



2012-13 Annual Report



Redland
CITY COUNCIL

Glossary of common terms used in this annual report

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.

Financial year – The 12 months between 1 July of one year and 30 June of the next year. This annual report is for the 2012-13 financial year, which runs from 1 July 2012 to 30 June 2013.

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 in that particular year to achieve the corporate plan. An operational plan is a legal requirement for Queensland councils under the *Local Government Act 2009*.

Statutory – Required under legislation.

External Audit – Where people from an outside agency check that Council's accounts are correct



Contents

Introduction	4
A message from our Mayor and CEO	7
Review of 2012-13	9
Mayor and Councillors' information	13
Our organisation	25
Executive Leadership Group (profile)	27
Our people	28
Governance at Redland City Council	32
Internal audit report	35
Council performance	38
RedWaste	49
Redland Water	56
Other statutory information	66
Community financial report	70
Index – statutory information	81
Annual financial statements	85

Introduction

What is an annual report?

Each year, Redland City Council publishes an annual report. This is a requirement of the *Local Government Act 2009*. The report provides an update to our community about Council's finances, its performance and how we have delivered against our plans.

Some information within this plan is required under legislation. An index of these statutory requirements, which shows where to find this information, is included on pages 80-84.

The Annual Report 2012-13 is the third to report against the Corporate Plan 2010-2015 (which reflects the Redlands 2030 Community Plan). It also includes a summary of performance against Council's Operational Plan 2012-13.

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 Yugara/Yugarapul 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 and Peel Islands and the Southern Moreton Bay Islands of Karragarra, Lamb, Macleay and Russell)

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

Population: 145,336¹

Our vision

Enhancing community spirit, lifestyle and the natural environment.

Our mission

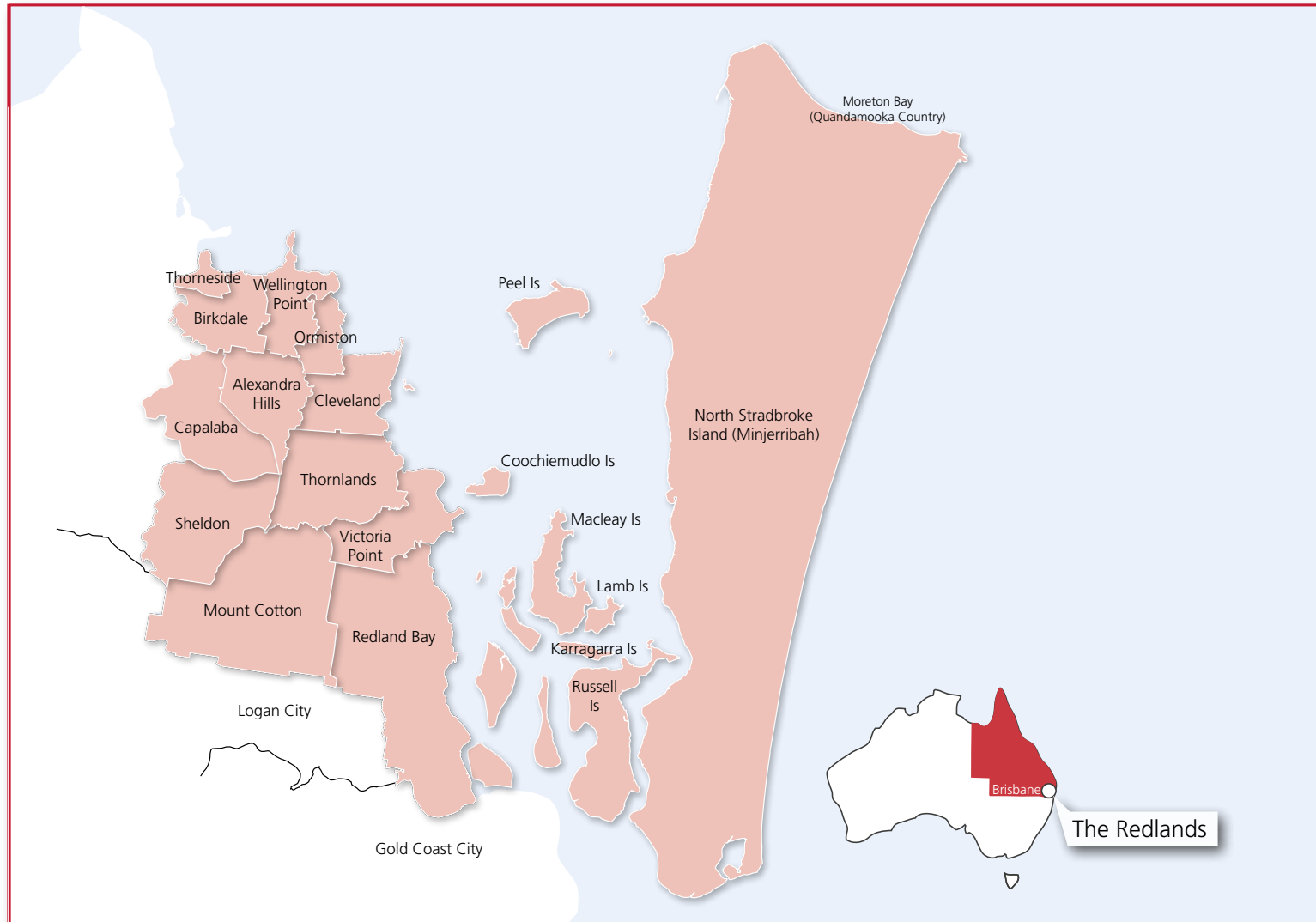
To be a sustainable and effective organisation with clever and caring people.

Our values

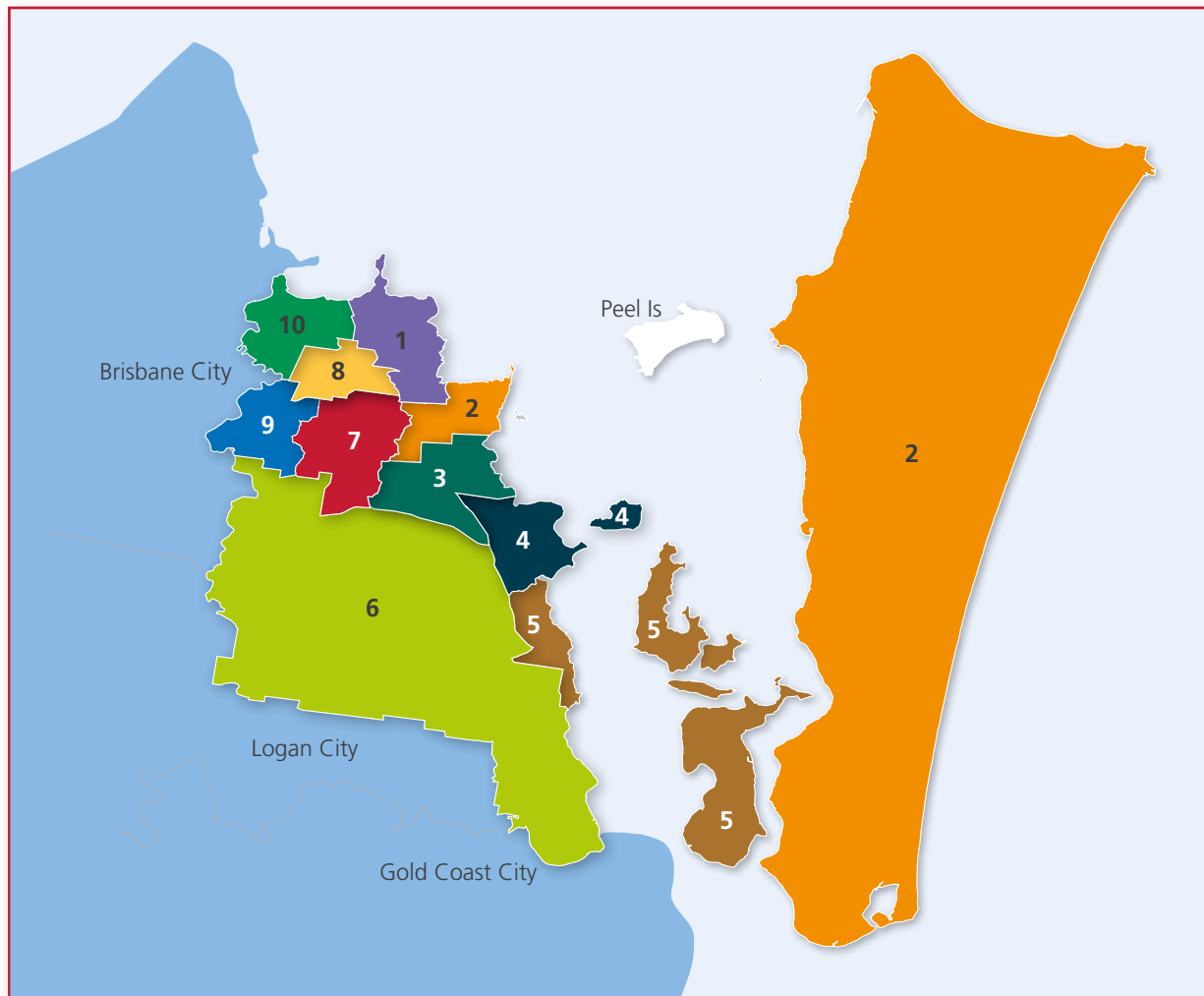
Our values are to:

- strive to achieve sustainability 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.

¹ Source – Australian Bureau of Statistics (June 2012 estimated residential population (ERP))



Introduction continued



July 2012 – Present

- Division 1 – **Councillor Wendy Boglary**
Wellington Point/Ormiston
- Division 2 – **Councillor Craig Ogilvie**
Cleveland/North Stradbroke Island
- Division 3 – **Councillor Kim-Maree Hardman**
Cleveland/Thornlands
- Division 4 – **Councillor Lance Hewlett**
Victoria Point/Coochiemudlo Island
- Division 5 – **Councillor Mark Edwards**
Redland Bay/Southern Moreton Bay Islands
- Division 6 – **Councillor Julie Talty**
Mount Cotton/Sheldon/Capalaba/Thornlands/
Victoria Point/Redland Bay
- Division 7 – **Councillor Murray Elliott**
Alexandra Hills/Capalaba
- Division 8 – **Councillor Alan Beard
(Deputy Mayor)**
Birkdale South/Alexandra Hills
- Division 9 – **Councillor Paul Gleeson**
Capalaba
- Division 10 – **Councillor Paul Bishop**
Birkdale/Thornside

A Message from our Mayor and CEO



A message from our Mayor

The 2012-13 financial year has been one of significant change for Redland City Council, both in terms of the way we do business with the community we serve and in our internal operations. It has been change for the better and sets the foundations for our great city for many years to come.

In May 2012 I was sworn in as Mayor with a mandate to keep rates as low as possible, to slash council waste and to deliver high quality services and value for money to residents.

In the 2012-13 and 2013-14 budgets, we have delivered. We have achieved the lowest headline rate increase in South East Queensland for the second consecutive year (1.43%). We have provided even more much-needed cost of living relief for Redlands residents by absorbing millions of dollars in external costs imposed on us by other levels of government, rather than passing this on to residents. I am proud that we still managed to budget for a small surplus by the end of the 2013-14 financial year – the first for many years – yet we remain in a solid financial position and are able to cope with any unforeseen circumstances which may arise. It is indeed a position other councils envy.

Key to this result was the continued engagement of our community, and the commitment of Council staff whose unwavering dedication through an organisational restructure is a credit to their character and commitment, both to our Council and our city. This commitment was partly recognised through several major awards which were not only well-deserved, but testimony to the pride of workmanship within the organisation.

A highlight of the year was Redland City Council securing Priority Development Area status for key marine transport hubs at Toondah Harbour in Cleveland and Weinam Creek at Redland Bay. These declarations will help fast-track planning and approvals for two key projects and transform them into dynamic waterfront precincts. Coupled with the introduction of TransLink go cards, our Southern Moreton Bay Islands will benefit from associated economic opportunities and increased property prices. Add to this the Cleveland CBD Incentive Scheme to revitalise the city's civic heart and master-planning of the Capalaba shopping precinct, as well as the identified residential estates now in the preliminary planning stages, and our city has an exciting future ahead.

As we enter the next phases of our journey, I urge all Redlanders to develop a greater sense of pride in our great city and work together to brand the Redlands as a preferred place for both business and leisure. We may be small in comparison to our neighbouring local government areas ... but we are proudly "little but loud".

Thanks to all those involved in delivering such positive outcomes for our residents. I look forward to working with you towards building an even better Redlands in the future.

A handwritten signature in black ink that reads "K Williams".

Councillor Karen Williams
Mayor of Redland City

A Message from our Mayor and CEO **continued**



CEO's message

The 2012-13 financial year has seen Council refocus our attention on delivering on the ground back-to-basics services to the community.

This change in focus has resulted in a more responsive Council that is now in a position to deliver for our residents with increased efficiency.

The results of this can be seen in our local streets, parks and libraries; and in the on the ground services that see our rubbish collected, beaches cleaned and trees planted.

Some of the results aren't as visible, but are equally as important; such as Council's financial performance. This year we recorded an outstanding result that lays the foundations to continue delivering responsive and responsible services. This year Council has reduced debt and built cash reserves that puts us in a very strong position for the future.

In addition to a solid financial future, the community can also be confident that the Redlands also has a strong future resilience to storm and disaster events. In January 2013 the City felt the brunt of ex-tropical cyclone Oswald and I am happy to say the community stood up and responded, led by Council's Local Disaster Management

Group. This response included the collection of what would have amounted to 17 kilometres of green waste and debris from over 3000 local roads and streets.

Council's capacity to respond to such events was further strengthened throughout the year through a new Disaster Management Plan. Released in July 2013 after a considerable amount of work, this plan has been held up as the benchmark for other local government areas to prepare for and respond to disasters.

There have also been a number of organisational improvements within Council throughout the year, including a restructure, which has realised greater efficiencies. We also transitioned out of several non-core services to allow specialist organisations to provide this vital community assistance.

While I have been with Council for a relatively short time, I have been heartened by the professionalism and dedication shown by the staff in delivering for the community. The response from Council staff to the challenges presented is inspiring and there is no doubt that any future challenges will be met with the same resolve and determination.

Moving forward, Council faces challenges the same as any other organisation. The economy continues to provide many of these challenges and as such Council will continue to work hard to provide value for money by looking for more efficient ways of doing things, as well as alternative revenue streams. We will also continue to work with other levels of government for the benefit of the Redlands.

Thank you to all staff, Councillors and residents for their contribution throughout the year and I look forward to working with you in the future.

A handwritten signature in black ink, appearing to read 'Bill Lyon'. The signature is stylized with a large, sweeping initial 'B' and a long horizontal stroke.

Bill Lyon

CEO of Redland City Council

Highlights

A back-to-basics approach to delivering for the community

Throughout the year Council enforced its commitment to delivering the best value for money for ratepayers by completing several back-to-basics initiatives. This included an organisational restructure in March that saw five departments reduced to three, and the grouping of 'like' areas to realise greater efficiencies. Council also refocused on core services by transitioning out of several non-core services during the year to allow specialist organisations to provide this important service. These initiatives not only increased efficiency, they also delivered \$6 million in savings with no adverse disruption to services.

Cutting development red tape

This year Council continued its push to make development easier, faster and cheaper in the Redlands. This included a reduction and in some cases a total removal of planning requirements for certain types of straightforward development. In April Redland City Council was also announced as one of only three Queensland councils to take part in a pilot program to deliver Australia's best planning scheme.

A united and resilient community in the face of disaster events

Following the ex-tropical cyclone Oswald storm event on Australia Day, Council activated its Local Disaster Management Group. The response resulted in the collection of what would have amounted to 17 kilometres of debris one metre high and one metre wide from over 3000 local roads and streets. Council also successfully introduced the use of social media to communicate with the community during and after the storm event. In June, Council further strengthened its disaster management capability by releasing the first part of a new Redland City Local Disaster Management Plan. Council also commenced work on the first individual emergency plans for the Southern Moreton Bay Islands by undertaking community engagement. These plans will be rolled out in the 2013-14 financial year. Council also opened the North Stradbroke Island Resilience Centre and welcomed Commonwealth funding for a Russell Island Resilience facility.

Open for business

In May, Council launched its Open for Business investment document and DVD, highlighting the benefits of investing and doing business in the Redlands. The document was launched at a sell-out business breakfast attended by local business and government representatives including Deputy Premier and Minister for State Development, Infrastructure and Planning Jeff Seeney. In March, Council also launched a suite of incentives to attract development to the Cleveland CBD. Incentives include waivers of fees and infrastructure charges, fast-tracked assessment of material change of use applications to within 20 days, and possible car parking concessions.

Priority Development Areas

Two Priority Development Areas were announced for the Redlands during the year, placing the city well and truly on Queensland's development radar. Weinam Creek and Toondah Harbour were announced as Priority Development Areas by the Queensland Government, recognising the role of these transport areas for the state. The announcements were two of only four PDAs announced for Queensland and have the potential to transform both areas into dynamic water-front precincts.

A continued commitment to the Quandamooka people and other Indigenous communities

In May, Council dedicated a special Cleveland Library meeting room to the Quandamooka People in recognition of National Reconciliation Week. The dedication included the unveiling of photos of local elders and artwork from local Indigenous artists. Council also hosted a golf day on North Stradbroke Island to recognise National Reconciliation Week and Council's ongoing commitment to the Quandamooka people. Other events were also held in recognition of NAIDOC Week and International Day of the World's Indigenous People.

Review of 2012–13 **continued**

Introduction of E-waste to the Redlands

To coincide with the switching off of analogue TV across Australia, Council opened two E-waste facilities during the year, at Redland Bay and Birkdale waste transfer stations. These facilities not only accept old analogue televisions, but also computer equipment, printers and scanners. The facilities have proven very successful, receiving almost 10 tonnes of waste per week, stopping this waste being sent to landfill and in turn helping the local environment and the local community save money.

Redlands dredging projects

Council has received \$6 million in State Government funding for dredging projects at Coochiemudlo Island, Toondah Harbour and Victoria Point with the Coochiemudlo dredging expected to be the first of the projects to go to tender in 2013.

Improvements in waterways health

Redland City Council won the Sustainable Development category in the prestigious Healthy Waterways Awards in June. The award was received for Council's successful and ongoing Waterways Recovery Program and recognises the continuing commitment to the health of our environment. A second Council project, trialling commercial floating wetlands on Council and private water bodies, was a finalist in the Product and Manufacturing category of the awards.

TransLink comes to the Bay

After years of lobbying the State Government, Council welcomed the announcement during the year that the Southern Moreton Bay Island ferry services would be integrated into the TransLink network from 1 July, 2013. The announcement recognises a massive commitment from both Council and the State Government and will increase property values, improve accessibility for SMBI residents and deliver significant travel cost savings. To recognise this significant milestone, the Queensland Government provided residents with \$70,000 worth of free go cards to use on the new TransLink network.

Milestones and awards

Local Government Award for Tourism

Redland City Council's support for the local tourism industry was recognised in November 2012, with Council winning the inaugural Local Government Award for Tourism at the Queensland Tourism Awards held in Brisbane.

The awards have been running for over 25 years but this was the first year a local government category was included. The new category was open to all local government authorities in Queensland and recognised excellence in tourism planning, the provision of tourism facilities and services, marketing, event development and management, and the overall contribution made both locally and to Queensland's tourism industry.

Council's tourism focus has been to deliver the vision in its tourism strategy (for the Redlands to be 'the most accessible, diverse and protected nature playground within Brisbane's Moreton Bay and Islands').

Redlands IndigiScapes Centre wins Ecotourism Award

The Redlands IndigiScapes Centre earned the prestigious title of 'Hall-of-Famers' for the Ecotourism category of the Moreton and Bay Island Tourism Awards. IndigiScapes has dominated the Ecotourism category for the past three years, winning consecutively since 2010.

The Ecotourism award demonstrates the IndigiScapes Centre's role in Redlands tourism, showcasing the unique and diverse range of ecotourism products at local, state and international scales. By taking advantage of its location and experienced staff, IndigiScapes continues to develop its ecotourism through tours, workshops, bush-food tasting, demonstrations, networking and environmental education programs.

The awards recognise the important role the local tourism industry plays in product and destination awareness and as a significant economic contributor to the region. The program is primarily to showcase the local tourism industry, celebrate sustainable business procedures, excellence in customer service and innovation and the implementation of environmental and risk practices. The Redland Art Gallery was a finalist in the Heritage and Cultural Tourism category.

Waterways Recovery Program wins 2012 Healthy Waterways Award

Redland City Council won the Sustainable Development category in the prestigious Healthy Waterways Awards. Council competed against five other finalists from across South East Queensland to win the award, which recognises projects that demonstrate best practice sustainable water management and environmental practices.

The award is recognition for all the hard work that our community and Council staff put into improving the health of our local waterways as part of Council's successful and ongoing Waterways Recovery Program. Our 2012 Healthy Waterways Report Card saw Redlands secure the best improvement in South East Queensland.

Redland SES Unit wins top accolade

Redland City's SES unit won the Best Regional Unit of the Year for its outstanding response, coordination, work and efforts over the past year at a ceremony held in November 2012. The win was the unit's fourth in succession.

The Redland SES Unit was commended for its continued excellence in providing community support to the Redlands as well as other communities across Queensland.

In addition, Redland SES member Gersualdo Lo Presti, known as Aldo, was recognised as Regional Member of the Year for his exceptional service and commitment.

Volunteer Daniel Tuckwood, also from the Redland Unit, was presented with a certificate of excellence.

Review of 2012–13 **continued**

Redlands wins National Environmental Innovation Award

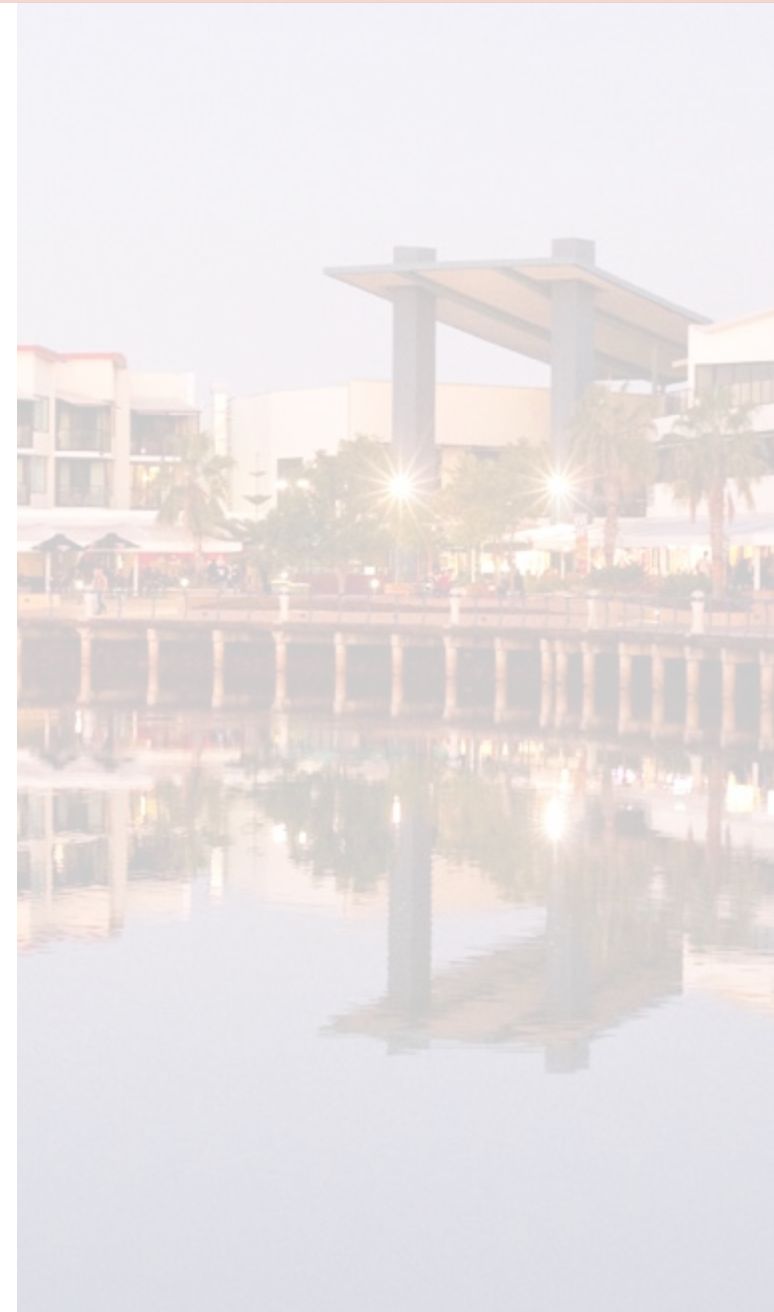
Redland City Council won the Environmental Innovation and Protection category at the Australian Sustainable Cities Awards. The awards celebrate local sustainability achievements of urban communities across Australia. Seven finalists from around the country were in attendance at the national awards after winning state categories in September. Council is committed to delivering positive environmental, social and economic outcomes for the Redlands community.

Council has programs, such as Land for Wildlife, Rural Support, Waterways Extension and Your Backyard Garden which provide technical and financial support to 79 landholders in agreement and more than 300 more informally. There are also 44 dedicated bushcare groups with more than 300 participants across the city. Community and Council programs have resulted in over 20,000 native plants being planted around the Redlands in the past financial year.

LGMA Management Challenge 2013

In April, two teams of six aspiring Council officers competed in the Local Government Management Association (LGMA) Management Challenge. One of the teams, comprising Eleanor Noonan, Crystal Burrows, Michael Beekhuyzen, Benjamin Bruce, Patrina Hill and Kristina Dickman took out third place against 19 other teams from around the state. The other Redlands team narrowly missed out on a place.

These Council officers prepared and competed in the challenge that included many impromptu scenarios, report writing and problem solving across Council boundaries. They embody the values of Redlands, including striving to continuously improve our services. Council benefits enormously from initiatives like the challenge. While taking out awards is always wonderful, it is the development of leadership in our people and building strong collaborative teams across Council that really makes the difference.



Mayor and Councillors' information



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**



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**



Division 6
Councillor Julie Talty

Mount Cotton/Sheldon/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**



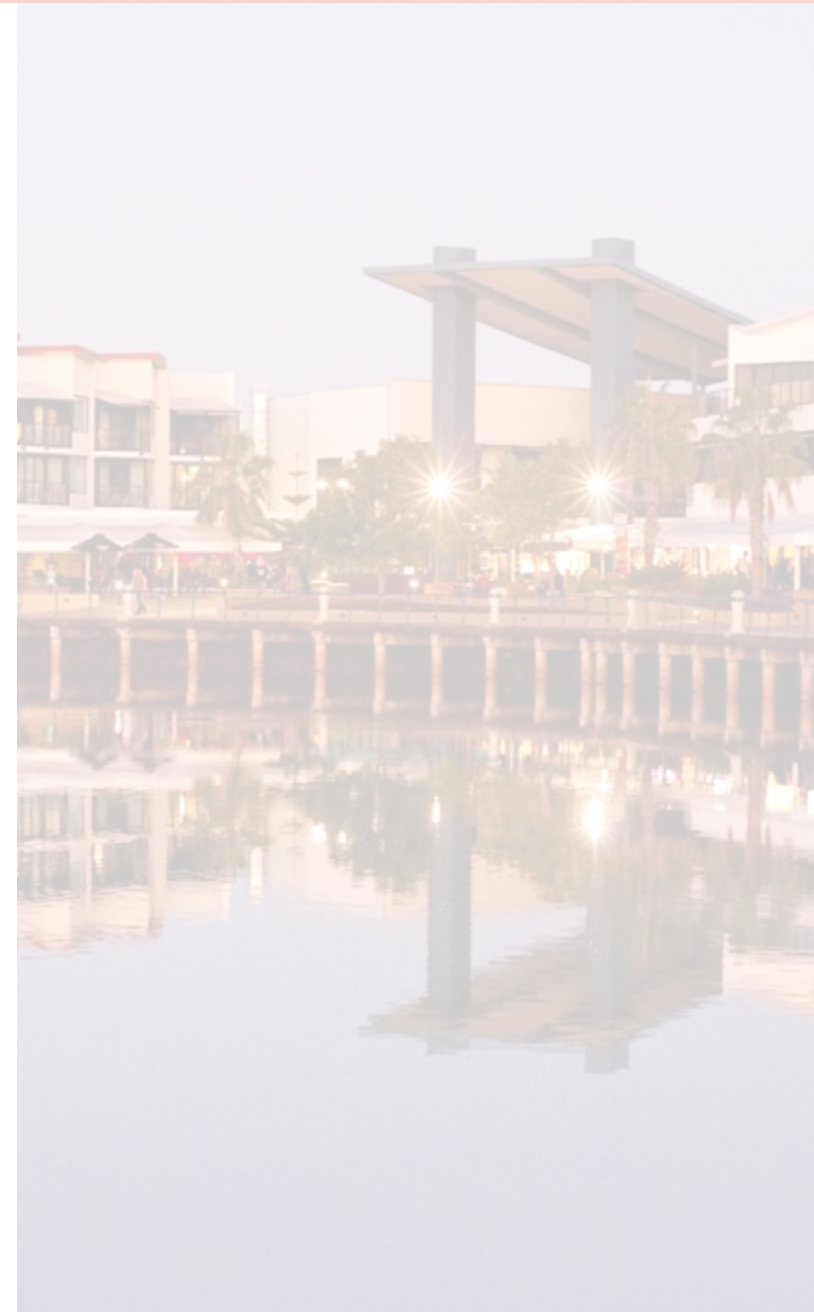
Division 9
Councillor Paul Gleeson
Capalaba
Elected: 2012

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.



Mayor and Councillors' information continued

Councillors' meeting attendance

Totals of statutory meetings attended July 2012 – January 2013												
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	8	9	8	9	9	9	7	9	9	9	9	9
City Services Committee	7	7	7	7	7	7	7	7	7	7	7	7
Environment & Planning Committee	7	7	7	7	6	7	7	6	7	6	5	7
Corporate Services & Governance Committee	7	7	7	7	6	7	7	7	7	7	7	7
Redland Water & RedWaste Committee	5	6	5	4	6	6	5	3	6	5	6	6
Development Assessment & Community Standards Committee	6	7	7	7	7	7	7	7	7	7	7	7
Totals	40	43	41	41	41	43	40	39	43	41	41	43

Mayor and Councillors' information **continued**

Councillors' meeting attendance

Totals of statutory meetings attended February 2013 – June 2013

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	10	10	10	10	10	10	10	9	10	10	10	10
Coordination Committee	9	9	9	9	9	9	9	8	9	9	9	9
Totals	19	19	19	19	19	19	19	17	19	19	19	19

Meeting	Mayor Cr Williams	Division 2 Cr Ogilvie	Division 5 Cr Edwards	Division 6 Cr Talty	Division 7 Cr Elliott	Total Meetings
*Cleveland CBD Revitalisation Special Committee	3	3	3	3	2	3

* The Cleveland CBD Revitalisation Special Committee was established during this financial year, to actively undertake, manage and promote a range of actions and activities to facilitate the revitalisation of the Cleveland CBD. The Mayor, Councillors Ogilvie, Edwards, Talty and Elliott are members of this committee, which meets at least once every two months.

Councillors' remuneration

Under Section 42(5) of the *Local Government (Operations) Regulation 2010*¹, the following resolution was made at Council's Meeting on 19 December 2012:

Council resolved:

1. To adopt the 2013 remuneration schedule as set out in the Local Government Remuneration and Discipline Tribunal Report 2012 and as required under Section 42 of the *Local Government (Operations) Regulation 2010*; and
2. To adopt a standard employer's superannuation contribution of 12% for all Councillors, effective from 1 January 2013, in accordance with the advice received from LGsuper, and in the interests of consistent remuneration practices across Councillors.

¹ The adoption of an Expenses Reimbursement Policy is now a requirement under Section 250(1) of the *Local Government Regulation 2012*.

Mayor and Councillors' information continued

Councillors remuneration and associated business support costs

Division	Name	Gross Salary	Superannuation Contribution	*Transport	**Discretionary Training and Discretionary Conference Registration	^^Delegations and Conference Related Expenses	Mandatory Training	Telephone, Blackberry and Remote Access	##Expenses Council/Community Events	Total
	Mayor Williams	152,734.45	18,328.13	9,166.57	454.95	4,432.96	477.27	3,240.22	521.99	189,356.54
1	Cr Boglary	90,252.25	10,830.31	25.39	80.00	127.27	477.27	2,444.25	499.73	104,736.47
2	Cr Ogilvie	90,252.25	9,493.00	9,468.65	2,590.11	1,000.00	477.27	3,332.18	22.73	116,636.19
3	Cr Hardman	90,252.25	9,493.00	5,533.50	0.00	0.00	477.27	1,723.76	22.73	107,502.51
4	Cr Hewlett	90,252.25	10,830.31	8,936.52	0.00	0.00	477.27	3,984.88	484.55	114,965.78
5	Cr Edwards	90,252.25	10,830.31	7,156.88	600.00	363.09	537.27	3,647.98	148.18	113,535.96
6	Cr Talty	90,252.25	9,493.00	7,138.73	0.00	109.09	477.27	2,358.06	482.27	110,310.67
7	Cr Elliott	90,252.25	10,830.31	0.00	0.00	0.00	477.27	5,173.39	68.40	106,801.62
8	Cr Beard (Deputy Mayor)	104,137.27	12,496.50	5,197.50	70.91	3,716.88	477.27	2,192.41	0.00	128,288.74
9	Cr Gleeson	90,252.25	10,830.31	4,753.47	0.00	0.00	477.27	2,954.52	42.73	109,310.55
10	Cr Bishop	90,252.25	10,830.31	122.43	813.79	177.27	1,050.00	2,017.74	82.73	105,346.52
		1,069,141.97	124,285.49	57,499.64	4,609.76	9,926.56	5,882.70	33,069.39	2,376.04	1,306,791.55
									Support costs	606,620.67
									Total costs	1,913,412.22

* Business - related transport costs include travel to islands and motor-vehicle business use reimbursement.

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

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

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

Expenses Reimbursement Policy

Head of power

Section 250 of the *Local Government Regulation 2012* 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, and
- Ensure that all Councillors have the facilities and other support necessary to perform their civic duties.

Policy Statement¹

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*.

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, and
- 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*.

¹ Amended at General Meeting of Council held on 31.10.12 (removal of reference to Department of Local Government published guideline)

Mayor and Councillors' information **continued**

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; and
- 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.

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
- fêtes, 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 bonafide 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 which properly falls within the responsibility of Council.

Mayor and Councillors' information continued

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 <i>Guidelines</i> .
Facilities	refers to the facilities deemed necessary to assist Councillors in their role as shown in the <i>Guidelines</i> .
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 a 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 after the travel has occurred.

Related Policies/Legislation/Documents

- *Local Government Act 2009*
- *Local Government (Operations) Regulation 2010*
- *Local Government (Finance, Plans & Reporting) Regulation 2010*
- *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*

Mayor and Councillors' information **continued**

Reporting Requirements

- Disclosure of publicly funded overseas travel – 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 on the Council's website.

Our organisation

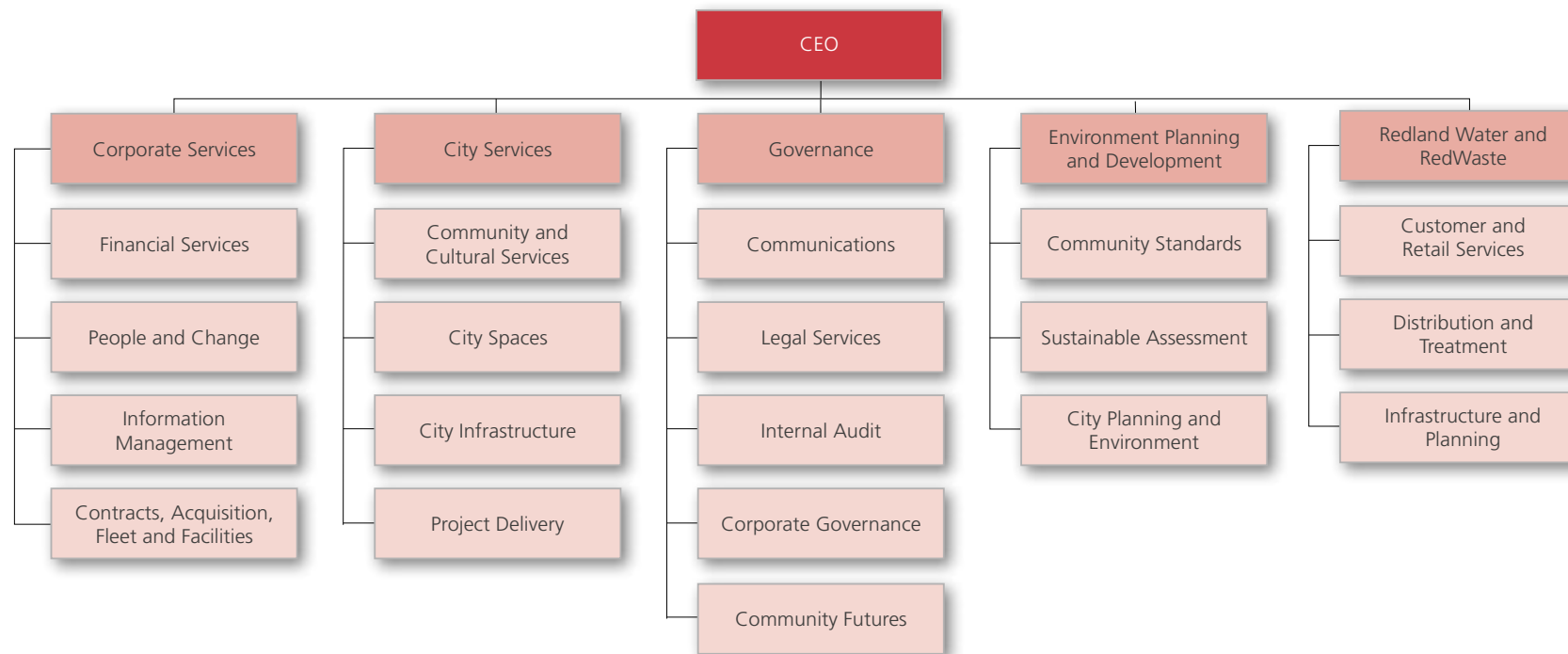
On 27 March 2013, Council adopted a change to its structure. Section 196 (1) of the *Local Government Act 2009* devolves the authority to Council to adopt by resolution an organisational structure that is appropriate to the performance of the local government responsibilities.

The organisational structure had several managerial layers that disperse control, accountability and transparency which could be improved by streamlining reporting requirements and removing duplicity in workloads and systems that can assist to improve service delivery.

The new structure is consistent with a number of key local and state government initiatives by way of Green Tape and Red Tape reduction strategies to reduce State and Local Government service costs while improving service delivery.

Organisational chart

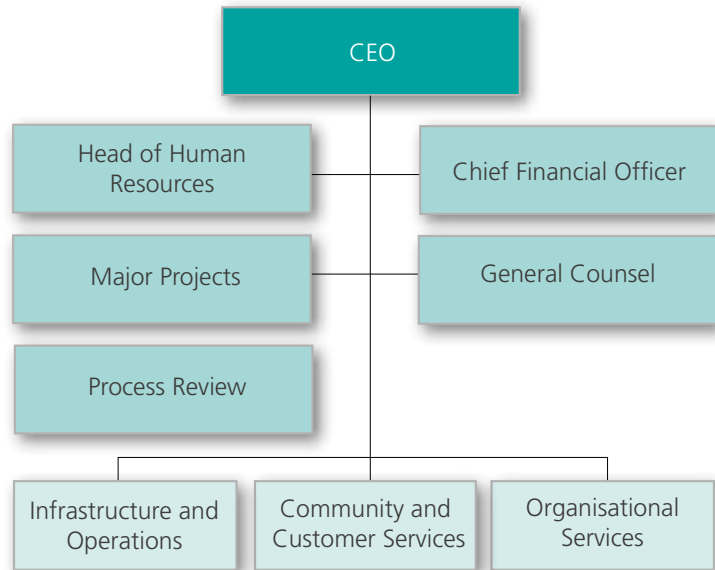
(pre-restructure up to 7 April 2013)



Our organisation continued

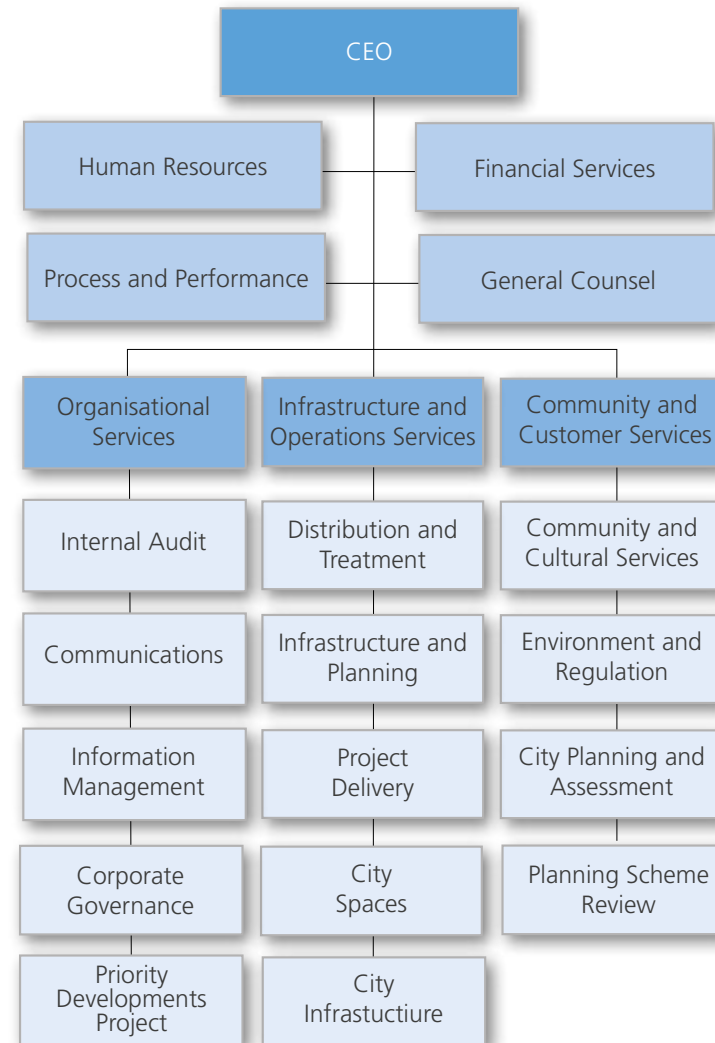
Restructure Phase 1

(8 April 2013 to 19 May 2013)



Restructure Phase 2

(20 May 2013)



Executive Leadership Group (profiles)



Chief Executive Officer
(5 November 2012 to present)

Bill Lyon

Bachelor of Business; Graduate Certificate in General Management; Associate Diploma Electrical Engineering



General Manager Community and Customer Services

Louise Rusan

Bachelor of Business; Graduate Australian Institute of Company Directors; Member of Local Government Managers Australia

Previous title - General Manager City Services



General Manager Organisational Services and Redlands Local Disaster Coordinator

Nick Clarke

Master of Science; Member of Local Government Managers Australia; Member Logan-Redlands Regional Development Australia Committee

Previous title - General Manager Governance



General Manager Infrastructure and Operations

Gary Soutar

Bachelor of Engineering (Civil); Member of Association of Professional Engineers, Scientists and Managers Australia

Previous title - General Manager Redland Water and RedWaste



Head of Human Resources

Amanda Daly

Bachelor of Commerce; Member of Australian Human Resources Institute (AHRI)

Previous title - Manager People and Change



Manager Process and Performance

Chris Taylor

Advanced Diploma of Project Management - AdvDipPM; Lean Six Sigma (Membership Lean Six Sigma Division) – MLSSD; Personal Membership Australian Quality Centre - AOQ-QLD



Chief Financial Officer

Gavin Holdway

Certified Practising Accountant (CPA), Member of CPA Australia; Bachelor of Commerce (Accounting Major)

Previous title - Manager Financial Services



General Counsel

Andrew Ross

Bachelor of Law; Bachelor of Theology, Masters in Health Science

Previous title - Manager Legal Services



General Manager Environment Planning and Development

– position not required following restructure

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 Corporate Services

– position not required following restructure

Martin Drydale

Member of Local Government Managers Australia; Member of the Institute of Public Accountants; Master of Commerce (Professional Accounting)

Our people

People Strategy 2012-2015

Council began implementation of the priorities defined in the People Strategy, which was formed through extensive engagement with employees and managers. The three-year strategy sets out how Council will attract and keep the best people, cultivate the best leaders and create the right conditions for employees to thrive.

The 2012-13 program of work for the People Strategy was a success with the development and launch of a reward and recognition program, the negotiation and certification of an Officer's Certified Agreement that enables more flexible work practices, and improvements to the safety training program.

Various other HR projects commenced in 2012-13 that support a productive and positive workforce and the People Strategy will continue to drive initiatives in 2013-14.

Opportunities

There are a wide variety of career opportunities at Council, ranging from infrastructure project officers and administration officers, to labourers and loader operators. Information on vacant positions can be accessed on Council's website. In 2012-13, Redland City Council launched a new e-recruitment system, which makes applying for positions at Council easier and more efficient. The process of recruitment and selection at Council 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 2012-13

Council has a strong commitment to employee development and there were 3,925 attendees for face-to-face training. This was complemented with a stronger focus on e-learning, with courses rolled out for Fire Evacuation, Code of Conduct, and Bullying and Harassment (2,339 completions). There has been a strong focus on ensuring staff undertake effective induction with improvements made to our orientation course. Training messages have also been delivered by managers to their staff meetings through 'toolbox talks'.

Beyond classroom and e-learning courses, the learning and development strategy for RCC has been to increasingly use other methods for skills development including: on-the-job experiences and learning through relationships, networks and feedback. For example: coaching, mentoring, work shadowing, and job rotations.

In addition, 26 employees have used the education assistance scheme, receiving support with tertiary studies this financial year. A further 61 employees graduated with an accredited qualification (Diploma or Certificate IV) in management, business, project management, local government administration, occupational health and safety, training and assessment, and animal control and regulation.

This year, 65 employees enrolled in Certificate IV and Diploma courses. These accredited qualifications were largely funded through the Local Government Association of Queensland.

Traineeships

Our traineeships program continues to offer entry-level employment to our community. Our business administration traineeships are assisted with federal funding. The traineeships provide work experience and certificate level studies. In February 2013, 16 full-time trainees graduated from our program, with a further 10 (including our first mechanical apprentice) commencing a traineeship/apprenticeship in this same month. The 2013 program includes trainees completing a Certificate III in Business Admin, a Certificate II in Horticulture as well as a four-year mechanical trade apprenticeship.

Council has identified target groups for the traineeship program. For example, Indigenous candidates, people with a disability, school leavers and women re-entering the workforce are encouraged to apply.

Performance Management

Council's drive for a stronger performance culture has been reinforced with a review of our performance appraisal process. The review has identified a number of improvements to the new framework:

- ensuring staff are provided with clear work expectations and an understanding of how they contribute to organisational priorities
- clear and constructive feedback on performance is given
- developmental opportunities are effectively identified and addressed.

The revised framework will be implemented in 2013-14.

Succession Planning

A succession planning project was commenced to identify critical roles, potential successors, and suitable interventions to mitigate risks associated with impacts on business continuity and loss of organisational knowledge. The aim is also to provide clearer pathways and opportunities for Council staff to achieve career progression.

Change Management

Redland City delivered a significant change agenda in 2012-13 including:

- organisational restructures
- work redesigns
- culture change
- operational reviews
- technology improvements
- business improvement initiatives.

To support this change, the development of a survey has commenced to specifically measure, track and monitor how well Council manages change. This information will be used to deliver new ways of working to address identified issues and opportunities for improvement.

Equity, diversity and equal opportunity

Council is committed to preventing discrimination within our organisation. A number of strategies and initiatives were delivered in 2012-13:

- delivering quarterly leadership essentials programs, ensuring the principals of equity and diversity are applied
- ensuring the review of all guidelines and procedures facilitates equity and diversity
- delivering 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 Council team is represented at the LGMA Management Challenge
- scheduling and conducting bi-monthly Diversity Contact Officers meetings
- ensuring mentoring, advice and support is available from Diversity Contact Officers and Human Resources Advisers
- supporting and promoting the Employee Assistance Program
- investigating equity and diversity training needs from the staff survey, feedback forms, and performance appraisals
- promoting programs to support the personal, professional and career development (of women in particular, including Women in Local Government).

Our people **continued**

Certified Agreement

Council undertook the negotiation of its two Certified Agreements during 2012-13. Negotiation took place with all the relevant unions and considered balancing the operational needs of Council with the needs of our employees. This primary objective was reached in an amicable and extremely productive manner with no industrial action.

Safety and Wellbeing (workplace health and safety)

Council has continued to deliver its Safety First agenda. Building a safety culture and introducing safety leadership programs have contributed to a very well recognised commitment to safety in the workplace.

Partnerships with universities have enabled a number of post-graduate students to assist with the research and development of training materials for the safety leadership program. This has been a mutually beneficial arrangement for university students and their faculty and Council.

A health and safety skills matrix has been built internally to drive role-related workplace health and safety training across Council. The matrix has identified the safety training needs of every person in Council and will allow all managers, leaders and trainers to plan and conduct courses responsively and efficiently.

Council is audited externally every year and our safety performance is monitored and reviewed regularly by senior management. Additionally this year, internal safety element auditing has commenced using volunteers from all areas of Council.

The “competency to operate” program for plant and equipment continues to develop and manage plant-related hazards effectively. This program provides tools for our employees to conduct trade training and testing on the job, without relying on external providers.

The wellbeing agenda continues to grow with health assessments and functional capacity assessments being conducted on all manual task-related roles to address the risk of musculoskeletal injuries and encourage healthy ageing. Student fitness instructors conducted a series of 10-week physical strengthening sessions for employees on the mainland and the islands. State Government funding has recently been secured to develop a purpose-designed outdoor fitness area under shade.

Council conducted “Orange Week” which is an annual Council-wide program to promote health and wellbeing activities for our indoor and outdoor staff. It culminated in the presentation of safety awards to “stars” who were nominated by their peers for making a consistent contribution to safety in their everyday roles.

Employee statistics

Employees (total number of employees)

Permanent	727
Permanent part-time	82
Temporary contract of service full-time	68
Temporary contract of service part-time	10
Contract of service (executive)	20
Casual (based on hours worked)	48
Total	955

Corporate profile

Full-time equivalent employees (includes contract of service, casual employees and elected members)	881
Full-time equivalent positions (excluding casuals)	915
New full-time equivalent positions in 2012-13 budget	12

Employees recruited

Internal	46
External	112
Total	158

Employee departures

Employee initiated turnover rate	17.87%
Employer initiated turnover rate	8.84%
Employees nominating for and accepting voluntary redundancy	82
Employees redeployed/retrained due to redundancy	20

Gender balance

	Female	Male
Executive/Senior Management Group	23.81%	76.19%
Elected representatives	36%	64%
Total employees	49.53%	50.47%

Executive Leadership Group

Remuneration range (total package)	Number of Executive Leadership Group paid
\$300,000 to \$400,000	1
\$200,000 to \$300,000	3
\$100,000 to \$200,000	4

Governance at Redland City Council

Legislative Compliance

Council continues to be proactive in monitoring changes to legislation and ensuring necessary changes are implemented.

In 2012-13, Council completed quarterly surveys of supervisors and managers to check compliance with a range of legislative requirements. This is known as the compliance survey. A review of this approach started in 2012-13 and a new approach will be finalised and implemented in 2013-14.

OUR PLANS

Community Plan

In 2010, Council adopted the Redlands 2030 Community Plan. This plan was developed with extensive input from our community. This ambitious plan responds to local, national and global challenges. The Redlands 2030 Community Plan sets out a vision for 2030.

In 2030, 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 outcomes:

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

Corporate Plan

The Corporate Plan 2010-2015 sets out how Council will deliver the Redlands 2030 Community Plan. The corporate plan sets out Council's objectives for the next five years and is structured around the eight outcomes in the community plan, with a ninth outcome focussed on Council being efficient and effective. The ninth outcome includes internal services such as Financial Management, Information Management and Human Resources.

Corporate planning is linked to Council's long-term strategic planning documents such as the financial and asset management strategies, and the Redlands Planning Scheme.

Operational Plan

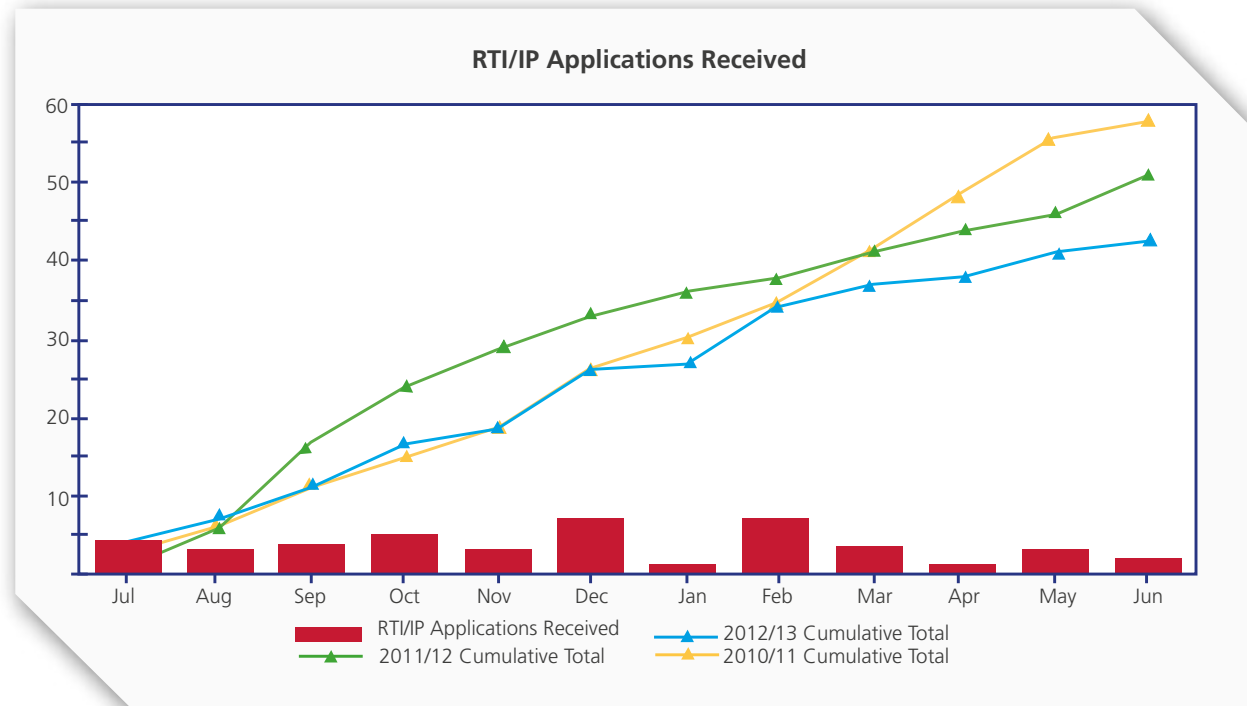
Each year, Council must develop and adopt an Operational Plan, which sets out what we plan to do during the financial year towards the delivery of the Corporate Plan 2010-2015. Operational planning is closely linked to budget development.

The Operational Plan 2012-13 included 86 projects. These projects were delivered by teams across Council and progress against the plan was reported every three months to Councillors. These reports are available on Council's website. A summary of Council's performance against this plan is outlined on pages 38-48.

Right to Information and Information Privacy

During 2012-13, a total of 43 applications were received requesting access to Council documents. A total of 5679 pages were considered for release to applicants in 2012-13, which is almost double the number of pages considered the previous 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 the decision.

During 2012-13, seven requests for internal review were received and finalised. Six decisions were upheld and one was varied. Four applications for external review were lodged with the Office of the Information Commissioner. One application was withdrawn, two decisions were varied and one is still under review. While there was a 15% decrease in the total number of applications on the previous year, requests for internal review more than doubled.



Governance at Redland City Council **continued**

Risk Management

Council continues to be committed to enterprise-wide risk management. All significant risks are identified, managed and mitigated in accordance with Council's Enterprise Risk Management Policy and Framework which is based on and conforms with the Australia/New Zealand/ISO Standard 31000.

Risks identified are recorded in three major categories: Strategic, Operational and Activity. Strategic risks are monitored and reviewed annually and a formal review of the operational risks, together with a sign off by Group Managers, takes place on a quarterly basis.

Council has an Operational Risk Management Committee which meets quarterly and the risk registers are presented at this meeting for endorsement. The risk registers are periodically presented to the Audit Committee for review and comment.

Claims statistics are also presented to the Committee in line with a commitment to keep executive management informed about the nature and number of claims being received and suggestions are made in connection with the perceived exposure.

Fraud and Misconduct Prevention

Council has a Fraud and Corruption Prevention Policy (POL-3060) that outlines Council's stance on fraud and corruption. The policy is designed to inform all Council officers and contractors of Council's position regarding fraud and corruption and the consequences of failing to comply with the provisions of the policy.

We are committed to:

- A zero-tolerance approach to fraud and corruption
- Corruption and fraud control and management as an integral component of effective corporate governance
- Transparent and accountable processes consistent with sound business practices and organisational standards of compliance
- Preventing fraud and corruption and investigating all suspected incidents and taking appropriate action
- Maintaining an integrated Fraud and Corruption Policy framework to minimise the impact and reduce the risk of fraud and corruption within the work environment.

Internal Audit

Internal Audit provides the Councillors, 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 Organisational Services.

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 special investigations requested by the CEO
- provides an advisory function concerning business improvement processes and systems of internal controls.

In 2012-13, its findings confirmed that a satisfactory internal control environment exists within Council.

Major achievements

In 2012-13, Internal Audit:

- issued 15 audit reports with 154 recommendations
- 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, the Spokesperson of the Corporate Services Portfolio and two independent external members. During the year, the contracts between Council and the independent external members expired. These two positions were filled following an expression of interest process. Mr Virendra Dua was reappointed to a second term of four years and Mr Peter Dowling was appointed for a two-year period.

The Audit Committee was chaired by one of the independent external appointees, Mr Len Scanlan, the former Auditor-General of Queensland, for the first five months of the financial year while the spokesperson of the Corporate Services Portfolio, Cr Mark Edwards, was appointed Chairman upon the conclusion of Mr Scanlan's contract in November 2012.

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 Sections 208–211 of the *Local Government Regulation 2012*, and other relevant legislation.

Major achievements

In 2012-13, the Audit Committee:

- endorsed the risk-based 2013-14 Internal Audit Plan
- reviewed monthly and end-of-year financial information
- reviewed audit reports and action taken to address recommendations
- monitored Internal Audit performance against the approved 2012–13 Internal 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, General Managers and Chief Financial Officer attend each meeting.

External Audit

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

Mandatory Training for Councillors

The following is a list of training requirements requiring 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:

1. Australian Local Government Association - National General Assembly. (It is usual for one or more Councillors to attend this event. The most senior Councillor, usually the Mayor, attending the event will be the official voting delegate of Council.)
2. 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 attendee/s will have delegated voting authority as it is usual for Council to have several votes on each motion before the Conference.)
3. 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.)
4. Local Government Association of Queensland - Elected Member Professional Development. (All Councillors attend this training.)
5. Courses provided by providers other than the

Local Government Association of Queensland (e.g. the Department of Local Government), which relate to updating Councillors with regard to their core responsibilities, e.g. changes to legislation. (All Councillors attend this training.)

6. Redland City Council training programs which are required to enable Councillors to fulfil their core responsibilities (e.g. 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, and it is likely that a Councillor will wish to attend and present their learnings back to the full Council. In that regard, attendance, while not mandatory, will not require the use of a Councillor's discretionary training budget to meet the associated costs:

7. Local Government Association of Queensland – Infrastructure Summit
8. Local Government Association of Queensland – Disaster Management Conference
9. Local Government Association of Queensland – Community Wellbeing Symposium
10. Local Government Managers Australia – National Congress
11. Local Government Managers Australia (Queensland) – Queensland State Conference
12. Planning Institute of Australia – National Congress
13. Planning Institute of Australia – Queensland State Conference
14. Institute of Public Works Engineering Australia – National Conference
15. Institute of Public Works Engineering Australia – Queensland State Conference
16. Queensland Environmental Law Association – State Conference
17. Australian Local Government Women's Association – National Conference
18. Australian Local Government Women's Association – Queensland State Conference.

Administrative Action Complaints

Redland City Council is committed to fair and effective management of administrative complaints and has established a revised Complaints Management Process in line with the requirements of the *Local Government Act 2009*. As recommended by the Queensland Ombudsman's Audit Report 2012 and as per the revised Complaints Management Process Guideline, Council endeavours to complete urgent matters within 10 business days, non-complex internal investigations within 25 business days and complex or external investigations within 45 business days.

During 2012-13, 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) and Section 187 (1)-(2) of the *Local Government Regulation 2012* (complaints actioned after 14 December 2012).

Council received 45 new administrative action complaints that were dealt with under the complaints process. There was one carried over from 2008-2009 and 18 carried over from 2011-2012 giving a total of 64 complaints for 2012-13. Of those 64, 47 were resolved under the process and 17 left unresolved as at 30 June 2013.

During 2012-13, the following statistics about the conduct or performance of Councillors, 12 are reported in accordance with Section 115(h) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* and 2 are reported in accordance with Section 186(f) of the *Local Government Regulation 2012*.

Complaints reported in accordance with section 177 of the *Local Government Act 2009*

(a)	Complaints assessed by the CEO as possible 'official misconduct' and referred to the CMC	7
(b)	Complaints dismissed by the Director General as 'no further action'	2
(c)	Complaints assessed as 'misconduct' and referred to the department's chief executive (figure includes 5 which had been referred on by the CMC)	9
(d)	Complaints referred to the department in (c) above which were heard by a Regional Conduct Review Panel and were dismissed	6
(e)	Complaints with no determination made by the Director General	2
(f)	Complaints withdrawn	1

Complaints reported in accordance with section 176C of the *Local Government Act 2009 (revised 2012)*

(g)	Complaints assessed as possible 'official misconduct' and referred to the CMC	1
(h)	Complaints assessed as 'another matter' and referred to the Mayor	1

Council performance

Delivering the Operational Plan 2012-13

The Operational Plan 2012-13 included 86 projects. At the end of the financial year, 61 projects had been fully delivered. Any projects which are not completed at the end of the year continue to be monitored until completion.

Status	Number
Completed	61
Cancelled	10
Ongoing monitoring until completion	15
Total	86

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Healthy natural environment					
Number of people in the community involved in environmental programs	Unavailable	5,000	5,180	8,816	<p>Council's community environmental programs are managed by IndigiScapes through the Environmental Education Unit. These include one-off participation in education events and ongoing involvement in programs that show tangible results. Programs include:</p> <ul style="list-style-type: none"> • Private Property Habitat Protection Programs (including Land for Wildlife, Rural Support, Your Backyard Garden, Koala Conservation Agreements, Voluntary Conservation Agreements and Waterways Extension Program) • Community bush care and community plantings • IndigiScapes volunteers in the nursery, centre and botanic gardens • Redlands Afterhours Wildlife Ambulance volunteer drivers • Redlands Wildlife Care Network telephone volunteers • Student participants in school programs • Members of the Indigi Kids program • Visitors to environmental events held by IndigiScapes (including workshops, Indigi Day Out, Good Gardening Expo and Marvellous Mammals).
Number of koalas sighted as part of annual koala count on North Stradbroke Island	26	28	31	52	The annual Koala Count at the townships on North Stradbroke Island took place on 13 October 2012. There were 52 koalas recorded in total, well up from the recorded 31 the previous year. At Dunwich, there were 17 including 2 joeys. At Amity, there were 25 including 6 joeys. At Point Lookout, there were 5 including 1 joey and at Flinders Beach there were 5 with no joeys.
Total number of koala trees planted	Unavailable	7,465	5,318	5,855	During the 2012-13 financial year, 75,941 plants were planted by Conservation Operations, Trees and Landscape Services and the Environmental Education Unit. This included 15,256 trees and 5,855 koala food trees.
Healthy waterways data from ecosystem health monitoring program - freshwater creeks	F	F	D+	F	The 2013 Healthy Waterways freshwater ecosystem health monitoring program report card grade has returned to an F similar to previous years. However, the estuarine report card grade has improved to a B+ where water quality indicators meet set conditions for ecosystem health values.
Healthy waterways data from ecosystem health monitoring program - Tingalpa Creek	C+	C+	C+	B-	
Healthy waterways data from ecosystem health monitoring program - Eprapah Creek	C-	C-	C+	B-	

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Waterway health rating in Redlands	Fair to Good	Fair to Good	Fair to Good	Fair to Good	In 2013 our local monitoring program indicates that overall water quality in Redland freshwater creeks is fair to good. Improvements to water quality can be seen in many of our creeks despite some increase in nutrients and sediment. Council will continue to monitor the creeks and focus our management efforts in the catchments.
Total number of new plantings	86,832	58,950	67,402	77,086	Significant plantings occurred at the following sites: <ul style="list-style-type: none"> • Nutmeg Street, Judy Holt Park, Tarradarrapin Creek and Creek Road Park, Birkdale • Gloucester Street, Ormiston • Wilson Esplanade, Redland Bay • Schonrock Street and Montgomery Drive, Wellington Point • Myora landfill site, North Stradbroke Island.
Number of complaints regarding overgrown allotments	1,025	1,075	830	593	This number has again reduced from previous years, attesting to the success of Council's proactive response to managing overgrown land.
Total area (hectares) treated for mosquitoes	6,437	2,693	3,525	4,013.3	This year's treatment area of 4013.3ha indicates a small increase in area treated and is largely due to seasonal changes in tides and the conditions relating to rainfall.
Green living					
Annual energy consumption for Council's occupied buildings	3,595,484kw	3,142,808kw	2,943,984kw	2,699,564kw	The percentage saving compared to 2011-12 for kilowatts consumption equates to 8.3% and 172 tonnes of greenhouse gas emissions. The savings achieved compared to the base year of 2008-09 equates to 29.08% and 781 tonnes of greenhouse gas emissions.
Number of people involved in energy efficient programs	Unavailable	9,927	6,392	0	No funds were allocated to conduct community environmental efficiency programs in 2012-13. Five schools in the Redlands continued to participate in the Green Lane Diary's program independent of Council.
Total creditor payments to local businesses	37,779,691	37,911,543	44,890,607	43,987,564	From a total spend of \$174,585,928 in 2012-13, \$43,987,564 (25.20%) of payments were made 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, Council always strives to support local suppliers where they can demonstrate that they are competitive on price and quality.

Council performance **continued**

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Number of routine environmental licence inspections for environmentally relevant activities (ERAs)	Unavailable	222	209	102	Due to changes within the <i>Environmental Protection Act 1994</i> , as a result of the Environmental Protection (Green Tape Reduction) and Other Legislation Amendment Act 2012, the number of Environmentally Relevant Activities that Council has licensed has decreased from 219 to 14. While this has resulted in reduced routine inspections associated with these activities, it will result in an increase in the number of complaints and investigations required.
Percentage of recyclable material diverted from kerbside collection	23.8%	21.93%	22.40%	25%	Overall percentage of recyclable material diverted from the kerbside collection was 25%, which met the target for 2012-13 as stated in the RedWaste Annual Performance Plan. A reduction of 2.3% (921 tonnes) overall in domestic kerbside waste collected and a corresponding 4.4% (602 tonnes) reduction in kerbside recycling tonnage has resulted in a marginal improvement in overall recycling performance compared to 2011-12. Of concern, there was a total kerbside recycling contamination rate of 10.6% (1402 tonnes) presented in the kerbside recycling bin. It should be noted that Council's Birkdale and Redland Bay waste transfer stations have received an additional 21% (5397 tonnes) residential recyclable material when compared to 2011-12.
Total domestic tonnage of waste sent to landfill per capita/year	447.5 tonnes	437 tonnes	409 tonnes	391.55 tonnes	Total waste sent to landfill per capita for 2012-13 was 391.55kg (target 410kg) which was 18.45kg 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, improved kerbside recycling performance and overall reduced waste.
Embracing the bay					
Capital spending on Southern Moreton Bay Islands	\$4,473,694	\$3,824,650	\$3,244,934	\$2,493,960	The road program for Southern Moreton Bay Islands completed in the 2012-13 financial year included the following: <ul style="list-style-type: none"> • Road upgrades for Union Street and Beth Street, Russell Island • Attunga Street and Hastings Terrace, Macleay Island • Paula Parade, Lamb Island • Drainage improvement for Ross Street and Regal Street, Russell Island • Pedestrian bridge and pathway for Attunga Street, Macleay Island • Access road and parking bays for Jock Kennedy Park, Russell Island.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Number of new and upgraded bay access points	Unavailable	4	3	3	<ul style="list-style-type: none"> • Renewed access stairs Pelican Street, Victoria Point • New access stairs Wilson Street, Victoria Point • Replacement floating walkway Masters Avenue, Victoria Point • Replacement of public pontoon with new pontoon suitable for disability access Meissner Street, Redland Bay.
Quandamooka Country					
Level of community awareness on local Aboriginal history and culture	Unavailable	60.4%	Unavailable	72.30%	The Community Satisfaction Survey was delivered in October 2012 to 477 residents of Redland City. General awareness of local Aboriginal history and culture in the Redlands improved in 2012, 72.3% has a strong knowledge or awareness compared to 60.4% in 2010. The next survey is due October 2014.
Wise planning and design					
Total kilometres of cycleways constructed	1.89 km	2.6 km	1.2 km	0 km	The strategic focus for Council continues to be completing and improving links of the Moreton Bay Cycleway (MBC). Over 2012-13 design was completed for the Hilliards Creek Crossing and pre-construction site works undertaken (construction to be completed in 2013-14). Site assessment, design and consultation also undertaken for MBC links in Victoria Point and Thornlands.
Total extent of cycleways in the city	51.1 km	53 km	54 km	54 km	
Total kilometres of footpaths constructed	2.7 km	3.645 km	2.8 km	2.1 km	The new footpaths constructed in 2012-13 continue to add to the existing network, filling missing links near schools, transport hubs and other community facilities.
Total extent of footpaths in the city	376.4 km	380 km	383 km	385 km	
Number of new attached housing approvals	152	308	102	60	Overall dwelling approvals have continued to show a small decline as a result of tighter global and low economic conditions. A more significant decline has occurred in the attached dwelling approvals, down approximately 41.2% as a result of the prevailing economic conditions.
Number of new detached housing approvals	619	705	451	446	
Number of bus shelters provided	Unavailable	27	4	9	In addition to the 9 new shelters installed across the city, a total of 5 minimum boarding points were also installed to meet the requirements of the <i>Disability Discrimination Act 1992</i> and TransLink design guidelines. An audit of existing shelters across the city was also undertaken.
Land acquired for open space and nature conservation	Unavailable	70.3 ha	38.33 ha	32.08ha	Seventy five lots were acquired during the 2012-13 year. The majority of the lots were acquired on Russell Island and will one day form the Southern Russell Island Conservation Park.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Supportive and vibrant economy					
Total number of international students	Unavailable	114	82	78	Redlands schools hosted a total number of 78 international students. The EcoMAN Program was discontinued in 2012-13.
Total number of schools involved in EcoMan program	Unavailable	5	5	0	
Total number of Redlands businesses assisted by the China Trade and Investment Officer	30	41	47	0	The China Trade and Investment Office was closed during 2012. Trade Qld services are now utilised in China. The Business Grow program has assisted 496 businesses in the Redlands.
Total number of businesses assisted by the Business Grow Program	864	690	736	496	
Number of visitors to the Visitor Information Centre	Unavailable	6,891	10,100	27,113	The Redland City Visitor Information Centre is based within the Redlands IndigiScapes Centre. In 2012-13, the number of visitors to the Centre's was approximately 27,113. Visitors had a wide range of enquiries, with the Visitor Information Centre providing advice on accommodation, attractions, transport and tours.
Total number of accommodation beds in the city	Unavailable	7,184	7,184	7,184	Accommodation data is collated for the whole Redlands which includes North Stradbroke Island, Southern Moreton Bay Islands and Coochiemudlo Island. A range of accommodation options are 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.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Strong and connected communities					
Percentage of generally compliant food businesses	97.83%	97.25%	97.5%	96%	Council monitors food businesses and 96% of businesses are generally in compliance with the requirements of legislation, which is a very good overall level of compliance.
Number of vaccines administered	7,360	6,911	7,501	475	Council ended its community immunisation program on 31 December 2012. Statistics provided are for 1 July 2012 to 31 December 2012.
Percentage of residents satisfied with safety in the city and their neighbourhood	Unavailable	75%	Unavailable	76.6%	Satisfaction with safety in the Redlands recorded a slight improvement compared with 2010-11 levels. 76.6% of residents surveyed in 2012-13 were satisfied with safety in their city and neighbourhood compared with 75% in 2010-11.
Number of events managed	29	20	21	24	A total of 24 corporate events were managed by the Communications Group during the financial year. These included Christmas by Starlight, Koala Fun Run and numerous citizenship ceremonies. The events engaged more than 20,230 residents and stakeholders.
Value of grants committed to community from Council	\$807,365	\$675,130	\$625,103	\$849,733	Council committed grants of \$849,733 to community organisations and individuals to benefit the community. <ul style="list-style-type: none"> • Community grants program (including Regional Arts Development Fund) \$637,471 • Voluntary Conservation Agreements \$8,742 • Koala Conservation Agreement Program \$39,986 • Wildlife Carer reimbursement \$14,034 • Mayor's small grants program \$30,905 • Councillors small grants program \$118,595.
Number of sponsorships approved	15	38	42	24	A total of 24 sponsorship applications were awarded funding from a total of 37 applications assessed. Total monies paid were \$126,000. The main events sponsored for 2012-13 were RedFest, The Salt Maiden film, Redland Retail Awards, Redland Easter Family Festival and the Straddie Salute Multisport Festival.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Inclusive and ethical governance					
Total number of media liaisons	499	494	295	369	A total of 369 media releases and responses were prepared and issued during the 2012-13 financial year. This is an increase of 25% compared to 2011-12. In addition, 88% of releases were published in the media.
Monthly average number of visits to Council's corporate home page	57,500	53,000	54,904	65,423	There was an increase in monthly visits to Council's website with an average 65,423 visits during 2012-13 compared with 54,904 in 2011-12.
Total number of visits to Council's consultation pages	Unavailable	7,475	4,105	6,725	Consultation web pages were established for 29 new projects, resulting in an increase in the number of visitors compared to the previous year. Major new consultations included the SMBI Disaster Management Forums, the Rural Futures Strategy and the Cleveland CBD Incentives Package and Activation Strategy.
Percentage of the community who agree they have the opportunity to have a say on key decisions affecting Redlands on important issues	Unavailable	41.4%	Unavailable	47.3%	In 2012-13, more residents agreed (47.3%) that they have the opportunity to have a say on key decisions affecting the Redlands compared with 2010-11 (41.4%).
Number of community engagements recorded by Council	Unavailable	58	51	29	There were 29 new projects requiring community engagement registered on the Community Engagement Tracker or directly with the Communications Team. The decrease in registered engagement is a result of 10 projects already recorded in previous years that continued in 2012-13, as well as extensive engagement over the past two financial years. Major new consultations included the SMBI Disaster Management Forums, the Rural Futures Strategy and the Cleveland CBD Incentives Package and Activation Strategy.

*The annual figure for 2010-11 of 888.09 reported in the annual report 2010-11 was incorrect. This figure was for full-time equivalent employees, including part-time employees and contractors.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Total number of full-time employees in the organisation	970	690*	702	762	Increase in the number of full-time employees due to Allconnex employees returning to Council, conversion of part-time and or job-share roles. Please note that this figure has been formulated by number of full-time employees = full-time and executive contracts. Excludes temporary contracts of service, casual, part-time/job-share and Councillors.
Community satisfaction with Council leadership	Unavailable	47.7%	Unavailable	52.5%	More residents in 2012-13 agreed with the statement that they are happy with the general policies and direction of the current Council (52.5%) in 2012-13 compared with 47.7% in 2010-11.
Total revenue raised from rates, utilities, special charges and separate charges, less discounts and remissions	\$82,043,247	\$95,535,567	\$100,405,652	\$190,294,552	The increase in general rates realised from 2011-12 to 2012-13 is approximately 1.19% (general rates from 2011-12 being \$73.242m and the 30 June 2013 position of \$74.114m). This amount is net general rate revenue and excludes levies, utilities, fees and charges and other operational revenue. The increase in revenue for this period compared to 2011-12 is due to the return of the Redland Water business from 1 July 2012.

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
An efficient and effective organisation					
Number of part-time employees in the organisation	80	110	99	85	The number of part-time employees has decreased slightly due to organisational redesign and part-time employees converting to full-time employment.
Cash capacity	Unavailable	6	7.2	4.98	Cash on hand at the end of June 2013 was \$82.595m. The cash balance reflects 4.98 months cash capacity which is above the target of 3-4 months and consistent with prior periods.
Level of dependence on general rates	Unavailable	44%	47%	34%	Council's dependence on general rates at the end of June 2013 was 34% and shows Council's general rates revenue as a percentage of total operating revenue. This is below the maximum threshold of 37.5%.
Operating surplus ratio	Unavailable	-11.9%	-10.72%	-6.71%	The interim forecast for year ending 30 June 2013 indicated that there was a forecast operating deficit of \$6.9m, which represents approximately -6.71% of total operating revenue of \$223.5m.
Percentage of female employees	55.8%	58.65%	58%	49.53%	Council has a relatively even split of male to female employees which is reflective of the diverse occupational roles in local government. The cessation of services in child care, aged care and cleaners has resulted in the change in the split of male to female employees since the 2011-12 financial year.
Percentage of male employees	44.1%	44.48%	42%	50.47%	
Percentage of female employees in management positions	22.6%	27%	32%	23.81%	Council strives to achieve a good gender balance in management positions. This figure is based on the three most senior levels of management in the organisation (CEO, General Managers, Group Managers).
Percentage of male employees in management positions	77.4%	73%	68%	76.19%	

Council performance continued

Activity	2009-10	2010-11	2011-12	2012-13	Comment
Percentage of employee turnover	13.9%	14%	13%	17.87%	The employee-initiated turnover rate at Redland City Council has increased due to organisational redesign. The employer-initiated turnover rate at Redland City Council for this period was 8.84% (this includes voluntary and involuntary redundancies) therefore total turnover including employee and employer initiated is 26.81%.
Number of transfers within Council	72	136	132	69	This number has reduced due to organisation redesign and downsizing.
Percentage of overall absenteeism of employees	Unavailable	4.92%	4.62%	4.07%	This reduction in the percentage of overall absenteeism may be linked to the wellbeing strategy.

Business unit statement of operations and annual report

RedWaste, a Type 2 commercial business unit of Redland City Council, is Council's waste management unit. It is responsible for the management, collection and disposal of waste generated within the city through Council's kerbside collection service and the operation and maintenance of transfer stations. RedWaste also delivers on Council's waste strategy targets for waste reduction, resource recovery and waste education.

RedWaste provides services to Council and the community in accordance with the RedWaste Annual Performance Plan (APP) 2012-13.

In 2012-13, RedWaste provided essential waste and recycling collection services to 52,415 households.

Our statutory duties

This annual report, covering the 2012-13 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:

- 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 2012-13.

Highlights:

- The kerbside green organics collection service continued to be rolled out across the city as an optional service for residential and commercial properties. The service aims to reduce the amount of biodegradable organic greenwaste sent to landfill each year and diverted 2,008 tonnes of greenwaste to 30 June 2013. As at 30 June 2013, there were 6,614 residential properties participating in the service. The material is sent to a composting facility where it is processed into soil conditioners and mulch products.
- RedWaste continued the 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 greenwaste bins. This bin exchange program encouraged residents to downsize their waste bin from 240 litres to a 140 litre waste bin through financial incentives to recognise waste minimisation practices. More than 1,140 residents took advantage of the bin exchange program.

- RedWaste commenced the RedSWAP waste education trial which aims to empower Redlands' primary schools to take the lead in waste minimisation and effective recycling practices. This is achieved through four distinct phases:
 - establishment of a cost-effective recycling service (including options for organic waste recycling)
 - a school-wide waste education program and the establishment of a 'kids teaching kids' program
 - promotion of the program and the school's achievements in the community
 - implementation of effective waste management strategies over the long-term to achieve key targets in waste reduction and recycling.
- Electronic waste (E-waste) recycling facilities were introduced to Council's mainland waste transfer stations as part of the National Television and Computer Recycling Scheme. The scheme involves a combination of government regulation and industry action to reduce the volume of television and computer waste going to landfill and to increase the recovery of resources. The scheme aims to boost the recycling rate of these products from 17% in 2010 to 80% by 2021-22.

RedWaste continued

- As part of a strategy towards more sustainable waste management on the Southern Moreton Bay Islands, the greenwaste composting trial on Russell Island continued to assess whether compost could be made on the islands to meet Australian Standards quality. Community response to the project and composted product has been overwhelmingly positive and RedWaste will continue to investigate a long-term greenwaste composting operation on the island during 2013-14.
- The public place recycling strategy was progressed with an additional 14 recycling enclosures installed in parks and on streets to maximise recycling by residents and visitors in public places.
- The rollout of National Standard (AS4123.7-2006) bin lid colours continued. This aims to increase recognition of recycling and waste bins to better differentiate Council's kerbside greenwaste collection service.
- 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.

Key performance indicators

Number of domestic waste and recycling collections				
	2009-10	2010-11	2011-12	2012-13
Waste	53,615	52,134	51,606	52,415
Recycle	53,409	51,977	51,539	52,415

Percentage growth in number of domestic waste and recycling collections				
	2009-10	2010-11	2011-12	2012-13
Waste	6.24%	-2.76%	-1.01%	1.57%
Recycle	3.48%	-2.68%	-0.84%	1.70%

Net amount and type of commingled recyclable waste from kerbside recycling collection (tonnes)				
	2009-10	2010-11	2011-12	2012-13
Aluminium	79	82	100	92
Glass	4,656	4,313	3,955	3,484
High density polyethylene/PET	533	555	907	806
Steel	189	189	202	182
Cardboard and paper	7,513	7,179	6,910	7,178
Total	12,970	12,318	12,074	11,742

Change (percentage) in net amount and type of recyclable waste from kerbside recycling collection (tonnes)				
	2009-10	2010-11	2011-12	2012-13
Aluminium	-20.25%	3.66%	18.00%	-11.96%
Glass	16.09%	-7.95%	-9.05%	-17.19%
High density polyethylene/PET	14.82%	3.96%	38.81%	-15.01%
Steel	-10.05%	0.00%	6.44%	-14.84%
Cardboard and paper	-4.34%	-4.65%	-3.89%	0.79%
Total	3.60%	-5.29%	-2.02%	-5.97%

Kilograms per household per week				
	2009-10	2010-11	2011-12	2012-13
Mass of kerbside domestic waste stream	14.92 kg	15.60 kg	14.76 kg	14.54 kg
Mass of kerbside domestic recycling stream	4.80 kg	4.50 kg	4.38 kg	4.30 kg
Mass of contaminants in the kerbside domestic recycling stream	0.41 kg	0.44 kg	0.46 kg	0.51 kg

Recoverable material diverted from landfill at waste transfer stations				
	2009-10	2010-11	2011-12	2012-13
Total waste received at transfer stations	63,999	63,374	61,301	70,666
Materials diverted for recycling/reuse at transfer stations	25,885	28,469	33,435	42,785
Percentage of recoverable material diverted from landfill at transfer stations	40%	45%	55%	61%

Recyclable material diverted from kerbside waste stream (tonnes)				
	2009-10	2010-11	2011-12	2012-13
Total kerbside waste	53,668	54,379	54,013	54,895
Total kerbside recycling (including green waste)	12,503	12,971	12,073	13,750
Percentage of kerbside material diverted from landfill	24%	22%	22%	25%

RedWaste continued

Performance Indicators

Program	Component	Performance measure	Target	2011-12	2012-13
Waste and recycling collections	Domestic waste	Percentage of missed services complaints	0.012%	0.048%	0.026%
	General waste	Percentage of other complaints	-	0.005%	0.003%
	Kerbside recycling	Recycling rate per service	-	5.93 kg	5.76 kg
	Kerbside recycling	Recycling rate per capita	-	2.16 kg	2.15 kg
	Kerbside recycling	Total tonnage recycled (tonnes)	-	12,073 tonnes	11,742 tonnes
	Transfer station recycling	Net financial returns from the sale of recyclables	-	\$587,946	\$623,602
	Transfer station recycling	Total tonnes recycled	-	4,392 tonnes	5,832 tonnes
	Green waste recycling	Total tonnes recycled	-	29,043 tonnes	36,952 tonnes
Total recycling statistics	Total recycling statistics	-	45,508 tonnes	54,527 tonnes	

	KPI	Key performance indicator	Frequency	APP* yearly target	Yearly KPI achieved
Community and customers	1	Total kgs of domestic waste to landfill per capita/year	Monthly	Max 410 kg	391.55 kg
	2	% recyclable material diverted from kerbside collection (recycling bin only)	Monthly	Min 25%	25%
	3	Total tonnes of waste transported to BCC facilities	Monthly	<55,000	54,607
	4	Recoverable material diverted from landfill at transfer stations	Monthly	< 55%	61%
	5	Waste education – number of activities (events, tours, visits)	Monthly	Min 108	93
Financial	6	% compliance with Department of Environment Resource Management licence – waste management	Quarterly	Min 98%	99%
	7	Operating performance (actual to budget operating expenditure)	Monthly	+/- 5%	-2.15%
	8	Earnings before interest, tax and depreciation (EBITD)	Monthly	+/- 5%	13.7%
Internal processes	9	Number of missed bin services each year (refuse and recycling)	Monthly	Max 576	1,067

* Annual Performance Plan

The following KPIs were not met during the 2012-13 financial year:

Waste education

This indicator did not meet the target of 108 waste education visits as the focus on waste education was to deliver the RedWaste School Wastewise Action Program (RedSWAP) to participating pilot schools.

Earnings before interest, tax and depreciation

The target for earnings before interest, tax and depreciation (EBITD) of +/-5% was not achieved. For the financial year ending 30 June 2013, the result was 13.7%. 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 12 July 2012, and is referenced in Council's Operational Plan. The APP includes the:

- unit's objectives
- nature and extent of the significant business RedWaste is to conduct
- unit's financial and non-financial performance targets
- nature, extent, cost of and funding for the community service obligations the unit must perform
- unit's notional capital structure, and treatment of surpluses
- unit's proposed major investments
- unit's outstanding and proposed borrowings
- unit's 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 unit's report to the local government must contain.

Council decisions affecting the RedWaste Business Unit during 2012-13

- A tender submitted by Australian Scrap Tyre Disposal for the collection and reprocessing of used tyres at Council's waste facilities was accepted.
- A tender submitted by Iolar Operational Services Pty Ltd for the management of Council's island waste transfer stations was accepted.
- A tender submitted by The Pickwick Group Pty Ltd for the operation of the weighbridge and gatehouses at Council's mainland waste handling facilities was accepted.
- Fee exemptions for waste disposed by registered not-for-profit organisations and community groups under Council's community service obligations were provided.

RedWaste continued

Other significant activities during 2012-13

The State Government has embarked on a process for developing a new industry-led waste strategy. The review of the current strategy is driven by the repeal of the industry waste levy.

The Waste Avoidance and Resource Productivity Strategy Steering Committee commenced work on the development of this strategy for Queensland in February 2013. There have been three expert working groups formed which represent the whole of industry, including local government, reporting to the steering committee as follows:

- Data and reporting
- Regulatory reform
- Regional collaboration.

The key provisions of the Waste Reduction and Recycling Act 2011 include:

- Requirement for Queensland Government agencies and local governments to prepare waste management plans by 1 July 2014
- Introduction of product stewardship arrangements for any waste products that are identified as a growing problem for landfill in the future
- Strengthened littering and illegal dumping penalties.

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.

Financial Performance in brief	2011-12 \$000's	2012-13 \$000's	Variance \$000's
Revenue from ordinary activities	\$ 20,562	\$ 21,338	\$ 775
Expenses from ordinary activities	\$ 15,855	\$ 19,052	\$ 3,198
Borrowing costs	\$ 396	\$ 371	-\$ 25
Result from ordinary activities (before tax and dividend)	\$ 4,311	\$ 1,764	-\$ 2,547
Total assets	\$ 16,885	\$ 17,770	\$ 885
Capital works program	\$ 634	\$ 67	-\$ 567
Debt outstanding	\$ 836	\$ 776	-\$ 61
Dividend and tax to Redland City Council	\$ 2,447	\$ 743	-\$1,704

RedWaste continued

Financial Ratios	2011-12 %	2012-13 %	Variance %
Economic rate of return	7.7%	7.8%	0.1%
Rate of return on operating assets	25.53%	9.93%	-15.6%
Debt to total equity	31.54%	29.69%	-1.9%

Full Cost Pricing (FCP) Waste	2011-12 \$000's	2012-13 \$000's	Variance \$000's
Administration and operational overheads	\$15,315	\$18,853	\$3,268
Depreciation	\$470	\$545	\$75
Competitive neutrality	\$70	\$75	\$5
Rate of return (WACC)	\$1,298	\$1,383	\$84
Total FCP	\$7,153	\$17,153	\$3,432
Volumes waste received from customers (tonnes)	39,609	39,630	21
Average cost per tonne (FCP)	\$433.05	\$519.43	\$86.38

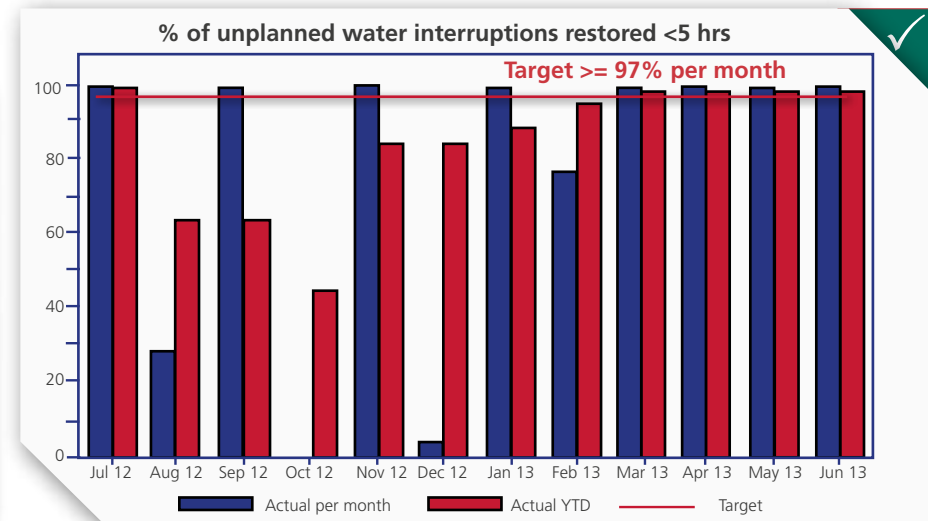
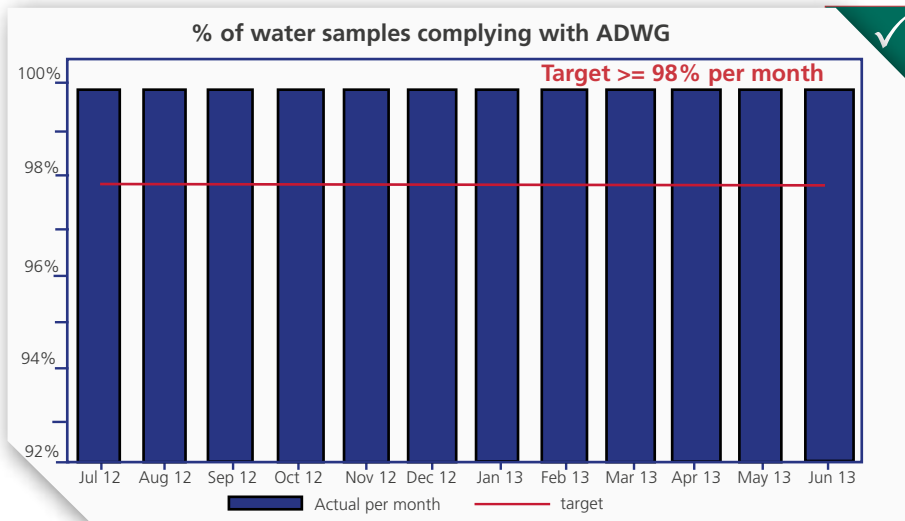
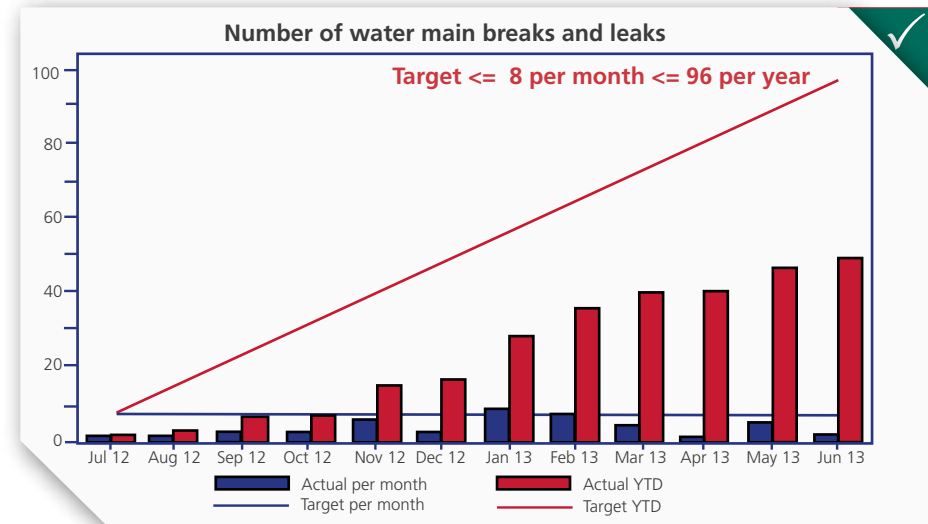
Redland Water

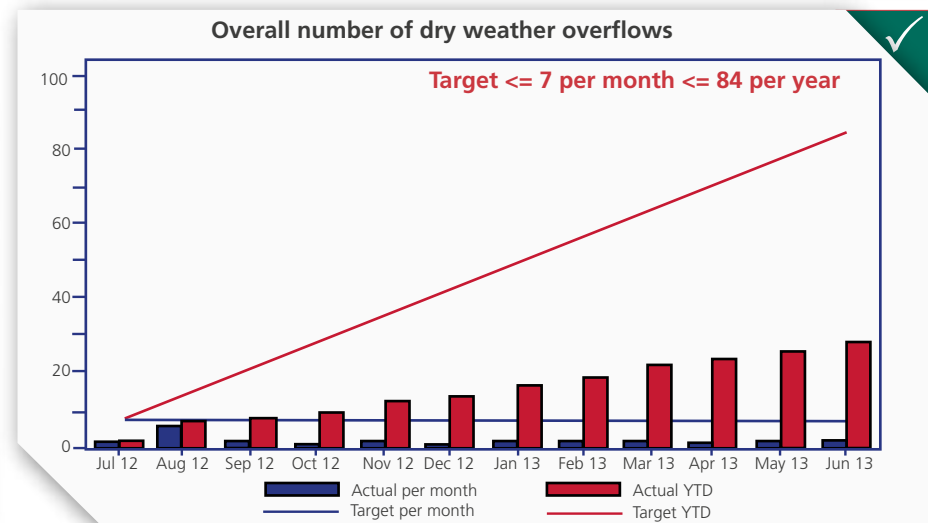
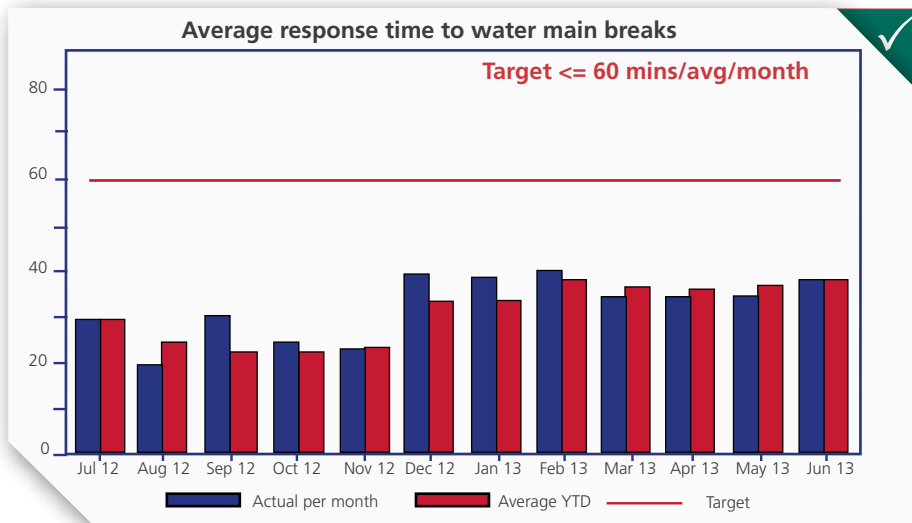
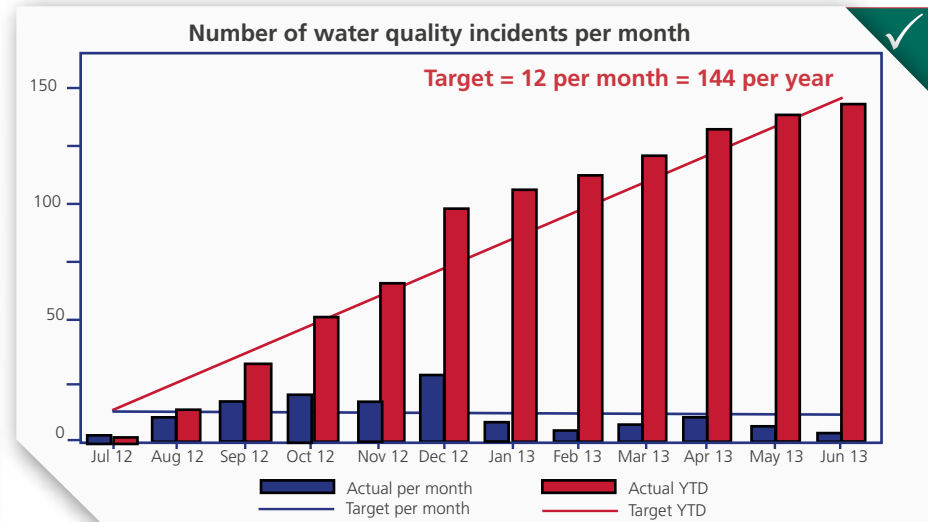
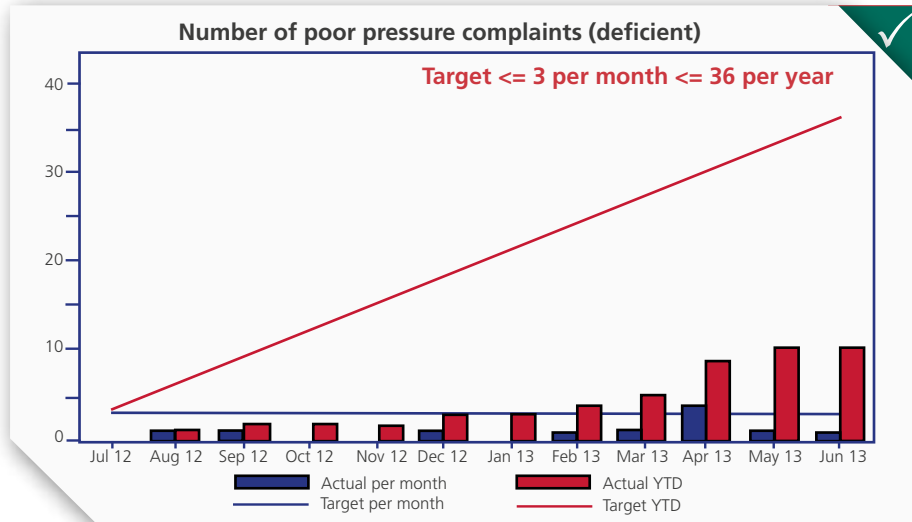
Redland Water highlights

Redland Water is a commercial business unit of Redland City Council responsible for water supply and wastewater treatment. Redland Water's mission is to meet or exceed agreed standards of water and wastewater services while managing the business for long-term success.

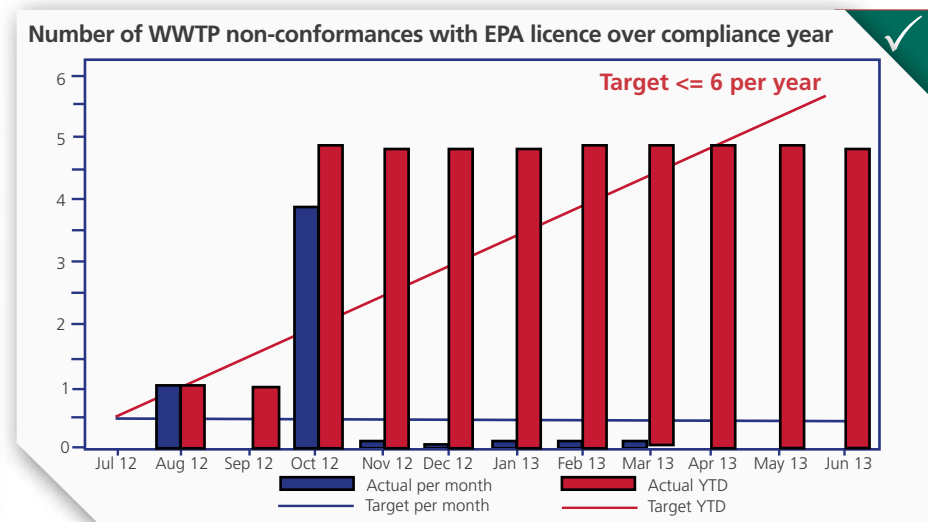
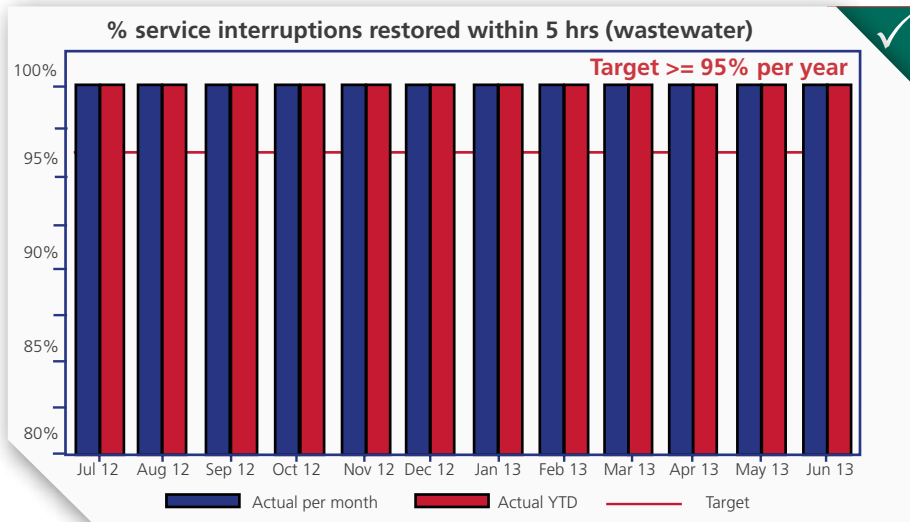
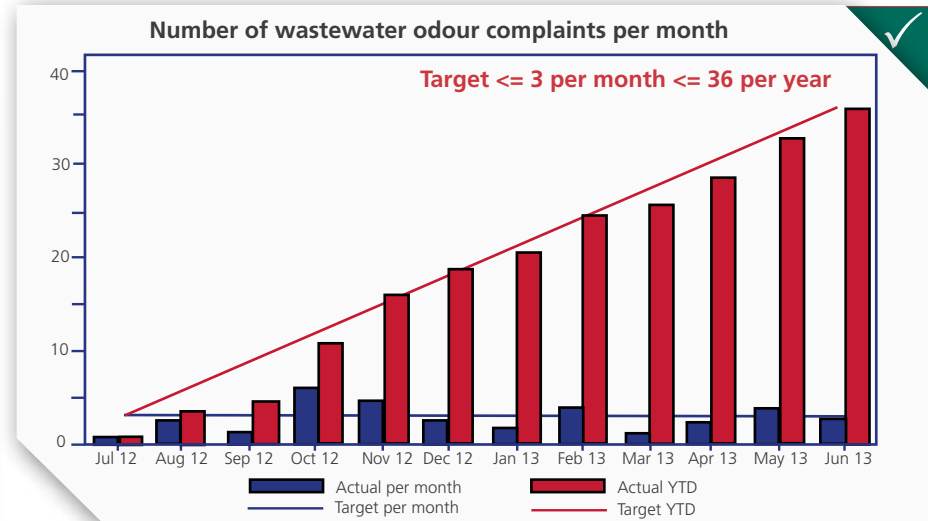
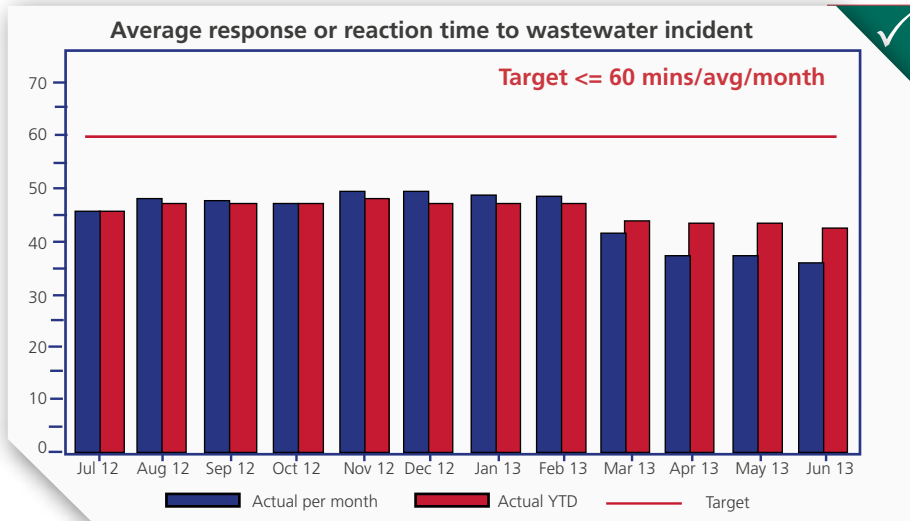
Redland Water contributes to preserving the city's quality of life by servicing the Redlands population through 52,468 water connections and 48,402 wastewater connections (active). In 2012-13, Redland Water supplied 10,678 megalitres of drinking water to customers and treated 11,385 megalitres of wastewater.

Key performance indicators





Redland Water continued



Water Supply

Project	Description	Budget	Expenditure to date	Comments
Complete annual water meter replacement program	A rolling program of replacing water meters occurs each year	\$298,521	\$318,007	4,578 meters were replaced as at 30 June 2013.
Complete the commissioning of the new Illawong Crescent Reservoir	Commissioned the new Illawong Crescent Reservoir plus the re-zoning of the water supply zones on Rainbow Crescent	\$55,272	\$55,649	Improves the standard of service for pressure and fire flow.
Anson Road fire flow augmentation	Construction of new water main under the railway line at the end of Anson Road	\$237,005	\$199,750	We completed the fourth year of our fire flow augmentation program which is designed to improve the availability of water for fire fighting purposes within the water supply network. Construction works completed under scheduled Qld Rail full track closure in August 2012.

Wastewater

Project	Description	Budget	Expenditure to date	Comments
Pump station 6 upgrade – ensure adequate capacity exists for development	Upgrade capacity of existing pump station through constructing an additional 450mm rising main and upgrading of pumps	\$99,501	\$90,173	Majority of rising main constructed.
Sewering South East Thornlands	Construction of trunk rising main, pump station and trunk gravity sewer to connect SE Thornlands development to South Street sewer	\$3,075,666	\$2,654,310	All pipework and pump station completed. Waiting on Energex power supply.

Redland Water continued

Water

Reservoirs	6*
Length of water main	1,281km
Water meters	52,468
Water connections including multiple properties per meter (MPPM), children but excluding MPPM boundary meter	58,338
Water purchased	12,812ML
Water supplied	10,678ML
Total assets	\$256m

* Reduced to 5 operational reservoirs at the completion of the commissioning of the new Illawong Crescent Reservoir.

Wastewater

Treatment plants	7
Pumping stations	133
Length of sewer main	1,145km
Active services (excluding vacant land)	47,383
Wastewater treated (effluent)	11,385ML
Sludge for re-use	100%(19,201T)
Recycled effluent for re-use	603.3ML
Trade waste generators	747
Trade waste discharged to sewer	910ML
Total assets	\$401m

Our Statutory Duties

Under the *SEQ Water (Distribution and Retail Restructuring) Act*, Redland Water is required to prepare a 'Water Netserv Plan' and have it in place by 1 March 2014. The draft version of Part A of Redland Water's 'Water Netserv Plan', the public component of the plan, was available for public comment in late 2012. Amendments made following that consultation period to Part A and the preparation of the Part B components of the plan have taken place over the past financial year. It is proposed to take the final version of the plan to Council for approval in the first quarter of 2013/14. Currently, Redland Water is only required to report against its Drinking Water Quality Management Plan.

This report details Redland Water's performance for the 2012-13 financial year and fulfils the business unit's duties under the *Local Government Act 2009*, the *Water Act 2000* and the *SEQ Water (Distribution and Retail Restructuring) Act*.

Environmental Initiatives

Redland Water continued its focus on improving environmental performance of its wastewater treatment plants, pump stations and water and wastewater reticulation mains. Activities for 2012-13 included:

Potable Water

- We completed the fourth year of our fire flow augmentation program which is designed to improve the availability of water for fire fighting purposes within the water supply network. Project spend 2012-13 - \$199,750.

Wastewater

- Continued focus on preventative maintenance of wastewater treatment plant assets, including preparation of asset management plans for wastewater treatment plants.
- Completion of strategy report for wastewater treatment plants.
- 100% re-use of all bio-solids produced from the wastewater treatment plant via land application.
- Continued work on licence application for Cleveland wastewater treatment plant, including commencement of soil and groundwater monitoring programs and purchase of automatic sampler for event monitoring on Hilliards Creek.
- Macleay Island work – the Macleay Island bio-water trial system has been augmented and updated with the installation of an advanced enviro septic (AES) disposal system. This discharges the treated effluent to an underground bed located on the Macleay Island Golf Course. Each connected property's treatment system has been inspected and verified to be operating and work has been completed to minimise stormwater inflow into the distribution system.
- Dunwich sewer project.
- Completion of the site-based environmental plans for pump stations.
- Department of Environment and Heritage Protection compliance inspections at Dunwich and Pt Lookout wastewater treatment plants.
- Progression of environmental documentation system, including environmental due diligence training for all Redland Water staff.
- Odour investigation in catchment of Thorneside wastewater treatment plant.
- Completion of energy audit on wastewater treatment plant and key sewage pump stations.
- Completion of inflow/infiltration investigation on wastewater treatment plants catchments and associated CCTV sewer work.
- Trade waste policy development.

Delivering On Customer Service

Concealed Leaks Policy

On our return to Council, Redland Water reviewed its Concealed Leaks Policy. This was then reported to Council and the amendments were adopted.

Customer service standards

Customer service standards describe and define the levels of service Redland Water commits to provide its customers for water and wastewater services.

Below is a summary of Redland Water's water and wastewater service standard key performance indicators (KPIs), targets and performance for 2012-13, as adopted by Council in the Redland Water Annual Performance Plan for water and wastewater services.

Redland Water continued

KPI	Measure	Target	Actual	Comment
Average residential water consumption per person a day	Litres/day/person – target 200L	Max 200	193	KPI achieved
Nitrogen load from effluent discharge	Average kg per day	Max 110kg per day	35.8-63.9	KPI achieved every month - results ranged from 63.9 in January 2013 to 35.8 in February 2013
Operating costs per megalitre of water treated	\$ per megalitre	\$1,933	\$2,660	KPI not achieved
Operating costs per property serviced (wastewater)	\$ per month	\$282	\$323	KPI not achieved
Operating performance (expenditure to budget)	%	+/-5%	-1.66%	KPI achieved
Earnings before interest tax & depreciation (EBITD)	%	0-5%	3.04%	KPI achieved
% of water samples complying with ADWG	%	Max 98%	100%	KPI achieved every month with 100% result
Water main breaks and leaks within distribution system	# per year	Max 96	48	KPI achieved
% of unplanned water interruptions restored <5 hours	%	Max 97	99	KPI achieved
Average response time to water main breaks	#	Max 60	38	KPI achieved every month
Number of poor pressure complaints	#	Max 36	11	KPI achieved
Number of water quality incidents per month	#	Max 144	143	KPI achieved
Number of dry weather sewer overflows	#	Max 84	29	KPI achieved every month
Dry weather sewer overflows affecting customers	#	Max 84	22	KPI achieved every month
Average response or reaction time to wastewater incidents	#	Max 60	40	KPI achieved every month
% wastewater service interruptions restored within 5 hours	%	Min 95	100	KPI achieved every month with 100% result
Odour complaints	#	Max 36	36	KPI achieved
Number of WWTP non-conformances with EPA licence over compliance year	#	Max 6	5	KPI achieved
% capital works program practical completion - % of planned project milestones achieved each quarter	%	Min 95	89	KPI not achieved
Lost time injury hours	#	Max 120	254.5	KPI not achieved – lost time injuries totalled 4

Managing Our Assets

Operational performance 2012-13

In fulfilling the duties of its performance plan, Redland Water provided all stated services and roles for:

- water supply to customers
- wastewater collection and treatment, and
- trade waste.

Redland Water also:

- reported monthly to Council on water and effluent quality, financial and capital project status, and
- complied with Council's Corporate Plan, policies and procedures and Integrated Environmental Management System (IEMS).

Community service obligations

As required by Council, Redland Water provided several services to the community. Council paid back Redland Water the cost of providing these services known as community service obligations.

For water and wastewater, this included:

- concealed water leak concessions and reduced water access & consumption charges for 'not-for-profit' sporting and community organisations
\$ 91,344
- reduced pedestal charges for 'not-for-profit' sporting and community organisations
\$274,818

Total \$366,162

Drinking water quality monitoring

The *Water Supply (Safety and Reliability) Act 2008* contains rules - introduced in two stages - requiring service providers including Redland City Council (and therefore Redland Water) to:

- carry out a drinking water quality monitoring program with yearly reporting on compliance to the Department of Energy and Water Supply (DEWS)
- Drinking Water Quality Management Plan (DWQMP) was approved by DEWS on 21 June 2012. Request to amend approved DWQMP was submitted to DEWS on 28 June 2013 to reflect organisational changes following the dissolution of Allconnex Water and return to Redland City Council.

This requirement is in addition to Redland Water's existing drinking water quality management systems.

The notice provides for monitoring and reporting on detection of *E.coli* and other incidences likely to affect drinking water quality.

Redland Water is required to provide DEWS with yearly reports within 120 business days after the end of the financial year.

This financial year there were no incidents that had to be reported that were likely to affect drinking water quality.

Snapshot of our financial performance

Water and wastewater services

Financial performance **2012-13** **\$million**

Revenue from ordinary activities	92
Expenses from ordinary activities	74
Borrowing costs	0
Result from ordinary activities (before tax and dividend)	18
Total assets	667
Debt outstanding	-
Dividend and tax to RCC	17

Water and wastewater services

Financial performance **Actual 2012-13**

Operating revenue	91,172,000
Operating expenses	73,224,000
Operating surplus/(deficit)	17,948,000
Capital works program	5,919,000

Financial ratios

Economic rate of return	6.9%
Rate of return on operating assets	2.69%
Debt to total equity	46.75%

Redland Water continued

Corporate Governance

Cross-subsidies

The Guidelines for Identification and Measurement of Cross-Subsidies issued by the Department of Environmental Resources Management were applied to determine any cross-subsidies for water and wastewater services for 2012-13.

Full cost pricing	Water	Wastewater
Administration and operational overheads	20,866,411	15,953,298
Depreciation	6,004,776	10,589,392
Competitive neutrality	180,000	260,000
Return on assets (includes tax and dividend)	17,736,880	28,486,782
Total Full Cost Pricing	44,788,067	55,289,471
Volume delivered to / wastewater received from customers kL	10,678,698	9,610,828
Average cost per kL (FCP)	4.19	5.75

Cross-subsidy reflecting revenue-cost divergence water supply 2012-13

Revenue sources	Domestic	Commercial	Other Consumers	Total
Water charges	40,665,985	6,955,732	171,608	47,793,325
Other revenues	2,405,906	43,300	-	2,449,206
Community service obligations	-	-	91,343	91,343
Headworks	1,949,868	-	-	1,949,868
Total revenue	45,021,759	6,999,032	262,951	52,283,742
kL used	10,352,340	1,595,294	61,057	10,678,698
\$/kL contribution	4.349	4.387	4.307	4.896
Difference per kL from Full Cost Pricing	0.155	0.193	0.112	0.702
Cross-subsidy received	Nil	Nil	Nil	Nil

Cross-subsidy reflecting revenue-cost divergence wastewater supply 2012-13

Revenue sources	Domestic	Commercial	Other Consumers	Total
Wastewater charges	37,865,905	3,759,105	659,641	42,284,651
Other revenues	744,334	125,744	-	870,078
Community service obligations	274,818	-	-	274,818
Headworks	2,486,753	-	-	2,486,753
Total revenue	41,371,810	3,884,849	659,641	45,916,300
kL used	8,265,312	1,153,299	192,217	9,610,828
\$/kL contribution	5.005	3.368	3.432	4.778
Difference per kL from FCP	-0.747	-2.384	-2.321	-0.975
Cross-subsidy received	Nil	Nil	Nil	Nil

Other statutory information

Business activities

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 is provided on pages 81-84, 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 2012-13 on pages 49-55.

Business activities subject to the Code of Competitive Conduct

Significant business activities

Redland Water is a commercial business unit of Redland City Council, responsible for water supply and wastewater treatment. You can find more information on Redland Water's activities in 2012-13 on pages 56-65.

Council also had the following business activities during the period:

- Building Certification
- Caravan Parks (transitioned to the Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) during the year)
- Cemeteries
- Fleet and Plant Operations (ceased to be classed as a business activity during the year)
- Quarry Operations (ceased to be classed as a business activity during the year)
- Redland Art Gallery
- Redland Performing Arts Centre (RPAC)
- School Age Care (transitioned to an outside provider during the year)
- Marine Transport (ceased to be classed as a business activity during the year).

Other statutory information continued

The competitive neutrality principle has been applied to all business activities. There were no investigation notices given in 2012-13 under section 137 of the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*¹ for competitive neutrality complaints.

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

- (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.

Overseas travel

Councillors and Mayor

Name	Destination	Purpose	Cost
Cr Ogilvie	Japan	Invited to speak at Kani City Industrial Fair and at Nippon's University of Veterinary and Life Science Annual Conference, which was an excellent opportunity to further develop existing relationships that currently deliver cultural and economic benefits for Redland City.	\$1,000 (incl GST)

Staff

There was no overseas travel by staff in 2012-13.

¹Investigation notices for competitive neutrality complaints are now a requirement of Section 49 of the *Local Government Regulation 2012*.

Other statutory information **continued**

Services supplied by another government

There were no services provided by another government in 2012-13.

Registers

Council maintains registers which make information available to the public.

- Adopted Committee and Council meeting dates
- Assets
- Authorised Persons
- 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

Tenders

There were no changes to procurement tenders in 2012-13.

The Project Delivery Group had no 'Invitation to Change' to Civil Construction tenders for the 2012-13 financial year.

Shareholder delegates

There were no shareholder delegates for corporate entities.

Rates and concessions

The *Local Government Regulation 2012* 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.

The concessions available to eligible pensioners on the general rate for the 2012-13 financial year are:

- for ratepayers in receipt of a maximum pension \$330
- for ratepayers NOT in receipt of maximum pension \$165

Community financial report

Purpose

The Community Financial Report is produced each year 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 non-technical 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

Strategically, we aim to operate within a set of conservative guidelines to ensure we are financially viable in the short-term, while sustainable in the medium and long-term. As part of our financial strategy, we have adopted seven key financial stability indicators to guide our financial health. In addition to these financial stability indicators, we have five sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland.

Throughout the financial year, these indicators are calculated and reported at monthly 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 can take timely, corrective action as required.

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 exceeded six 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 while maintaining community services and making ongoing investment in community infrastructure.

Financial Stability Indicators	Target	Actual Performance	
Level of Dependence on General Rate Revenue	< 37.5%	33.54%	✓
Ability to Pay our Bills – Current Ratio	1.1 to 4.1	3.09	✓
Ability to Repay our Debt – Debt Servicing Ratio	< 10%	3.34%	✓
Cash Balance		\$82.59M	✓
Cash Balances – Cash Capacity in Months	3 to 4 months	4.98	✓
Longer Term Financial Stability – Debt to Assets Ratio	≤ 10%	3.01%	✓
Operating Performance	≥ 20%	10.55%	✗

Community financial report continued

The measures of sustainability are shown in the table below. Overall, the results indicate a sound outlook, with Council meeting three of the targets and forecast to achieve a small operating surplus in 2013-14 as detailed in the 2013-14 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. Additionally, three of the ratios below have targets that are set 'on average over the long-term', namely the operating surplus ratio, the net financial liabilities ratio and the asset sustainability ratio, which further demonstrates how challenging these targets are.

Measures of Sustainability	Target	Actual Performance	
Operating Surplus Ratio	0% to 10%	-6.71%	×
Net Financial Liabilities	< 60%	14.49%	✓
Interest Coverage Ratio*	0% to 5%	-0.16%	✓
Asset Sustainability Ratio	> 90%	26.95%	×
Asset Consumption Ratio	40% to 80%	66.51%	✓

* This is calculated using net interest expense, i.e. interest expense minus interest revenue. The negative number indicates that we have earned more interest than we have spent on our borrowings. Therefore, we have outperformed this target.

Community financial report **continued**

Information at a glance

Following is a series of tables and graphs that illustrate our major sources of income and expenses in addition to the value of our assets and liabilities. Comparisons are made between 2012-13 and 2011-12. The prior year (2011-12) figures have been increased to take account of price changes (CPI - Consumer Price Index) to ensure comparisons are meaningful.

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

The impact of water reform on income attributable to Allconnex Water is highlighted as below:

Information at a Glance	2012-13 \$ Millions	2011-12 \$ Millions*	Change %
Income			
- Council operations	\$241.67	\$183.69	31.56%
- Share of profit in associate company	-	\$8.99	-100.00%
- Gain on reintegration of water operations (non-cash)	\$200.49	-	-
Total Income	\$442.16	\$192.68	129.48%
Expenditure			
- Council operations	\$238.59	\$182.55	30.70%
Total Expenditure	\$238.59	\$182.55	30.70%
Net Result	\$203.58	\$10.13	1909.67%

See Financial Statements 'Statement of Comprehensive Income' for more information

* CPI adjustment included to ensure comparability

What was the impact of continued water reform?

Brief history

Following reforms recommended by the Queensland Water Commission in 2007, the Southern SEQ Distributor-Retailer Authority trading as Allconnex Water was established to deliver water and wastewater services to customers of Gold Coast City Council, Logan City Council and Redland City Council from 1 July 2010.

Redland City Council's total investment, based on 11.1384892% of Allconnex Water's market value, equated to \$251.34M and was made up of an equity investment in Allconnex Water. Additionally, Council provided loans to Allconnex Water that are classified on the financial statements as financial assets and equated to \$205.43M.

Discontinuation of Allconnex Water

On 25 July 2011, Gold Coast City Council (GCCC) being the majority shareholder voted to withdraw from Allconnex Water following an announcement by the State Government that year. Redland City Council and Logan City Council also decided to withdraw from Allconnex Water on 8 August 2011 and 23 August 2011 respectively. Accordingly as at 30 June 2012, Allconnex Water ceased to operate and its assets and liabilities were transferred to the participating Councils on 1 July 2012.

Reversal of Council's investment in Allconnex on 1 July 2012

The reversal of the investment in Allconnex and the re-introduction of the water assets in Council books gave rise to a non-cash gain of \$200.49M which was recognised as income in 2012-13 financial statements. This gain occurred because the returning water assets were valued at fair value rather than a regulated valuation used when they were part of Allconnex. Although the transaction was non-cash, it significantly increased community equity to reflect the true value of community net assets. For further details of the breakup of the \$200.49M, please refer Note 11 of the Council's financial statements in this Annual Report.

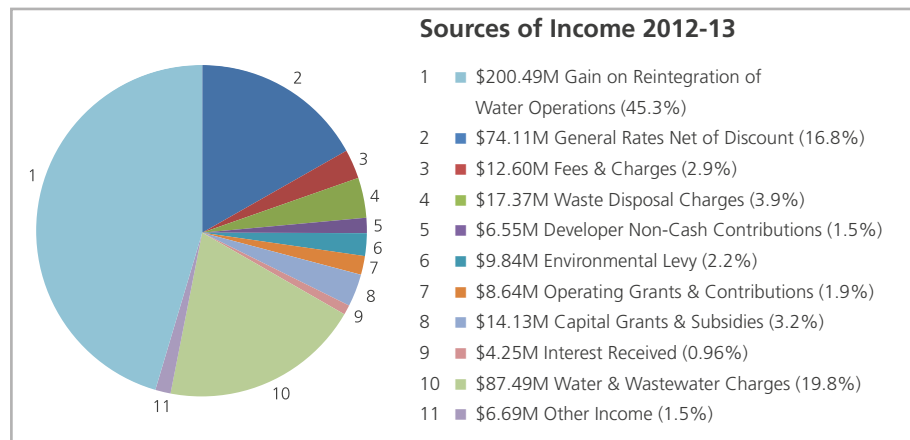
Impact of the returning water operations on Council's Net Result

Due to the gain on returning water operations discussed above, the Council's Net Result at 30 June 2013 was \$203.57M. If this gain did not exist (i.e. assets were returned at a regulated valuation instead of fair value), the Council's Net Result would have been in a modest deficit position.

Community financial report **continued**

What were our major sources of income?

(Statement of Comprehensive Income)



Total income received this year was \$442.16M. This result was \$249.48M (CPI adjusted), or 129.48%, greater than the 2011-12 financial year.

Rates and utilities income was \$190.30M, which equates to 43.01% of total income. The major sources of income are general rates, wastewater, water access and water consumption. Additionally, grants, subsidies and cash contributions received were \$22.77M, comprising operating (\$8.64M) and capital (\$14.13M) elements.

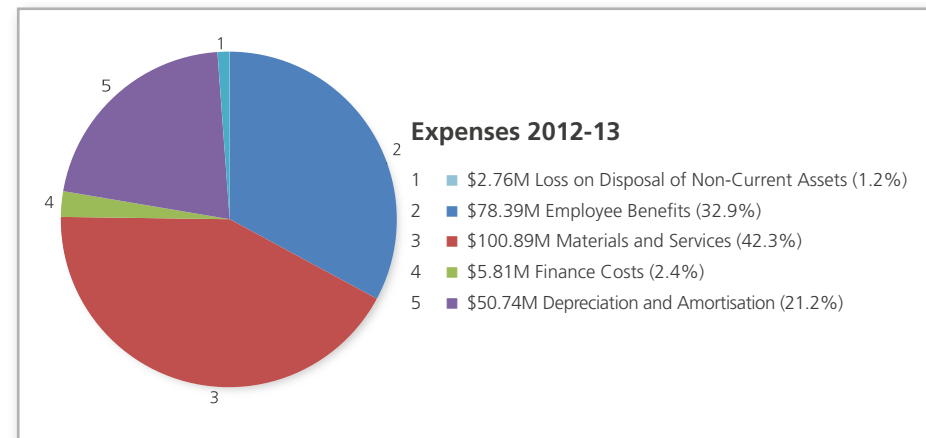
We earned \$4.25M, or 0.96% of total income from interest on investments and overdue rates during the financial year and this result reflects sound financial management of cash holdings.

What expenses did we have to meet?

(Statement of Comprehensive Income)

Our expenses for the 2012-13 financial year totalled \$238.59M, an increase of 30.70% over the previous year's expenses of \$182.55M (CPI adjusted).

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 projects and services to the community. This includes roads, parks, canals, footpaths, bikeways, marine infrastructure, car parks, libraries, waste collection, water treatment, swimming pools, showgrounds, sports fields, community halls and town planning.

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)

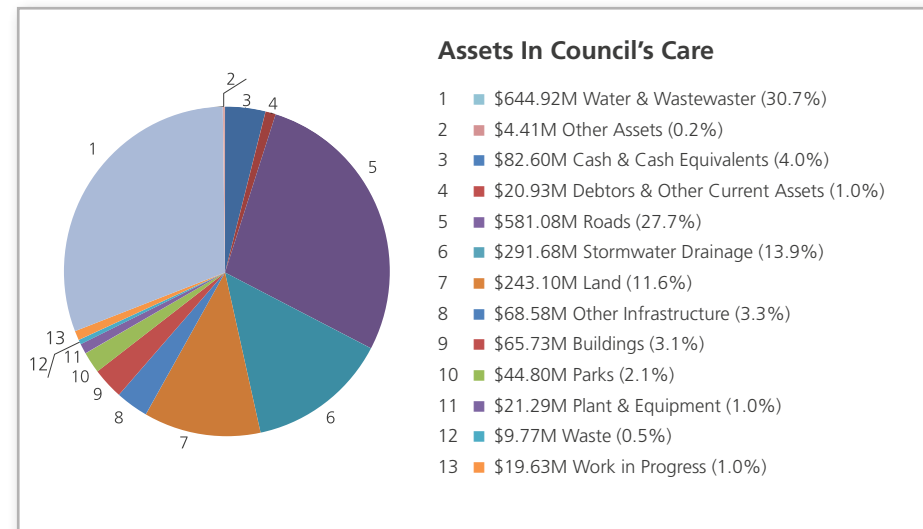
Value of Community Assets	2012-13 \$ Millions	2011-12 \$ Millions*	Change %
Total Assets	\$2,098.58	\$1,901.74	10.35%
Total Liabilities	\$138.18	\$151.85	-9.00%
Net Community Assets	\$1,960.40	\$1,749.89	12.03%
Cash Held	\$82.60	\$86.50	-4.51%
Loan Borrowings	\$63.10	\$63.84	-1.16%

See Financial Statements 'Statement of Financial Position' for more information

* CPI adjustment included to ensure comparability

Assets

The total value of all assets we controlled was \$2.10B at 30 June 2013. This figure is broken down between current assets of \$106.2M (5.1%) and non-current assets of \$1.99B (94.9%).

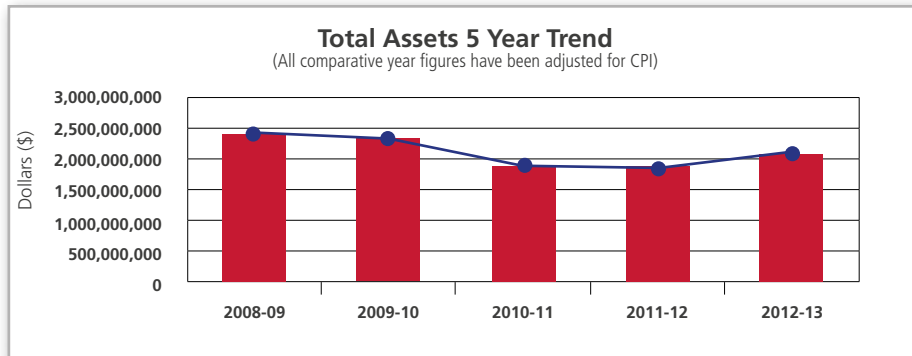


Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed from customers. Cash assets were \$82.60M and receivables from customers were \$20.93M at the end of the 2012-13 financial year.

Our property, plant and equipment assets of \$1.99B include freehold land, buildings, roads, stormwater drainage, water, wastewater, waste, parks infrastructure and plant and equipment.

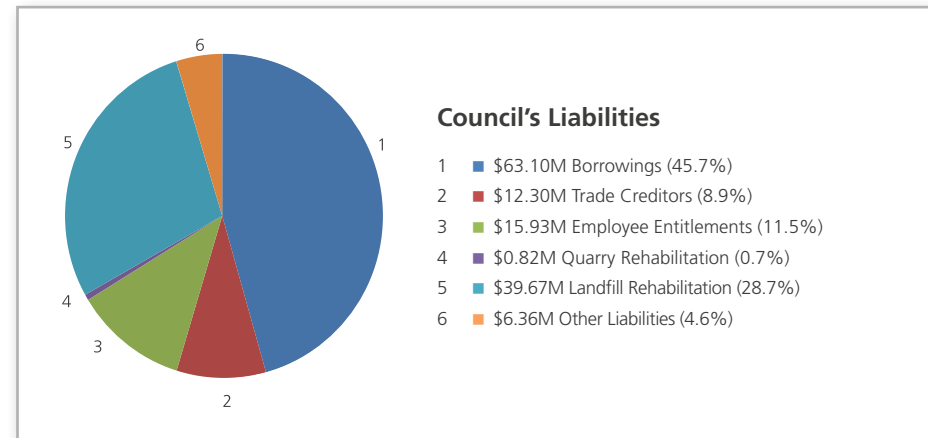
Community financial report **continued**

The graph below shows 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 in 2011 and the overall reduction in the value of Council's land, due to the revaluation reflecting the market values at that time.

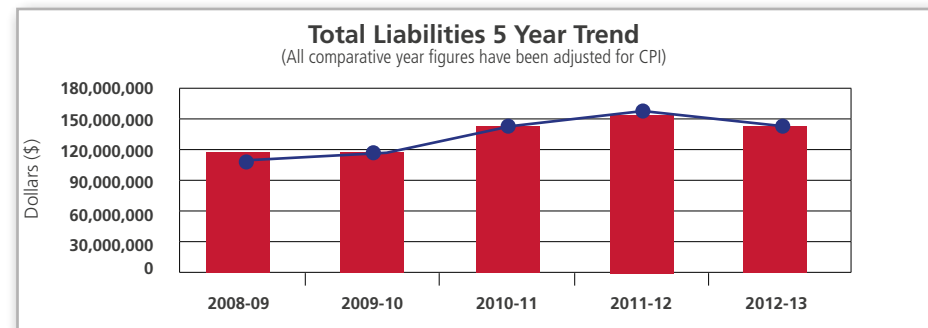


Liabilities

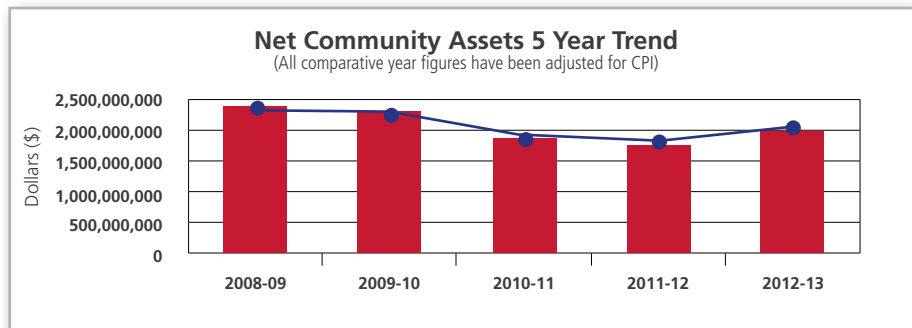
Liabilities are amounts owing at 30 June 2013 and totalled \$138.18M. The largest single debt we owed at 30 June 2013 was to Queensland Treasury Corporation (QTC). QTC is the state government-owned lending agency from which most local governments and state authorities borrow to finance their large-scale infrastructure projects. At the end of the financial year, we owed QTC a total of \$63.10M, with \$4.12M payable in the next 12 months and \$58.98M due in subsequent years.



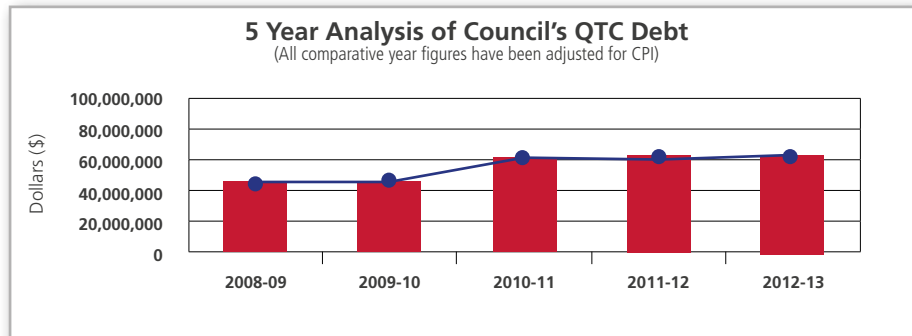
The following graph shows our total liabilities over the past five years.



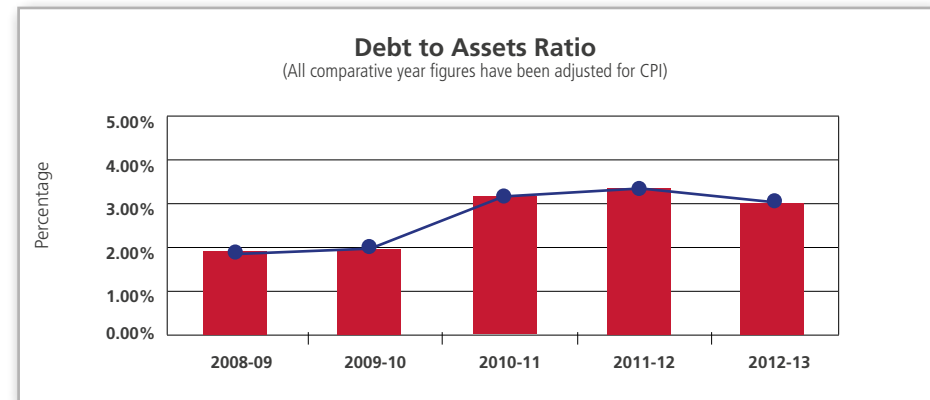
Net community assets are our total assets less our total liabilities and represent our net worth. The following graph shows our net community assets over the last five years.



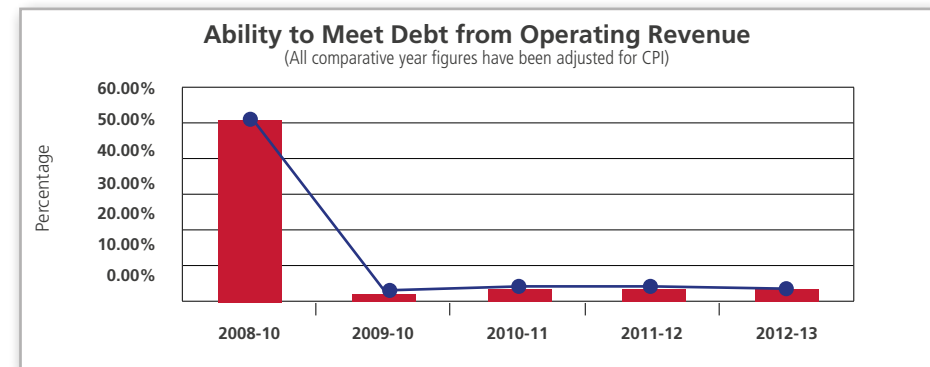
The graph below illustrates the level of our QTC debt over the past five years.



The next graph outlines the ratio of our total loans compared to total assets over the past five years. At the end of the 2012-13 financial year, total debt as a percentage of total assets was only 3.01%. This puts into perspective the relatively low level of borrowings compared with total assets.



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



In 2012-13, only 3.34% of operating revenue was spent repaying interest and principal on our borrowings. This is relatively low, being comparable to 2009-10 onwards and falling very comfortably within our Financial Stability Ratio targets.

Community financial report **continued**

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 2012 and 30 June 2013.

Sources of Cash In and Out	2012-13 \$ Millions	2011-12 \$ Millions*	Change%
Net Cash Received from Operations (excluding interest and borrowing costs)	\$22.03	\$18.20	21.04%
Purchase and Construction of Assets	\$37.73	\$37.06	1.81%
New Loans Taken Out	\$5.72	\$8.20	-30.24%
Repayment of Debt	\$5.20	\$3.17	64.04%

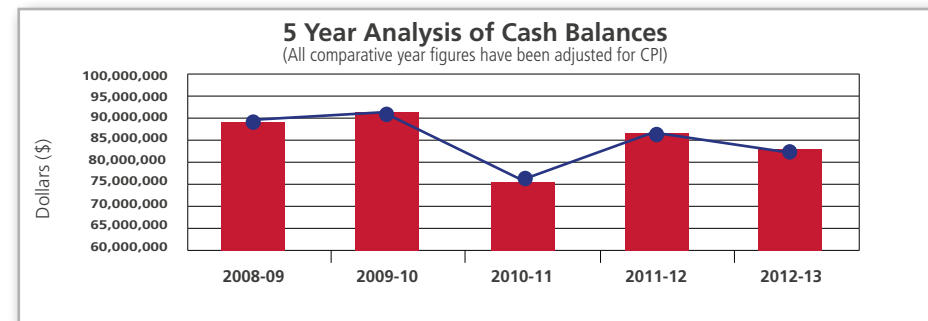
See Financial Statements 'Statement of Cash Flows' for more information
* CPI adjustment included to ensure comparability

The cash flow statement is summarised into three activities:

- **Operating activities** - our normal day-to-day functions. These include receipts of rates, fees and charges and operating grants offset by payments for employee 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 2012-13 financial year with \$84.80M cash in the bank and ended the year with \$82.60M exceeding the target for cash capacity in months.

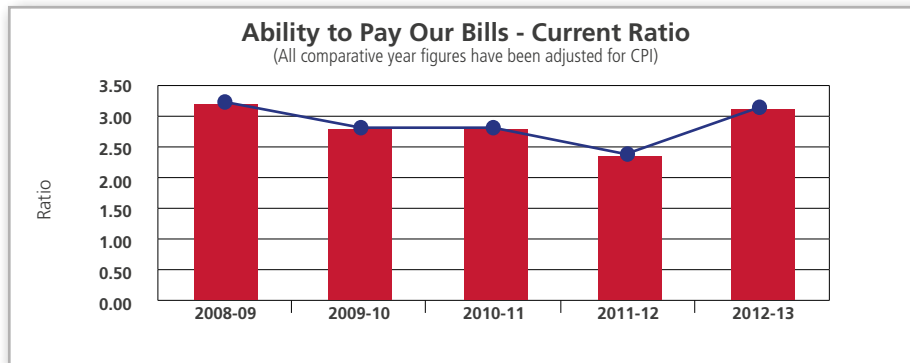
The following graph shows our total cash holdings for the past five years.



To maintain our strong financial position on behalf of the community, we must maintain and manage sufficient 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 reserves 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 2.00 for the past five years, remaining at a healthy level of 3.09 in 2012-13 (increase from 2011-12).



Summary

Your Council delivered a large program of operational and capital works during the 2012-13 financial year, while at the same time welcoming back your commercial water business Redland Water. We achieved this delivery while still exceeding six out of seven of the key financial performance indicators.

On an annual basis, Council reviews its long-term financial strategy and key financial policies to ensure it continues to travel in the right financial direction and in 2012-13 we continued to meet all financial commitments and keep debt at low and very manageable levels. Council balances its long-term strategies and outlook with in-year priorities like the clean up of your city following storms or floods. Additionally, Council monitors its financial position and performance on a monthly basis and formally revises its budget each quarter, where required. These regular reviews are complimented by an annual credit review conducted by the Queensland Treasury Corporation to ensure the short, medium and long-term financial sustainability of your Council.

Redland City Council is once again in a strong financial position to deliver the planned program of projects and services for the next financial year and beyond.

Community financial report continued

Definition of Ratios	
Level of Dependence on General Rate Revenue:	General Rates - Pensioner Remissions
Target less than 37.5%	Total Operating Revenue - Gain on Sale of Developed Land
Current Ratio:	Current Assets
Target between 1.1 and 4.1	Current Liabilities
Debt Servicing Ratio:	Interest Expense + Loan Repayments
Target less than or equal to 10%	Total Operating Revenue - Gain on Sale of Developed Land
Cash Balance - \$M	Cash Held at Period End
Cash Capacity in Months:	Cash Held at Period End
Target 3 to 4 Months	[[Cash Operating Costs + Interest Expense]/12]
Debt to Asset Ratio:	Current and Non-current Loans
Target less than or equal to 10%	Total Assets
Operating Performance:	Net Cash from Operations + Interest Revenue and Expense
Target greater than or equal to 20%	Cash Operating Revenue + Interest Revenue
Operating Surplus Ratio:	Net Operating Surplus
Target between 0% and 10% (on average over the long-term)	Total Operating Revenue
Net Financial Liabilities:	Total Liabilities - Current Assets
Target less than 60% (on average over the long-term)	Total Operating Revenue
Interest Cover Ratio:	Net Interest Expense on Debt Service
Target between 0% and 5%	Total Operating Revenue
Asset Sustainability Ratio:	Capital Expenditure on Replacement of Assets (Renewals)
Target greater than 90% (on average over the long-term)	Depreciation Expenditure
Asset Consumption Ratio:	Written Down Value of Infrastructure Assets
Target between 40% and 80%	Gross Current Replacement Cost of Infrastructure Assets

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 2012-13 report. In some instances, the 'provision' column summarises the Act requirements for the sake of space. For the full wording for each provision, please refer to the source legislation.

Local Government Act 2009			
Requirement	Topic	Provision	Page/s
Section 41	Beneficial enterprises	Must contain a list of all the beneficial enterprises that the local government conducted during the financial year	66
Section 45	Significant business activities	Must: (a) contain a list of all the business activities that the local government conducted during the financial year; and (b) identify the business activities that are significant business activities; and (c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and (d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities	66
Section 201(1)	Remuneration	1) Must state: (a) The total of all remuneration packages that are payable to the senior management of the local government (b) The number of employees in senior management who are being paid each band of remuneration	31
Local Government Regulation 2012			
Section 183	Financial statements	(a) General purpose financial statement, audited by the auditor-general (b) The current year financial sustainability statement for the financial year, audited by the auditor-general (c) The long term financial sustainability statement for the financial year and (d) Auditor-General's report about the general purpose financial statement and the current year financial sustainability statement	85
Section 184	Community financial report	Provide community financial report for the financial year	70
Section 185	Expense reimbursement Policy	(a) Provide a copy of resolutions made under section 250(1)	19
	Asset accounting	(b) Provide a copy of resolutions made under section 206(2)	N/A

Index – statutory information **continued**

Section 186	Councillors	(a) For each councillor, total remuneration (including superannuation contributions) paid to the councillor for the year	20
		(b) Expenses incurred by and facilities provided to each councillor under the expenses reimbursement policy	
		(c) A copy of the local government's expenses reimbursement policy	21
		(d) Number of local government meetings attended by each councillor	17-18
		(e) The number of:	37
		i. orders and recommendations made under section (180(2) or (4) of the Act	
		ii. orders made under section 181 of the Act	
		(f) Each of the following:	
		i. name of each councillor for whom order or recommendation made under Section 180 or 181 of the Act	
		ii. description of the misconduct in inappropriate conduct for each councillor	
Section 187	Administration action complaints	1) Must contain a statement about:	37
		(a) dealing fairly with administrative action complaints	
		(b) how Council has implemented its complaints management process and assessing its performance in resolving complaints	
		2) Must contain particulars of:	
		(a) The number of:	
		i. administrative action complaints made	
		ii. administrative action complaints resolved under the complaints management process	
		iii. administration action complaints not resolved	
		(b) The number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year	

Index – statutory information continued

Section 188	Overseas travel	1) Must contain information about any overseas travel during the financial year (a) for a councillor – the name of the councillor (b) for a local government employee – the name of, position held (c) destination (d) purpose (e) cost (f) any other relevant information about the overseas travel the local government considers relevant	67
Section 189	Expenditure on grants to community organisations	Summary of: (a) expenditure on grants to community organisations (b) expenditure from each councillor’s discretionary fund, including i. the name of each community organisation which an amount was allocated from the fund ii. the amount and purpose of the allocation	44
Section 190	Other contents	1) The annual report must contain (a) the Chief Executive Officer’s assessment of the progress towards implemented its 5-year corporate plan and annual operation plan (b) particulars of other issues relevant to making an informed assessment of the local government’s operations and performance in the financial year	38-48
		(c) an annual operations report for each commercial business unit	49-65
		(d) details of any action taken for, and expenditure on, a service, facility or activity: i. supplied by another local government under an agreement for conducting a joint government activity; and ii. for which the local government levied special rates or charges for the financial year	68
		(e) the number of invitation to change tenders under section 228(7) during the financial year	68
		(f) a list of the registers kept by the local government	68
		(g) a summary of all concessions for rates and charges granted by the local government	69
		(h) a report on the internal audit for the financial year	35-38
		(i) a statement about the local government’s activities during the financial year to implement its plan for equal opportunity in employment	29
		(j) a summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints	67
		(k) the local government’s responses in the financial year of the QCA’s recommendations on any competitive neutrality complaints under section 52(3)	N/A

Index – statutory information continued

Public Sector Ethics Act 1994

Section 23	Reporting	Must include and implementation statement giving details of the action taken during the reporting period to comply with: Section 15 (preparation of codes of conduct) Section 21 (education and training) Section 22 (procedures and practices of public sector entities)	28-30
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FINANCIAL STATEMENTS

for the year ended
30 June 2013



Redland
CITY COUNCIL

REDLAND CITY COUNCIL
Annual Financial Statements
 For the year ended 30 June 2013

TABLE OF CONTENTS

	Page No
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the financial statements	
1 Basis of preparation and compliance	7
2 Significant accounting policies	10
3 Statement of functions and activities	
(a) Components of council functions	19
(b) Analysis of results by function	20
4 Revenue analysis	21
5 Grants, subsidies and contributions	22
6 Employee benefits	22
7 Materials and services	23
8 Finance costs	23
9 Depreciation and amortisation	23
10 Loss on disposal of non-current assets	23
11 Gain on reintegration of water operations	24
12 Cash and cash equivalents	25
13 Trade and other receivables	25
14 Inventories	25
15 Non-current assets classified as held-for-sale	26
16 Other current assets	26
17 Investment property	26
18 (a) Property, plant and equipment	27
18 (b) Property, plant and equipment prior year comparatives	28
18 (c) Property, plant and equipment valuations	29
19 Intangible assets	31
20 Investment in other companies	31
21 Financial assets	31
22 Trade and other payables	31
23 Borrowings	31
24 Provisions	32
25 Other current liabilities	33
26 Asset revaluation surplus	33
27 Reserves	33
28 Commitments	35
29 Contingent liabilities and contingent assets	35
30 Superannuation	36
31 Trust funds	37
32 Reconciliation of net result for the year to net cash flows from operating activities	37
33 Correction of errors	38
34 Events after the reporting period	40
35 Financial instruments	40
36 National Competition Policy	43
Management certificate	
Independent auditor's report	
Current-year financial sustainability statement	
Independent auditor's report - current year sustainability statement	
Long-term financial sustainability statement	

REDLAND CITY COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
 For the year ended 30 June 2013

	Note	2013 \$000	Restated 2012 \$000
Income			
Recurrent revenue			
Rates, levies and charges	4(a)	190,295	100,406
Fees and charges	4(b)	12,602	16,142
Rental income	4(c)	438	561
Interest received	4(d)	4,250	5,041
Sales revenue	4(e)	2,666	1,385
Other income	4(f)	2,112	1,820
Income from associate	4(g)	-	23,636
Grants, subsidies and contributions	5(a)	8,638	10,035
Total recurrent revenue		221,001	159,026
Capital revenue			
Grants, subsidies and contributions	5(b)	14,128	6,901
Non-cash contributions	5(b)	6,547	14,158
Gain on reintegration of water operations	11	200,486	-
Share of profit in associate company		-	8,815
Total capital revenue		221,161	29,874
Total income		442,162	188,900
Expenses			
Recurrent expenses			
Employee benefits	6	(78,391)	(68,587)
Materials and services	7	(100,887)	(63,777)
Finance costs	8	(5,814)	(5,476)
Depreciation and amortisation	9	(50,735)	(38,187)
Total recurrent expenses		(235,827)	(176,027)
Capital expenses			
Loss on disposal of non-current assets	10	(2,761)	(2,943)
Total capital expenses		(2,761)	(2,943)
Total expenses		(238,588)	(178,970)
Net result		203,574	9,930
Other comprehensive income/(loss)			
Items that will not be reclassified to net result			
Increase/(decrease) in asset revaluation surplus	26	41,242	(13,581)
Total comprehensive income/(loss) for the year		244,816	(3,651)

The 'Net result' and 'Total comprehensive income/(loss) for the year' are extraordinarily high in 2012-13 due to the one-off non-cash gain on returning water operations. Refer details at Notes 2.x and 11.

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

REDLAND CITY COUNCIL

STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Note	2013 \$000	Restated 2012 \$000	Restated 1 July 2011 \$000
Current assets				
Cash and cash equivalents	12	82,595	84,804	72,483
Trade and other receivables	13(a)	20,930	15,502	16,002
Inventories	14	943	991	1,049
Non-current assets held-for-sale	15	467	29	160
Other current assets	16	1,235	994	1,246
Total current assets		106,170	102,320	90,940
Non-current assets				
Trade and other receivables	13(b)	-	9	26
Investment property	17	797	846	3,876
Property, plant and equipment	18	1,990,574	1,304,080	1,309,955
Intangible assets	19	966	353	599
Investment in other companies	20	73	251,421	244,515
Financial assets	21	-	205,425	203,517
Total non-current assets		1,992,410	1,762,134	1,762,488
Total assets		2,098,580	1,864,454	1,853,428
Current liabilities				
Trade and other payables	22(a)	17,433	27,582	24,388
Borrowings	23(a)	4,124	3,996	3,131
Provisions	24(a)	6,421	5,081	3,768
Other current liabilities	25	6,362	6,572	1,098
Total current liabilities		34,340	43,231	32,385
Non-current liabilities				
Trade and other payables	22(b)	693	1,027	343
Borrowings	23(b)	58,978	58,593	54,521
Provisions	24(b)	44,171	46,020	46,945
Total non-current liabilities		103,842	105,640	101,809
Total liabilities		138,182	148,871	134,194
Net community assets		1,960,398	1,715,583	1,719,234
Community equity				
Asset revaluation surplus	26	566,753	526,588	540,499
Retained surplus		1,333,888	1,145,983	1,136,963
Reserves	27	59,757	43,012	41,772
Total community equity		1,960,398	1,715,583	1,719,234

Redland City Council (Council or RCC) 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 comparative period, i.e. as at 1 July 2011. Refer Note 33 for details.

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

REDLAND CITY COUNCIL
STATEMENT OF CHANGES IN EQUITY
 For the year ended 30 June 2013

	Asset Revaluation Surplus	Retained Surplus	Reserves	Total Community Equity
	\$000	\$000	\$000	\$000
	Note 26		Note 27	
Balance as at 1 July 2012	526,588	1,145,983	43,012	1,715,583
Total comprehensive income:				
Net result	-	203,574	-	203,574
Other comprehensive income for the year:				
Increase in asset revaluation surplus	41,242	-	-	41,242
Total comprehensive income for the year	41,242	203,574	-	244,816
Transfers to and from reserves:				
Transfers to reserves	-	(34,631)	34,631	-
Transfers from reserves	-	17,886	(17,886)	-
Total transfers (from)/to reserves	-	(16,745)	16,745	-
Derecognition of asset revaluation surplus	(1,077)	1,077	-	-
Balance as at 30 June 2013	566,753	1,333,888	59,757	1,960,398

	Asset Revaluation Surplus	Retained Surplus	Reserves	Total Community Equity
	\$000	\$000	\$000	\$000
	Note 26		Note 27	
Balance as at 1 July 2011	540,499	1,130,188	41,772	1,712,459
Correction to opening balance (Note 33)	-	6,775	-	6,775
Restated balance as at 1 July 2011	540,499	1,136,963	41,772	1,719,234
Total comprehensive loss:				
Net result as stated in prior year	-	9,888	-	9,888
Corrections (Note 33)	-	42	-	42
Net result - restated	-	9,930	-	9,930
Other comprehensive loss for the year:				
Decrease in asset revaluation surplus	(13,581)	-	-	(13,581)
Total comprehensive loss for the year	(13,581)	9,930	-	(3,651)
Transfers to and from reserves:				
Transfers to reserves	-	(19,843)	19,843	-
Transfers from reserves	-	18,602	(18,602)	-
Total transfers (from)/to reserves	-	(1,241)	1,241	-
Derecognition of asset revaluation surplus	(330)	330	-	-
Balance as at 30 June 2012	526,588	1,145,983	43,012	1,715,583

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

REDLAND CITY COUNCIL
STATEMENT OF CASH FLOWS
 For the year ended 30 June 2013

	Note	2013 \$000	Restated 2012 \$000
Cash flows from operating activities			
Receipts from customers		207,953	126,744
Allconnex tax equivalent returns		-	1,752
Allconnex service level agreement and other recoveries		-	4,589
Payments to suppliers and employees		<u>(194,954)</u>	<u>(130,407)</u>
		12,999	2,678
Interest received	4(d)	4,250	5,041
Non-capital grants and contributions		9,036	15,170
Borrowing costs		(3,887)	(3,698)
Net cash inflow from operating activities	32	<u>22,398</u>	<u>19,191</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(36,733)	(35,355)
Payment for investment property	17	(17)	(846)
Payments for intangible assets	19	(982)	(133)
Returns from investment in associate		-	85
Net movement in loans to community groups		16	18
Proceeds from sale of property, plant and equipment		1,312	4,320
Capital grants, subsidies and contributions		14,127	6,901
Allconnex Water debt allocation		(2,843)	-
Net cash outflow from investing activities		<u>(25,120)</u>	<u>(25,010)</u>
Cash flows from financing activities			
Allconnex Water interest returns		-	13,206
Proceeds from borrowings	23	5,715	8,039
Repayment of borrowings	23	(5,202)	(3,105)
Net cash inflow from financing activities		<u>513</u>	<u>18,140</u>
Net (decrease)/increase in cash and cash equivalents held		<u>(2,209)</u>	<u>12,321</u>
Cash and cash equivalents at beginning of the financial year		84,804	72,483
Cash and cash equivalents at end of the financial year	12	<u>82,595</u>	<u>84,804</u>

Council has restated the 2012 data to reflect the corrections made to the prior period, refer Note 33.

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

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1 Basis of preparation and compliance**1.a Basis of preparation**

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

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 was 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 \$1000 dollars. 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.

	Effective for annual report periods beginning on or
AASB 9 <i>Financial Instruments</i> (September 2012)	1 January 2015
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
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB9</i> (December 2009)	1 January 2015
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel 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 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i>	1 January 2013
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1)</i>	1 January 2013
AASB 2012-2 <i>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
AASB 2012-3 <i>Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]</i>	1 January 2014
AASB 2012-4 <i>Amendments to Australian Accounting Standards - Government Loans [AASB 1]</i>	1 January 2013
AASB 2012-5 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]</i>	1 January 2013
AASB 2012-6 <i>Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 1039]</i>	1 January 2013
AASB 2012-9 <i>Amendments to AASB 1046 arising from the Withdrawal of Australian Interpretation 1039</i>	1 January 2013
AASB 2012-10 <i>Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments</i>	1 January 2013
[AASB 1,5,7,10,11,12,13,101,102,108,112,118,119,127,128,132,133,134,137,1023,1038,1039,1049 & 2011-7 and Interpretation 12]	
AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>	1 July 2014
AASB 2013-3 <i>Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial</i>	1 January 2014

AASB 9 Financial Instruments (effective from 1 January 2015)

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

As a result Council has valued its financial instruments at fair value as shown in Note 35. Accordingly, management reports that under the current circumstances, there will be no material impact on the financial statements when AASB 9 Financial Instruments is implemented at the effective date of 1 January 2015.

Consolidation Standards

The following accounting standards apply to Council as from reporting periods beginning on or after 1 January 2013:

- 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*

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

The AASB is planning to amend AASB 10. The amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence, Council is not in a position to reliably determine the future implications of these new and revised standards for the Council's financial statements.

AASB 10 redefines and clarifies the concept of control over another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements. Once the AASB finalises its not-for-profit amendments to AASB 10, Council will reassess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangements. Subject to any not-for-profit amendments to be made to AASB 11, Council will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

AASB 13 Fair Value Measurement

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is no impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

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 key changes relate to the level of disclosures required.

Council has commenced 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 implemented. 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 from 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. The recognised fair values will be classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 - Fair values that are derived from data not observable in a market.

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 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".

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 assets - Note 2.l

Restoration Provision - Note 2.q and Note 24

Contingent liabilities and contingent assets - Note 29

Events after the reporting period - Note 34

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

Non-cash contributions are recognised as revenue and as non-current assets.

Physical assets contributed to Council by developers in the form of road works, stormwater and park equipment are recognised as revenue when it is probable that the assets will be received by Council. Generally this is when the development becomes 'on-maintenance'. The revenue is recognised when there is sufficient data in the form of drawing and plans to determine the specifications and values of such assets. At year end where plans are not yet available, an accrual is recognised, based on an average rate per lot. All non-cash contributions are recognised at the fair value of the contribution received 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 it's probable that future economic benefits will flow to Council.

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.

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.

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)

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 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 2013. 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.

Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, therefore Council generally does not impair rate receivables. However, in certain, restrictive circumstances Council will recognise an impairment of rate receivables, although this value tends to be immaterial due to the nature of the determining factors of the impairment.

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.

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.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 2013 Council did not have any term deposits in excess of three months.

Council holds an investment in another entity, detailed in Note 20 Investment in other entities.

2.i Investment property

Investment property is property held for the primary purpose of earning rental income and/or capital appreciation.

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 as required. 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
Water and wastewater.....	\$5,000
Parks.....	\$500
Other infrastructure.....	\$5,000
Waste.....	\$5,000
Work in progress.....	(all)

Acquisition of assets

Acquisitions of assets are initially recorded at cost. 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.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Valuation

Land, buildings, roads, stormwater drainage, parks, water and wastewater, 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, artwork and heritage assets are not depreciated as they have an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to 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.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 assets

All 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.

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 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.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 Regulation 2012*, Council adopts an annual debt policy that sets out Council's planned borrowings for the current financial year and 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 (QTC) borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

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

2.q Restoration provision

A provision is made for the cost of restoration in respect of landfills 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 landfill provision is measured at the expected cost of the work required, discounted to current day values using the median interest rate on QTC borrowings in the 20 year debt pool for the 12 months to June 2013. The quarry 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.

Landfill restoration

The provision represents the present value of the anticipated future costs associated with the closure of the landfill, 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 cost that will be incurred. The provision recognised for landfill 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 cost 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.

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 where it can be separately identified.

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.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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 reserve

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 or payable to the ATO is shown as an asset or liability respectively. The Council pays Payroll Tax to the Queensland Government on certain activities.

Cash Flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2.x Reintegration of water operationsDistribution and retail water reform changes from 1 July 2012

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 Water (Allconnex) cease to be a service provider and that each local government (withdrawn Council) become a service provider for its local government area from 1 July 2012.

Withdrawn Councils were defined as Gold Coast City Council, Logan City Council and Redland City Council.

Reintegration of water operations

Ernst & Young was engaged to undertake work with regards to assets and liabilities of Allconnex being allocated in accordance with the agreed Retransfer Scheme. This work included a reconciliation of the working capital, the allocation of short and long term debt and to identify inter-council payments required as a result of these findings.

In accordance with the Retransfer Scheme, Ernst & Young calculated a single inter-council payment in relation to the Working Capital Net Adjustment and the Debt Facility (CSP) net adjustment of \$3.153m per note 11 from Redland City Council to Logan City Council.

With the return of water operations assets, Council has adopted valuation and reporting at fair value with allowance made for accumulated depreciation and impairment as defined in AASB13.

Recognition of the assets

The over arching consideration in determining the appropriate treatment was that the nature of the transaction was a transfer as opposed to a sale and purchase.

Revaluation on acquisition:

Initial assessment of the circumstances may have suggested that the assets should have been brought into account at the Allconnex Water valuation and re-valued via the asset revaluation surplus in Council's accounts. However, Allconnex Water asset valuation was completed using Regulated Asset Base (RAB) Discounted Cash Flow basis, applying the assumptions relevant to Allconnex Water circumstances. It is unlikely that these assumptions would have suited Council's circumstances.

Cost basis:

AASB116 Property, Plant & Equipment requires that an asset must be recognised in the accounts initially at cost, however in the retransfer of the Allconnex Water assets, no consideration was paid to transfer the assets. Paragraph 15.1 continues with:

"Notwithstanding paragraph 15, in respect of not-for-profit entities, where an asset is acquired at no cost, or for a minimal cost, the cost is its fair value as at the date of acquisition".

Accordingly, assets and liabilities were recognised at fair value on initial recognition as at 1 July 2012. The investment in Allconnex was de-recognised at carrying value (fair value). The difference was recognised in the Statement of Comprehensive Income as a "Gain on reintegration of water operations".

Derecognition of Allconnex Water Investment

It was assumed that the 'cost' of the asset was the value of the investment in Allconnex that was relinquished and so the cost of transfer was the carrying value or fair value of the investment in Allconnex. AASB139 Financial Instruments: Recognition and Measurement paragraph 26 suggests that in an exchange transaction, it is the consideration received (fair value of the assets transferred), that must be used to determine the profit or loss of the exchange, not the value of the asset being relinquished. The resulting difference between the asset fair value and the investment in Allconnex fair value was recognised in the Statement of Comprehensive Income.

The assets extinguished under the retransfer as disclosed in the 2012 Annual Report was as follows:

	\$000
Investment in Allconnex	251,349
Senior Loan	114,125
Subordinate Loan	91,300
Total	456,774

For the detailed breakdown of the derecognition of Council's investment in Allconnex and the recognition of assets and liabilities in relation to the reintegration of Redland Water, refer Note 11.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2.y Carbon Pricing

In 2011, the Australian Government introduced a Clean Energy Legislation package. One aspect of this package which has, and will continue to, impact Council directly and indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy. On 1 July 2012 the Federal Government introduced a Carbon Pricing Mechanism and set a fixed price path for the first three years (\$23 per tonne of CO₂-equivalent emissions adjusted in real terms by 2.5% per annum) before moving to a flexible price mechanism from 1 July 2015. It provides a framework for setting a cap on greenhouse gas emissions by capping the number of carbon units available once the flexible price period commences, which can be adjusted over time to ensure that the government's reduction targets are met.

It is likely that the way this mechanism is priced and/or applies will change following the Australian Federal election. However, this mechanism applies to entities with operating facilities that have emissions greater than 25,000 tonnes of carbon dioxide equivalent per year. Redland City Council does not operate a landfill or any other facility that exceeds this threshold and will not have a direct liability as part of this scheme.

It is generally accepted that there should be recognition of a liability under the carbon pricing mechanism as the emissions from relevant facilities occur. Organic material within waste deposited at landfills takes time to begin decomposing. Waste deposited in 2012-13 will only begin to break down and generate emissions at the start of 2013-14; therefore Council has not recognised a liability for the purchase of carbon permits for these facilities at 30 June 2013. Although the waste deposited in landfills takes over twelve months to begin emitting carbon dioxide, it also continues to generate emissions for the following 40 years.

However, General Mixed Waste generated in Redland City is currently transported outside the city to landfills operated by Brisbane City Council. This Council will have the direct liability for the waste transported from Redland City, the cost of which will be passed on to Council. This could result in an estimated cost of waste disposal amounting to \$1.296m in 2014 (2013 \$1.234m).

The liability that has been estimated is unlikely to be the same as Council's actual liability for 2013-14 due to the nature of estimates and, in particular, the likelihood that the pricing mechanism will change following the federal election.

Council has been impacted and will continue to be indirectly impacted through increased costs arising from the carbon pricing mechanism. The most significant of these will be electricity and fuel. Commonwealth Treasury modelling published in July 2011 in the document "Strong growth, low pollution modelling a carbon price" indicates that the carbon pricing is expected to increase electricity prices by 10% within 5 years from 1 July 2012 and increase other costs by 0.7% on inflation. In addition, fuel tax credits will be progressively reduced over the initial fixed price period.

Council's latest modelling indicates that electricity and fuel is likely to increase as follows:

Year	Electricity	Fuel
	\$000	\$000
2014	252	34
2015	264	35

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

3. Statement of Functions and Activities**(a) Components of Council functions**

As at 30 June 2013, the activities relating to Council's components reported on in Note 3(b) are as follows:-

Governance Department

Governance provides support functions for Council. Its objective is to support the Mayor and Councillors, Council and committee meetings and statutory requirements, which it does through the following groups:

- 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 responds to areas of Council in relation to operational support. Its objective is to manage the city's community services by providing maintenance of roads and drains, collection and disposal of waste and by providing water and sewerage services. It achieves this through the following groups:

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

Redland Water & Waste Department

Redland Water & Waste is responsible for managing the Council's water transport, wastewater transport and treatment and refuse collection and transfer. Its objective is to provide safe and reliable water, wastewater and waste services to the community whilst minimising environmental harm. Redland Water & Waste has the following groups:

- Water demand management
- Water transport to customers
- Wastewater collection and transport
- Wastewater treatment to recyclable levels
- Refuse collection
- Management of transfer stations

Corporate Services Department

Corporate Services is responsible for delivery of the internal services. Its objective is to assist the management of Council by providing services in the following groups:

- Financial Services
- People and Change
- Information Management
- Corporate Acquisitions, Fleet and Facilities
- Strategic Finance and Projects
- Office of the General Manager

Environment, Planning & Development Department

Environment, Planning & Development is responsible for managing the city's development. Its objective is to provide 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

Council Restructure

Council undertook a two-phased restructure, the first phase involved the organisation realigned under three General Managers and was put in place by 6 April 2013. The second phase included review and consultation within the new departments and was fully implemented by 1 July 2013, designed to:

- make the organisation more efficient
- be more responsive to the needs of customers
- reduce costs in line with the financial targets in the Financial Strategy
- put like-services together to deliver efficiencies.

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

3. Statement of Functions and Activities

(b) Analysis of results by function
 Income, expenses and assets defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2013	Functions	Gross income						Total income	Gross expenses		Total Expenses	Net result from recurrent operations	Net Result	Total Assets
		Recurrent		Grants		Capital			Recurrent	Capital				
		Grants	Other	Other	Grants	Other	Other							
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
	Governance Department	34	187	70	86	377	(9,829)	(1)	(9,830)	(9,808)	(9,453)	655		
	City Services Department	2,900	8,357	4,768	4,771	20,816	(105,107)	(1,523)	(106,630)	(93,850)	(85,814)	1,026,186		
	Redland Water & Waste Department	-	111,520	45	10,740	122,305	(77,095)	19	(77,076)	34,425	45,229	675,253		
	Corporate Services Department	5,435	79,104	113	200,549	285,201	(20,451)	(1,082)	(21,543)	64,088	263,658	395,691		
	Environment, Planning & Development Department	58	13,405	-	-	13,463	(23,345)	(184)	(23,509)	(9,882)	(10,046)	785		
	Total	8,427	212,573	5,016	216,146	442,162	(235,827)	(2,761)	(238,588)	(14,827)	203,574	2,098,580		

Redland Water & RedWaste Department was created on 1 July 2012 following the reintegration of operations.

Year ended 30 June 2012	Functions	Gross income						Total income	Gross expenses		Total Expenses	Net result from recurrent operations	Net Result	Total Assets
		Recurrent		Grants		Capital			Recurrent	Capital				
		Grants	Other	Other	Grants	Other	Other							
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
	Governance Department	150	104	7	116	377	(9,978)	-	(9,978)	(9,724)	(9,601)	2,163		
	City Services Department	3,079	42,845	3,395	16,001	65,120	(119,224)	(2,515)	(121,739)	(73,500)	(56,618)	1,038,700		
	Corporate Services Department	6,245	101,259	-	726	108,230	(23,140)	(363)	(23,503)	84,364	84,727	618,979		
	Environment, Planning & Development Department	176	14,183	42	772	15,173	(23,685)	(65)	(23,750)	(9,326)	(8,577)	204,611		
	Total	9,650	158,191	3,444	17,615	188,900	(176,027)	(2,943)	(178,970)	(8,186)	9,930	1,864,454		

A prior period correction was made to Total Assets, Total Expenses and the Net Result 2012 - refer Note 33.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
4 Revenue analysis			
(a) Rates, levies and charges			
General rates		76,726	75,783
Special charges		1,479	1,516
Environment levy		9,844	9,953
Water access		16,432	-
Water consumption		28,770	-
Wastewater		40,999	-
Trade waste		1,286	-
Waste disposal		17,371	15,695
Total rates and utility charges		192,907	102,947
Less pensioner remissions		<u>(2,612)</u>	<u>(2,541)</u>
		190,295	100,406
(b) Fees and charges			
Fines and penalties		558	366
Mooring and parking fees		868	845
Search fees		909	672
Building application fees		1,184	1,364
Development application fees		1,664	1,534
Water and sewerage application fees		309	220
Camping and caravan fees		759	2,424
License fees		1,564	1,829
Commercial collection fees		270	301
Child care fees		1,863	3,460
Other fees and charges		2,654	3,127
		12,602	16,142
(c) Rental income			
Investment property rental		71	166
Other rental income		367	395
		438	561
(d) Interest received			
Interest received from investments		3,574	4,646
Interest from overdue rates and utility charges		665	386
Other interest income		11	9
		4,250	5,041
(e) Sales revenue			
<u>Sale of services</u>			
Recoverable works		1,513	286
Events		155	170
		1,668	456
<u>Sale of goods</u>			
Miscellaneous		4	5
Redlands Performing Arts Centre		36	42
Waste management		624	588
Indigiscapes		334	294
		998	929
Total sales revenue		2,666	1,385
(f) Other recurrent income			
Other income		1,243	884
Commission received		172	216
Recoverable income		556	668
Insurance proceeds		141	52
		2,112	1,820
(g) Income from associate			
Senior and subordinate debt interest		-	14,474
Tax equivalents		-	4,639
Dividends		-	85
Service level agreement and other recoveries		-	4,438
		-	23,636

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
5 Grants, subsidies and contributions			
(a) Recurrent			
General purpose government grants		4,815	6,117
State and Commonwealth government subsidies and grants		3,612	3,533
Contributions		211	385
		<u>8,638</u>	<u>10,035</u>
(b) Capital			
State and Commonwealth government subsidies and grants		5,016	3,444
Contributions		9,112	3,457
		<u>14,128</u>	<u>6,901</u>
Non-cash contributions		<u>6,547</u>	<u>14,158</u>

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:

Transport infrastructure	2,256	137
Other infrastructure	778	486
Water & wastewater infrastructure	4,353	78
Grants and contributions	4,867	1,659
	<u>12,254</u>	<u>2,358</u>

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

Road infrastructure	1,433	2,552
Other infrastructure	215	53
Water & wastewater infrastructure	3,765	-
Grants and contributions	2,686	2,358
	<u>8,099</u>	<u>4,963</u>

6 Employee benefits

Total staff wages and salaries	62,100	52,928
Councillors' remuneration	1,193	1,177
Annual leave and long service leave entitlements	6,963	6,654
Superannuation	7,286	6,442
	<u>77,542</u>	<u>67,201</u>
Other employee related expenses	5,266	6,625
	<u>82,808</u>	<u>73,826</u>
Less: Capitalised employee expenses	(4,417)	(5,239)
	<u>78,391</u>	<u>68,587</u>

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

Total Council employees (FTE) at the reporting date:

Elected members	11	11
Administration and indoor staff	687	670
Outdoor staff	183	173
Total full time equivalent employees including elected members	<u>881</u>	<u>854</u>

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
7 Materials and services			
Contractors		35,756	27,708
Consultants		2,036	1,917
Other Council outsourcing costs		11,114	7,624
Purchase of materials		27,788	7,784
Office administration costs		7,574	6,912
Electricity charges		5,350	3,103
Plant operations		7,018	4,339
Information technology resources		1,918	2,375
General insurance		1,467	1,054
Community assistance		1,719	1,478
Audit of annual financial statements by the Auditor-General of Queensland		149	151
Other material and service expenses		1,734	881
Remediation costs for landfill and quarry		(2,736)	(1,559)
		<u>100,887</u>	<u>63,777</u>
8 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		3,887	3,698
Bank charges		311	320
Bad debts		358	35
Landfill and quarry remediation		1,258	1,423
		<u>5,814</u>	<u>5,476</u>
9 Depreciation and amortisation			
Depreciation of non-current assets			
Buildings		4,468	5,678
Plant and equipment		5,181	5,278
Roads		12,154	11,034
Stormwater drainage		4,787	4,761
Water and wastewater		16,584	-
Parks		4,114	5,667
Other infrastructure		2,574	4,961
Waste		504	429
	18	<u>50,366</u>	<u>37,808</u>
Amortisation of intangible assets			
Software	19	369	379
Total depreciation and amortisation	32	<u>50,735</u>	<u>38,187</u>
10 Loss on disposal of non-current assets			
Proceeds from sale of property, plant and equipment (excluding land)		(743)	(3,854)
Less: book value of property, plant and equipment disposed		2,497	6,583
		<u>1,754</u>	<u>2,729</u>
Proceeds from sale of land		(524)	(317)
Less: book value of land disposed		1,547	524
		<u>1,023</u>	<u>207</u>
Proceeds from sale of non-current assets held-for-sale		(45)	(150)
Less: book value of disposed non-current assets held-for-sale		29	157
		<u>(16)</u>	<u>7</u>
	32	<u>2,761</u>	<u>2,943</u>

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

11 Gain on reintegration of water operations

	Note	Opening book value \$000	Adjustments \$000	Revaluation movement \$000	Final Balances brought to account by RCC \$000
Derecognition of assets					
<u>Non-current assets</u>					
Investment in associate		-	-	-	(251,349)
Financial assets		-	-	-	(205,425)
Total assets derecognised	2.x	-	-	-	(456,774)
Recognition of assets					
<u>Current assets</u>					
Cash and cash equivalents		3,354	(3,153)	-	201
Trade and other receivables		10,935	(106)	-	10,829
		14,289	(3,259)	-	11,030
<u>Non-current assets</u>					
Property, plant and equipment - additions		443,975	3,410	209,367	3 656,752
		443,975	3,410	209,367	656,752
Total assets recognised		458,264	151	209,367	667,782
Recognition of liabilities					
<u>Current liabilities</u>					
Trade and other payables		(74)	24	-	4 (50)
Borrowings		(2,843)	-	-	(2,843)
Provisions		(1,877)	-	-	(1,877)
Other liabilities - accrued interest & tax		(5,568)	-	-	(5,568)
Other current liabilities		(184)	-	-	(184)
		(10,546)	24	-	(10,522)
<u>Non-current liabilities</u>					
Developer contributions		(4,678)	4,678	-	5 -
		(4,678)	4,678	-	-
Total liabilities recognised		(15,224)	4,702	-	(10,522)
Total assets & liabilities recognised		443,040	4,853	209,367	657,260
Total gain on reintegration of water operations					200,486

Adjustments

- 1 Cash paid to Logan City Council after the finalisation of Allconnex derecognition.
- 2 Difference between Allconnex value of receivables and fair value per Council.
- 3 Corrections to Allconnex asset register for additions and disposal not previously reflected in the asset register.
- 4 Reversal of electricity accrual that could not be substantiated.
- 5 Developer contributions in Allconnex that have been transferred to reserves through retained earnings.

Refer to Note 2.x for further background information in relation to the reintegration of water operations.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

	2013	2012
	\$000	\$000

12 Cash and cash equivalents

Cash at bank	1,241	317
Cash on hand	17	20
Deposits at call and term deposits	81,337	84,467
Balance per Statement of Cash Flows	<u>82,595</u>	<u>84,804</u>

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

Unspent government grants and contributions	7,768	5,568
Unspent contributions	17,593	10,943
Total unspent restricted cash	<u>25,361</u>	<u>16,511</u>

Cash is held with the Australia and New Zealand Banking Group in a normal business cheque account. The bank currently has a short term credit rating of A-1+ 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 A-1+ and a long term credit rating of AA+.

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

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

Unrestricted access was available at balance date to the facilities listed above.

13 Trade and other receivables**(a) Current**

Rates and utility charges	17,308	4,254
Allconnex-related receivables	-	5,624
Trade debtors	1,625	2,525
Other debtors	412	1,954
Infringement debtors	574	739
GST recoverable	1,093	473
Loans and advances to community organisations	9	16
Less: Allowance for impairment	(91)	(83)
	<u>20,930</u>	<u>15,502</u>

(b) Non-current

Loans and advances to community organisations	-	9
---	---	---

Interest is charged on outstanding rates at 11% (2012: 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 and are expected to be repaid by year end. All loans are made on an interest free basis and the credit risk on these loans is considered low.

Movement in accumulated impairment losses is as follows:

Opening balance at 1 July	(83)	(60)
Impairment debts written off during the year	16	12
Additional impairments recognised	(24)	(35)
Closing balance at 30 June	<u>(91)</u>	<u>(83)</u>

14 Inventories**Inventories held for distribution**

Gravel stockpiles	373	389
Plant and equipment stores	570	802
	<u>943</u>	<u>991</u>

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

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	2013	2012
	\$000	\$000
15 Non-current assets classified as held-for-sale		
Plant and equipment	467	29
	<u>467</u>	<u>29</u>
16 Other current assets		
Prepaid registration	82	78
Prepaid insurance	222	150
Prepaid other expenses	931	766
	<u>1,235</u>	<u>994</u>
17 Investment property		
Opening balance at 1 July	846	3,876
Disposal of investment property	-	(3,876)
Acquisition of investment property	17	846
Transfer to other non-current asset class	(66)	-
Closing balance at 30 June	<u>797</u>	<u>846</u>

The investment property 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.

Income from investment property is shown in Note 4(c).

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

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

18 (a) Property, plant and equipment

2013	Note	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
		Revaluation n/a	Revaluation 50	Cost 3-10	Revaluation 16-80	Revaluation 80	Revaluation 80	Revaluation 5-15	Revaluation 5-75	Revaluation 3-80	Cost n/a	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value 1 July 2012		239,665	120,626	42,760	720,622	385,735	-	89,302	161,132	14,445	15,817	1,800,194
Work in progress expenditure		-	-	-	-	-	-	-	-	-	37,228	37,228
Transfer from WIP to non-current assets		-	-	40	-	-	-	-	-	-	(39,324)	(39,324)
Additions - reintegration of water operations	11	3,387	-	-	-	-	986,538	-	-	-	5,810	995,775
Additions at cost		1,400	2,754	6,246	15,546	2,209	7,772	1,942	865	79	-	36,813
Contributed assets at valuation	5(b)	-	-	13	-	-	6,277	258	-	-	-	6,547
Land acquired in lieu of rates		48	-	-	-	-	-	-	-	-	-	48
Disposals		(1,547)	(7,611)	(3,882)	(2,878)	(101)	(60)	(6,935)	(2,847)	-	-	(25,861)
Revaluation adjustments	26	142	-	(1,297)	60,624	-	-	-	-	-	-	60,766
Transfer to assets classified as held-for-sale		-	-	-	-	-	-	-	-	-	-	(1,297)
Transfer between non-current asset classes		-	-	-	58,296	7	-	(3,680)	(54,623)	-	-	-
Transfer from investment property	17	-	66	-	-	-	-	-	-	-	-	66
Closing gross value at 30 June 2013		243,095	115,935	43,869	852,211	387,860	1,000,527	80,888	104,527	14,524	19,830	2,872,964
Accumulated depreciation												
Opening balance at 1 July 2012		-	85,110	21,334	224,199	101,412	-	39,539	62,276	4,246	-	496,116
Additions - reintegration of water operations	11	-	-	-	-	-	339,023	-	-	-	-	339,023
Depreciation for the year	9	-	4,468	5,181	12,154	4,787	16,584	4,114	2,574	504	-	50,366
Disposals		-	(7,475)	(3,101)	(1,938)	(27)	-	(6,519)	(2,758)	-	-	(21,818)
Depreciation on revaluation adjustments	26	-	-	-	19,524	-	-	-	-	-	-	19,524
Transfer to assets classified as held-for-sale		-	-	(830)	-	-	-	-	-	-	-	(830)
Transfer between non-current asset classes		-	-	-	17,189	1	-	(1,049)	(16,141)	-	-	-
Accumulated depreciation at 30 June 2013		-	60,103	22,564	271,128	106,173	355,607	36,085	36,950	4,760	-	882,380
Written down value as at 30 June 2013		243,095	66,732	21,285	581,083	291,678	644,920	44,802	68,577	9,774	19,830	1,990,574

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

18 (b) Property, plant and equipment - prior year comparative

2012	Note	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
		Revaluation \$000 n/a	Revaluation \$000 50	Cost \$000 3-10	Revaluation \$000 16-80	Revaluation \$000 80	Revaluation \$000 80	Revaluation \$000 5-15	Revaluation \$000 5-75	Revaluation \$000 3-80	Cost n/a	Cost \$000
		250,837	119,062	41,821	693,264	389,375	-	84,811	166,612	11,612	17,020	1,764,935
	33	-	-	5	8,628	(2)	-	512	682	-	-	9,835
		250,837	119,062	41,826	701,892	389,373	-	85,323	167,204	11,612	17,020	1,774,770
		-	-	-	-	-	-	-	-	-	33,654	33,654
		-	-	-	-	-	-	-	-	-	(34,756)	(34,756)
		2,935	2,784	3,488	12,064	1,406	-	5,157	4,737	2,832	-	35,475
	5(b)	-	-	8	9,186	4,392	-	574	17	-	-	14,158
		5	-	-	-	-	-	-	-	-	-	5
		(524)	(1,244)	(2,357)	(2,691)	(99)	-	(1,763)	(827)	-	-	(9,526)
	26	(13,581)	-	(239)	-	-	-	-	-	-	-	(13,581)
		-	-	-	-	-	-	-	-	-	-	(236)
		(7)	24	-	(10)	4	-	(11)	-	-	-	-
	33	-	-	14	180	-	-	42	-	-	-	236
		239,865	120,626	42,760	720,622	395,735	-	89,302	161,132	14,445	15,917	1,800,196

Accumulated depreciation

Opening balance at 1 July 2011	-	48,414	18,286	211,692	211,692	96,668	-	34,825	47,629	3,816	-	481,230
Adjustments to opening value	-	-	2	3,452	3,452	(1)	-	(79)	211	-	-	3,585
Adjusted opening balance 1 July 2011	-	48,414	18,288	215,144	215,144	96,667	-	34,745	47,740	3,816	-	464,815
Depreciation for the year as previously stated	-	5,678	5,276	10,866	10,866	4,761	-	5,659	4,952	429	-	37,514
Adjustment during period	-	-	2	175	175	-	-	8	9	-	-	194
Restated depreciation for the year	9	5,678	5,278	11,004	11,004	4,761	-	5,667	4,961	429	-	37,808
Disposals	-	(987)	(2,019)	(1,979)	(1,979)	(16)	-	(665)	(426)	-	-	(6,255)
Transfers to assets classified as held-for-sale	-	-	(213)	-	-	-	-	-	-	-	-	(213)
Transfers between non-current asset classes	-	-	6	-	-	-	-	(5)	-	-	-	-
Accumulated depreciation at 30 June 2012	-	53,110	21,334	224,199	224,199	101,413	-	39,539	52,275	4,246	-	486,116
Written down value as at 30 June 2012		239,665	67,616	21,416	496,423	294,322	-	49,763	108,867	10,199	15,917	1,304,080

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

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 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. Subsequently, a 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.

Land re-transferred to Council from Allconnex Water was valued by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839), for determination of the fair value as at 1 July 2012.

As the Valuer-General's 2013 Property Market Movement Report did not indicate a material movement in the asset values for 2012-13 year, no further indexation has been applied to closing balances.

(ii) Buildings

All buildings were valued 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.

The movement in the ABS Asset Valuation Non-Residential Construction Index (*March Quarter 2013*), 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 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.

The movement in the ABS Queensland Road and Bridge Index (*March Quarter 2013*) indicated material movement since this previous valuation and as a result, a valuation applying the index movement was completed as at 30 June 2013.

(iv) Stormwater drainage infrastructure assets

Stormwater drainage assets were valued 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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

(v) Water infrastructure assets

Infrastructure assets re-transferred from Allconnex Water were valued as at 1 July 2012 by registered valuers GHD to determine their fair value for initial recognition.

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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

(vi) Wastewater infrastructure assets

Infrastructure assets re-transferred from Allconnex Water were valued as at 1 July 2012 by registered valuers GHD to determine their fair value for initial recognition.

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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

(vii) Parks infrastructure assets

Parks infrastructure assets were valued 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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

(viii) Other infrastructure assets

These assets include marine, jetty facilities and seawalls and were valued 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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

(ix) Waste infrastructure assets

All assets were valued 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.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (*March Quarter 2013*) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
19 Intangible assets			
Software - gross carrying value			
Opening balance at 1 July		8,546	8,413
Additions		<u>982</u>	<u>133</u>
Closing balance at 30 June		9,528	8,546
Accumulated amortisation			
Opening balance at 1 July		(8,193)	(7,814)
Amortisation for the year	9	<u>(369)</u>	<u>(379)</u>
Closing balance at 30 June		(8,562)	(8,193)
Net carrying value at end of financial year		<u>966</u>	<u>353</u>

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

20 Investment in other companies

Investment in associate (Allconnex Water)	11	-	251,348
Investment in SEQ Recreational Facility Pty Ltd		<u>73</u>	<u>73</u>
		<u>73</u>	<u>251,421</u>

21 Financial assets

Senior loan to associate	11	-	114,125
Subordinate loan to associate	11	<u>-</u>	<u>91,300</u>
		<u>-</u>	<u>205,425</u>

22 Trade and other payables

(a) Current

Creditors and accruals		11,607	22,453
Annual leave		<u>5,826</u>	<u>5,129</u>
		<u>17,433</u>	<u>27,582</u>

(b) Non-current

Creditors and accruals		<u>693</u>	<u>1,027</u>
		<u>693</u>	<u>1,027</u>

23 Borrowings

(a) Current

Loans - Queensland Treasury Corporation		4,124	3,498
Loans - other		<u>-</u>	<u>498</u>
		<u>4,124</u>	<u>3,996</u>

(b) Non-current

Loans - Queensland Treasury Corporation		<u>58,978</u>	<u>58,593</u>
		<u>58,978</u>	<u>58,593</u>

Loans - Queensland Treasury Corporation (QTC)

Opening balance at 1 July		62,091	57,652
Loans raised		4,500	7,544
Principal repayments		<u>(3,489)</u>	<u>(3,105)</u>
Closing balance at 30 June		<u>63,102</u>	<u>62,091</u>

The market value of QTC loans at the reporting date was \$69.305m (2012: \$68.884m). 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.

Loans - other

Opening balance at 1 July		498	-
Loans raised		1,215	495
Principal repayments		<u>(1,713)</u>	<u>-</u>
Interest accrued		<u>-</u>	<u>3</u>
Closing balance at 30 June (this facility was closed 31 May 2013)		<u>-</u>	<u>498</u>

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
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23 Borrowings - continued

No assets have been pledged as security by the Council for any liabilities, however all loans are ultimately guaranteed by the Queensland Government.

Borrowings are in \$AUD denominated amounts and carried at amortised costs. Interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 June 2022 to 9 January 2027. There have been no defaults or breaches of the loan agreement during the year. Principal and interest repayments are made quarterly in advance and interest is applied at the end of each quarter.

24 Provisions

(a) Current

Quarry rehabilitation	91	93
Landfill rehabilitation	5,747	4,406
Long service leave	563	562
	<u>6,421</u>	<u>5,081</u>

(b) Non-Current

Quarry rehabilitation	729	908
Landfill rehabilitation	33,926	36,564
Long service leave	9,516	8,548
	<u>44,171</u>	<u>46,020</u>

Movements in provisions were as follows:

Quarry rehabilitation

Opening balance at 1 July	1,001	998
Increase in provision - borrowing cost	45	40
Increase/(decrease) in provision due to change in discount rate and costs	(226)	(37)
Closing balance at 30 June	<u>820</u>	<u>1,001</u>

This is the present value of the estimated cost of restoring the quarry site to as near its original condition as possible at the end of its useful life. These costs are expected to be incurred up to 2018.

Landfill rehabilitation

Opening balance at 1 July	40,970	41,109
Increase in provision - borrowing cost	1,212	1,384
Provision utilisation	(7,275)	-
Increase/(decrease) in provision due to change in discount rate and costs	4,766	(1,523)
Closing balance at 30 June	<u>39,673</u>	<u>40,970</u>

This is the present value of the estimated cost of restoring closed landfill sites to as near their original condition as possible. These costs are expected to be incurred up to 2023.

In the 2012-13 financial year, Council revisited the timing of Landfill Remediation provision utilisation. This resulted in an *in-year* reduction of the provision, as opposed to a larger balance date adjustment.

Long service leave

Opening balance at 1 July	9,130	8,531
Long service leave entitlement raised	2,517	1,824
Long service entitlement used/extinguished	(543)	(602)
Long service entitlement paid	(1,005)	(623)
Closing balance at 30 June	<u>10,099</u>	<u>9,130</u>

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
25 Other current liabilities			
Unearned revenue		953	1,072
Unexpended grants		<u>5,409</u>	<u>5,500</u>
		<u>6,362</u>	<u>6,572</u>

The \$5.4 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 Council for the dredging of Fison Channel and Toondah Harbour. This work is expected to be completed by 30 June 2014.

26 Asset revaluation surplus

Asset revaluation surplus analysis:

The closing balance of the asset revaluation surplus comprises the following asset categories:

Land	68,339	69,273
Buildings	27,142	27,142
Plant and equipment	105	105
Roads	307,394	266,295
Stormwater drainage	85,233	85,233
Parks	35,944	35,944
Other infrastructure	35,899	35,899
Waste	6,897	6,897
	<u>566,753</u>	<u>526,588</u>

Movements in the asset revaluation surplus were as follows:

Opening balance at 1 July	526,588	540,499
Net adjustment to non-current assets at end of year to reflect a change in current fair value:		
Land	142	(13,581)
Roads	<u>41,100</u>	<u>-</u>
Net increase/(decrease) in fair value	<u>41,242</u>	<u>(13,581)</u>
Transfer to retained earnings - revalued component of disposed assets	(1,077)	(330)
Closing balance at 30 June	<u>566,753</u>	<u>526,588</u>

27 Reserves

Reserves held for future expenditure:

Special Projects Reserve	10,228	9,867
Special Capital Projects Reserve	3,317	1,931
Cleansing Reserve	2,497	2,103
Constrained Works Reserve	21,336	15,221
Separate Charge Reserve - Environment	14,027	9,563
Special Charge Reserve - Canals	4,347	3,067
Constrained Works Recurrent Reserve	<u>4,005</u>	<u>1,260</u>
	<u>59,757</u>	<u>43,012</u>

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

27 Reserves - continued

Movements in reserves are analysed as follows:

Year ended 30 June 2013	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended during the year	Balance at end of financial year
	\$000	\$000	\$000	\$000
Special Projects Reserve	9,867	1,355	(994)	10,228
Special Capital Projects Reserve	1,931	2,100	(714)	3,317
Cleansing Reserve	2,103	661	(267)	2,497
Constrained Works Capital Reserve	15,221	15,496	(9,381)	21,336
Separate Charge Reserve - Environment	9,563	9,952	(5,488)	14,027
Special Charge Reserve - Other	-	114	(114)	-
Special Charge Reserve - Canals	3,067	1,879	(599)	4,347
Constrained Works Recurrent Reserve	1,260	3,074	(329)	4,005
	43,012	34,631	(17,886)	59,757

Year ended 30 June 2012	Balance at beginning of financial year	Transfers from retained surplus for future expenditure	Transfers to retained surplus, funds expended during the year	Balance at end of financial year
	\$000	\$000	\$000	\$000
Special Projects Reserve	11,336	1,626	(3,095)	9,867
Special Capital Projects Reserve	567	1,471	(107)	1,931
Cleansing Reserve	2,790	271	(958)	2,103
Constrained Works Capital Reserve	15,864	4,181	(4,824)	15,221
Separate Charge Reserve - Environment	6,278	9,953	(6,668)	9,563
Special Charge Reserve - Other	-	193	(193)	-
Special Charge Reserve - Canals	1,694	1,944	(571)	3,067
Constrained Works Recurrent Reserve	3,243	203	(2,186)	1,260
	41,772	19,842	(18,602)	43,012

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

2013 **2012**

\$000 \$000

28 Commitments**Operating leases**

Minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	1,010	509
1 to 5 years	1,339	1,523
Greater than 5 years	571	-
	<u>2,920</u>	<u>2,032</u>

Operating contractual commitments

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

Roadworks	649	1,543
Water and wastewater	3,269	-
Waste	31,147	37,093
Other	5,728	7,102
	<u>40,793</u>	<u>45,738</u>

These expenditures are payable:

Within 1 year	21,077	18,649
1 to 5 years	19,716	27,088
	<u>40,793</u>	<u>45,737</u>

Capital contractual commitments

Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities:

Roadworks	94	49
Water and wastewater	1,347	-
Waste	10	118
Other	4,869	4,948
	<u>6,320</u>	<u>5,115</u>

These expenditures are payable:

Within 1 year	6,320	5,115
	<u>6,320</u>	<u>5,115</u>

Note: All commitments are inclusive of GST

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 2013 is \$1,253,000 (2012: \$1,495,000) where estimated claims liability as defined in Section 84 of the Act. The Actuary has recommended that a provision be recognised for \$1,319,000 (2012: \$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 (2012: \$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, programmes and initiatives for the mutual benefit of parties and local community.

Landfill Remediation

Council has historically recognised, and continues to recognise, a provision for the remediation of former landfill sites throughout the city. Over the coming 12 months during the 2013-14 financial year, additional planning and work will take place in order to reconfirm the longer term remediation requirements for landfill sites. Given this review and looking forward, remediation works may be greater than currently provided. However, the full cost cannot be measured reliably until the revised programme is estimated and assessed through prudence and efficiency measures.

Contingent assets:

Council has no contingent assets at the date of this report.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2013

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 three elements referred to as the City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund, the Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments and the Accumulation Benefits Fund (ABF).

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

The Regional DBF is a defined benefit plan as defined in AASB119. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to Council 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 Regional DBF, and is not an asset or liability of Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2012 (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 recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

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

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

The next actuarial valuation will be conducted as at 1 July 2015.

	2013	2012
	\$000	\$000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	7,286	6,417
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of councillors was:	124	125

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
31 Trust funds			
Moneys collected or held on behalf of other entities, yet to be paid out to or on behalf of those entities.		7,829	8,675
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.			
32 Reconciliation of net result for the year to net cash flows from operating activities			
Net result		203,574	9,930
<u>Non-cash operating items</u>			
Depreciation and amortisation	9	50,735	38,187
Non-cash contributions	5(b)	(6,547)	(14,158)
Allowance for impairment		8	23
Land acquired in lieu of rates		(48)	(5)
Non-cash gain on reintegration of water operations		(203,128)	-
		<u>(158,980)</u>	<u>24,047</u>
<u>Investing and development activities</u>			
Net loss on disposal of non-current assets	10	2,761	2,943
Capital grants, subsidies and contributions	5(b)	(14,128)	(6,901)
Allconnex Water investment returns		-	(13,286)
Share of profit in associate		-	(8,815)
Allconnex Water debt allocation		2,843	-
		<u>(8,524)</u>	<u>(26,059)</u>
<u>Changes in operating assets and liabilities</u>			
(Increase)/decrease in trade and other receivables		5,385	475
(Increase)/decrease in other current assets and inventories		(193)	309
Increase/(decrease) in trade and other payables		(16,084)	4,626
Increase/(decrease) in provisions		(2,386)	388
Increase/(decrease) in other current liabilities		(394)	5,475
		<u>(13,672)</u>	<u>11,273</u>
Net cash inflow from operating activities		<u>22,398</u>	<u>19,191</u>

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 30 June 2013

33 Correction of errors

In the process of preparing the financial statements for the year ended 30 June 2013, 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 2011 where necessary and the comparative amounts for the year ended 30 June 2012. Details of corrections are provided below:

Property, plant and equipment:

Plant and equipment

Recognition of assets identified during stocktake that had not previously been identified.

Total plant and equipment

Parks infrastructure

Derecognition of duplicate assets identified during stocktake and assets not owned by RCC.

Spatial data verification for pathway assets not previously recognised and corrections to existing assets.

Reinstatement of assets decommissioned in error in 2009-10 financial year.

Recognition of assets identified during stocktake that had not previously been identified.

Total Parks infrastructure

Roads infrastructure

Derecognition of duplicate assets and private asset identified during stocktake.

Spatial data verification for pathway assets not previously recognised and corrections to existing assets.

Correction to the value of crash barriers as a result of a system configuration.

Reinstatement of assets decommissioned in error in 2009-10 financial year.

Recognition of assets identified during stocktake that had not previously been identified.

Total Roads infrastructure

Other infrastructure

Derecognition of duplicate assets identified during stocktake.

Recognition of assets identified during stocktake that had not previously been identified.

Total Other infrastructure

Stormwater infrastructure

Derecognition of assets incorrectly captured which was identified during stocktake.

Total Stormwater infrastructure

Trade and other receivables (current):

Rates and utility charges

Alignment of financial data to rates peripheral system.

Alignment of financial data to sundry debtor peripheral system.

Trade and other payables (current):

Creditors and accruals

Fire levy collection owing to Queensland Fire Service

Total correction of errors

	Impact to 1 July 2011 Opening Balance		Impact in year 2011-2012		Cumulative Net Value	
	Gross value	Accumulated Depreciation	Net Value	Gross value		Accumulated Depreciation
	\$000	\$000	\$000	\$000	\$000	\$000
	5	(2)	3	14	(2)	12
	5	(2)	3	14	(2)	12
	(861)	458	(403)	-	29	(373)
	1,003	(298)	705	26	(20)	6
	62	(7)	55	-	(3)	(3)
	308	(74)	234	17	(15)	2
	512	79	591	42	(8)	34
	(212)	80	(133)	-	1	(131)
	7,287	(2,676)	4,611	114	(149)	(35)
	606	(569)	37	-	(4)	(4)
	41	(26)	15	-	(1)	(1)
	905	(260)	645	65	(23)	43
	8,628	(3,452)	5,176	180	(175)	5
	(8)	3	(5)	-	-	(5)
	700	(214)	486	-	(9)	(9)
	692	(211)	481	-	(9)	(9)
	(2)	1	(1)	-	-	(1)
	(2)	1	(1)	-	-	(1)
	9,835	(3,584)	6,250	236	(194)	42
			573			573
			(46)			(46)
			527			527
			(2)			(2)
			6,775			6,817

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 30 June 2013

33 Correction of errors - continued

A restated Statement of Financial Position and Statement of Comprehensive Income has been included in the financial statements as at 1 July 2011 and 30 June 2012 to reflect these adjustments:

	Previously stated	Adjustment	Restated
	\$000	\$000	\$000
1 July 2011			
Trade and other receivables	15,475	527	16,002
Total Current Assets	90,413	527	90,940
Property, plant and equipment	1,303,705	6,250	1,309,955
Total Non-Current Assets	1,756,238	6,250	1,762,488
TOTAL ASSETS	1,846,651	6,777	1,853,428
Trade and other payables	24,386	2	24,388
Total Current Liabilities	32,383	2	32,385
TOTAL LIABILITIES	134,192	2	134,194
NET COMMUNITY ASSETS	1,712,459	6,775	1,719,234
Retained surplus	1,130,188	6,775	1,136,963
TOTAL COMMUNITY EQUITY	1,712,459	6,775	1,719,234
30 June 2012			
Trade and other receivables	14,975	527	15,502
Total Current Assets	101,793	527	102,320
Property, plant and equipment	1,297,788	6,292	1,304,080
Total Non-Current Assets	1,755,842	6,292	1,762,134
TOTAL ASSETS	1,857,635	6,819	1,864,454
Trade and other payables	27,580	2	27,582
Total Current Liabilities	43,229	2	43,231
TOTAL LIABILITIES	148,869	2	148,871
NET COMMUNITY ASSETS	1,708,766	6,817	1,715,583
Retained surplus	1,139,166	6,817	1,145,983
TOTAL COMMUNITY EQUITY	1,708,766	6,817	1,715,583

The depreciation charge for the period ended 30 June 2013 was calculated after the errors were discovered and therefore did not need correction. The impact to the Statement of Comprehensive Income in the prior year is as follows:

	Previously stated	Adjustment	Restated
	\$000	\$000	\$000
30 June 2012			
Materials and services	(64,013)	236	(63,777)
Depreciation and amortisation	(37,993)	(194)	(38,187)
Total recurrent expenses	(176,069)	42	(176,027)
TOTAL EXPENSES	(179,012)	42	(178,970)
NET RESULT	9,888	42	9,930
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(3,693)	42	(3,651)

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013

34 Events after the reporting period

There were no events after the reporting period.

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, described below:

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 1992*.

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's objectives, policies and processes for managing risk and the methods used to measure the risk have not changed since 2009. 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's 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 allowance for impairment 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.

Ageing Analysis 2013	Fully performing	Past due			Impaired	Total
	\$000	30-60 days \$000	61-90 days \$000	>90 days \$000		
Receivables	13,714	233	3,238	3,836	(91)	20,900

Ageing Analysis 2012	Fully performing	Past due			Impaired	Total
	\$000	30-60 days \$000	61-90 days \$000	>90 days \$000		
Receivables	10,627	1,907	36	3,015	(83)	15,502

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

(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 as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$000	\$000	\$000	\$000	\$000
2013					
Payables	17,433	693	-	18,126	18,126
Loans - QTC	7,958	31,810	47,487	87,255	63,102
	25,391	32,503	47,487	105,381	81,228
2012					
Payables	27,582	1,027	-	28,609	28,609
Loans - QTC	7,354	29,848	51,266	88,468	65,947
	34,936	30,875	51,266	117,077	94,556

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

	2013	2012
	\$000	\$000
Bank overdraft facility	5,000	5,000

(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 shows the increase to profit from investments should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of 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. Interest on financial liabilities is fixed, so liabilities have no sensitivity to fluctuations in interest rates.

Sensitivity analysis	Net Carrying Amount		Profit		Equity	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Financial assets	826	848	826	848	826	848
Financial liabilities	-	-	-	-	-	-
Increase to profit with a 1% increase in interest	826	848	826	848	826	848

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

35 Financial instruments - 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	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Financial assets									
Cash and cash equivalents	12	82,578	84,784	-	-	17	20	82,595	84,804
Receivables (fixed 11%)	13	-	-	17,307	4,255	3,623	11,256	20,930	15,511
Senior debt ** (fixed 6.67%)	21	-	-	-	114,125	-	-	-	114,125
Subordinate debt ** (fixed 7.51%)	21	-	-	-	91,300	-	-	-	91,300
		82,578	84,784	17,307	209,680	3,640	11,276	103,525	305,740
Effective interest rate		3.60%	4.12%	11.00%	11.00%	-	-		
Financial liabilities									
Payables	22	-	-	-	-	18,126	28,609	18,126	28,609
Loans - QTC *	23	-	498	63,102	62,091	-	-	63,102	62,589
		-	498	63,102	62,091	18,126	28,609	81,228	91,198
Weighted average interest rate		5.6%	0.0%	6.4%	6.5%	-	-		
Net financial assets		82,578	84,286	(45,795)	147,589	(14,486)	(17,333)	22,297	214,542

* QTC denotes Queensland Treasury Corporation ** To associate company Aikonnex Water (prior year)

REDLAND CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2013
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) a building certifying activity;
- (b) 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) 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) applying full cost pricing when deciding charges for goods or services, or charging for commercial reasons;
- (c) treating the net cost of performing community service obligations as revenue, except for particular roads activities;
- (d) 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) the revenue from the business activity; and
- (b) the expenses for the business activity; and
- (c) the surplus or deficit for the financial year; and
- (d) 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 2012-13, Council resolved to apply the Code of Competitive Conduct to the following business activities.

Water and wastewater	Fleet Leasing and Operations
Waste Management	Caravan Parks and Camping
Redland Art Gallery	Building Certification
School Age Care	Redland Performing Arts Centre (RPAC)
Cemeteries	Marine Transport

Financial performance of activities subject to code of competitive conduct: Significant Business Activities

	Water and wastewater	Waste Management
	2013	2013
	\$000	\$000
Revenue for services provided to Council	1,779	755
Revenue for services provided to external clients	89,435	18,785
Community service obligations	366	1,798
	91,580	21,338
Less: Expenditure	74,065	19,422
Operating surplus	17,515	1,916

Financial performance of activities subject to code of competitive conduct: Prescribed Business Activities

	Redland Art Gallery	Cemeteries	Building Certification	RPAC
	2013	2013	2013	2013
	\$000	\$000	\$000	\$000
Revenue for services provided to Council	-	-	16	48
Revenue for services provided to external clients	5	354	231	412
Community service obligations	-	-	55	80
Contribution from general fund	672	-	321	1,559
	677	354	623	2,099
Less: Expenditure	677	354	623	2,099
Operating surplus/(deficit)	-	-	-	-

During the financial year Council exited the Caravan Parks and Camping and School Age Care business activities.
 During the financial year Council resolved that Marine and Fleet Operations no longer be considered business activities.

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Financial performance of activities subject to code of competitive conduct: Businesses removed during the year

NOTE: These figures are for the period until cessation only.

Revenue for services provided to Council
 Revenue for services provided to external clients
 Community service obligations
 Contribution from general fund

Less: Expenditure
 Operating surplus/(deficit)

Caravan Parks & Camping	School Age Care	Fleet Leasing & Operations	Marine Transport
October 2012 \$000	January 2013 \$000	June 2013 \$000	June 2013 \$000
2	-	5,852	-
842	1,873	77	951
-	-	-	-
2,475	283	-	40
3,319	2,156	5,929	991
3,319	2,156	5,929	991
-	-	-	-

Description of Community Service Obligations (CSOs) and Contribution from General Fund to business activities:

Activities	CSO Description	Actual \$000
Water and wastewater	CSOs	
	Water not-for-profit	91
	Wastewater not-for-profit	275
		366
Waste Management	Clean Up Australia Day	2
	Birkdale Sanitary Landfill - Gate Waiver Fees	14
	North Stradbroke Island Transfer Station	477
	Kerbside Recycling	7
	Kerbside Waste Collection	13
	Kerbside Bin Exchange	22
	Russell Island Transfer Station	473
	Macleay Island Transfer Station	392
	Lamb Island Transfer Station	128
	Karragarra Island Transfer Station	106
Coochiemudlo Island Transfer Station	164	
		1,798
Redland Art Gallery	<i>Contribution from General Fund</i>	672
	Cost to provide the opportunity to community groups to display and sell their art works	
		672
Building Certification Services	CSOs	55
	Delivery of professional advice at customer service points	
	Professional advice by phone or in written form to the community	
	Discounted certifications on the islands	
	Professional support to other Council areas	
	<i>Contribution from General Fund</i>	321
		376
Redland Performing Arts Centre	CSOs	80
	Discounts offered on commercial ticketing	
	<i>Contribution from General Fund</i>	1,559
	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	
		1,639
Caravan Parks and Camping	<i>Contribution from General Fund</i>	2,475
	Includes cost of providing discounts and other services to the community such as:	
	- discounts to school groups and other group bookings	
	- refunds to customers due to cancellations of bookings from inclement weather conditions	
		2,475
School Age Care	<i>Contribution from General Fund</i>	283
		283
Marine Transport	<i>Contribution from General Fund</i>	40
		40

REDLAND CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

36 National Competition Policy (continued)

Outgoing Business Activities

During 2012-2013 Caravan Parks and Camping (Straddle Holiday Parks) transitioned to the Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) and School Age Care transitioned to an outside provider.

For the 2013-2014 financial year, Council has determined that Fleet Leasing and Operations will no longer be considered to be subject to the code of competitive conduct as all transactions are of an internal nature.

During the 2013-2014 deliberations, it was also determined that Marine Transport Operations would no longer be considered to be subject to the code of competitive conduct following the disbanding of the City Enterprises Group and the movement to focus on core services and away from commercial revenue opportunities.

Anticipated changes to Business Activities for 2013-2014

It is expected that there will be no new Business Activities to which the Code of Competitive Conduct (CCC) will be applied for the 2013-2014 year.

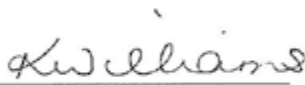
**REDLAND CITY COUNCIL
FINANCIAL STATEMENTS
For the year ended 30 June 2013**

**MANAGEMENT CERTIFICATE
For the year ended 30 June 2013**

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

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

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



Mayor
Karen Williams

Date: 15, 10, 13



Chief Executive Officer
William Harold Lyon

Date: 15, 10, 13

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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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 Redland City Council for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane

REDLAND CITY COUNCIL
CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT
 For the year ended 30 June 2013

Measures of Financial Sustainability

Council's performance at 30 June 2013 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	(6.71%)	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	26.95%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	14.49%	Below 60%

Note 1 - Basis of Preparation

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

Certificate of Accuracy

For the year ended 30 June 2013

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

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


 Mayor
 Karen Williams

Date: 15, 10, 13


 Chief Executive Officer
 William Harold Lyon

Date: 15, 10, 13

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Redland City Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Redland City Council for the year ended 30 June 2013, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Redland City Council, for the year ended 30 June 2013, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



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



Queensland Audit Office
Brisbane

**REDLAND CITY COUNCIL
LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT**
Prepared as at 30 June 2013

Measures of Financial Sustainability

Measure	Target	Projected for the years ended										
		30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	
Operating surplus ratio	Between 0% and 10%	(5.71%)	0.14%	0.24%	0.38%	0.20%	0.33%	1.20%	2.61%	4.07%	5.52%	
Asset sustainability ratio	Greater than 90%	26.95%	41.81%	49.83%	56.03%	45.22%	58.02%	62.22%	52.95%	69.13%	57.03%	
Net financial liabilities ratio	Below 60%	14.49%	20.84%	30.90%	32.12%	32.62%	32.50%	31.28%	25.71%	20.66%	14.87%	

Council's Financial Management Strategy

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

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2013

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

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

K Williams

Mayor
Karen Williams

Date: 15/10/13

WJ

Chief Executive Officer
William Harold Lyon

Date: 15/10/13