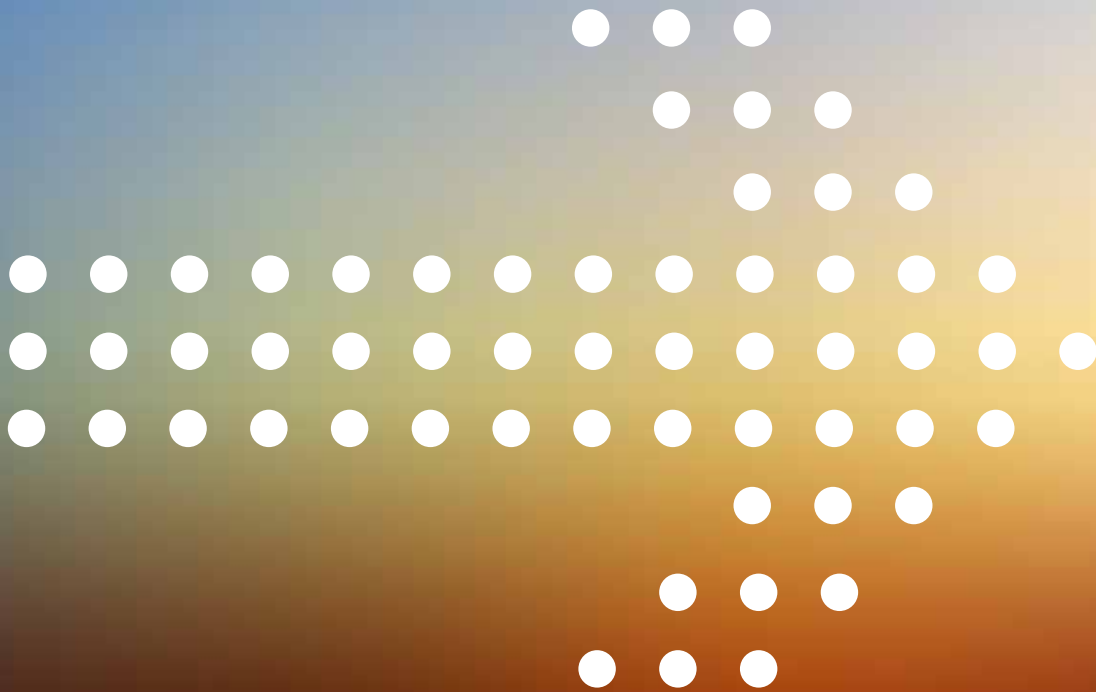


2013–14

# Annual Report



## Glossary of common terms used in this annual report

**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.

**External audit** – Audit professional who performs and audit on the accounts in accordance with the *Local Government Act 2009*, Local Government Regulation 2012 and the Australian Accountancy standards, and who is independent of council.

**Financial year** – The 12 months between 1 July of one year and 30 June of the next year. This annual report is for the 2013-14 financial year, which runs from 1 July 2013 to 30 June 2014.

**Full-time equivalent (FTE)** – The hours worked by one or more staff members that are the equivalent of a full-time employee. As an example, this may involve a full-time employee working 36.25 hours per week or two part-time employees each working 18.13 hours per week.

**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.

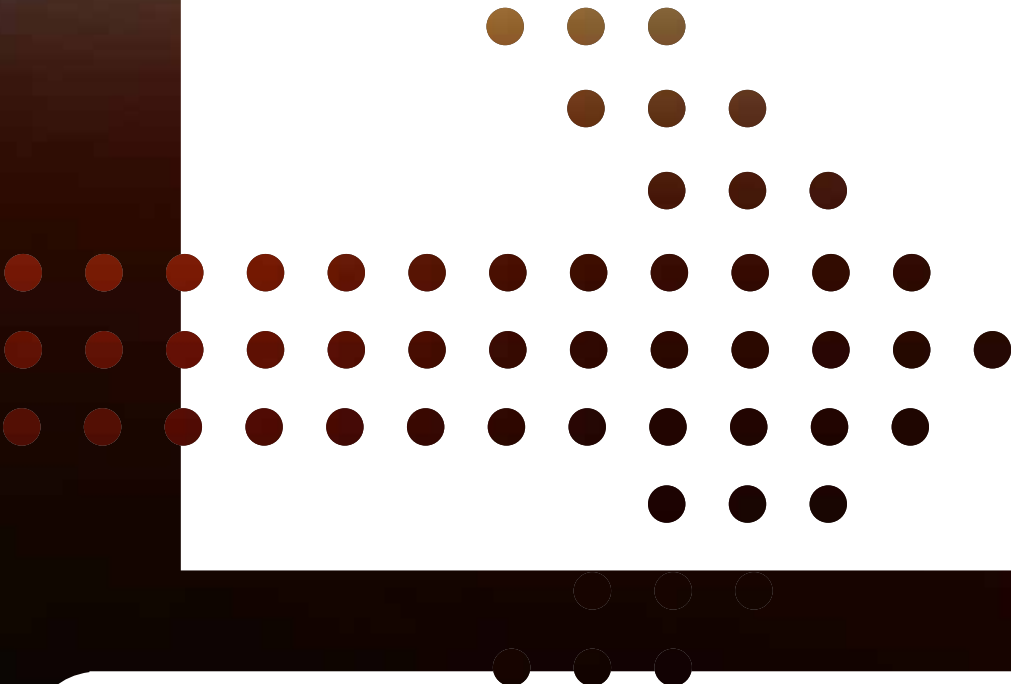
**Operational Plan** – A one-year plan that sets out activities to be undertaken in that particular year to achieve the Corporate Plan. An Operational Plan is a legal requirement for Queensland councils under the *Local Government Act 2009*.

**RCC** – Redland City Council.

**Statutory** – Required under legislation.

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# Introduction

## 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.

## 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 77-80.

This annual report is the fourth 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 2013-14.

## 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.

## Introduction continued



### Our city

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

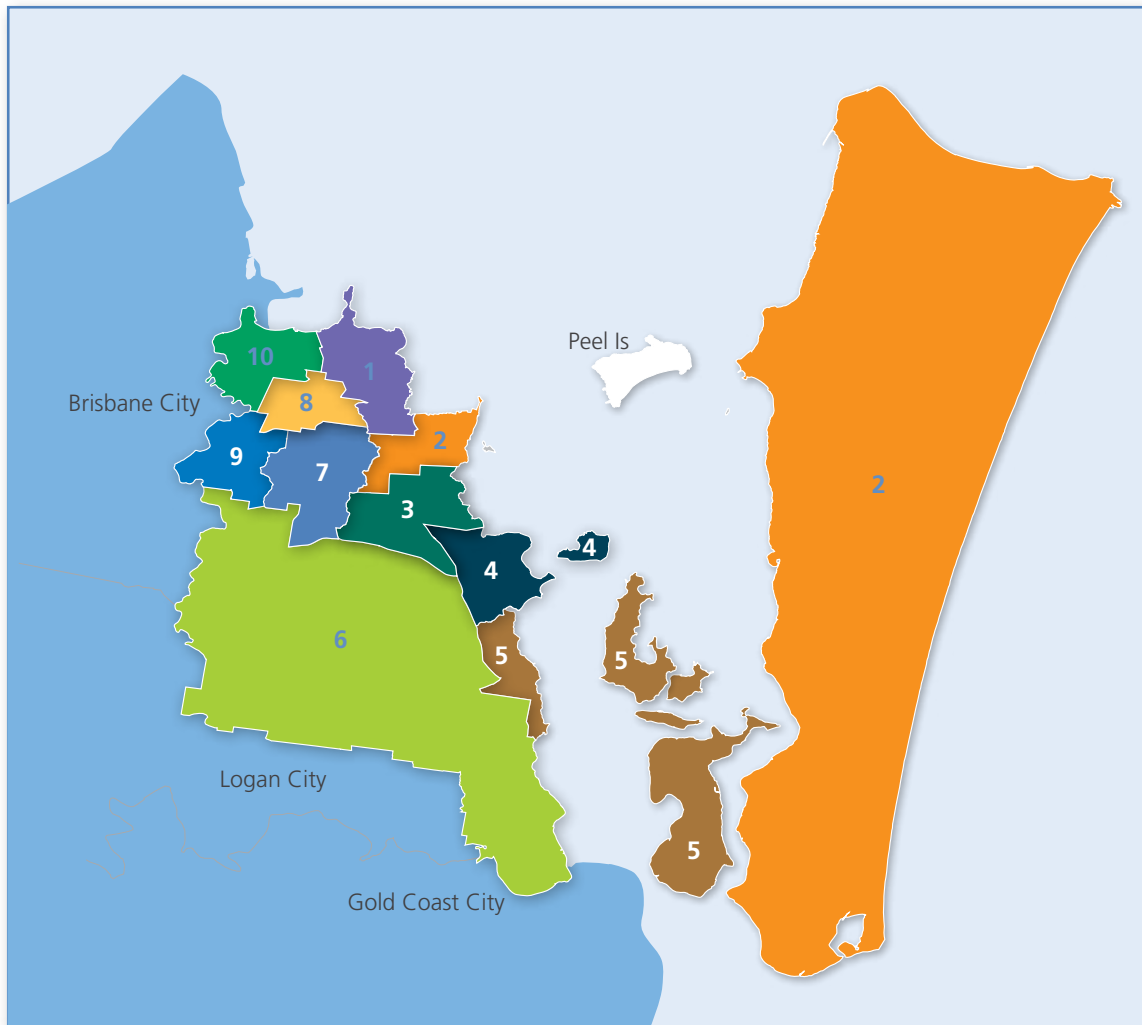
**Area:** 537 square kilometres

**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, health care and social assistance, construction, education and training, manufacturing, and tourism

**Population:** 147,437 <sup>1</sup>

<sup>1</sup> Source – Australian Bureau of Statistics (June 2013 estimated residential population (ERP))



**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/Thorneside

# A Message from our Mayor and CEO



## A message from our Mayor

The 2013-14 financial year has been one of consolidation for Redland City Council after a period of significant change.

While continuing the drive for efficiencies and service improvements, we have further strengthened the foundations for our City's future while keeping rates as low as possible and service delivery at a high standard.

The 2013-14 Budget delivered the lowest headline rate increase in South East Queensland for the second consecutive year (1.43%) and that strong financial foundation served us well in framing the 2014-15 budget in the face of significant challenges.

Internal savings achieved through a relentless focus on efficiency and trimming of excesses again enabled us to ease the burden on ratepayers by absorbing millions of dollars in increased external costs.

Council remains in a strong financial position despite rising costs and falling revenue. I am incredibly proud that Redland City remains the benchmark for South East Queensland councils in minimising rates increases. Our headline rates have increased by a total of below 7 per cent over the past three years.

Reducing cost-of-living pressures on residents has been at the forefront. We have managed to keep utility price rises for 2014-15 to a modest 3.3 per cent despite a 14 per cent hike in state bulk water charges, and we absorbed a 13 per cent increase in electricity costs and 7 per cent hike in our fuel costs.

This was done while maintaining our generous rates concessions for pensioners and returning savings from the repeal of the carbon tax to ratepayers.

Through all of this, we managed to exceed targets set out in the 2013-14 budget and returned a surplus while continuing growth in community equity. Major gains were made through a reduction in our provisions and a greater focus on the management of future costs and risks associated with maintaining landfill sites.

Another highlight of 2013-14 was our investment in our City's future and future generations of Redlanders with projects such as Priority Development Areas at Cleveland's Toondah Harbour and Redland Bay's Weinam Creek and the Cleveland CBD rejuvenation.

The PDAs will deliver investment, jobs and ultimately waterfront precincts and transport hubs we can all be proud of. I am encouraged with their progress and expect some exciting announcements in early 2015.

Council is now well into the second half of its term but this is no time for complacency. We will continue to improve the way we do business and deliver the projects and services the community expects.

During the year the Redlands was confronted with a potentially devastating bushfire on North Stradbroke Island, showing again that this beautiful part of the world is not immune from disaster. But through the challenge we yet again showed great community spirit and resilience, emerging from the crisis without loss of life or homes.

This spirit is the essence of this City and there is no doubt our great sense of community and the dedication and professionalism of Council staff have played a key part in Council's positive position.

I would like to thank all those who hold the Redlands dear in their hearts and look forward to working with you as we build a City we all can be proud to call the best place to live, work and do business.

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

Council continued to consolidate and focus on improving its financial performance and customer service in the past year, as well as embed its new operating structure. Our quest for efficiencies and more cost-effective ways of delivering services and projects for the community has seen our financial results better our forecasts.

Major gains were made through a reduction in provisions in this financial year, much of this through a greater focus on how we manage the future costs and risks associated with maintaining our landfill sites.

This has allowed us to exceed the targets set out in the 2013-14 budget and move from a projected small deficit to a significant surplus.

After the refocussing of our attention on the customer and resident, we continue to look for ways to make the ratepayer dollar stretch further, as well as improve service quality.

Cost-cutting measures have ranged from simple but tangible changes, such as the type of stationery we use, to innovative thinking on how major projects can be delivered cheaper and faster. This is central to our objective of achieving an increasingly efficient operation which is more responsive to the needs of the community we serve.

That is reflected in the 2014-15 budget, which includes a program of long-term city-wide projects, while easing cost-of-living pressures for residents and setting a strong financial direction for Council.

That this is being achieved in the face of revenue constraints and rising costs is a credit to all involved. Council staff members have risen to the challenge and I have confidence that future issues will also be embraced with resolve and determination.

In 2014-15 we will continue to develop our staff and look to improve processes to make dealing with Council as easy as possible.

Throughout the year, we also continued to implement our IT strategy to make Redland City Council an easier organisation to do business with, as well as improve our information management internally. We are now part way through the five-year strategy.

Council continues to encourage a culture of fresh thinking to develop better ways of doing business. As part of this, it will embark on a review of its procurement and project management processes in a bid to make them more streamlined and efficient. These reviews will help us respond to staff members who continue to work tirelessly to deliver services and facilities to the community.

Importantly, we have seen the organisation's safety record continue to improve and we are injuring fewer of our people as we strive for a safe, productive and injury free workplace.

We have also made significant progress on our Priority Development Areas and hope to see that continue in 2014-15, as well as begin the process of delivering a new City Plan.

In this report last year, I acknowledged Council's capacity to respond to natural crises had been strengthened through the development of a community-specific disaster management plan. Within weeks, that plan was put to the test in the potentially devastating bushfires which razed much of North Stradbroke Island – and it certainly proved its worth.

Despite it being at the height of holiday season, the bushfire emergency was handled without loss of life or homes. It underscored why this plan – developed in recognition of the City's responsibility to prepare well for the safety of residents - has since been held up as the benchmark for other local government areas.

Thank you to all staff, Councillors and residents for your 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 and fluid.

**Bill Lyon**

CEO of Redland City Council



# Review of 2013–14

## Highlights

### Priority development progress

Significant progress was made in the Toondah Harbour and Weinam Creek Priority Development Area projects, culminating in the calling of Expressions of Interest. During this phase, there were 54 inquiries with eight expressions lodged – four for each of these important waterfront sites. A total of 827 submissions, including about 150 form letters, were received from individuals and groups during the community engagement phase which preceded the calling of Expressions of Interest. More than 2000 people also attended 10 community forums and provided online input. The feedback led Council to recommend changes to the draft plan which were subsequently endorsed by the State Government.

### A resilient community

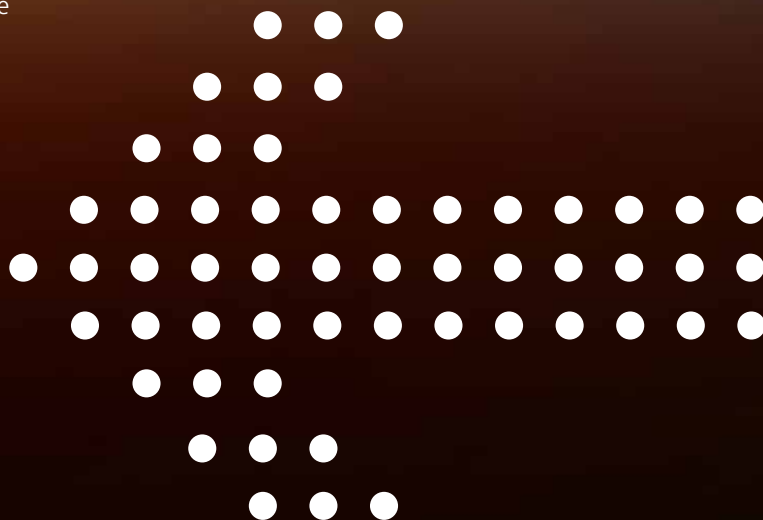
The Redlands faced a potentially life-threatening disaster in December-January when massive bushfires raged across North Stradbroke Island at the height of holiday season. It was the first test of Council's new state-of-the-art Disaster Management Plan, which includes important information tailored for island, suburban and hinterland communities. The plan, which involved extensive community consultation and has become the benchmark for other authorities in planning for and dealing with potential emergencies, was credited with helping ensure the North Stradbroke Island fires were contained without loss of life or property. The incident again showed that the Redlands is not immune to potential disaster and underscored the importance of Council's emergency management strategy. Council was also at the forefront of a campaign to "help Straddie heal" in the wake of the fires, including supporting the first-ever InTrust Super Cup rugby league match at Dunwich.

### Developing our tourism

More than 100 Redlands tourism providers descended on North Stradbroke Island in May as part of the 2014 Tourism Summit, an initiative of Redland City Council with support from Tourism and Events Queensland. It provided an opportunity for tourism providers to develop their products and build stronger collaborative relationships. The Redlands also hosted the first South East Queensland Island Forum in February.

### Supporting local business

Council strengthened its "buy local" procurement policy as part of its continuing commitment to supporting local businesses and economic development through its substantial buying power. Changes to the policy, which came into effect on 1 July 2013, give a scaled benefit of up to 10 per cent for local businesses and suppliers quoting on Council work. Getting value for ratepayers' money remains a key criterion.



## New local laws process begins

The process of adopting a new set of local laws for Redland City began with a focus on reducing red tape and keeping the City safe and clean. The draft laws accepted by Council align with the State Government's model local laws, providing greater uniformity and streamlining administrative processes. In the first step in the process, the draft local laws must go through a State Government interest check before being made available for public comment.

## Freedom of the City

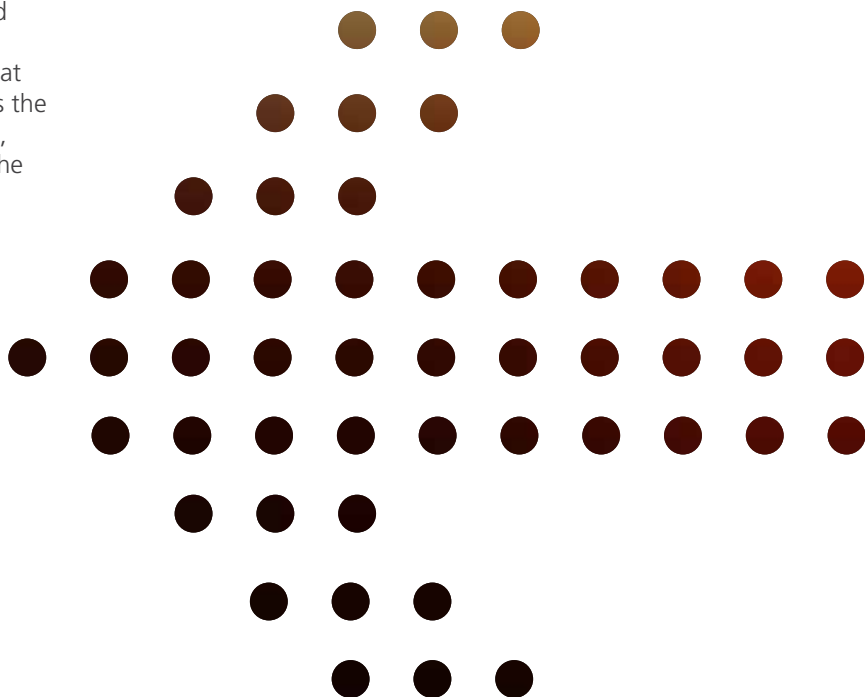
Redland City celebrated its proud military history by granting Freedom of Entry to the City to the No. 95 Wing of the Royal Australian Air Force (RAAF) in April. A contingent of 150 RAAF personnel marched up Middle Street, Cleveland, cheered on by residents and visitors. Redland City can now look forward to a strong relationship with No. 95 Wing, the largest wing in the Air Force with more than 2600 personnel posted to every Air Force base in Australia.

## A commitment to Quandamooka

Council's connection with and commitment to the Quandamooka Peoples and the Aboriginal and Torres Strait Islander people of Redlands continued through support for a range of events, Yarnin Time, National Reconciliation Week, NAIDOC Week and the International Day of the World's Indigenous People. Council also participated in the celebrations of the anniversary of the historic native title consent determination that acknowledges the Quandamooka Peoples as the traditional owners of North Stradbroke, Peel, Goat, Bird, Stingaree and Crab islands and the surrounding waters of Moreton Bay.

## Community focus

The ribbon was cut on the \$500,000 Macleay Island community skate park in May, the result of Council's commitment to the community and a great deal of work by islanders. The park, designed for beginners, intermediate and advanced users and featuring ramps, steps and grind walls for skaters, scooter and BMX riders, has proved popular. Looking ahead, Cleveland's Bloomfield Street Park is set for a major upgrade as part of plans to revitalise the CBD and ensure residents have access to quality community facilities.



## Milestones and awards

### Young Legends Award

Recognises positive environmental outcomes which encourage and promote youth initiative and environmental education and/or achievement.

This award was in recognition of Council's encouragement and promotion of environmental education with local youth.

In February 2012, Redland City Council initiated the IndigiKids Club for youngsters aged 8–12 years who have an interest in the environment. Kids get to participate a range of fun activities and workshops based around learning about and helping to care for the Redlands environment. IndigiKids meet on the first Sunday of each month and we encourage kids to come along and have fun, make new friends and help our environment.

Redland City Council facilitates a 'free trees for schools' program, operating from the Redlands IndigiScapes Centre. Budget is allocated to provide 100 free, locally native plants to each school in the Redlands. Free expert advice is also offered in implementing planting programs and managing the plants.

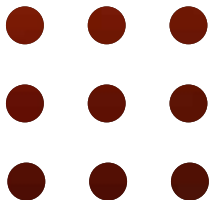
The Redland City Council Environmental Education Unit delivered a free professional development workshop on 'Using Locally Native Plants in School Grounds' to school grounds care staff in Redland City. It was well attended, with 21 grounds care staff attending.

The Redland City Council Environmental Education Unit delivers programs for schools as well as for kids and families during school holidays. Redlands IndigiScapes Centre also facilitates a number of family friendly events throughout the year that cater to all age groups.

The RedSWAP schools pilot program currently being implemented provides the opportunity for schools to establish a 'kids teaching kids' program under the guidance of Council, related to sustainability, waste reduction, litter prevention and recycling.

The Redland Libraries Young People Services team delivers a variety of programs and activities to a diverse clientele throughout Redland City. Using a range of storytelling, reading, craft making, songs and action rhymes, the team inspires the imagination of children to encourage a lifelong passion for learning and literacy. Programs include:

- A new early literacy session entitled 'Ready to Read', which is delivered by team members monthly. 'Ready to Read' introduces children to the alphabet, numeracy and basic sign language through a mixture of songs, rhymes, books and games. This program has been a great success with very positive feedback and an average participant rate of more than 30 children at each session.
- A new weekly craft program entitled 'Crafternoon', which was developed by Redland City Libraries Young People Services team for primary school aged children using the library after 3:30pm. This craft is delivered three times each month and is rotated through each of the three mainland libraries. In addition to engaging with the participants, it has been a great way for the Young People Services team to fully utilise a variety of recyclable materials.



### Environmental Innovation and Protection Award

Recognises positive environmental outcomes which encourage and promote youth initiative and environmental education and/or achievement.

This award was in recognition of RCC's encouragement and promotion of environmental education with local youth. Activities include;

**Collaborative Shorebird Project** – Redland City Council has partnered with Marine Parks and the Queensland Wader Study Group to monitor shorebirds. A Redland City Council Wildlife Officer partnered with a Department of Environment and Heritage Protection Marine Parks Officer to undertake the monitoring of shorebirds, in particular the migratory species at one of our key feeding sites at Thorneside. This roost was monitored once a month for four hours (two hours on either side of the high tide) with numbers and species of feeding birds recorded as well as any signs of disturbance.

Redland City Council also undertakes a number of annual fauna surveys to monitor our local wildlife. These include:

**Glossy Black Cockatoo Survey** – conducted on the mainland, North Stradbroke Island and the Southern Moreton Bay Islands;

**Coochiemudlo Curlew Count** – held on the second Saturday in February;

**Community Koala Phone Survey** – held on the third weekend in October, both Saturday and Sunday;

**North Stradbroke Island Koala Survey** – held on the second Saturday in October; and

**Redlands Koala Watch** – residents are invited to report koala sightings whenever they come across them.

Redland City Council continues to provide support for the innovative IndigiScapes Centre at Capalaba which was opened in 2000. This centre is an environmental education hub for the Redlands and showcases local native plants through its landscaped botanic gardens and bushland tracks. The intent of this is to promote locally indigenous species, in a garden situation, as viable alternatives for local gardeners and reduce reliance on non-native species. Council spends hundreds of thousands of dollars every year managing escaped garden plants in its reserves and the provision of these gardens represents a long-term vision to overcome this. For nearly 14 years, visitors have come to relax, enjoy and learn in a beautiful bush setting with visitation growing every year from 8000 in 2001 to more than 45,500.

The centre is also home to a large and diverse range of environmental education programs and interpretive education, making the centre a hub for knowledge. The programs run from the centre include:

**Community Bushcare Program** – Partners with members of the community who work together to achieve coordinated conservation outcomes on Council land;

**Habitat Protection Programs** – Encompassing the delivery of six environmental extension programs targeted at private landholders. Council realises that the environment does not recognise property borders and only through partnerships with private landholders and businesses can we aim to achieve our desired environmental outcomes;

**Wildlife Programs** – Redland City Council provides a number of programs and supports many organisations in raising community awareness of local wildlife, including koalas; and

**Schools Environmental Education Program** – working with schools in the Redlands to provide activities that complement the curriculum. A growing number of child care centres also have been involved in programs as their guidelines require them to incorporate sustainability practices in their centres.

# Review of 2013–14 continued

## Australia-Japan Environmental Education Partnerships

The Redlands IndigiScapes Centre is undertaking wildlife conservation training and education with visiting Japanese university students (veterinary, research and zoo keepers). These visits, which occur four times a year, are in conjunction with the Australia-Japan Wildlife Conservation and Education Foundation. Students receive a presentation on Redlands wildlife issues and conservation actions, as well as an opportunity to participate in tracking wild koalas and a visit to a local flying-fox roost and a rehabilitation centre.

The Redlands IndigiScapes Centre has completed a pilot two-way broadcasting education program with students at Kani Technical High School. This project is an environmental and social study program using foreign languages for primary and junior high school students via two-way live internet broadcasting between Australia and Japan. In this pilot study, Japanese primary and junior high school students were connected via the internet with Australian environmental and wildlife conservation facilities and groups.

Episodes of a Japanese documentary TV program titled "The Miracle Earth" were filmed in the Redlands. This documentary is to be broadcast by one of the major commercial television networks in Japan. The segments that were filmed in Australia introduced the unique biology of Australian wildlife, focusing mainly on our marsupials and monotremes.

## Parks and Leisure Australia Planning Award (State and National) – Redland Open Space Strategy

The Redland City Council Open Space Strategy was entered into the State and National Parks and Leisure Australia Awards. The Strategy won the state award but missed out on winning the national award. Parks and Leisure Australia is the peak industry body for the parks, sport, recreation and leisure sector and the state and national awards recognise best practice projects and programs across the country.

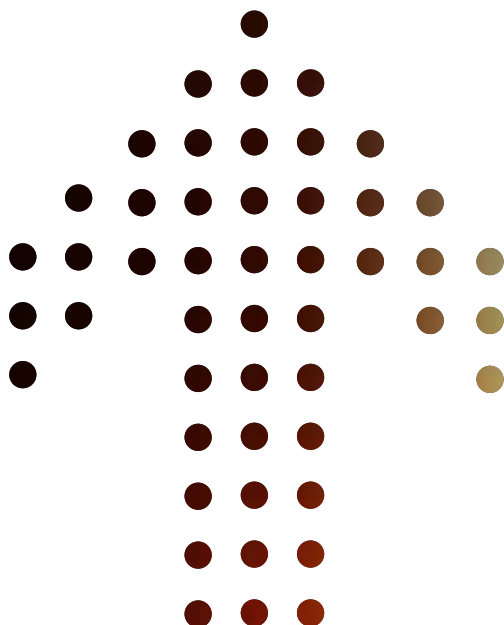
The Open Space Strategy was recognised for its uniqueness and innovation as well as its consultation process that involved Walk and Talk Days in several Redland neighbourhoods and the use of the Heart Foundation Walkable Neighbourhood Audit. The strategy is activity based and aimed at aligning fit-for-purpose open space with a range of recreation activities in every neighbourhood in Redland City. The strategy was written specifically to be used for the Redland Planning Scheme and Open Space Asset Management Plan however its uses have proved to range far and wide and its detailed recommendations are used to resolve many local open space issues.

## Award-winning commitment wins award for excellence in teamwork

Council's commitment to informing and preparing the community during the potentially devastating North Stradbroke Island fires in December – January earned the Communication, Engagement and Tourism Group the state's highest local government accolade for teamwork.

The Local Government Managers' Association Queensland Award for Excellence recognised the team's 24/7 communication that included the latest in social media and crowd sourcing as well as more traditional methods of ensuring community safety and preparedness.

The team also was a finalist in the prestigious national Social Media Innovation for Government and Public Sector Award 2014.



## Review of 2013–14 continued

### Mayor and CEO Employee Excellence Awards

The Mayor's Award is a formal award that specifically aims to recognise outstanding personal contribution by employees that directly benefits the Redlands community. It is open to all employees of Redland City Council both as individuals or teams.

The CEO Awards are formal awards recognising excellence in categories determined by the Executive Leadership Group to drive performance against organisational objectives. In 2013 these categories are Leadership, Collaboration, Innovation and Efficiency, with winners selected based on criteria against these categories.

### Winners and runners up for 2013

|                                    | Winner   | Runner up  |
|------------------------------------|--|--|
| <b>Mayor's Award</b>               | Lex Smith  | Peter Gould  |
| <b>CEO Award for Leadership</b>    | Deborah Corbett-Hall   | Kym Banks  |
| <b>CEO Award for Innovation</b>    | Laurence Blacka  | Richard Smith, Dominic Newland, David Katavic, Nigel Carroll and Rob Walford                                     |
| <b>CEO Award for Collaboration</b> | Lisa Barry, Melissa Brooks, Bev Cosgrove, Tim Goward and Meredith Nestor | Carol Williams, Tim Mitchell, Giles Tyler, Bradley Taylor, Matthew Ingerman, Deluna Lawrence and Michael Holland |
| <b>CEO Award for Efficiency</b>    | Tammy Hyde and Peter Coleman   | Tasmin Young   |

# 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.



**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/  
Thornlands/Redland Bay  
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 26 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.



**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

Raised in Wynnum, Paul graduated from QUT (Drama) in 1986. He works in film, television, radio and has performed with every major theatre company in Australia. He has served on Actors Equity's National Performers Committee and as an associate artist with the Queensland Theatre Company. Paul spent seven years acting in the police drama *Blue Heelers* and moved to Birkdale with his four children in 2004. An entrepreneur, presenter, MC, teacher and media maker, Paul founded Arts Evolution in 2005. He is a trained cluster facilitator, attended the UK's Skoll World Forum on Social Entrepreneurship in 2008 and opened The Red Place, a co-working hub and innovative space, in 2013.

## Mayor and Councillors' information continued

### Councillors' meeting attendance

| Statutory meetings attended  |                      |                          |                          |                          |                          |                          |                        |                          |                        |                          |                          |                |
|------------------------------|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------------------|----------------|
| Meeting                      | Mayor<br>Cr Williams | Division 1<br>Cr Boglary | Division 2<br>Cr Ogilvie | Division 3<br>Cr Hardman | Division 4<br>Cr Hewlett | Division 5<br>Cr Edwards | Division 6<br>Cr Talty | Division 7<br>Cr Elliott | Division 8<br>Cr Beard | Division 9<br>Cr Gleeson | Division 10<br>Cr Bishop | Total Meetings |
| General and Special Meetings | 23                   | 24                       | 23                       | 21                       | 25                       | 25                       | 23                     | 25                       | 25                     | 23                       | 25                       | 25             |
| Coordination Committee       | 12                   | 11                       | 10                       | 9                        | 12                       | 12                       | 11                     | 12                       | 12                     | 10                       | 12                       | 12             |
| <b>Totals</b>                | <b>35</b>            | <b>35</b>                | <b>33</b>                | <b>30</b>                | <b>37</b>                | <b>37</b>                | <b>34</b>              | <b>37</b>                | <b>37</b>              | <b>33</b>                | <b>37</b>                | <b>37</b>      |

### Cleveland CBD Revitalisation Special Committee\*

| Meeting       | Mayor<br>Cr Williams | Division 2<br>Cr Ogilvie | Division 5<br>Cr Edwards | Division 6<br>Cr Talty | Division 7<br>Cr Elliott | Total Meetings |
|---------------|----------------------|--------------------------|--------------------------|------------------------|--------------------------|----------------|
| <b>Totals</b> | <b>2</b>             | <b>2</b>                 | <b>1</b>                 | <b>2</b>               | <b>1</b>                 | <b>2</b>       |

\* Note: the last meeting of Cleveland CBD Revitalisation Special Committee was held on 7 November 2013

# Mayor and Councillors' information continued

## Councillors' remuneration

In accordance with the *Local Government Regulation 2012*, the Local Government Remuneration and Discipline Tribunal is responsible for determining the maximum remuneration payable to the Mayor, Deputy Mayor and Councillors. The remuneration for Redland City Council Councillors for the period 1 January 2013 to 30 June 2014, which was determined in the 2012 Local Government Remuneration and Discipline Tribunal report, is detailed below.

|              |           |
|--------------|-----------|
| Mayor        | \$154,636 |
| Deputy Mayor | \$105,434 |
| Councillor   | \$91,376  |

Councillors, including the Mayor and Deputy Mayor, did not receive an increase to their remuneration during the 2013/14 financial year.



# 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          | 155,229.49          | 18,627.57                   | 13,199.72        | 2,280.00   | 14,678.95                                     | 318.18             | 2,614.85                                | 3,750.42                            | <b>210,699.18</b>   |
| 1        | Cr Boglary              | 91,726.63           | 11,007.15                   | 362.80           | 205.00   | 1,218.94                                      | 0.00               | 2,450.91                                | 488.17                              | <b>107,459.60</b>   |
| 2        | Cr Ogilvie              | 91,726.63           | 11,007.15                   | 10,570.30        | 0.00   | 50.00   | 0.00               | 4,364.71                                | 168.52                              | <b>117,887.31</b>   |
| 3        | Cr Hardman              | 91,726.63           | 11,007.15                   | 8,463.00         | 0.00   | 0.00  | 318.18             | 1,532.23                                | 113.18                              | <b>113,160.37</b>   |
| 4        | Cr Hewlett              | 91,726.63           | 11,007.15                   | 13,052.20        | 232.32   | 0.00  | 318.18             | 3,200.70                                | 496.06                              | <b>120,033.24</b>   |
| 5        | Cr Edwards              | 91,726.63           | 11,007.15                   | 10,212.32        | 867.27   | 1,469.81                                      | 0.00               | 3,278.34                                | 195.45                              | <b>118,756.97</b>   |
| 6        | Cr Talty                | 91,726.63           | 11,007.15                   | 10,896.59        | 60.00  | 1,230.80                                      | 318.18             | 2,226.90                                | 476.82                              | <b>117,943.07</b>   |
| 7        | Cr Elliott              | 91,726.63           | 11,007.15                   | 60.86            | 0.00   | 0.00  | 0.00               | 4,089.42                                | 0.00                                | <b>106,884.06</b>   |
| 8        | Cr Beard (Deputy Mayor) | 105,838.37          | 12,700.52                   | 7,778.30         | 50.00  | 1,251.02                                      | 0.00               | 2,062.99                                | 122.27                              | <b>129,803.47</b>   |
| 9        | Cr Gleeson              | 91,726.63           | 11,007.15                   | 7,274.93         | 50.00  | 0.00  | 0.00               | 2,910.06                                | 75.00                               | <b>113,043.77</b>   |
| 10       | Cr Bishop               | 91,726.63           | 11,007.15                   | 109.10           | 1,181.82   | 1,090.54                                      | 318.18             | 2,045.01                                | 131.36                              | <b>107,609.79</b>   |
|          |                         | <b>1,086,607.53</b> | <b>130,392.44</b>           | <b>81,980.12</b> | <b>4,926.41</b>  | <b>20,990.06</b>                              | <b>1,590.90</b>    | <b>30,776.12</b>                        | <b>6,017.25</b>                     | <b>1,363,280.83</b> |
|          |                         |                     |                             |                  |  |   |                    |   | Support costs                       | <b>646,848.42</b>   |
|          |                         |                     |                             |                  |  |   |                    |   | <b>Total costs</b>                  | <b>2,010,129.25</b> |

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

\*\* \$5,000 allowance per term (provides for registration and training fees)

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

## \$6,000 per annum Mayor or delegate, \$500 per annum per Councillor capacity or as a delegate (on behalf of Council)

## Expenses reimbursement and provision of facilities for Councillors<sup>2</sup>

### 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 Statement

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 2009*.

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*.

<sup>2</sup>No amendments to this policy have been made since October 2012.

# 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.

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

**Civic duties** means Council business.

## Mayor and Councillors' information continued

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

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

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

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

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

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

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

**Representing Council** a Councillor is representing Council when Council resolves that the Councillor is to attend an event or function as 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 Regulation 2012*
- *GL-3076-001 Guideline – Expenses Reimbursement and Provision of Facilities for Councillors*
- *Redland City Council Procurement Manual*
- *Income Tax Assessment Act 1997*
- *Taxation Rulings issued by the Australian Taxation Office*

### Reporting Requirements

- 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.



# Mayor and Councillors' information continued

## 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.

# Our organisation

## Organisational chart



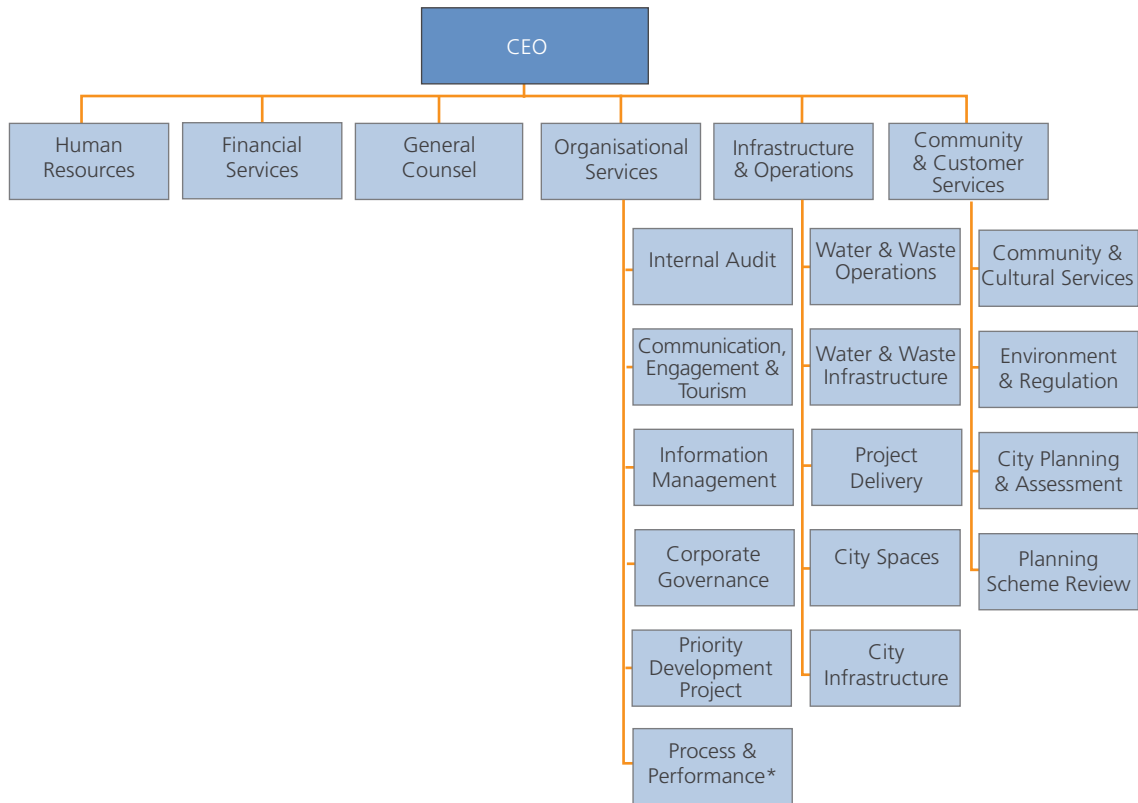
Note<sup>1</sup>: Communications renamed Communication, Engagement & Tourism 28 November 2013

Note<sup>2</sup>: Distribution & Treatment renamed Water & Waste Operations 9 October 2013

Note<sup>3</sup>: Infrastructure & Planning renamed Water & Waste Infrastructure 9 October 2013

# Our organisation continued

**Organisational chart**  
(from 17 March 2014)



\* The Group Manager Process & Performance moved to Organisational Services Department effective from 17 March 2014

# Executive Leadership Group



Chief Executive Officer  
(5 November 2012 to present)  
**Bill Lyon**  
Bachelor of Business; Graduate Certificate in General Management; Associate Diploma Electrical Engineering



General Manager Organisational Services and Redlands Local Disaster Coordinator  
**Nick Clarke**  
Master of Science; Fellow of Local Government Managers Australia; Member Logan-Redlands Regional Development Australia Committee



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



General Manager Infrastructure and Operations  
**Gary Soutar**  
Bachelor of Engineering (Civil); Member of Association of Professional Engineers, Scientists and Managers Australia



Acting Head of Human Resources<sup>3</sup>  
**Eleanor Noonan**  
Master of Business; Member of Australian Human Resources Institute; Diploma of Project Management; Prince2 Foundation Accreditation; Justice of the Peace (Qualified)



Chief Financial Officer<sup>4</sup>  
**Gavin Holdway**  
Certified Practising Accountant (CPA), Member of CPA Australia; Bachelor of Commerce (Accounting Major)  
Previous title - Manager Financial Services



Manager Process and Performance<sup>5</sup>  
**Chris Taylor**  
Advanced Diploma of Project Management - AdvDipPM; Lean Six Sigma (Membership Lean Six Sigma Division) – MLSSD; Personal Membership Australian Quality Centre - AOQ-QLD



General Counsel  
**Andrew Ross**  
Bachelor of Law; Bachelor of Theology; Masters in Health Science

<sup>3</sup> Eleanor Noonan was Acting Head of Human Resources from 20 May 2013 to 23 May 2014. Amanda Daly returned to the position on 24 May 2014

<sup>4</sup> The Chief Financial Officer left Council on 25 April 2014 and the position filled by Linnet Batz on 16 June 2014

<sup>5</sup> To 27 June 2014



# Our people

## People Strategy 2012-2015

Council continued to implement the priorities defined in the People Strategy which 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 2013-14 program of work included implementing the revised performance management framework (MyGoals) that aligns individuals' performance with the organisation's Key Result Areas, provides goal clarity, focusses on achieving career goals and sets out behavioural competencies. The Reward and Recognition Program continued in its implementation to celebrate great individual and team work, innovation, leadership and customer service. Investment in people's learning and development, particularly around safety, was also a key strategy in ensuring our people know their responsibilities and act safely. Also, the identification of critical roles and talent commenced this year, to be supported by a Leadership Development Program and succession management initiatives to mitigate risks associated with loss of organisational knowledge and impact on business continuity.

Various other HR projects started in 2013-14 that support a productive and positive workforce. Development of a new People Strategy will commence in 2014-15 in consultation with employees following development of the new Corporate Plan.

## Recruitment and selection

This year saw the Recruitment and Selection team strengthen the relationships built with internal managers through streamlining of processes, online advertising request forms, further enhancement of web-recruitment and the introduction of a recruitment strategy which outlines a clear direction for recruitment at Council. The introduction of an administrative casual pool in January 2014 further supported the business with additional assistance in peak times, as well as retaining employee knowledge. Further external advertising of the casual administrative pool is planned to support the business needs of Council.

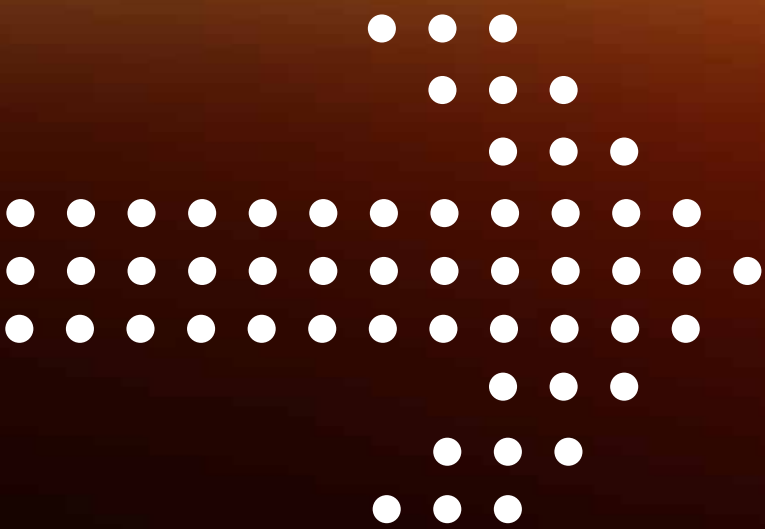
The extensive career variety at Council requires Recruitment and Selection to manage each recruitment process individually, in regards to tailored advertising and anticipated applicant numbers. Recruitment and Selection continue to oversee Council's recruitment and ensure it is a merit-based process.

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

Council continued with its commitment to employee development with a strong focus on coordinating and delivering the training for workplace health and safety compliance through the skills matrix and the safety leadership program for managers and supervisors.

Council also recognised the need for strong, visible and capable leadership moving into the future, to provide long-term sustainable products and service delivery to our community. It was highlighted that a Leadership Development Program needed to be designed to build capability at all leadership levels. Consultation was conducted across the business and tender documentation prepared. Submissions were received from local and state businesses. It is intended that 2014-15 will see the design, development and implementation of the Leadership Development Program.



A team of professionals across Council participated in the Local Government Managers Association Challenge. This enabled experiential learning at a high level and was a valuable component of leadership development.

E-learning continues as a focus to ensure appropriate and relevant training is flexible and adaptable to Council's changing business needs. These modules are rolled out to minimise class-based training and enhance cost effectiveness.

Other effective training methods have been the development of operational leadership forums to discuss whole-of-council topics (i.e. Culture and Leadership) delivered by the executive team guest speakers and the development of 'toolbox talks', which are delivered by managers to their staff on relevant and site-specific topics for discussion and engagement.

In addition, employees have access to the education assistance scheme, receiving support with tertiary studies. This year employees again graduated with an accredited qualification (Diploma or Certificate IV) in business-related areas. These accredited qualifications were supported through various local government funding programs.

### Traineeships

Our traineeship program continued to provide opportunities to 'earn and learn' across a variety of departments in a local government setting. Council currently employs 14 full-time trainees, one apprentice and hosts 10 indigenous school-based trainees. Areas of study include certificates in Business Administration, Horticulture, Conversation and Land Management, Information & Cultural Services, Automotive, Water Operations, and Tourism. In 2014, Council has received incentives from both the State and Federal governments to assist with the employment costs of our trainees. A graduation was held in January this year to congratulate and farewell our participants in the 2013 trainee program.

### Employee Satisfaction

The significant change agenda in the previous year (2012-13) was followed by two staff surveys in 2013-14 to elicit feedback on how changes were managed, the organisation's ability to meet our peoples needs and objectives, and any emerging issues requiring consideration. The identified issues and opportunities for improvement in both surveys included the need to provide our people with the right skills and resources, to directly involve people in decisions that affect them, to raise awareness of the drivers for change, and to continue to establish better systems, processes and procedures. Employees are generally confident in the organisation's leadership, particularly with regard to their immediate supervisor and their Group Manager.

### Equity, diversity and equal opportunity

Council is committed to preventing discrimination within our organisation. A number of strategies and initiatives were delivered in 2013-14:

- ensuring the review of all guidelines and procedures facilitates equity and diversity;
- delivering a new induction framework with manuals and support materials 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;
- ensuring mentoring, advice and support is available from 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).

## Certified Agreement

*The Industrial Relations (Fair Work Act Harmonisation No. 2) and Other Legislation Amendment Bill 2013* commenced on 1 December 2013 and provides for modernisation of Queensland Awards with some aspects of the Bill being retrospective to 17 October 2013. These retrospective changes had an effect on the *RCC Officers' and Employees' Certified Agreements 2013* which were submitted to the Queensland Industrial Relations Commission (QIRC) for certification on 7 November 2013.

To ensure clarity, the parties to Council's agreements (i.e. Redland City Council and the relevant unions) have agreed to embody the terms and conditions of both agreements into a Memorandum of Understanding (MOU) which preserves the terms and conditions of these instruments.

Our MOU was created, in conjunction with unions, to honour a continuation of our current 2013 agreements that were bargained, in good faith, but not legally honoured due to retrospective legislation.

The Attorney-General and Minister for Industrial Relations requested that the QIRC create a local government modern award. A single modern award will cover local government and is being created to replace approximately 20 existing local government awards. The current 2013 certified agreements will remain in place until either the expiry date or until such time Council is directed to align to the new modern award.

## Safety and wellbeing

The Safety First – Redland agenda is embedded and driven by the development of the annual Safety Management Plan. Through this, Council has continued towards its goal of preventing workplace-related injuries and illness by health monitoring activities and wellness programs.

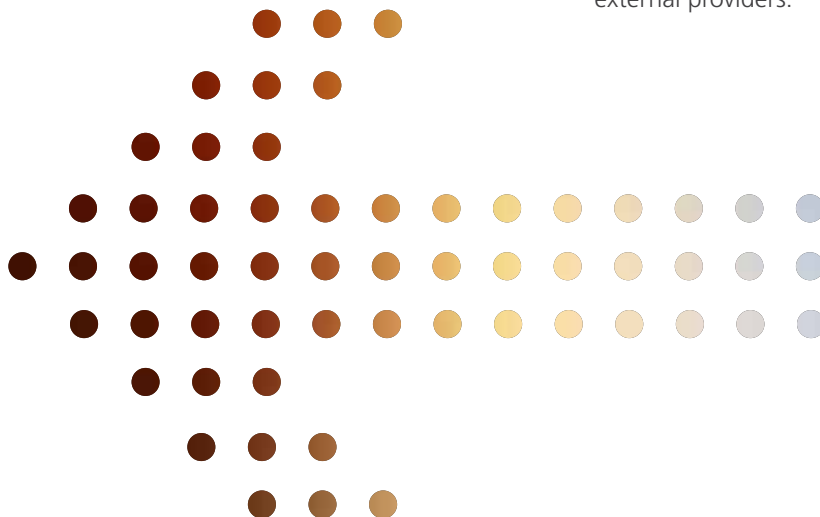
Building on the safety culture and introducing safety leadership programs for frontline team leaders and supervisors has contributed to a very well-supported commitment to safety in the workplace.

A health and safety skills matrix continues to provide a learning pathway for individual workplace health and safety training needs.

Council is audited externally every year and our safety performance is monitored and reviewed regularly by senior management. During the 2013 audit, further improvements in compliance and continuous improvements were reported.

A series of internal Safety Element Audits focussing on procedure compliance were conducted across business units throughout the year. The audits identified good levels of compliance across the organisation.

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.



## Our people continued

The wellbeing agenda continues to grow with health assessments, health monitoring programs and functional capacity assessments being conducted on all manual task-related roles to address the risk of musculoskeletal injuries and encourage healthy ageing in our workforce.

The Work Conditioning Area at the South Street Depot was opened after construction was made possible through a Healthy Worker Funding Initiative from Workplace Health and Safety Queensland. The program provides a control to

minimise the risk of musculoskeletal injuries to Council workers who are involved in high-risk occupations by ensuring they have a suitable level of fitness to perform their job safely.

Further continuous improvements were made to Council's e-safety management through refinements to the Vault electronic safety management database system. These improvements allow managers to monitor compliance activities and see progress on corrective actions and incidents.

### Employees at a glance

#### Employees (total number of employees)

|   |            |
|---|------------|
| Permanent                               | 749        |
| Permanent part-time                     | 79         |
| Temporary contract of service full-time | 67         |
| Temporary contract of service part-time | 12         |
| Contract of service (executive)         | 21         |
| Casual (based on hours worked)          | 60         |
| <b>Total</b>                            | <b>988</b> |

### Corporate profile

|  |      |
|--|------|
| Full-time equivalent employees (includes contract of services and elected members. FTE for full-time and part-time based on hours of work pattern and not actual hours worked) | 912  |
| Casual full-time equivalent employees (based on hours worked)  | 0.76 |
| Full-time permanent positions  | 883  |
| Part-time permanent positions  | 55   |
| Part-time temporary positions  | 87   |
| Part-time temporary positions  | 13   |
| New full-time permanent positions  | 36   |
| New part-time permanent positions  | 1    |
| New full-time temporary positions  | 37   |
| New part-time temporary positions  | 8    |
| New casual positions   | 24   |

### Employees recruited

|  |           |
|--|-----------|
| Internal (under Redland City Council Officers' Agreement)  | 59        |
| External (under Redland City Council Employees' Agreement) | 31        |
| <b>Total</b>   | <b>90</b> |

### Employee departures

|  |       |
|--|-------|
| Employee-initiated turnover rate                 | 6.59% |
| Employer-initiated turnover rate                 | 4.94% |
| Employees made redundant                         | 27    |
| Employees redeployed/retrained due to redundancy | 6     |

### Gender balance

|                                   | Female        | Male          |
|-----------------------------------|---------------|---------------|
| Executive/Senior Management Group | 27.27%        | 72.73%        |
| Elected representatives           | 36.36%        | 63.64%        |
| <b>Total employees</b>            | <b>51.51%</b> | <b>48.49%</b> |

### Executive Leadership Group

| Remuneration range (total package) | Number of Executive Leadership Group paid |
|------------------------------------|---|
| \$300,000 to \$400,000             | 1   |
| \$200,000 to \$300,000             | 5   |
| \$100,000 to \$200,000             | 2   |



# Governance

## Community Plan

The Redlands 2030 Community Plan, adopted by Council in 2010, 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

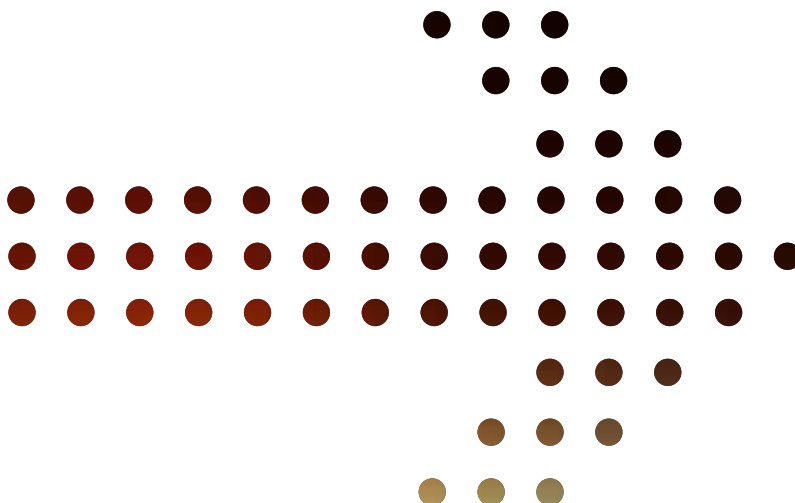
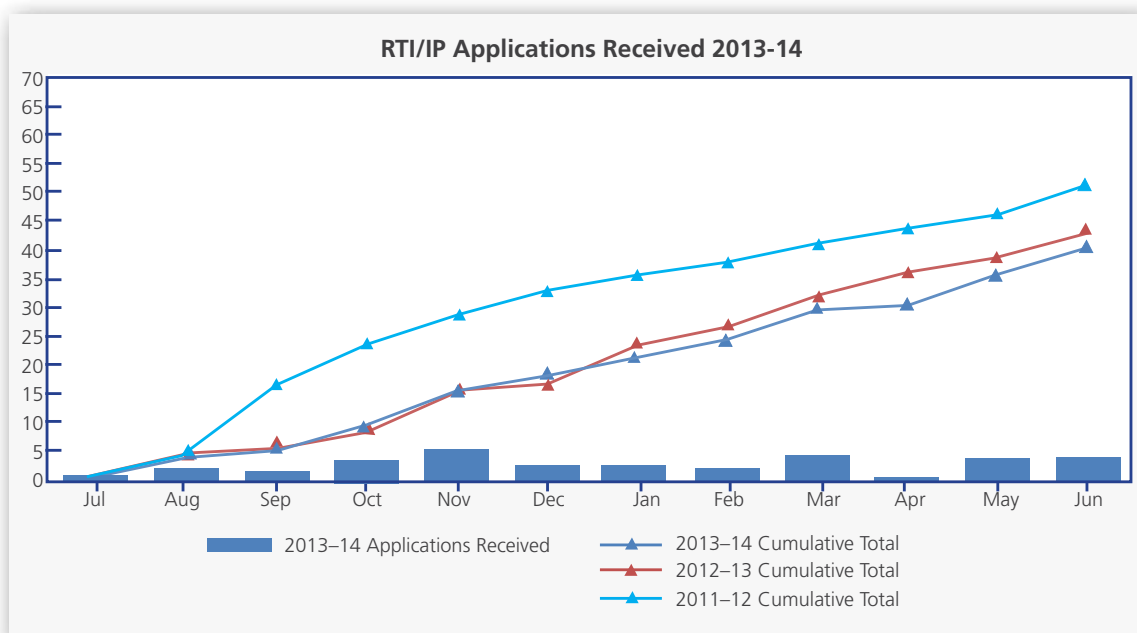
Each year Council must develop and adopt an Operational Plan, which sets out what we plan to do during the financial year towards the delivery of the Corporate Plan 2010-2015. Operational planning is closely linked to budget development.

The projects in the Operational Plan 2013-14 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.

## Right to Information and Privacy

During 2013-14, a total of 41 applications were received requesting access to Council documents. A total of 6880 pages were considered for release to applicants, which is a 21% increase on the number of pages considered the previous year. A total of 37 decisions were issued to applicants, all within legislative timeframes. Of the 41 applications received, 3 applications were withdrawn, leaving one application on hand as at 30 June 2013. 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 2013-14, there were no requests received for internal or external reviews. One internal review, carried over from the previous year, was finalised with the original decision upheld. One external review, also carried over from the previous year, was finalised with the original decision varied due to the applicant amending their scope with the Office of the Information Commissioner.



## 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 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 quarterly.

Council has an Operational Risk Management Committee (ORMC) 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 ORMC 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.

A periodic review of the Risk Framework and the Risk Assessment methodology was undertaken during the 2013-14 year to ensure the documents remain up to date with contemporary standards.

## Fraud and Misconduct Prevention

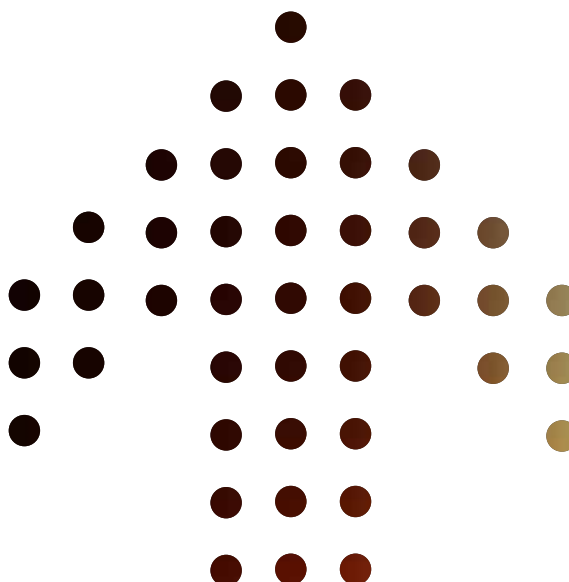
Council has a Fraud and Corruption Prevention Policy (POL-3060) that outlines Council's stance on fraud and corruption. The policy informs all Council officers, Councillors, consultants and contractors of Council's position regarding fraud and corruption and the consequences of failing to comply with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

Council is 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 Prevention Framework to minimise the impact and reduce the risk of fraud and corruption within the work environment.

The Fraud and Corruption Prevention Framework is Council's strategic guideline that:

- defines management and staff responsibilities; and
- ensures the implementation of robust practices for the effective detection, investigation and prevention of fraud and corruption of any description within Council.



## 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*.

During 2013-14, the following statistics are reported in accordance with the requirements of Section 187 (1)-(2) of the *Local Government Regulation 2012*.

Council received 119 new administrative action complaints that were dealt with under the complaints process. There was one carried over from 2008-09 and 18 carried over from 2012-13, giving a total of 138 complaints for 2013-14. Of those 138, 126 were resolved under the process and 12 left unresolved as at 30 June 2014.

### Complaints reported in accordance with section 186(f) of the *Local Government Regulation 2012*

|     |  |   |
|-----|--|---|
| (a) | Frivolous, vexatious or unsubstantiated  | 3 |
| (b) | Complaints about the Mayor or Deputy Mayor referred to the department's chief executive  | 0 |
| (c) | Councillors complaints referred to the Mayor   | 1 |
| (d) | Complaints referred to the department's chief executive  | 2 |
| (e) | Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the <i>Crime and Corruption Act 2001</i> | 1 |
| (f) | Complaints heard by a regional conduct review panel and/or tribunal  | 2 |
| (g) | Complaint is about another matter  | 0 |

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

|     |   |   |
|-----|---|---|
| (h) | Regional Conduct Review Panel orders and recommendations  | 0 |
| (i) | Tribunal orders and recommendations   | 0 |
| (j) | Mayor or departments Chief Executive Orders reprimanding a Councillor for inappropriate conduct | 1 |

### Complaint Orders/Recommendations Summary Detail reported in accordance with Section 186(e) of the *Local Government Regulation 2012*

|     |  |   |
|-----|--|---|
| (k) | The name of each Councillor who was subject to an order under section 180 and 181        | Councillor Craig Ogilvie  |
| (l) | Description of misconduct or inappropriate conduct engaged in by each of the councillors | Inappropriate use of a Council iPad for personal use.   |
| (m) | Summary of Order or recommendation   | Order reprimanding the Councillor and that any repeat inappropriate conduct be referred to the Regional Conduct Review Panel as misconduct. |

# Internal audit report

## Internal Audit

Internal Audit provides the Councillors, 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 and 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 2013-14, its findings confirmed that a satisfactory internal control environment exists within Council.

## Major achievements

In 2013-14, Internal Audit:

- issued 11 audit reports with 127 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 complements the relationship between Internal Audit and the wider organisation, safeguarding Internal Audit's independence and further increasing the Internal Audit function's effectiveness and value to Council.

The Audit Committee comprised the Mayor, the spokesperson of the Corporate Services portfolio and two independent external members, Mr Virendra Dua and Mr Peter Dowling. The Audit Committee was chaired by the spokesperson of the Corporate Services portfolio, Councillor Mark Edwards.

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 2013-14, the Audit Committee:

- monitored Internal Audit performance against the approved 2013-14 Internal Audit Plan targets;
- reviewed audit reports and action taken to address recommendations;
- checked the resolution of prior-period Queensland Audit Office audit issues;
- reviewed monthly and end-of-year financial information, including financial status and performance;
- reviewed changes in accounting practices and policies;
- monitored the implementation of Council's fraud control policy and initiatives;
- monitored the risk management strategies, policies and procedures and advised on the management of Council's strategic risks.

Under its charter, the committee meets four times per year. 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, which reports to Queensland Parliament as part of its role to enhance public sector accountability. It continuously reviews and assesses the internal control environment surrounding Council's financial and related systems and practices. This provides a statutory mechanism for external review of Council's financial operations and other corporate matters affecting the sound management of the organisation.

# Council performance

## Delivering the Operational Plan 2013-14

The Operational Plan 2013-14 included 51 projects . At the end of the financial year, 31 projects had been fully delivered. Projects which were not completed at the end of the year continue to be monitored until completion.

| Status                              | Number    |
|-------------------------------------|-----------|
| Completed                           | 31        |
| Ongoing monitoring until completion | 20        |
| <b>Total</b>                        | <b>51</b> |

| Activity  | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---------|---------|---------|---------|
| <b>Healthy natural environment</b>  |         |         |         |         |
| Number of people in the community involved in environmental programs              | 5,000   | 5,180   | 8,816   | 7589    |
| Number of koalas sighted as part of annual koala count on North Stradbroke Island | 28      | 31      | 52      | 64      |

In the 2013-14 financial year there were 7589 people involved in Council's environmental education programs. This included our private property partnerships (habitat protection programs), Community Bushcare Program and three main community plantings, wildlife rescue service, school education programs (both in-school and at IndigiScapes), volunteers at IndigiScapes and the IndigiKids program.

There were a further 4600 people who attended the three main environmental events at IndigiScapes for the year - Wonderful Wildlife (900), Good Gardening Expo (1400) and Indigi Day Out (2600).

The annual koala count at the North Stradbroke Island townships occurred in October 2014. There were 64 koalas recorded in total with a particularly large increase at Amity. There were 15 koalas at Dunwich (including three juveniles), 40 recorded at Amity (seven juveniles), five recorded at Point Lookout (one juvenile) and four at Flinders Beach (one juvenile).

## Council performance continued

| Activity  | 2010-11      | 2011-12      | 2012-13      | 2013-14      |
|---|--------------|--------------|--------------|--------------|
| <b>Healthy natural environment</b>  |              |              |              |              |
| Total number of koala trees planted   | 7,465        | 5,318        | 5,855        | 6,991        |
| During the 2013-14 financial year, 6991 koala food trees were planted by Council.   |              |              |              |              |
| Healthy waterways data from ecosystem health monitoring program - freshwater creeks   | F            | D+           | F            | F            |
| Healthy waterways data from ecosystem health monitoring program - Tingalpa Creek  | C+           | C+           | B-           | C+           |
| Healthy waterways data from ecosystem health monitoring program - Eprapah Creek   | C-           | C+           | B-           | B            |
| Waterway health rating in Redlands  | Fair to Good | Fair to Good | Fair to Good | Fair to Good |
| Redlands' waterway recovery program delivers a comprehensive local assessment of waterway health for each of our 11 major catchments and the Southern Moreton Bay Islands. In 2014 the overall water quality trend for the mainland freshwater creeks was generally fair to good with 66% rating in fair to good condition. These results suggests that there is an overall decline in many of our creeks since last year primarily due to low rainfall and less flushing of our creeks as this has been our driest year yet since this monitoring began. |              |              |              |              |
| Council will continue to monitor the creeks and focus on future management efforts for waterway recovery. We have had major achievements in our Waterway Recovery program which was celebrated at the IndigiScapes Centre earlier this year.  |              |              |              |              |
| Total number of new plantings   | 58,950       | 67,402       | 77,086       | 91,268       |
| Significant planting occurred at the following sites:   |              |              |              |              |
| <ul style="list-style-type: none"> <li>• Judy Holt batter – Alexandra Hills</li> <li>• Crystal Waters – Thornlands</li> <li>• Silvara Circuit – Capalaba</li> <li>• Wellington Point foreshore – Wellington Point</li> <li>• Unwin Road – Redland Bay</li> <li>• Ney Road – Capalaba</li> </ul>   |              |              |              |              |
| Number of complaints regarding overgrown allotments   | 1,075        | 830          | 593          | 454          |
| There continues to be a steady decline in complaints due to proactive management of the overgrown process.  |              |              |              |              |
| Total area (hectares) treated for mosquitoes  | 2,693        | 3,525        | 4,013.3      | 6,425.9      |
| There was a significant increase in the area treated for mosquitoes, as well as the number of treatments required. This was due to variations in weather and tides as well as mosquito breeding behaviour. An average mortality rate of 96.6% was achieved over the year, which is an excellent result.   |              |              |              |              |

## Council performance continued

| Activity  | 2010-11         | 2011-12         | 2012-13          | 2013-14          |
|---|-----------------|-----------------|------------------|------------------|
| <b>Green living</b>   |                 |                 |                  |                  |
| Annual energy consumption for Council's occupied buildings  | 3,142,808<br>kw | 2,943,984<br>kw | 2,699,564<br>kw  | 3,027,500<br>kw  |
| <p>This year we started recording Toondah Harbour Business Centre (new site), and ceased recording two vacated small sites (Oakland Street and Killara Place). There was an increase compared to last year when compared to the base year measured in 2009-10, the saving is 15.8% and 499 tonnes of greenhouse gas emissions.</p>  |                 |                 |                  |                  |
| Total creditor payments to local businesses   | 37,911,543      | 44,890,607      | 43,987,564       | 37,355,965       |
| <p>From a total spend of \$168,935,599 in 2013-14, \$37,355,965 (22.12%) was paid to businesses with a registered address in the Redlands. While Council purchasing is governed by strict legislative requirements and the need to ensure best value for ratepayers, Council always strives to support local suppliers where they can demonstrate that they are competitive on price and quality. This report reflects the payments made by post code and does not capture the businesses that have a registered office in the Redlands but payment is made to their head office either in Queensland or interstate (e.g. \$958,326 for fuel paid to Melbourne and Sydney offices).</p> |                 |                 |                  |                  |
| Number of routine environmental licence inspections for environmentally relevant activities (ERAs)  | 222             | 209             | 102              | 14               |
| <p>Due to changes within the <i>Environmental Protection Act 1994</i> and the <i>Environmental Protection (Green Tape Reduction) and Other Legislation Amendment Act 2012</i>, the number of Environmentally Relevant Activities that Council has licensed has decreased from 219 to 14. There were no compliance actions against these licensed activities in 2013-14.</p>   |                 |                 |                  |                  |
| Percentage of recyclable material diverted from kerbside collection   | 21.93%          | 22.40%          | 25%              | 25.5%            |
| <p>The overall percentage of recyclable material diverted from the kerbside collection was 25.5%, which met the target for 2013-14 as stated in the RedWaste Annual Performance Plan. Overall kerbside waste remained approximately the same as 2012-13, with an increase of only 15.15 tonnes. A total of 2094 tonnes of green waste was collected by the kerbside green waste service. Total kerbside recycling contamination rate dropped to 8.3%, or 1082 tonnes of waste presented in the kerbside recycling bin.</p>  |                 |                 |                  |                  |
| Total domestic tonnage of waste sent to landfill per capita/year  | 437<br>tonnes   | 409<br>tonnes   | 391.55<br>tonnes | 377.29<br>tonnes |
| <p>Total waste sent to landfill per capita for 2013-14 was 377.29kg (target 410kg). This continuing reduction in per capita waste to landfill can be attributed to improved recycling and resource recovery at waste transfer stations, the kerbside green waste collection service and overall reduced waste generation in the community.</p>  |                 |                 |                  |                  |



## Council performance continued

| Activity  | 2010-11     | 2011-12     | 2012-13     | 2013-14     |
|---|-------------|-------------|-------------|-------------|
| <b>Embracing the bay</b>  |             |             |             |             |
| Capital spending on Southern Moreton Bay Islands  | \$3,824,650 | \$3,244,934 | \$2,493,960 | \$1,634,933 |
| <p>The road program for Southern Moreton Bay Islands completed in the 2013-14 financial year included the following:</p> <ul style="list-style-type: none"> <li>• Eastbourne Terrace, Macleay Island stage two</li> <li>• Hastings Terrace, Macleay Island</li> <li>• Ross and Regal Streets, Russell Island</li> <li>• Browning Street, Russell Island</li> <li>• Union Street, Russell Island</li> <li>• Cooee Crescent, Macleay Island</li> <li>• Tenanne Street, Russell Island - design only</li> <li>• Beelong Street, Macleay Island - drainage extension</li> </ul> |             |             |             |             |
| Number of new and upgraded bay access points  | 4           | 3           | 3           | 5           |
| <ul style="list-style-type: none"> <li>• Orana Esplanade beach access ramp</li> <li>• William Street South, Cleveland, ramp</li> <li>• Yabby Street, Stradbroke Island, boat ramp upgrade (toe planks)</li> <li>• Redland Bay jetty vehicle access upgrade</li> <li>• Russell Island barge ramp upgrade</li> </ul>  |             |             |             |             |

## Council performance continued

| Activity   | 2010-11  | 2011-12     | 2012-13  | 2013-14     |
|--|----------|-------------|----------|-------------|
| <b>Quandamooka Country</b>   |          |             |          |             |
| Level of community awareness on local Aboriginal history and culture   | 60.4%    | Unavailable | 72.3%    | Unavailable |
| This data is collected every two years. The next survey will be completed in 2014-15.  |          |             |          |             |
| <b>Wise planning and design</b>  |          |             |          |             |
| Total kilometres of cycleways constructed  | 2.6 km   | 1.2 km      | 0 km     | 2.2 km      |
| Total extent of cycleways in the city  | 53 km    | 54 km       | 54 km    | 56.2 km     |
| <p>The strategic focus for Council continues to be completing and improving links of the Moreton Bay Cycleway (MBC), which is part of the Cycleway Trunk Network. In 2013-14, three important sections of the MBC were completed:</p> <ul style="list-style-type: none"> <li>• Hilliards Creek Crossing;</li> <li>• Masthead to Wharf;</li> <li>• Victoria Point to Point O'Halloran</li> </ul> <p>Further site assessment and planning were undertaken in 2013-14 for linkages in Thornlands, Victoria Point and Redland Bay.</p> |          |             |          |             |
| Total kilometres of footpaths constructed  | 3.645 km | 2.8 km      | 2.1 km   | 4 km        |
| Total extent of footpaths in the city  | 380 km   | 383 km      | 385 km   | 389 km      |
| The new footpaths constructed in 2013-14 continue to add to the existing network, completing missing links near schools, transport hubs and community facilities.  |          |             |          |             |
| Number of new attached housing approvals   | 308      | 102         | 60       | 152         |
| Number of new detached housing approvals   | 705      | 451         | 446      | 714         |
| <p>With another year of tighter global and local economic conditions, the dwelling approval statistics detail a high level of dwelling approvals. Attached dwelling approvals have increased 153% and detached dwelling approvals have increased 60% from last year. This increase is expected to continue in 2014-15 and is a good indication of efficient use of available land within the Redlands.</p>   |          |             |          |             |
| Number of bus shelters provided  | 27       | 4           | 9        | 3           |
| In addition to the three new bus shelters installed across the City, a total of 52 minimum boarding points were also installed to meet the requirements of the <i>Disability Discrimination Act 1992</i> and TransLink guidelines.   |          |             |          |             |
| Land acquired for open space and nature conservation   | 70.3 ha  | 38.33 ha    | 32.08 ha | 6 ha        |
| Two new public recreation parks (1.1ha) of new trustee land (both with drainage constraints) and nine new open-space areas for conservation, waterway, foreshore or drainage purposes (4.9ha) were acquired during 2013-14.  |          |             |          |             |

## Council performance continued

| Activity   | 2010-11   | 2011-12     | 2012-13   | 2013-14     |
|--|-----------|-------------|-----------|-------------|
| <b>Supportive and vibrant economy</b>  |           |             |           |             |
| Total number of international students   | 114       | 82          | 78        | 81          |
| Schools hosted 81 international students.  |           |             |           |             |
| Total number of businesses assisted by business support programs   | 690       | 736         | 496       | 770         |
| Council's business support programs undertook 770 activities; which included attending business meetings and assisting businesses.   |           |             |           |             |
| Number of visitors to the Visitor Information Centre   | 6,891     | 10,100      | 27,113    | 31,083      |
| More than 31,000 people visited the Visitor Information Centre in 2013-14.   |           |             |           |             |
| <b>Strong and connected communities</b>  |           |             |           |             |
| Percentage of generally compliant food businesses  | 97.25%    | 97.5%       | 96%       | 98.5%       |
| Council monitors food businesses and 98.5% of businesses are generally compliant with the requirements of legislation, which is an excellent overall level of compliance.  |           |             |           |             |
| Percentage of residents satisfied with safety in the City and their neighbourhood  | 75%       | Unavailable | 76.6%     | Unavailable |
| Research is carried out every two years and is therefore not available for 2013-14.  |           |             |           |             |
| Number of events managed   | 20        | 21          | 24        | 29          |
| A total of 29 corporate events were managed by the Communication, Engagement and Tourism Group during the financial year. These included Redlands Business Expo, Christmas by Starlight, Movie in the Park and numerous citizenship ceremonies. The events engaged nearly 22,000 residents and stakeholders during the financial year. |           |             |           |             |
| Value of grants committed to community from Council  | \$675,130 | \$625,103   | \$849,733 | \$575,311   |
| Community Grants Program 2013-14 expenditure totalled \$575,310.77. This consisted of the following:   |           |             |           |             |
| <ul style="list-style-type: none"> <li>• Organisational Support Grants - \$59,945.30</li> <li>• Project Support Grants - 167,463.60</li> <li>• Conservation Grants - \$67,112.96</li> <li>• Regional Arts Development Fund - \$93,678</li> <li>• Capital Infrastructure Grants - \$187,110.91</li> </ul>                               |           |             |           |             |

## Council performance continued

| Activity  | 2010-11 | 2011-12     | 2012-13 | 2013-14     |
|---|---------|-------------|---------|-------------|
| <b>Strong and connected communities</b>   |         |             |         |             |
| Number of sponsorships approved   | 38      | 42          | 24      | 29          |
| A total of \$126,000 in outgoing sponsorship for 2013-14 was expended at the end of June 2014. The Sponsorship Program was significantly oversubscribed, with 57 applications received and only 21% of dollars sought being funded. |         |             |         |             |
| <b>Inclusive and ethical governance</b>   |         |             |         |             |
| Total number of media liaisons  | 494     | 295         | 369     | 456         |
| A total of 456 media releases and responses were prepared and issued during the 2013-14 financial year. This is an increase of 23.6% compared to 2012-13. In addition, more than 88% of releases were published in the media.       |         |             |         |             |
| Monthly average number of visits to Council's corporate home page   | 53,000  | 54,904      | 65,423  | 62,540      |
| Website visitation has decreased 4.4% from 2012-13. This decrease may have resulted due to news items being moved to a separate site. The average number of visits per month to our news site was 4,328.                            |         |             |         |             |
| Number of community engagements recorded by Council   | 58      | 51          | 29      | 121         |
| A total of 44 community forums were held during 2013-14 which attracted more than 5,000 residents and stakeholders.   |         |             |         |             |
| Total number of visits to Council's consultation pages  | 7,475   | 4,105       | 6,725   | 3,995       |
| The number of visits to our consultation pages has decreased by 40% compared to 2012-13 due to a reduced number of on-line consultations during this period.  |         |             |         |             |
| Percentage of the community who agree they have the opportunity to have a say on key decisions affecting Redlands on important issues.  | 41.4%   | Unavailable | 47.3%   | Unavailable |
| This indicator is only reported every two years because it relates to a question in the Community Satisfaction Survey. The survey is carried out every two years and the next survey is planned for October 2014                    |         |             |         |             |

## Council performance continued

| Activity   | 2010-11          | 2011-12       | 2012-13       | 2013-14       |
|--|------------------|---------------|---------------|---------------|
| <b>Inclusive and ethical governance</b>  |                  |               |               |               |
| Total number of full-time employees in the organisation  | 690 <sup>5</sup> | 702           | 762           | 749           |
| Slight reduction in the number of full-time employees due to organisational restructuring.   |                  |               |               |               |
| Community satisfaction with Council leadership   | 47.7%            | Unavailable   | 52.5%         | Unavailable   |
| This indicator is only reported every two years because it relates to a question in the Community Satisfaction Survey. The survey is carried out every two years and the next survey is planned for October 2014.  |                  |               |               |               |
| Total revenue raised from rates, utilities, special charges and separate charges, less discounts and remissions  | \$95,535,567     | \$100,405,652 | \$190,294,552 | \$197,243,343 |
| The increase in general rates realised from 2012-13 to 2013-14 is approximately 3.6%. This is as a result of both price and growth increases and is across general rates, utility charges and special charges as well as separate charges. The budget development process provided Council with price increases across revenue categories as mentioned above. The total general rate price increase for 2013-14 from 2012-13 was 1.43% and water revenues were reduced from the prior year. During the year Council revised its budgeted revenues to reflect the growth (water consumption and other growth factors), resulting in a final favourable variance to the adopted budget of 0.36%. |                  |               |               |               |
| <b>An efficient and effective organisation</b>   |                  |               |               |               |
| Number of part-time employees in the organisation  | 110              | 99            | 85            | 79            |
| There has been a slight decline in the number of part-time employees. This is due to organisational redesign.  |                  |               |               |               |
| Cash capacity  | 6                | 7.2           | 4.98          | 6.51          |
| For the year ended 30 June 2014 Council's cash capacity ratio of 6.51 exceeds the target range of 3 - 4 months and is consistent with prior years. The ratio provides an indication of the number of months that recurrent expenses can be covered by the cash held at the end of the particular period. The 2013-14 result confirms that Council is in a healthy cash position and is well placed to cover its payments to suppliers and employees, as well as interest expense on borrowed funds.  |                  |               |               |               |

<sup>5</sup> 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   | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|---------|
| <b>An efficient and effective organisation</b>   |         |         |         |         |
| Level of dependence on general rates   | 44%     | 47%     | 34%     | 33.74%  |
| The level of dependence on general rate revenue came in at 33.74% for the year ended 30 June 2014 and is consistent with the prior year. This ratio demonstrates Council's general rate revenue as a percentage of total operating revenue. This result is within the target range of less than 37.5%. |         |         |         |         |
| Operating surplus ratio  | -11.90% | -10.72% | -6.71%  | 6.37%   |
| Council achieved an operating surplus for the year ended 30 June 2014 of \$14.3M compared to a budgeted operating deficit of \$2.3M per the Q3 revised budget for 2013-14. This result equates to 6.37% of total operating revenue.  |         |         |         |         |
| Percentage of female employees in management positions   | 27%     | 32%     | 23.81%  | 27.27%  |
| This figure is based on the top three senior management tiers (CEO, General and Group Managers).   |         |         |         |         |
| Percentage of male employees in management positions   | 73%     | 68%     | 76.19%  | 72.73%  |
| This figure is based on the top three senior management tiers (CEO, General and Group Managers).   |         |         |         |         |
| Percentage of female employees   | 59%     | 58%     | 49.53%  | 51.51%  |
| Council has a relatively even split of male and female employees.  |         |         |         |         |
| Percentage of male employees   | 41%     | 42%     | 50.47%  | 48.49%  |
| Council has a relatively even split of male and female employees.  |         |         |         |         |
| Percentage of employee turnover  | 14%     | 13%     | 17.87%  | 11.53%  |
| This figure demonstrates the number of employee and employer-initiated separations.  |         |         |         |         |
| Percentage of overall absenteeism of employees   | 4.92%   | 4.62%   | 4.07%   | 4.98%   |
| There has been an increase in absenteeism and this is being monitored and actioned by management.  |         |         |         |         |

## Business unit statement of operations and annual report

RedWaste, a 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) 2013-14.

In 2013-14, RedWaste provided essential waste and recycling collection services to 53,659 households.

## Our statutory duties

This annual report, covering the 2013-14 financial year, has been provided to meet the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. 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 2013-14.

Highlights:

- The 10-year public place recycling project was completed in May 2014, ahead of schedule due to funding received from the Australian Packaging Covenant (APC) and Department of Environment and Heritage Protection.
- An additional 37 recycling enclosures and 35 waste enclosures were installed in parks and streetscapes during the four 'clusters'.
- A bulk recycling bin service started on North Stradbroke Island aimed at diverting approximately 34 tonnes annually of valuable recyclable materials from the Island's businesses, community hall and waste transfer station. RedWaste will continue to market the service and explore new opportunities to expand the service.
- 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 green waste sent to landfill each year and diverted 2,094 tonnes of green waste to 30 June 2014. As at 30 June 2014, there were 7,244 properties participating in the service. The material is sent to a composting facility where it is processed into soil and mulch products.

- RedWaste continued the RedSWAP waste education trial at Ormiston, Vienna Woods and St. Rita's primary schools, and Capalaba State College (Junior Campus) which aims to have Redlands' schools 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.

St. Rita's and Vienna Woods schools have been awarded 2 star accreditation in the Keep Queensland Beautiful Cleaner Greener Schools Program, with St. Rita's awarded most-improved school in the state. Council's Waste Education Officer undertook 95 school visits and community extension activities, including school assemblies and presentations, waste audits and open days.

## RedWaste continued

- Electronic waste (e-waste) recycling at Council's mainland waste transfer stations continued to perform well diverting 395 tonnes of televisions and computer equipment from landfill during 2013-14.
- A contract for the collection, transport and recycling of cardboard at the Russell, Macleay and North Stradbroke Island waste transfer stations was awarded, which aims to divert around 75 tonnes of cardboard annually and provide much-needed recycling facilities for the islands.

### Key performance indicators

| Number of domestic waste and recycling collections |         |         |         |         |
|--|---------|---------|---------|---------|
|  | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Waste  | 52,134  | 51,606  | 52,415  | 53,659  |
| Recycle  | 51,977  | 51,539  | 52,415  | 53,712  |

| Percentage growth in number of domestic waste and recycling collections |         |         |         |         |
|---|---------|---------|---------|---------|
|   | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Waste   | -2.76%  | -1.01%  | 1.57%   | 2.37%   |
| Recycle   | -2.68%  | -0.84%  | 1.70%   | 2.47%   |

| Net amount and type of commingled recyclable waste from kerbside recycling collection (tonnes) |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 2010-11       | 2011-12       | 2012-13       | 2013-14       |
| Aluminium  | 82            | 100           | 92            | 108           |
| Glass  | 4,313         | 3,955         | 3,484         | 4,330         |
| High density polyethylene/PET  | 555           | 907           | 806           | 824           |
| Steel  | 189           | 202           | 182           | 223           |
| Cardboard and paper  | 7,179         | 6,910         | 7,178         | 6,371         |
| <b>Total</b>   | <b>12,318</b> | <b>12,074</b> | <b>11,742</b> | <b>11,856</b> |



## RedWaste continued

| Change (percentage) in net amount and type of recyclable waste from kerbside recycling collection (tonnes) |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
|  | 2010-11       | 2011-12       | 2012-13       | 2013-14      |
| Aluminium  | 3.66%         | 18.00%        | -11.96%       | 17.39%       |
| Glass  | -7.95%        | -9.05%        | -17.19%       | 24.28%       |
| High density polyethylene/PET  | 3.96%         | 38.81%        | -15.01%       | 2.23%        |
| Steel  | 0.00%         | 6.44%         | -14.84%       | 22.52%       |
| Cardboard and paper  | -4.65%        | -3.89%        | 0.79%         | -11.24%      |
| <b>Total</b>   | <b>-5.29%</b> | <b>-2.02%</b> | <b>-5.97%</b> | <b>0.28%</b> |

| Kilograms per household per week                               |          |          |          |          |
|--|----------|----------|----------|----------|
|  | 2010-11  | 2011-12  | 2012-13  | 2013-14  |
| Mass of kerbside domestic waste stream                         | 15.60 kg | 14.76 kg | 14.54 kg | 14.25 kg |
| Mass of kerbside domestic recycling stream                     | 4.50 kg  | 4.38 kg  | 4.30 kg  | 5.51 kg  |
| Mass of contaminants in the kerbside domestic recycling stream | 0.44 kg  | 0.46 kg  | 0.51 kg  | 0.47 kg  |

| Recyclable material diverted from kerbside waste stream (tonnes) |         |         |         |         |
|--|---------|---------|---------|---------|
|  | 2010-11 | 2011-12 | 2012-13 | 2012-13 |
| Total kerbside waste   | 54,379  | 54,013  | 54,895  | 54,790  |
| Total kerbside recycling (including green waste)                 | 12,971  | 12,073  | 13,750  | 13,950  |
| Percentage of kerbside material diverted from landfill           | 22%     | 22%     | 25%     | 25.5%   |

| Recoverable material diverted from landfill at waste transfer stations         |         |         |                     |         |
|--|---------|---------|---------------------|---------|
|  | 2010-11 | 2011-12 | 2012-13             | 2013-14 |
| Total waste received at transfer stations                                      | 63,374  | 61,301  | 74,353 <sup>6</sup> | 65,471  |
| Materials diverted for recycling/reuse at transfer stations                    | 28,469  | 33,435  | 42,785              | 39,138  |
| Percentage of recoverable material diverted from landfill at transfer stations | 45%     | 55%     | 58% <sup>7</sup>    | 60%     |

<sup>6</sup> The figure provided in the 2012-13 Annual Report of 70,666 was incorrect. The figure has been changed to reflect the correct figure in this report.

<sup>7</sup> The figure provided in the 2012-13 Annual Report of 61% was incorrect. The figure has been changed to reflect the correct figure in this report.

## Performance Indicators

| Program                         | Component                  | Performance measure                                | 2012-13       | 2013-14       |
|---------------------------------|----------------------------|--|---------------|---------------|
| Waste and recycling collections | Domestic waste             | Percentage of missed services complaints           | 0.026%        | 0.028%        |
|                                 | General waste              | Percentage of other complaints                     | 0.003%        | 0.004%        |
|                                 | Kerbside recycling         | Recycling rate per service                         | 5.76 kg       | 5.51kg        |
|                                 | Kerbside recycling         | Recycling rate per capita                          | 2.15 kg       | 2.06kg        |
|                                 | Kerbside recycling         | Total tonnage recycled (tonnes)                    | 11,742 tonnes | 11,856 tonnes |
|                                 | Transfer station recycling | Net financial returns from the sale of recyclables | \$623,602     | \$786,649     |
|                                 | Transfer station recycling | Total tonnes recycled                              | 5,832 tonnes  | 10,734 tonnes |
|                                 | Green waste recycling      | Total tonnes recycled                              | 36,952 tonnes | 30,543 tonnes |
|                                 | Total recycling statistics | Total recycling statistics                         | 54,527 tonnes | 53,133 tonnes |

|                              | KPI | Key performance indicator  | Frequency | APP* yearly target | Yearly KPI achieved |
|------------------------------|-----|--|-----------|--------------------|---------------------|
| Community and customers      | 1   | Total kgs of domestic waste landfilled per capita per year                                   | Monthly   | Max 410 kg         | 377 kg              |
|                              | 2   | % recyclable material diverted from kerbside collection (recycling and green waste bin only) | Monthly   | Min 25%            | 25%                 |
|                              | 3   | Total tonnes of waste transported to BCC facilities  | Monthly   | < 58,000           | 55,628              |
|                              | 4   | Recoverable material diverted from landfill at RCC transfer stations                         | Monthly   | > 50%              | 60%                 |
|                              | 5   | % compliance with waste DEHP licence requirement   | Quarterly | Min 98%            | 99%                 |
| Financial Internal processes | 6   | Operating performance (actual to budget operating expenditure)                               | Monthly   | +/- 5%             | -1.35%              |
|                              | 7   | Earnings before interest, tax and depreciation (EBITD)                                       | Monthly   | +/- 5%             | 0.42%               |
|                              | 8   | Operating cost per tonne of waste  | Monthly   | < \$168            | \$137.35            |

\* Annual Performance Plan

## All KPIs were met during the 2013-14 financial year:

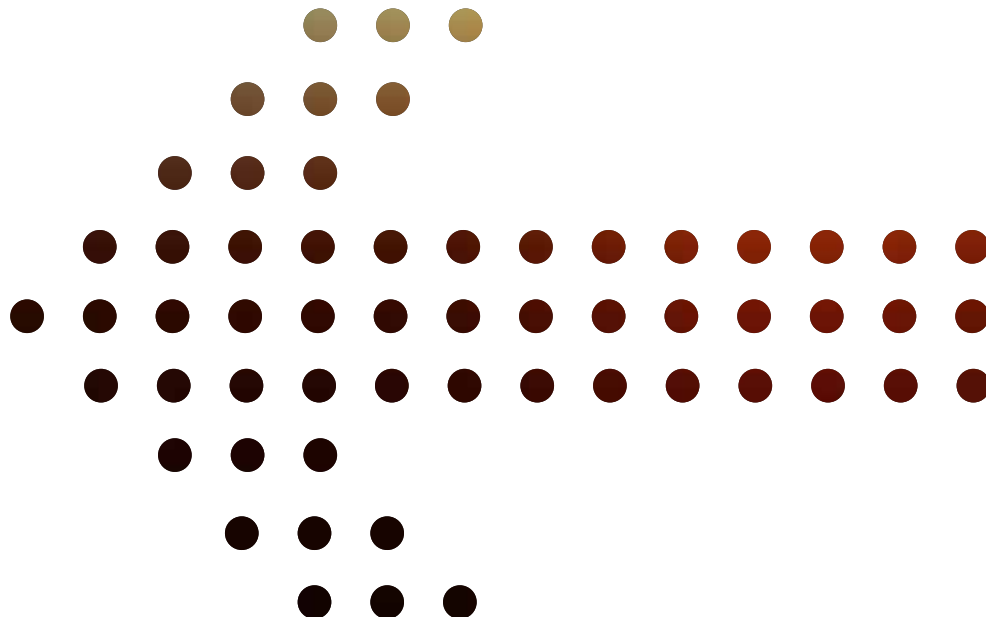
### RedWaste Business Unit Annual Performance Plan

Council adopted the RedWaste Annual Performance Plan (APP) at the General Meeting held on 24 July 2013. 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 2013-14

- A tender submitted by Visy Recycling for the collection and recycling of cardboard at RCC mainland waste facilities was accepted.
- A tender submitted by Iolar Operational Services for the collection and recycling of cardboard at RCC island waste 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.



## Other significant activities during 2013-14

The State Government embarked on a process for developing a new industry-led waste strategy. The strategy has been developed collaboratively with a steering committee comprising representatives from business and industry, the waste and resource recovery sector, local government, and community and environment groups.

The draft strategy proposes a high-level vision and direction for Queensland over the next 10 years. Key features and targets include:

- reducing waste generation by 5% per capita;
- increasing total recycling and resource recovery to 55%;
- priority wastes and areas for action.

The draft strategy focuses on the waste management hierarchy: avoid, reduce, reuse, recycle, recover energy, treat and dispose.

Other tools influencing the draft strategy are to drive cultural change and avoid the generation of waste in the first instance. The guiding principles include:

- protecting human and environmental health;
- sharing responsibility for resource management;
- recognising the cost of waste management;
- regional differences and opportunities; and
- full lifecycle management of resources.

## 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.

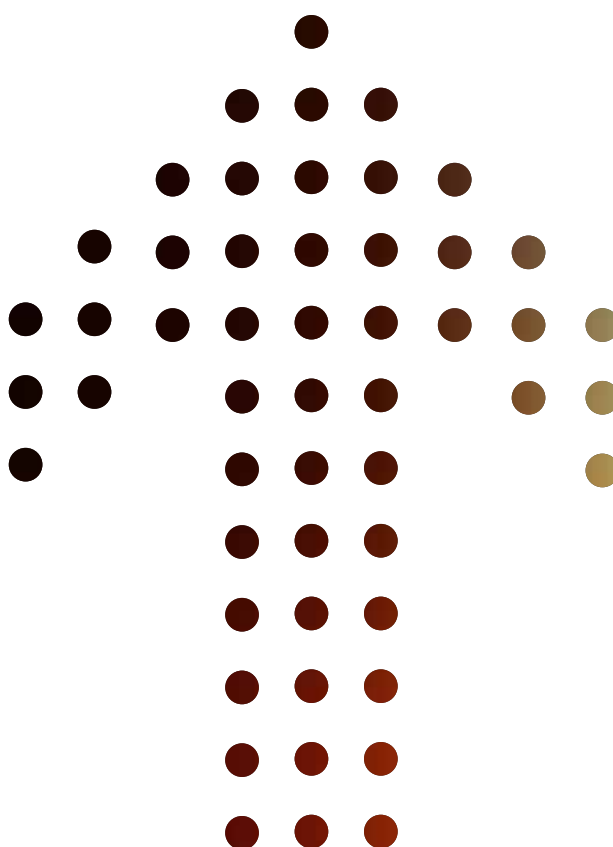
| Financial Performance in brief                            | 2013-14<br>\$000's |
|---|--------------------|
| Revenue from ordinary activities                          | \$21,902           |
| Expenses from ordinary activities                         | \$18,952           |
| Borrowing costs   | \$389              |
| Result from ordinary activities (before tax and dividend) | \$2,560            |
| Total assets  | \$18,823           |
| Capital works program                                     | \$95               |
| Debt outstanding  | \$664              |
| Dividend and tax to Redland City Council                  | \$1,665            |

## RedWaste continued

| Financial Ratios                   | 2012-13<br>% | 2013-14<br>% | Variance<br>% |
|------------------------------------|--------------|--------------|---------------|
| Economic rate of return            | 7.8%         | 7.7%         | -0.1%         |
| Rate of return on operating assets | 9.93%        | 13.60%       | 3.7%          |
| Debt to total equity               | 29.69%       | 31.50%       | 1.8%          |

| Full Cost Pricing (FCP) Waste                  | 2012-13<br>\$000's | 2013-14<br>\$000's | Variance<br>\$000's |
|--|--------------------|--------------------|---------------------|
| Administration and operational overheads       | \$18,853           | \$18,331           | -\$252              |
| Depreciation                                   | \$545              | \$547              | \$2                 |
| Competitive neutrality                         | \$75               | \$74               | \$1                 |
| Rate of return (WACC)                          | \$1,383            | \$1,447            | \$65                |
| Total FCP                                      | \$20,585           | \$20,400           | -\$185              |
| Volumes waste received from customers (tonnes) | 129,248            | 120,332            | -8,916              |
| Average cost per tonne (FCP)                   | \$159.27           | \$169.53           | \$10.26             |

Note: volumes of waste received has been updated using total tonnages of waste in 2013-14. This change to the tonnage received has impacted the average cost per tonne calculation for 2012-13 and 2013-14



## Redland Water highlights

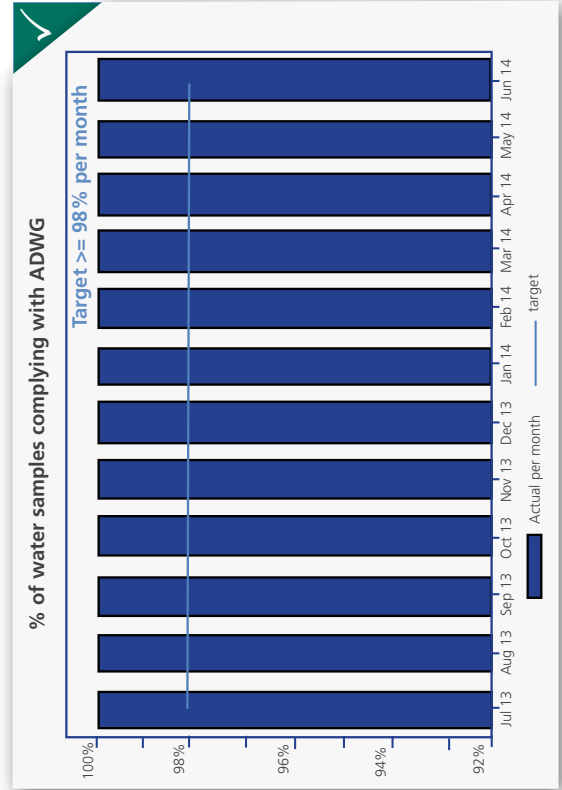
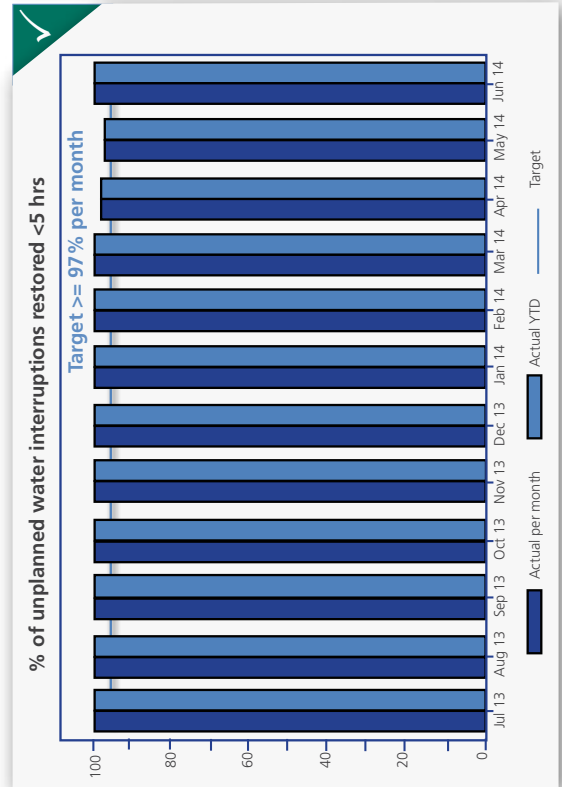
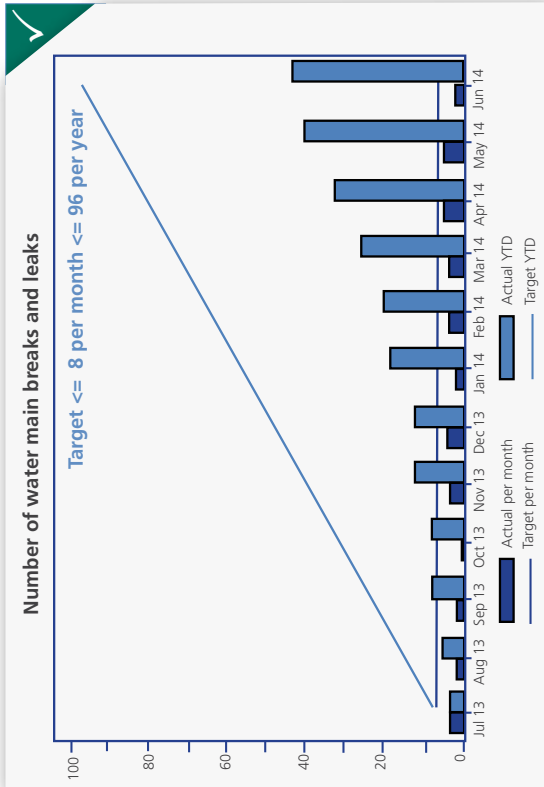
Redland Water is a commercial business unit of Redland City Council responsible for water supply and wastewater treatment. Redland Water's mission is to meet or exceed agreed standards of water and wastewater services while managing the business for long-term success.

Redland Water contributes to preserving the city's quality of life by servicing the Redlands population through 53,262 water connections and 49,001 wastewater connections (active). In 2013-14, Redland Water supplied 12,371 megalitres of drinking water to customers and treated 9,381.39 megalitres of wastewater.

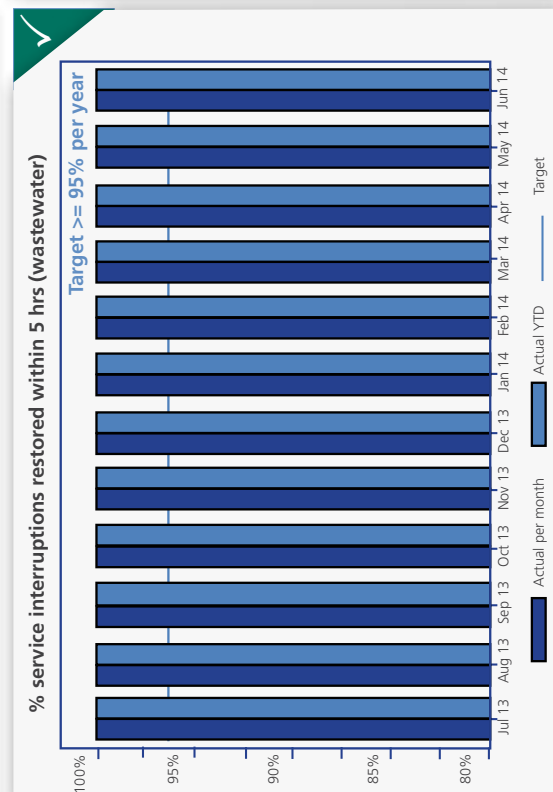
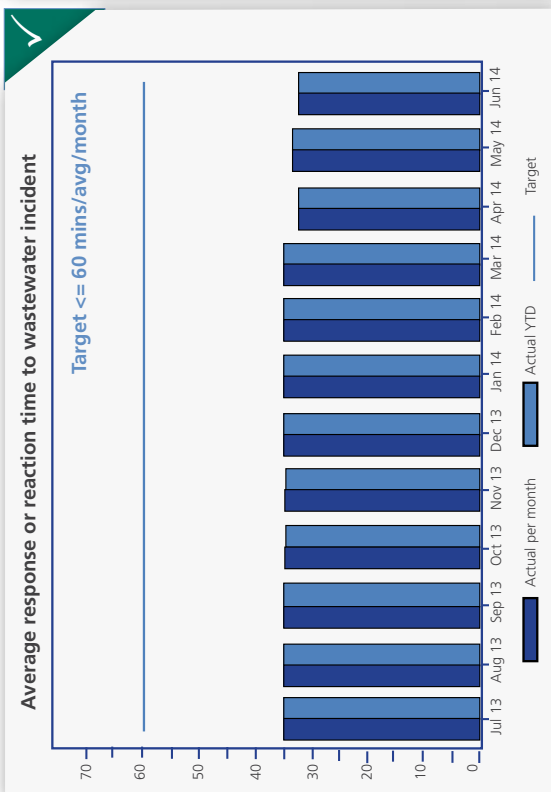
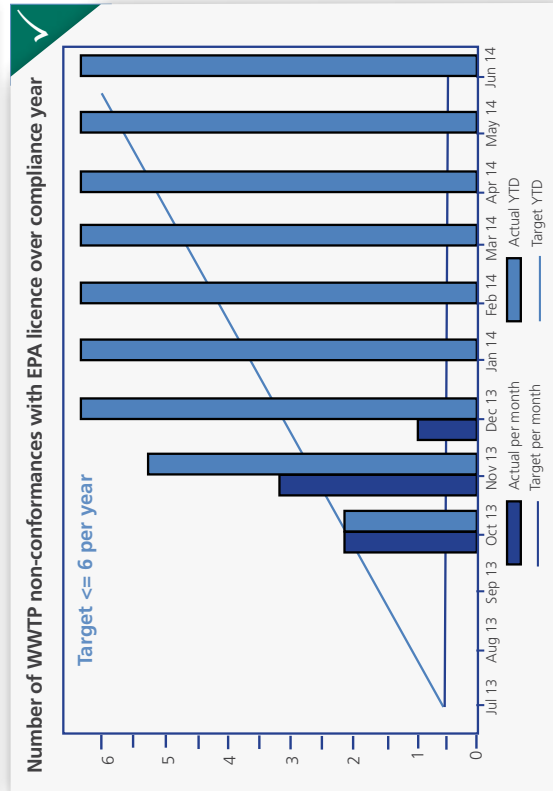
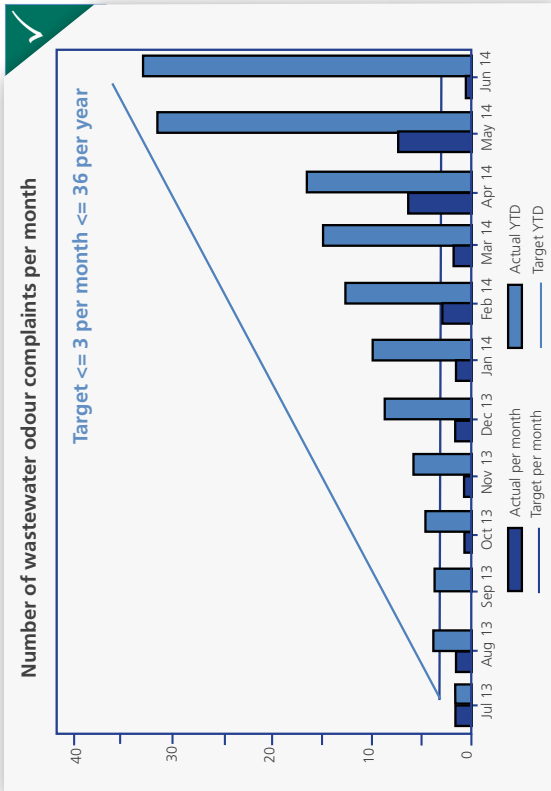
### Key performance indicators

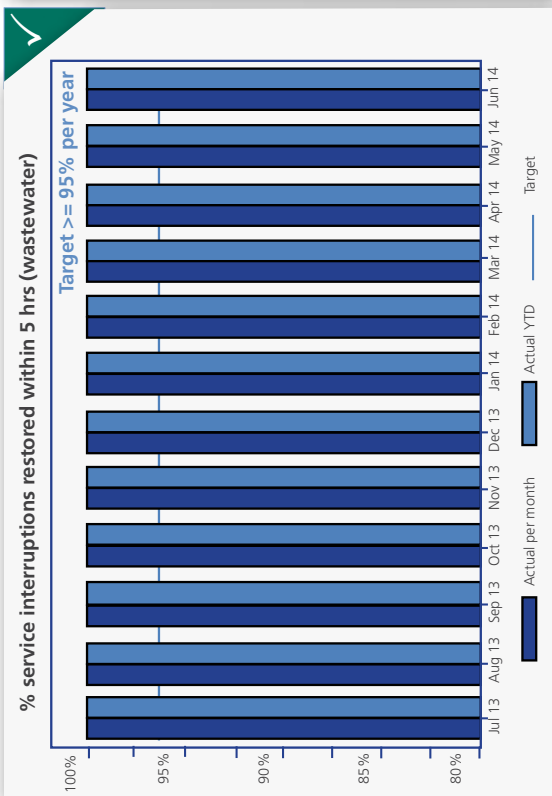
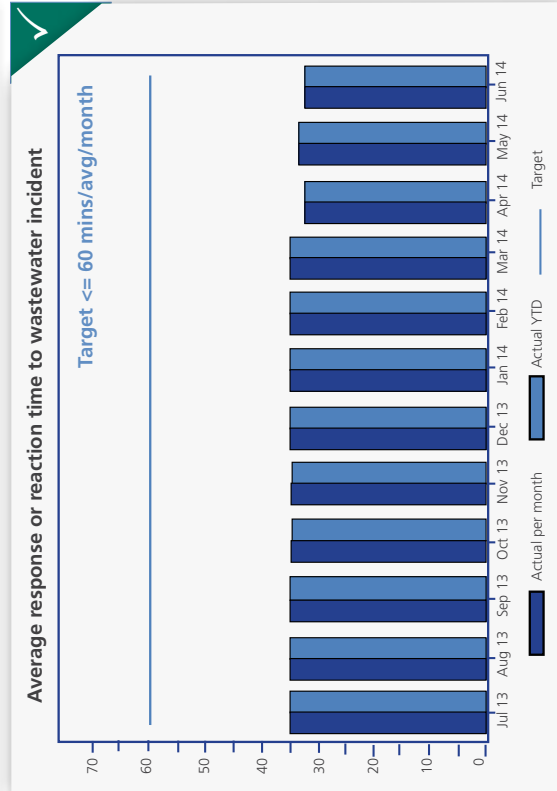
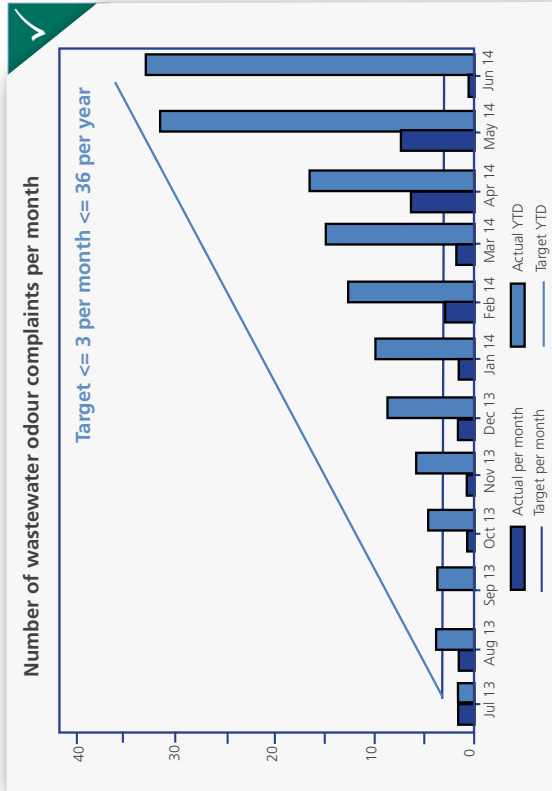
| KPI  | Measure | Target | Actual | Comment          |
|--|---------|--------|--------|------------------|
| % capital works program practical completion - % of planned project milestones achieved each quarter | %       | Min 95 | 83     | KPI not achieved |

Lost time injury hours # Max 159.5 KPI not achieved



# Redland Water continued







## Redland Water continued

### Water Supply

| Project  | Description   | Budget    | Expenditure to date |
|--|---|-----------|---------------------|
| Complete annual water meter replacement program  | A rolling program of replacing water meters occurs each year.   | \$307,500 | \$204,215           |
| 5,292 meters were replaced as at 30 June 2014.   |   |           |                     |
| Taylor Road to Kinross Road trunk water main   | Construction of new 300mm diameter water main to provide network capacity for the development of the Kinross Road structure plan area.  | \$667,634 | \$617,764           |
| Remaining expenditure will be taken up completing connection works in association with Seqwater.   |   |           |                     |
| Fire flow augmentation program   | Construction of new water mains at the following locations: <ul style="list-style-type: none"> <li>• Cnr Redland Bay Road and Windemere Road.</li> <li>• Enterprise Street to Weippin Street.</li> <li>• Mt Cotton Road (Ney Road to Tipuana Drive).</li> </ul> | \$490,038 | \$359,400           |
| Fire flow augmentations designed to improve the availability of water for fire-fighting purposes within the water supply network continued across the City this year. Cost-effective delivery mechanisms saw outcomes delivered within budget. |   |           |                     |

### Wastewater

| Project   | Description   | Budget      | Expenditure to date |
|---|---|-------------|---------------------|
| 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 pump station.       | \$1,430,560 | \$789,202           |
| Rising main constructed. All pumps, generator, switchboard, variable speed drive and harmonics have arrived. Detailed design completed. Waiting on official approval from the Department of Natural Resources. Programmed for January construction to suit stakeholders at showgrounds. |   |             |                     |
| Sewering South East Thornlands  | Construction of trunk rising main, pump station and trunk gravity sewer to connect SE Thornlands development to South Street sewer. | Nil         | \$425,495           |
| All work completed. Elected to not install pumps or switchboard until there was a development need in South East Thornlands.  |   |             |                     |

| Water   |               |
|---|---------------|
| Reservoirs  | 5             |
| Length of water main  | 1254km        |
| Water meters  | 53,262        |
| Water connections including multiple properties per meter (MPPM), but excluding MPPM boundary meter | 58,806        |
| Water purchased   | 13,999ML      |
| Water supplied  | 12,371ML      |
| <b>Total assets (written-down value)</b>  | <b>\$265m</b> |

| Wastewater                              |                |
|---|----------------|
| Treatment plants                        | 7              |
| Pumping stations                        | 150            |
| Length of sewer main                    | 1,141km        |
| Active services (excluding vacant land) | 47,890         |
| Wastewater treated (effluent)           | 11,385ML       |
| Sludge for re-use                       | 100% (19,201T) |
| Recycled effluent for reuse             | 603.3ML        |
| Trade waste generators                  | 771            |
| Trade waste discharged to sewer         | 382ML          |
| <b>Total assets</b>                     | <b>\$412m</b>  |

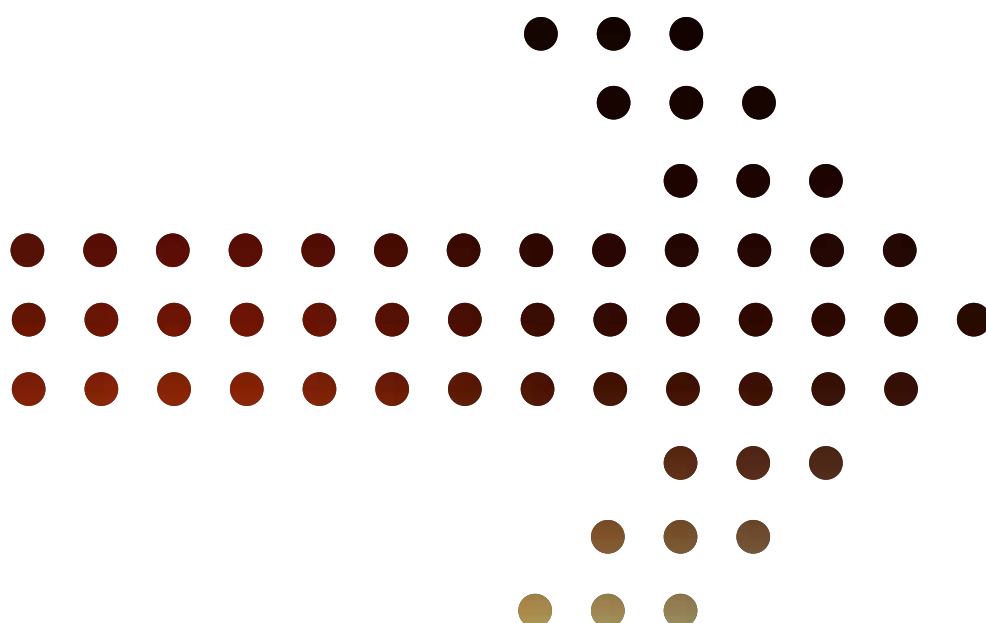
## Our Statutory Duties

Under the *SEQ Water (Distribution and Retail Restructuring) Act*, Redland Water is required to prepare a 'Water Netserv Plan'. This plan is now in place including the required endorsement from the Deputy Premier that it is consistent with the SEQ Regional Plan.

Currently, Redland Water is required to report against its Drinking Water Quality Management Plan which was reviewed on 27 May 2014 and approved by the Regulator on 16 June 2014. Further reviews are required to be completed every two years. The first regular audit of the plan must be conducted by 1 July 2016. Further audits are required to be completed every four years. Redland Water is required to provide the Regulator with regular audit reports in accordance with section 108 of the Act.

Redland Water is required to provide the Regulator with an annual report, pursuant to sections 141 and 142 of the *Water Supply (Safety & Reliability) Act 2008* in each financial year and this report must be made available to the public.

This report details Redland Water's performance for the 2013-14 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 2009*.



## 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 2013-14 included:

### Potable Water

- The 300mm diameter trunk water main from Taylor Road to Kinross Road was constructed to provide network capacity for the development of the Kinross Road structure plan area. Project spend 2013-14: \$617,764.
- We completed the fifth 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 2013-14: \$359,400.

### Wastewater

- Continued focus on preventative maintenance of wastewater treatment plant assets, including preparation of asset management plans for wastewater treatment plants (WWTP).
- Completion of new inlet screens for the Cleveland WWTP.
- Refurbishment and capacity upgrade of pump station (PS) 134 at Mt Cotton and pump station (PS) 49 at Victoria Point.
- Installation of five generators at water boosters and key wastewater pump stations.
- Upgrade of the Supervisory Control and Data Acquisition (SCADA) system at Dunwich WWTP.
- Upgrade of PS67 in terms of rising main, pump, switchboard, generator and variable speed drive control.
- Renewal of 12 pump stations.
- 100% reuse 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.
- Design finalisation and tendering of the Dunwich sewer project.
- DEHP compliance inspections at Thorneside and Pt Lookout wastewater treatment plants.
- Structuring of formal environmental management system procedures and practices in accordance with ISO 14000. Continuation of environmental due diligence training for all Redland Water staff.
- Odour control improvements to Pt Lookout WWTP in respect to chemical dosing.
- Completion of inflow/infiltration pipe relining upgrades in the Raby Bay catchment and also segments of Victoria Point.

## Trade waste policy development:

The following trade waste policies were approved at the Council meeting on 7 May 2014.

- POL-1234 Trade Waste Policy (version 2).
- POL-1235 Trade Waste discharge charge remission for Concealed Water Leaks (version 1).
- POL-3027 Application of Wastewater Charges (version 2).
- Trade Waste Environmental Management Plan (version 4).

## Redland Water continued

### Delivering on customer service

#### Customer service standards

Customer service standards (CSSs) 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 2013-14, as adopted by Council in the Redland Water annual performance plan for water and wastewater services.

| KPI  | Measure                         | Target                   | Actual    | Comment                                   |
|--|---------------------------------|--------------------------|-----------|---|
| Average residential water consumption per person a day             | Litres/day/person – target 200L | Forecast consumption 180 | 191       | KPI achieved                              |
| Nitrogen load from effluent discharge                              | Average kg per day              | Max 110kg per day        | 34.5–57.3 | KPI achieved every month                  |
| Operating costs per megalitre of water treated                     | \$ per megalitre                | \$2,409                  | \$2,743   | KPI not achieved                          |
| Operating costs per property serviced (wastewater)                 | \$ per month                    | \$342                    | \$333     | KPI achieved                              |
| Operating performance (expenditure to budget)                      | %                               | +/-5%                    | 2.89%     | KPI achieved                              |
| Earnings before interest, tax & depreciation (EBITD)               | %                               | 0-5%                     | -2.57%    | KPI not 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                   | 42        | KPI achieved                              |
| % of unplanned water interruptions restored <5 hours               | %                               | Max 97                   | 98        | KPI achieved                              |
| Average response time to water main breaks                         | #                               | Max 60                   | 27        | KPI achieved every month                  |
| No. of poor pressure complaints                                    | #                               | Max 36                   | 15        | KPI achieved                              |
| No. of water quality incidents per month                           | #                               | Max 144                  | 95        | KPI achieved                              |
| Overall number of dry weather overflows                            | #                               | Max 84                   | 42        | KPI achieved                              |
| Average response or reaction time to wastewater incidents          | #                               | Max 60                   | 34        | 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                   | 31        | KPI achieved                              |
| No. of WWTP non-conformances with EPA licence over compliance year | #                               | Max 6                    | 6         | KPI achieved                              |

## Managing Our Assets

### Operational performance 2013-14

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 (CSOs).

For water and wastewater, this included:

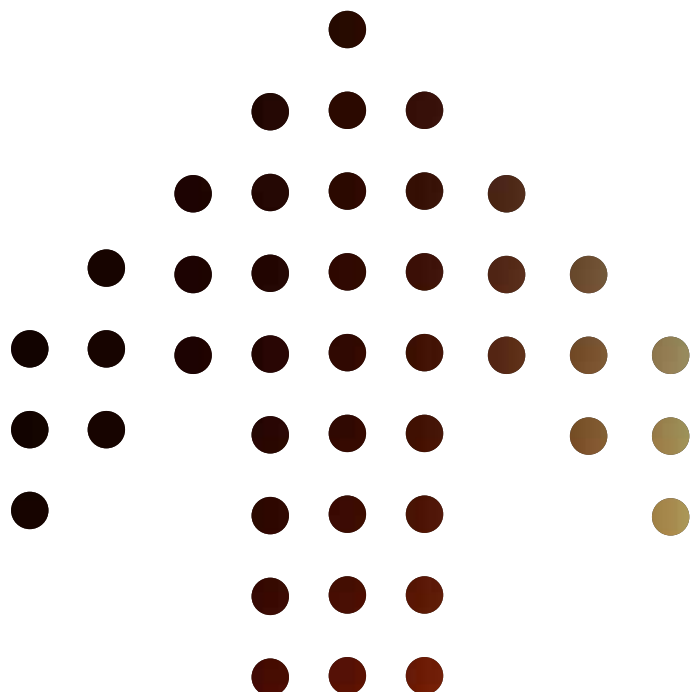
- concealed water leak concessions and reduced water access and consumption charges for not-for-profit sporting and community organisations \$117,333.
- reduced pedestal charges for not-for-profit sporting and community organisations \$327,519.

Total \$444,852

### Drinking water quality monitoring

Drinking water quality monitoring is undertaken through a verification monitoring program approved by the Regulator. Under the *Water Supply (Safety and Reliability) Act 2008* Section 102 and under the *Public Health Act 2005* Redland Water must report to the Regulator any non-compliance with health guidelines or report an event that may impact public health. 100% compliance with Australian Drinking Water Guidelines was achieved in 2013/14.

Redland Water is required to provide the Department of Energy and Water Supply with yearly reports within 120 business days of the end of the financial year.



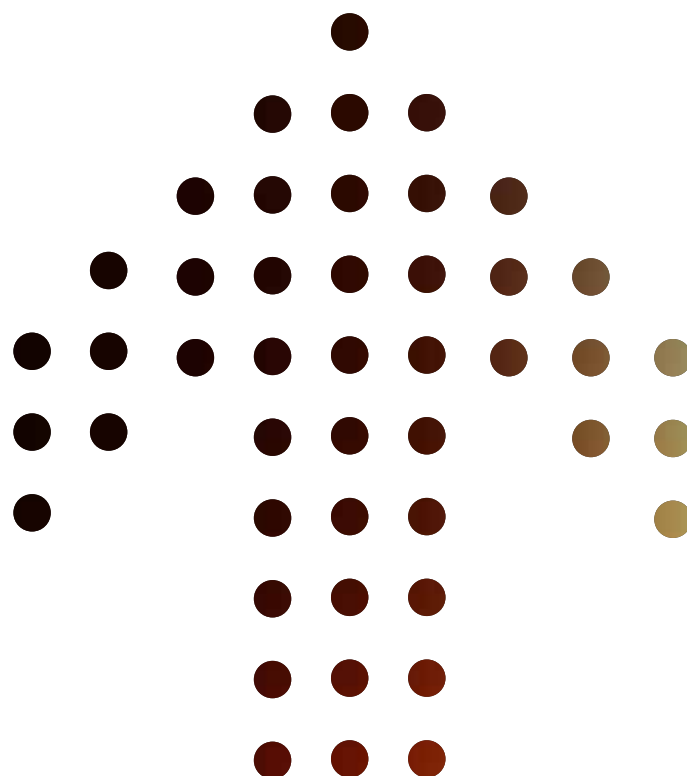
# Redland Water continued

Snapshot of our financial performance

| <i>Water and wastewater services</i>                         |                   |
|--|-------------------|
| Financial performance  | 2013-14 \$million |
| Revenue from ordinary activities                             | 97                |
| Expenses from ordinary activities                            | 87                |
| Borrowing costs  | 0                 |
| Result from ordinary activities<br>(before tax and dividend) | 10                |
| Total assets   | 677               |
| Debt outstanding   | -                 |
| Dividend and tax to RCC                                      | 11                |

| <i>Water and wastewater services</i> |                |
|--------------------------------------|----------------|
| Financial performance                | Actual 2013-14 |
| Operating revenue                    | \$96,757,000   |
| Operating expenses                   | \$86,567,000   |
| Operating surplus/(deficit)          | \$10,187,000   |
| Capital works program                | \$7,470,000    |

| Financial ratios                   |        |
|------------------------------------|--------|
| Economic rate of return            | 4.4%   |
| Rate of return on operating assets | 1.50%  |
| Debt to total equity               | 96.57% |



## 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 2013-14.

| Full cost pricing   | Water        | Wastewater   |
|---|--------------|--------------|
| Administration and operational overheads                    | \$22,979,840 | \$16,428,700 |
| Depreciation  | \$6,016,511  | \$10,512,282 |
| Competitive neutrality                                      | \$27,703     | \$41,555     |
| Return on assets (includes tax and dividend)                | \$11,790,498 | \$18,244,332 |
| Total Full Cost Pricing                                     | \$40,814,552 | \$45,226,869 |
| Volume delivered to / wastewater received from customers kL | 12,371,488   | 9,460,570    |
| Average cost per kL (FCP)                                   | \$3.30       | \$4.78       |

#### Cross-subsidy reflecting revenue-cost divergence water supply 2013-14

| Revenue sources            | Domestic     | Commercial  | Other Consumers | Total        |
|----------------------------|--------------|-------------|-----------------|--------------|
| Water charges              | 45,626,482   | \$7,385,699 | \$1,214,682     | \$54,226,862 |
| Other revenues             | \$2,897,624  | \$33,676    | Nil             | \$2,931,300  |
| CSO                        | Nil          | Nil         | \$117,333       | \$117,333    |
| Headworks                  | \$2,711,015  | Nil         | Nil             | \$2,711,015  |
| Total revenue              | \$51,235,121 | \$7,419,375 | \$1,332,015     | \$59,986,510 |
| kL used                    | 10,409,370   | 1,684,997   | 277,121         | 12,371,488   |
| \$/kL contribution         | \$4.922      | \$4.403     | \$4.807         | \$4.849      |
| Difference per kL from FCP | \$1.623      | \$1.104     | \$1.508         | \$1.550      |
| Cross-subsidy received     | - \$1.623    | - \$1.104   | - \$1.508       | - \$1.550    |

#### Cross-subsidy reflecting revenue-cost divergence wastewater supply 2013-14

| Revenue sources               | Domestic     | Commercial  | Other Consumers | Total        |
|-------------------------------|--------------|-------------|-----------------|--------------|
| Wastewater charges            | \$33,709,305 | \$3,346,463 | \$587,231       | \$37,642,998 |
| Other revenues                | \$1,123,507  | \$16,200    | Nil             | \$1,139,707  |
| Community service obligations | Nil          | Nil         | \$327,519       | \$327,519    |
| Headworks                     | \$4,098,473  | Nil         | Nil             | \$4,098,473  |
| Total revenue                 | \$38,931,285 | \$3,362,663 | \$914,750       | \$43,208,697 |
| kL used                       | \$8,136,090  | \$1,135,268 | \$189,211       | \$9,460,570  |
| \$/kL contribution            | \$4.785      | \$2.962     | \$4.835         | \$4.567      |
| Difference per kL from FCP    | \$0.004      | - \$1.819   | \$0.054         | - \$0.213    |
| 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 required under the Act is provided on page 24, along with directions on where to find the relevant information in this report.

## 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 2013-14 on pages 54-63.

RedWaste, which looks after Council's waste management activities, is also a significant business activity. You can find more information on RedWaste's activities in 2013-14 on pages 47-53.

### Prescribed business activities

Council also undertook the following business activities during the period:

- Building Certification
- Cemeteries
- Redland Art Gallery
- Redland Performing Arts Centre

The competitive neutrality principle has been applied to all business activities above. There were no investigation notices given in 2013-14 under section 48 of the *Local Government Regulation 2012* for competitive neutrality complaints.

Under section 190 of the *Local Government Regulation 2012*:

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



## Other statutory information continued

### Overseas travel

Councillors and Mayor

| Name                 | Destination      | Purpose  | Cost                    |
|----------------------|------------------|--|-------------------------|
| Mayor Karen Williams | Taiwan and China | Eighth Asia Pacific Cities Summit and Business Development Mission | \$13,924.50<br>excl GST |

### Staff

There was no overseas travel by staff in 2013-14.

### Services supplied by another government

There were no services provided by another government in 2013-14.

### 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 2013-14.

The Project Delivery Group made no changes to Civil Construction tenders during the 2013-14 financial year.

### Shareholder delegates

There were no shareholder delegates for corporate entities.

## Other statutory information continued

### Rates and concessions

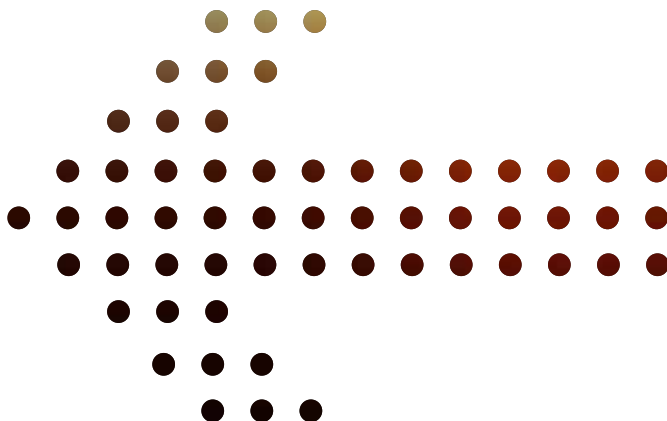
The *Local Government Regulation 2012* provides Council with the powers to grant concessions to individuals and classes of landowners. Council provides concessions to pensioners on rates and various other services Council provides to the community.

#### 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 2013-14 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 Council's Financial Statements which have been prepared in accordance with Section 179 of the *Local Government Regulation 2012*.

## Summary of key financial performance and sustainability indicators

Strategically, Council aims to operate within a set of conservative guidelines to ensure it is financially viable in the short term, whilst sustainable in the medium and long term. As part of its financial strategy, Council has adopted seven key financial stability indicators to guide our financial health. In addition to these financial stability indicators, we have five sustainability indicators to help monitor the long-term sustainability of Council. Financial sustainability for Councils is now the cornerstone of the *Local Government Act 2009* and a core responsibility of individual 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 Leadership and Council will be fully informed and can take timely, corrective action as required.

The table below summarises how Council performed against set targets for the seven key financial stability indicators established in our financial strategy. In summary, Council achieved or exceeded six of the seven financial stability 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%       | 33.74%             | ✓ |
| Ability To Pay Our Bills - Current Ratio               | 1.1 to 4.1    | 2.75               | ✓ |
| Ability To Repay Our Debt - Debt Servicing Ratio       | ≤ 10%         | 3.54%              | ✓ |
| Cash Balance   | ≥ \$40M       | \$96.24M           | ✓ |
| Cash Balance - Cash Capacity In Months                 | 3 to 4 months | 6.51               | ✓ |
| Longer Term Financial Stability - Debt To Assets Ratio | ≤ 10%         | 2.67%              | ✓ |
| Operating Performance                                  | ≥ 20%         | 19.45%             | × |

## Community financial report continued

The measures of sustainability are shown in the table below and demonstrate Council's ability to maintain its financial capital and infrastructure capital over the long term. Overall, the results indicate a very sound outlook, with Council meeting four of the five targets. The operating surplus ratio, the net financial liabilities ratio and the asset sustainability ratios have targets to be achieved on average over the long term (a period of at least 10 years) and are not necessarily expected to be met on a monthly or annual basis. Achieving the target for the asset sustainability ratio continues to be challenging, however Council has committed to a long-term financial strategy that works towards meeting this goal. Additionally, Council has adopted a Capital Works Prioritisation Policy during 2014 to enable the prioritisation of 'renewals' of existing assets ahead of 'upgrade' and/or 'new' works.

| Measures of Sustainability | Target     | Actual Performance |   |
|----------------------------|------------|--------------------|---|
| Operating Surplus Ratio    | 0% to 10%  | 6.37%              | ✓ |
| Net Financial Liabilities* | < 60%      | -2.22%             | ✓ |
| Interest Coverage Ratio**  | 0% to 5%   | -0.01%             | ✓ |
| Asset Sustainability Ratio | > 90%      | 45.65%             | × |
| Asset Consumption Ratio    | 40% to 80% | 68.48%             | ✓ |

### About Council's financial statements

The audited financial statements of Council set out the financial performance, financial position and cash flows as well as changes in community equity for the financial year ended 30 June 2014.

The financial statements have been endorsed by the Mayor and the CEO as "presenting fairly" Council's financial result for the year and these financial statements have been adopted by Council, demonstrating the responsibility and ownership thereof by management and elected representatives.

Council's financial statements are required to be audited by the Queensland Audit Office (QAO). The audit of Queensland Councils are contracted to audit firms which specialise in local government. The 2013-14 Annual Financial Statements are final and have been certified by the QAO as at 23 October 2014 to present a true and fair view, in accordance with the prescribed accounting standards (i.e. an unqualified audit opinion).

### Overview of financial results

Council's net result was a \$38.68M surplus for the year ended 30 June 2014. The net result is calculated as total income minus total expenditure. The net result includes revenue set aside for capital purposes such as the value of physical assets handed to Council, developer cash contributions, and other government funding of a capital nature, as well as expenses of a capital nature e.g. losses on disposal of non-current assets. The removal of capital items from the net result shows Council's Net Operating Result, which is more indicative of Council's day-to-day operations.

Below are Council's key financial performance highlights:

| Information at a Glance                     | 2013-14<br>Revised Budget<br>\$ Millions | 2013-14<br>Actual<br>\$ Millions | Restated<br>2012-13 Actual<br>\$ Millions |
|---|--|----------------------------------|---|
| Operating Income                            | 227.77                                   | 224.61                           | 221.00                                    |
| Operating Expenditure                       | (230.03)                                 | (210.31)                         | (235.33)                                  |
| <b>Net Operating Result/(Deficit)</b>       | <b>(2.26)</b>                            | <b>\$14.30</b>                   | <b>(14.33)</b>                            |
| Capital Grants, Subsidies and Contributions | 18.17                                    | 27.75                            | 20.68                                     |
| Gain on Reintegration of Water Operations   | -  | -                                | 200.49                                    |
| Other Capital Income/(Expenditure)          | 1.92                                     | (3.37)                           | (2.76)                                    |
| <b>Net Result</b>                           | <b>17.83</b>                             | <b>38.68</b>                     | <b>204.08</b>                             |

\*This is calculated using net financial liabilities, i.e. total liabilities minus current assets. The negative number indicates that Council's current assets exceed the total liabilities. Therefore, Council has outperformed this target.

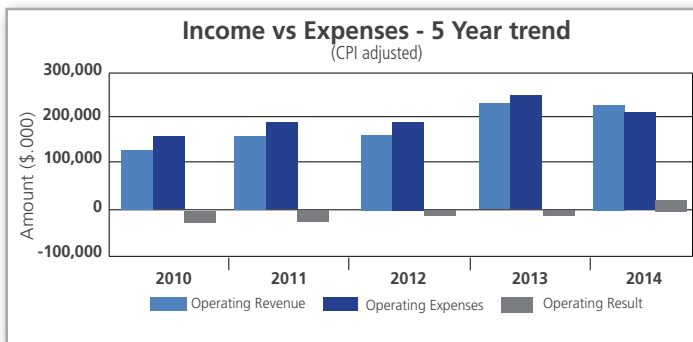
\*\* This is calculated using net interest expense, i.e. interest expense minus interest revenue. The negative number indicates that Council has earned more interest than it has spent on borrowings. Therefore, Council has outperformed this target.

# Community financial report continued

Council's finances demonstrated 'business as usual' during 2013-14. The swing from a \$14.33M operating deficit (total operating expenses exceeding operating income) in 2012-13 to \$14.30M surplus (total operating revenue exceeding total operating expenses) in 2013-14 is primarily due to annual increases in rates and charges, higher residential and commercial water consumption, reduction in the closed landfill provision (which reduces the operating expenditure), reduced depreciation expenditure and lower employee costs.

Capital Grants, Subsidies and Contributions include developer cash contributions received during the year which increased as a result of growth in development activity during the year.

The 2012-13 net result includes a \$200.49M capital gain on the re-integration of water operations on 1 July 2012. On 1 July 2012, Allconnex Water ceased operations and the water operations were returned to Redland Water. 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 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 and was recognised as income in the 2012-13 financial statements.

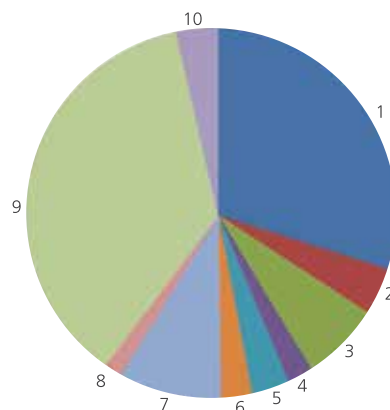


Following is a series of tables and graphs that illustrate Council's key financial results. Where comparisons are made between 2013-14 and prior years, the prior year figures have been increased to take account of price changes (CPI - Consumer Price Index) to ensure comparisons are meaningful.

## What were our major sources of income?

(Statement of Comprehensive Income)

The graph below illustrates the breakdown of income between the major sources of income for 2013-14.



### Sources of Income 2013-14

- 1 ■ \$75.77M General Rates Net of Discount (30%)
- 2 ■ \$11.01M Fees & Charges (4.4%)
- 3 ■ \$18.10M Waste Disposal Charges (7.2%)
- 4 ■ \$5.67M Developer Non-Cash Contributions (2.2%)
- 5 ■ \$8.27M Environmental Levy (3.3%)
- 6 ■ \$6.89M Operating Grants & Contributions (2.7%)
- 7 ■ \$22.08M Capital Grants & Subsidies (8.8%)
- 8 ■ \$3.87M Interest Received (1.5%)
- 9 ■ \$91.87M Water & Wastewater Charges (36.4%)
- 10 ■ \$8.83M Other Income (3.5%)

Total income received this year (operating income plus capital grants, subsidies and contributions) was \$252.36M. Removing the gain on re-integration of water operations, this result was \$3.93M (CPI adjusted), or 1.58% greater than the 2012-13 financial year.

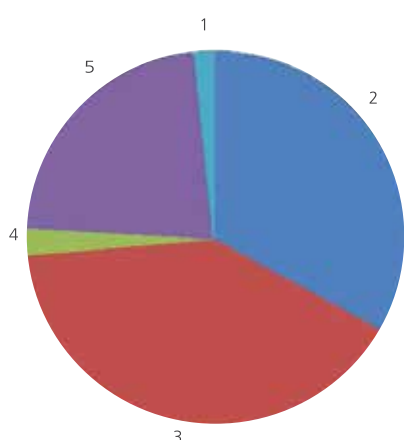
The major sources of income are general rates, water and wastewater charges as well as waste disposal fees. Income from these source contributed 73.6% towards Council's total income for the year. Also, the total grants, subsidies and cash contributions received during the year were \$28.97M, comprising operating (\$6.89M) and capital (\$22.08M) elements. This is an increase of \$6.20M from last year primarily due to increased cash contributions received from developers.

Council earned \$3.87M, or 1.53% of total income from interest on investments and overdue rates during the financial year and the total interest earned outweighed the interest expense for the year. This result reflects sound financial management of cash holdings.

## What expenses did Council have to meet?

(Statement of Comprehensive Income)

The graph below illustrates the breakdown of expenses between the major components of expenditure for 2013-14.



### Expenses 2013-14

- 1 ■ \$3.37M Loss on Disposal of Non-Current Assets (1.6%)
- 2 ■ \$71.03M Employee Benefits (33.2%)
- 3 ■ \$86.28M Materials and Services (40.4%)
- 4 ■ \$5.04M Finance Costs (2.4%)
- 5 ■ \$47.97M Depreciation and Amortisation (22.4%)

Council's expenses for the 2013-14 financial year totalled \$213.68M, which is a decrease of 12.69% compared to the previous year's expenses of \$244.74M (CPI adjusted).

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.

As part of the 10 year capital program, Council estimates the cost of restoring landfill sites across the City. These program costs were revised during 2013-14 and, together with a change in the funding structure for this program, resulted in a significant decrease in the landfill rehabilitation provision. This change decreased our materials and services expenditure for the current year.

Employee costs include wages and salaries, annual leave, long service leave, superannuation and allowances paid to all full-time, part-time and casual staff. Overall, staff wages and salaries were lower this year as well as costs associated with annual leave and long service leave.

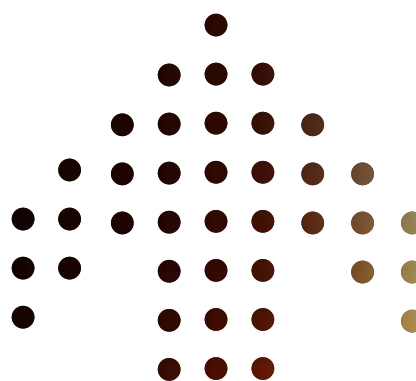
Depreciation expenses reflect the usage of Council's assets and refer to the estimated reduction in the value of our assets due to wear and tear or becoming technically out of date. This includes roads and stormwater drainage infrastructure, buildings, marine infrastructure and plant and equipment.

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

(Statement of Financial Position)

| Value of Community Assets                   | 2013-14 \$ Millions | Restated 2012-13 \$ Millions | Change  |
|---|---------------------|------------------------------|---------|
| Total Assets                                | \$2,208.20          | \$2,173.65                   | 1.59%   |
| Total Liabilities                           | \$119.71            | \$138.18                     | -13.37% |
| Net Community Assets (Net Community Equity) | \$2,088.49          | \$2,035.47                   | 2.60%   |

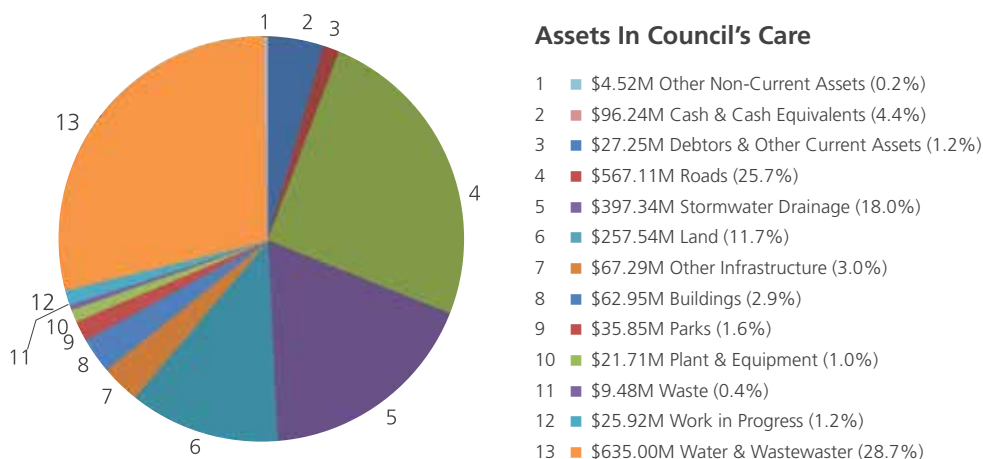
See Financial Statements 'Statement of Financial Position' for more information



# Community financial report continued

## Assets

The total value of all assets controlled by Council was \$2.21B at 30 June 2014. This figure is broken down between current assets of \$124.69M (5.6%) and non-current assets of \$2.08B (94.4%).

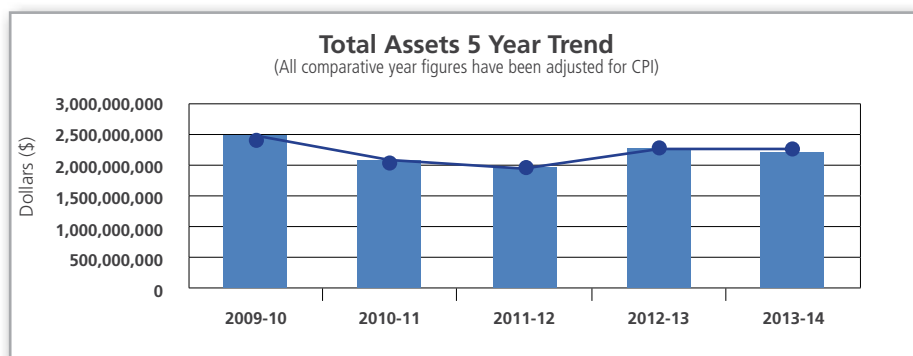


Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed from customers. Cash assets were \$96.24M and receivables from customers were \$26.14M at the end of the 2013-14 financial year. Council's cash balance improved since 2012-13 and moved from \$82.60M to \$96.24M. Additional capital grants, subsidies and cash contributions received during the year and some delays in capital and operational projects contributed to the higher cash balance. Any excess funds Council doesn't anticipate to use within 3 - 4 months are moved to an interest-earning cash management fund.

Council's property, plant and equipment assets of \$2.08B include freehold land, buildings, roads, stormwater drainage, water, wastewater, waste, parks infrastructure and plant and equipment. Land, road assets and stormwater drainage assets were independently valued during the 2013-14 year. The road and stormwater drainage assets were valued as at 1 July 2013 and revaluation adjustments treated as corrections to prior year reported balances.

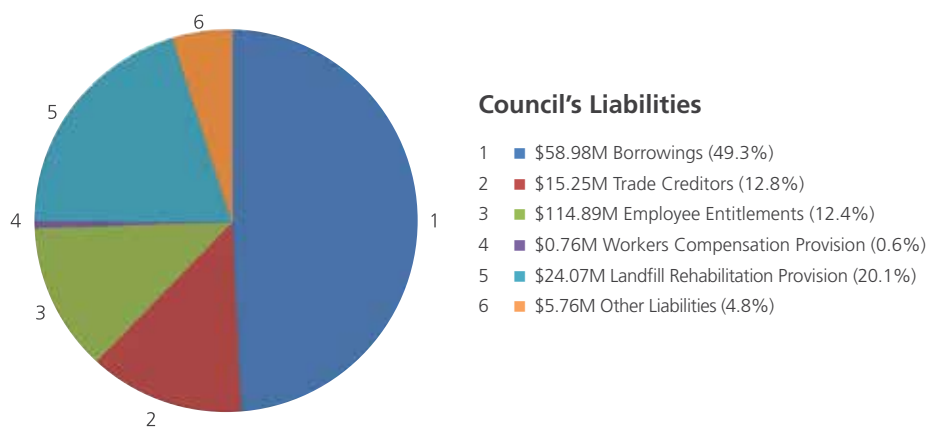
During the 2013-14 financial year Council's capital expenditure amounted to \$49.55M on work-in-progress and \$41.95M on other asset categories (which includes transfers from work-in-progress). Major capital projects during the 2013-14 year included road reseals and resurfacing, road reconstruction, wastewater pump stations and wastewater treatment, Southern Moreton Bay Islands, as well as computer projects works programs.

The graph below demonstrates Council's total asset values over the last five years.



## Liabilities

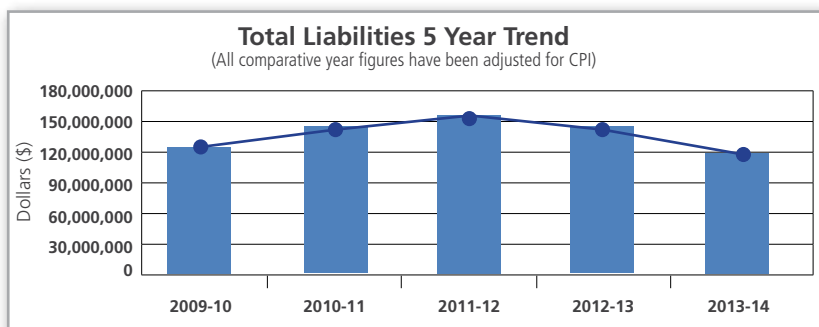
Liabilities are amounts owed by Council at 30 June 2014 and totalled \$119.71M.



The largest single debt Council owed at 30 June 2014 was to Queensland Treasury Corporation (QTC). QTC is the state government-owned lending agency from which most local government and state authorities borrow to finance their large-scale infrastructure projects. At the end of the financial year, Council owed QTC a total of \$58.98M, with \$4.38M payable in the next 12 months and \$54.61M due in subsequent years. During the year Council made a decision to utilise existing cash balances as a priority over borrowings. As a result there were no drawdowns from loans during the current financial year.

As part of the 10 year capital program, Council estimates the cost of restoring landfill sites across the City. These program costs were revised during 2013-14 and, together with a change in the funding structure for this program, resulted in a significant decrease in the landfill rehabilitation provision.

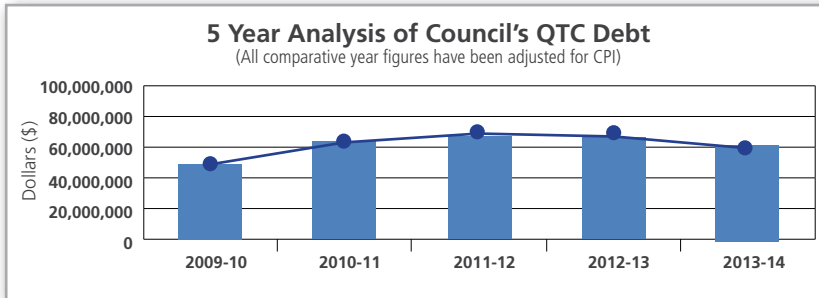
The following graph shows our total liabilities over the past five years.



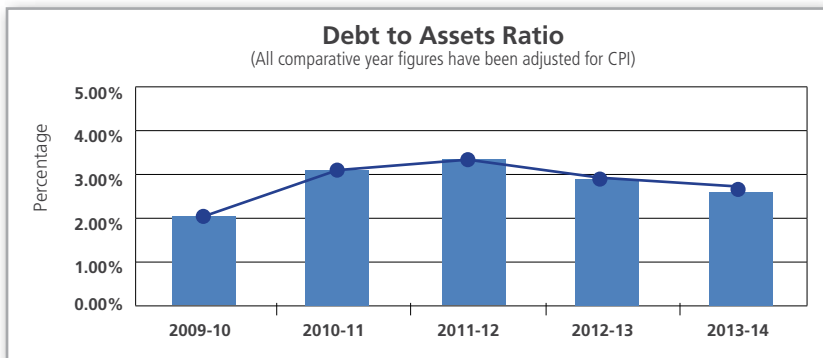


# Community financial report continued

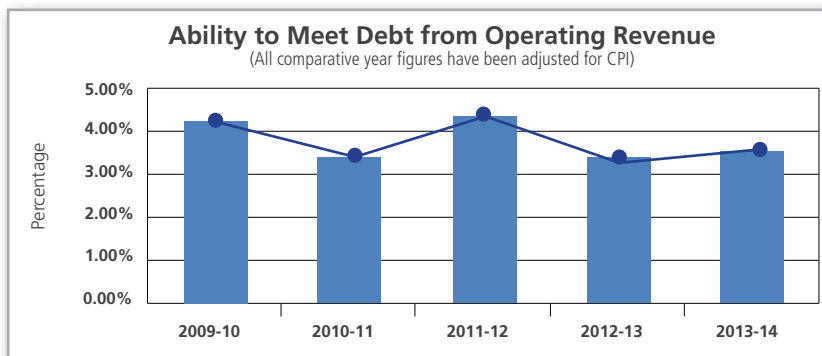
The graph below illustrates the level Council's loan borrowings with QTC debt over the past five years.



The graph below outlines the ratio of our total loans compared to total assets over the past five years. At the end of the 2013-14 financial year, total debt as a percentage of total assets was only 2.67%. This puts into perspective the relatively low level of borrowings compared to total assets.



The following graph shows how much of Council's revenue is consumed in the repayment of interest and principal to QTC. In 2013-14, only 3.54% of operating revenue was spent repaying interest and principal on our borrowings. This is relatively low and sitting 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 compares the main sources of cash receipts and cash paid during the financial years ended 30 June 2013 and 30 June 2014.

| Main Sources of Cash In and Out   | 2013-14<br>\$ Millions | Restated<br>2012-13<br>\$ Millions* | Change   |
|---|------------------------|-------------------------------------|----------|
| Net Cash Received from Operations<br>(excluding interest and borrowing costs) | 42.82                  | 22.85                               | 87.37%   |
| Purchase and Construction of Assets   | (50.00)                | (38.99)                             | 28.24%   |
| Capital Grants, Subsidies and Contributions                                   | 22.08                  | 14.52                               | 52.02%   |
| New Loans Taken Out   | -                      | 5.87                                | -100.00% |
| Repayment of Debt   | (4.12)                 | (5.35)                              | -22.97%  |

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

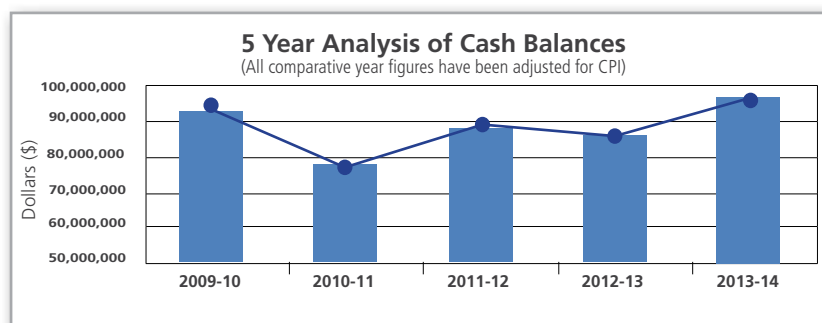
\* CPI adjustment included to ensure comparability

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.

We started the 2013-14 financial year with \$82.60M cash in the bank and ended the year with \$96.24M, exceeding the target for cash capacity in months.

The following graph shows our total cash holdings for the past five years. The increase of Council's cash balance reflects the higher capital grants, subsidies and contributions, as well as the lower payments to suppliers and employees during the 2013-14 financial year.

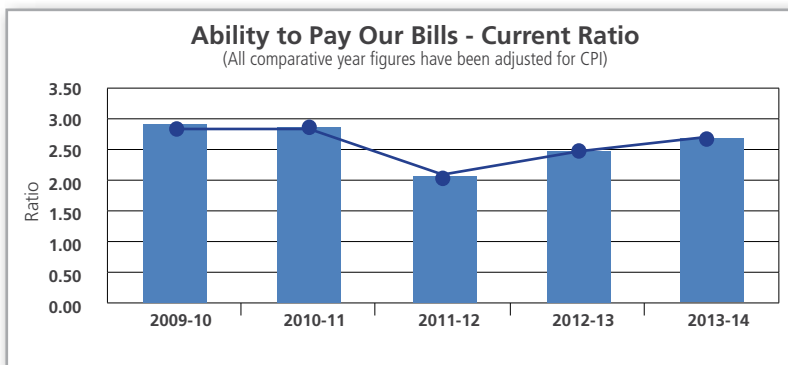


# Community financial report continued

To maintain Council's 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 2.75 in 2013-14.

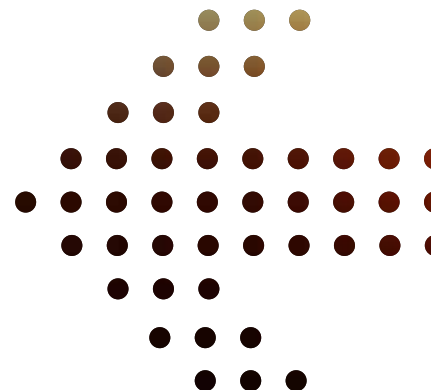


## Summary

Council delivered a large program of operational and capital works during the 2013-14 financial year and achieved this delivery while still exceeding six of the seven key financial stability indicators.

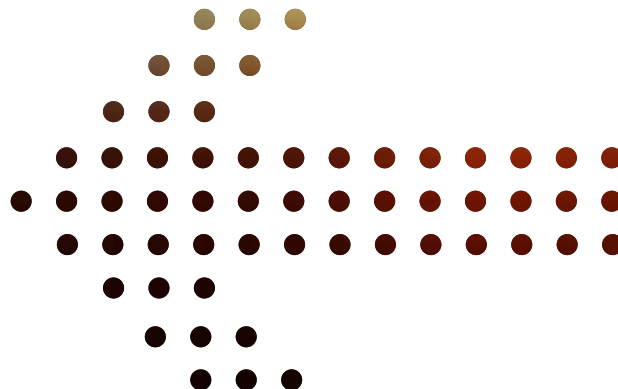
On an annual basis, Council reviews its long-term financial strategy and key financial policies to ensure it continues to travel in the right financial direction and in 2013-14 Council continued to meet all financial commitments and keep debt at low and very manageable levels. Council balances its long-term strategies and outlook with in-year priorities and monitors its financial position and performance on a monthly basis. It also formally revises its budget each quarter, where required. The budget review process is under review to achieve efficiencies and ensure timely changes can be made to the budget in achieving Council's capital and operational projects. These reviews are complemented by regular credit reviews 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                                      | $[(\text{Cash Operating Costs} + \text{Interest Expense})/12]$ |
| 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 2013-14 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.

| <b>Local Government Act 2009</b>        |                                 |  |               |
|---|---------------------------------|--|---------------|
| <b>Requirement</b>                      | <b>Topic</b>                    | <b>Provision</b>   | <b>Page/s</b> |
| Section 41                              | Beneficial enterprises          | Must contain a list of all the beneficial enterprises that the local government conducted during the financial year  | 64            |
| Section 45                              | Significant business activities | Must:<br>(a) contain a list of all the business activities that the local government conducted during the financial year; and<br>(b) identify the business activities that are significant business activities; and<br>(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<br>(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 | 64            |
| Section 201(1)                          | Remuneration                    | 1) Must state:<br>(a) The total of all remuneration packages that are payable to the senior management of the local government<br>(b) The number of employees in senior management who are being paid each band of remuneration  | 32            |
| <b>Local Government Regulation 2012</b> |                                 |  |               |
| Section 182                             | Preparation of annual report    | 1) Prepare an annual report<br>2) Adopt within 1 month after the day the auditor-general's report on the financial statements is received<br>3) Annual Report placed on Council website within 2 weeks after council adopting the Annual Report  | N/A           |
| Section 183                             | Financial statements            | (a) General purpose financial statement, audited by the auditor-general<br>(b) The current year financial sustainability statement for the financial year, audited by the auditor-general<br>(c) The long term financial sustainability statement for the financial year and<br>(d) Auditor-General's report about the general purpose financial statement and the current year financial sustainability statement   | 81            |
| Section 184                             | Community financial report      | Provide community financial report for the financial year  | 67            |
| Section 185                             | Particular resolutions          | (a) Provide a copy of resolutions made under section 250(1)<br>(b) Provide a copy of resolutions made under section 206(2)   | 22            |

## Index – statutory information continued

|             |             |  |    |
|-------------|-------------|--|----|
| Section 186 | Councillors | (a) For each councillor, total remuneration (including superannuation contributions) paid to the councillor for the year | 21 |
|             |             | (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   | 22 |
|             |             | (d) Number of local government meetings attended by each councillor  | 19 |
|             |             | (e) The number of:   | 36 |
|             |             | 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   |    |
|             |             | iii. summary of order of recommendation made for each councillor   |    |
|             |             | (g) The number of:   |    |
|             |             | i. complaints about conduct or performance for which no further action take under section 176C(2) of the Act             |    |
|             |             | ii. complaints referred to the CEO under section 176C(3)(a) (i) of the Act   |    |
|             |             | iii. complaints referred to the Mayor under section 176C(3) (a)(ii) or (b)(i) of the Act                                 |    |
|             |             | iv. complaints referred to the CEO under section 176C(4)(a) of the Act   |    |
|             |             | v. complaints assessed by the CEO as being about official misconduct   |    |
|             |             | vi. complaints heard by a conduct review panel   |    |
|             |             | vii. complaints heard by the tribunal  |    |
|             |             | viii. complaints to which section 176C(6) of the Act applied   |    |

## Index – statutory information continued

|             |  |  |       |
|-------------|--|--|-------|
| Section 187 | Administration action complaints                 | <p>1) Must contain a statement about:</p> <p>(a) dealing fairly with administrative action complaints</p> <p>(b) how Council has implemented its complaints management process and assessing its performance in resolving complaints</p> <p>(2) Must contain particulars of:</p> <p>(a) The number of:</p> <p>i. administrative action complaints made</p> <p>ii. administrative action complaints resolved under the complaints management process</p> <p>iii. administration action complaints not resolved</p> <p>(b) The number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year</p> | 36    |
| Section 188 | Overseas travel                                  | <p>1) Must contain information about any overseas travel during the financial year</p> <p>(a) for a councillor – the name of the councillor</p> <p>(b) for a local government employee – the name of, position held</p> <p>(c) destination</p> <p>(d) purpose</p> <p>(e) cost</p> <p>(f) any other relevant information about the overseas travel the local government considers relevant</p>  | 65    |
| Section 189 | Expenditure on grants to community organisations | <p>Summary of:</p> <p>(a) expenditure on grants to community organisations</p> <p>(b) expenditure from each councillor’s discretionary fund, including</p> <p>i. the name of each community organisation which an amount was allocated from the fund</p> <p>ii. the amount and purpose of the allocation</p>   | 43    |
| Section 190 | Other contents                                   | <p>1) The annual report must contain</p> <p>(a) the Chief Executive Officer’s assessment of the progress towards implemented its 5-year corporate plan and annual operation plan</p> <p>(b) particulars of other issues relevant to making an informed assessment of the local government’s operations and performance in the financial year</p>   | 38-46 |
|             |  | <p>(c) an annual operations report for each commercial business unit</p>   | 47-63 |
|             |  | <p>(d) details of any action taken for, and expenditure on, a service, facility or activity:</p> <p>i. supplied by another local government under an agreement for conducting a joint government activity; and</p> <p>ii. for which the local government levied special rates or charges for the financial year</p>  | 65    |
|             |  |  |       |

## Index – statutory information continued

|   |     |
|---|-----|
| (e) the number of invitation to change tenders under section 228(7) during the financial year   | 65  |
| (f) a list of the registers kept by the local government  | 65  |
| (g) a summary of all concessions for rates and charges granted by the local government  | 66  |
| (h) a report on the internal audit for the financial year   | 37  |
| (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   | 64  |
| (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 |
| 2) In this section – annual operations report, for a commercial business unit, means a document that contains the following information for the previous financial year – | N/A |
| 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 for the previous financial year;   |     |
| c) particulars of the impact the changes had on the unit's -  |     |
| i) financial position; and  |     |
| ii) operating surplus or deficit; and   |     |
| iii) prospects;   |     |
| d) particulars of any directions the local government gave the unit.  |     |

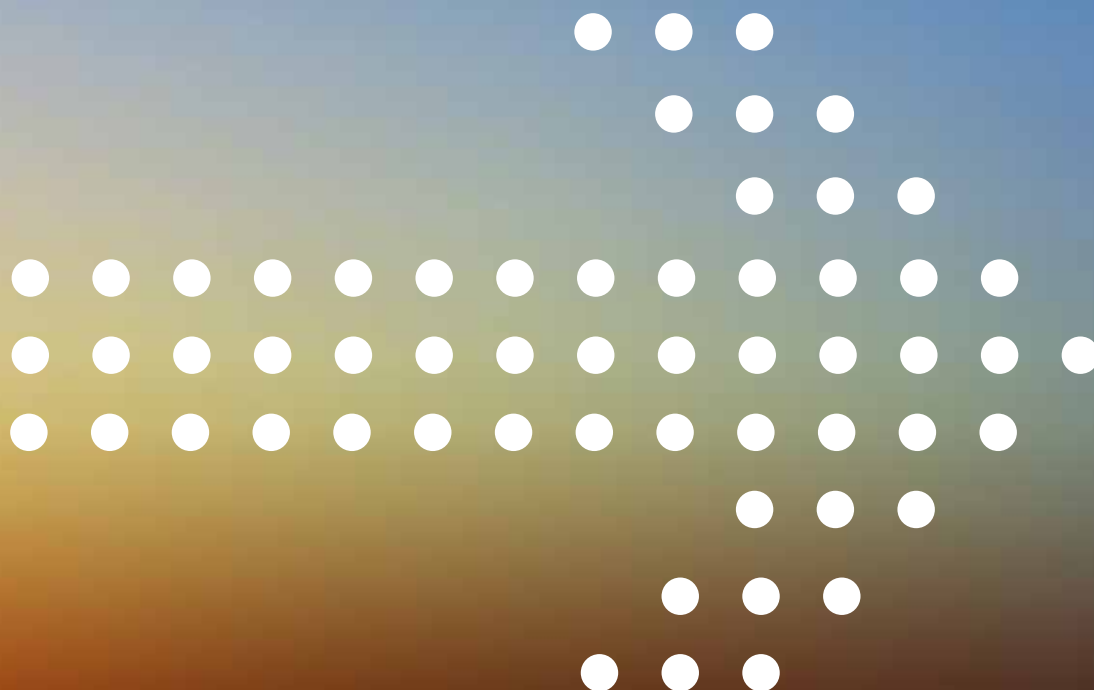
### Public Sector Ethics Act 1994

|            |           |       |
|------------|-----------|-------|
| Section 23 | Reporting | 29-32 |
|------------|-----------|-------|



# Annual Financial Statements

for the year ended  
30 June 2014



# Annual Financial Statements

**REDLAND CITY COUNCIL**  
**Annual Financial Statements**  
For the year ended 30 June 2014

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REDLAND CITY COUNCIL  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2014

|  | Note | 2014<br>\$000    | Restated<br>2013<br>\$000 |
|--|------|------------------|---------------------------|
| <b>Income</b>  |      |                  |                           |
| <b>Recurrent revenue</b>                                 |      |                  |                           |
| Rates, levies and charges                                | 4(a) | 197,243          | 190,295                   |
| Fees and charges   | 4(b) | 11,008           | 12,602                    |
| Rental income  | 4(c) | 898              | 438                       |
| Interest received  | 4(d) | 3,868            | 4,250                     |
| Sales revenue  | 4(e) | 3,659            | 2,666                     |
| Other income   | 4(f) | 1,049            | 2,112                     |
| Grants, subsidies and contributions                      | 5(a) | 6,887            | 8,638                     |
| <b>Total recurrent revenue</b>                           |      | <b>224,612</b>   | <b>221,001</b>            |
| <b>Capital revenue</b>                                   |      |                  |                           |
| Grants, subsidies and contributions                      | 5(b) | 22,078           | 14,128                    |
| Non-cash contributions                                   | 5(b) | 5,669            | 6,547                     |
| Gain on reintegration of water operations                | 11   | -                | 200,486                   |
| Increase in investment property                          |      | -                | -                         |
| <b>Total capital revenue</b>                             |      | <b>27,747</b>    | <b>221,161</b>            |
| <b>Total income</b>                                      |      | <b>252,359</b>   | <b>442,162</b>            |
| <b>Expenses</b>  |      |                  |                           |
| <b>Recurrent expenses</b>                                |      |                  |                           |
| Employee benefits  | 6    | (71,026)         | (78,391)                  |
| Materials and services                                   | 7    | (86,282)         | (100,689)                 |
| Finance costs  | 8    | (5,038)          | (5,814)                   |
| Depreciation and amortisation                            | 9    | (47,965)         | (50,436)                  |
| <b>Total recurrent expenses</b>                          |      | <b>(210,311)</b> | <b>(235,330)</b>          |
| <b>Capital expenses</b>                                  |      |                  |                           |
| Loss on disposal of non-current assets                   | 10   | (3,373)          | (2,761)                   |
| <b>Total capital expenses</b>                            |      | <b>(3,373)</b>   | <b>(2,761)</b>            |
| <b>Total expenses</b>                                    |      | <b>(213,684)</b> | <b>(238,091)</b>          |
| <b>Net result</b>  |      | <b>38,675</b>    | <b>204,071</b>            |
| <b>Other comprehensive income/(loss)</b>                 |      |                  |                           |
| <b>Items that will not be reclassified to net result</b> |      |                  |                           |
| Revaluation of property, plant and equipment             | 25   | 14,347           | 129,661                   |
| <b>Total comprehensive income/(loss) for the year</b>    |      | <b>53,022</b>    | <b>333,732</b>            |

The 'Net result' and 'Total comprehensive income' for the 2012-13 year was extraordinarily high due to the one-off non-cash gain on returning water operations (refer Note 11).

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

# Annual Financial Statements

## REDLAND CITY COUNCIL STATEMENT OF FINANCIAL POSITION As at 30 June 2014

|                                      | Note  | 2014<br>\$000    | Restated<br>2013<br>\$000 | Restated<br>1 July 2012<br>\$000 |
|--------------------------------------|-------|------------------|---------------------------|----------------------------------|
| <b>Current assets</b>                |       |                  |                           |                                  |
| Cash and cash equivalents            | 12    | 96,235           | 82,595                    | 84,804                           |
| Trade and other receivables          | 13    | 26,139           | 20,930                    | 15,502                           |
| Inventories                          | 14    | 644              | 944                       | 991                              |
| Non-current assets held-for-sale     | 15    | 354              | 467                       | 29                               |
| Other current assets                 | 16    | 1,114            | 1,235                     | 994                              |
| <b>Total current assets</b>          |       | <b>124,686</b>   | <b>106,171</b>            | <b>102,320</b>                   |
| <b>Non-current assets</b>            |       |                  |                           |                                  |
| Trade and other receivables          |       | -                | -                         | 9                                |
| Investment property                  | 17    | 893              | 797                       | 846                              |
| Property, plant and equipment        | 18    | 2,080,184        | 2,065,643                 | 1,290,230                        |
| Intangible assets                    | 19    | 2,360            | 963                       | 353                              |
| Other financial assets               | 20    | 73               | 73                        | 456,846                          |
| <b>Total non-current assets</b>      |       | <b>2,083,510</b> | <b>2,067,476</b>          | <b>1,748,284</b>                 |
| <b>Total assets</b>                  |       | <b>2,208,196</b> | <b>2,173,647</b>          | <b>1,850,604</b>                 |
| <b>Current liabilities</b>           |       |                  |                           |                                  |
| Trade and other payables             | 21    | 15,248           | 10,980                    | 22,010                           |
| Borrowings                           | 22(a) | 4,375            | 4,124                     | 3,996                            |
| Provisions                           | 23(a) | 19,926           | 20,574                    | 17,411                           |
| Other current liabilities            | 24    | 5,759            | 6,362                     | 6,572                            |
| <b>Total current liabilities</b>     |       | <b>45,308</b>    | <b>42,040</b>             | <b>49,989</b>                    |
| <b>Non-current liabilities</b>       |       |                  |                           |                                  |
| Borrowings                           | 22(b) | 54,608           | 58,978                    | 58,593                           |
| Provisions                           | 23(b) | 19,793           | 37,164                    | 40,289                           |
| <b>Total non-current liabilities</b> |       | <b>74,401</b>    | <b>96,142</b>             | <b>98,882</b>                    |
| <b>Total liabilities</b>             |       | <b>119,709</b>   | <b>138,182</b>            | <b>148,871</b>                   |
| <b>Net community assets</b>          |       | <b>2,088,487</b> | <b>2,035,465</b>          | <b>1,701,733</b>                 |
| <b>Community equity</b>              |       |                  |                           |                                  |
| Asset revaluation surplus            | 25    | 668,685          | 654,338                   | 525,754                          |
| Retained surplus                     |       | 1,347,121        | 1,321,370                 | 1,132,967                        |
| Constrained cash reserves            | 26    | 72,681           | 59,757                    | 43,012                           |
| <b>Total community equity</b>        |       | <b>2,088,487</b> | <b>2,035,465</b>          | <b>1,701,733</b>                 |

Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period, i.e. as at 1 July 2012. Refer to Note 32 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 2014

|  | Asset<br>Revaluation<br>Surplus<br>\$000 | Retained<br>Surplus<br>\$000 | Constrained<br>Cash Reserves<br>\$000 | Total<br>Community<br>Equity<br>\$000 |
|--|--|------------------------------|---------------------------------------|---------------------------------------|
| Note   | 25                                       |                              | 26                                    |                                       |
| Balance as at 30 June 2013                       | 654,338                                  | 1,321,370                    | 59,757                                | 2,035,465                             |
| Correction to opening balance                    | -  | -                            | -                                     | -                                     |
| Restated balance as at 1 July 2013               | 654,338                                  | 1,321,370                    | 59,757                                | 2,035,465                             |
| Net result                                       | -  | 38,675                       | -                                     | 38,675                                |
| Other comprehensive income for the year:         |  |                              |                                       |                                       |
| Increase/(decrease) in asset revaluation surplus | 14,347                                   | -                            | -                                     | 14,347                                |
| Total comprehensive income for the year          | 14,347                                   | 38,675                       | -                                     | 53,022                                |
| Transfers to and from reserves:                  |  |                              |                                       |                                       |
| Transfers to reserves                            | -  | (47,703)                     | 47,703                                | -                                     |
| Transfers from reserves                          | -  | 34,779                       | (34,779)                              | -                                     |
| Total transfers to and from reserves             | -  | (12,924)                     | 12,924                                | -                                     |
| Balance as at 30 June 2014                       | 668,685                                  | 1,347,121                    | 72,681                                | 2,088,487                             |

|  | Asset<br>Revaluation<br>Surplus<br>\$000 | Retained<br>Surplus<br>\$000 | Constrained<br>Cash Reserves<br>\$000 | Total<br>Community<br>Equity<br>\$000 |
|--|--|------------------------------|---------------------------------------|---------------------------------------|
| Note   | 25                                       |                              | 26                                    |                                       |
| Balance as at 30 June 2012                       | 526,588                                  | 1,145,983                    | 43,012                                | 1,715,583                             |
| Correction to opening balance                    | (834)                                    | (13,016)                     | -                                     | (13,850)                              |
| Restated balance as at 1 July 2012               | 525,754                                  | 1,132,967                    | 43,012                                | 1,701,733                             |
| Net result as stated in prior year               | -  | 203,574                      | -                                     | 203,574                               |
| Corrections in year                              | -  | 497                          | -                                     | 497                                   |
| Net result - restated                            | -  | 204,071                      | -                                     | 204,071                               |
| Other comprehensive income for the year:         |  |                              |                                       |                                       |
| Increase/(decrease) in asset revaluation surplus | 41,242                                   | -                            | -                                     | 41,242                                |
| Corrections in year                              | 88,419                                   | -                            | -                                     | 88,419                                |
| Other comprehensive income - restated            | 129,661                                  | -                            | -                                     | 129,661                               |
| Total comprehensive income for the year          | 129,661                                  | 204,071                      | -                                     | 333,732                               |
| Transfers to and from reserves:                  |  |                              |                                       |                                       |
| Transfers to reserves                            | -  | (34,631)                     | 34,631                                | -                                     |
| Transfers from reserves                          | -  | 17,886                       | (17,886)                              | -                                     |
| Total transfers to and from reserves             | -  | (16,745)                     | 16,745                                | -                                     |
| Derecognition of asset revaluation surplus       | (1,077)                                  | 1,077                        | -                                     | -                                     |
| Balance as at 30 June 2013                       | 654,338                                  | 1,321,370                    | 59,757                                | 2,035,465                             |

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

# Annual Financial Statements

REDLAND CITY COUNCIL  
**STATEMENT OF CASH FLOWS**  
 For the year ended 30 June 2014

|  | Note | 2014<br>\$000   | Restated<br>2013<br>\$000 |
|--|------|-----------------|---------------------------|
| <b>Cash flows from operating activities</b>                      |      |                 |                           |
| Receipts from customers  |      | 210,211         | 207,953                   |
| Payments to suppliers and employees                              |      | (173,641)       | (194,756)                 |
|  |      | <u>36,570</u>   | <u>13,197</u>             |
| Interest received  | 4(0) | 3,868           | 4,250                     |
| Non-capital grants and contributions                             |      | 6,253           | 9,036                     |
| Borrowing costs  |      | (3,839)         | (3,887)                   |
| <b>Net cash inflow/(outflow) from operating activities</b>       | 31   | <u>42,862</u>   | <u>22,696</u>             |
| <b>Cash flows from investing activities</b>                      |      |                 |                           |
| Payments for property, plant and equipment                       |      | (48,235)        | (36,931)                  |
| Payment for investment property                                  | 17   | -               | (17)                      |
| Payments for intangible assets                                   | 19   | (1,764)         | (982)                     |
| Net movement in loans to community groups                        |      | 9               | 16                        |
| Proceeds from sale of property, plant and equipment              |      | 2,819           | 1,312                     |
| Capital grants, subsidies and contributions                      |      | 22,078          | 14,127                    |
| Allconnex Water debt allocation                                  |      | -               | (2,843)                   |
| <b>Net cash inflow/(outflow) from investing activities</b>       |      | <u>(25,093)</u> | <u>(25,318)</u>           |
| <b>Cash flows from financing activities</b>                      |      |                 |                           |
| Proceeds from borrowings   |      | -               | 5,715                     |
| Repayment of borrowings  | 22   | (4,119)         | (5,202)                   |
| <b>Net cash inflow/(outflow) from financing activities</b>       |      | <u>(4,119)</u>  | <u>513</u>                |
| <b>Net increase/(decrease) in cash and cash equivalents held</b> |      | <u>13,640</u>   | <u>(2,209)</u>            |
| Cash and cash equivalents at beginning of the financial year     |      | 82,595          | 84,804                    |
| <b>Cash and cash equivalents at end of the financial year</b>    | 12   | <u>96,235</u>   | <u>82,595</u>             |

*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 2014

**1 Basis of preparation and compliance**

**1.a Basis of preparation**

These general purpose financial statements of Council are for the period 1 July 2013 to 30 June 2014 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. Where the AASB provides a For Profit and Not for Profit version, Council refers to the Not for Profit accounting standard.

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 that are relevant to Council's operations and effective for the current reporting period. As 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**

As at 30 June 2014 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 2014, 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.

**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 \$1,000. Rounding adjustments are included in Inventories in the Statement of Financial Position. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period (refer Note 32).

**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 Australian Accounting Standards Board 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 except for the revised AASB 119 *Employee Benefits* whereby annual leave entitlements expected to be taken after 12 months will now be accounted for as a long-term employee benefit as opposed to a short-term employee benefit (refer Note 2.o). The change did not have a material impact to the measurement of the liability. AASB 13 *Fair Value Measurement* has introduced new disclosures for the financial statements but did not affect Council's accounting policies or any of the amounts recognised in the financial statements.

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

| Standard     | Description   | Effective dates |
|--------------|---|-----------------|
| AASB 9       | <i>Financial Instruments</i>  | 1 January 2018  |
| AASB 10      | <i>Consolidated Financial Statements</i>  | 1 January 2014  |
| AASB 11      | <i>Joint Arrangements</i>   | 1 January 2014  |
| AASB 12      | <i>Disclosure of Interests in Other Entities</i>  | 1 January 2014  |
| AASB 14      | <i>Regulatory Deferral Accounts</i>   | 1 January 2016  |
| AASB 127     | <i>Separate Financial Statements (replaces existing standard and AASB10)</i>                | 1 January 2014  |
| AASB 128     | <i>Investments in Associates and Joint Ventures (replaces existing standard)</i>            | 1 January 2014  |
| AASB 1055    | <i>Budgetary Reporting</i>  | 1 July 2014     |
| AASB 2009-11 | <i>Amendments to AAS arising from AASB9 (December 2009)</i>                                 | 1 January 2015  |
| AASB 2010-7  | <i>Amendments to AAS arising from AASB 9 (December 2010)</i>                                | 1 January 2015  |
| AASB 2011-7  | <i>Amendments to AAS from Consolidation/Joint Arrangements Standards</i>                    | 1 January 2014  |
| AASB 2012-3  | <i>Amendments to AAS - Offsetting Financial Assets and Financial Liabilities [AASB 132]</i> | 1 January 2014  |

# Annual Financial Statements

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

1 Basis of preparation and compliance - continued

1.h Adoption of new and revised Accounting Standards - continued

|                   |   |                |
|-------------------|---|----------------|
| 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 Assets</i>   | 1 January 2014 |
| AASB 2013-4       | <i>Amendments to AAS - Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)</i>  | 1 January 2014 |
| AASB 2013-5       | <i>Amendments to AAS - Investment Entities (AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 &amp; AASB 139)</i>  | 1 January 2014 |
| AASB 2013-6       | <i>Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>  | 1 January 2014 |
| AASB 2013-7       | <i>Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders</i>   | 1 January 2014 |
| AASB 2013-8       | <i>Amendments to AAS - Australian Implementation Guidance for Not-For-Profit Entities - Control and Structured Entities (AASB 10, AASB 12 &amp; AASB 1049)</i>  | 1 January 2014 |
| AASB 2013-9       | <i>Amendments to AAS - Conceptual Framework, Materiality and Financial Instruments (Operative dates: Part A Conceptual Framework - 20 Dec 2013; Part B Materiality - 1 Jan 2014; Part C Financial Instruments - 1 Jan 2015)</i> | 1 January 2014 |
| AASB 2014-1       | <i>Amendments to AAS - Part A Annual Improvements 2010-2012 and 2011-2013 cycles</i>  | 1 July 2014    |
| AASB 2014-1       | <i>Amendments to AAS - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)</i>  | 1 July 2014    |
| Interpretation 21 | <i>Levies</i>   | 1 January 2014 |

Those that may have an impact on Council are discussed below.

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement, derecognition and disclosures associated with financial assets and financial liabilities. 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. Measurement at amortised cost will be allowed where very specific conditions are met.

The changes in the classification are not expected to have a significant impact on the financial balances currently reported as all of Council's financial assets are carried at amortised cost, fair value, or at a carrying value which approximates the fair value. 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 2018.

Consolidation Standards

The following accounting standards apply to Council as from reporting periods beginning on or after 1 January 2014:

|             |   |
|-------------|---|
| AASB 10     | <i>Consolidated Financial Statements</i>  |
| AASB 11     | <i>Joint Arrangements</i>   |
| AASB 12     | <i>Disclosure of Interests in Other Entities</i>  |
| AASB 127    | <i>Separate Financial Statements</i>  |
| AASB 128    | <i>Investments in Associates and Joint Ventures and</i>   |
| AASB 2011-7 | <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>                                    |
| AASB 2013-8 | <i>Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-For-Profit Entities - Control and Structured Entities</i> |

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

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. Council will reassess the nature of its relationships with other entities, including entities that are not 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 arrangement. Council will assess the nature of any arrangements with other entities to determine whether a joint arrangement exists with reference to AASB 11.

AASB 12 contains the disclosure requirement for interests in other entities including unconsolidated structured entities. While Council is yet to complete a review of disclosure, no significant changes are anticipated, based on those presently made.



1 Basis of preparation and compliance - continued

1.h Adoption of new and revised Accounting Standards - continued

Related Parties

On 27 July 2012 the AASB decided to apply AASB 124 *Related Party Disclosures* to not-for-profit public sector entities. At the time of compiling the financial statements the standard had not been changed to give effect to this decision and the AASB has identified the need for guidance to clarify how this proposal should be applied to not-for-profit public sector entities. Council has assessed the potential impact and, based on the exposure draft, identified additional information that will need to be disclosed in the future. The requirements, when finalised, will apply to annual reporting periods beginning on or after 1 July 2016.

Revenue from Contracts with Customers

Exposure Draft 222 has been issued as IFRS 15 *Revenue from Contracts with Customers* during the financial year ended 30 June 2014. IFRS 15 will be applicable to annual reporting periods commencing on or after 1 January 2017 and its requirements will supersede previous revenue guidance to the extent Council has contracts with customers to deliver goods and services as an output of the entity's ordinary activities.

The AASB is considering the development of an exposure draft based on IFRS 15 *Revenue from Contracts with Customers*, modified where necessary to address not-for-profit specific issues, including accounting for income arising from non-customer sources (e.g. taxes). It will include a proposed replacement of the income recognition requirements in AASB 1004 *Contributions*. No decisions have been made by the AASB at the time these financial statements were compiled.

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.j 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:

Fair value of investment property (Note 2.i and Note 17)  
Valuation and depreciation of property, plant and equipment (Note 2.j and Note 34)  
Impairment of assets (Note 2.l)  
Long-term employee benefit obligations (Note 2.o and Note 23)  
Restoration Provision (Note 2.q and Note 23)  
Contingent liabilities and contingent assets (Note 28)  
Events after the reporting period (Note 36)

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

## 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. Revenue is recognised for the major business activities as follows:

#### 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.

#### 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.

#### Rental income

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

#### Interest received

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

#### 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. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

#### Other income

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

#### 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 the Constrained Cash Reserves.

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', i.e. Council becomes responsible for the maintenance of the asset. 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 *Transfer of Assets from Customers* because there is no performance obligation associated with them. Consequently, these cash contributions are recognised as income when received.

### 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, i.e. the trade date.

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

#### Financial assets

Loans and advances - measured at amortised cost (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)

**2 Significant accounting policies - continued**

**2.b Financial assets and financial liabilities - continued**

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied, except for Goods and Services Tax (refer Note 2.w).

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment where relevant. The carrying value of cash and cash equivalents is a reasonable approximation of fair value and therefore separate disclosures of the fair values are not required.

The fair value of borrowings is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by Queensland Treasury Corporation and is disclosed in Note 22 to the accounts. As it is the intention of Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 33.

**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, at trade date. 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 or provided for at 30 June 2014. 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 other income.

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.

**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.

**2.f Other assets**

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

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

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

**2.h Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2014 Council did not have any term deposits in excess of three months.

REDLAND CITY COUNCIL  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 30 June 2014

2 Significant accounting policies - continued

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. Fair value will be determined in accordance with AASB 13 *Fair Value Measurement*. Refer to Note 17 and 34.

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 & equipment    | \$200 - \$1,000 |
| Roads                | \$5,000         |
| Stormwater drainage  | \$5,000         |
| Water & 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 revenue at fair value (by Council valuation) where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

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

Valuation

All asset categories are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*, except for plant and equipment and work in progress which 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. In interim years, valuations are performed using a suitable index 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 34. Also refer to Note 2.i for the treatment of asset revaluation movements.

2 Significant accounting policies - continued

2.j Property, plant and equipment - continued

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.

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.

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 are expensed.

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 useful 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.

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

**2 Significant accounting policies - continued**

**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. The liabilities are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

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 21 as a payable.

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 29.

Long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to projected future increases in the current pay 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 payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. This liability is reported in Note 23 as a provision and re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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's) 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 that Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provisions are measured at the expected cost of the work required, discounted to current day values using the market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

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

Council is tendering for the long term operation of the German Church Quarry. At the end of the tendered period of operation it is anticipated that there will be a level surface and therefore a provision for closure costs is no longer required as at 30 June 2014 (refer Note 23).

**2 Significant accounting policies - continued**

**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.

**2.s Retained surplus**

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**2.t Constrained cash 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 26. Council formally adopted a constrained cash reserves policy in 2014 to ensure transparency and accountability on the cash-backed constrained funds.

Constrained works 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.

Utilities reserve

This reserve hold funds set aside to meet future specific expenditure for the Water, Wastewater and 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 and environmental land acquisitions.

Special charge reserve - Other

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

This reserve also holds funds collected for Southern Moreton Bay Island Translink Special Charge and these funds are distributed to the State Government to assist with transport service on the Bay Islands.

Special charge reserve - Canals

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

**2.u National Competition Policy**

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 35.

**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 30.

**2.w Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and GST. The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively. Council pays Payroll Tax to the Queensland Government on certain activities.

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 2014

2 Significant accounting policies - continued

2.x Carbon Pricing

In 2011, the Australian Government introduced a Clean Energy Legislation package. One aspect of this package which has impacted Council directly and indirectly, was 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 CO<sub>2</sub>-equivalent emissions adjusted in real terms by 2.5% per annum) before moving to a flexible price mechanism from 1 July 2015.

The mechanism applied to entities with operating facilities that had 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 therefore did not have a direct liability as part of this scheme.

Council also did not recognise a liability for the purchase of carbon permits for facilities at 30 June 2013 or 30 June 2014 as General Mixed Waste generated in Redland City is currently transported outside the city to landfills operated by Brisbane City Council. Council will have the direct liability for the waste transported from Redland City, the cost of which will be passed back to Council. Therefore Council was liable for the future carbon liability for each tonne of waste sent to Brisbane City Council landfills under Council's waste disposal agreement. However, at 30 June 2013 the liability was estimated as unlikely to be the same as Council's actual liability in 2013-14 due to the nature of estimates and, in particular, the likelihood that the pricing mechanism will change following the federal election.

During the 2012-13 and 2013-14 financial years, Council was charged an additional \$20 per tonne for mixed waste disposed at Brisbane City Council facilities. Following the repeal of the Carbon Price Mechanism, Brisbane City Council has confirmed the carbon tax liability will no longer be applied to the waste disposal agreement effective 1 July 2014. Refer to Note 36 Events after the reporting period.



### 3. Statement of functions and activities

#### (a) Components of Council functions

As at 30 June 2014, the activities relating to Council's components reported on in Note 3(b) are as follows:

##### **CEO Department**

This department provides support functions to Council and is responsible for assisting management of Council by providing services in the following groups:

- Chief Executive Office
- Legal Services
- Human Resources
- Financial Services

##### **Organisational Services Department**

This department is responsible for providing additional support functions to Council in terms of communications and information systems, managing disasters and civil emergencies and providing certain governance services. It performs these functions through the following groups:

- Emergency Management
- Priority Development
- Office of the Mayor and Councillors
- Internal Audit
- Corporate Governance
- Portfolio Management
- Communications
- Information Management
- Fleet Services
- Warehousing
- Office of the General Manager

##### **Community and Customer Services Department**

This department is responsible for managing operational service delivery and environmental and regulatory compliance services. It is also responsible for statutory and strategic planning functions and development assessment functions. It delivers these responsibilities through the following groups:

- Community and Cultural Services
- City Planning and Assessment
- Environment and Regulation
- Office of the General Manager

##### **Infrastructure and Operations Department**

This department is responsible for managing Council's water and wastewater infrastructure and operations in order to provide safe and reliable water, wastewater and waste services to the community whilst minimising environmental harm. The department also manages the city's community services and is responsible for the delivery of capital and major operational programs and projects. It delivers these responsibilities through the following groups:

- Financial Business
- City Infrastructure
- Water and Waste Infrastructure
- Water and Waste Operations
- City Spaces
- Project Delivery
- Office of the General Manager

##### **Council Restructure**

During the financial year ended 30 June 2013 Council undertook a two-phased restructure, the first phase involved the realignment of the organisation under three General Managers and was put in place by 8 April 2013. The second phase included the review and consultation within the departments and was fully implemented by 1 July 2013. The change in functions resulted in significant changes to the summary of income, expenses and assets by function in comparison to prior years as demonstrated in Note 3(b).

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

3. Statement of functions and activities -continued

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

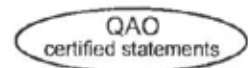
Year ended 30 June 2014

| Functions                                  | Gross income |                |              | Total income   | Gross expenses   |                | Total Expenses   | Net result from recurrent operations | Net Result    | Total Assets     |
|--|--------------|----------------|--------------|----------------|------------------|----------------|------------------|--------------------------------------|---------------|------------------|
|  | Recurrent    |                | Grants       |                | Recurrent        | Capital        |                  |                                      |               |                  |
|  | Grants       | Other          | Other        |                | Capital          | Other          |                  |                                      |               |                  |
| CEO Department                             | 3,262        | 80,272         | -            | 83,534         | (10,699)         | (1,677)        | (12,376)         | 72,835                               | 71,158        | 960,705          |
| Organisational Services Department         | 71           | 244            | -            | 315            | (11,747)         | (187)          | (11,944)         | (11,432)                             | (11,629)      | 20,065           |
| Community and Customer Services Department | 1,528        | 8,808          | 793          | 11,640         | (41,582)         | 1,090          | (40,492)         | (31,246)                             | (28,852)      | 19,122           |
| Infrastructure and Operations Department   | 1,572        | 128,855        | 6,137        | 136,564        | (146,284)        | (2,588)        | (148,872)        | (15,857)                             | 7,998         | 1,806,304        |
| <b>Total</b>                               | <b>6,433</b> | <b>218,179</b> | <b>8,930</b> | <b>262,359</b> | <b>(216,312)</b> | <b>(3,372)</b> | <b>(213,684)</b> | <b>14,300</b>                        | <b>38,875</b> | <b>2,208,198</b> |

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       |                | Recurrent        | Capital        |                  |                                      |                |                  |
|  | Grants       | Other          | Other        |                | Capital          | Other          |                  |                                      |                |                  |
| Governance Department                          | 34           | 187            | 70           | 377            | (9,829)          | (1)            | (9,830)          | (9,608)                              | (9,453)        | 655              |
| City Services Department                       | 2,900        | 8,357          | 4,788        | 20,616         | (104,610)        | (1,523)        | (106,133)        | (93,353)                             | (95,317)       | 1,101,263        |
| Redland Water & Waste Department               | -            | 111,520        | 45           | 122,305        | (77,095)         | 19             | (77,076)         | 34,425                               | 45,229         | 675,253          |
| Corporate Services Department                  | 5,436        | 79,104         | 113          | 285,202        | (20,451)         | (1,092)        | (21,543)         | 64,089                               | 263,659        | 386,681          |
| Environment, Planning & Development Department | 58           | 13,405         | -            | 13,463         | (23,345)         | (164)          | (23,509)         | (9,882)                              | (10,046)       | 785              |
| <b>Total</b>                                   | <b>8,428</b> | <b>212,573</b> | <b>5,016</b> | <b>442,163</b> | <b>(235,330)</b> | <b>(2,761)</b> | <b>(238,091)</b> | <b>(14,329)</b>                      | <b>204,072</b> | <b>2,173,847</b> |

A prior period correction was made to Total Assets, Total Expenses and the Net Result 2013 - refer Note 32.



REDLAND CITY COUNCIL  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 30 June 2014

|   | Note | 2014<br>\$000  | Restated<br>2013<br>\$000 |
|---|------|----------------|---------------------------|
| <b>4 Revenue analysis</b>                       |      |                |                           |
| <b>(a) Rates, levies and charges</b>            |      |                |                           |
| General rates                                   |      | 78,450         | 76,726                    |
| Special charges                                 |      | 3,223          | 1,479                     |
| Environment levy                                |      | 8,274          | 9,844                     |
| Water access                                    |      | 16,977         | 16,432                    |
| Water consumption                               |      | 37,250         | 28,770                    |
| Wastewater                                      |      | 36,232         | 40,999                    |
| Trade waste                                     |      | 1,411          | 1,286                     |
| Waste disposal                                  |      | 18,102         | 17,371                    |
| Total rates and utility charges                 |      | <u>199,919</u> | <u>192,907</u>            |
| Less: Pensioner remissions                      |      | <u>(2,676)</u> | <u>(2,612)</u>            |
|   |      | <u>197,243</u> | <u>190,295</u>            |
| <b>(b) Fees and charges</b>                     |      |                |                           |
| Fines and penalties                             |      | 883            | 558                       |
| Mooring and parking fees                        |      | 926            | 868                       |
| Search fees                                     |      | 1,155          | 909                       |
| Building application fees                       |      | 1,876          | 1,184                     |
| Development application fees                    |      | 2,669          | 1,664                     |
| Water and sewerage application fees             |      | 65             | 309                       |
| License fees                                    |      | 1,390          | 1,564                     |
| Commercial collection fees                      |      | 205            | 270                       |
| Other fees and charges                          |      | 2,039          | 5,276                     |
|   |      | <u>11,008</u>  | <u>12,602</u>             |
| <b>(c) Rental income</b>                        |      |                |                           |
| Investment property rental                      |      | 128            | 71                        |
| Other rental income                             |      | 770            | 367                       |
|   |      | <u>898</u>     | <u>438</u>                |
| <b>(d) Interest received</b>                    |      |                |                           |
| Interest received from investments              |      | 3,213          | 3,574                     |
| Interest from overdue rates and utility charges |      | 645            | 665                       |
| Other interest income                           |      | 10             | 11                        |
|   |      | <u>3,868</u>   | <u>4,250</u>              |
| <b>(e) Sales revenue</b>                        |      |                |                           |
| Sale of services:                               |      |                |                           |
| Recoverable works                               |      | 2,312          | 1,513                     |
| Events  |      | 155            | 155                       |
| Sale of goods:                                  |      |                |                           |
| Waste management                                |      | 834            | 624                       |
| Indigiscapes                                    |      | 314            | 334                       |
| Redlands Performing Arts Centre                 |      | 41             | 36                        |
| Miscellaneous                                   |      | 3              | 4                         |
|   |      | <u>3,559</u>   | <u>2,666</u>              |
| <b>(f) Other income</b>                         |      |                |                           |
| Other income                                    |      | 705            | 1,243                     |
| Commission received                             |      | 227            | 172                       |
| Recoverable income                              |      | 38             | 556                       |
| Insurance proceeds                              |      | 79             | 141                       |
|   |      | <u>1,049</u>   | <u>2,112</u>              |
| <b>5 Grants, subsidies and contributions</b>    |      |                |                           |
| <b>(a) Recurrent</b>                            |      |                |                           |
| General purpose government grants               |      | 2,578          | 4,815                     |
| Government subsidies and grants                 |      | 3,857          | 3,612                     |
| Contributions                                   |      | 452            | 211                       |
|   |      | <u>6,887</u>   | <u>8,638</u>              |
| <b>(b) Capital</b>                              |      |                |                           |
| Government subsidies and grants                 |      | 6,930          | 5,016                     |
| Contributions                                   |      | 15,148         | 9,112                     |
|   |      | <u>22,078</u>  | <u>14,128</u>             |
| Non-cash contributions                          |      | <u>5,669</u>   | <u>6,547</u>              |

# Annual Financial Statements

**REDLAND CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

|   | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|---|------|---------------|---------------------------|
| <b>5 Grants, subsidies and contributions - continued</b>  |      |               |                           |
| <b>Conditions over contributions</b>  |      |               |                           |
| 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  |      | 4,376         | 2,256                     |
| Other infrastructure  |      | 3,614         | 778                       |
| Water and wastewater infrastructure   |      | 6,809         | 4,353                     |
| Grants and contributions  |      | 2,793         | 4,867                     |
|   |      | <u>17,592</u> | <u>12,254</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   |      | 1,743         | 1,433                     |
| Other infrastructure  |      | 280           | 215                       |
| Water and wastewater infrastructure   |      | 3,946         | 3,765                     |
| Grants and contributions  |      | 5,253         | 2,686                     |
|   |      | <u>11,222</u> | <u>8,099</u>              |
| <b>6 Employee benefits</b>  |      |               |                           |
| Total staff wages and salaries  |      | 58,720        | 62,100                    |
| Councillors' remuneration   |      | 1,217         | 1,193                     |
| Annual leave and long service leave entitlements  |      | 5,266         | 6,963                     |
| Superannuation  |      | 7,100         | 7,286                     |
|   |      | <u>72,303</u> | <u>77,542</u>             |
| Other employee related expenses   |      | 3,324         | 5,266                     |
|   |      | <u>75,627</u> | <u>82,808</u>             |
| Less: Capitalised employee expenses   |      | (4,601)       | (4,417)                   |
|   |      | <u>71,026</u> | <u>78,391</u>             |
| Councillor remuneration represents salary and superannuation paid in respect of carrying out their duties.  |      |               |                           |
| Total full-time equivalent Council employees at the reporting date:   |      |               |                           |
| Elected members   |      | 11            | 11                        |
| Administration and indoor staff   |      | 703           | 687                       |
| Outdoor staff   |      | 198           | 183                       |
| Total full time equivalent employees including elected members  |      | <u>912</u>    | <u>881</u>                |
| <b>7 Materials and services</b>   |      |               |                           |
| Contractors   |      | 32,803        | 35,558                    |
| Consultants   |      | 2,757         | 2,036                     |
| Other Council outsourcing costs   |      | 10,854        | 11,114                    |
| Purchase of materials   |      | 30,758        | 27,788                    |
| Office administration costs   |      | 6,811         | 7,574                     |
| Electricity charges   |      | 5,435         | 5,350                     |
| Plant operations  |      | 6,387         | 7,018                     |
| Information technology resources  |      | 1,957         | 1,918                     |
| General insurance   |      | 1,483         | 1,467                     |
| Community assistance  |      | 1,394         | 1,719                     |
| Audit of annual financial statements by the Auditor-General of Queensland   |      | 133           | 149                       |
| Other material and service expenses   |      | 2,784         | 1,734                     |
| Remediation costs for landfill and quarry   |      | (17,274)      | (2,736)                   |
|   |      | <u>86,282</u> | <u>100,689</u>            |
| <b>8 Finance costs</b>  |      |               |                           |
| Finance costs charged by the Queensland Treasury Corporation  |      | 3,839         | 3,887                     |
| Bank charges  |      | 306           | 311                       |
| Bad debts   |      | 43            | 358                       |
| Landfill and quarry remediation   |      | 850           | 1,258                     |
|   |      | <u>5,038</u>  | <u>5,814</u>              |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

|   | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|---|------|---------------|---------------------------|
| <b>9 Depreciation and amortisation</b>    |      |               |                           |
| <b>Depreciation of non-current assets</b> |      |               |                           |
| Buildings                                 |      | 3,300         | 4,468                     |
| Plant and equipment                       |      | 4,994         | 5,181                     |
| Roads                                     |      | 11,688        | 11,831                    |
| Stormwater drainage                       |      | 5,387         | 4,787                     |
| Water and wastewater                      |      | 16,512        | 16,584                    |
| Parks                                     |      | 3,229         | 4,145                     |
| Other infrastructure                      |      | 1,991         | 2,567                     |
| Waste                                     |      | 497           | 504                       |
|   | 18   | <u>47,598</u> | <u>50,067</u>             |
| <b>Amortisation of intangible assets</b>  |      |               |                           |
| Software                                  | 18   | 367           | 369                       |
| Total depreciation and amortisation       | 31   | <u>47,965</u> | <u>50,436</u>             |

**10 Loss on disposal of non-current assets**

|   |    |              |              |
|---|----|--------------|--------------|
| Proceeds from sale of property, plant and equipment           |    | (1,449)      | (743)        |
| Less: book value of property, plant and equipment disposed    |    | <u>4,174</u> | <u>2,497</u> |
|   |    | 2,725        | 1,754        |
| Proceeds from sale of land                                    |    | (1,095)      | (524)        |
| Less: book value of land disposed                             |    | <u>1,677</u> | <u>1,547</u> |
|   |    | 582          | 1,023        |
| Proceeds from sale of non-current assets held-for-sale        |    | (275)        | (45)         |
| Less: book value of disposed non-current assets held-for-sale |    | <u>341</u>   | <u>29</u>    |
|   |    | 66           | (16)         |
|   | 31 | <u>3,373</u> | <u>2,761</u> |

**11 Gain on reintegration of water operations**

|                        |  |          |                |
|------------------------|--|----------|----------------|
| Assets derecognised    |  | -        | (456,774)      |
| Assets recognised      |  | -        | 667,782        |
| Liabilities recognised |  | -        | (10,522)       |
|                        |  | <u>-</u> | <u>200,486</u> |

Redland Water was reintegrated on 1 July 2012 following the Distribution and Retail Water Reform changes from 1 July 2012 which resulted in the dissolution of Allconnex Water. Assets and liabilities were recognised at fair value on initial recognition as at 1 July 2012 and the investment in Allconnex was de-recognised at the carrying value (fair value). The difference was recognised in the Statement of Comprehensive Income for year ended 30 June 2013 as a "Gain on reintegration of water operations".

**12 Cash and cash equivalents**

|                                 |  |               |               |
|---------------------------------|--|---------------|---------------|
| Cash at bank                    |  | 1,466         | 1,241         |
| Cash on hand                    |  | 17            | 17            |
| Deposits at call                |  | 94,752        | 81,337        |
| Total cash and cash equivalents |  | <u>96,235</u> | <u>82,595</u> |

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Restricted funds:

|   |    |               |               |
|---|----|---------------|---------------|
| Unspent government grants and contributions |    | 5,308         | 7,768         |
| Unspent developer contributions             |    | 26,423        | 17,593        |
| Constrained income for future use           |    | <u>40,950</u> | <u>34,396</u> |
|   | 26 | 72,681        | 59,757        |
| Unrestricted funds                          |    | <u>23,554</u> | <u>22,838</u> |
|   |    | <u>96,235</u> | <u>82,595</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+.

# Annual Financial Statements

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

|  | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|--|------|---------------|---------------------------|
|--|------|---------------|---------------------------|

## 12 Cash and cash equivalents - continued

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:

|                   |             |
|-------------------|-------------|
| Commercial Card   | \$325,000   |
| Electronic Payway | \$5,000,000 |
| Varied Facility   | \$5,050,000 |

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

## 13 Trade and other receivables

|   |               |               |
|---|---------------|---------------|
| Rates and utility charges                     | 22,743        | 17,306        |
| Trade debtors                                 | 1,304         | 1,625         |
| Other debtors                                 | 459           | 412           |
| Infringement debtors                          | 752           | 574           |
| GST recoverable                               | 954           | 1,093         |
| Loans and advances to community organisations | -             | 9             |
| Less: Allowance for impairment                | (73)          | (91)          |
|   | <u>26,139</u> | <u>20,930</u> |

Interest is charged on outstanding rates at 11% (2013: 11%) per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other receivables.

Movement in accumulated impairment losses is as follows:

|  |             |             |
|--|-------------|-------------|
| Opening balance at 1 July                    | (91)        | (83)        |
| Impairment debts written off during the year | 20          | 16          |
| Additional impairments recognised            | (2)         | (24)        |
| Closing balance at 30 June                   | <u>(73)</u> | <u>(91)</u> |

## 14 Inventories

### Inventories held for distribution

|                            |            |            |
|----------------------------|------------|------------|
| Gravel stockpiles          | 281        | 373        |
| Plant and equipment stores | 531        | 571        |
| Indigiscapes stock         | 52         | -          |
|                            | <u>844</u> | <u>944</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.

## 15 Non-current assets classified as hold-for-sale

|                     |            |            |
|---------------------|------------|------------|
| Plant and equipment | 354        | 467        |
|                     | <u>354</u> | <u>467</u> |

## 15 Other current assets

|                        |              |              |
|------------------------|--------------|--------------|
| Prepaid registration   | 79           | 82           |
| Prepaid insurance      | 247          | 222          |
| Prepaid other expenses | 788          | 931          |
|                        | <u>1,114</u> | <u>1,235</u> |

## 17 Investment property

|  |            |            |
|--|------------|------------|
| Opening balance at 1 July                        | 797        | 846        |
| Acquisition of investment property               | -          | 17         |
| Transfer (to)/from other non-current asset class | 96         | (66)       |
| Closing balance at 30 June                       | <u>893</u> | <u>797</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). Direct operating expenses arising from investment property that generated rental income during the year was \$27,575 (2013: \$24,295). Direct operating expenses arising from investment property that did not generate rental during the year was \$97,766 (2013: \$86,136).

At 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 2014

18 (a) Property, plant and equipment

| 2014   | Note | Land           | Buildings      | Plant and equipment | Roads          | Stormwater drainage | Water and wastewater | Parks         | Other Infrastructure | Waste         | Work in progress | Total            |
|--|------|----------------|----------------|---------------------|----------------|---------------------|----------------------|---------------|----------------------|---------------|------------------|------------------|
|  |      | Fair value     | Revaluation    | Cost                | Revaluation    | Revaluation         | Revaluation          | Revaluation   | Revaluation          | Revaluation   | Cost             |                  |
|  |      | n/a            | 10-75          | 3-10                | 10-100         | 20-100              | 10-134               | 18-60         | 15-100               | 5-70          | n/a              |                  |
|  |      | \$000          | \$000          | \$000               | \$000          | \$000               | \$000                | \$000         | \$000                | \$000         | \$000            | \$000            |
| <b>Closing balance from previous year</b>      |      | <b>243,095</b> | <b>115,843</b> | <b>43,893</b>       | <b>713,112</b> | <b>830,920</b>      | <b>1,000,594</b>     | <b>81,383</b> | <b>104,327</b>       | <b>14,624</b> | <b>19,630</b>    | <b>2,867,311</b> |
| Opening balance transfers between classes      |      | -              | -              | -                   | 30,130         | (14,360)            | -                    | (15,535)      | (235)                | -             | -                | -                |
| <b>Opening gross value as at 1 July 2013</b>   |      | <b>243,095</b> | <b>115,843</b> | <b>43,893</b>       | <b>743,242</b> | <b>816,560</b>      | <b>1,000,594</b>     | <b>65,848</b> | <b>104,092</b>       | <b>14,624</b> | <b>19,630</b>    | <b>2,867,311</b> |
| Work in progress expenditure                   |      | -              | -              | -                   | -              | -                   | -                    | -             | -                    | -             | 49,545           | 49,545           |
| Transfers from work in progress                |      | -              | -              | -                   | -              | -                   | -                    | -             | -                    | -             | (43,254)         | (43,254)         |
| Additions at cost                              |      | 1,712          | 610            | 6,962               | 18,944         | 2,747               | 4,085                | 2,226         | 4,475                | 204           | -                | 41,945           |
| Contributed assets at valuation                | 5(b) | -              | -              | 219                 | 464            | 1,737               | 2,862                | 387           | -                    | -             | -                | 5,666            |
| Land acquired in lieu of rates                 |      | 61             | -              | -                   | -              | -                   | -                    | -             | -                    | -             | -                | 61               |
| Disposals                                      |      | (1,677)        | (12)           | (4,997)             | (3,159)        | (406)               | (1,161)              | (939)         | (374)                | (470)         | -                | (13,195)         |
| Revaluation adjustments                        | 26   | 14,347         | -              | -                   | -              | -                   | -                    | -             | -                    | -             | -                | 14,347           |
| Transfers between asset classes                |      | -              | (11)           | -                   | 6,507          | -                   | 3                    | (5)           | (6,494)              | -             | -                | -                |
| Transfer to assets classified as held-for-sale |      | -              | -              | (921)               | -              | -                   | -                    | -             | -                    | -             | -                | (921)            |
| Transfer to investment property                | 17   | -              | (100)          | -                   | -              | -                   | -                    | -             | -                    | -             | -                | (100)            |
| <b>Closing gross value at 30 June 2014</b>     |      | <b>257,538</b> | <b>115,330</b> | <b>45,146</b>       | <b>765,998</b> | <b>520,638</b>      | <b>1,006,363</b>     | <b>67,617</b> | <b>101,698</b>       | <b>14,258</b> | <b>25,921</b>    | <b>2,821,400</b> |

Accumulated depreciation

|   |    |                |               |               |                |                |                |               |               |              |               |                  |
|---|----|----------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|--------------|---------------|------------------|
| <b>Closing balance from previous year</b>       |    | -              | <b>50,103</b> | <b>22,645</b> | <b>176,070</b> | <b>121,472</b> | <b>365,608</b> | <b>36,246</b> | <b>36,875</b> | <b>4,760</b> | -             | <b>801,668</b>   |
| Opening balance transfers between classes       |    | -              | -             | -             | 10,887         | (3,487)        | -              | (7,208)       | (102)         | -            | -             | -                |
| <b>Opening balance as at 1 July 2013</b>        |    | -              | <b>50,103</b> | <b>22,645</b> | <b>186,957</b> | <b>117,985</b> | <b>256,508</b> | <b>29,037</b> | <b>35,663</b> | <b>4,760</b> | -             | <b>801,668</b>   |
| Depreciation for the year                       | 9  | -              | 3,300         | 4,994         | 11,688         | 5,367          | 16,512         | 3,229         | 1,991         | 497          | -             | 47,588           |
| Depreciation on disposals                       |    | -              | (8)           | (3,405)       | (1,928)        | (70)           | (753)          | (603)         | (107)         | (470)        | -             | (7,344)          |
| Transfers between asset classes                 |    | -              | (7)           | -             | 3,168          | -              | -              | -             | (3,161)       | -            | -             | -                |
| Transfer to assets classified as held-for-sale  |    | -              | -             | (694)         | -              | -              | -              | -             | -             | -            | -             | (694)            |
| Transfer to investment property                 | 17 | -              | (4)           | -             | -              | -              | -              | -             | -             | -            | -             | (4)              |
| <b>Accumulated depreciation at 30 June 2014</b> |    | -              | <b>53,364</b> | <b>23,440</b> | <b>188,865</b> | <b>123,302</b> | <b>371,367</b> | <b>31,663</b> | <b>24,406</b> | <b>4,777</b> | -             | <b>841,224</b>   |
| <b>Written down value as at 30 June 2014</b>    |    | <b>257,538</b> | <b>62,946</b> | <b>21,706</b> | <b>567,113</b> | <b>397,336</b> | <b>634,996</b> | <b>35,954</b> | <b>67,293</b> | <b>9,481</b> | <b>25,921</b> | <b>2,080,184</b> |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

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

| 2013  | Note | Land       | Buildings   | Plant and equipment | Roads       | Stormwater drainage | Water and wastewater | Parks       | Other Infrastructure | Waste       | Work in progress | Total     |
|---|------|------------|-------------|---------------------|-------------|---------------------|----------------------|-------------|----------------------|-------------|------------------|-----------|
|   |      | Fair value | Revaluation | Cost                | Revaluation | Revaluation         | Revaluation          | Revaluation | Revaluation          | Revaluation | Cost             |           |
|   |      | n/a        | 10-75       | 3-10                | 10-100      | 20-150              | 10-154               | 10-60       | 15-100               | 5-70        | n/a              |           |
|   |      | \$000      | \$000       | \$000               | \$000       | \$000               | \$000                | \$000       | \$000                | \$000       | \$000            | \$000     |
| Operating gross value at 1 July 2012            |      | 239,665    | 120,626     | 42,750              | 720,522     | 395,735             | -                    | 89,302      | 161,132              | 14,445      | 15,917           | 1,800,194 |
| Adjustments to opening value                    | 32   | -          | -           | -                   | (18,170)    | 56                  | 1                    | 382         | (200)                | -           | -                | (17,999)  |
| Adjusted opening gross value 1 July 2012        |      | 239,665    | 120,626     | 42,750              | 702,452     | 395,728             | 1                    | 89,684      | 160,932              | 14,445      | 15,917           | 1,782,195 |
| Work in progress expenditure                    |      | -          | -           | -                   | -           | -                   | -                    | -           | -                    | -           | 37,227           | 37,227    |
| Transfer from WIP to non-current assets         |      | -          | -           | -                   | -           | -                   | -                    | -           | -                    | -           | (39,324)         | (39,324)  |
| Additions - reintegration of water operations   | 11   | 3,387      | -           | 40                  | -           | -                   | 966,538              | -           | -                    | -           | 5,810            | 969,775   |
| Additions at cost                               |      | 1,400      | 2,754       | 6,246               | 15,546      | 2,208               | 7,772                | 1,942       | 865                  | 79          | -                | 38,813    |
| Corrections in year                             |      | -          | 8           | 13                  | (120,928)   | 133,073             | 66                   | 114         | -                    | -           | -                | 12,352    |
| Contributed assets at valuation                 | 5(b) | -          | -           | 13                  | -           | -                   | 5,277                | 258         | -                    | -           | -                | 6,548     |
| Land acquired in lieu of rates                  |      | 48         | -           | -                   | -           | -                   | -                    | -           | -                    | -           | -                | 48        |
| Disposals                                       |      | (1,547)    | (7,611)     | (3,882)             | (2,878)     | (101)               | (60)                 | (6,955)     | (2,847)              | -           | -                | (25,861)  |
| Revaluation adjustment                          | 26   | 142        | -           | -                   | 60,624      | -                   | -                    | -           | -                    | -           | -                | 60,766    |
| Transfers to assets classified as held-for-sale |      | -          | -           | (1,297)             | -           | -                   | -                    | -           | -                    | -           | -                | (1,297)   |
| Transfers 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    | 115,843     | 43,883              | 713,112     | 530,920             | 1,000,694            | 81,383      | 104,327              | 14,524      | 19,630           | 2,987,311 |
| Accumulated depreciation                        |      |            |             |                     |             |                     |                      |             |                      |             |                  |           |
| Opening balance at 1 July 2012                  |      | -          | 53,110      | 21,334              | 224,198     | 101,412             | -                    | 39,839      | 62,276               | 4,246       | -                | 496,116   |
| Adjustments to opening value                    | 33   | -          | -           | (39)                | (4,168)     | -                   | -                    | 125         | (68)                 | -           | -                | (4,145)   |
| Adjusted opening balance 1 July 2012            |      | -          | 53,110      | 21,295              | 220,031     | 101,412             | -                    | 39,968      | 62,207               | 4,246       | -                | 491,970   |
| Additions - reintegration of water operations   | 11   | -          | -           | -                   | -           | -                   | 339,023              | -           | -                    | -           | -                | 339,023   |
| Depreciation for the year (see restatements)    |      | -          | 4,488       | 5,181               | 12,154      | 4,787               | 16,584               | 4,114       | 2,574                | 504         | -                | 50,366    |
| Depreciation on disposals                       |      | -          | (7,475)     | (3,100)             | (1,938)     | (27)                | -                    | (6,519)     | (2,739)              | -           | -                | (21,817)  |
| Depreciation on revaluation adjustments         | 26   | -          | -           | -                   | 19,824      | -                   | -                    | -           | -                    | -           | -                | 19,824    |
| Corrections in year                             | 23   | -          | -           | (1)                 | (91,850)    | 15,299              | 1                    | 31          | (7)                  | -           | -                | (76,557)  |
| Transfers to assets classified as held-for-sale |      | -          | -           | (830)               | -           | -                   | -                    | (1,046)     | (16,141)             | -           | -                | (930)     |
| Transfers between non-current asset classes     |      | -          | -           | -                   | 17,189      | -                   | -                    | -           | -                    | -           | -                | -         |
| Accumulated depreciation at 30 June 2013        |      | -          | 50,103      | 22,646              | 175,070     | 121,472             | 356,698              | 36,245      | 35,975               | 4,760       | -                | 801,668   |
| Written down value as at 30 June 2013           |      | 243,095    | 65,740      | 21,338              | 538,042     | 409,448             | 644,096              | 45,138      | 68,452               | 9,774       | 19,630           | 2,085,643 |



REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

|   | Note | 2014<br>\$'000 | Restated<br>2013<br>\$'000 |
|---|------|----------------|----------------------------|
| <b>19 Intangible assets</b>                 |      |                |                            |
| <b>Software - gross carrying value</b>      |      |                |                            |
| Opening balance at 1 July                   |      | 9,525          | 8,546                      |
| Additions                                   |      | 1,764          | 982                        |
| Correction in year                          | 32   | -              | (3)                        |
| Written off amounts                         |      | (3)            | -                          |
| Closing balance at 30 June                  |      | 11,286         | 9,525                      |
| <b>Accumulated amortisation</b>             |      |                |                            |
| Opening balance at 1 July                   |      | (8,562)        | (8,193)                    |
| Amortisation for the year                   | 9    | (367)          | (369)                      |
| Written off amounts                         |      | 3              | -                          |
| Closing balance at 30 June                  |      | (8,926)        | (8,562)                    |
| Net carrying value at end of financial year |      | 2,360          | 963                        |

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

**20 Other financial assets**

|   |           |           |
|---|-----------|-----------|
| Investment in SEQ Recreational Facility Pty Ltd | 73        | 73        |
|   | <u>73</u> | <u>73</u> |

Council does not have control or significant influence over the financial or operating policies through voting rights or board membership. Insufficient evidence exists to determine a market based fair value for this investment and therefore cost is considered to be an appropriate measure of fair value. Council does not anticipate changes to the carrying value.

**21 Trade and other payables**

|                        |               |               |
|------------------------|---------------|---------------|
| Creditors and accruals | 15,248        | 10,980        |
|                        | <u>15,248</u> | <u>10,980</u> |

**22 Borrowings**

**(a) Current**

|   |              |              |
|---|--------------|--------------|
| Loans - Queensland Treasury Corporation | 4,375        | 4,124        |
|   | <u>4,375</u> | <u>4,124</u> |

**(b) Non-current**

|   |               |               |
|---|---------------|---------------|
| Loans - Queensland Treasury Corporation | 54,608        | 58,978        |
|   | <u>54,608</u> | <u>58,978</u> |

**Movement in loans - Queensland Treasury Corporation (QTC)**

|                            |               |               |
|----------------------------|---------------|---------------|
| Opening balance at 1 July  | 63,102        | 62,091        |
| Loans raised               | -             | 4,500         |
| Principal repayments       | (4,119)       | (3,489)       |
| Closing balance at 30 June | <u>58,983</u> | <u>63,102</u> |

The market value of QTC loans at the reporting date was \$66,724,465 (2013: \$69,305m). 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.

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 cost, interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period.

Expected final repayment dates vary from 22 July 2022 to 17 January 2027. There have been no defaults or breaches of the loan agreement during the year. Principal and interest repayments were made quarterly in advance and interest applied at end of each quarter.

**Movement in loans - Other**

|                            |          |          |
|----------------------------|----------|----------|
| Opening balance at 1 July  | -        | 498      |
| Loans raised               | -        | 1,215    |
| Principal repayments       | -        | (1,713)  |
| Interest accrued           | -        | -        |
| Closing balance at 30 June | <u>-</u> | <u>-</u> |

# Annual Financial Statements

REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2014

|   | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|---|------|---------------|---------------------------|
| <b>23 Provisions</b>  |      |               |                           |
| <b>(a) Current</b>  |      |               |                           |
| Quarry rehabilitation   |      | -             | 91                        |
| Landfill rehabilitation   |      | 6,491         | 5,747                     |
| Workers compensation  |      | 278           | 627                       |
| Long service leave  |      | 7,181         | 8,283                     |
| Annual leave  |      | 5,976         | 5,826                     |
|   |      | <u>19,926</u> | <u>20,574</u>             |
| <b>(b) Non-Current</b>  |      |               |                           |
| Quarry rehabilitation   |      | -             | 729                       |
| Landfill rehabilitation   |      | 17,578        | 33,926                    |
| Workers compensation  |      | 478           | 693                       |
| Long service leave  |      | 1,737         | 1,816                     |
|   |      | <u>19,793</u> | <u>37,164</u>             |
| <b>Movements in provisions were as follows:</b>   |      |               |                           |
| <u>Quarry rehabilitation</u>  |      |               |                           |
| Opening balance at 1 July   |      | 820           | 1,001                     |
| Increase in provision - borrowing cost  |      | (45)          | 45                        |
| Increase/(decrease) in provision due to change in discount rate and costs   |      | (775)         | (226)                     |
| Closing balance at 30 June  |      | -             | 820                       |
| As Council is tendering for the long term operation of the German Church Quarry and doesn't anticipate a requirement for rehabilitation, the provision has been reversed in 2013-14.  |      |               |                           |
| <u>Landfill rehabilitation</u>  |      |               |                           |
| Opening balance at 1 July   |      | 39,673        | 40,970                    |
| Increase in provision - borrowing cost  |      | 894           | 1,212                     |
| Provision utilisation   |      | (4,431)       | (7,275)                   |
| Increase/(decrease) in provision due to change in discount rate and costs   |      | (12,087)      | 4,766                     |
| Closing balance at 30 June  |      | <u>24,069</u> | <u>39,673</u>             |
| This is the present value of the estimated cost of restoring closed landfill sites across the city is based on Council's ten year capital program. The significant decrease in the closing balance is due to the revision of program costs in addition to the removal of external debt to fund the remediation program. The program is now funded by a separate charge and internal short term loans from Council.  |      |               |                           |
| <u>Workers compensation</u>   |      |               |                           |
| Opening balance at 1 July   |      | 1,320         | 1,470                     |
| Adjustment for period   |      | (564)         | (150)                     |
| Closing balance at 30 June  |      | <u>756</u>    | <u>1,320</u>              |
| <u>Long service leave</u>   |      |               |                           |
| Opening balance at 1 July   |      | 10,099        | 9,130                     |
| Long service leave entitlement raised   |      | (103)         | 2,517                     |
| Long service entitlement used/extinguished  |      | (574)         | (543)                     |
| Long service entitlement paid   |      | (504)         | (1,005)                   |
| Closing balance at 30 June  |      | <u>8,918</u>  | <u>10,099</u>             |
| Of the total current long service leave balance, \$500,000 is expected to be settled within 12 months from balance date and \$6,580,878 is expected to be settled after more than 12 months after 30 June 2014. The non-current portion relates to employees who have not yet reached the required years of service to be entitled to take long service leave. Prior year results have been adjusted following a classification movement between current and non-current for employees who have reached seven years of service in accordance with AASB 101 <i>Presentation of Financial Statements</i> , refer Note 33. |      |               |                           |
| <u>Annual leave</u>   |      |               |                           |
| Opening balance at 1 July   |      | 5,826         | 5,784                     |
| Annual leave entitlement raised   |      | 5,332         | 5,901                     |
| Annual leave entitlement used/extinguished  |      | (4,702)       | (5,046)                   |
| Annual leave entitlement paid   |      | (480)         | (813)                     |
| Closing balance at 30 June  |      | <u>5,976</u>  | <u>5,826</u>              |
| Of the total current annual leave balance, \$4,225,207 is expected to be settled within 12 months from balance date and \$1,751,233 is expected to be settled after more than 12 months. With the recent changes in AASB 119 <i>Employee Benefits</i> , annual leave is now considered to be a long term benefit and is therefore subject to the same actuarial assumptions as long service leave. Annual leave balances have been reclassified from trade and other payables to current provisions in the current and previous financial year.   |      |               |                           |

REDLAND CITY COUNCIL  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 30 June 2014

|                                     | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|-------------------------------------|------|---------------|---------------------------|
| <b>24 Other current liabilities</b> |      |               |                           |
| Unearned revenue                    |      | 984           | 953                       |
| Unexpended grants                   |      | 4,775         | 5,409                     |
|                                     |      | <u>5,759</u>  | <u>6,362</u>              |

The unexpended grants amount 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 estimated time of completion has been revised to 31 December 2014.

**25 Asset revaluation surplus**

**Asset revaluation surplus analysis:**

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

|                      |                |                |
|----------------------|----------------|----------------|
| Land                 | 82,686         | 68,339         |
| Buildings            | 27,142         | 27,142         |
| Plant and equipment  | 105            | 105            |
| Roads                | 277,199        | 277,199        |
| Stormwater drainage  | 203,013        | 203,013        |
| Water and wastewater | -              | -              |
| Parks                | 35,944         | 35,944         |
| Other infrastructure | 35,899         | 35,899         |
| Waste                | 6,697          | 6,697          |
|                      | <u>668,685</u> | <u>654,338</u> |

**Movements in the asset revaluation surplus were as follows:**

|  |                |                |
|--|----------------|----------------|
| Opening balance at 1 July  | 654,338        | 525,754        |
| Asset corrections  |                | 88,419         |
| Net adjustment to non-current assets at end of year to reflect a change in current fair value: |                |                |
| Land   | 14,347         | 142            |
| Roads  | -              | 41,100         |
| Net increase/(decrease) in fair value  | <u>14,347</u>  | <u>41,242</u>  |
| Transfer to retained earnings - revalued component of disposed assets                          | -              | (1,077)        |
| Closing balance at 30 June   | <u>668,685</u> | <u>654,338</u> |

# Annual Financial Statements

REDLAND CITY COUNCIL  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 30 June 2014

|   | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|---|------|---------------|---------------------------|
| <b>26 Constrained cash reserves</b>                       |      |               |                           |
| <b>Reserves held for future expenditure:</b>              |      |               |                           |
| Special Projects Reserve                                  |      | 11,659        | 13,545                    |
| Utilities Reserve   |      | 13,018        | 2,497                     |
| Constrained Works Reserve                                 |      | 31,731        | 25,341                    |
| Separate Charge Reserve - Environment                     |      | 8,440         | 14,027                    |
| Special Charge Reserve - Other                            |      | 3             | -                         |
| Special Charge Reserve - Canals                           |      | 7,830         | 4,347                     |
|   |      | <u>72,681</u> | <u>59,757</u>             |
| <b>Movements in reserves are analysed as follows:</b>     |      |               |                           |
| <b>Special Projects Reserve</b>                           |      |               |                           |
| Opening balance at 1 July                                 |      | 13,545        | 11,798                    |
| Transfers from retained surplus for future expenditure    |      | 2,255         | 3,455                     |
| Transfers to retained surplus, funds expended during year |      | (4,141)       | (1,708)                   |
| Closing balance at 30 June                                |      | <u>11,659</u> | <u>13,545</u>             |
| <b>Utilities Reserve</b>                                  |      |               |                           |
| Opening balance at 1 July                                 |      | 2,497         | 2,103                     |
| Transfers from retained surplus for future expenditure    |      | 10,759        | 661                       |
| Transfers to retained surplus, funds expended during year |      | (238)         | (267)                     |
| Closing balance at 30 June                                |      | <u>13,018</u> | <u>2,497</u>              |
| <b>Constrained Works Reserve</b>                          |      |               |                           |
| Opening balance at 1 July                                 |      | 25,341        | 16,481                    |
| Transfers from retained surplus for future expenditure    |      | 19,965        | 18,570                    |
| Transfers to retained surplus, funds expended during year |      | (13,575)      | (9,710)                   |
| Closing balance at 30 June                                |      | <u>31,731</u> | <u>25,341</u>             |
| <b>Separate Charge Reserve - Environment</b>              |      |               |                           |
| Opening balance at 1 July                                 |      | 14,027        | 9,563                     |
| Transfers from retained surplus for future expenditure    |      | 4,302         | 9,952                     |
| Transfers to retained surplus, funds expended during year |      | (9,889)       | (5,488)                   |
| Closing balance at 30 June                                |      | <u>8,440</u>  | <u>14,027</u>             |
| <b>Special Charge Reserve - Other</b>                     |      |               |                           |
| Opening balance at 1 July                                 |      | -             | -                         |
| Transfers from retained surplus for future expenditure    |      | 978           | 114                       |
| Transfers to retained surplus, funds expended during year |      | (975)         | (114)                     |
| Closing balance at 30 June                                |      | <u>3</u>      | <u>-</u>                  |
| <b>Special Charge Reserve - Canals</b>                    |      |               |                           |
| Opening balance at 1 July                                 |      | 4,347         | 3,067                     |
| Transfers from retained surplus for future expenditure    |      | 9,444         | 1,879                     |
| Transfers to retained surplus, funds expended during year |      | (5,961)       | (599)                     |
| Closing balance at 30 June                                |      | <u>7,830</u>  | <u>4,347</u>              |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

Restated  
 2013

2014

\$000                      \$000

**27 Commitments**

**Operating leases**

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

|                      |              |               |
|----------------------|--------------|---------------|
| Within 1 year        | 1,088        | 1,540         |
| 1 to 5 years         | 2,872        | 3,388         |
| Greater than 5 years | 5,152        | 5,825         |
|                      | <u>9,112</u> | <u>10,753</u> |

**Operating contractual commitments**

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

|                      |               |               |
|----------------------|---------------|---------------|
| Roadworks            | 390           | 649           |
| Water and wastewater | 3,122         | 3,269         |
| Waste                | 40,340        | 53,380        |
| Other                | 10,903        | 5,728         |
|                      | <u>54,755</u> | <u>63,026</u> |

These expenditures are payable:

|                      |               |               |
|----------------------|---------------|---------------|
| Within 1 year        | 27,867        | 24,798        |
| 1 to 5 years         | 23,267        | 31,446        |
| Greater than 5 years | 3,821         | 6,782         |
|                      | <u>54,755</u> | <u>63,026</u> |

**Capital contractual commitments**

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

|                      |              |              |
|----------------------|--------------|--------------|
| Roadworks            | 46           | 94           |
| Water and wastewater | 1,505        | 1,347        |
| Waste                | 18           | 10           |
| Other                | 5,502        | 4,869        |
|                      | <u>7,071</u> | <u>6,320</u> |

These expenditures are payable:

|               |              |              |
|---------------|--------------|--------------|
| Within 1 year | 7,071        | 6,320        |
|               | <u>7,071</u> | <u>6,320</u> |

Note: All commitments are inclusive of GST. Prior year disclosures have been restated to include commitments previously omitted.

**28 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 2014 is \$897,000 (2013: \$1,253,000) where estimated claims liability is defined in Section 84 of the Act. The Actuary has recommended that a provision be recognised for \$756,000 (2013: \$1,319,000) for the total estimated claims liability. Council has in place a bank guarantee with the ANZ Banking Group Ltd for \$5,000,000 (2013: \$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 to ensure compliance with legal obligations. The legal obligation is broad and covered in a range of legislation such as the *Environmental Protection Act 1994*, *Petroleum and Gas Act 2004*, *Sustainable Planning Act 2009* and *Work Health and Safety Act 2011* plus subordinate legislation (such as various regulations and codes of practice) and other industry guidelines.

Council is taking a risk-based approach to justify and prioritise expenditure for managing these landfills with aftercare management plans under development for each site. In 2014-15 there will be substantial expenditure to finalise the closure of Council's largest landfill site at Birkdale, which was also the most recently closed landfill. It should be noted that historic landfills are unpredictable and risks will continue to be reviewed and updated in line with relevant information from site inspections, detailed investigations, environmental monitoring results, asset owner feedback, site master plans and other service standards. Costs will therefore change over time and at least annually, this programme will be reviewed to reflect the dynamic circumstances against Council prudence and efficiency measures.

**Contingent assets:**

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

# Annual Financial Statements

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the period ended 30 June 2014

**29 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:

- City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments
- 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 AASB 119. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account to 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 2013 (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

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

|   | 2014<br>\$000 | 2013<br>\$000 |
|---|---------------|---------------|
| The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:   | 7,070         | 7,286         |
| The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of councillors was: | 130           | 124           |



REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

|  | Note | 2014<br>\$000 | Restated<br>2013<br>\$000 |
|--|------|---------------|---------------------------|
| <b>30 Trust funds</b>                                |      |               |                           |
| Monies collected or held on behalf of other entities |      | <u>7,579</u>  | <u>7,829</u>              |

These funds relate to monies yet to be paid out to or on behalf of those entities and 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.

**31 Reconciliation of net result for the year to net cash flows from operating activities**

|   |      |                      |                      |
|---|------|----------------------|----------------------|
| <b>Net result</b>   |      | <b>38,675</b>        | <b>204,071</b>       |
| <i>Non-cash operating items</i>                             |      |                      |                      |
| Depreciation and amortisation                               | 9    | 47,965               | 50,436               |
| Non-cash contributions                                      | 5(b) | (5,069)              | (6,547)              |
| Bad and doubtful debts                                      | 13   | (18)                 | 8                    |
| Land acquired in lieu of rates                              |      | (61)                 | (48)                 |
| Non-cash gain on reintegration of water operations          |      | -                    | (203,128)            |
|   |      | <u>42,217</u>        | <u>(159,279)</u>     |
| <i>Investing and development activities</i>                 |      |                      |                      |
| Net loss on disposal of non-current assets                  | 10   | 3,373                | 2,781                |
| Capital grants, subsidies and contributions                 | 5(b) | (22,078)             | (14,128)             |
| Alconnex Water debt allocation                              |      | -                    | 2,843                |
|   |      | <u>(18,705)</u>      | <u>(8,524)</u>       |
| <i>Changes in operating assets and liabilities</i>          |      |                      |                      |
| (Increase)/decrease in trade and other receivables          |      | (5,200)              | 5,385                |
| (Increase)/decrease in other current assets and inventories |      | 219                  | (193)                |
| Increase/(decrease) in trade and other payables             |      | 4,267                | (16,629)             |
| Increase/(decrease) in provisions                           |      | (18,018)             | (1,841)              |
| Increase/(decrease) in other current liabilities            |      | (603)                | (394)                |
|   |      | <u>(19,335)</u>      | <u>(13,672)</u>      |
| <b>Net cash inflow/(outflow) from operating activities</b>  |      | <u><b>42,852</b></u> | <u><b>22,596</b></u> |

**REDLAND CITY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 30 June 2014

**32 Correction of errors**

In the process of preparing the financial statements for the year ended 30 June 2014, 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 2012 where necessary and the comparative amounts for the year ended 30 June 2013. Details of corrections are provided below.

**Property, plant and equipment:**

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

Total buildings

**Plant and equipment**  
Derecognition of assets incorrectly captured which was identified during stocktake  
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.  
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.  
Recognition of assets identified during stocktake that had not previously been identified.  
Reduction to the value of carparks to reflect correction for a calculation error.

Total Roads infrastructure

**Stormwater infrastructure**  
Derecognition of assets incorrectly captured which was identified during stocktake.

Total Stormwater infrastructure

**Water and wastewater infrastructure**  
Derecognition of assets incorrectly captured which was identified during stocktake.  
Recognition of assets identified during stocktake that had not previously been identified.

Total Water and wastewater infrastructure

**Other infrastructure**  
Derecognition of duplicate assets identified during stocktake.

Total Other infrastructure

**Intangible assets:**

**Computer Software**  
Derecognition of assets incorrectly captured which was identified during stocktake.

**Provisions:**  
Long service leave (Current)  
Long service leave (Non-current)  
Reclassification of benefits for employees who have reached seven years of service.

Total correction of errors to retained surplus

|  | Impact to 1 July 2012 Opening Balance |                          | Impact in year 2012-2013 |                          | Cumulative Net Value |
|--|---------------------------------------|--------------------------|--------------------------|--------------------------|----------------------|
|  | Gross value                           | Accumulated Depreciation | Gross value              | Accumulated Depreciation |                      |
|  | \$000                                 | \$000                    | \$000                    | \$000                    | \$000                |
| Buildings  | -                                     | -                        | 8                        | -                        | 8                    |
| Total buildings  | -                                     | -                        | 8                        | -                        | 8                    |
| Plant and equipment  | -                                     | 38                       | -                        | 1                        | 40                   |
| Derecognition of assets incorrectly captured which was identified during stocktake         | -                                     | -                        | -                        | -                        | -                    |
| Recognition of assets identified during stocktake that had not previously been identified. | -                                     | 39                       | 13                       | -                        | 13                   |
| Total plant and equipment  | -                                     | 39                       | 13                       | 1                        | 53                   |
| Parks infrastructure   | (96)                                  | 33                       | (59)                     | 2                        | (57)                 |
| Derecognition of duplicate assets identified during stocktake and assets not owned by RCC. | 490                                   | (168)                    | 312                      | (33)                     | 393                  |
| Recognition of assets identified during stocktake that had not previously been identified. | 382                                   | (128)                    | 263                      | (81)                     | 336                  |
| Total Parks infrastructure   | (516)                                 | 181                      | (335)                    | 18                       | (317)                |
| Roads infrastructure   | 1,616                                 | (578)                    | 1,040                    | 37                       | 1,077                |
| Derecognition of duplicate assets and private asset identified during stocktake.           | (18,218)                              | 4,345                    | (13,873)                 | 268                      | (268)                |
| Recognition of assets identified during stocktake that had not previously been identified. | (17,116)                              | 3,948                    | (13,198)                 | 323                      | (12,845)             |
| Total Roads infrastructure   | (9)                                   | -                        | (9)                      | -                        | (9)                  |
| Stormwater infrastructure  | (9)                                   | -                        | (9)                      | -                        | (9)                  |
| Derecognition of assets incorrectly captured which was identified during stocktake.        | -                                     | -                        | -                        | -                        | -                    |
| Total Stormwater infrastructure  | -                                     | -                        | -                        | -                        | -                    |
| Water and wastewater infrastructure  | -                                     | -                        | (16)                     | -                        | (16)                 |
| Derecognition of assets incorrectly captured which was identified during stocktake.        | 1                                     | -                        | 82                       | (1)                      | 82                   |
| Recognition of assets identified during stocktake that had not previously been identified. | 1                                     | -                        | 66                       | (1)                      | 66                   |
| Total Water and wastewater infrastructure  | (200)                                 | 68                       | (132)                    | 7                        | (125)                |
| Other infrastructure   | (200)                                 | 68                       | (132)                    | 7                        | (125)                |
| Derecognition of duplicate assets identified during stocktake.                             | (16,942)                              | 3,928                    | (13,016)                 | 289                      | (12,819)             |
| Total Other infrastructure   | -                                     | -                        | 201                      | -                        | 201                  |
| Intangible assets:   | -                                     | -                        | (3)                      | -                        | (3)                  |
| Computer Software  | -                                     | -                        | (3)                      | -                        | (3)                  |
| Derecognition of assets incorrectly captured which was identified during stocktake.        | -                                     | -                        | (3)                      | -                        | (3)                  |
| Provisions:  | -                                     | -                        | -                        | -                        | -                    |
| Long service leave (Current)   | -                                     | -                        | 6,758                    | -                        | 6,758                |
| Long service leave (Non-current)   | -                                     | -                        | (6,758)                  | -                        | (6,758)              |
| Reclassification of benefits for employees who have reached seven years of service.        | -                                     | -                        | -                        | -                        | -                    |
| Total correction of errors to retained surplus   | (16,942)                              | 3,928                    | (13,016)                 | 289                      | (12,819)             |





REDLAND CITY COUNCIL  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the period ended 30 June 2014

32 Correction of errors - continued

Property, plant and equipment:

Roads infrastructure

Impact of opening balance revaluation.

Reduction to the value of carparks to reflect correction for a calculation error.

Total Roads infrastructure

Stormwater infrastructure

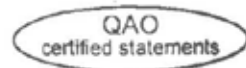
Impact of opening balance revaluation.

Total Stormwater infrastructure

Total correction of errors to asset revaluation surplus

Total correction of errors

|  | Impact to 1 July 2012 Opening Balance |                          | Impact in year 2012-2013 |                          | Cumulative Net Value |
|--|---------------------------------------|--------------------------|--------------------------|--------------------------|----------------------|
|  | Gross value                           | Accumulated Depreciation | Gross value              | Accumulated Depreciation |                      |
|  | \$000                                 | \$000                    | \$000                    | \$000                    | \$000                |
|  |                                       |                          |                          |                          |                      |
|  | (1,054)                               | 220                      | (120,928)                | 91,567                   | (29,361)             |
|  | (1,054)                               | 220                      | (120,928)                | 91,567                   | (834)                |
|  |                                       |                          |                          |                          | (30,195)             |
|  |                                       |                          |                          |                          |                      |
|  |                                       |                          | 133,079                  | (15,269)                 | 117,790              |
|  |                                       |                          | 133,079                  | (15,269)                 | 117,790              |
|  | (1,054)                               | 220                      | 12,161                   | 76,268                   | 88,419               |
|  | (17,996)                              | 4,146                    | 12,349                   | 76,567                   | 88,916               |
|  |                                       |                          |                          |                          | 75,066               |



# Annual Financial Statements

**REDLAND CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the period ended 30 June 2014

**32 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 2012 and 30 June 2013 to reflect these adjustments:

|                                      | Previously stated | Adjustment      | Restated         |
|--------------------------------------|-------------------|-----------------|------------------|
|                                      | \$000             | \$000           | \$000            |
| <b>1 July 2012</b>                   |                   |                 |                  |
| Property, plant and equipment        | 1,304,080         | (13,850)        | 1,290,230        |
| Intangible assets                    | 353               | -               | 353              |
| <b>Total Non-Current Assets</b>      | <b>1,782,134</b>  | <b>(13,850)</b> | <b>1,748,284</b> |
| <b>TOTAL ASSETS</b>                  | <b>1,864,454</b>  | <b>(13,850)</b> | <b>1,850,604</b> |
| Provisions                           | 10,653            | 6,758           | 17,411           |
| <b>Total Current Liabilities</b>     | <b>43,231</b>     | <b>6,758</b>    | <b>49,989</b>    |
| Provisions                           | 47,047            | (6,758)         | 40,289           |
| <b>Total Non-current Liabilities</b> | <b>105,640</b>    | <b>(6,758)</b>  | <b>98,882</b>    |
| <b>TOTAL LIABILITIES</b>             | <b>148,871</b>    | <b>-</b>        | <b>148,871</b>   |
| <b>NET COMMUNITY ASSETS</b>          | <b>1,715,583</b>  | <b>(13,850)</b> | <b>1,701,733</b> |
| Retained surplus                     | 1,145,983         | (13,016)        | 1,132,967        |
| Asset revaluation surplus            | 526,588           | (834)           | 525,754          |
| <b>TOTAL COMMUNITY EQUITY</b>        | <b>1,715,583</b>  | <b>(13,850)</b> | <b>1,701,733</b> |
| <b>30 June 2013</b>                  |                   |                 |                  |
| Property, plant and equipment        | 1,990,574         | 75,069          | 2,065,643        |
| Intangible assets                    | 966               | (3)             | 963              |
| <b>Total Non-Current Assets</b>      | <b>1,992,410</b>  | <b>75,066</b>   | <b>2,067,476</b> |
| <b>TOTAL ASSETS</b>                  | <b>2,098,580</b>  | <b>75,066</b>   | <b>2,173,646</b> |
| Provisions                           | 12,874            | 7,700           | 20,574           |
| <b>Total Current Liabilities</b>     | <b>34,340</b>     | <b>7,700</b>    | <b>42,040</b>    |
| Provisions                           | 44,864            | (7,700)         | 37,164           |
| <b>Total Non-current Liabilities</b> | <b>103,842</b>    | <b>(7,700)</b>  | <b>96,142</b>    |
| <b>TOTAL LIABILITIES</b>             | <b>138,182</b>    | <b>-</b>        | <b>138,182</b>   |
| <b>NET COMMUNITY ASSETS</b>          | <b>1,960,398</b>  | <b>75,066</b>   | <b>2,035,464</b> |
| Retained surplus                     | 1,333,889         | (12,519)        | 1,321,370        |
| Asset revaluation surplus            | 566,753           | 87,585          | 654,338          |
| <b>TOTAL COMMUNITY EQUITY</b>        | <b>1,960,398</b>  | <b>75,066</b>   | <b>2,035,464</b> |

The depreciation charge for the period ended 30 June 2014 was calculated after adjustments were made 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            |
| <b>30 June 2013</b>                            |                   |               |                  |
| Materials and services                         | (100,887)         | 198           | (100,689)        |
| Depreciation and amortisation                  | (50,735)          | 299           | (50,436)         |
| <b>Total recurrent expenses</b>                | <b>(235,827)</b>  | <b>497</b>    | <b>(235,330)</b> |
| <b>TOTAL EXPENSES</b>                          | <b>(238,588)</b>  | <b>497</b>    | <b>(238,091)</b> |
| <b>NET RESULT</b>                              | <b>203,574</b>    | <b>497</b>    | <b>204,071</b>   |
| Revaluation of property, plant and equipment   | 41,242            | 88,419        | 129,661          |
| <b>Other comprehensive income/(loss)</b>       | <b>41,242</b>     | <b>88,419</b> | <b>129,661</b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> | <b>244,816</b>    | <b>88,916</b> | <b>333,732</b>   |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

**33 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 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 1982*.

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

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

Council'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 long-term credit rating of AA+ is in line with the State Government's credit rating of AA. Funds deposited with QTC present relatively low risk exposure and are capital guaranteed.

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 34 (b)).

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 assets have been pledged as collateral for liabilities or contingent liabilities.

*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             | Fully performing | Past due but not impaired |            |          | Impaired | Total  |
|-----------------------------|------------------|---------------------------|------------|----------|----------|--------|
|                             |                  | 31-60 days                | 61-90 days | >90 days |          |        |
|                             | \$000            | \$000                     | \$000      | \$000    | \$000    | \$000  |
| 2014                        |                  |                           |            |          |          |        |
| Trade and other receivables | 18,290           | 162                       | 3,189      | 4,571    | (73)     | 26,139 |
| 2013                        |                  |                           |            |          |          |        |
| Trade and other receivables | 13,714           | 233                       | 3,238      | 3,836    | (91)     | 20,930 |

**(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.

# Annual Financial Statements

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33 Financial Instruments - continued

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           |
| <b>2014</b>              |             |              |              |                              |                 |
| Trade and other payables | 15,248      | -            | -            | 15,248                       | 15,248          |
| Loans - QTC              | 7,952       | 31,810       | 39,997       | 79,759                       | 58,983          |
|                          | 23,200      | 31,810       | 39,997       | 95,007                       | 74,231          |
| <b>2013</b>              |             |              |              |                              |                 |
| Trade and other payables | 10,980      | -            | -            | 10,980                       | 10,980          |
| Loans - QTC              | 7,958       | 31,810       | 47,487       | 87,255                       | 63,102          |
|                          | 18,938      | 31,810       | 47,487       | 98,235                       | 74,082          |

(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. There has been no change in the assumptions from the prior year.

| Sensitivity analysis                              | Net Carrying Amount |               | Profit        |               | Equity        |               |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|
|   | 2014<br>\$000       | 2013<br>\$000 | 2014<br>\$000 | 2013<br>\$000 | 2014<br>\$000 | 2013<br>\$000 |
| Financial assets                                  | 962                 | 826           | 962           | 826           | 962           | 826           |
| Financial liabilities                             | -                   | -             | -             | -             | -             | -             |
| Increase to profit with a 1% increase in interest | 962                 | 826           | 962           | 826           | 962           | 826           |

(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         |               |
|--------------------------------|------|------------------------|---------------|---------------------|---------------|----------------------|---------------|---------------|---------------|
|                                |      | 2014<br>\$000          | 2013<br>\$000 | 2014<br>\$000       | 2013<br>\$000 | 2014<br>\$000        | 2013<br>\$000 | 2014<br>\$000 | 2013<br>\$000 |
| <b>Financial assets</b>        |      |                        |               |                     |               |                      |               |               |               |
| Cash and cash equivalents      | 12   | 96,218                 | 82,578        | -                   | -             | 17                   | 17            | 96,235        | 82,595        |
| Receivables                    | 13   | -                      | -             | 22,743              | 17,307        | 3,396                | 3,623         | 26,139        | 20,930        |
|                                |      | 96,218                 | 82,578        | 22,743              | 17,307        | 3,413                | 3,640         | 122,374       | 103,525       |
| Effective interest rate        |      | 3.4%                   | 3.6%          | 11.0%               | 11.0%         |                      |               |               |               |
| <b>Financial liabilities</b>   |      |                        |               |                     |               |                      |               |               |               |
| Payables                       | 22   | -                      | -             | -                   | -             | 15,248               | 10,980        | 15,248        | 10,980        |
| Loans - QTC                    | 23   | -                      | -             | 58,983              | 63,102        | -                    | -             | 58,983        | 63,102        |
|                                |      | -                      | -             | 58,983              | 63,102        | 15,248               | 10,980        | 74,231        | 74,082        |
| Weighted average interest rate |      | 3.1%                   | 5.6%          | 6.4%                | 6.4%          |                      |               |               |               |
| <b>Net financial assets</b>    |      | 96,218                 | 82,578        | (36,240)            | (45,795)      | (11,835)             | (7,340)       | 48,143        | 29,443        |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**34 (a) Fair value measurements**

Redland City Council measures the following assets at fair value on a recurring basis:

- Land
- Buildings
- Infrastructure assets including roads, stormwater, water and wastewater, parks, other infrastructure and waste
- Investment property

In accordance with AASB 13, fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

All fair value measurements are recurrent and categorised as either Level 2 or Level 3. Council does not hold any assets valued using Level 1 inputs. Where all significant inputs used to value the asset are observable, the asset is valued at Level 2. However, if one or more of the significant inputs are unobservable, the asset is valued as Level 3.

Council's valuation policy and procedures are set by the Chief Executive Officer and the Executive Leadership Team and reviewed every three years. Annual reviews of depreciation, impairment, asset lives and asset balances are conducted by the Executive Management Team. Council's current policy for the recurrent valuation of property, plant and equipment and investment property is documented in Note 2.i and Note 2.j. Non-recurring valuations are completed as necessary on reclassification. The valuation methodology maximises observable inputs.

**Recognised fair value measurements**

The following table represents the assets measured and recognised at fair value at 30 June 2014. Comparison information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

| Description          | Gross value      |                             | Level 2   | Level 3                                       |
|----------------------|------------------|-----------------------------|---|---|
|                      | \$000            | Written down value<br>\$000 | (Significant other<br>observable inputs)<br>\$000 | (Significant<br>unobservable inputs)<br>\$000 |
| Land                 | 257,538          | 257,538                     | 12,729  | 244,809                                       |
| Buildings            | 116,330          | 62,945                      | -   | 62,945  |
| Roads                | 765,996          | 567,113                     | -   | 567,113                                       |
| Stormwater drainage  | 520,638          | 397,336                     | -   | 397,336                                       |
| Water and wastewater | 1,006,363        | 634,996                     | -   | 634,996                                       |
| Parks                | 67,518           | 35,854                      | -   | 35,854  |
| Other infrastructure | 101,698          | 67,293                      | -   | 67,293  |
| Waste                | 14,258           | 9,481                       | -   | 9,481   |
| Investment property  | 893              | 893                         | -   | 893   |
|                      | <b>2,851,232</b> | <b>2,033,449</b>            | <b>12,729</b>                                     | <b>2,020,720</b>                              |

There were no transfers between Level 2 and Level 3 during the year. Council's policy is to recognise transfers in and out of the fair value hierarchy levels (if any) at the end of the reporting period.

**Disclosed fair values**

Council borrowings are measured at amortised cost with interest recognised in the Statement of Comprehensive Income when incurred. The fair value of borrowings is disclosed in Note 22 and is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short term nature.

**Valuation techniques used to derive fair values**

The specific valuation techniques used to value Council's assets are documented below. Fair value represents the highest and best use of the assets having regard to the optimal financial, physical and legal use of the asset.

The sensitivity of the fair value to the Level 3 inputs is provided in a table following each class. There is a clear inter-relationship between the asset condition, the assumed level of consumed service potential and remaining life for all assets valued at depreciated replacement cost. In these cases, the lower the asset condition; the higher the level of consumed service potential; and the lower the remaining life. No other relationships between the Level 3 inputs are noted.

**Land**

All council freehold land was comprehensively valued as at 30 June 2011 by qualified independent 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, an independent desktop valuation was performed by AssetVal Pty Ltd as at 30 June 2012 and 2014, as the movement in land values across the city indicated a material adjustment.

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

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**34 (a) Fair value measurements - continued**

A direct comparison method was used as at 1 July 2014 to value all council freehold land. Direct comparison involves the analysis of sales evidence and comparison with the subject land, taking into account such matters as area, location and other general site characteristics. Where an active market exists and there are no unreasonable restrictions as to use and/or sale, the land was deemed to be valued as Level 2.

Where no active market existed, or there were restrictions on the use and/or sale, the land was assessed as Level 3. Land carrying a parkland zone, or land utilised for footpath or access restriction purposes, or due to its general characteristics, land that has no observable active market, has been assessed as Level 3.

| Significant unobservable input | Range of inputs   | Relationship to fair value   |
|--------------------------------|-------------------|--|
| value per square metre         | \$0.01 - \$910.31 | An increase in the value per square metre of 10% will result in a movement to fair value of 2.58% equating to a revised total of \$263.218 million |

**Buildings**

All buildings were valued as at 30 June 2011 by independently qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Due to the specialist nature of these assets and the absence of an active market, fair value was assessed to be depreciated replacement cost.

Replacement cost was determined by applying an abbreviated bill of quantities methodology. Reference was made to construction costing data contained in Rawlings Australia Construction Handbook and databases built from research by external valuers AssetVal Pty Ltd. Major buildings have been split into components, and these components were valued separately to reflect differing expectations of condition and useful life. Assessment of economic and remaining life was based on historical assessment of similar assets and drawing on experience of the valuer, and this was the basis for determining the depreciated value. All buildings were assessed as not requiring residual values to be applied.

Although some inputs would be considered as Level 2 (replacement cost valuation), significant assumptions were applied in the assessment of condition and remaining life and therefore these assets are considered to be valued as Level 3.

The movement in the ABS Asset Valuation Non-residential Construction Index (March Quarter 2014), has not impacted material movement since this valuation and as a result, further indexation has not been applied.

The significant unobservable inputs used to determine fair value are shown below.

| Significant unobservable input     | Range of inputs | Relationship to fair value  |
|------------------------------------|-----------------|---|
| remaining useful life              | 1 - 70 years    | The higher the assessment of remaining life, the higher the fair value of the asset |
| expected useful life/economic life | 10 - 75 years   | The higher the total expected life, the higher the fair value of the assets         |

**Road infrastructure assets**

Road assets were independently valued as at 1 July 2013 by Cardno (QLD) Pty Ltd. As these are specialist public service assets that are rarely independently sold, depreciated replacement cost was determined as the most appropriate valuation method. These assets were considered to have been valued using Level 3 inputs. Unit rates were determined with reference to recent Council construction data, Cardno developed databases and cost curves, Rawlinson's Construction Manual, and other published building indexes. These rates were applied to the asset specifications including depth, length and width. Unit rates take into consideration material, labour, service and overhead costs (Survey 6%, Design 5%, Engineering supervision 3%, Project Management 6%). All roads are divided into segments and componentised into earthworks, base, sub-base and surface to reflect different lives to each component.

Useful lives were developed by Cardno with reference to common engineering and industry practice standards and Council's historical evidence. The expected lives of major culvert assets were reduced by 20% if located within 50m of the coast and 40% if located in poor soils. A review of the pavement rehabilitation history suggested longer base course useful lives for low traffic roads less than 20 years old and as a result longer lives were adopted for these assets.

The condition of bus shelters was assessed by Council officers with reference to predetermined condition criteria. These results were used to derive the remaining useful lives based on the table below.

| Bus Shelter Condition and Remaining Life Assessment Criteria |  |                              |
|--|--|------------------------------|
| Rating   | Description  | Percentage of remaining life |
| 1  | Very Good Condition - only planned maintenance required                  | 98.5%                        |
| 2  | Minor Defects Only - minor maintenance required plus planned maintenance | 75.0%                        |
| 3  | Maintenance Required - significant maintenance required                  | 50.0%                        |
| 4  | Requires Renewal - significant renewal/upgrade required                  | 25.0%                        |
| 5  | Asset Unserviceable - unserviceable                                      | 0.0%                         |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**34 (a) Fair value measurements - continued**

Pavement condition was determined by Council officers assessing the following criteria: cracks, raveling, potholes, roughness, rutting and SMEC Pavement Condition Index. Correlation between condition data and age could not be determined and therefore an age based model was adopted to determine remaining useful life and accumulated depreciation. Remaining life and therefore accumulated depreciation was determined on an age basis for all other roads assets.

Residual values have been adopted for road surfaces and pavement assets, and car parks to reflect the value of materials reused when the asset is renewed or rehabilitated.

The significant unobservable inputs used to determine fair value are shown below.

| Significant unobservable input                             | Range of inputs                 | Relationship to fair value  |
|--|---------------------------------|---|
| remaining useful life/economic life                        | 10 - 100 years                  | The higher the total expected life, the higher the fair value of the assets               |
| remaining useful life                                      | 5 - 100 years                   | The higher the assessment of remaining life, the higher the fair value of the asset       |
| condition (bus shelters only)                              | 1 Very good - 5 Unserviceable   | The higher the condition rating, the lower the expected life and therefore the fair value |
| residual values (road pavement and surface, and car parks) | 10% - 100% of replacement costs | The higher the residual value, the lower the annual depreciation expense                  |

**Stormwater drainage infrastructure assets**

Stormwater drainage assets were independently valued as at 1 July 2013 by Cardno (QLD) Pty Ltd. As these are specialist public service assets that are rarely independently sold, depreciated replacement cost was determined as the most appropriate valuation method. These assets were considered to have been valued using Level 3 inputs. Unit rates and replacement costs were determined with reference to recent Council construction data, Cardno developed databases and cost curves, Rawlin's Construction Manual, and other building indexes. These rates were applied to the asset specifications including depth, length and width. Unit rates take into consideration material, labour, service and overhead costs (Survey 6%, Design 5%, Engineering supervision 3%, Project Management 6%).

Other cost factors considered when developing replacement costs for passive assets were:

- a) Soil Factor - The soil type applicable to each asset was determined by overlaying the Queensland geological map layer over Council's infrastructure network. The Soil Factor considers the ease of excavation provided when replacing underground assets.
- b) Development Factor - The land use type applicable to the asset was determined by overlaying Council's planning scheme over the infrastructure network. Application of Development Factor considers the differing cost implications of additional transportation, restoration of associated assets and traffic control where required. Development types referenced are Urban, Rural, CBD and Island.
- c) An Economies of Scale Factor - This factor was used in calculating the replacement costs for end structures. The unit rates apply for one cell and are adjusted by the factor to calculate the value of structures with multiple cells.
- d) Depth Factor - The base rates for Pipes, manholes and pits are based on an average depth of 1.5m to 3m. Depth factors were applied to adjust those rates to reflect the costs of installations at the relevant depth.

Useful lives were developed by Cardno with reference to common engineering and industry practice standards and Council's historical evidence. The lives of assets located within 50m of the coast or in poor soils were adjusted with reference to the following table:

| Adjustments to Design Life | Within 50m Coast | Located in |
|----------------------------|------------------|------------|
| End Structures             | 80%              | 60%        |
| Stormwater Pipes           | 80%              | 60%        |
| Surface Drains             | 80%              | 60%        |
| GPT Complex                | 80%              | 80%        |
| GPT Simple                 | 80%              | 0%         |
| Manholes and pits          | 80%              | 60%        |

Condition assessments of GPT Simple and GPT Complex assets were conducted by Council officers with reference to predetermined condition criteria. Remaining useful lives of these assets were derived with reference to the following table.

| Rating | Description | Percentage of remaining life |
|--------|-------------|------------------------------|
| 1      | As new      | 98%                          |
| 2      | Good        | 86%                          |
| 3      | Fair        | 68%                          |
| 4      | Poor        | 42%                          |
| 5      | Very Poor   | 10%                          |

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**34 (a) Fair value measurements - continued**

The remaining useful life of all other Stormwater assets was determined on an aged basis with reference to the total expected life of the asset and as a result the accumulated depreciation was calculated on a straight line basis. Assets are componentised to reflect varying expected lives and consumption patterns.

Residual values were applied to partially and unlined drains to represent the value of excavation costs that would not be required again on replacement.

The significant unobservable inputs used to determine fair value are show below.

| Significant unobservable input                      | Range of inputs        | Relationship to fair value  |
|---|------------------------|---|
| development and soil type co-efficient              | 0.74 - 3.01            | The higher the co-efficient, the higher the fair value of the asset                   |
| expected useful life/economic life                  | 20 - 150 years         | The higher the total expected life, the higher the fair value of the assets           |
| remaining useful life                               | 5 - 149 years          | The higher the assessment of remaining life, the higher the fair value of the asset   |
| economies of scale factor                           | 1.00 - 7.59            | The higher the economies of scale factor, the higher the resulting fair value         |
| condition (GPT's only)                              | 1 as new - 5 very poor | The higher the condition rating, the lower  |
| depth factor  | 0.67 - 1.88            | The higher the depth factor reflecting a lower asset depth, the higher the fair value |
| residual values (partially and unlined drains only) | 6% - 100%              | The higher the residual value, the lower the annual depreciation expense              |

**Water and 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 and as such were classified as being valued using Level 3 inputs. Significant components with differing expected useful lives and replacement costs were valued separately.

Replacement costs were based on the replacement of the assets with a modern, engineering equivalent with cost factor adjustments applied to reflect the location and site conditions likely on replacement. Costs of supply and install were derived from GHD's record of past construction projects, the Rawlinson's Construction handbook and GHD's infrastructure cost estimating database. These costs were verified against Redland City Council information where available and include 15% oncosts (Survey 3%, Design 5%, Construction supervision 4%, Project management 3%).

Cost factors taken into consideration when determining replacement cost of underground assets were:

**Soil Factor** - The soil type applicable to each asset was determined by overlaying the Queensland geological map layer over Council's infrastructure network. The Soil Factor considers the ease of excavation provided when replacing underground assets.

**Development Factor** - The land use type applicable to the asset was determined by overlaying Council's planning scheme over the infrastructure network. Application of the Development Factor considers the differing cost implications of restoration of associated assets and traffic control where required.

The relationship between the Soil and Development Factors determines a valuation co-efficient to be applied to the asset base cost.

**Island Cost Factor** - Those assets located on the Southern Moreton Bay Islands and North Stradbroke Island were assigned a cost adjustment to consider the additional costs associated with transportation and construction on the islands.

Remaining life of the assets was determined with consideration to the age and performance of the component assets with reference to design lives developed by GHD using common engineering and industry practice standards. Asset condition and performance were assessed by GHD and used to derive a Condition and Performance Factor.

The condition of underground assets was determined with reference to the age of the assets, while the condition of above ground assets was determined from visual inspection against predetermined condition criteria. Performance scores for above ground assets were based on data provided by RCC operator staff on current reliability and current loadings against design capability. Performance scores for passive assets was deemed to be 1.

Both the condition and performance scores reference the Condition and Performance Factors as shown in the table below. These are applied as factors against remaining economic life to calculate indicative remaining useful lives. The lower value of the two remaining lives was adopted to determine accumulated depreciation and fair value.



REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
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34 (a) Fair value measurements - continued

| Code/Rating                                 | 1    | 2    | 3    | 4    | 5    |
|---|------|------|------|------|------|
| <b>Condition Factors</b>                    |      |      |      |      |      |
| Buildings<br>Landscaping<br>Dam Structures  | 1.00 | 0.90 | 0.60 | 0.53 | 0.50 |
| Electrical<br>Mechanical                    | 1.00 | 0.90 | 0.65 | 0.53 | 0.50 |
| Communications<br>Telemetry<br>Switchboards | 1.00 | 0.95 | 0.70 | 0.55 | 0.50 |
| Tanks<br>Odour Control                      | 1.00 | 0.95 | 0.75 | 0.58 | 0.55 |
| Pipes<br>Fittings                           | 1.00 | 0.95 | 0.80 | 0.58 | 0.55 |
| Pumps<br>Valves                             | 1.00 | 0.95 | 0.80 | 0.63 | 0.60 |

| <b>Performance Factors</b>  |      |      |      |      |      |
|---|------|------|------|------|------|
| Tanks   | 1.00 | 0.80 | 0.20 | 0.05 | 0.00 |
| Cableing<br>Electrical<br>Reservoirs<br>Switchboards  | 1.00 | 0.80 | 0.30 | 0.05 | 0.00 |
| Building Compressors<br>Flow Meters<br>Linings<br>Motors<br>Laboratory Equipment<br>Other Items | 1.00 | 0.90 | 0.40 | 0.10 | 0.00 |
| Pipes   | 1.00 | 0.90 | 0.50 | 0.20 | 0.05 |
| Fittings<br>Valves<br>Pumps   | 1.00 | 0.90 | 0.60 | 0.30 | 0.10 |
| Fences  | 1.00 | 0.90 | 0.70 | 0.40 | 0.20 |

The significant unobservable inputs used to determine fair value are show below.

| Significant unobservable input         | Range of inputs       | Relationship to fair value   |
|--|-----------------------|--|
| asset condition                        | 1 new - 5 end of life | The lower the asset condition, the higher the remaining life and therefore a higher fair value                 |
| performance rating                     | 1 good - 5 poor       | The lower the performance rating, the higher the remaining life and therefore a higher fair value              |
| development and soil type co-efficient | 0.8 - 3.54            | The higher the co-efficient, the higher the fair value of the asset  |
| island factor                          | 1.00 - 1.39           | The higher the co-efficient, the higher the fair value of the asset  |
| expected useful life/economic life     | 10 - 134 years        | The higher the total expected life, the higher the fair value of the assets                                    |
| remaining useful life                  | 1 - 134 years         | The higher the assessment of remaining life, the higher the fair value of the asset                            |
| condition factor                       | 0.20 - 1.00           | The higher the condition factor, the higher the expected remaining life, therefore the higher the fair value   |
| performance factor                     | 0.20 - 1.00           | The higher the performance factor, the higher the expected remaining life, therefore the higher the fair value |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

**34 (a) Fair value measurements - continued**

**Parks infrastructure assets**

Parks infrastructure assets were independently 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 and as a result were considered to have been valued using Level 3 valuation inputs.

Replacement cost was determined with reference to Council's historical construction records, AssetVal's own database of construction costs and other published cost guides. Transportation and other costs unique to work completed on the Bay Islands has been taken into consideration by adding 15% allowance to the replacement costs of these assets.

Remaining lives were assigned based on physical assessment of the condition of the assets including factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The assets were depreciated with reference to expected useful lives determined through application of industry standard ranges (including Institute of Public Works Engineering Australia), historic assessment of similar assets, and experience gained from similar valuations by AssetVal Pty Ltd. The condition assessment directly translates to the level of the depreciation applied as noted in the table below.

| Rating | Description  | Percentage of remaining life |
|--------|--|------------------------------|
| 0      | Brand new or rehabilitated to new  | 100%                         |
| 1      | Near new with no visible deterioration   | 90%                          |
| 2      | Excellent overall condition with early stages of deterioration                                   | 80%                          |
| 3      | Very good overall condition with obvious deterioration evident                                   | 70%                          |
| 4      | Good overall condition, obvious deterioration, serviceability impaired very slightly             | 60%                          |
| 5      | Fair overall condition, obvious deterioration, some serviceability loss                          | 50%                          |
| 6      | Fair to poor overall condition, obvious deterioration, some serviceability loss                  | 40%                          |
| 7      | Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs  | 30%                          |
| 8      | Very poor overall condition, severe deterioration, very high maintenance costs, consider renewal | 20%                          |
| 9      | Extremely poor condition, severe serviceability problems, renewal required immediately           | 10%                          |
| 10     | Failed asset, no longer serviceable, should not remain in service                                | 0%                           |

It was determined that any salvage value would be less than any costs of sale or removal, therefore residuals have not been applied

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (March Quarter 2014) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

The significant unobservable inputs used to determine fair value are shown below.

| Significant unobservable input     | Range of inputs                | Relationship to fair value  |
|------------------------------------|--------------------------------|---|
| asset condition                    | 1 very good - 10 unserviceable | The lower the asset condition rating, the higher the remaining life and therefore a higher fair value |
| remaining useful lives             | 0 - 56 years                   | The higher the assessment of remaining life, the higher the fair value of the asset                   |
| expected useful life/economic life | 16 - 60 years                  | The higher the assessment of expected life, the higher the fair value of the asset                    |

**Other infrastructure assets**

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

Replacement cost was determined with reference to RCC's historical construction records, AssetVal's own database of construction costs and other published cost guides. Transportation and other costs unique to work completed on the Bay Islands has been taken into consideration by adding 15% allowance to the replacement costs of these assets.

Remaining lives were assigned based on physical assessment of the condition of the assets as noted by the Valuer during inspection including factors such as the age of the asset, overall condition, economic and/or functional obsolescence. The assets were depreciated with reference to expected useful lives determined through application of industry standards (including IPWEA), historic assessment of similar assets, and experience gained from similar valuations by AssetVal Pty Ltd. The condition assessment directly translates to the level of depreciation applied as reflected in the table below.

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

34 (a) Fair value measurements - continued

| Rating | Description  | Percentage of remaining life |
|--------|--|------------------------------|
| 0      | Brand new or rehabilitated to new  | 100%                         |
| 1      | Near new with no visible deterioration   | 90%                          |
| 2      | Excellent overall condition with early stages of deterioration                                   | 80%                          |
| 3      | Very good overall condition with obvious deterioration evident                                   | 70%                          |
| 4      | Good overall condition, obvious deterioration, serviceability impaired very slightly             | 60%                          |
| 5      | Fair overall condition, obvious deterioration, some serviceability loss                          | 50%                          |
| 6      | Fair to poor overall condition, obvious deterioration, some serviceability loss                  | 40%                          |
| 7      | Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs  | 30%                          |
| 8      | Very poor overall condition, severe deterioration, very high maintenance costs, consider renewal | 20%                          |
| 9      | Extremely poor condition, severe serviceability problems, renewal required immediately           | 10%                          |
| 10     | Failed asset, no longer serviceable, should not remain in service                                | 0%                           |

It was determined that any salvage value would be less than any costs of sale or removal, therefore residuals have not been applied.

Although some inputs would be considered as Level 2 (replacement cost valuation), significant assumptions were applied in the assessment of condition and remaining life and therefore these assets are considered to be valued as Level 3.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (March Quarter 2014) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

The significant unobservable inputs used to determine fair value are shown below.

| Significant unobservable input     | Range of inputs                | Relationship to fair value  |
|------------------------------------|--------------------------------|---|
| asset condition                    | 1 very good - 10 unserviceable | The lower the asset condition rating, the higher the remaining life and therefore a higher fair value |
| remaining useful lives             | 0 - 93 years                   | The higher the assessment of remaining life, the higher the fair value of the asset                   |
| expected useful life/economic life | 15 - 100 years                 | The higher the assessment of expected life, the higher the fair value of the asset                    |

**Waste infrastructure assets**

All waste assets were independently 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.

Replacement cost was derived using an abbreviated bill of quantities methodology with reference to Rawlinson's Australia Handbook and AssetVal Pty Ltd databases of building and site improvement costs build up through previous engagements.

Remaining lives were assigned based on physical assessment of the condition of the assets by the Valuer. The assets were depreciated on a straight line basis with reference to expected useful lives determined through application of industry standard ranges (including IPWEA), historic assessment of similar assets, and experience gained from similar valuations by AssetVal Pty Ltd.

Although some inputs would be considered as Level 2 (replacement cost valuation), significant assumptions were applied in the assessment of condition and remaining life and therefore these assets are considered to be valued as Level 3.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (March Quarter 2014) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

# Annual Financial Statements

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

**34 (a) Fair value measurements - continued**

| Rating | Description  | Percentage of remaining life |
|--------|--|------------------------------|
| 0      | Brand new or rehabilitated to new  | 100%                         |
| 1      | Near new with no visible deterioration   | 90%                          |
| 2      | Excellent overall condition with early stages of deterioration                                   | 80%                          |
| 3      | Very good overall condition with obvious deterioration evident                                   | 70%                          |
| 4      | Good overall condition, obvious deterioration, serviceability impaired very slightly             | 60%                          |
| 5      | Fair overall condition, obvious deterioration, some serviceability loss                          | 50%                          |
| 6      | Fair to poor overall condition, obvious deterioration, some serviceability loss                  | 40%                          |
| 7      | Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs  | 30%                          |
| 8      | Very poor overall condition, severe deterioration, very high maintenance costs, consider renewal | 20%                          |
| 9      | Extremely poor condition, severe serviceability problems, renewal required immediately           | 10%                          |
| 10     | Failed asset, no longer serviceable, should not remain in service                                | 0%                           |

| Significant unobservable input     | Range of inputs                | Relationship to fair value  |
|------------------------------------|--------------------------------|---|
| asset condition                    | 1 very good - 10 unserviceable | The lower the asset condition rating, the higher the remaining life and therefore a higher fair value |
| remaining useful lives             | 1 - 58 years                   | The higher the assessment of remaining life, the higher the fair value of the asset                   |
| expected useful life/economic life | 5 - 70 years                   | The higher the assessment of expected life, the higher the fair value of the asset                    |

**Investment property**

Investment property assets were valued on acquisition as at 30 June 2012 by qualified external valuers Cardno. Assets were valued using a depreciated replacement cost methodology. Replacement cost was derived using an abbreviated bill of quantities approach with reference to Rawlinson's Australia Handbook and Cardno databases of building and site improvement costs build up through previous engagements.

Asset condition was determined through independent inspection with the remaining life being derived through the application of a degradation percentage based on the assessed condition rating.

| Rating | Percentage of remaining life |
|--------|------------------------------|
| 0      | 100%                         |
| 1      | 80%                          |
| 2      | 60%                          |
| 3      | 40%                          |
| 4      | 20%                          |
| 5      | 0%                           |

Although some inputs would be considered as Level 2 (replacement cost valuation), significant assumptions were applied in the assessment of condition and remaining life and therefore these assets are considered to be valued as Level 3.

The movement in the ABS Asset Revaluation - Engineering Construction Index Queensland (March Quarter 2014) has not indicated material movement since this valuation and as a result, further indexation has not been applied.

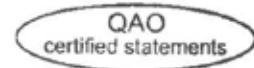
The significant unobservable inputs used to determine fair value are shown below.

| Significant unobservable input     | Range of inputs                                  | Relationship to fair value  |
|------------------------------------|--|---|
| asset condition                    | 0 = 100% remaining life to 5 = 0% remaining life | The lower the asset condition rating, the higher the remaining life and therefore a higher fair value |
| remaining useful lives             | 0 - 36 years                                     | The higher the assessment of remaining life, the higher the fair value of the asset                   |
| expected useful life/economic life | 10 - 50 years                                    | The higher the assessment of expected life, the higher the fair value of the asset                    |

REXLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014  
 34 (b) Fair value measurements

The following table represents the changes in the value of assets measured using significant unobservable inputs (Level 3); for recurring fair value measurements. There were no changes to the valuation techniques during the year.

| Asset values   | Land           | Buildings     | Roads          | Stormwater drainage | Water and wastewater | Parks         | Other infrastructure | Waste        | Total            |
|--|----------------|---------------|----------------|---------------------|----------------------|---------------|----------------------|--------------|------------------|
|  | 3000           | 3000          | 3000           | 3000                | 3000                 | 5000          | 3000                 | 5000         | 3000             |
| <b>Closing balance from previous year</b>            | <b>243,096</b> | <b>65,740</b> | <b>539,042</b> | <b>408,448</b>      | <b>644,986</b>       | <b>46,138</b> | <b>66,462</b>        | <b>9,774</b> | <b>2,024,676</b> |
| Adjustments to opening value                         | -              | -             | 19,243         | (10,873)            | -                    | (8,377)       | (43)                 | -            | -                |
| <b>Opening balance 1 July 2013</b>                   | <b>243,096</b> | <b>65,740</b> | <b>567,286</b> | <b>398,675</b>      | <b>644,986</b>       | <b>36,811</b> | <b>66,409</b>        | <b>9,774</b> | <b>2,024,676</b> |
| Additions at cost                                    | 1,712          | 610           | 18,944         | 2,747               | 4,065                | 2,226         | 4,475                | 204          | 34,983           |
| Contributed assets at valuation                      | -              | -             | 464            | 1,737               | 2,862                | 387           | -                    | -            | 5,450            |
| Land acquired in lieu of rates                       | 61             | -             | -              | -                   | -                    | -             | -                    | -            | 61               |
| Reclassifications                                    | -              | (100)         | 3,339          | -                   | 3                    | (5)           | (3,333)              | -            | (96)             |
| <b>Included in Profit and Loss</b>                   |                |               |                |                     |                      |               |                      |              |                  |
| Depreciation   | -              | (3,302)       | (11,688)       | (5,387)             | (16,512)             | (3,229)       | (7,891)              | (997)        | (42,604)         |
| Disposals  | (1,677)        | (4)           | (1,231)        | (336)               | (408)                | (336)         | (267)                | -            | (4,259)          |
| <b>Included in Comprehensive Income</b>              |                |               |                |                     |                      |               |                      |              |                  |
| Net increase (decrease) in asset revaluation surplus | 14,347         | -             | -              | -                   | -                    | -             | -                    | -            | 14,347           |
| <b>Closing balance at 30 June 2014</b>               | <b>257,638</b> | <b>62,946</b> | <b>567,113</b> | <b>397,336</b>      | <b>634,186</b>       | <b>36,864</b> | <b>87,293</b>        | <b>9,481</b> | <b>2,032,667</b> |



# Annual Financial Statements

**REDLAND CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 30 June 2014

**35 National Competition Policy**

**Code of Competitive Conduct**

**Business activities to which the code of competitive conduct is applied**

A government business activity is one which competes with private businesses and exceeds thresholds set by Department of Local Government, Community Recovery & Resilience. In order to remove any advantages or disadvantages, the competitive neutrality principle must be applied.

The Code of Competitive Conduct seeks to ensure government businesses compete on the same basis as its competitors by:

- (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.

Council resolved to apply the Code of Competitive Conduct to the following business activities during 2013-14.

|                      |                                       |
|----------------------|---------------------------------------|
| Water and wastewater | Cemeteries                            |
| Waste Management     | Building Certification                |
| Redland Art Gallery  | Redland Performing Arts Centre (RPAC) |

**Financial performance of activities subject to code of competitive conduct:**

| Significant Business Activities                   | Water and wastewater | Waste Management |
|---|----------------------|------------------|
|   | 2014<br>\$000        | 2014<br>\$000    |
| Revenue for services provided to Council          | 1,961                | 529              |
| Revenue for services provided to external clients | 94,351               | 19,650           |
| Community service obligations                     | 445                  | 1,723            |
|   | 96,757               | 21,902           |
| Less: Expenditure                                 | 86,536               | 20,871           |
| Operating surplus                                 | 10,221               | 1,031            |

**Financial performance of activities subject to code of competitive conduct:**

| Prescribed Business Activities                    | Redland Art Gallery | Cemeteries    | Building Certification | RPAC          |
|---|---------------------|---------------|------------------------|---------------|
|   | 2014<br>\$000       | 2014<br>\$000 | 2014<br>\$000          | 2014<br>\$000 |
| Revenue for services provided to Council          | -                   | -             | 8                      | 46            |
| Revenue for services provided to external clients | 65                  | 277           | 267                    | 490           |
| Community service obligations                     | 142                 | -             | 24                     | 134           |
| Contribution from general fund                    | 442                 | 19            | 239                    | 1,559         |
|   | 649                 | 296           | 538                    | 2,229         |
| Less: Expenditure                                 | 649                 | 296           | 538                    | 2,229         |
| Operating surplus/(deficit)                       | -                   | -             | -                      | -             |

REDLAND CITY COUNCIL  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2014

35 National Competition Policy - continued

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

| Activities                           | CSO Description  | Actual<br>\$000 |
|--------------------------------------|--|-----------------|
| Water and wastewater                 | CSOs   |                 |
|                                      | Water not-for-profit   | 117             |
|                                      | Wastewater not-for-profit  | 328             |
|                                      |  | <b>445</b>      |
| Waste Management                     | CSOs   |                 |
|                                      | Clean Up Australia Day   | 1               |
|                                      | Birkdale Sanitary Landfill - Gate Waiver Fees  | 13              |
|                                      | North Stradbroke Island Transfer Station   | 445             |
|                                      | Kerbside Recycling   | 22              |
|                                      | Kerbside Waste Collection  | 12              |
|                                      | Bulky Item Collection for HAS clients  | 20              |
|                                      | Russell Island Transfer Station  | 423             |
|                                      | Maclay Island Transfer Station   | 382             |
|                                      | Lamb Island Transfer Station   | 114             |
|                                      | Karragarra Island Transfer Station   | 102             |
| Coochiemudlo Island Transfer Station | 189  |                 |
|                                      |  | <b>1,723</b>    |
| Redland Art Gallery                  | CSOs   |                 |
|                                      | Cost to provide the opportunity to community groups to display and sell their art works  | 142             |
|                                      | <i>Contribution from General Fund</i>  | 442             |
|                                      |  | <b>584</b>      |
| Cemeteries                           | <i>Contribution from General Fund</i>  | 19              |
|                                      |  | 19              |
| Building Certification Services      | CSOs   |                 |
|                                      | 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>  | 239             |
|                                      |  | <b>263</b>      |
| Redland Performing Arts Centre       | CSCs   |                 |
|                                      | Discounts offered on commercial ticketing  | 134             |
|                                      | <i>Contribution from General Fund</i>  | 1,559           |
|                                      | Council's investment in the cultural life of the city and its community via:<br>- developing performing arts practice for community organisations<br>- providing a venue to enable growth in skills and performance capability<br>- providing different artistic forms/genres to enhance access to performing arts<br>- providing a focal place for the community to celebrate its diversity and undertake civic functions |                 |
|                                      |  | <b>1,693</b>    |

**Outgoing Business Activities**

For the 2014-15 financial year, Council has determined that Redland Art Gallery will no longer be considered to be subject to the code of competitive conduct as they no longer meet the criteria.

**Anticipated changes to Business Activities**

It is expected that there will be no new Business Activities to which the Code of Competitive Conduct (CCC) will be applied for the 2014-15 year.

36 Events after the reporting period

The carbon tax repeal legislation received the Royal Assent on 17 July 2014 and as such the Australian Government has abolished the carbon tax, with the effect from 1 July 2014. Carbon tax liabilities and equivalent carbon price liabilities incurred up to 30 June 2014 must be met in full (refer Note 2.x).

Redland City Council was not a liable entity under the Carbon Pricing Mechanism however, under Council's disposal agreement with Brisbane City Council (BCC), the associated carbon tax costs for each tonne of waste sent to BCC was passed on to Council. During the 2012-13 and 2013-14 financial years, Council was charged an additional \$20 per tonne for mixed waste disposed at Brisbane City Council facilities. Following the repeal of the Carbon Price Mechanism, Brisbane City Council has confirmed that the carbon tax liability will no longer be applied to the waste disposal agreement effective 1 July 2014 and the additional charge per tonne will be refunded to Council.

This matter is considered to be a non-adjusting event after the reporting period, therefore no adjustments required to the financial information as at 30 June 2014.

# Annual Financial Statements

**REDLAND CITY COUNCIL  
FINANCIAL STATEMENTS  
For the year ended 30 June 2014**

**MANAGEMENT CERTIFICATE  
For the year ended 30 June 2014**

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.

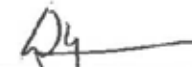
In accordance with Section 212(5) of the Regulation we certify that:

- (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 Council's transactions for the financial year and financial position at the end of the year.



**Mayor**  
Karen Williams

Date: 16 / 10 / 14



**Chief Executive Officer**  
William Harold Lyon

Date: 16 / 10 / 14





## 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 2014, 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 2013 to 30 June 2014 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 2014 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)  | 6.37%  | Between 0% and 10% |
| Asset sustainability ratio      | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense        | 45.65% | Greater than 90%   |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | -2.22% | 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 are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.

Certificate of Accuracy  
For the year ended 30 June 2014

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: 16, 10, 14

  
\_\_\_\_\_  
Chief Executive Officer  
William Harold Lyon

Date: 16, 10, 14



**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 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---------------------------------|--------------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 |                    | Actuals<br>30 June<br>2014    | 30 June<br>2015 | 30 June<br>2016 | 30 June<br>2017 | 30 June<br>2018 | 30 June<br>2019 | 30 June<br>2020 | 30 June<br>2021 | 30 June<br>2022 | 30 June<br>2023 |
| Operating surplus ratio         | Between 0% and 10% | 6.37%                         | -4.95%          | 0.37%           | 0.34%           | 0.05%           | 0.16%           | 0.98%           | 1.80%           | 2.41%           | 2.81%           |
| Asset sustainability ratio      | Greater than 90%   | 45.65%                        | 39.68%          | 36.87%          | 40.65%          | 50.55%          | 45.41%          | 40.23%          | 36.17%          | 42.70%          | 40.25%          |
| Net financial liabilities ratio | Below 60%          | -2.22%                        | 14.23%          | 13.03%          | 12.94%          | 11.99%          | 8.34%           | 0.55%           | -1.49%          | -6.42%          | -13.34%         |

**Council's Financial Management Strategy**

Council's Financial Strategy is underpinned by the Long Term Financial Forecast which is a ten year financial model. The model is reviewed following revised budget forecasts and is used to support resource allocation decision making. The financial forecast contains details of the assumptions used to estimate growth rates, price increases, general rates and charges increases, and also provides the financial outputs and financial sustainability measures for each of the ten years.

The ten year focus allows us to assess our financial sustainability over the period and to guide corporate decision-making. It is a living and breathing document, guiding our financial planning, revenue-raising and spending activities, while adapting to changing needs and requirements.

The Long Term Financial Forecast provides transparency into our financial performance and planning, giving the Community a view of how its services are being funded and where the money goes. It is a tool for validating and maintaining alignment with Corporate Plans and with legislative requirements. It reflects the efforts we are making to meet current and future community expectations and serves to signal the decisions and actions needed to ensure our future financial sustainability.

**Certificate of Accuracy**

For the long-term financial sustainability statement prepared as at 30 June 2014

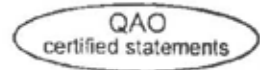
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the Regulation).

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

*Karen Williams*  
Mayor  
Karen Williams

Date: 16/10/14

*William Harold Lyon*  
Chief Executive Officer  
William Harold Lyon  
Date: 16/10/14



## 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 2014, 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 that is accurately calculated 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 2014, 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