</b>	<b>47,472</b>	<b>(775)</b>
<b>Provisions - Non-current</b>	<b>12,906,763</b>	<b>-</b>	<b>12,906,763</b>
	<b>9,304,395</b>	<b>806,390</b>	<b>10,110,784</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

A restated Statement of Financial Position and Statement of Comprehensive Income has been included in the financial statements as at 1 July 2010 and 30 June 2011 to reflect these adjustments:

	Previously stated \$	Adjustment \$	Restated \$
<b>1 July 2010</b>			
Property, plant and equipment	2,079,269,015	(2,524,747)	2,076,744,268
Total Non-Current Assets	2,084,031,411	(2,524,747)	2,081,506,664
<b>TOTAL ASSETS</b>	<b>2,187,900,078</b>	<b>(2,524,747)</b>	<b>2,185,375,331</b>
Provisions - Non-current	27,713,495	11,019,695	38,733,190
Total Non-Current Liabilities	69,024,601	11,019,695	80,044,296
<b>TOTAL LIABILITIES</b>	<b>105,622,090</b>	<b>11,019,695</b>	<b>116,641,785</b>
<b>NET COMMUNITY ASSETS</b>	<b>2,082,277,988</b>	<b>(13,544,442)</b>	<b>2,068,733,546</b>
Retained surplus	915,480,216	(13,544,442)	901,935,774
<b>TOTAL COMMUNITY EQUITY</b>	<b>2,082,277,988</b>	<b>(13,544,442)</b>	<b>2,068,733,546</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

	Previously stated \$	Adjustment \$	Restated \$
<b>30 June 2011</b>			
Property, plant and equipment	1,306,500,401	(2,795,204)	1,303,705,197
Intangible assets	600,083	(775)	599,308
Total Non-Current Assets	1,759,034,228	(2,795,979)	1,756,238,249
<b>TOTAL ASSETS</b>	<b>1,849,446,660</b>	<b>(2,795,979)</b>	<b>1,846,650,681</b>
Provisions - Non-current	34,037,939	12,906,763	46,944,702
Total Non-Current Liabilities	88,902,263	12,906,763	101,809,026
<b>TOTAL LIABILITIES</b>	<b>121,285,118</b>	<b>12,906,763</b>	<b>134,191,881</b>
<b>NET COMMUNITY ASSETS</b>	<b>1,728,161,542</b>	<b>(15,702,742)</b>	<b>1,712,458,800</b>
Retained surplus	1,145,891,187	(15,702,742)	1,130,188,445
<b>TOTAL COMMUNITY EQUITY</b>	<b>1,728,161,542</b>	<b>(15,702,742)</b>	<b>1,712,458,800</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

The depreciation charge for the period ended 30 June 2012 was calculated after the errors were discovered and therefore did not need correction. The impact to the Statement of Comprehensive Income is as follows:

	Previously stated \$	Adjustment \$	Restated \$
<b>30 June 2011</b>			
Depreciation and amortisation	30,963,574	7,870	30,971,444
Materials and services	68,872,296	1,645,728	70,518,024
Finance costs	4,304,209	504,702	4,808,911
<b>TOTAL RECURRENT EXPENSES</b>	<b>173,503,438</b>	<b>2,158,300</b>	<b>175,661,738</b>
<b>TOTAL EXPENSES</b>	<b>472,020,777</b>	<b>2,158,300</b>	<b>474,179,077</b>
<b>NET RESULT</b>	<b>290,237,675</b>	<b>2,158,300</b>	<b>292,395,975</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>354,116,446</b>	<b>2,158,300</b>	<b>356,274,746</b>

## 34. Events after the reporting period

### **Discontinuation of Allconnex Water**

Effective 1 July 2012, Council will receive assets and liabilities from the discontinuation of Allconnex Water. Details of transferring assets and liabilities and carrying values are tabled below. The net asset transfer values disclosed below are based on values disclosed in the Notes to Allconnex's financial statements for the period ended 30 September 2012 and which are based on a valuation completed by an independent third party. Council will need to revise the amounts to align to Council's accounting policies for the 2012/13 financial statements.

The major difference between the Allconnex carrying values and Council's carrying values will be in relation to property, plant and equipment. Allconnex valued these assets using a discounted cash flow (DCF) analysis; however Council still needs to consider a suitable basis for the valuation of assets from 1 July 2012. Council has not yet begun work to value these assets using Council's accounting policies and will need to decide whether to use a DCF or depreciated replacement cost (DRC) basis of valuation. Given the work required, using either a DCF or DRC basis, and delays in obtaining a final listing of assets transferred, this valuation could not be completed prior to the signing of these financial statements.

A decision on the valuation methodology is expected to be completed by 30 November 2012 and will be tied into Council's strategy for the operation of the water business. Should a DCF basis be chosen, the assumptions used by Council will vary from those used by Allconnex as Council will be subject to different price paths and restrictions on water pricing. Council's price path will be determined after the decision on the valuation method has been completed. Following a decision on the methodology, Council will engage valuation experts to complete valuations during the 2012/13 financial year. This means that the asset values disclosed below will be different than those that Council will record in the 2012/13 financial statements.

Council's investment in Allconnex Water has been recognised as an Investment in an Associate Company (see note 20) accounted for using the equity method and had a carrying value of \$251.3m at 30 June 2012.

The *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the DR Act) established a statutory body called the Southern SEQ Distributor-Retailer Authority (the Authority) on 3 November 2009 to deliver water and waste water services to customers within the local government area of participating councils: Gold Coast City Council (GCCC), Logan City Council (LCC) and Redland City Council (RCC). The Authority traded under the name of Allconnex Water for the financial periods ending 30 June 2011 and 30 June 2012. Each of the three participating councils received participation rights in Allconnex of 61.6501477%, 27.2113631% and 11.1384892% respectively.

On 7 April 2011, Queensland Premier Anna Bligh announced that the participating councils had the opportunity to take back responsibility for water and wastewater pricing, retail and distribution. This meant that the participating councils could choose to opt out of Allconnex or retain Allconnex in its current separate form. The South East Queensland (Distribution and Retail Restructuring) and Other Legislation Amendment Act (Qld) 2012 (the Amendment Act) amends the SEQW Act by providing the authority for participating councils to withdraw from Allconnex, and sets out retransfer requirements and the subsequent responsibilities of councils as service providers for their individual local government areas.

# Annual financial statements For the year ended 30 June 2012 *continued*

On 25 July 2011, GCCC, the majority shareholder, voted to withdraw from Allconnex. Following the GCCC decision, RCC (on 8 August 2011) and LCC (on 23 August 2011) have also decided to withdraw.

The Amendment Act provides a definition of withdrawal costs, which include costs associated with Allconnex ceasing to be a service provider and the withdrawing councils becoming service providers, and that the GCCC has responsibility for these costs. As a result of provisions in the Amendment Act, RCC does not expect to incur additional costs relative to the discontinuation of Allconnex or the reestablishment of Council's Water Services business.

Estimated carrying values of transferring assets and liabilities are tabled below. The net value of transferring assets disclosed in Allconnex financial statements is \$237.8M. In addition, RCC's investment carrying value and the value of shareholder loans provided by RCC to Allconnex will be exchanged for net assets retransferring from Allconnex. The net value of Council's investment is \$251.3M based on Council's participation percentage in Allconnex equity accounted for under the equity method of accounting for investments in associates, resulting in an estimated loss on transfer of \$13.5M. The estimated loss is the difference between the value of Council's investment in Allconnex Water and the value of retransferring assets.

## **Significant Uncertainty**

The following three uncertainties have been identified in respect of the investment in associate:

1. In June 2011, the Fair Water prices for SEQ Amendment Bill 2011 was passed by Queensland Parliament. This legislation requires the participating councils to develop and publish final price paths for water and wastewater charges for customers by 30 March 2013 for the period 1 March 2012 to 30 June 2019. As these price paths have not yet been determined, an uncertainty exists as to the value of infrastructure assets presently owned by Allconnex Water, which returned to Council on 1 July 2012. Post 30 June 2012, Council was informed that this requirement to publish price paths may be repealed from the legislation.
2. The above uncertainty may also impact on the value of Council's investment in Allconnex Water reported in the financial statements.

3. Uncertainty over the value of infrastructure assets presently owned by Allconnex also creates uncertainty over the values of retransferring net assets disclosed in the financial values in the Net Assets of Allconnex Water detailed in the table below. As previously mentioned, Council is still considering an operational strategy for the water business going forward and whether assets will be valued under a discounted cash flow (DCF) or depreciated replacement cost (DRC) basis. This decision could significantly affect the future carrying value of retransferring assets. Given the delays in obtaining a final listing of assets and the need for extensive work to be done in terms of future price paths, which have not yet been established and which impact DCF values, or in engaging valuers or internal experts to conduct asset condition assessments, which impacts DRC values, the property, plant and equipment values transferred from Allconnex Water are considered the most reliable measure of transferring asset values at reporting date.

Notwithstanding these uncertainties, Council believes that the value of the investment in Allconnex Water remains appropriate, as this is based on the best information available at the time of preparing the financial report.

# Annual financial statements For the year ended 30 June 2012 *continued*

Net Assets of Allconnex Water	1 July 2012 \$'000
Property, plant and equipment	430,020
Work in progress	13,955
Cash	514
Trade Receivables	2,781
Unbilled revenue	7,064
Other assets	3,929
<b>TOTAL ASSETS</b>	<b>458,263</b>
Interest and tax payables	(5,375)
Interest bearing liabilities - Queensland Treasury Corporation	(2,844)
Interest bearing liabilities - Council	(205,425)
Employee Benefits	(1,877)
Other Liabilities	(5,129)
<b>TOTAL LIABILITIES</b>	<b>(220,650)</b>
EXPECTED CARRYING VALUE OF NET ASSETS TRANSFERRED	237,613
INVESTMENT CARRYING VALUE (note 20)	251,348
<b>EXPECTED LOSS ON TRANSFER</b>	<b>(13,735)</b>

The number of Allconnex (Redland district) full time equivalent employees that will transfer to Council on 1 July 2012 was 84.

# Annual financial statements For the year ended 30 June 2012 continued

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## **Landfill rehabilitation provision**

The portion of the landfill rehabilitation provision that relates to the remediation of the Birkdale landfill site was calculated with the assumption that the landfill would be capped using a geosynthetic clay layer. Further review of the works program in September 2012 indicates that the Birkdale landfill may be capped using a standard clay capping layer. If the standard clay capping layer is used, the cost of the remediation works for the Birkdale site will be lower than the cost of the geosynthetic layer.

## **Carbon Price**

On 1 July 2012 the federal government introduced a carbon pricing mechanism that applies to liable entities operating facilities with emissions greater than 25,000 tonnes of carbon dioxide equivalent per year. Redland City Council does not operate a landfill or any other facilities that exceed this threshold, and therefore will not have a direct liability as part of this scheme.

General mixed waste generated in Redland City is currently transported outside of the city to landfills operated by Brisbane City Council. Brisbane City Council will have a direct liability for the waste transported from Redland City, the cost of which will be passed on to Redland City Council resulting in an increase in the cost of waste disposal from 1 July 2012. Redland City Council has provided for \$1.234M in its 2012-13 budget for the carbon price impact.

## **Caravan Parks and Camping**

On 31 October 2012, Redland City Council handed North Stradbroke Island holiday parks, four-wheel driving and beach camping permit operations to Minjerribah Camping (trading as Straddie Camping), as part of an Indigenous Land Use Agreement, providing economic and employment opportunities for local indigenous people.

## **School Age Care**

On 9 October 2012, Council decided to cease the provision of school age care services following a core service review and a report which advised on the options. Council has provided the service for 25 years and has determined that there are high quality service providers available in the community currently delivering these services and this enables us to exit the direct service provision. Detailed planning is occurring to enable Council to exit by the start of the new school year in 2013.



## 35. Financial instruments

Redland City Council is exposed to various financial risks including credit risk, interest rate risk and liquidity risk. Overall Council manages financial risk with the aim of minimising potential adverse impacts on the performance of the Council.

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

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. Council does not invest in derivatives or other high risk investments.

When Council borrows, it borrows from the Queensland Treasury Corporation. Borrowing by Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

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

Council does not hold funds in foreign currency and so does not have exposure to currency risk.

### (a) Credit risk exposure

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 rates 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). Funds are held in a managed portfolio that invests in a wide range of high rating counterparties. QTC credit rating of AA+ is in line with the State Government's credit rating. Funds deposited with QTC present relatively low risk exposure.

The total credit risk exposure on financial assets is generally the carrying amount, net of provision for doubtful debts which is represented in the fair values table below (refer note 35 (d)). Council has no major concentration of credit risk to any single debtor or group of debtors however, due to the nature of Council's operations there is a geographical concentration of risk in the Council's area. No collateral is held as security relating to the financial assets of Council.

### *Past due or impaired*

No financial assets have been renegotiated to prevent them from being past due or impaired and are stated at their carrying value. The following table represents an analysis of the ageing of Council's financial assets that are either fully performing, past due or impaired.

## Annual financial statements For the year ended 30 June 2012 *continued*

Ageing Analysis 2012	Fully Performing \$000	Past Due			Impaired \$000	Total \$000
		30-60 days \$000	61-90 days \$000	>90 days \$000		
Trade and Other Receivables	10,110	1,907	36	3,015	(83)	14,985

Ageing Analysis 2011	Fully Performing \$000	Past Due			Impaired \$000	Total \$000
		30-60 days \$000	61-90 days \$000	>90 days \$000		
Trade and Other Receivables	11,042	1,722	78	2,719	(60)	15,501

### (b) Liquidity Risk

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

Council reviews liquidity risk indicators regularly and maintains sufficient cash on demand to meet operating and financing obligations for between 90 and 120 days, excluding the impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. Council can recall funds invested with QTC within a working day to cover unexpected volatility in cash flows.

The following table sets out the liquidity risk of the financial liabilities held by Council. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

## Annual financial statements For the year ended 30 June 2012 *continued*

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2012</b>					
Trade and other payables	27,580	1,027	0	28,607	27,580
Loans - QTC	7,354	29,848	51,266	88,468	65,947
	<b>34,934</b>	<b>30,875</b>	<b>51,266</b>	<b>117,075</b>	<b>93,527</b>
<b>2011</b>					
Trade and other payables	24,386	343	-	24,729	24,386
Loans - QTC	6,799	27,067	50,370	84,236	61,320
	<b>31,185</b>	<b>27,410</b>	<b>50,370</b>	<b>108,965</b>	<b>85,706</b>

### (c) Interest Rate Risk

Council is exposed to interest rate risk through borrowings and investments with QTC. The risk in borrowings is managed by borrowing through QTC and therefore having access to a mix of funding sources. The investments Council has made through QTC are capital assured and so there is no risk exposure to capital invested. Council does not enter into any hedging of interest rate risk.

Interest Rate Sensitivity Analysis:

The following sensitivity analysis depicts the outcome to profit and loss should there be a 1% increase in the 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 the 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.

Sensitivity analysis	Net Carrying Amount		Profit		Equity	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Financial assets	848	725	848	725	848	725
Financial liabilities	-	-	-	-	-	-

# Annual financial statements For the year ended 30 June 2012 *continued*

## (d) Fair value

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of Council approximates their carrying amounts.

Financial Instruments	Note	Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Financial assets									
Cash and Cash Equivalents	12	84,783	72,465	-	-	20	18	84,803	72,483
Trade and Other Receivables (fixed at 11%)	13	-	-	4,039	3,514	10,329	11,987	14,368	15,501
Senior debt ** (fixed at 6.67%)	21	-	-	114,125	113,065	-	-	114,125	113,065
Subordinate debt ** (fixed at 7.51%)	21	-	-	91,300	90,452	-	-	91,300	90,452
		<b>84,783</b>	<b>72,465</b>	<b>209,464</b>	<b>207,031</b>	<b>10,349</b>	<b>12,005</b>	<b>304,596</b>	<b>291,501</b>
Effective interest rate		0.00%	5.59%	11.00%	11.00%				
Financial liabilities									
Trade and Other Payables	22	-	-	-	-	28,607	24,729	28,607	24,729
Loans - QTC *	23	498	-	62,091	57,652	-	-	62,589	57,652
		<b>498</b>	<b>-</b>	<b>62,091</b>	<b>57,652</b>	<b>28,607</b>	<b>24,729</b>	<b>91,196</b>	<b>82,381</b>
Weighted average interest rate		-	-	6.50%	6.64%	-	-	-	-
<b>Net financial assets</b>		<b>84,285</b>	<b>72,465</b>	<b>147,373</b>	<b>149,379</b>	<b>(18,258)</b>	<b>(12,724)</b>	<b>213,400</b>	<b>209,120</b>

\* QTC – denotes Queensland Treasury Corporation

\*\* To associate company Allconnex Water

## 36. National Competition Policy

### Code of Competitive Conduct

#### Business activities to which the code of competitive conduct is applied

A local government must apply the code of competitive conduct to the following business activities-

(a) Roads business activity: a building certifying activity;

(b) Building Certifying activity: a roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement.

A local government may decide to apply the code of competitive conduct to any other business activity.

Application of the code of competitive conduct requires-

(a) Roads business activity: the application of the competitive neutrality principle, by removing or taking into account any competitive advantage or disadvantage when deciding charges for goods or services;

(b) Building Certifying activity: applying full cost pricing when deciding charges for goods or services, or charging for commercial reasons;

(c) Building Certifying activity: treating the net cost of performing community service obligations as revenue, except for particular roads activities;

(d) Building Certifying activity: as part of a local government's financial reporting-

(i) that the local government's budget contains an estimated activity statement for each business activity; and

(ii) that the local government's annual financial statement contains an activity statement for each business activity.

The activity statement for each business activity must state-

(a) Roads business activity: the revenue from the business activity; and

(b) Building Certifying activity: the expenses for the business activity; and

(c) Building Certifying activity: the surplus or deficit for the financial year; and

(d) Building Certifying activity: if community service obligations were carried on-

(i) a description of the community service obligations; and

(ii) the cost of carrying out the community service obligations, minus the revenue from the community service obligations.

A Community Service Obligation (CSO) is an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.

For 2011-12, Council resolved to apply the Code of Competitive Conduct to the following business activities.

Waste Management  
Redland Art Gallery  
School Age Care  
Cemeteries  
Fleet Leasing and Operations  
Quarry Operations  
Caravan Parks and Camping  
Building Certification  
Redland Performing Arts Centre (RPAC)  
Marine Transport

# Annual financial statements For the year ended 30 June 2012 *continued*

## Financial performance of activities subject to competition reforms:

	Waste Management	Redland Art Gallery	School Age Care	Cemeteries	Fleet Leasing & Ops
	2012 \$000	2012 \$000	2012 \$000	2012 \$000	2012 \$000
Revenue for services provided to Council	1,043,447	0	0	0	5,837,184
Revenue for services provided to external clients	17,902,571	16,187	3,529,299	346,808	978,660
Community Service Obligations (CSOs)	1,616,237	0	0	0	7,250
Contribution from general fund	0	622,507	0	0	0
	<b>20,562,255</b>	<b>638,694</b>	<b>3,529,299</b>	<b>346,808</b>	<b>6,823,094</b>
Less: Expenditure	19,958,575	638,694	3,529,299	346,808	6,823,094
Surplus/(deficiency)	603,680	0	0	0	0

Note: Waste management expenditure does not include a -\$966,874 prior period TER adjustment.

	Quarry Operations	Caravan Parks	Building Certification	RPAC	Marine Transport
	2012 \$000	2012 \$000	2012 \$000	2012 \$000	2012 \$000
Revenue for services provided to Council	736,461	34	164,429	20,467	0
Revenue for services provided to external clients	75,046	2,853,541	279,137	436,720	930,161
Community service obligations	0	0	56,895	54,376	0
Contribution from general fund	0	6,671,963	336,150	1,582,841	0
	<b>811,507</b>	<b>9,525,538</b>	<b>836,611</b>	<b>2,094,404</b>	<b>930,161</b>
Less: Expenditure	811,507	9,525,538	836,611	2,094,404	930,161
Surplus/(deficiency)	0	0	0	0	0

# Annual financial statements For the year ended 30 June 2012 *continued*

## Description of Community Service Obligations (CSOs) and Contribution from General Fund to business activities:

Activities	CSO Description	Actual
Waste Management	Clean Up Australia Day	1,133
	Birkdale Sanitary Landfill - Gate Waiver Fees	35,546
	Redland Bay Transfer Station - Gate Waiver Fees	3,820
	North Stradbroke Island Transfer Station	373,763
	Giles Road Hardfill Site - Gate Waiver Fees	21,767
	Kerbside Recycling	9,828
	Kerbside Waste Collection	17,197
	Kerbside Bin Exchange	50,000
	Russell Island Transfer Station	352,697
	Macleay Island Transfer Station	357,229
	Lamb Island Transfer Station	116,073
	Karragarra Island Transfer Station	91,042
	Coochiemudlo Island Transfer Station	186,142
		<b>1,616,237</b>
Redland Art Gallery	<i>Contribution from General Fund</i> Cost to provide the opportunity to community groups to display and sell their art works	622,507
		<b>622,507</b>
Fleet Leasing and Operations	CSOs Cost of providing vehicle servicing for the SES vehicles	7,250
		<b>7,250</b>

## Annual financial statements For the year ended 30 June 2012 *continued*

Activities	CSO Description	Actual
Caravan Parks and Camping	<p><i>Contribution from General Fund</i></p> <p>Includes cost of providing discounts and other services to the community such as:</p> <ul style="list-style-type: none"> <li>– discounts to school groups and other group bookings</li> <li>– refunds to customers due to cancellations of bookings from inclement weather conditions</li> </ul> <p>This amount is significantly higher than previous years due to the impacts of transferring assets associated with the (Straddie Holiday Parks) will transfer over to the Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) on 31 October 2012.</p>	6,671,963
		<b>6,671,963</b>
Building Certification Services	<p>CSOs</p> <p>Delivery of professional advice at customer service points</p> <p>Professional advice over the phone or in written form to the community</p> <p>Discounted certifications on the islands</p> <p>Professional support to other Council areas</p>	56,895
		336,150
		<b>393,045</b>



# Annual financial statements For the year ended 30 June 2012 *continued*

Activities	CSO Description	Actual
Redland Performing Arts Centre	CSOs	
	Discounts offered on commercial ticketing	15,693
	Rental subsidy	38,683
	<i>Contribution from General Fund</i>	1,582,841
	Council's investment in the cultural life of the city and its community via: developing performing arts practice for community organisations providing a venue to enable growth in skills and performance capability providing different artistic forms/genres to enhance access to the performing arts providing a focal place for the community to celebrate its diversity and undertake civic functions	
		<b>1,637,217</b>

## Outgoing Business Activities

Quarry Operations will no longer have the Code of Competitive Conduct applied from 1 July 2012.

Caravan Parks (Straddie Holiday Parks) will transition to the Quandamooka Yoolooburrabee Aboriginal Corporation (AYAC) during 2012-2013, (anticipated 31 October 2012) refer note 34.

## Expected New Business Activities for 2012-2013

It is expected that there will be no new Business Activities to which the Code of Competitive Conduct (CCC) will be applied for the 2012-2013 year.

# Annual financial statements For the year ended 30 June 2012 continued

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2012

REDLAND CITY COUNCIL  
FINANCIAL STATEMENTS  
For the year ended 30 June 2012

## MANAGEMENT CERTIFICATE For the year ended 30 June 2012

These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the Local Government Act 2009 and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of Redland City Council's financial position as at 30 June 2012 and of its financial performance and cash flows for the financial year ended on that date.

  
\_\_\_\_\_  
Mayor

Date: 15 / 10 / 2012

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

Date: 15 / 10 / 2012

# Independent auditor's report

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Redland City Council

### Report on the Financial Report

I have audited the accompanying financial report of Redland City Council, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

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

#### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Redland City Council for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

#### *Emphasis of Matter – Discontinuation of Allconnex Water*

I draw attention to Note 34 to the financial statements which provides details of the discontinuation of Allconnex Water and which describes uncertainties that may impact on the value of the Council's investment in Allconnex Water and the likely impacts of the discontinuation on the 30 June 2013 financial statements. My opinion is not modified in relation to this matter.

#### **Other Matters - Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Redland City Council for the year ended 30 June 2012. Where the financial report is included on Redland City Council's website the Council is responsible for the integrity of Redland City Council's website and I have not been engaged to report on the integrity of Redland City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



K JOHNSON FCA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

## Index – statutory information

State government legislation requires councils to include specific information in an annual report each year. The table below provides an index of where you can find that information throughout this 2011-12 report. In some instances, the 'provisions' column summarises the Act requirements for the sake of space. For the full wording for each provision, please refer to the source legislation.

The statutory information refers to:

- *Local Government Act 2009 (LGA)*
- *Beneficial Enterprises and Business Activities Regulation (BE & BA)*
- *Finance, Plans and Reporting Regulation (FPR)*.

Act/Regulation	Section	Topic	Provision	Page
LGA	45	Business activities	a) List all business activities	70
			b) Identify the activities that are significant business activities	70
			c) State whether competitive neutrality principles were applied	70
			d) State if any significant business activities are new	
BE & BA Reg	32	Annual Report	1) Annual operations report for each commercial business unit	62-69
			2) Comparison with previous year's operations report and annual performance plan	64-66
BE & BA Reg	122	Activity Statement	1) Financial Statements must contain an Activity Statement for each business activity 2) The Activity Statement states the revenue, expenses, surplus or deficit and community service obligations for the financial year	182-185
BE & BA Reg	176	Complaints and decisions by the local government	a) Summary of: i) investigation notices for competitive neutrality ii) reports on references made to QCA	70
			b) Summary of decisions on: i) referee's recommendations on complaints ii) QCA recommendation on the references	70
			c) A list of the business activities accredited	70

## Index – statutory information *continued*

Act/Regulation	Section	Topic	Provision	Page
FPR Reg	108	Preparation of annual report	1) Prepare an annual report 2) Adopted by 30 November	
FPR Reg	110	Financial statements	a) General purpose financial statement, audited by Auditor-General b) Auditor-General's report	90-186 187
FRP Reg	111	Community financial report	Provide a community financial report for the financial year	80-89
FPR Reg	112	Measures of financial sustainability	a) State the relevant measures of financial sustainability b) Explain Council's financial management strategy, consistent with long-term financial forecast	78-79 80
FPR Reg	113	Resolutions	a) Provide a copy of resolutions made during the year under sections 42(5) and 45(1) of the Operations Regulation b) Provide a list of any resolutions made during the year under section 154(2)	193 107
FPR Reg	114	Councillors	a) total remuneration paid for the year b) total superannuation paid for the year c) expenses incurred by and facilities provided to each Councillor, under the reimbursement policy d) a copy of the reimbursement policy e) number of local government meetings each Councillor attended during the year f) The number of: i) orders and recommendations made under section 180(2) or (4) of the Act ii) orders made under section 181 of the Act g) Each of the following: i) name of each Councillor for whom an order or recommendation was made ii) description of the misconduct or inappropriate conduct iii) a summary of the order or recommendation made for each Councillor	18-19 18-19 18-19 73-77 16-17 59-60 60-61

## Index – statutory information continued

Act/Regulation	Section	Topic	Provision	Page
			<ul style="list-style-type: none"> <li>h) the number of each of the following during the year:                             <ul style="list-style-type: none"> <li>i) complaints about the conduct or performance of Councillors assess as frivolous</li> <li>ii) complaints referred to the CEO under section 177(5)(a) of the Act</li> <li>iii) complaints referred to the Mayor under section 177(5)(b) of the Act</li> <li>iv) complaints referred to the CEO under section 177(6) of the Act</li> <li>v) complaints assessed by the CEO as being about official misconduct</li> <li>vi) complaints heard by a conduct review panel</li> <li>vii) complaints heard by the tribunal</li> <li>viii) complaints dealt with by the CEO under section 177(8) of the Act</li> </ul> </li> </ul>	60-61
FPR Reg	115	Administration action complaints	<ul style="list-style-type: none"> <li>1) Must contain a statement about:                             <ul style="list-style-type: none"> <li>a) dealing fairly with administrative complaints</li> <li>b) how Council has implemented its complaints management process and assessing its performance in resolving complaints</li> </ul> </li> </ul>	59-60
			<ul style="list-style-type: none"> <li>2) Must contain particulars of:                             <ul style="list-style-type: none"> <li>a) the number of:                                     <ul style="list-style-type: none"> <li>i) administrative action complaints made</li> <li>ii) administrative action complaints resolved under the complaints management process</li> <li>iii) administrative action complaints not resolved</li> </ul> </li> <li>b) number of administrative action complaints under paragraph a (iii) that were made in a previous financial year</li> </ul> </li> </ul>	60
FPR Reg	116	Overseas travel	<ul style="list-style-type: none"> <li>Information about any overseas travel during the financial year:                             <ul style="list-style-type: none"> <li>a) for a Councillor – name of Councillor</li> <li>b) for a local government employee – the name of, position held</li> <li>c) destination</li> <li>d) purpose</li> <li>e) cost</li> <li>f) any other relevant information about the overseas travel</li> </ul> </li> </ul>	71

## Index – statutory information continued

Act/Regulation	Section	Topic	Provision	Page
FPR Reg	117	Expenditure on grants to community organisations	Information on: a) expenditure on grants to community organisations b) expenditure from each Councillor's discretionary funding, including i) the name of each community organisation to which an amount was allocated by the fund ii) the amount and purpose of the allocation	71 77
FPR Reg	118	Reserves and controlled roads	1) A note about each of the following that the local government controls: i) land that is a reserve under the <i>Land Act</i> ii) roads the local government does not own 2) A note about a reserve must state the area controlled by the local government including land leased to someone else 3) A note about roads must state the total length of roads the local government controls but does not own	71
FPR Reg	119	Other contents	1) The annual report must contain: a) an assessment of the local government's performance in implementing its community plan, five-year corporate plan and annual operational plan b) particulars of other issues relevant to making informed assessment of the local government's operations and performance in the financial year c) details of any action taken for, and expenditure on, service, facility or activity: i) supplied by another local government under an agreement for conducting a joint activity ii) for which the local government levied special rates or charges for the financial year d) the number of invitations to change tenders under section 177(7) during the year e) a list of the registers kept by the local government f) a summary of all concessions for rates and charges granted by the local government g) the report on the internal audit for the year	28-54 72 112 154-155 72 72 72 58

## Index – statutory information continued

Act/Regulation	Section	Topic	Provision	Page
			h) a statement about the local government's activities during the year to implement its plan for equal opportunity and employment	24
			i) the names of the local government's shareholder delegates for its corporate entities	72
			j) a summary of investigation notices given in the year, under s.137 of the Business Activities Regulation for competitive neutrality complaints	70
			k) the local government's decisions in the year on: <ul style="list-style-type: none"> <li>i) the referee's recommendations on any complaints under s.145(3) of the Business Activities Regulation</li> <li>ii) the Queensland Competition Authority's recommendation under s.158(5) of the Business Activities Regulation</li> </ul>	70
LGA	201	Senior contract remuneration	1) The annual report must state: <ul style="list-style-type: none"> <li>a) the total remuneration packages payable (in the year to which the annual report relates) to senior contract employees</li> <li>b) the number of senior contract employees who are being paid each of the total remuneration packages</li> </ul>	25



# Appendix

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Under section 42(5) of the Local Government (Operations) Regulation 2010, the following resolution was made at Council's Meeting on 14 December 2011:

**Council resolved to:**

1. Adopt the 2012 remuneration schedule as determined by the Local Government Remuneration and Discipline Tribunal Report 2011;
2. That the 2012 remuneration levels for the Mayor, Deputy Mayor and Councillors, be set at:
  - a. Mayor – 110% of 'Reference Rate' of \$137,149 (\$150,864)
  - b. Deputy Mayor – 75% of 'Reference Rate' of \$137,149 (\$102,862)
  - c. Councillors – 65% of 'Reference Rate' of \$137,149 (\$89,147)
3. Council notes that the 'Reference Rate' relates to a Queensland Parliament Backbencher.

Under section 45(1) of the Local Government (Operations) Regulation 2010, the following resolution was made at Council's Meeting on 30 May 2012:

**Council resolved to:**

Adopt the attached Draft Expenses Reimbursement and Provision of Facilities for Councillors Policy (POL-3076) and Guidelines (GL-3076-001 Parts A and B) as amended.

(See pages 73 - 75 for the policy.)