



# Annual Report | 2010-2011





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# Introduction

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

This year, we are reporting for the first time under the new *Local Government Act 2009*. The Act has slightly different reporting requirements from the previous legislation (*Local Government Act 1993*), including the addition of new information. You will find a list of these statutory requirements (and where to find the relevant information) at the back of this book.

This 2010-11 annual report is also the first based on the new *Redland City Council Corporate Plan 2010-15* (which reflects the *Redlands 2030 Community Plan*).

## Overview of changes to organisation

The 2010-11 financial year saw Council face some significant and unexpected challenges. This followed decisions by the state government to reduce the level of funds councils in south-east Queensland could raise through developer contributions and to limit the prices that council-owned water businesses could charge. This limitation did not however apply to the state-owned bulk water prices charged for the cost of dams and regional water infrastructure.

As a result, Council faced a revenue shortfall of \$12m as we planned for our 2011-12 budget, leaving Council with a choice to either fund the difference through rates, or find internal savings. Council chose to deliver internal savings, and we set about vigorously reviewing our long-term financial strategy and short-term operating costs and expenses.

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

Internal savings measures included adopting a new long-term (10-year) financial strategy, immediately reducing our goods and services budget, postponing some projects and offering a voluntary redundancy program to middle and senior management. Through the first stage of that program, 18 management and professional officer positions were made redundant. (For more information on this process, see the 'Our people' section, on page 22.)

The first round of redundancies was finalised in May 2011, with a second round offered in July. The redundancies provided the opportunity to create a new streamlined structure for Council, aimed at delivering further ongoing savings. By 30 June 2010, a new interim structure was in place, with consultation under way on a new permanent structure. (View the original and interim structures on page 20.)

Because we acted decisively and responsibly, Council was able to deliver a realistic and sustainable budget for 2011-12.

This annual report reflects those decisions and changes.

## About Redland City

### Traditional (Aboriginal) Owners

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

### Our city

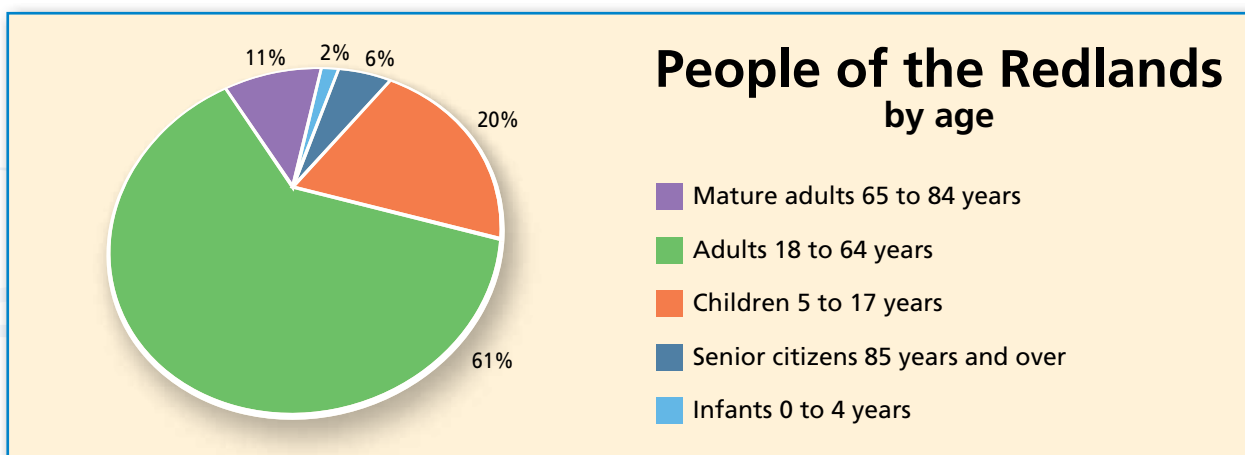
**Location:** South-east of Brisbane, Queensland

**Area:** 537 square kilometres

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

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

**Population:** 140,691 (estimated in 2009 – source: Australian Bureau of Statistics)



## Introduction continued



### Our vision

Enhancing community spirit, lifestyle and the natural environment.

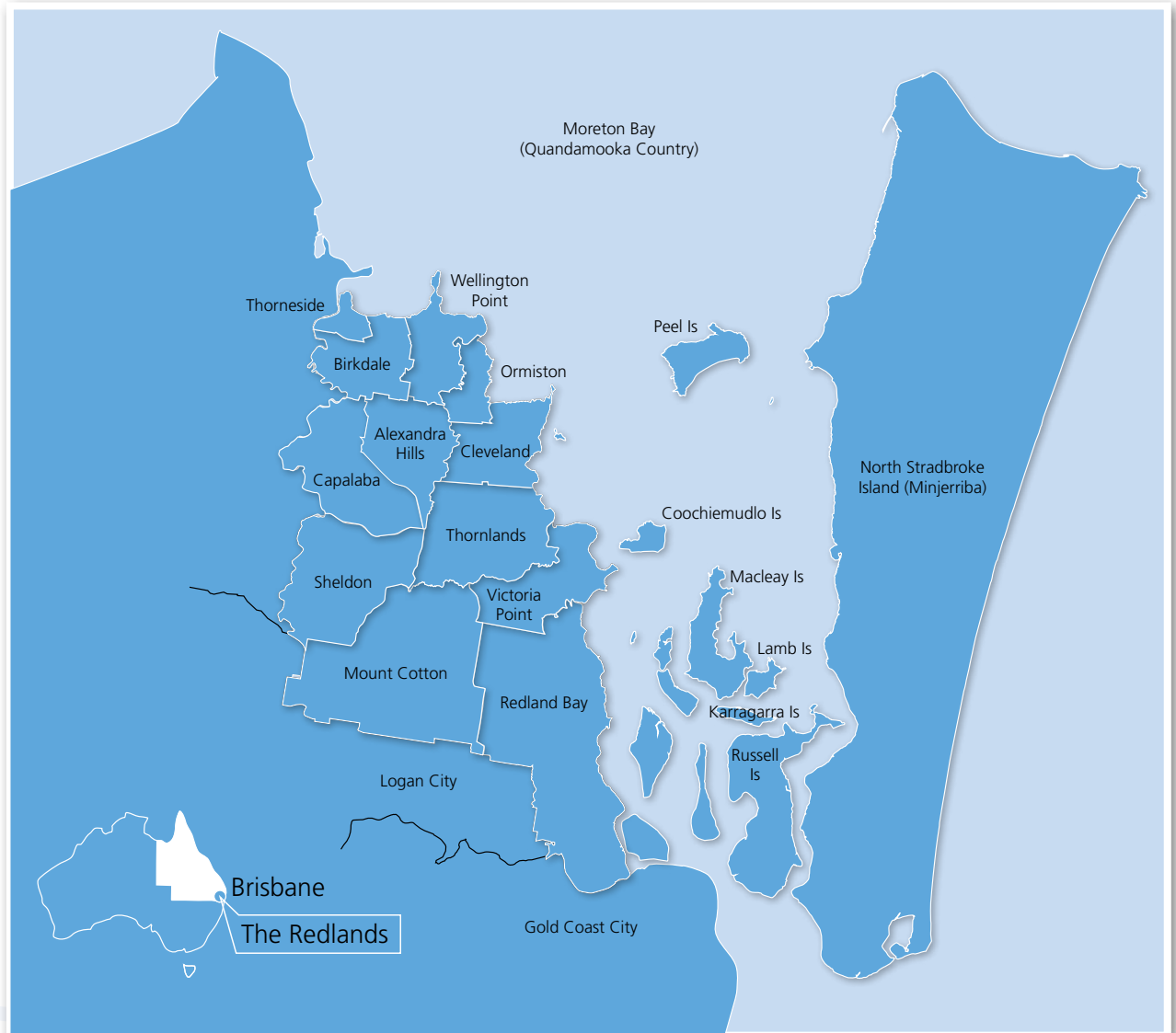
### Our mission

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

### Our values

#### Our values are to:

- strive to achieve 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 services
- be an ethical and transparent organisation
- treat people with respect and value diversity
- listen to our community and engage effectively with them.



## Five years in the Redlands

Financial (CPI adjusted to current dollars)						
	2006-07	2007-08	2008-09	2009-10	2010-11	
Total revenue	\$194,712,580	\$214,490,010	\$223,510,336	\$227,275,348	\$181,783,103	
Operating revenue	\$161,384,766	\$172,053,029	\$181,795,320	\$190,182,638	\$152,305,288	
Operating expenses	\$191,729,290	\$200,175,843	\$195,414,779	\$205,654,812	\$173,503,439	
Rates revenue (after discount)	\$125,260,174	\$130,926,875	\$143,507,716	\$154,750,816	\$94,355,565	
Rates revenue as % of total budget	64.33%	61.04%	64.21%	68.09%	51.9%	
Total assets	\$2,352,379,198	\$2,288,077,514	\$2,259,597,824	\$2,198,702,326	\$1,849,446,661	
Debts/assets ratio	6.25%	5.98%	1.85%	1.96%	3.1%	
Outstanding loans borrowings	\$147,124,024	\$136,876,439	\$41,731,126	\$43,172,435	\$57,652,208	
Debt servicing ratio	15.65%	15.87%	51.14%	2.44%	3.3%	
Environment						
Bushland under conservation	3,196 ha	9,121 ha	9,254 ha	9,769 ha	10,087 ha	
Approximate number of trees planted	67,522	80,623	96,865	105,852	58,950	
Area treated for mosquitoes	4,254 ha	4,334 ha	3,837 ha	6,437 ha	7,406 ha	
Ecosystem Health Monitoring Program rating for Redland creeks	Fresh water F Estuarine Eprapah D Estuarine Tingalpa D+	F C C	F C C	F C- C+	F C C	
Economic						
Total building applications received (domestic and commercial)	3,932	3,891	2,847	3,318	2,209	
Planning applications (received)	1,359	967	676	659	941	
Amount Council spends in the city for purchases	\$28,286,966	\$39,263,076	\$35,526,383	\$37,779,691	\$37,911,543	

## Five years in the Redlands continued

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Staff as of 30 June each year</b>					
Number of staff (including casual and part-time)	1,027	950	964	1,149	1,041*
<b>Community</b>					
Library membership	72,432	71,429	81,270	70,855	74,219
Number of children in outside school hours care per day	830	948	920	860	844
Number of hours of respite care	38,890	45,735	49,234	51,150	48,882
Dog registrations	20,317	20,712	22,822	23,073	23,165
Cat registrations	n/a	n/a	n/a	n/a	925
Value of grants committed to community from Council	\$913,145	\$1,496,557	\$777,561	\$807,365	\$713,158**
Average number of monthly community hall hirers	120	121	143	141	143
Redland Performing Arts Centre community hire (days)	n/a	27	108	126	117
<b>Waste</b>					
Number of kerbside waste collections (weekly)	50,356	51,612	50,464	53,615	52,134
Number of kerbside recycling collections (fortnightly)	50,335	51,660	51,612	53,409	51,977
Total recyclables (tonnes)	11,627	11,960	12,503	12,971	12,319

\*Reduction from 2009-10 due to the separation of Redland Water to Allconnex Water. (For more details on staff, see page 26)

\*\* Includes \$675,130 under the Community Grants Program; see page 61 for more details on community grants.

A message from our Mayor





# A message from our Mayor



Council had a busy and challenging year in 2010-11. But while there were new and unprecedented issues to manage, there were also some outstanding achievements.

We continued to deliver economic, social and environmental programs to our community, which have again resulted in important projects and outcomes for the Redlands.

Every year, I acknowledge the commitment, professionalism and hard work of our staff and elected members – and this year is no different. In fact, the efforts across our organisation have never been more impressive, given the challenges we have faced, and the outcomes we've achieved as a team.

I wholeheartedly and unreservedly thank our staff for their hard work in 2010-11 and encourage readers to take the time to learn more about what Redland City Council has achieved this year.

## Lobbying on behalf of our community

As mentioned elsewhere in this report, Council faced a significant reduction in revenue following changes made by the state government regarding water and developer contributions. We lobbied the state government on both issues, in an attempt to prevent a shortfall in funding of around \$12m. Our actions included an e-petition against the plans to cap infrastructure charges (paid by developers), calling on a fair deal for our ratepayers.

We also lobbied for a commonsense approach to water pricing as debate raged between the state government and south-east Queensland councils over the cost of water, and the potential disbanding of Allconnex Water. This was the water distribution and retail entity set up by the state government, of which Redland City Council is a shareholder, along with Gold Coast City and Logan City Councils. This issue was not resolved by the close of the financial year on 30 June 2011.

We also advocated strongly for:

- fast-tracking of the Eastern Busway completion
- Translink action in Southern Moreton Bay Island transport networks
- state involvement in redeveloping Toondah Harbour, Cleveland
- installing traffic lights at Anita Street, Redland Bay, and the Shore and Wellington Street intersection, Cleveland
- creating the Southern Russell Island Conservation Park.

## Strengthening our economy

We continued to support and strengthen our local economy through a range of initiatives in 2010-11, including:

- spending close to \$38m locally on goods and services
- investing \$619,000 into our tourism industry
- supporting our popular Business Grow mentoring program (which held around 600 meetings with local businesses)
- supporting our Trade and Investment Officer in China, who generated around \$5m in exports for local businesses, and provided support for another 30
- encouraging our community to support the Buy Local campaign.

### Pay rise rejected

As Councillors, we are very aware of the financial hardship facing many in our community, as the cost of living continues to rise. Which is why in February, my Council voted to reject the 2.5 per cent pay rise recommended by the Local Government Remuneration and Discipline Tribunal.

While not undervaluing the role Councillors play in managing the city and meeting locals' needs, we know ratepayers don't want to see their elected representatives accepting pay rises while others in the community are struggling.

## A message from our Mayor continued

Council also made some important decisions that set the scene for future economic growth and stability, including:

- purchasing land at Toondah Harbour at Cleveland (immediately north of the Stradbroke Flyer passenger terminal, next to land Council currently uses for car parking); making Council better placed to effectively master plan this important precinct, the gateway to North Stradbroke Island
- adopting the new Tourism Strategy for 2010-14, which aims for the Redlands to become 'the most accessible, diverse and protected nature playground within Brisbane's Moreton Bay and Islands'
- adopting the Cleveland and Capalaba Centre Master Plans
- progressing the Wellington Point Village Revitalisation Project
- revising the Redland City Centres and Employment Strategy, to ensure it takes into account future population planning and employment data, as well as new and updated planning documents.

Meanwhile, we also introduced the Target 5 Days project, which sped up development application approvals for dual occupancy and multiple dwellings (up to 10 lots), saving time and offering discounted fees. We are leaders in fast-tracking routine development application approvals and were the first south-east Queensland council to pilot the online Smart eDA system several years ago. Development applications for small lot houses and Southern Moreton Bay Island dwellings have been available using the accelerated application process for some time.

### A new direction for waste and resource management

In October 2010, Council finalised a regional waste solution with Brisbane City Council. Under the agreement, waste collected from our wheelie bins and transfer stations will be managed at a Brisbane facility, once the Birkdale landfill reaches the end of its lifespan in late 2011. This meant we no longer needed to plan to build a large waste management facility at Redland Bay to service the whole city. The new strategy means Council has avoided spending around \$50m over the next 10 years in waste costs, and offers more efficient ways to sort and manage waste in the Redlands.

Residents in the north of the city will still have access to a waste facility, with Council planning to transition the Birkdale facility to an improved resource recovery transfer station once the landfill is closed.

In April 2011, as a result of those savings, Council announced residents would pay less at transfer stations and for kerbside collection service as part of a new package of waste fees and charges and bin options. We also announced a new green waste kerbside service, to start in late 2011.

### Award for our waterways program

Redland City Council was awarded the 'BMT WBM - Government Award' at the 2011 Healthy Waterways Awards for our Waterways Extension Program, which involves Council partnering with landholders on waterway recovery projects. See page 33.

### Planning for sport and recreation facilities

We took a step closer to having a regional sports and recreation precinct, with Council agreeing to start negotiations to purchase land for its preferred site. Having already completed a detailed feasibility study and exhaustive investigations, Council resolved in June 2011 to prepare a full business case for the preferred site in the southern Redlands. This will be used to seek funding from the state and federal governments.

The business case will include discussions with relevant community organisations, state and local sporting associations, and the state government as part of long-term planning. This is about having a vision for the future sporting needs of our community, as some of our sporting groups are bursting at the seams.



## A message from our Mayor continued

### Progress on transport planning for the Southern Moreton Bay Islands

Key studies were completed and submissions received for the Southern Moreton Bay Islands (SMBI) Integrated Local Transport Plan review discussion paper, SMBI Water Transport Alternate Route Study (barge study) and the SMBI Travel Survey. All outcomes were being collated into a final report to go to Council early in the 2011-12 financial year.

### Council survey finds residents like it here!

The first comprehensive community satisfaction survey commissioned by Council in five years found 96 per cent people think the Redlands is 'a good place to live'. The citywide survey involved 459 residents, who provided honest views and suggestions on perceptions of Council's performance.

Divided into categories of basic services and infrastructure, community lifestyle services, managing the city and customer service and communication, the survey represented a snapshot of community perceptions. It was designed to allow Council to gather views about localised matters and revealed some significant differences in opinions and concerns among residents of inland, coastal and island communities. (Full details of the survey finds can be viewed online at [www.redland.qld.gov.au](http://www.redland.qld.gov.au).)

### Emergency management put to the test

In January, Council activated its Emergency Coordination Centre (ECC) for the first time, to respond to issues in the Redlands and provide support to the Brisbane Disaster District during the Brisbane floods.

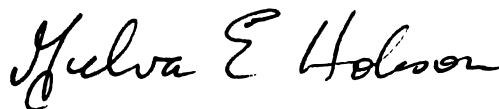
While it was in operation, up to 26 staff - the majority from Council, with others from Queensland Police and Emergency Management Queensland - worked in shifts at the ECC in Cleveland. Staff worked in planning, operations, logistics and media liaison teams, supported by technical and administration staff.

The key local issues caused by the wet weather were a subsidence of Main Road in Wellington Point, a major failure of a privately owned retaining wall at Wellington Point, a private road slip at Mount Cotton, and severe erosion at Amity Point caused by debris coming into Moreton Bay from the Brisbane River during the floods.

### Protecting our environment

Several highlights of our commitment to saving our endangered Redlands koala included giving evidence at the Senate Inquiry into the Health and Sustainability of Australia's koala population, calling for immediate action from the federal government to save the iconic species, and holding the inaugural Koala Fun Run.

There's no doubt this year has been the most challenging on record for our Council. Upon reflection, I am convinced that the actions we have taken - often difficult and many caused by decisions beyond our control - have been the right ones for our community's sustainability. The decisions this Council has made has set a strong foundation to continue to deliver on our community's expectations into the future.



**Melva E. Hobson** PSM  
Mayor of Redland City



### Queensland's Sustainable City



In July 2010, Redland City was awarded the title of Queensland's Sustainable City for 2010 by Keep Australia Beautiful Queensland and also won a second award for Outstanding Volunteers for Sustainability for the Redlands IndigiScapes Centre.

Keep Australia Beautiful Queensland said the prestigious award recognised the efforts of residents and communities in protecting their local environment, through planning, recycling, waste and water management.



## Mayor and Councillors' Information



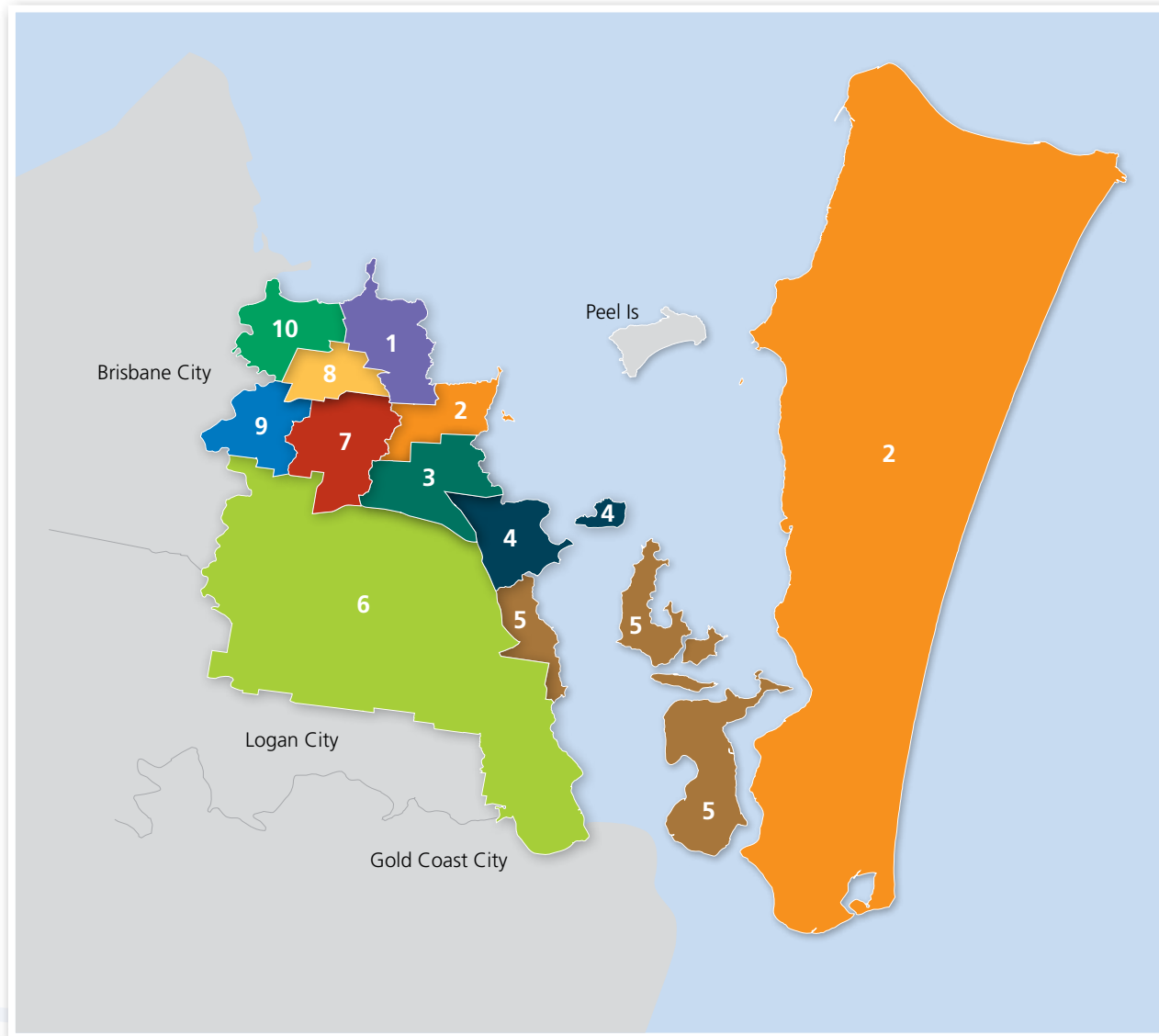
Division 4  
Councillor  
**John Burns** was  
unavailable for  
group photo

**Back (from left):** Wendy Boglary,  
Debra Henry, Karen Williams, Craig Ogilvie,  
Helen Murray and Barbara Townsend  
**Front (from left):** Toni Bowler,  
Melva Hobson, Murray Elliott and Kathy Reimers



## Mayor and Councillors' Information continued

- Division 1  
**Councillor Wendy Boglary**  
 Wellington Point/Ormiston
- Division 2  
**Councillor Craig Ogilvie**  
 Cleveland /North Stradbroke Island
- Division 3  
**Councillor Debra Henry**  
 Cleveland South/Thornlands
- Division 4  
**Councillor John Burns**  
 Victoria Point/Coochiemudlo Island
- Division 5  
**Councillor Barbara Townsend**  
 Redland Bay/Southern Moreton Bay Islands
- Division 6  
**Councillor Toni Bowler**  
 Mount Cotton/Sheldon/Capalaba/Thornlands/  
 Victoria Point/Redland Bay
- Division 7  
**Councillor Murray Elliott (Deputy Mayor)**  
 Alexandra Hills/Capalaba
- Division 8  
**Councillor Kathy Reimers**  
 Birkdale South/Alexandra Hills
- Division 9  
**Councillor Karen Williams**  
 Capalaba
- Division 10  
**Councillor Helen Murray**  
 Birkdale/Thornside



## Councillors' statutory meeting attendance

Total meetings attended July 2010 – June 2011												
Meeting	Mayor Cr Hobson	Division 1 Cr Bogleary	Division 2 Cr Ogilvie	Division 3 Cr Henry	Division 4 Cr Burns	Division 5 Cr Townsend	Division 6 Cr Bowler	Division 7 Cr Elliott	Division 8 Cr Reimers	Division 9 Cr Williams	Division 10 Cr Murray	Total meetings
General and Special Meetings	25	23	23	25	17	24	22	20	25	25	21	25
Development and Community Standards Committee	17	21	19	21	17	21	19	20	22	21	21	22
Planning and Policy Committee	10	10	10	10	8	11	9	11	11	11	10	11
Corporate Services and Governance Committee	10	11	8	11	4	11	10	9	11	9	10	11
Customer Services Committee	9	10	8	11	8	10	10	10	11	10	11	11
SMBI Communities Advisory Committee*	3	0	0	0	0	4	0	0	0	0	0	0
Totals	74	75	68	78	54	81	70	70	80	76	73	84

\* Mayor Hobson and Cr Townsend were the only Councillor members on this advisory committee

## Councillors' remuneration

Councillors' remuneration and associated business support costs for 2010-11									
Name	Gross salary	Superannuation contributions	* Transport	** Discretionary training and discretionary conference registration	^^ Delegations and conference-related exps	Mandatory training	Telephone, Blackberry and remote access	## Expenses Council/ community events	Total
Mayor Hobson	\$146,103.11	\$17,532.41	\$1,222.94	\$0.00	\$3,930.12	\$65.40	\$2,330.71	\$1,730.37	\$172,915.06
Div 1: Cr Boglary	\$88,932.62	\$10,672.03	\$0.00	\$0.00	\$5,162.33	\$65.40	\$3,008.59	\$422.73	\$108,263.70
Div 2: Cr Ogilvie	\$88,932.62	\$10,671.77	\$3,653.59	\$0.00	\$0.00	\$65.40	\$2,196.82	\$60.00	\$105,580.20
Div 3: Cr Henry	\$88,932.62	\$10,672.03	\$39.09	\$1,478.62	\$5,618.13	\$65.40	\$2,379.13	\$264.27	\$109,449.29
Div 4: Cr Burns	\$88,932.62	\$10,672.03	\$67.99	\$0.00	\$0.00	\$65.40	\$2,447.59	\$140.00	\$102,325.63
Div 5: Cr Townsend	\$88,932.62	\$10,672.03	\$2,058.59	\$1,778.62	\$1,072.03	\$65.40	\$2,331.95	\$150.18	\$107,061.42
Div 6: Cr Bowler	\$88,932.62	\$10,672.03	\$127.44	\$1,269.53	\$1,357.96	\$65.40	\$5,580.09	\$184.09	\$108,189.16
Div 7: Cr Elliott	\$98,461.21	\$11,815.47	\$75.42	\$0.00	\$0.00	\$65.40	\$2,987.96	\$0.00	\$113,405.46
Div 8: Cr Reimers	\$88,932.62	\$10,672.03	\$0.00	\$0.00	\$0.00	\$65.40	\$2,134.39	\$0.00	\$101,804.44
Div 9: Cr Williams	\$88,932.62	\$10,672.03	\$0.00	\$1,000.00	\$1,048.82	\$65.40	\$3,571.75	\$35.00	\$105,325.62
Div 10: Cr Murray	\$88,932.62	\$10,672.03	\$0.00	\$500.00	\$0.00	\$65.40	\$1,897.70	\$65.00	\$102,132.75
	\$1,044,957.90	\$125,395.89	\$7,245.06	\$6,026.77	\$18,189.39	\$719.40	\$30,866.68	\$3,051.64	\$1,236,452.73
								<b>Support costs</b>	\$580,393.78
								<b>Total costs</b>	\$1,816,846.51

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

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

## \$6,000 per annum Mayor or delegate, \$500 per annum per Councillor

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

# A message from our CEO





## A message from our CEO



As highlighted in the opening pages of this report, the 2010-11 financial year has been one of unprecedented challenges for our organisation, but we have met them all head-on.

We have worked diligently and professionally as a team, not only to overcome challenges, but to strive to improve practices and develop innovative solutions wherever possible.

These challenges have given us the opportunity to measure ourselves against the four fundamental questions that drive our contribution to every task we tackle, big or small:

- Will it last?
- Will it serve its purpose?
- Is there a better way?
- Is it reasonable?

I believe the way in which we have conducted our business has demonstrated that our team is achieving its objective of truly being a sustainable and effective organisation comprising clever and caring people.

A handwritten signature in black ink, appearing to be 'G. Stevenson', written over a white background.

**Gary Stevenson** PSM  
Chief Executive Officer



# Executive Leadership Group profile

## Our leadership group in 2010-11

Chief Executive Officer

**Gary Stevenson** PSM

Fellow of Local Government Managers Australia (Life)

General Manager Corporate Services

**Martin Drydale**

Member of Local Government Managers Australia; Member of the Institute of Public Accountants; Graduate Certificate (Professional Accounting)

General Manager Customer Services

**Louise Rusan**

Bachelor of Business; Graduate Australian Institute of Company Directors

General Manager Development & Community Standards

**Toni Averay**

Master of Policy & Administration; Bachelor of Arts; Graduate Diploma Education; Graduate Diploma of Industrial Relations; Member of Local Government Managers Australia; Graduate Australian Institute of Company Directors

General Manager Governance

**Nick Clarke**

Master of Science; Member of Local Government Managers Australia

General Manager, Planning & Policy

**Greg Underwood**

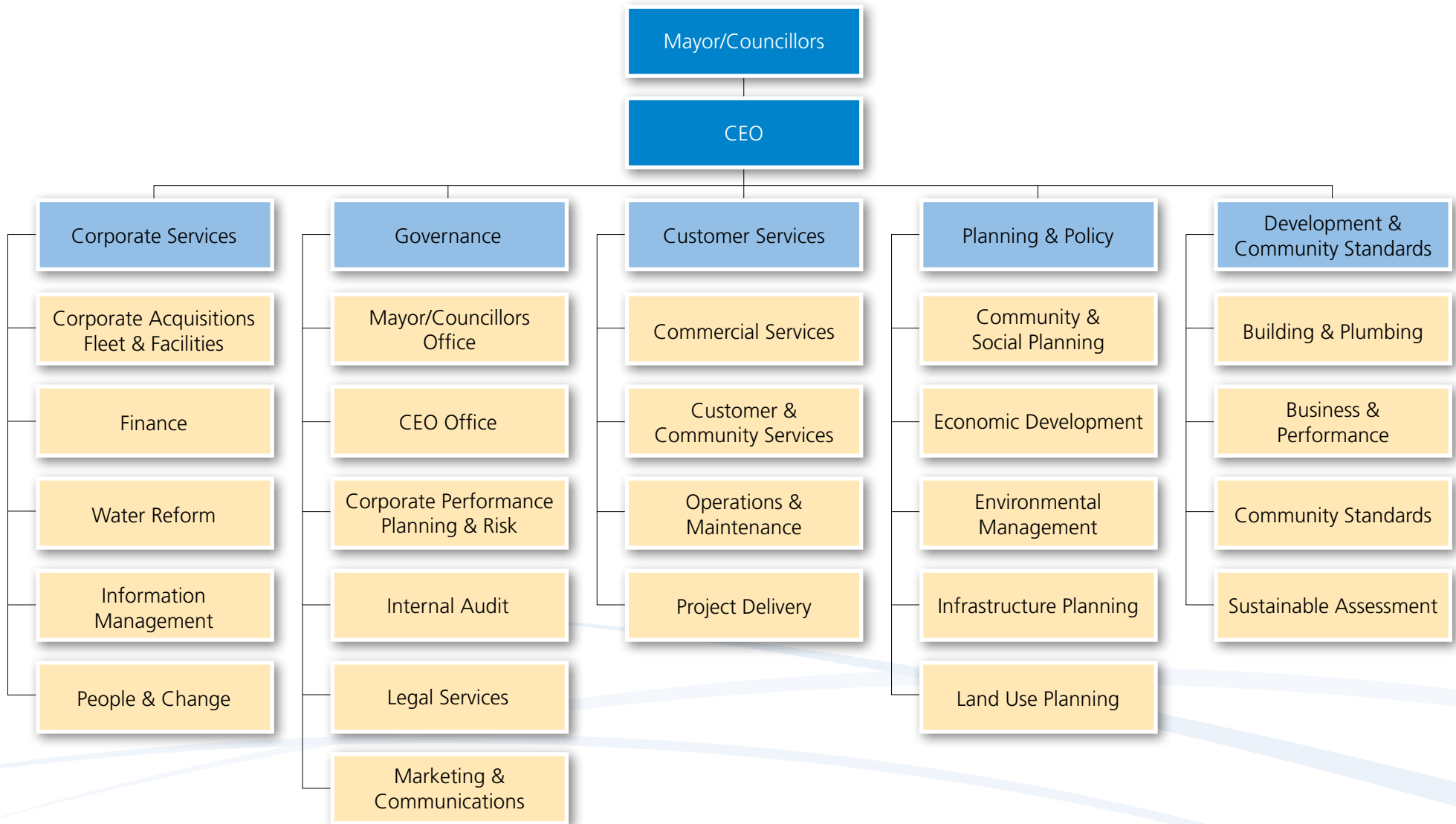
Bachelor of Engineering (Hons); Fellow of the Institute Engineers, Australia; Registered Professional Engineers Queensland



# Organisational structure

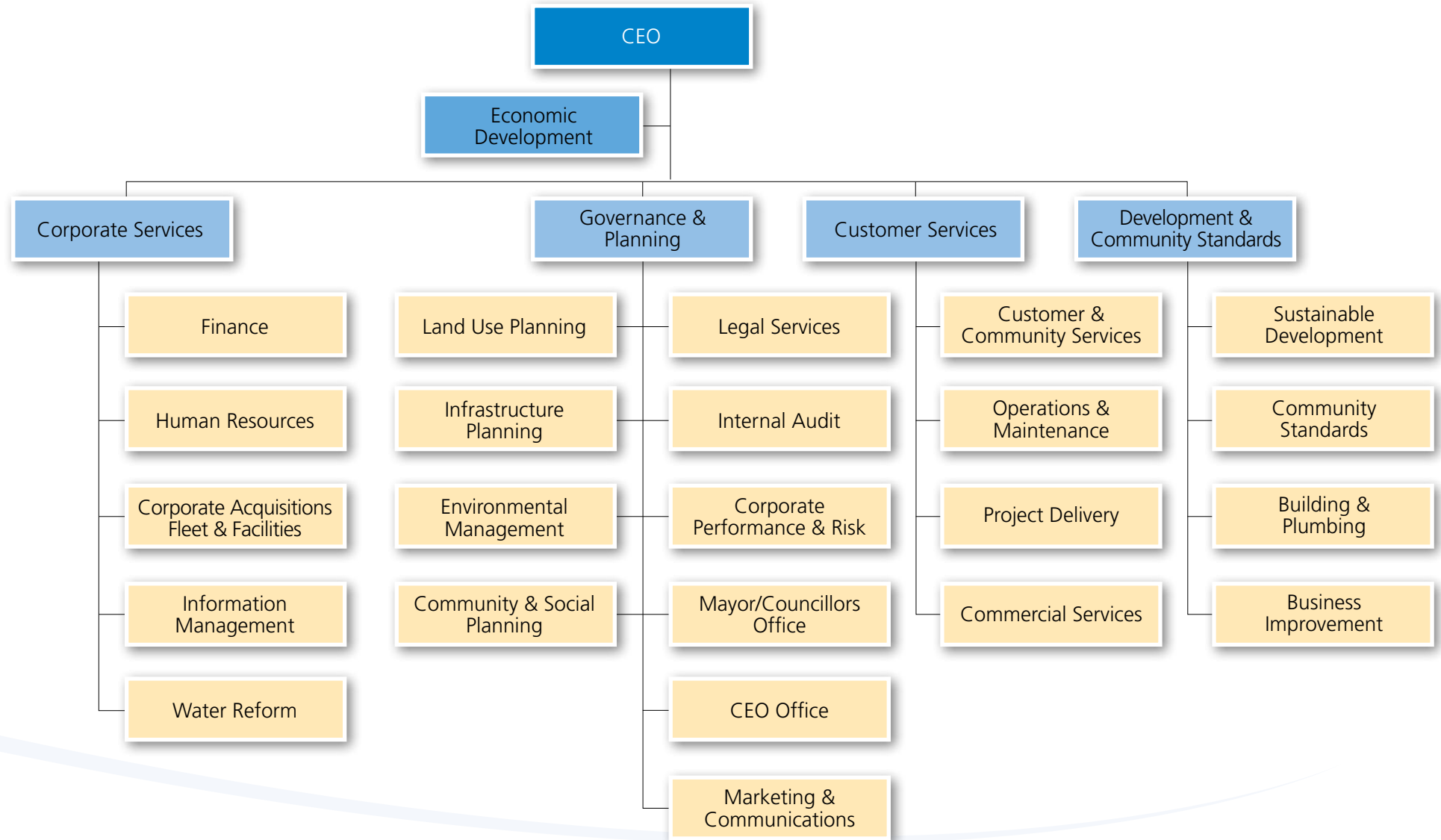


## Corporate structure (1 July 2010 – 14 June 2011)





# Transition structure (from 15 June 2011)



Our people



# Our people

## Human Resource Management Plan

In 2010-11, Council's People and Change Group implemented a new structure for its team. The new structure aims to continue providing important and high demand services, while also providing tools and management skills to reduce the time required for these activities in the future. The structure separates the strategy and key project work to ensure the organisation is well equipped to manage its people into the future. By developing strategic initiatives, Council will better enable leaders to manage their people in a clever, caring, effective and sustainable way.

## Values

We have continued to integrate our four key organisational objectives – to be caring, effective, sustainable and clever – into our culture. We do this through our 4-way test:

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



## Opportunities

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

## Employee development in 2010-11

- 38 employees were approved for assistance with tertiary studies (with 22 having claimed reimbursements this financial year)
- 48 employees graduated with a Certificate IV in Business, Project Management, Frontline Management or Training and Assessment
- 5 employees graduated with a Diploma in Local Government Administration
- 100 employees enrolled in a variety of Certificate IV and Diploma courses.

Council has a strong commitment to ongoing employee development and had 1,946 attendances registered for face-to-face training. We continue to develop both professional and technical programs that are relevant to changing requirements faced by employees within the local government context.

## Traineeships

- 25 full-time trainees and four school-based trainees graduated in February 2011, many of which have since gained ongoing work within Council.
- A further 20 full-time trainees and four school-based trainees were recruited in February in administration, theatre and live production, hospitality, horticulture and record-keeping.

These traineeships are funded by the state and federal governments, and provide opportunities to gain work experience while undertaking certificate level studies. Three school-based trainees worked in Council over the financial year, and are on track to successfully complete their courses by the end of 2011.



## Our people continued

### 2010 – Employee Satisfaction Survey

The employee satisfaction survey, MySay, was conducted in October and November 2010 with 697 (65 per cent) of employees participating. The survey was designed to provide a comprehensive picture of employees' overall satisfaction, engagement and commitment to Council. Views were captured about a wide range of workplace factors including employment conditions, leadership, safety and work-life balance.

The MySay results indicated that at least three quarters of Council employees were satisfied with Council as a whole, as well as with their current job. Employees expressed positive views across a range of workplace attributes, with particularly strong results in areas such as workplace safety, goal clarity, intrinsic job rewards, immediate team performance and immediate supervisor performance. Survey outcomes were broadly in line with average survey results from similar public service organisations.

The survey results were presented to the Executive Leadership Group in December 2010. In early 2011, comprehensive, group-specific results were presented to Group Managers and their teams with the full survey report being made available to all employees shortly after. Overall, the MySay results gave rise to a number of improvement initiatives within Council, which are ongoing.

### Organisational development

In response to both Council's organisational development plan and results from the MySay 2010 survey, projects are being rolled out for career development, employee value, and innovation and achievement. These programs aim to ensure Council continues to invest in our greatest asset within our diverse workplace and community: our people.

### Equity, diversity and equal opportunity

Council is committed to ensuring there is no form of discrimination within our organisation. We worked hard to achieve or progress a number of strategies and initiatives in 2010-11, by:

- conducting Diversity Challenge Workshops across Council (900 employees attended)
- further developing equal employment opportunities and diversity awareness training material
- conducting Indigenous Cultural Awareness Training across Council
- holding induction programs for all new employees (including our equal employment opportunities program)
- providing recruitment and selection training for employees
- introducing an Equity Officer and a Diversity Contact Officer, and appointing 20 Diversity Contact Officers across five work sites
- developing programs to support the personal, professional and career development (of women, in particular)
- submitting a nomination for the Bronze Award under Australian Centre of Excellence for Local Government 50:50 Vision.

### Code of conduct

Council reviewed its Employee's Code of Conduct in 2010-11 to reflect amendments to legislation, and is now consulting with all relevant parties before changes are implemented. The changes primarily involve reducing the code of conduct from the five principles in the *Public Sector Ethics Act* to the updated four principles.

### Leadership and workforce development

Council developed a leadership competency framework to clearly outline what is expected of leaders within the organisation. These competencies, together with the results from the MySay satisfaction survey, formed the basis for our leadership development program, which saw a range of pilot leadership workshops in 2010-11.





## Our people continued

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

The Workplace Health and Safety (WHS) Unit has undergone many changes during the past 12 months. The unit was renamed the Safety and Wellbeing Unit and continued to offer consultative services in relation to WHS matters. In addition, the unit continued to develop and implement new processes in line with the WHS Management System and Management Plan.

'Safety First Redlands' has become a recognised symbol for safety throughout Council. In October 2010, the Safety and Wellbeing Unit celebrated national Safe Work Australia Week by conducting a Behavioural Safety Workshop with over 120 attendees. The workshop was well supported by participants from local and state government and the private sector. Contracting Safely, Constructing Safely and World Day for Health and Safety at Work Day have all continued to support the work of 'Safety First Redlands'.

Looking forward, 1 January 2012 will bring about significant changes to WHS practices, with the harmonisation of Australian WHS legislation. This change will impact many aspects of our operations, and will require changes to our procedures.



### Voluntary redundancy process

As mentioned earlier in this annual report, Council offered a voluntary redundancy program in early 2011 as part of measures to manage unforeseen impacts on its operating budget (see page 4 for details). The first round of redundancies was offered to senior and executive management, and included early termination of contracts of service.

As a result, Council developed a range of support programs to help employees who were leaving Council, and those who remained. Council values all its employees, so decisions made by senior management, and support programs provided by Council's People and Change Group, reflected that value.

Staff who accepted a voluntary redundancy were offered opportunities to build skills and techniques to support their transition to their next phase of employment, or, in some cases, retirement.

The CEO also held regular briefing sessions, and provided regular emails and information to all staff, explaining how decisions were being made, and outlining the opportunities ahead for staff continuing their careers at Council.

Throughout the process (which continued in July 2011), Council ensured the valuable contribution of all staff – those accepting a redundancy and those continuing on – was recognised, acknowledged and celebrated.



## Our people continued

### Employees at a glance

#### Employees (total number of employees)\*

Permanent	690
Permanent part-time	110
Permanent (executive)	3
Temporary contact of service	86
Contract of service (executive)	23
Casual (based on hours worked)	129
<b>Total</b>	<b>1,041</b>

\* Reduction from 2009-10 annual report due to the separation of Redland Water to Allconnex Water

### Corporate profile

Full time equivalent employees (excluding casual based on hours worked)	888.09
Full time equivalent positions (excluding casuals)	912
New full-time equivalent positions in 2009-10 budget	18.1

### Employees recruited

Internal	110
External	165
<b>Total</b>	<b>275</b>

### Employee departures

Employee turnover rate	14%
Employee-initiated separation	145
Employees nominating for and accepting voluntary redundancy	18
Employees redeployed/retrained due to redundancy	17

### Gender balance

Executive/Senior Management Group	7 (27%) female 19 (73%) male
Elected representatives	8 (72.7%) female 3 (27.3%) male
<b>Total employees</b>	<b>58.38% female 41.62% male</b>

### Senior contract employees\* and other managers on contract

Range (Total remuneration package)	No. of employees
\$300,000 to \$350,000	1*
\$200,000 to \$240,000	5*
\$150,000 to \$185,000	17
\$140,000 to \$150,000	2

\*Senior contract employees' are the CEO and General Managers.  
The 'total remuneration package' includes salary, leave loading, superannuation and vehicles.

## Our people continued

### Recognising our achievements

Council again collected a series of awards in 2010-11. Here is a snapshot of our achievements.

Award	Description
<b>Assistant Commissioner's Certificate of Appreciation</b>	Queensland Police Service Assistant Commissioner's Certificate of Appreciation for support to the Brisbane District Disaster Coordination Centre during the January 2011 Brisbane flood event.
<b>Healthy Waterways Award – Government Category</b>	For our Waterways Extension program (see page 33 for more detail).
<b>Heritage and Cultural Tourism – Moreton Bay and Islands Tourism Awards 2010</b>	Redland Art Gallery was recognised for offering visitors an insight into Australia's history, heritage and contemporary culture.
<b>Ecotourism – Moreton Bay and Islands Tourism Awards 2010</b>	Redlands IndigiScapes Centre was recognised for providing ecologically sustainable tourism with a primary focus on experiencing natural areas that foster environmental and cultural understanding, appreciation and conservation.
<b>2010 Australian Safer Communities Award – Local Government category</b>	Council won for its Seniors' Emergency Preparedness project, which was developed in response to concerns raised by residents and emergency service organisations of the need to improve the preparedness of seniors should there be an emergency.
<b>Queensland's Sustainable City for 2010 – Keep Australia Beautiful Queensland</b>	Redland City was awarded the title of Queensland's Sustainable City for 2010 in recognition of the efforts of residents and communities in protecting their local environment.
<b>Community Action and Partnerships Award – National 2010 Keep Australia Beautiful Sustainable Cities Awards</b>	Redland City Council demonstrated leadership and achievement through three specific programs that brought together a mix of partners from the Council, local landholders, community groups and residents, to address local sustainability issues.



# Performance report – what we did

On the following pages, we provide our first ‘state of the city’ report – a summary of our performance against our corporate plan during 2010-11. First, though, we will outline the framework that guides our direction and measures our performances.

## Redlands 2030 Community Plan

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

The plan sets a vision for 2030, when ***‘the Redlands will be a well-designed, vibrant city of mainland and island communities, each with distinctive character, heritage and lifestyles. Our shared values will shape the way we care for each other and how we protect the land, seas and waters where we choose to be’.***

The plan sets out eight vision outcomes:

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

## Corporate Plan 2010-2015

Council's Corporate Plan 2010-2015 represents Council's contribution to the delivery of the Redlands 2030 Community Plan. The plan sets out what Council plans to do over the next five years to contribute to the eight vision outcomes. The plan also includes a ninth outcome, which explains how Council will be an efficient and effective organisation.

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

## Operational Plan 2010-11

Each year Council must develop and adopt an annual operational plan, which sets out what work it plans to do toward the Corporate Plan. This is a requirement of the *Local Government Act 2009*. An operational plan is a one-year plan, closely linked to Council's budget, setting out specific actions planned for the financial year that contribute to the delivery of the Corporate Plan.

The Operational Plan 2010-11 included 139 projects. These projects were delivered by teams across Council and progress was reported quarterly to the Corporate Services and Governance Committee. At the end of the 2010-11 financial year, a report was prepared outlining progress against the plan. A table showing a summary of progress is shown below. Any projects not complete at 30 June 2011 continue to be monitored by Council's Corporate Services and Governance Committee.

## Summary of results

Status	Number
Completed	75 projects were fully implemented by 30 June 2011.
Incomplete as at 30 June 2011	27 projects could not be completed by 30 June 2011. This was largely due to the impacts of changes to Council's financial position and subsequent changes to budget and staffing resources. Other projects were unable to be completed due to extraordinary weather conditions and Council resources being dedicated to flood assistance. These projects will continue to be monitored by Council until complete.
Included in 2011-12 Operational Plan	32 projects have been included in the new Operational Plan 2010-11. Many of these projects reflect ongoing priorities for Council.
Cancelled	Three projects were cancelled.
Carried forward to 2012-13	Two projects were deferred until 2012-13 due to budget planning decisions.
<b>Total projects</b>	<b>139</b>



# Managing our performance

In June 2010, Council adopted a new corporate performance management framework. This framework sets out how Council tracks and reports performance against the Redlands 2030 Community Plan, the Corporate Plan and the Operational Plan.

The framework includes three key elements:

- **Community Satisfaction Survey** – Every two years, we will survey local residents to see how well they think we are doing against our plans. This survey will track satisfaction levels, as well as helping us to understand perceptions within the community about important issues. We carried out a survey in 2010. (See more on this page.)
- **Annual Performance Report** – As part of this annual report, Council will report against each of the nine outcomes within the Corporate Plan. Pages 31 to 52 include key performance indicators and case studies of work carried out in 2010-11. The key performance indicators will be reported each year to tell us how well we are performing.
- **Quarterly Performance Report** – This report will be presented quarterly to the Corporate Services and Governance Committee. The report will include progress against the Operational Plan, together with a range of other key performance indicators that tell us how our services are performing throughout the year.

All three elements of the performance management framework will help Council and the community understand how well our plans are progressing.

## Customer Satisfaction Survey

Redland City Council conducted its first comprehensive customer satisfaction survey in five years in October 2010.

Aimed at gathering perceptions about Council's performance, the city-wide survey also measured its performance against other Queensland local governments.

Responses were provided by 459 residents, which provided a snapshot of community perceptions on localised matters – as well as matters that were beyond the scope of Council's responsibilities.

The survey revealed significant differences in opinions and concerns among residents depending whether they lived in inland, coastal or island communities.

Key findings were:

- 96% of locals said the Redlands was a good place to live
- nine out of 10 people agreed there is an overwhelming sense of belonging and community spirit
- three-quarters of those surveyed said they felt safe in their city and neighbourhoods
- most people highly ranked the quality and range of cultural, sporting and library services, parks, playgrounds/ public amenities and parks management
- seven out of 10 residents were concerned the state government's planned 30,000 population increase would impact the community's valued lifestyle and environment
- the community indicated it expected Council to manage areas under its direct control better, such as building, control, town planning and environmental planning
- residents said they wanted more local economic and tourism

- Southern Moreton Bay Island residents were deeply concerned about securing needed infrastructure, transport and services.

Community satisfaction surveys will be undertaken every two years and benchmarked against these results.



# Annual state of the city indicators



## Annual state of the city indicators – Healthy natural environment

Healthy natural environment			
Performance indicators	2009-10	2010-11	Comments
<b>Koala population</b>			
Number of koalas sighted as part of annual koala count on North Stradbroke Island	26	28	The second annual North Stradbroke Island urban koala survey was undertaken in October 2010; 64 volunteers participated from Redlands and further afield. Results were very similar to 2009. State government data on the whole of Redlands koala population will be available in 2011-12.
Total number of koala trees planted	Unavailable	7,465	The koala food trees planted are part of the total 58,950 new plantings for the financial year.
<b>Community involvement in environmental programs</b>			
Number of people involved in community environmental programs	Unavailable	5,000	<p>Programs are run by IndigiScapes and this figure is a combination of one-off participation in education programs and ongoing involvement in programs with tangible ongoing results. Volunteer groups are involved in:</p> <ul style="list-style-type: none"> <li>• habitat protection</li> <li>• active bushcare</li> <li>• IndigiSapes</li> <li>• wildlife ambulance driving</li> <li>• wildlife care network</li> <li>• school programs (student participation).</li> </ul>



## Annual state of the city indicators – Healthy natural environment continued

Performance indicators	2009-10	2010-11	Comments
<b>Health of Redlands' waterways</b>			
Waterway health rating	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 (including those on Coochiemudlo Island and North Stradbroke Island, and Southern Moreton Bay islands). In 2011, the overall water quality trend for the mainland freshwater creeks was generally fair to good and remaining steady. Council will continue to monitor the creeks and identify hot spots to help us focus on future efforts for on-ground waterway recovery action.
Healthy waterways data from Ecosystem Health Monitoring Program - freshwater creeks	F	F	The Ecosystem Health Monitoring program delivers a comprehensive regional assessment of the ecosystem health for each of south-east Queensland's 19 major catchments, 18 river estuaries and nine zones in Moreton Bay. Five out of 11 of Redland's mainland freshwater catchments are graded by the program. The program highlights whether waterway health is improving or declining and provides insight into the issues impacting on waterway health. Details of the 2010-11 result will be published in October 2011. Redland City Council has committed to implementing 34 actions of the Health Waterways Strategy 2007-2012, which are underway and on track.
Healthy waterways data from Ecosystem Health Monitoring Program - Tingalpa creek	C+	C	
Healthy waterways data from Ecosystem Health Monitoring Program - Eprapah Creek	C-	C	
<b>Habitat gained</b>			
Number of new plantings	105,852	58,950	Significant plantings were undertaken at: <ul style="list-style-type: none"> <li>• Myora Landfill, North Stradbroke Island</li> <li>• North Stradbroke Island</li> <li>• Donald Road and Weinam Creek, Redland Bay</li> <li>• Tipuana Drive, Capalaba.</li> </ul>
<b>Manage fire, pests and other hazards</b>			
Total area treated for mosquitoes	6,437	7,406 ha	We treated 4,176.08 ha by land and 3,230.4 ha by air (over nine aerial treatments). An average mortality rate of 97% was achieved, which is considered excellent. This is an important task in managing potential public health risks if mosquito breeding is not controlled, particularly in high rainfall conditions.
Number of complaints regarding overgrown allotments	1,025	1,075	There was a slight increase in complaints during 2010-11. Given the significant summer rainfall and vegetation growth, especially in uninhabited blocks of land, this increase is not considered unreasonable.



# Annual state of the city indicators – Healthy natural environment *continued*

## **CASE STUDY** Waterways Extension Program

### Corporate Plan Strategy 1.6:

Address the decline in the health of Redlands' waterways and improve water quality, aquatic populations and their biodiversity

### Description:

Improving the quality and health of our waterways

Redland City Council was awarded the 'BMT WBM - Government Award' at the 2011 Healthy Waterways Awards for our Waterways Extension Program, which involves Council partnering with landholders on waterway recovery projects.

The Waterways Extension Program aims to:

- reduce the amount of nutrients and sediment entering our creeks
- improve the filtering capacity of riparian land
- control aquatic weeds
- encourage best practice land management on private property on rural land.

The program in 2010-11 involved community engagement, building rapport and developing partnerships to deliver on-ground outcomes with 47 participants. Council provides technical advice and incentives to rural-residential landholders who adopt best practice land management activities, including:

- pasture regeneration
- upgrading failing septic systems
- planting in-stream and riparian vegetation to help improve water quality and waterway health.

A number of successful restoration trials were completed in 2010-11, and are now part of a tool kit available to program participants.



## Annual state of the city indicators – Green living

Green living			
Performance indicators	2009-10	2010-11	Comments
<b>Go local</b>			
Total creditor payments to local businesses	\$37,779,691	\$37,911,543	While Council purchasing is governed by strict legislative requirements, and the need to ensure best value for ratepayers, Council supports local suppliers where they can demonstrate they are competitive on price and quality.
<b>Council's energy consumption</b>			
Annual energy consumption for Council's occupied buildings	3,595,484 kw	3,142,808 kw	Savings for 2010-11 on the previous year were 452,676 kw, which equates to 12.59% and 398 tonnes of greenhouse gas emissions. This exceeds the annual target of 5%. Savings were mainly made by improvements to air conditioning and lighting.
<b>Community participation: practical and positive local action</b>			
Number of people involved in energy efficient programs	Unavailable	9.927	There were a number of different programs supporting energy efficiency in 2010-11. As part of the overall figure, 1,213 households were involved in the Energy Conservation Communities Program, 3,666 households were involved in the Climate Smart Home Service Program; and three schools were involved in the Green Lane Diaries Program.
<b>Manage environmental harm</b>			
Number of routine environmental licence inspections for environmentally relevant activities (ERAs)	Unavailable	222	Of the 222 routine environmental licence inspections, three were not completed within the timeframes. Overall achievement is 98.6%. There was a reduction in complaints against ERAs in 2010-11, due to improved environmental methods, such as Council's incentive licensing scheme, and local industry moving towards best environmental practice.
<b>Waste management</b>			
Total domestic tonnage of waste sent to landfill per capita/year	447.5 tonnes	437 tonnes	The amount of waste sent to landfill per person was less than the maximum target and the result for this year is less than last year, showing a trend towards waste minimisation as required by Council's waste strategy.
Percentage of recyclable material diverted from kerbside collection	23.8%	21.93%	This indicator did not meet the target of 25% diversion for 2010-11 (as published in the Redwaste Performance Plan). However, there was also a 2.5% reduction in total kilograms of domestic waste per person sent to landfill. This reduction may relate to the reduction in kerbside recycling, but may be attributed to community and consumer behaviour, and an overall reduction in waste as a result of the 'Rethink your rubbish' campaign (see below).

# Annual state of the city indicators – Green living *continued*

## CASE STUDY 'Rethink your rubbish' campaign

### Corporate Plan Strategy 2.8:

Implement Council's waste management strategy by applying best practice principles in pricing, public awareness, resource management, recycling and recovery

Description: Household waste minimisation

As part of its Sustainable Resources from Waste Plan 2010-2020 (adopted in June 2009), Council developed a comprehensive marketing and education strategy to encourage the Redlands community to further minimise its waste.

The theme of the campaign was 'Rethink your rubbish', and the first phase kicked off in early 2011, specifically targeting households and how efficiently they were recycling and managing green waste. The campaign encouraged people to view the contents of their bins as a resource rather than waste. It provided tips and information on available services to help people change their habits, through:

- diverting organic waste from their waste bin
- ensuring all appropriate recyclables go into the recycling bin
- recycling away from home
- minimising litter in the community
- greater re-use of materials
- generating less household waste.

In the first phase of the campaign, Council also explained why charges were necessary at transfer stations and how revenue is spent to deliver services and plan for future waste services and infrastructure.

The campaign was launched at the Cleveland Markets in March 2011, with recycling, composting and worm farm demonstrations, and prizes were given away on the day (compost bins and worm farms). A new online A-Z Recycling Guide was launched, and we started to rollout a visual campaign including press advertising and ads on the back of Veolia buses promoting the new online guide.

The state government's draft waste strategy proposes that communities should divert 65 per cent of material from landfill by 2020, which makes Council's own strategies and campaigns all the more important. For our community to be able to reduce waste and increase resource recovery, we need to:

- provide effective services and systems
- raise awareness of ways to reduce waste (such as the above campaign)
- develop partnerships with our local communities and businesses to encourage a sense of shared responsibility.

If we are unable to meet the state government's target, our community – just like any other in the state – will face increasing costs to manage waste. The aim of our Sustainable Resources from Waste Plan and 'Rethink your rubbish' campaign is to minimise that increase.





## Annual state of the city indicators – Green living *continued*

### CASE STUDY Community gardens

#### Corporate Plan strategy 2.3:

Promote a 'go local' attitude towards working, socialising, shopping, playing and supporting local production of food

**Description:** Developing and encouraging community gardens in the Redlands

In December 2010, following extensive research and consultation, Council endorsed an interim Community Gardens Policy and Strategy to guide Council's support for community gardens on both Council and private land.

The move reflected community desire expressed both before and during the Redlands 2030 Community Plan process for local community gardens. The policy and strategy recommend a co-ordinated cross-Council approach to assessing, approving and supporting community gardens.

Financial support is available for these projects through Council's Community Grants Program.

In 2010, in parallel with this policy development, the Russell Island Community Garden was established on Council-owned land at the Russell Island Sport and Recreation Park, by an enthusiastic group of islanders.





## Annual state of the city indicators – Embracing the bay

Embracing the bay			
Performance indicators	2009-10	2010-11	Comments
<b>Island infrastructure</b>			
Capital reserve spending on Southern Moreton Bay Islands (SMBI)	\$4,743,694	\$3,824,650	Major funding for the accelerated roads program has enabled additional road projects, pedestrian access improvements and road sealing across all islands. The SMBI infrastructure program includes several local area traffic management projects, such as pedestrian refuges, zebra crossings and minor intersection upgrades.
<b>Promote enjoyment of the bay by improving access</b>			
Number of new and upgraded bay access points	Unavailable	4	A new boat ramp was completed at Amity Point. This project was funded and managed by Department of Transport and Main Roads. A second new boat ramp was constructed at Jock Kennedy Park, Russell Island. Two sets of beach access stairs were constructed along Orana Esplanade, Victoria Point. A queuing beach was constructed at Wellington Point, to alleviate congestion at the ramp during peak usage.

# Annual state of the city indicators – Embracing the bay *continued*

## CASE STUDY Point Lookout holiday bus service

### Corporate Plan strategy 3.1:

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

### Description:

Improving transport on North Stradbroke Island during holiday periods

Each year during the Christmas and Easter peak holiday times, Council subsidises a free bus service around the Point Lookout area. The service starts at 8:30am and runs every 30 minutes, with its first point at the Surf Lifesaving Club at Point Lookout, running a loop service to Adder Rock and back.

There had been concerns from the community that the ambience of the township and the quiet rural lifestyle of residents were being compromised by increased volumes of vehicle traffic. As a result, Council launched the holiday bus in response to significant increases in traffic at Point Lookout during peak holiday periods.



# Annual state of the city indicators – Quandamooka Country

Quandamooka Country			
Performance indicators	2009-10	2010-11	Comments
<b>Awareness of local Aboriginal history and culture</b>			
Level of community awareness of local Aboriginal history and culture	Unavailable	60.4%	In 2010-11, three in five residents surveyed (60.4%) had a strong knowledge or were aware of the local Aboriginal community of Redlands and their traditions (6.5% strong knowledge, 53.9% aware). Residents in households with children were more likely to have knowledge of Aboriginal culture and history (74.6%). Nearly all North Stradbroke Island residents reported having knowledge and awareness of aboriginal culture and history.



# Annual state of the city indicators – Quandamooka Country *continued*

## CASE STUDY

### Minjerribah Knowledge Centre feasibility study

#### Corporate Plan strategy 4.9:

Work with Traditional Owners of North Stradbroke Island (Minjerribah) to establish an Indigenous-focused knowledge centre in Dunwich to encourage local cultural and economic development opportunities and educate the wider community

**Description:** Progressing an Indigenous knowledge centre on North Stradbroke Island

Council is committed to supporting the Quandamooka Aboriginal community to establish an Indigenous knowledge centre on North Stradbroke Island and, in February 2011, formally endorsed a feasibility study for the Minjerribah Knowledge Centre.

The feasibility study describes Indigenous knowledge centres as follows:

*'Indigenous knowledge centres are a focus in a community for the preservation of cultural and historical knowledge about that community, the land, the people who live within it and / or come from that place. These centres are owned and managed by Indigenous people as an essential component of their establishment and cultural sustainability'.*

The feasibility study dictates that it is the Elders, family representatives and community organisations who are the keepers of the knowledge and the custodians of the stories, artefacts, heritage and cultural practices that have maintained the essence of the Quandamooka culture as recognised by the Federal Court and parties to the Native Title Consent Determination. Building on this, the Quandamooka People affirm the importance of their rights and responsibilities to take a central role in forming the Indigenous knowledge centre.

Of primary importance will be the establishment of a governance and management plan that meets the needs and aspirations of the Quandamooka People, that reflects their protocols, and that takes into account the high level demands being placed on the Indigenous community at this time.





# Annual state of the city indicators – Quandamooka Country *continued*

## **CASE STUDY** Indigenous Land Use Agreement

### Corporate Plan strategy 4.2:

Negotiate Council's rights and interests with respect to Native Title land with the Traditional Owners of land through an Indigenous land Use Agreement

### Description:

Native Title on North Stradbroke Island

In 2010-11, Council continued negotiations with the Quandamooka People, (culminating in the signing of an Indigenous Land Use Agreement (ILUA) on 4 July 2011). The landmark agreement followed extensive negotiations over the past two years, completing a Native Title process first begun in 1995.

The Quandamooka People's Native Title to the land and waters of North Stradbroke island was recognised through a consent determination of the Federal Court on 4 July 2011, signed by the Queensland Government, Redland City Council and the Quandamooka People, acknowledging their continuous connection to the land and waters of Quandamooka Country for millennia prior to white settlement.

The ILUA agreement with Council outlines the way the Quandamooka People and Council will work together to recognise each others' rights and interests and to help each other meet their responsibilities. The ILUA sets out terms of compensation to the Quandamooka People for the alienation of their traditional lands and rights, while also ensuring continued community access to public lands and facilities on the island.

The negotiations were guided by strong mutual respect and the principle of fairness to all parties. The negotiation process with the Quandamooka People reflected their commitment to representing all native title claimant families and the enduring and living cultural heritage of North Stradbroke Island's Aboriginal communities.

Native Title claims will not affect freehold land, or the use of public reserves, roads or public access to the foreshore on North Stradbroke Island. All future planning decisions on Native Title land will be done in cooperation between Council and the Quandamooka People, and in accordance with state and local planning requirements.

A lot of work remains in 2011-12 and beyond, to implement and build on the cultural and historic recognition of the Quandamooka People as part of a positive future for North Stradbroke Island.

The next stage of the ILUA process will involve formal registration of the ILUA and establishing the Quandamooka Yoolooburra Aboriginal Corporation, to work with Council, the state government and others, to give effect to the historic agreements.



## Annual state of the city indicators – Wise planning and design

Wise planning and design			
Performance indicators	2009-10	2010-11	Comments
<b>Connect city's communities with improved cycling and walking network</b>			
Length of footpaths constructed	2.7 km	3.645 km	New footpaths constructed in 2010-11 added to the existing network, filling missing links near schools, transport hubs and other community facilities.
Total length of footpaths in the city	376.4 km	380 km	
Length of cycleways constructed	1.89 km	2.6 km	A strategic focus for Council in recent years has been completing and improving links of the Moreton Bay Cycleway, as well as other links identified in Council's cycleway trunk network.
Total length of cycleways in the city	51.1 km	53 km	
<b>Plan and advocate to connect city's communities with improved public transport</b>			
Number of bus shelters provided	Unavailable	27	27 illuminated shelters were installed in 2010-11.
Total number of bus journeys started in the Redlands	Unavailable	2,378,578	Council continues to advocate to the state government for increased bus services for the city. In 2010-11, a total of 2,378,578 people boarded a public transport bus within the city.
<b>Housing diversity</b>			
Number of new attached housing approvals	152	308	Following the introduction of the Redlands Planning Scheme (in 2006), the attached and detached dwelling approval split has shifted from generally a 10/90% split to approximately 30/70%. In 2010, this has continued with a 30.4/69.6% split, which suggests that Redland City Council is efficiently using development land.
Number of new detached housing approvals	619	705	
<b>Provide and manage high quality parks and open spaces</b>			
Hectares new parkland/conservation land	Unavailable	70.3 ha	In 2010-11, Council acquired 70.3 ha of land for open space or nature conservation purposes, either through direct acquisition of the land or via developer contributions. Of this total, 65 ha was on the mainland with 5.3 ha on the Southern Moreton Bay Islands. In total, 47 individual lots were acquired, with the largest acquisitions being at Lyndon Road, Capalaba (38.8 ha), Fernbourne Road, Wellington Point (8.4 ha), High Street, Russell Island (4.5 ha) and Balthazar Circuit, Mount Cotton (3.4 ha).

## Annual state of the city indicators – Wise planning and design *continued*

### **CASE STUDY** Gateway to Moreton project

#### Corporate Plan strategy 5.13:

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

#### Description:

Foreshore planning and improvements

Redland City Council, through a collaborative project with the Australian Government and Queensland Government, has been redeveloping the Redlands' four most significant mainland regional parks over the past three years.

Each park – Wellington Point Reserve, Cleveland Point Reserve, Victoria Point Reserve and Capalaba Regional Park – is unique and iconic in its own right, and each has historical significance within the city. The three point reserves, in particular, were long overdue for restoration and redevelopment to make them vibrant and accessible regional parks.

As part of the Gateway to Moreton Project, these parks have received a wide range of infrastructure, such as new playgrounds, pathways and promenades, toilets, picnic shelters, barbeques, seating, revetment walls, and road and car parking reconfigurations. The second lighthouse at Cleveland Point Reserve has also been replaced, after its removal during the filming of *The Voyage of the Dawn Treader* in 2009. The new playground at Capalaba Regional Park is an All Abilities playground, partly funded by Disability Services Queensland.

Cleveland Point Reserve will be completed by December 2011, wrapping up the Gateway to Moreton Projects, which has ensured Redland City has quality regional parks for residents and visitors.



## Annual state of the city indicators – Supportive and vibrant economy

Supportive and vibrant economy			
Performance indicators	2009-10	2010-11	Comments
<b>Strengthen local economy and local employment</b>			
Total number of schools involved in EcoMan program	Unavailable	5	The Ecoman program visited five schools in the Redlands in 2010-11. The name Ecoman combines the words 'economics' and 'management' and was originally developed as a business simulation training program. It promotes an understanding of business and the contribution private enterprise makes to the community, and encourages school leavers to consider the private sector as a career choice. It also makes participants aware of the commercial realities of operating a business.
Total number of international students	Unavailable	114	International students attended three schools in the Redlands in 2010-11.
<b>Provide business support to local companies</b>			
Total number of businesses assisted by the Business Grow Program	864	690	The Business Grow Program continued to offer advice and mentoring to potential businesses and existing businesses in Redlands.
Total number of businesses assisted by China Trade and Investment Office	30	41	The China Trade and Investment Officer helped 41 businesses in Redlands, advising them on importing and/or exporting from/to China. The officer assisted one local company in particular in securing a significant multi-million dollar contract in China.
<b>Tourism numbers</b>			
Total number of accommodation beds in the city	Unavailable	7,184	Accommodation is collated for the whole Redlands, which includes North Stradbroke Island, Southern Moreton Bay Islands and Coochiemudlo Island. A range of accommodation options is available, including motels, backpacker rooms, self-contained rooms, caravan and camping and bed and breakfast rooms.
Total number of visitors to the Visitor Information Centre	8,878	6,891	Visitor Information Centre usage varies according to region, physical alignment with an attraction or destination, location and accessibility. In 2010-11, the Redlands Visitor Information Centre assisted almost 7,000 people with wide ranging enquiries, providing advice on accommodation, attractions, transport and tours.



# Annual state of the city indicators – Supportive and vibrant economy *continued*

## CASE STUDY

### Media and marketing familiarisations

#### Corporate Plan strategy 6.6:

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

#### Description: Promoting our tourism sector

Council hosted six media and marketing familiarisations in the Redlands in 2010-11. Two were held with inbound tour operators (ITOs) from Sydney and Queensland. ITOs are responsible for booking products from an international perspective, are based in Australia, and are a key component of the tourism distribution and travel system. Tours to Go, Goway Travel, Travelocity and General Travel Australia were among those to visit the Redlands in 2010-11.

In February 2011, Council's Tourism Unit hosted a familiarisation of the Redlands for around 20 staff and volunteers from the Brisbane Visitor and Booking Centre. They visited key North Stradbroke Island locations, including the historic Dunwich Cemetery, Brown Lake and the Point Lookout Gorge Walk, as well as learning more about available accommodation, transport and ferries. They also visited Cleveland.

All familiarisations are undertaken in partnership with the tourism industry and, where applicable, involved guides, owners, managers and knowledgeable community members.

Familiarisations offer a range of benefits, including:

- key partnerships and stakeholder engagement with the tourism industry
- opportunity to showcase the Redlands to booking agents
- build the awareness of tourism products, experiences and destinations in the Redlands, as part of Moreton Bay and islands
- opportunity for feedback on the featured products and participants (providing positive reinforcement and/or insight into opportunities for further improvement).

Outcomes include:

- potentially higher-yield visitors being attracted to the region
- greater customer satisfaction from the diversity of products
- greater visitor spend in the Redlands, which supports the local economy and community.



## Annual state of the city indicators – Strong and connected communities

Strong and connected communities			
Performance indicators	2009-10	2010-11	Comments
<b>Increase community health and wellbeing</b>			
Number of vaccines administered	7,360	6,911	We administered 5,655 vaccines through the schools program and 1,256 at Council community clinics. Council met its agreement with Queensland Health to provide immunisation services to schools. Community clinics aim to increase public health in relation to preventable disease within the community. There was a 40% increase in visitations to community clinics from 2009, with numbers stable since.
Percentage of generally compliant food businesses	97.83%	97.25%	Queensland Health delegates enforcement of the <i>Food Act 2006</i> to Council when it comes to the food service and manufacturing sector. This percentage for 2010-11 indicates Council has a good knowledge of the operations of local businesses, with those businesses generally complying with legislation.
<b>Increase community safety</b>			
Percentage of residents satisfied with safety in the city and their neighbourhood	Unavailable	75%	This reflects a community survey undertaken in 2010, during which the community members were asked how satisfied they were with the safety of the city and their neighbourhood. As a result, key features of the revised draft of the community safety strategy include: supporting strong and resilient communities by providing quality infrastructure and community programs; enhancing public safety and confidence in public spaces by using designs that promote community safety; and reducing violence and crime through coordinated responses with other government and community organisations.
<b>Promote festivals, events and activities</b>			
Number of events managed by Council	29	20	The 20 events managed by Council in 2010-11 included Christmas by Starlight, numerous citizenship ceremonies and the inaugural Koala Fun Run in May 2011.
<b>Provide practical support to community sector</b>			
Number of sponsorships approved	Unavailable	38	38 sponsorship applications were processed during the financial year to the approximate value of \$140,000. Of this total, six applications were referred to Council for decision (being over \$5,000). The sponsorship program was only introduced in January 2010.
Value of grants committed to community from Council	\$807,365	\$675,130	Council committed \$675,130 to 207 organisations and individuals through the Community Grants Program. For additional information including a breakdown of categories, see page 61.

# Annual state of the city indicators – Strong and connected communities *continued*

## CASE STUDY Child and Youth Friendly Policy

### Corporate Plan strategy 7.7:

Increase children and young people's active participation in community life and support their social, cultural and physical development

Description: Ensuring Redlands is a child-friendly city

In February 2011, Council adopted a Child and Youth Friendly Redlands Policy (along with a detailed draft report, developed in conjunction with Griffith University), which identified how the principles, policies and practices of child-friendly cities can be applied in the Redlands.

The policy contains six key commitments, which aim to ensure children and young people in the Redlands:

- are valued, supported, respected, provided for and feel included and connected to their communities
- are supported to develop skills to become active citizens, and influence decisions about their city
- have the opportunity to interact with the natural environment to nurture their health and wellbeing, and connection to nature
- are given support for their creative and entrepreneurial abilities by access to broad opportunities for learning, play, employment and creative expression
- are able to live in quality urban, rural and island communities, where public spaces are safe, fun and welcoming and children and young people have a choice of education, transport options, open spaces and activity centres
- live in a city where their Council:
  - listens to children and young people
  - identifies and nurtures champions and projects that reflect the principles of the Child and Youth Friendly Policy
  - works to make our city a place where children can grow, and have a strong local identity, and where they can make positive contributions to community life.

We look forward to working with all sections of the community, and particularly children and young people, to ensure these commitments are delivered in the years ahead.



## Annual state of the city indicators – Inclusive and ethical indicators

Inclusive and ethical indicators			
Performance indicators	2009-10	2010-11	Comments
<b>Provide accessible information</b>			
Monthly average number of visits to Council's corporate home page	57,500	53,000	In 2010-11, residents typically visited Council's corporate site to find information (for example, a popular page is the community directory listing contact details for halls and other community organisations). Over time, we expect to see visits to Council's community consultation pages increase against visits to the home page. We track visits to both the home and consultation pages over time, and this is indexed against the total population of the city. This way we see not only the visibility of Council online but also the change in participative behaviour.
Total number of visits to Council's consultation pages	Unavailable	7,745	
Total number of media liaisons	499	494	A total of 494 media releases and statements were issued during the financial year.
<b>Deliver board, rich and deep engagement</b>			
Total number of community engagements recorded by Council	Unavailable	58	Council uses an online system to track and record details of engagement activities throughout the year. In 2010-11, a wide range of engagement activities were completed or progressed, including the Coochiemudlo Foreshore Master Plan, open house events and surveys, Southern Moreton Bay Island Integrated Local Transport Plan, and community SpeakOuts etc.
Percentage of the community who agree they have the opportunity to have a say on key decisions affecting Redlands on important issues.	Unavailable	41.4%	This indicator is based on a community survey carried out by Council in September 2010. A further 9.5% of residents surveyed neither agreed nor disagreed. Council continues to proactively engage the community on a variety of issues and decisions.
<b>Ensure resource allocation is sustainable</b>			
Total number of full-time employees in the organisation	970	888.09	The decrease of full time employees at Council between 2009-10 and 2010-11 is a result of Redland Water business transferring from Council to Allconnex Water.
<b>Ensure delivery against our priorities</b>			
Community satisfaction with Council leadership	Unavailable	47.7%	Based on the community survey undertaken in 2010-11, 47.7% agreed/strongly agreed that they were satisfied with Council's general policies; 18.1% neither agreed nor disagreed and 31.2% were dissatisfied.
<b>Rates set to finance delivery of community and corporate plan</b>			
Total revenue raised from rates, utilities, special charges and separate charges, less discounts and remissions	\$82,043,247	\$95,535,567	The increase in revenue collected from rates, utilities and charges excludes income from water and sewerage. From 2009-10 to 2010-11 there was a 16.45% increase in funds collected, which is due, partly, to increased rates charged and partly to an increase in growth across the city. (Increase in buildings and blocks of land.)



# Annual state of the city indicators – Inclusive and ethical indicators *continued*

## CASE STUDY Russell Island Open House

### Corporate Plan strategy 8.4:

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

### Description:

Providing opportunity for community input into the Southern Moreton Bay Islands Integrated Local Transport Plan

In 2008, Council released the Redland Bay Centre and Foreshore Master Plan, which proposed paid parking to manage increasing demand by islanders for mainland car parking. This generated a strong community reaction and prompted the rise of new advocacy groups, which in turn polarised the Southern Moreton Bay Island (SMBI) community and strained relationships between island residents and Council.

Council wanted to improve this situation and developed new ways of working with SMBI community on key decisions. The SMBI Integrated Local Transport Plan (ILTP) was at the forefront of this change of approach. Community engagement for the ILTP included a discussion paper, commuter survey, SpeakOut event on Macleay Island and regular direct communication with households about progress and other relevant studies and activities.

A key event during the formal submission process was the Russell Island Open House, an informal event held in March 2011, at which locals could come and go during the day, and food and children's entertainment was provided. The focus of this event was 81 bright ideas that had been collated from other engagement activities including the Macleay Island SpeakOut and community and stakeholder discussion paper. For example:

- 'Bright idea 1: Demand responsive mini or coaster bus service for island residents that brings people up from the ferry terminal to the town centre and other major destinations on Macleay and Russell Islands.' (Macleay Is SpeakOut 2010)
- 'Bright idea 18: Multi-storey car parking stations at the ferry terminals of the islands should be studied.' (Our Parking Spot submission to Council)

These 81 bright ideas were then sorted into themes (such as 'mainland parking' or 'passenger ferries') and residents could comment on or support their preferred ideas with voting dots. Council also involved the SMBI community in developing a prioritisation framework, to identify key actions for the ILTP.

Nearly 400 SMBI residents attended the event, and feedback indicated it was by far the most constructive and positive community engagement on the island since the Redland Bay Centre and Foreshore Master Plan had been released. Residents generally appreciated the opportunity to contribute to decision-making, especially when realising their past suggestions had been recorded and their voices had been heard. The way the community prioritised the 81 bright ideas, and the supporting evaluation framework, has since been included in the draft SMBI ILTP.



## Annual state of the city indicators – An efficient and effective organisation

An efficient and effective organisation			
Performance indicators	2009-10	2010-11	Comments
<b>Ensure flexibility is incorporated into work practices</b>			
Number of part-time employees in the organisation	80	110	Council is committed to providing flexible working practices including part-time employment.
<b>Financial sustainability</b>			
Operating surplus ratio	Unavailable	-11.9%	The net operating deficit was \$17.9m or 11.9% of total operating revenue of \$150.6m, well outside of the targeted range of positive 0-15%.
Level of dependence on general rates	Unavailable	44%	General rates were \$66.2m or 44.0% of total operating revenue of \$150.6m. This result is just inside the set target of under 45%.
Percentage debt servicing ratio	Unavailable	3.4%	Total interest and redemption payments to Queensland Treasury Corporation were \$5.1m or 3.4% of total operating revenue of \$150.6m. This result is comfortably within the target set of less than 10%.
Cash capacity	Unavailable	6	The cash balance at 30 June 2011 was \$72.4m compared to average monthly payments to suppliers and employees and borrowing costs throughout the 2010-11 year of \$12.0m. This equates to a cash capacity of six months comfortably ahead of targeted cash holdings of three-four months.
<b>Promote diversity in the workforce</b>			
Percentage of female employees in management positions	22.6%	27%	Council strives to achieve a good gender balance in management positions. The figure to the left is based on the three most senior tiers of management in the organisation (CEO, General Managers, Group Managers).
Percentage of male employees in management positions	77.4%	73%	
Percentage of female employees	55.8%	58.65%	Council has a relatively even split of male to female employees which reflects the diverse occupational roles in local government.
Percentage of male employees	44.1%	44.48%	

## Annual state of the city indicators – An efficient and effective organisation continued

### Recruit and retain high quality staff

Satisfaction with Redland City Council as an employer	Unavailable	78%	Staff survey results indicate that at least three quarters of our staff were satisfied with Council as a whole, as well as with their current job. Employees expressed positive views across a range of workplace attributes, with particularly strong results in areas such as workplace safety, goal clarity, intrinsic job rewards, immediate team performance and immediate supervisor performance. Survey outcomes were broadly in line with average survey results from similar public service organisations (for more details see page 24).
Overall job satisfaction	Unavailable	75%	
Percentage of employee turnover	13.9%	14%	The turnover rate at Redland City Council is relatively stable. A large organisational redesign occurred during this timeframe, which contributed to approximately 17% of the total turnover rate (for more details see page 26).
Number of transfers in Redland City Council	72	136	

### Support the health and wellbeing of our people

Percentage of overall absenteeism of employees	Unavailable	4.92%	This is the first year for collection of this indicator. Collection will assist in the review of our wellbeing strategy.
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# Annual state of the city indicators – An efficient and effective organisation *continued*

## CASE STUDY Asset maintenance

### Corporate Plan strategy 9.6:

Implement long-term asset management planning that supports innovation and sustainability of service delivery, taking into account the community's aspirations and capacity to pay for desired service levels

### Description: Asset maintenance

As part of its commitment to sustainability, Council has developed a Building Asset and Services Management Plan (ASMP). The plan enables Council to know what funding and resources we will need in the future to operate and maintain our community facilities and corporate Council buildings.

The ASMP was prepared by developing detailed condition audits for the majority of Council buildings, and now:

- presents a forward plan of projected works for the next 20 years
- provides an accurate forecast of the future capital and operational expenditure required in order to maintain the existing levels of service
- outlines strategic and operational responses required to improve customer focus and meet long-term community need
- offers transparency in how Council is achieving financial sustainability.

It covers seven asset categories:

- corporate buildings (accommodating Council staff and/or providing services to the community)
- community use buildings (providing a service to the community and may accommodate some Council staff)
- work depots
- public amenities (such as public toilets)
- community halls and showgrounds
- community buildings under lease
- infrastructure (e.g. sheds, and shelters).

The ASMP demonstrates how services and funding for buildings can be sustained and prioritised. It was used to develop the 2011-12 budget model for building maintenance, as well as the 10-year operational and capital plan for buildings assets. Council's approval of the feasibility study is a vital step in achieving that vision, and sets the direction for stakeholder commitment and establishing governance arrangements to guide the project through to fruition.





# RedWaste Business Unit Statement of Operations and Annual Report

RedWaste Business Unit is a Type 2 commercial business unit of Redland City Council. RedWaste's undertaking for waste management includes the construction, operation, management and maintenance of landfills (operational and closed sites), waste transfer stations and the kerbside collection network.

In 2010-11, RedWaste provided essential waste collection services to 52,134 households and 51,977 recycling services.

## Our statutory duties

The legislation under which RedWaste operates is the *Local Government Act 2009*, and subordinate legislation being *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*. RedWaste's Annual Performance Plan is prepared in conjunction with these pieces of legislation, which this report is based on. Specifically, this annual report provides operational information, such as:

- RedWaste's operations, and comparison with the annual performance plan
- changes made to the annual performance plan
- impacts of the annual performance plan, including:
  - financial position
  - operating surplus or deficit
  - prospects
- particulars of directions the local government gave the unit.

This report details RedWaste's performance for the 2010-11 financial year and fulfils the unit's statutory responsibilities.

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

Council's Sustainable Resources from Waste Plan was progressed in 2010-11.

Highlights:

- Adoption of the 'Rethink your rubbish' campaign, designed to encourage people to view contents of their bins as a resource rather than waste. The campaign aims are to provide information and advice about services available to help people change their behaviour and minimise waste. The campaign was also designed to clearly articulate why charges are necessary and how revenue is spent in delivering services and planning for future waste services and infrastructure. (See case study on page 35.)
- Providing financial incentives for people to downsize their waste bin from a 240 litre to a 140 litre bin. This also included a \$16 refund to residents bringing in clean separated green waste, recognising residents need to maintain their gardens. As a result of the incentives, 958 residents downsized their bin and 663 successfully applied for green waste refunds.
- A green waste composting trial on Russell Island was initiated, to assess whether suitable compost could be made on the islands to Australian Standard quality, as part of a strategy towards more sustainable waste management on the Southern Moreton Bay Islands.
- Launching a public place recycling strategy to progressively increase the amount of recycling bins in parks and streetscapes, and to increase the ability of residents and visitors to recycle away from home.

- Finalisation of the Birkdale Landfill exit strategy, which will see the landfill close in September 2011 and Redlands' waste transported out of the city for final disposal. As part of the finalisation, Council confirmed the Birkdale transfer station will continue to operate pending assessment of further infrastructure upgrades.
- The Birkdale renewable energy plant was officially launched. This facility uses gas generated from the breakdown of organic waste and converts it to energy – which will continue doing so even after the landfill has closed.

In 2010-11, RedWaste provided services to Council and the community in accordance with the RedWaste Annual Performance Plan 2010-11.



## RedWaste Business Unit Statement of Operations and Annual Report continued

### Key performance indicators (KPIs)

Number of domestic waste and recycling collections					
	2006-07	2007-08	2008-09	2009-10	2010-11
Waste	50,356	51,612	50,464	53,615	52,134
Recycling	50,335	51,660	51,612	53,409	51,977

Percentage growth in number of domestic waste and recycling collections					
	2006-07	2007-08	2008-09	2009-10	2010-11
Waste	0.45%	2.49%	-2.22%	6.24%	-2.76%
Recycling	0.45%	2.63%	-0.09%	3.48%	-2.68%

Net amount and type of recyclable waste from kerbside recycling collection (tonnes)					
	2006-07	2007-08	2008-09	2009-10	2010-11
Aluminium	67	72	95	79	82
Glass	3,365	3,860	3,907	4,656	4,313
High density polyethylene	411	413	454	533	555
Steel	208	199	208	189	189
Cardboard and paper	7,576	7,416	7,839	7,513	7,179
Total	11,627	11,960	12,503	12,970	12,318

## RedWaste Business Unit Statement of Operations and Annual Report continued

### Change (percentage) in net amount and type of recyclable waste from kerbside recycling collection (tonnes)

	2006-07	2007-08	2008-09	2009-10	2010-11
Aluminium	-68.66%	6.94%	24.21%	-20.25%	3.66%
Glass	-8.77%	12.82%	1.20%	16.09%	-7.95%
High density polyethylene	-24.09%	0.48%	9.03%	14.82%	3.96%
Steel	16.83%	-4.52%	4.33%	-10.05%	0.00%
Cardboard and paper	7.63%	-2.16%	5.40%	-4.34%	-4.65%
Total	1.49%	2.78%	4.34%	3.60%	-5.29%

### Kilograms per household per week

	2008-09	2009-10	2010-11
Mass of kerbside domestic waste stream	15.14 kg	14.92 kg	15.60 kg
Mass of kerbside domestic recycling stream	4.76 kg	4.80 kg	4.50 kg
Mass of contaminants in the kerbside domestic recycling stream	0.55 kg	0.41 kg	0.44 kg

### Commercial and other collections (services per week)

	2008-09	2009-10	2010-11
RORO mainland	63	57	47
RORO islands	9	8	8

\*RORO – Roll-on-roll-off bin located at transfer stations for storing and transporting waste.

### Commercial and other collections (services per week)

	2008-09	2009-10	2010-11
Total waste received at landfills (excluding soil for landfill cover)	59,699	63,999	63,374
Soil received at landfills (including cover material)	78,037	47,832	41,702
Materials diverted for recycling/reuse at landfills and transfer stations	24,357	25,885	28,469
Total materials diverted from landfills	36,860	38,857	40,789
Percentage of materials diverted from landfills (diversion rate)	38%	38%	39%

## RedWaste Business Unit Statement of Operations and Annual Report continued

### Key performance indicators

Program	Component	Performance measure	Target	2010-2011
Waste and recycling collections	Domestic waste	Percentage of missed services complaints	0.012%	0.008%
	General waste	Percentage of other complaints		0.005%
		Customer satisfaction		99.628%
	Kerbside recycling	Recycling rate per service		6.49 kg
	Kerbside recycling	Recycling rate per capita		2.36 kg
	Kerbside recycling	Total tonnage recycled		12,320 tonnes
	Transfer station recycling	Net financial returns from the sale of recyclables	-	\$410,282
	Transfer station recycling	Total tonnes recycled	-	14,031 tonnes
	Green waste recycling	Total tonnes recycled	-	20,229 tonnes
	Total recycling statistics	Total recycling statistics	-	61,018 tonnes



# RedWaste Business Unit Statement of Operations and Annual Report continued

## RedWaste Business Unit Annual Operations Report

	KPI	Key performance indicator	Frequency	APP yearly target	Yearly KPI achieved
Community and customers	1	Total kg of domestic waste landfilled per capita/year	Monthly	Max 480	437
	2	% recyclable material diverted from kerbside collection (recycling bin only)	Monthly	Min 25	21.93
	3	Waste education – number of activities (events, tours, visits)	Monthly	Min 96	125
Financial	4	Cost per tonne of waste	Monthly	Max \$105.76	\$83.99
	5	Operating performance (actual to budget operating expenditure)	Monthly	+/-5%	0.09%
	6	Earning before interest, tax and depreciation (EBTITD)	Monthly	+/-5%	12.81%
Internal processes	7	% compliance with DERM licence – waste management	Quarterly	Min 98%	99.4%
	8	Number of missed bin services each year (refuse and recycling)	Monthly	Max 504	312
	9	% of capital works program practical completion % of planned project milestones achieved monthly	Monthly	-	-
People and learning	10	Lost time injury frequency	Monthly	-	-

The KPI for the percentage of recyclable material diverted from the kerbside collection of waste and recycling did not meet the target. It should be noted that there was a 2.5% reduction in total kg of domestic waste landfilled per capita/year. This reduction may relate to the reduction in kerbside recycling, but may be attributed to community and consumer behaviour, and an overall reduction in waste as a result of the Rethink Your Rubbish campaign.

The other KPI not achieved was the target for earning before interest, tax and depreciation (EBITD). The result to 30 June 2011 was 12.81%, which is actually a positive result for Council as it means that RedWaste paid more dividend to Council than what was budgeted, due to savings in operational expenses and better than expected revenue. This KPI for the 2010-2011 year has been reviewed in line with Council's financial strategy.

# RedWaste Business Unit Statement of Operations and Annual Report continued

## RedWaste Business Unit Annual Performance Plan

Following the Customer Services Committee Meeting on 21 July 2010, Council resolved the Annual Performance Plan for 2010-11 not be adopted, and acknowledged the continuation of the existing Annual Performance Plan (2009-10).

A special meeting was convened on Tuesday 14 September 2010, where the revised Annual Performance Plan was adopted by Council resolution.

Changes requested by Council related to:

- changes made to the *Local Government Act 2009* and the application of the *Local Government (Beneficial Enterprises and Business Activities) Regulations 2010*.
- nature of reporting by RedWaste
- revision of RedWaste goals and visions and the need to link to Council's Sustainable Resources from Waste Plan.

## Council directions to RedWaste Business Unit during 2010-11

RedWaste was required by Council to implement the following decisions:

- extend the RWW-0028 contract to provide waste and recycling services, material recycling and recovery, and transport of waste
- accept the tender submitted by River City Plant Hire to operate the Birkdale Landfill and Redland Bay Waste Transfer Facility
- provide exemption of fees for waste disposal to registered not-for-profit-organisations and community groups under Council's community service obligations.

## Other significant directions to RedWaste Business Unit during 2010-2011 were:

- The state government introduced the Queensland Waste Reduction and Recycling Strategy in December 2010, which sets the direction and targets for the state over the next 10 years. The legislation underpinning this strategy (and which will require councils to align their own waste strategies) is still in draft, having being delayed as a result of the floods and other disasters across Queensland in January 2011. Council's Sustainable Resources from Waste Plan will therefore be amended once that legislation is passed by Parliament.
- Recovery and recycling targets for Municipal Solid Waste (MSW) under the state government's strategy were proposed:

Percentage reduction				
Source	2008 (base)	By 2014	By 2017	By 2020
MSW	23%	50%	55%	65%

## Community service obligations

As required by Council, RedWaste provided a range of waste management services to the community. Council paid back the RedWaste the cost of providing these services known as community service obligations.



## Other statutory information





## Other statutory information

Requirements for annual reporting have changed under the *Local Government Act 2009* and its regulations. This section includes information required under the Act that has not been listed in other sections of this annual report.

A full list of annual reporting requirements for councils required under the Act is provided on p151, along with where to find the relevant information in this report.

### Business activities

#### Type 2

RedWaste, which looks after Council's waste management activities, is our only Type 2 business activity. You can find more information on RedWaste's activities in 2010-12 on pages 53-58.

#### Type 3

Council has the following Type 3 business activities:

- building certification
- caravan parks
- cemeteries (new in 2010-11)
- fleet and plant (new in 2010-11)
- quarry operations (new in 2010-11)
- Redland Art Gallery (new in 2010-11)
- Redland Performing Arts Centre
- school aged care
- tourism (new in 2010-11)
- wharves and jetties (new in 2010-11).

The competitive neutrality principle has been applied to all significant business activities above. There were no investigation notices given in 2010-11 under section 137 of the *Business Activities Regulation* for competitive neutrality complaints.

Under Beneficial Enterprises and Business Activity (BE&BA) Regulation, section 32:

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





## Other statutory information continued

### Overseas travel

#### Mayor and Councillors

There was no overseas travel by the Mayor or Councillors in 2010-11.

Staff				
Name	Position	Destination	Purpose	Cost
Warren Mortlock	Principal Adviser, Environmental Protection	Washington DC, Palm Bay, Florida	US Climate Change Fellowship (attendance arranged through Local Government Managers Australia)	Nil to Council (funded by the State Department, USA)

### Grants to community organisations

Grant	Value
Community grants program (including Regional Arts Development Fund)	\$675,130
Voluntary Conservation Agreements	\$3,939
Koala Conservation Agreement Program	\$27,450
Wildlife carer reimbursement	\$6,639

### Councillors' discretionary fund

Individual Councillors, including the Mayor, did not have any discretionary funds to allocate for grants to community organisations in 2010-11.

Length of roads within the Redlands					
	2006-07	2007-08	2008-09	2009-10	2010-11
Land under roads	1,001 km	1,001 km	1,014 km	1,026 km	1,035 km
Length of roads owned by Council	922 km	930 km	935 km	947 km	956 km
Length of roads owned by other entities	79 km	79 km	79 km	79 km	79 km

## Other statutory information continued

### Tenders

There were no changes to tenders in 2010-11.

### List of registers

- Adopted Committee and Council meeting dates
- Assets
- Authorisations
- Beneficial Enterprise
- Business Activities
- Cat and Dog
- Complaints
- Corporate Gift
- Cost Recovery Fees
- Council Policies
- Councillors' Registers of Interests for Gifts, Hospitality & Memberships
- Delegations
- Election Gift
- Contact with Lobbyists
- Local Laws and Subordinate Local Laws
- Mayor to CEO Directions
- Minutes of Local Government Meetings
- Personal Identification (in relation to animals)

- Regulated Dogs
- Regulatory Fees
- Roads
- Statement of Interests for
  - Councillors
  - Chief Executive Officer
  - senior contract employees;
  - a person who is related to a Councillor, Chief Executive Officer
  - officer or senior contract employee.

### Services rendered by a consultant

Strategic Procurement Development & Implementation Project	\$122,994
e-Procurement Adoption Project	\$113,810
Landfill gas risk assessment works	\$98,770
Implementation Proposal Plan – RCC Contact Centre Project	\$60,000
German Church Road Due Diligence Project	\$26,482
Smith Street Due Diligence Project	\$24,007
Point Lookout Hall embellishments	\$20,993
Strategic review design public amenities – green buildings	\$19,820
Public Amenities Strategic Development Plan and Report	\$19,800
Other	\$107,203
<b>Total</b>	<b>\$613,878</b>

### Services supplied by another government

No services were supplied by another government.

### Shareholder delegates

No shareholder delegates for corporate entities.

### Rates and concessions

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

#### Rate concessions:

For ratepayers in receipt of a maximum pension	\$324
For ratepayers in receipt of a part pension	\$162

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

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

## Other statutory information continued

### Internal Audit report

#### Complaints management process and conduct and performance of councillors

On 20 October 2010, Council adopted a:

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

All complaints received by Council are considered on their merits and addressed in an equitable and unbiased manner through an established complaints process and the observation of the principles of natural justice. Complainants are treated courteously and are kept informed of the progress of the handling of their complaint, the timing of its handling and the outcome of their complaint. Council staff who undertake roles in resolving or investigating complaints have received training, the effectiveness of which will be reviewed on an annual basis.

During 2009-10, the following statistics were reported in accordance with the requirements of Section 501D and Section 501E of the *LGA 1993*: There were 468 complaints made, of which 30 were resolved under Council's general complaints process; 438 complaints were still under investigation at 30 June 2010 – six related to Councillors' matters and 432 to administrative matters.

During 2010-11, there were 145 new complaints made, of which 101 were resolved by 30 June 2011.

### Administrative action complaints

During 2010–11, the following statistics are reported in accordance with the requirements of Section 501D and Section 501E of the *LGA 1993* (complaints actioned prior to 1 July 2010) and Section 115 (1) - (2) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (complaints actioned after 1 July 2010):

There were 93 new administrative action complaints, plus 432 carry-over matters (525 in total):

- 431 were carry-over complaints from the previous financial year and are reported in accordance with the requirements set out in Section 501D and Section 501E of the *LGA 1993*. There were no adverse findings found for 431 of these matters, 429 of which were separate complaints about similar matters.
- One complaint was carried over from the 2008-09 financial year and is reported in accordance with the requirements set out in Section 501D and Section 501E of the *LGA 1993*. This matter was still under investigation at 30 June 2011. Due to the nature and complexity of this complaint, it is taking Council an unusual length of time to resolve it.
- 64 administrative action complaints were investigated and subsequently satisfactorily resolved. From these complaints, 22 adverse findings were identified relating primarily to improvements to existing processes and procedures.
- 29 complaints were still under investigation at 30 June 2011. Three of these related to complaints received in 2009-10, and are being reported in accordance with the requirements of Section 501D and Section 501E of the *LGA 1993*.

### Complaints - Councillors

During 2010–11, the following statistics are reported in accordance with the requirements of Section 501D and Section 501E of the *LGA 1993* (complaints actioned prior to 1 July 2010) and Section 114 (1) (f) - (h) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (complaints actioned after 1 July 2010):

- There were 52 new complaints made plus six carry-over matters (58 in total):
- None were categorised as frivolous or vexatious
- Six were carry-over complaints from the previous financial year and are reported in accordance with the requirements set out in Section 501D and Section 501E of the *LGA 1993*. There were no adverse findings found for three of these matters. The following adverse findings were found for three of the carry-over matters:

#### – Matter 1:

- An allegation that Councillor John Burns failed to declare a material personal interest at a Development Assessment Committee Meeting on 22 January 2008. He allegedly gave notice of a motion relating to a development application which involved an applicant who had contributed to his electoral fund in December 2007.
- In accordance with Section 250X of the *LGA 1993* the following penalties were imposed on Councillor John Burns for a statutory breach:
  - a reprimand by Council
  - that a written copy of the reprimand by Council under the signature of the Mayor be served on Councillor Burns
  - that Councillor Burns be suspended from two consecutive ordinary meeting cycles of Redland City Council

## Other statutory information continued

- that the suspension commence immediately on the conclusion of the meeting at which this decision was made
- that the suspension include:
  - a. all committees of which Councillor Burns is a member
  - b. suspension from representation on external bodies as a member, delegate or otherwise, of Redland City Council.

### – Matter 2:

- An allegation that Councillor Burns released a confidential recording to a member of the public.
- In accordance with the provisions of Section 180(5)(a) and (b) of the *LGA 2009* that:
  - Councillor Burns be counselled by the CEO in relation to adhering to Council's confidentiality guidelines and policies, as well as his obligations under the Act concerning confidentiality
  - Councillor Burns make admission at the next full meeting of Council that the Local Government and Discipline Tribunal has found, on the balance of probabilities, that he did release information he knew was confidential to the Council and, on the basis of this finding, he apologises to the Council.

### – Matter 3:

- An allegation that Councillor Burns failed to declare a conflict of interest on various dates with respect to various issues.
- In accordance with the provisions of Section 180(5)(a) and (b) of the *LGA 2009* that:
  - Councillor Burns be counselled by the CEO about the misconduct and how not to repeat the misconduct. The counselling should relate to the negative consequences that have arisen as a result of not disclosing the perceived conflict of interest.
- Three of these complaints were terminated at the request of the complainant. As required by Section 177(6) of the *LGA 2009*, two of these matters were classified as misconduct, and as required by Section 177(7) of the *LGA 2009* the other matter was classified as potential official misconduct.
- 24 of these complaints could not be substantiated and were subsequently closed. As required by Section 177(8) of the *LGA 2009* these complaints were classified as 'another matter'. There were no adverse findings.
- Three of these complaints were referred to the Mayor as required by Section 177(5b) of the *LGA 2009* for alleged inappropriate conduct. For one of these complaints, the Mayor ordered Councillor Craig Ogilvie to personally write a letter of apology to the complainant for inappropriate conduct. The conduct in question involved an allegation that Councillor Ogilvie made a remark at a citizenship ceremony that the complainant found offensive. The other two complaints were not substantiated and there were no adverse findings.

- Seven of these complaints were referred to the Department of Local Government and Planning (DLGP) as required by Section 177(6) of the *LGA 2009* for alleged misconduct. Three of these complaints were unsubstantiated and for four of these complaints, the Tribunal ordered in accordance with the provisions of Section 180(5)(a) and (b) of the *LGA 2009* that:
  - Councillor Burns be counselled by the Mayor about how not to repeat the misconduct relating to an allegation that statements he made were published in the *Bayside Bulletin* on 4 January 2011
  - Councillor Burns make an apology to the next General Meeting.
- 15 complaints were still under investigation at 30 June 2011. These complaints contain the following categories of complaints:
  - two have been categorised as official misconduct and have been referred from the CMC to DLGP
  - 11 have been categorised as misconduct and have been referred to DLGP
  - two have been categorised as inappropriate conduct and have been referred to the Mayor.



## Other statutory information continued

### Internal Audit

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

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

Internal Audit reviews and advises on:

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

Internal Audit also:

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

In 2010-11, its findings confirmed that a satisfactory internal control environment exists within Council.

### Major achievements

In 2010-11, Internal Audit:

- completed all major tasks included in the 2010-11 Annual Audit Plan
- released 14 audit reports
- released 57 investigation reports
- strengthened relationships by providing advisory services to committees and user groups within Council
- continued to improve professionalism by reviewing and updating procedures and operating manuals for quality control.

### Audit Committee

The Audit Committee comprised the Mayor, the Chair of the Corporate Services and Governance Committee, and two independent external members.

As required by Section 63 of the *Local Government (Operations) Regulation 2010*, the Deputy Mayor has been appointed as an 'alternate member', who attends meetings of the committee and acts as a member of the committee only if another member of the committee is absent from the meeting.

The Audit Committee was chaired by one of the independent external appointees, Len Scanlan, the former Auditor-General of Queensland. The other independent member was Mr Virendra Dua.

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

### Major achievements

In 2010-11, the Audit Committee:

- endorsed the risk-based 2010-11 Internal Audit Plan
- reviewed quarterly end-of-year financial information
- reviewed audit reports and action taken to address recommendations
- monitored Internal Audit performance against the approved 2010-11 Audit Plan targets
- checked the resolution of prior-period Queensland Audit Office audit issues
- reviewed changes in accounting practices and policies.

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

### External audit

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

# Community Financial Report



# Community Financial Report

## Purpose

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

## Summary of key financial performance and sustainability indicators

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

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

The table below summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly 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. Our operating result in this period was adversely affected by the impacts of water reform and this issue is outlined in more detail in the coming pages.

Financial health indicators	Target	Actual performance
Level of dependence on general rates revenue	< 45.0%	43.5%
Ability to pay our bills – current ratio	> 1.25	2.79
Ability to repay our debt – debt servicing ratio	< 10%	3.4%
Cash balance	<\$32m	\$72.5m
Cash balances – cash capacity in months	3 to 4 months	6.2
Longer term financial stability – debt to assets ratio	< 10%	3.1%
Operating performance	> 20%	0.5%

The measures of sustainability are shown in the table below. Overall, the results indicate a sound outlook, with three of the targets being met. Achieving the targets for the asset sustainability ratio will be challenging over the coming years, however, we have committed to a long-term financial strategy that works towards meeting this goal.

## Community Financial Report continued

Measures of sustainability	Target	Actual performance
Operating surplus ratio (Net operating surplus/total operating revenue)	0 % to 15%	-13.9%
Net financial liabilities (Total liabilities – current assets)/total operating revenue)	< 60%	20.3%
Interest coverage ratio (Net interest expense in debt service/total operating revenue)	0% to 10%	1.9%
Asset sustainability ratio* (Capital expenditure on renewal/depreciation expense)	>90%	68.18%
Asset consumption ratio (WDV of infrastructure assets/gross replacement cost of infrastructure assets)	40% to 80%	69.6%

\* As reported in the Financial Management (Sustainability) Return 2010/11



# Community Financial Report continued

## Information at a glance

Following is a series of tables and graphs that illustrate our major sources of revenue and expenses in addition to the value of our assets and liabilities. Comparisons are made between the 2010-11 and 2009-10 financial years. Prior year figures have been adjusted up to take account of price changes (CPI - Consumer Price Index) to ensure comparisons are meaningful.

In the table below, the impact of water reform has been isolated from the current year's performance.

Information at a glance	2010-11 \$ millions	2009-10 \$ millions*
<b>Revenue</b>		
- Council operations	159.51	234.88
- Associate (Allconnex Water)	22.27	-
Total revenue	181.78	234.88
<b>Expenditure</b>		
- Council operations	174.77	212.54
- Discontinued operations	297.23	-
Total expenditure	472.02	212.54
Net result	(290.24)	22.34

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

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

# Community Financial Report continued

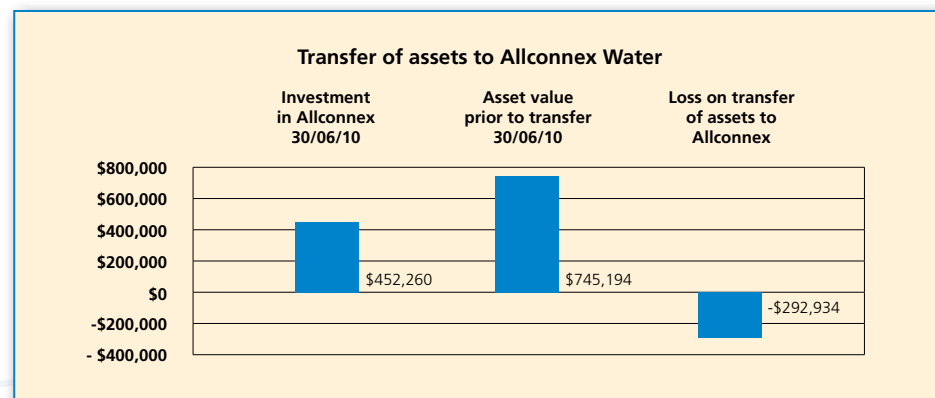
## What was the impact of water reform?

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

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

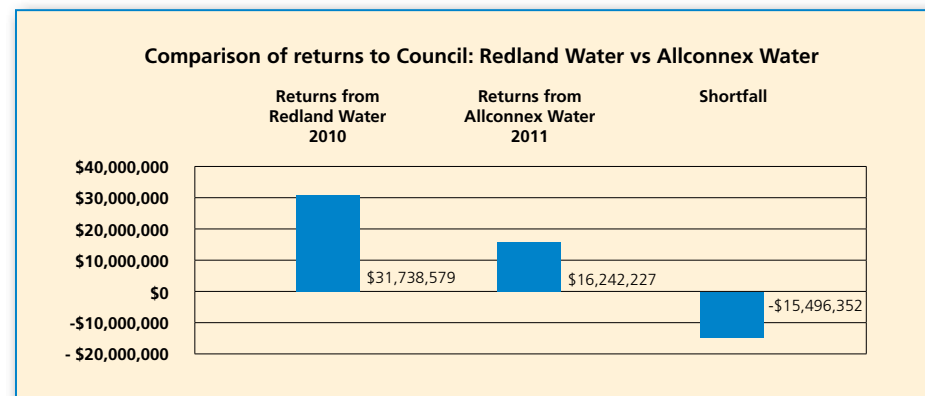
Allconnex Water is a separate legal entity managed by an independent board of directors and executive management team. It is jointly owned by Gold Coast City Council, Logan City Council and Redland City Council. The value of assets contributed by each Council provided input to determine the percentage of ownership each council has of Allconnex Water. Independent professional advice provided to Redland City Council determined we would hold an 11.138% share of Allconnex Water.

Our total investment, based on 11.138% of Allconnex Water's market value, equates to \$452.26m and is made up of an equity investment in the business and loans to the business. As this valuation was less than the value of the assets transferred to Allconnex Water (\$745.19m), we incurred a **non-cash** loss on disposal of \$292.93m during this year as shown below.



As a shareholding partner of Allconnex Water, we are entitled to receive financial returns in the form of interest on loans, tax equivalent payments and dividends. In the first year of operations, Allconnex Water provided financial returns through interest and tax equivalent payments, however, did not declare dividends. We continue to provide a variety of business support services to Allconnex Water under service level agreements. During 2010-11, we received revenue for this service, as well as the re-imbursement of our establishment costs attributable to the setting up of Allconnex Water.

The graph below shows a comparison of the income from our investment in Allconnex Water compared to the returns derived from Redland Water prior to its transfer to Allconnex Water.

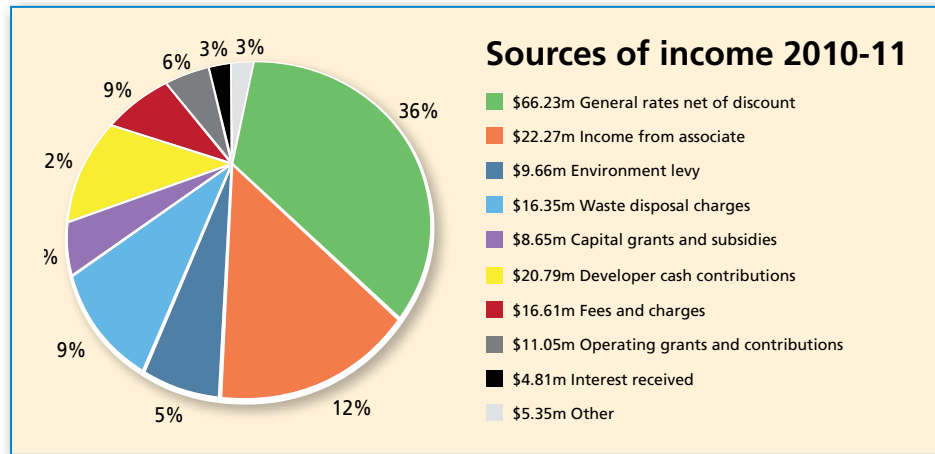


Although pricing for water distribution to ratepayers remained relatively constant after the transfer, the financial benefits returned to us in 2010 - 11 were \$15.496m less than had been recorded when water distribution remained part of Council. Legislation to impose a cap on price increases was enacted on 1 July 2011 and required councils to publish a water and wastewater price mitigation plan to address future pricing impacts. Council has commenced modelling the effect of the price capping but at this point in time, the full financial impact has not been fully quantified.

# Community Financial Report continued

## What were our major sources of income?

(Statement of Comprehensive Income)



Total income received this year was \$181.78m. This result was \$53.1m (CPI adjusted), or 29.2%, less than the 2009-10 financial year, due to the removal of the water business from Council operations.

Rates and utilities income comprised \$94.36m, which equates to 52% of total revenue. The major sources of income continue to be general rates, waste disposal, fees and charges and, for the first time this year, we earned income from an associate – Allconnex Water – totalling \$22.27m.

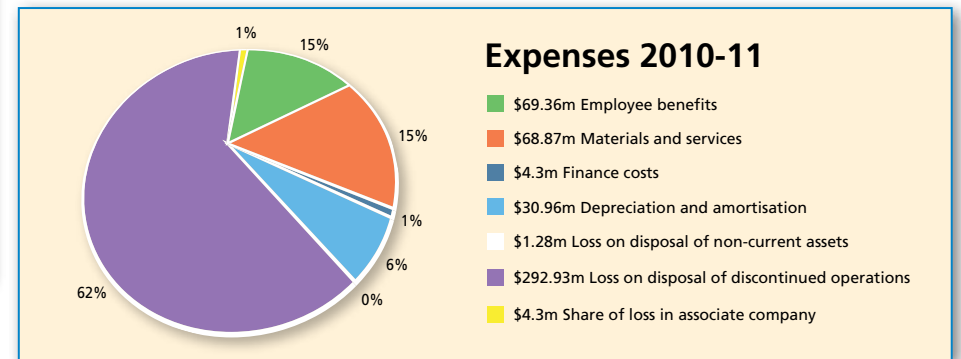
We earned \$4.8m, or 2.6%, of total operating revenue from interest on investments and overdue rates during the financial year, and this result is reflective of sound financial management of cash holdings.

## What expenses did we have to meet?

(Statement of Comprehensive Income)

Our expenses for the 2010-11 financial year totalled \$472.0m, an increase of 122.1% from the previous years' expense of \$212.5m (CPI adjusted).

The graph below illustrates the breakdown of expenses between the major categories materials and services, employee costs, depreciation and loss on disposal of discontinued operations (water and wastewater).



The impact of water reform was discussed earlier in the report and this graph again highlights the significant effect on our operations contributing a \$292.93m non-cash loss to the total loss.

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

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

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

# Community Financial Report continued

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

### How much debt do we carry?

(Statement of Financial Position)

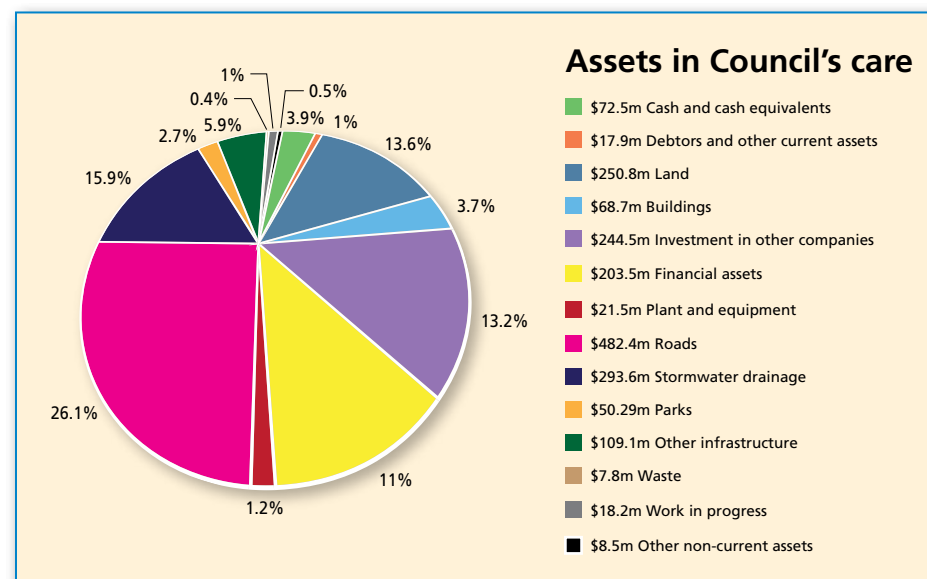
Value of community assets	2010-11 \$ millions	2009-10 \$ millions*
Total assets	1,849.45	2,272.31
Total liabilities	121.29	109.16
Net community assets	1,728.16	2,163.15
Cash held	72.48	87.43
Loan borrowings	57.65	44.62

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

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

## Assets

The value of all assets we controlled totalled \$1.8 billion at 30 June 2011. This figure is broken down between current assets of \$9m (4.9%) and non-current assets of \$1.8 billion (95.1%).



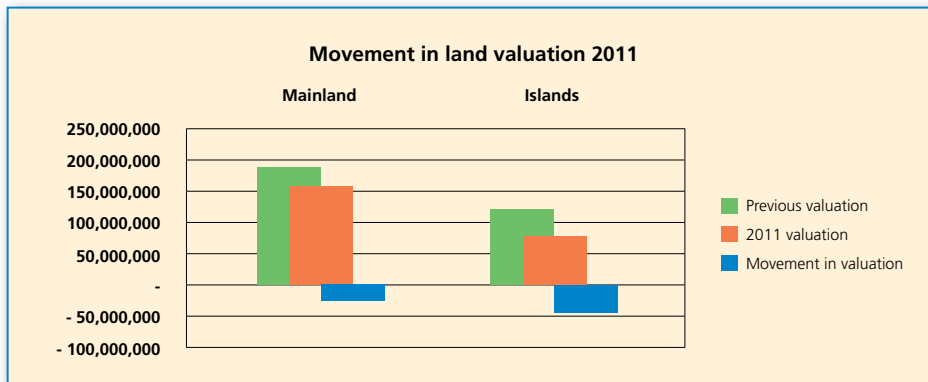
Current assets are those that are readily available to meet expenses and include mainly cash and amounts owed from customers. Cash assets were \$72.5m and receivables from customers \$15.5m at the end of the 2010-11 financial year.

Our property, plant and equipment assets of \$1.8 billion include freehold land, buildings, roads, stormwater drainage, parks infrastructure, plant and equipment and other infrastructure assets. The transfer of assets to Allconnex Water in 2010-11 has removed \$745.19m in water and wastewater assets from the portfolio.

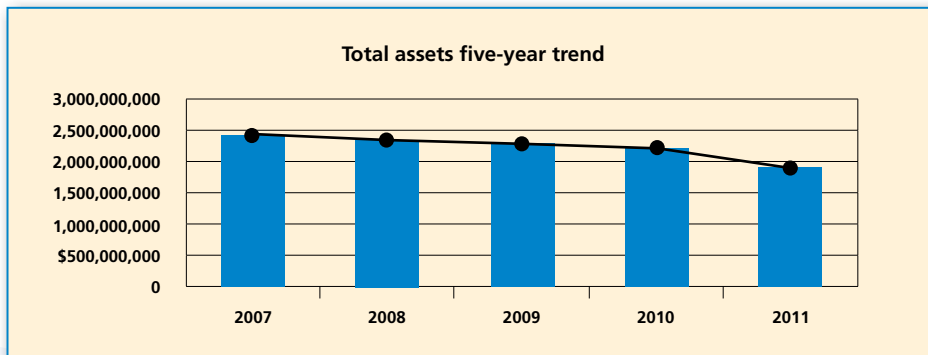


# Community Financial Report continued

Land assets were re-valued in 2010-11. The valuation showed a significant reduction on prior valuations, with an overall reduction of \$68.804m to \$238.777m. While all areas experienced reduction in land valuations, as shown in the graph below, Council properties on the islands were most notably affected.

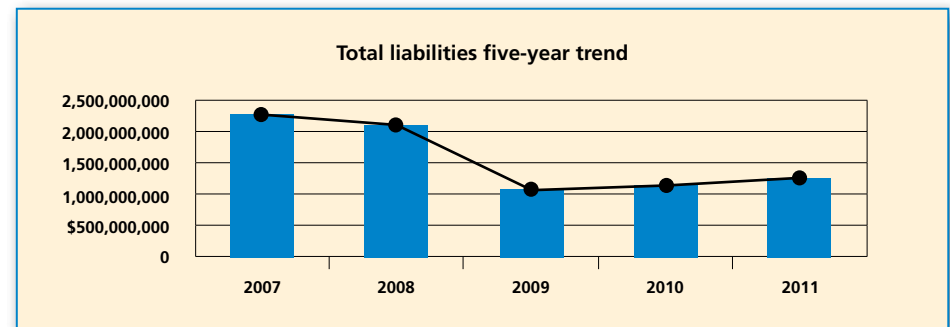
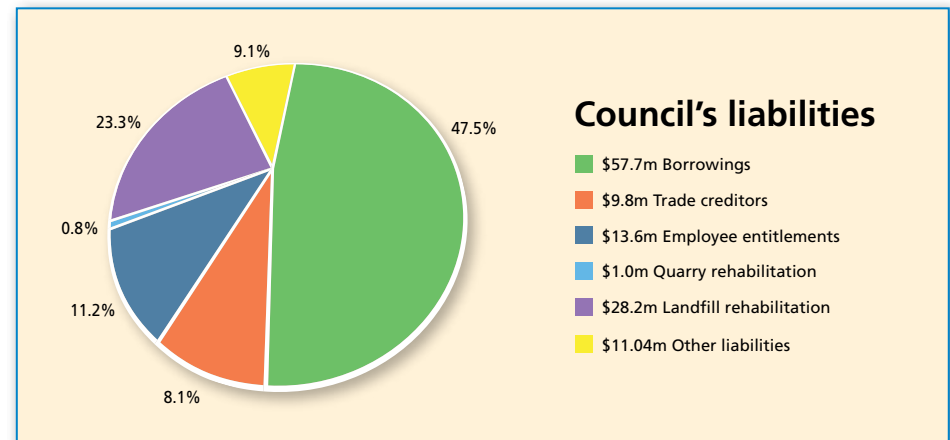


The trend over the five-year period shown below highlights the impact of the transfer of water and wastewater assets to Allconnex Water and the overall reduction in the value of Council land.



## Liabilities

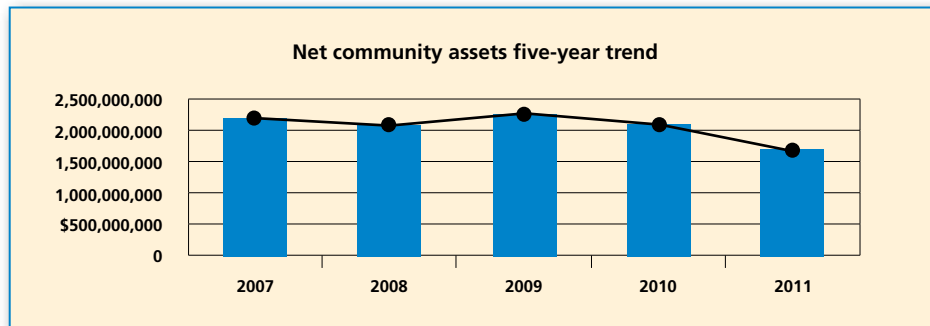
Liabilities or amounts owing at 30 June 2011 totalled \$121.3m. The largest single debt we owed at 30 June 2011 was to Queensland Treasury Corporation (QTC). QTC is the state government-owned lending agency from which most local governments and state authorities borrow to finance their large-scale infrastructure projects. At the end of the financial year, we owed QTC a total of \$57.7m, with \$2.2m payable in the next 12 months and \$55.5m due in subsequent years.



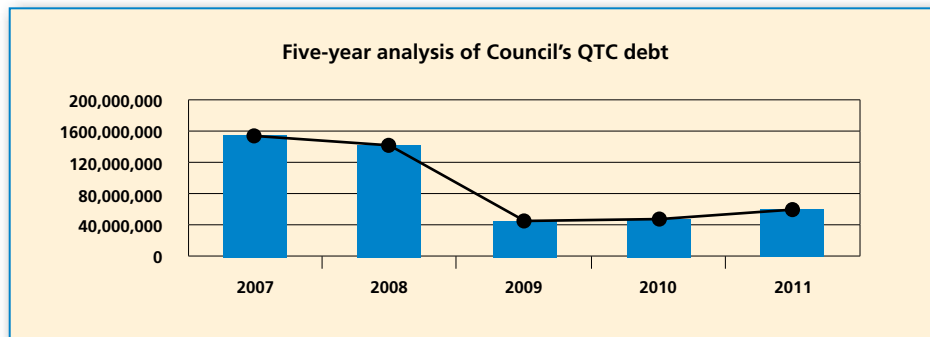
# Community Financial Report continued

In the 2008-09 financial year, a large sum, (approximately \$83.83m) was repaid to QTC from the compensation proceeds for the transfer of bulk water assets to the state water authorities. Each of the ratios relating to liabilities will reflect this reduction.

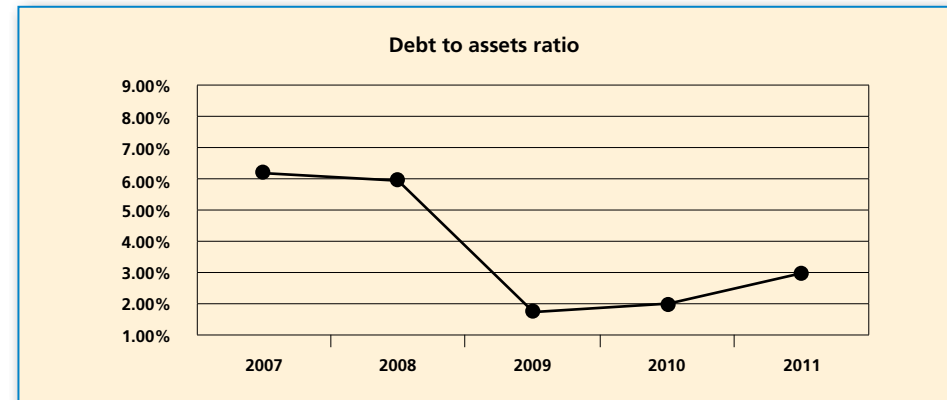
Net community assets are our total assets, less our total liabilities, and essentially represent our net worth. The following graph shows our net community assets over the last five years.



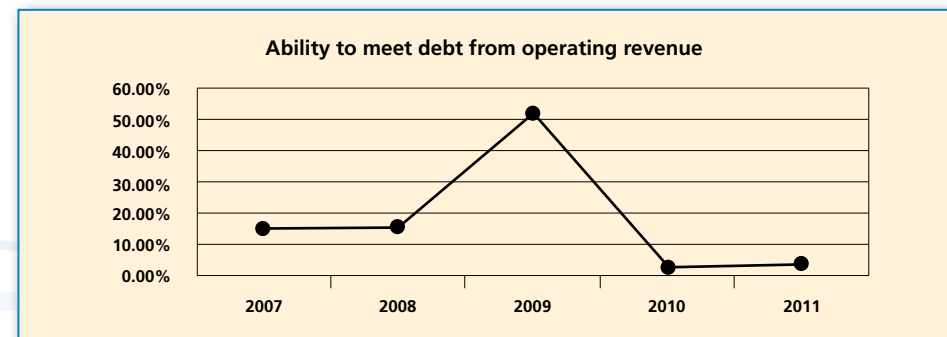
The graph below illustrates the level of our debt to QTC over the past five years. All comparative year figures have been adjusted for CPI.



The graph below outlines the ratio of our total loans compared to total assets over the past five years. At the end of the 2011 financial year, total debt as a percentage of total assets was only 3.12%. This puts in perspective the relatively low level of borrowings compared with total assets.



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



In 2010-11, only 3.36% of operating revenue was spent repaying interest and principal on our borrowings. This is still relatively low compared to years prior to 2008, where approximately 15% of operating revenue was required to repay interest and redeem loans. Once again, this is largely attributable to compensation proceeds for the transfer of bulk water assets to the state water authorities in July 2008. These proceeds were applied against the QTC loans held by us.

# Community Financial Report continued

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

(Statement of Financial Position)

The table below outlines the main sources of cash receipts and applications of cash payments between 1 July 2010 and 30 June 2011.

Sources of cash in and out	2010-11 \$ millions	2009-10 \$ millions*
Net cash received from operations (excluding interest and borrowing costs)	- 1.20	42.70
Purchases of assets	50.15	57.20
New loans taken out	16.67	4.56
Repayment of debt	2.19	1.97

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

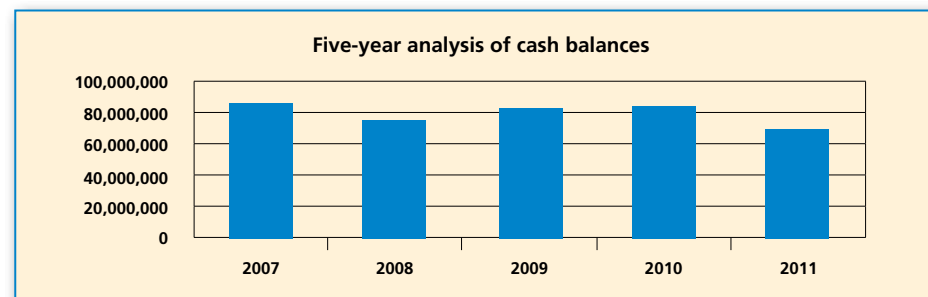
\* CPI adjustment included to ensure comparison of like with like

The cash flow statement is summarised into three activities:

- *Operating activities* - are our normal day-to-day functions. These include receipts of rates, fees and charges and operating grants offset by payments for employees' costs, materials and services and interest costs.
- *Investing activities* - include payments for the purchase and construction of property, plant and equipment and proceeds for 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 2010-11 financial year with \$84.6m cash in the bank and ended the year with \$72.5m exceeding the target for cash held and equivalent cash capacity in months.

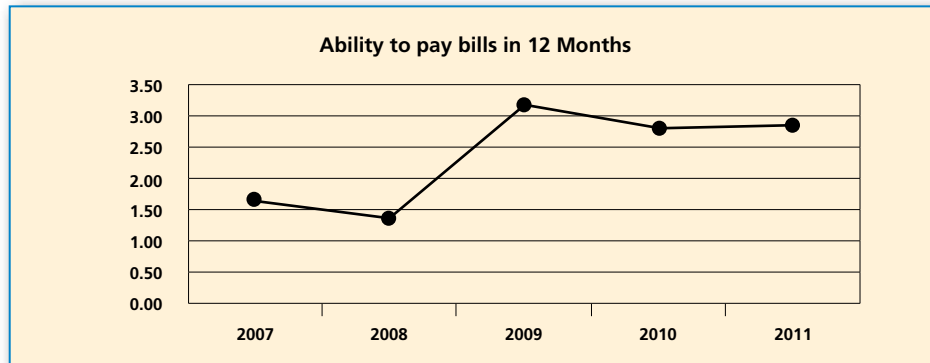
The following graph shows our total cash holdings for the past five years.



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

## Community Financial Report continued

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 asset ratio, which is the ratio of current assets to current liabilities. The following diagram illustrates the ratio has been greater than one for the past five years, remaining at a healthy level of 2.8 in 2011.



### Summary

During the 2010-11 financial year, we managed to deliver a large program of operational and capital works to the Redlands community. We achieved this result while still outperforming on six out of seven of the key financial performance indicators and absorbing the impact of the transfer of the water and wastewater business and assets to Allconnex Water. We continued to meet all financial commitments and keep debt at very manageable levels. Your Council is in a strong financial position to deliver the planned program of projects and services throughout the 2011-12 financial year and beyond.



Annual Financial Statements For the year ended 30 June 2011



# Annual Financial Statements For the year ended 30 June 2011

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# Annual Financial Statements For the year ended 30 June 2011 continued

## Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Continuing operations</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	4(a)	94,355,565	82,931,229
Fees and charges	4(b)	16,614,399	17,485,234
Rental income	4(c)	700,252	557,507
Interest received	4(d)	4,809,467	3,982,062
Sales revenue	4(e)	1,339,969	1,058,120
Other income	4(f)	1,165,880	1,172,679
Income from associate	4(g)	22,274,369	-
Grants, subsidies and contributions	5(a)	11,045,387	8,631,764
<b>Total recurrent revenue</b>		<b>152,305,288</b>	<b>115,818,595</b>
<b>Capital revenue</b>			
Grants, subsidies and contributions	5(b)	8,649,589	7,984,342
Non-cash developer contributions	5(b)	20,792,226	9,875,416
Increase/(decrease) in investment property	17	36,000	212,000
<b>Total capital revenue</b>		<b>29,477,815</b>	<b>18,071,758</b>
<b>TOTAL REVENUE</b>		<b>181,783,103</b>	<b>133,890,353</b>

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Recurrent expenses</b>			
Employee benefits	6	(69,363,359)	(64,785,357)
Materials and services	7	(68,872,297)	(39,223,249)
Finance costs	8	(4,304,209)	(3,972,685)
Depreciation and amortisation	9	(30,963,574)	(31,603,962)
Total recurrent expenses		(173,503,439)	(139,585,253)
<b>Capital expenses</b>			
Loss on disposal of non-current assets	10	(1,281,927)	(4,423,143)
Loss on disposal of discontinued operations	11	(292,933,972)	-
Share of loss in associate company		(4,301,440)	-
Total capital expenses		(298,517,339)	(4,423,143)
<b>TOTAL EXPENSES</b>		<b>(472,020,778)</b>	<b>(144,008,396)</b>
<b>NET RESULT FROM CONTINUING OPERATIONS</b>		<b>(290,237,675)</b>	<b>(10,118,043)</b>



## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Discontinued operations</b>			
Net result from discontinued operations		-	31,738,579
<b>NET RESULT FOR THE YEAR</b>		<b>(290,237,675)</b>	<b>21,620,536</b>
<b>Other comprehensive income</b>			
Increase/(decrease) in asset revaluation surplus	26	(63,878,771)	(29,121,257)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(354,116,447)</b>	<b>(7,500,721)</b>

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## Statement of Financial Position

as at 30 June 2011

	Note	2011 \$	Restated 2010 \$	Restated 1 July 2009 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	12	72,483,024	84,602,295	80,900,276
Trade and other receivables	13(a)	15,474,555	16,988,117	15,593,876
Inventories	14	1,048,542	706,817	578,634
Non-current assets classified as held for sale	15	160,254	95,012	131,967
Other assets	16	1,246,057	1,476,426	1,946,657
<b>Total current assets</b>		<b>90,412,432</b>	<b>103,868,667</b>	<b>99,151,410</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	13(b)	26,184	42,927	61,253
Investment property	17	3,876,000	3,840,000	3,628,000
Property, plant and equipment	18	1,306,500,402	2,079,269,015	2,096,313,129
Intangible assets	19	600,083	879,469	1,127,200
Investment in other companies	20	244,514,560	-	-
Financial assets	21	203,517,000	-	-
<b>Total non-current assets</b>		<b>1,759,034,229</b>	<b>2,084,031,411</b>	<b>2,101,129,582</b>
<b>TOTAL ASSETS</b>		<b>1,849,446,661</b>	<b>2,187,900,078</b>	<b>2,200,280,992</b>

# Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	Restated 2010 \$	Restated 1 July 2009 \$
<b>CURRENT LIABILITIES</b>				
Trade and other payables	22(a)	24,386,058	27,625,185	23,101,391
Borrowings	23	3,130,884	2,206,329	1,564,427
Provisions	24(a)	3,768,406	5,129,663	4,143,750
Other liabilities	25	1,097,507	1,636,312	1,696,261
<b>Total current liabilities</b>		<b>32,382,855</b>	<b>36,597,489</b>	<b>30,505,829</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	22(b)	343,000	345,000	-
Borrowings	23	54,521,324	40,966,106	39,096,670
Provisions	24(b)	34,037,939	27,713,495	31,065,221
<b>Total non-current liabilities</b>		<b>88,902,263</b>	<b>69,024,601</b>	<b>70,161,891</b>
<b>TOTAL LIABILITIES</b>		<b>121,285,118</b>	<b>105,622,091</b>	<b>100,667,720</b>
<b>NET COMMUNITY ASSETS</b>		<b>1,728,161,543</b>	<b>2,082,277,987</b>	<b>2,099,613,272</b>
<b>COMMUNITY EQUITY</b>				
Asset revaluation surplus	26	540,498,469	1,132,409,076	1,175,008,054
Retained surplus		1,145,891,188	915,480,215	886,596,018
Other reserves	27	41,771,886	34,388,696	38,009,200
<b>TOTAL COMMUNITY EQUITY</b>		<b>1,728,161,543</b>	<b>2,082,277,987</b>	<b>2,099,613,272</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 that is, as at 1 July 2009. Refer Note 33 for details.

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## Statement of Changes in Equity

For the year ended 30 June 2011

	Asset revaluation surplus \$ Note 26	Retained surplus \$	Other reserves \$ Note 27	Total community equity \$
Balance as at 1 July 2010	1,132,409,076	915,480,215	34,388,696	2,082,277,987
Net result	-	(290,237,675)	-	(290,237,675)
<b>Other comprehensive income for the year:</b>				
Increase/(decrease) in asset revaluation surplus	(63,878,771)	-	-	(63,878,771)
<b>Transfers to and from reserves:</b>				
Transfers to reserves	-	(25,348,900)	25,348,900	-
Transfers from reserves	-	17,965,711	(17,965,711)	-
Derecognition of asset revaluation surplus	(528,031,836)	528,031,836	-	-
Balance as at 30 June 2011	540,498,469	1,145,891,187	41,771,886	1,728,161,543



## Annual Financial Statements For the year ended 30 June 2011 continued

	Asset revaluation surplus \$ Note 26	Retained surplus \$ Note 26	Other reserves \$ Note 27	Total community equity \$
Balance as at 1 July 2009	1,182,291,910	880,279,843	38,009,200	2,100,580,953
Adjustments to opening balance (Note 33)	(7,283,856)	6,316,175	-	(967,681)
Adjusted opening balances	1,175,008,054	886,596,018	38,009,200	2,099,613,272
Net result	-	21,620,536	-	21,620,536
<b>Other comprehensive income for the year:</b>				
Increase/(decrease) in asset revaluation surplus	(29,121,257)	-	-	(29,121,257)
<b>Transfers to and from reserves:</b>				
Transfers to reserves	-	(23,811,094)	23,811,094	-
Transfers from reserves	-	27,431,598	(27,431,598)	-
Derecognition of asset revaluation surplus	(3,616,238)	3,616,238	-	-
Asset corrections during period (Note 33)	(9,861,483)	26,916	-	(9,834,567)
Balance as at 30 June 2010	1,132,409,076	915,480,215	34,388,696	2,082,277,987

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		114,953,851	103,143,350
Allconnex Water tax equivalent returns		3,135,605	-
Allconnex Water service level agreement and other recoveries		6,032,143	-
Payments to suppliers and employees		(136,352,460)	(103,230,805)
		(12,230,862)	(87,455)
Interest received		4,809,467	3,982,062
Operating grants and contributions		11,026,822	8,713,836
Borrowing costs		(2,920,880)	(2,736,118)
Discontinued operations adjustment	34	-	33,077,251
Net cash inflow (outflow) from operating activities	32	684,547	42,949,576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(49,897,560)	(46,225,740)
Payments for intangible assets		(249,312)	(309,019)
Payments for investments in other companies		(73,000)	-
Net movement in loans to community groups		21,749	55,720
Proceeds from sale of property, plant and equipment		2,137,493	1,890,636
Capital grants, subsidies and contributions		8,649,589	7,984,343
Discontinued operations adjustment	34	-	(5,154,835)
Net cash inflow (outflow) from investing activities		(39,411,041)	(41,758,895)

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Allconnex subordinate interest returns		12,127,449	-
Proceeds from borrowings	23	16,670,283	4,408,000
Repayment of borrowings		(2,190,509)	(1,896,662)
Net cash inflow (outflow) from financing activities		26,607,223	2,511,338
Net increase (decrease) in cash held		(12,119,271)	3,702,019
Cash at beginning of the financial year		84,602,295	80,900,276
Cash at end of the financial year	12	72,483,024	84,602,295

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## Notes to the Financial Statements

For the year ended 30 June 2011

### 1. Basis of preparation

#### 1.a Basis of preparation

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

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

#### 1.c Basis of consolidation

At 30 June 2011, Council had control over Redheart Pty Ltd, a company whose principal activity was to act as the holder of the mining lease pursuant to the Mineral Resources Act in respect of Council's German Church Road quarry operations. As at 30 June 2011, the company had net assets of \$2 and remained dormant throughout the financial year.

Council officers have undertaken recent activity to collate and report the detailed financial history of the Redheart operations, as well as compiling the basis of a financial forecast for potential business opportunities into the future. This information will help provide further clarity of the business as well as outlining alternative business strategies moving forward for Redheart Pty Ltd.

#### 1.d Constitution

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

#### 1.e Date of authorisation

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

#### 1.f Currency

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

#### 1.g Rounding and comparatives

Amounts included in the financial statements have not been rounded. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

#### 1.h 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 statement notes:

- Valuation of property, plant and equipment - Note 2.h and Note 18
- Impairment of property, plant and equipment - Note 2.j
- Provisions - Note 2.o and Note 24
- Contingencies - Note 29
- Events after the reporting date - Note 35.

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

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

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

## Annual Financial Statements For the year ended 30 June 2011 continued

	Effective for annual report
AASB 9 <i>Financial Instruments</i> (December 2010)	1 January 2013
AASB 124 <i>Related Party Disclosures</i> (December 2009)	1 January 2011
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
AASB 1054 <i>Australian Additional Disclosures</i>	1 July 2011
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
2009-12 <i>Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments</i> (December 2009)	1 January 2011
2009-14 <i>Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement (Interpretation 14)</i> (December 2009)	1 January 2011
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011
AASB 2010-6 <i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets</i>	1 July 2011
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 July 2013
AASB 2010-8 <i>Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012
AASB 2010-9 <i>Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011
AASB 2010-10 <i>Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters</i>	1 January 2013
AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project</i>	1 July 2011
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project - Reduced Disclosure Requirements</i>	1 July 2013
AASB 2011-3 <i>Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i>	1 July 2012
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i>	1 July 2013
AASB 2011-5 <i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation</i>	1 July 2011
AASB 2011-6 <i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements</i>	1 July 2013

Management has yet to assess the impact that AASB9 *Financial Instruments* and 2009-11 *Amendments to Australian Accounting Standards* arising from AASB9 is likely to have on the financial statements of Council, as it is anticipated that further amendments will occur. Council does not expect to implement the amendments before to the adoption date of 1 January 2013.

The reported results and position of Council will not change on adoption of the other pronouncements as they do not result in any changes to 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.



# Annual Financial Statements For the year ended 30 June 2011 continued

## 2. Significant accounting policies

### 2.a Rates, grants and other revenue

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

#### Rates and levies

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

#### Grants and subsidies

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

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Council does not currently have any reciprocal grants.

#### Non-cash contributions

Physical assets contributed to Council by developers in the form of road works, stormwater and park equipment are recognised as revenue when the development becomes 'on maintenance' (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. In these circumstances, an accrual is raised to recognise the revenue and the non-current assets. All non-cash contributions are recognised at fair value at 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 the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfer of Assets from Customers*, these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed infrastructure in accordance with Council's planning scheme policies. Cash contributions in relation to infrastructure assets are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

#### Rental income

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

#### Interest

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

#### Other revenue

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

### 2.b Financial assets and financial liabilities

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

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

#### Financial assets

Cash and cash equivalents (Note 2.c)

Receivables - measured at amortised cost (Note 2.d)

#### Financial liabilities

Payables - measured at amortised cost (Note 2.l)

Borrowings - measured at amortised cost (Note 2.n)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied. The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 23 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if Council repaid it in full at balance date. As it is the intention of Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

# Annual Financial Statements For the year ended 30 June 2011 continued

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

All disclosures relating to investment and financial risk management are included in Note 36.

## 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 Receivables

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

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

All known bad debts were written-off at 30 June 2011. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

## 2.e Inventories

Stores and raw materials are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge
- 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 expenditure are recognised initially as a current asset. Once the benefits are received, the amount is expensed

## 2.g 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 annually at the balance sheet date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

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

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

## 2.h 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 loss. Non-current asset thresholds for recognition purposes are as follows:

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

### Acquisition of assets

Asset acquisitions are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration such as cost of materials, direct labour and where relevant, the initial estimate of restoring the site on which the assets are located, plus costs incidental to the acquisition, including all costs incurred in preparing the assets for use.

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## Capital and operating expenditure

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

## Valuation

Land, buildings, roads, stormwater drainage, parks, waste and other infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment*. Other plant and equipment is 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 with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in index.

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

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

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

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

## Capital work in progress

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

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

## Depreciation

Land is not depreciated as it has an unlimited useful life. All non-current assets, having a limited useful life, are systematically depreciated over their useful lives on a straight line basis. The estimated remaining useful life of each depreciable asset is reviewed annually.

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 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 government, pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

## **2.i Intangible assets**

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

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

It has been determined that there is no 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.

## 2.j Impairment of non-current assets

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

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

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

While Redland City Council was impacted by the December 2010 and January 2011 heavy rain events, Council assets as a whole were not significantly impacted by flooding. Isolated damage was incurred across the city to various classes of asset infrastructure during the event period and, subsequently, Council has been jointly working with the Queensland Reconstruction Authority in planning for the repair and restoration of Council assets damaged. In addition to this, during the flood events, Council provided substantial support to Brisbane City Council to assist with flood relief and recovery matters.

## 2.k Leases

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

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

## 2.l 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.m Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected the leave will be paid in the next 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current.

### Salaries and wages

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

### Annual leave

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

### Superannuation

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

### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 24 as a provision.

### Sick leave

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

## 2.n Borrowings

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

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## 2.o Restoration provision

A provision is recognised in the Statement of Financial Position when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Changes to the provision resulting from the passage of time (unwinding of the discount) are treated as finance costs.

## 2.p Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

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

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

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

## 2.q Retained surplus

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

## 2.r Other reserves

The following reserves are cash-backed reserves and represent funds 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.

### Constrained works reserves

This reserve includes all contributions of monetary revenue received during the reported and previous periods which are constrained for the purpose of funding specific expenditure. As the expenditure is incurred on specified projects, the equivalent amounts are transferred to retained surplus. The closing balance reported at the period 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

Amounts are set aside in this reserve to meet specific projects.

### Special capital projects reserve

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

### Cleansing reserve

Amounts are set aside in this reserve to meet future specific projects.

### Separate charge reserve - environment

This reserve was created to hold funds collected from the environment levies for environmental land acquisition, conservation maintenance, and landfill remediation.

### Special charge reserve - other

This reserve holds funds collected from the Rural Fire Levy Special Charge. The funds collected from the Rural Fire Levy Special Charge are distributed to the respective Southern Moreton Bay Islands Rural Fire Brigades.

### Special charge reserve - canals

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

### Constrained works recurrent reserve

This reserve holds any unexpended constrained operating revenue remaining at the end of the financial year.

## 2.s National competition policy

Council has reviewed its activities to identify its business activities. Details of these activities can be found in the Statement of Activities to which the Code of Competitive Conduct Applies.

## 2.t Financial risk management

Under the *Statutory Bodies Financial Arrangements Act 1982* and *Statutory Bodies Financial Arrangements Regulations 1997*, Council has been assigned category 1 investment powers which relates to investment terms of not more than one year.

Authorised investments comprise:

- deposits with a financial institution
- investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a state government or a financial institution
- other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a state government or a financial institution



# Annual Financial Statements For the year ended 30 June 2011 continued

- Investment with Queensland Treasury Corporation (QTC) Cash fund, QTC 11am fund or QTC Debt Offset Facility, QIC Cash trust, QIC Pooled Cash Fund
- An investment arrangement with a rating prescribed under a regulation for this paragraph
- Other investment arrangements prescribing under a regulation for this paragraph.

## 2.u Trust funds held for outside parties

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

## 2.v Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). The net amount of GST recoverable from the Australian Taxation Office (ATO) is shown as an asset.

Council pays Payroll Tax to the Queensland Government on certain activities.

## 2.w Water reform in south-east Queensland

In May 2007, the Queensland Water Commission released its final report to the Queensland Government on urban water supply arrangements in south-east Queensland. The report recommended a range of structural and regulatory reforms proposed for urban water supply arrangements in south-east Queensland, including enhanced economic regulation and pricing.

## Bulk water reform

The *South East Queensland Water (Restructuring) Act 2007* provided the legislative basis to effect the first stage of the government's reforms by facilitating bulk water supply and transport business restructure in south-east Queensland. Pursuant to transfer notices gazetted under the Restructuring Act, bulk water assets and liabilities were transferred to the Queensland Bulk Water Transport Authority and the Queensland Bulk Water Supply Authority on 1 July 2008.

## Distribution and retail water reform

The *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act) established a statutory body called the Southern SEQ Distributor-Retailer Authority (the Authority) on 3 November 2009 to deliver water and wastewater services to customers within the local government areas of Gold Coast City Council, Logan City Council and Redland City Council.

On 1 July 2010, the Authority acquired legislative power to begin trading, using the business name Allconnex Water.

Allconnex Water is a separate legal entity managed by an independent board of directors and executive management team and is jointly owned by Gold Coast City Council, Logan City Council and Redland City Council. Allconnex Water is responsible for delivering water and wastewater services to the respective participating council districts and operates independently of council business activities apart from obtaining the service of a variety of corporate support functions that are provided to Allconnex Water under service level agreements by participating councils.

Under the Act, governance arrangements for the Authority were established in a Participation Agreement. The Agreement provides for participation rights to be held by the participating Councils.

Legislation to introduce a cap on price increases was enacted on 1 July 2011. Council adopted a water and wastewater price mitigation plan for the period 1 July 2013 to 30 June 2018 on the 22 September 2011. Council has commenced modelling the impact of the price mitigation plan but at this point in time, the full financial impact cannot be quantified.

Legislative amendments allowing the local government participants to exit the Distributor-Retailers are not expected to be introduced until late 2011 or 2012 and as such, do not affect the preparation of 2010-11 financial reports.

## Participation rights

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

RAB was used to determine each council's interim participation rights, which are Gold Coast City Council 62%, Logan City Council 24% and Redland City Council 14%, recorded in a signed interim participation agreement.

# Annual Financial Statements For the year ended 30 June 2011 continued

## Associates

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

## Financial instruments

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

## Gain/loss on transfer of water assets

The regulatory asset base (RAB) calculation represents Council's consideration for the transfer of assets to Allconnex Water. Since this consideration was less than the net assets carrying value of \$745.19m, Council incurred a loss on disposal of \$292.93m during the 2010-11 financial period.

## Council returns

### Participation return

As a party to the Allconnex Water Participation Agreement, Council will receive a proportional share of net profits as a participation return. Participation returns declared prior to the 30 June 2011 have been recognised as revenue in the Statement of Comprehensive Income. Returns are paid from post-tax operating profits (after adjusting for capital receipts).

Final participation rights have not been determined as yet between the participating councils of Allconnex Water. Independent assessment of the RAB has been provided to participating councils of Allconnex Water, and Council is relying on this independent assessment as its basis for final participation rights in Allconnex Water. As per the original participation agreement, Council held interim participation rights of Allconnex Water of 14% and during the financial year 2010-11, Council received participation returns in accordance with this interim agreement. Based on independent advice on the RAB, commissioned by the Queensland Competition Authority, Council has made provision for the differential between interim and expected final participation rights within the Statement of Financial Position. The independent advice provided by the Queensland Competition Authority has recommended that Council's final equity participation rights be 11.138%. It is on this basis that Council has accounted for its investment in Allconnex Water.

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

### Tax equivalents

Allconnex Water operates under an income tax equivalent regime, with all tax paid being distributed to the participating councils on a pro rata basis to their participation rights. Tax is payable quarterly based on a percentage of Allconnex Water's gross revenue until its first tax assessment. Subsequent tax payment adjustments will be provided by Allconnex Water once the income tax assessment is lodged.

### Shareholder loans

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

## Assets and liabilities transferred

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

# Annual Financial Statements For the year ended 30 June 2011 continued

Details of the transferred net assets are:

	\$'000
Property, plant and equipment	737,244
Capital work in progress	7,950
Book value of net assets transferred	745,194
Participation rights (55%)	248,743
Senior loans receivable (25%)	113,065
Subordinate loans receivable (20%)	90,452
Fair value of compensation received (Participation rights and loans receivable)	452,260
Net loss on transfer of assets to the authority	(292,934)

## 3. Statement of functions and activities

### (a) Components of council functions

The activities relating to Council's components reported on in Note 3(b) are as follows:

#### Governance

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

- Chief Executive Office
- Mayor and Councillors
- Internal Audit

- Legal Services
- Corporate Performance and Risk
- Marketing and Communications
- Office of the General Manager.

#### Customer Services

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

- Customer and Community Services
- Operations and Maintenance
- Project Delivery Group
- Commercial Services Group
- Office of the General Manager.

#### Planning and Policy

Planning and Policy is responsible for developing medium and long term tactical plans of five to 10 years to address Council's corporate outcomes through capital works programs and financial projections. It consists of the following groups:

- Land Use Planning
- Environmental Management
- Community and Social Planning
- Economic Development
- Infrastructure Planning
- Office of the General Manager.

#### Corporate Services

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

- Financial Services
- People and Change
- Information Management
- Corporate Acquisitions, Fleet and Facilities
- Water Distribution and Retail Project
- Decision Support
- Office of the General Manager.

#### Development and Community Standards

Development and Community Standards is responsible for assessment and approval of applications in accordance with legislation and local laws and comprises the following groups:

- Community Standards
- Sustainable Assessment
- Building and Plumbing Services
- Business and Performance
- Office of the General Manager.

# Annual Financial Statements For the year ended 30 June 2011 continued

## (b) Analysis of results by function

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

### Year ended 30 June 2011

Functions	Income		Total income 2011 \$	Total expenses 2011 \$	Net result 2011 \$	Total assets 2011 \$
	Grants 2011 \$	Other 2011 \$				
Governance Department	14,000	101,316	115,316	6,863,033	(6,747,717)	391,926
Customer Services Department	3,586,206	27,613,780	31,199,986	82,375,270	(51,175,284)	164,288,552
Planning and Policy Department	6,224,552	36,061,658	42,286,210	37,336,832	4,949,378	1,083,029,263
Corporate Services Department	5,230,821	95,429,326	100,660,148	326,708,821	(226,048,674)	601,124,956
Development and Community Standards Department	135,554	7,385,889	7,521,443	18,736,821	(11,215,378)	611,964
Total	15,191,133	166,591,969	181,783,103	472,020,778	(290,237,675)	1,849,446,661

### Year ended 30 June 2010

Functions	Income		Total income 2010 \$	Total expenses 2010 \$	Net result 2010 \$	Total assets 2010 \$
	Grants 2010 \$	Other 2010 \$				
Governance Department	20,000	23,363	43,363	8,473,857	(8,430,494)	258,922
Customer Services Department	2,957,873	23,950,961	26,908,834	79,402,813	(52,493,979)	179,078,426
Redland Water and Waste Department	134,671	93,250,323	93,384,994	61,646,415	31,738,579	756,132,782
Planning and Policy Department	5,943,979	22,859,820	28,803,799	31,752,695	(2,948,896)	1,094,024,924
Corporate Services Department	4,779,798	65,191,029	69,970,827	7,060,211	62,910,616	157,849,665
Development and Community Standards Department	149,928	8,013,602	8,163,530	17,318,821	(9,155,291)	555,360
Total	13,986,249	213,289,098	227,275,346	205,654,810	21,620,536	2,187,900,078

# Annual Financial Statements For the year ended 30 June 2011 continued

## 4. Revenue analysis

	Note	2011 \$	2010 \$
<b>(a) Rates, levies and charges</b>			
General rates		68,404,949	61,313,610
Special charges		2,394,728	2,314,868
Environment levy		9,657,976	8,786,925
Waste disposal		16,351,526	12,924,949
Total rates and utility charges		96,809,179	85,340,352
Less pensioner remissions		(2,453,615)	(2,409,123)
		94,355,565	82,931,229
<b>(b) Fees and charges</b>			
Fines and penalties		495,625	497,357
Mooring and parking fees		838,680	914,581
Search fees		677,629	835,643
Building application fees		1,584,712	1,852,334
Development application fees		1,759,778	2,122,214
Water and sewerage application fees		360,933	536,000
Camping and caravan fees		2,313,028	2,529,227
License fees		1,725,404	1,640,166
Commercial collection fees		452,038	915,614
Child care fees		3,074,924	2,880,696
Other fees and charges		3,331,648	2,761,402
		16,614,399	17,485,234



## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>(c) Rental income</b>			
Investment property rental		335,002	315,934
Other rental income		365,250	241,573
		700,252	557,507
<b>(d) Interest received</b>			
Interest received from investments		4,415,237	3,719,300
Interest from overdue rates and utility charges		381,657	255,522
Other interest income		12,573	7,240
		4,809,467	3,982,062
<b>(e) Sales revenue</b>			
Recoverable works		61,764	103,656
Event sales		201,598	127,283
Services and product sales		1,076,607	827,181
		1,339,969	1,058,120
<b>(f) Other recurrent income</b>			
Miscellaneous income		509,422	354,456
Commission received		215,330	211,593
Recoverable income		81,947	606,630
Insurance proceeds		218,182	-
Compensation proceeds		141,000	-
		1,165,880	1,172,679

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>(g) Income from associate</b>			
Subordinate debt Interest		16,169,933	-
Tax equivalents		4,244,970	-
Less overpayment - Allconnex Water		(4,172,676)	-
Establishment costs reimbursement		1,732,615	-
Service level agreement and other recoveries		4,299,527	-
		22,274,369	-

### 5. Grants, subsidies and contributions

	Note	2011 \$	2010 \$
<b>(a) Recurrent</b>			
General purpose government grants		4,948,941	4,627,198
Government subsidies and grants		4,793,870	3,667,358
Contributions		1,302,576	337,208
		11,045,387	8,631,764

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>(b) Capital</b>			
Government subsidies and grants		5,448,323	5,557,021
Contributions		3,201,266	2,427,321
	31	8,649,589	7,984,342
Infrastructure from developers at fair value	31	20,792,226	9,875,416

### Conditions over contributions

Contributions and grants which were recognised as income during the current reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

	Note	2011 \$	2010 \$
Road infrastructure		2,317,599	1,615,067
Park infrastructure		32,935	29,150
Grants and contributions		4,042,418	1,984,567
		6,392,952	3,628,784

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:

	Note	2011 \$	2010 \$
Road infrastructure		937,529	948,057
Park infrastructure		41,038	1,308,567
Grants and contributions		1,629,366	6,411,117
		2,607,933	8,667,741

# Annual Financial Statements For the year ended 30 June 2011 continued

## 6. Employee benefits

	Note	2011 \$	2010 \$
Total staff wages and salaries		53,981,530	50,215,043
Councillors' remuneration		1,170,354	1,170,354
Annual leave and long service leave entitlements		6,393,212	5,497,904
Superannuation		6,436,120	6,047,604
		67,981,216	62,930,905
Other employee related expenses		6,021,988	6,463,743
		74,003,204	69,394,648
Less: capitalised employee expenses		(4,639,845)	(4,609,291)
		69,363,359	64,785,357

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

## Annual Financial Statements For the year ended 30 June 2011 continued

### 7. Materials and services

	Note	2011 \$	2010 \$
Contractors		27,194,331	26,004,756
Consultants		2,631,184	2,979,139
Other Council outsourcing costs		7,089,558	6,673,797
Purchase of materials		6,515,254	1,492,152
Office administration costs		6,970,386	6,466,019
Electricity charges		3,127,265	3,672,710
Plant operations		4,979,419	4,061,038
Information technology resources		2,226,600	2,703,372
Office equipment		4,651	254,724
General insurance		974,902	848,930
Community assistance		1,449,879	1,668,494
Audit services		123,568	90,600
Other material and service expenses		773,997	874,390
Remediation costs for landfill and quarry		4,811,304	(3,616,876)
Discontinued operations (internal debt transactions)		-	(14,949,996)
		68,872,297	39,223,249



# Annual Financial Statements For the year ended 30 June 2011 continued

## 8. Finance costs

	Note	2011 \$	2010 \$
Finance costs charged by the Queensland Treasury Corporation		2,920,880	2,736,118
Bank charges		308,503	343,529
Bad debts		6,731	(5,320)
Borrowing costs - landfill and quarry remediation		1,068,095	898,358
		4,304,209	3,972,685

## 9. Depreciation and amortisation

	Note	2011 \$	2010 \$
<b>Depreciation of non-current assets</b>			
Buildings		2,914,267	3,081,812
Plant and equipment		5,409,148	5,449,380
Roads		10,231,952	9,263,081
Stormwater drainage		4,675,526	5,094,481
Water and wastewater		-	-
Parks		3,597,662	3,920,630
Other infrastructure		3,229,043	3,513,790
Waste		377,279	702,427
	18	30,434,877	31,025,601
<b>Amortisation of intangible assets</b>			
Software	19	528,697	578,361
Total depreciation and amortisation	32	30,963,574	31,603,962

## Annual Financial Statements For the year ended 30 June 2011 continued

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

	Note	2011 \$	2010 \$
Proceeds from sale of property, plant and equipment		(1,547,080)	(793,780)
Less: book value of property, plant and equipment disposed		2,340,408	4,741,812
		793,328	3,948,032
Proceeds from sale of land		(478,182)	(917,273)
Less: book value of land disposed		984,000	1,440,000
		505,818	522,727
Proceeds from sale of non-current assets held for sale		(112,232)	(179,583)
Less: book value of disposed non-current assets held for sale		95,012	131,967
		(17,220)	(47,616)
	31	1,281,927	4,423,143

### 11. Loss on disposal of discontinued operations

	Note	2011 \$	2010 \$
Proceeds from sale of discontinued operations		(452,260,000)	-
Less: book value of assets disposed from discontinued operations		745,193,972	-
	2.w	292,933,972	-

# Annual Financial Statements For the year ended 30 June 2011 continued

## 12. Cash and cash equivalents

	Note	2011 \$	2010 \$
Cash at bank		1,245,181	574,945
Cash on hand		17,955	18,055
Deposits at call		71,219,888	84,009,295
Balance per Statement of Cash Flows		72,483,024	84,602,295

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

	Note	2011 \$	2010 \$
Unspent government grants and contributions		6,265,713	3,900,472
Unspent contributions		12,847,871	11,543,173
Total unspent restricted cash		19,113,584	15,443,645

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## 13. Trade and other receivables

	Note	2011 \$	2010 \$
<b>(a) Current</b>			
Rates and utility charges		3,513,843	11,243,613
Other debtors		10,595,746	3,148,006
GST recoverable		1,408,120	2,638,699
Loans and advances to community organisations		16,743	21,749
Less: Allowance for impairment		(59,896)	(63,950)
		15,474,555	16,988,117

## **(b) Non-current**

Loans and advances to community organisations		26,184	42,927
---	--	--------	--------

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

Movement in accumulated impairment losses is as follows:

Opening balance		(63,950)	(79,659)
Impairment		4,054	15,709
Closing balance		(59,896)	(63,950)

# Annual Financial Statements For the year ended 30 June 2011 continued

## 14. Inventories

	Note	2011 \$	2010 \$
<b>Inventories held for distribution</b>			
Gravel stockpiles		491,850	287,533
Plant and equipment stores		556,692	419,284
		1,048,542	706,817

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

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

	Note	2011 \$	2010 \$
Plant and equipment		160,254	95,012
Impairment adjustment in period		-	-
		160,254	95,012

Non-current assets held for sale relates to 11 vehicles held at auction.



## Annual Financial Statements For the year ended 30 June 2011 continued

### 16. Other assets

	Note	2011 \$	2010 \$
Prepaid registration		87,383	78,968
Prepaid insurance		138,936	129,583
Prepaid salaries and wages		203,341	404,505
Prepaid other expenses		816,397	863,370
		1,246,057	1,476,426

### 17. Investment property

	Note	2011 \$	2010 \$
Fair value at beginning of financial year		3,840,000	3,628,000
Revaluation adjustment to the income account		36,000	212,000
Fair value at end of financial year		3,876,000	3,840,000

Investment properties include a block of four shops at Dollery Road, Capalaba. This property was revalued by external valuers AssetVal Pty Ltd as at 30 June 2011, based on a capitalisation of income approach.

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

Income from investment property is shown in Note 4.

# Annual Financial Statements For the year ended 30 June 2011 continued

## 18 (a) Property, plant and equipment

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Asset values</b>											
Opening gross value	310,914,407	114,998,915	40,951,217	666,112,084	381,195,923	1,062,491,446	84,297,140	145,359,559	15,780,739	31,343,502	2,853,444,934
Work in progress (WIP) expenditure	-	-	-	-	-	-	-	-	-	48,120,954	48,120,954
Transfer from WIP to non-current assets	-	-	-	-	-	-	-	-	-	(61,274,607)	(61,274,607)
Additions at cost	12,070,784	2,143,890	8,176,094	16,112,034	2,650,731	-	3,442,454	9,974,180	4,442	-	54,574,609
Contributed assets at valuation	-	-	-	14,060,915	6,690,207	-	41,103	-	-	-	20,792,226
Land acquired in lieu of rates	60,797	-	-	-	-	-	-	-	-	-	60,797
Disposals	(3,732,300)	(649,856)	(7,335,349)	(1,887,352)	(320,924)	(1,062,491,446)	(475,234)	(302,415)	(5,227,964)	-	(1,082,422,841)
Revaluation adjustments	(68,476,299)	2,924,120	-	-	-	-	-	-	1,057,741	-	(64,494,437)
Transfer to assets classified as held for sale	-	-	(312,703)	-	-	-	-	-	-	-	(312,703)
Transfer between non-current asset classes	-	(354,922)	354,922	(7,328)	9,945	-	(1,707,265)	1,707,265	(2,617)	-	(0)
Closing gross value	250,837,390	119,062,147	41,834,181	694,390,354	390,225,882	-	85,598,198	156,738,589	11,612,342	18,189,850	1,768,488,932

# Annual Financial Statements For the year ended 30 June 2011 continued

## 18 (a) Property, plant and equipment

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Accumulated depreciation</b>											
Opening balance	-	43,578,548	18,685,663	203,398,042	92,067,379	328,358,783	32,653,586	43,874,914	11,559,004	-	774,175,919
Depreciation provided in period	-	2,914,267	5,409,148	10,231,952	4,675,526	-	3,597,662	3,229,043	377,279	-	30,434,877
Depreciation on disposals	-	(384,885)	(5,793,132)	(1,640,436)	(68,728)	(328,358,783)	(272,316)	(179,049)	(5,156,822)	-	(341,854,150)
Depreciation on revaluation adjustments	-	2,353,685	-	-	-	-	-	-	(2,969,350)	-	(615,666)
Transfer to assets classified as held for sale			(152,450)							-	(152,450)
Transfer between non-current asset classes	-	(52,543)	52,543	-	61	-	(670,733)	670,733	(61)	-	0
Accumulated depreciation at period end	-	48,409,072	18,201,774	211,989,558	96,674,238	-	35,308,199	47,595,641	3,810,050	-	461,988,530
Total written- down value at 30 June 2011	250,837,390	70,653,075	23,632,408	482,400,796	293,551,644	-	50,289,999	109,142,949	7,802,292	18,189,850	1,306,500,402
Range of estimated useful life in years	n/a	50	3 - 10	16 - 80	80	80	5 - 15	5 - 75	3 - 80	n/a	

# Annual Financial Statements For the year ended 30 June 2011 continued

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

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
<b>Basis of measurement</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Cost</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Cost</b>	
<b>Asset values</b>											
Opening gross value	307,702,904	124,003,452	38,194,905	616,812,546	421,817,232	1,054,876,999	87,291,764	184,930,767	15,426,229	13,530,176	2,864,586,974
Adjustments to opening value	-	(156,400)	-	6,198,094	-	(8,058,343)	(371,256)	73,276	163,500	-	(2,151,129)
Work in progress expenditure	-	-	-	-	-	-	-	-	-	51,174,571	51,174,571
Transfer from WIP to non-current assets	-	-	-	-	-	-	-	-	-	(33,361,245)	(33,361,245)
Additions at cost	4,339,503	1,004,831	7,207,204	10,723,294	809,582	3,294,447	3,160,590	4,508,290	191,010	-	35,238,751
Contributed assets at valuation	-	-	-	5,539,564	3,846,623	15,361,384	489,229	-	-	-	25,236,800
Land acquired in lieu of rates	30,003	-	-	-	-	-	-	-	-	-	30,003
Disposals	(1,440,000)	(41,000)	(4,249,659)	(3,911,472)	(2,295,039)	(2,983,041)	(2,507,734)	(827,311)	-	-	(18,255,256)
Revaluation adjustments	281,997	(9,811,968)	91,211	30,750,059	(45,452,475)	-	(6,431,885)	(29,790,761)	-	-	(60,363,822)
Transfers to assets classified as held for sale	-	-	(303,609)	-	-	-	-	-	-	-	(303,609)
Transfers between non-current asset classes	-	-	-	-	19,158	-	623,477	(642,635)	-	-	-
Asset corrections during period	-	-	11,165	-	2,450,843	-	2,042,956	(12,892,066)	-	-	(8,387,102)
Closing gross value	310,914,407	114,998,915	40,951,217	666,112,085	381,195,924	1,062,491,446	84,297,141	145,359,560	15,780,739	31,343,502	2,853,444,934

# Annual Financial Statements For the year ended 30 June 2011 continued

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

	Land \$	Buildings \$	Plant and equipment \$	Roads \$	Stormwater drainage \$	Water and wastewater \$	Parks \$	Other infrastructure \$	Waste \$	Work in progress \$	Total \$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Accumulated depreciation</b>											
Opening balance	-	44,370,740	16,897,591	189,236,958	99,246,944	313,733,431	39,471,583	51,689,768	10,814,816	-	765,461,832
Adjustments to opening value	-	(97,563)	-	2,094,754	-	(1,330,774)	(107,428)	63,517	38,378	-	660,884
Depreciation provided in period	-	3,083,279	5,524,751	9,263,081	5,094,481	17,436,768	3,920,630	3,513,790	702,427	-	48,539,207
Depreciation on disposals	-	(21,138)	(3,514,624)	(2,851,916)	(465,841)	(1,399,485)	(1,832,707)	(396,594)	-	-	(10,482,305)
Revaluation adjustments	-	(3,756,719)	(13,458)	5,580,334	(12,338,263)	-	(10,140,429)	(10,574,030)	-	-	(31,242,565)
Transfers to assets classified as held for sale	-	-	(208,597)	-	-	-	-	-	-	-	(208,597)
Transfers between non-current asset classes	-	-	-	-	781	-	192,590	(193,371)	-	-	-
Asset corrections during period	-	(51)	-	74,831	529,277	(81,157)	1,149,347	(228,166)	3,383	-	1,447,464
Accumulated depreciation at period end	-	43,578,548	18,685,663	203,398,042	92,067,379	328,358,783	32,653,586	43,874,914	11,559,004	-	774,175,919
Total written down value at 30 June 2010	310,914,407	71,420,367	22,265,554	462,714,043	289,128,545	734,132,663	51,643,555	101,484,646	4,221,735	31,343,502	2,079,269,015
Range of estimated useful life in years	n/a	50	3-10	16-80	80	80	5-15	5-75	3-80	n/a	



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

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

### **(i) Land**

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

### **(ii) Buildings**

All buildings were valued at fair value as at 30 June 2011 by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839).

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

Road assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Indexation adjustments were not applied in 2011 as the movement in indicators was not considered material.

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

Stormwater drainage assets, road bridges and traffic signals were valued in 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Indexation adjustments were not applied in 2011 as the movement in indicators was not considered material.

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

Parks infrastructure assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Indexation adjustments were not applied in 2011 as the movement in indicators was not considered material.

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

These assets include bus shelters, car parks, cycleways, streetscapes, pedestrian underpasses, swimming pools, marine and jetty facilities, and seawalls, and were valued at fair value at 30 June 2010 by qualified external valuers AssetVal Pty Ltd (registered valuers - since 1839). Indexation adjustments were not applied in 2011 as the movement in indicators was not considered material.

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

All assets were valued at fair value as at 30 June 2011 by qualified external valuers, AssetVal Pty Ltd (registered valuers - since 1839).

## Annual Financial Statements For the year ended 30 June 2011 continued

### 19. Intangible assets

	Note	2011 \$	2010 \$
<b>Software</b>			
Opening gross carrying value		8,211,787	7,926,053
Additions in period		249,312	332,974
Written off amounts		-	(47,240)
Closing gross carrying value		8,461,099	8,211,787
<b>Accumulated amortisation</b>			
Opening balance		(7,332,318)	(6,798,852)
Amortisation in the period		(528,697)	(580,706)
Written off amounts		-	47,240
Closing balance		(7,861,016)	(7,332,318)
Net carrying value at end of financial year		600,083	879,469

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## 20. Investment in other companies

	Note	2011 \$	2010 \$
Investment in associate (Allconnex Water)		244,441,560	-
Investment in SEQ recreational regional facility		73,000	-
		244,514,560	-

### Details of associate

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

### Participation rights

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

		30/06/2011	30/06/2010
Percentage participation rights	2.w	11.138%	0%

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

Council accounts for its investment in Allconnex Water under the equity method whereby the investment is initially recorded at cost and then adjusted for Council's share of Allconnex Water profit or loss and other comprehensive income. Council is entitled to a share of net profits as a participation return and has further provided senior and subordinated loans of \$113,065,000 and \$90,452,000 with quarterly interest-only payments for three years. Following this initial period, the terms of the loans will be renegotiated.

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

Allconnex Water has paid a dividend of \$nil during the current financial year.

# Annual Financial Statements For the year ended 30 June 2011 continued

## Summarised financial information

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

The financial position and financial performance have been sourced from the audited and published Allconnex Water financial statements for 2010-11.

	Note	2011 \$	2010 \$
<b>Financial position:</b>			
Current assets		156,271,000	-
Non-current assets		4,176,723,000	-
Total assets		4,332,994,000	-
Current liabilities		161,652,000	-
Non-current liabilities		1,948,932,000	-
Total liabilities		2,110,584,000	-
Net assets		2,222,410,000	-
<b>Council's share of Allconnex Water net assets</b>		<b>244,465,100</b>	<b>-</b>
<b>Financial performance:</b>			
Income		644,893,000	-
Expenses		644,568,000	-
Pre-tax profit/(loss)		325,000	-
Tax expense		27,937,000	-
Post-tax profit/(loss)		(27,612,000)	-
Prior year surplus/(deficit)		(11,492,000)	-
Accumulative surplus/(deficit)		(39,104,000)	-

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Council's share of Allconnex Water profit/(loss)</b>		<b>(4,301,440)</b>	-
<b>Change in associate investment carrying value:</b>			
Initial investment carrying value	2.w	248,743,000	-
Plus share of profit/(loss)		(4,301,440)	-
Plus share of other comprehensive income		-	-
Less dividends received or declared		-	-
Closing investment carrying value		244,441,560	-
<b>Other associate entity revenue:</b>			
Interest on senior and subordinate loans		16,170,000	-
Tax equivalent payments		4,245,000	-
Establishment costs		1,733,000	-
Service level agreements		4,299,045	-



## Annual Financial Statements For the year ended 30 June 2011 continued

### 21. Financial assets

	Note	2011 \$	2010 \$
Senior loan to associate		113,065,000	-
Subordinate loan to associate		90,452,000	-
		203,517,000	-

### 22. Trade and other payables

	Note	2011 \$	2010 \$
<b>(a) Current</b>			
Creditors and accruals		19,357,963	22,241,170
Annual leave		5,028,096	5,384,015
		24,386,058	27,625,185
<b>(b) Non-Current</b>			
Creditors and accruals		343,000	345,000
		343,000	345,000

# Annual Financial Statements For the year ended 30 June 2011 continued

## 23. Borrowings

	Note	2011 \$	2010 \$
<b>Loans - Queensland Treasury Corporation</b>			
Balance at beginning of financial year		43,172,435	40,661,097
Loans raised		16,670,283	4,408,000
Principal repayments		(2,190,509)	(1,903,294)
Interest accrued		-	6,632
Book value at end of financial year		57,652,209	43,172,435
Classified as:			
Current		3,130,884	2,206,329
Non-current		54,521,324	40,966,106
		57,652,209	43,172,435

The loan market value at the reporting date was \$60,336,720.33. This represents the value of debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

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

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

Expected final repayment dates vary from 22 September 2021 to 11 December 2025. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made in arrears.

# Annual Financial Statements For the year ended 30 June 2011 continued

## 24. Provisions

	Note	2011 \$	2010 \$
<b>(a) Current</b>			
Quarry rehabilitation		39,859	30,502
Landfill rehabilitation		3,123,682	3,394,171
Provision for concrete recycling		75,000	75,000
Long service leave		529,865	1,629,990
		3,768,406	5,129,663
<b>(b) Non-current</b>			
Quarry rehabilitation		958,580	395,175
Landfill rehabilitation		25,078,121	19,500,995
Long service leave		8,001,239	7,817,325
		34,037,939	27,713,495
Details of movements in provisions:			
<b>Quarry rehabilitation</b>			
Balance at beginning of financial year		425,677	823,212
Increase in provision - borrowing cost		19,496	28,401
Increase (decrease) in provision due to change in discount rate and costs		553,266	(425,936)
Balance at end of financial year		998,439	425,677

This is the present value of the estimated cost of restoring the quarry site to a usable state at the end of its useful life. The projected cost is \$1,232,953 and these costs are expected to be incurred up to 2018.

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Landfill rehabilitation</b>			
Balance at beginning of financial year		22,895,165	25,216,148
Increase in provision - borrowing cost		1,048,599	869,957
Increase (decrease) in provision due to change in discount rate and costs		4,258,038	(3,190,940)
Balance at end of financial year		28,201,802	22,895,165

This is the present value of the estimated cost of restoring approximately 25 closed landfill sites and currently operating Birkdale landfill to a usable state at the end of its useful life. The projected cost is \$32,122,314 and these costs are expected to be incurred up to 2019.

<b>Long service leave</b>			
Balance at beginning of financial year		9,447,316	9,094,611
Long service leave entitlement arising		686,431	890,044
Long service entitlement paid		(1,602,643)	(537,339)
Balance at end of financial year		8,531,104	9,447,316

### 25. Other liabilities

	Note	2011 \$	2010 \$
Unearned revenue		1,097,507	1,636,312
		1,097,507	1,636,312

Unearned revenue relates to child care fees and building development applications.

# Annual Financial Statements For the year ended 30 June 2011 continued

## 26. Asset revaluation surplus

	Note	2011 \$	2010 \$
<b>Movements in the asset revaluation surplus were as follows:</b>			
Balance at beginning of financial year		1,132,409,076	1,175,008,054
Asset corrections		-	(9,861,483)
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		(68,476,299)	281,997
Buildings		570,436	(6,055,250)
Plant and equipment (artwork)		-	104,669
Roads		-	25,169,725
Stormwater drainage		-	(33,114,212)
Parks		-	3,708,546
Other infrastructure		-	(19,216,732)
Waste		4,027,091	-
Net increment (decrement) on revaluation adjustments		(63,878,771)	(29,121,257)
Transfer to retained earnings revalued component of disposed assets		(528,031,836)	(3,616,238)
Balance at end of financial year		540,498,469	1,132,409,076

# Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Asset revaluation surplus analysis:</b>			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land		83,184,055	153,824,080
Buildings		27,141,686	26,656,772
Plant and equipment (artwork)		104,669	104,669
Roads		266,294,919	266,294,919
Stormwater drainage		85,233,484	85,300,939
Water and wastewater		-	525,661,503
Parks		35,943,948	35,986,517
Other infrastructure		35,898,578	35,909,639
Waste		6,697,130	2,670,039
		540,498,469	1,132,409,076



# Annual Financial Statements For the year ended 30 June 2011 continued

## 27. Other reserves

	Note	2011 \$	2010 \$
<b>Reserves held for future expenditure:</b>			
Special Projects Reserve		11,335,700	11,052,770
Special Capital Projects Reserve		567,297	575,993
Cleansing Reserve		2,789,747	942,950
Constrained Works Reserve		15,864,480	13,400,213
Separate Charge Reserve - Environment		6,278,144	4,850,951
Special Charge Reserve - Other		-	362
Special Charge Reserve - Canals		1,693,929	1,579,580
Constrained Works Recurrent Reserve		3,242,589	1,985,877
		41,771,886	34,388,696
Movements in reserves are analysed as follows:			
<b>Special Projects Reserve</b>			
Balance at beginning of financial year		11,052,770	11,098,865
Transfers from retained surplus for future expenditure		825,547	1,695,153
Transfers to retained surplus, funds expended in the year		(542,617)	(1,741,248)
Balance at end of financial year		11,335,700	11,052,770
<b>Special Capital Projects Reserve</b>			
Balance at beginning of financial year		575,993	641,960
Transfers from retained surplus for future expenditure		2,152,200	1,865,600
Transfers to retained surplus, funds expended in the year		(2,160,896)	(1,931,567)
Balance at end of financial year		567,297	575,993

# Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Cleansing Reserve</b>			
Balance at beginning of financial year		942,950	-
Transfers from retained surplus for future expenditure		2,707,356	942,950
Transfers to retained surplus, funds expended in the year		(860,559)	-
Balance at end of financial year		2,789,747	942,950
<b>Constrained Works Reserve</b>			
Balance at beginning of financial year		13,400,213	18,598,910
Transfers from retained surplus for future expenditure		4,569,947	6,146,504
Transfers to retained surplus, funds expended in the year		(2,105,680)	(11,345,201)
Balance at end of financial year		15,864,480	13,400,213
<b>Separate Charge Reserve - Environment</b>			
Balance at beginning of financial year		4,850,951	3,884,640
Transfers from retained surplus for future expenditure		9,657,976	8,786,925
Transfers to retained surplus, funds expended in the year		(8,230,783)	(7,820,614)
Balance at end of financial year		6,278,144	4,850,951

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Special Charge Reserve - Other</b>			
Balance at beginning of financial year		362	-
Transfers from retained surplus for future expenditure		131,799	205,379
Transfers to retained surplus, funds expended in the year		(132,162)	(205,017)
Balance at end of financial year		-	362
<b>Special Charge Reserve - Canals</b>			
Balance at beginning of financial year		1,579,580	1,794,918
Transfers from retained surplus for future expenditure		2,643,216	2,447,016
Transfers to retained surplus, funds expended in the year		(2,528,866)	(2,662,354)
Balance at end of financial year		1,693,929	1,579,580
<b>Constrained Works Recurrent Reserve</b>			
Balance at beginning of financial year		1,985,877	1,989,907
Transfers from retained surplus for future expenditure		2,660,860	1,721,567
Transfers to retained surplus, funds expended in the year		(1,404,149)	(1,725,597)
Balance at end of financial year		3,242,588	1,985,877

# Annual Financial Statements For the year ended 30 June 2011 continued

## 28. Commitments for expenditure

	Note	2011 \$	2010 \$
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within 1 year		407,119	391,460
1 to 5 years		1,675,362	1,724,397
Greater than 5 years		-	353,667
		2,082,481	2,469,524
<b>Operating contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Roadworks		1,778,762	1,149,236
Waste		49,896,233	31,619,971
Other		6,869,119	14,022,049
		58,544,114	46,791,256
These expenditures are payable:			
Within 1 year		20,040,250	24,336,223
1 to 5 years		38,503,864	22,455,033
		58,544,114	46,791,256

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Capital contractual commitments</b>			
Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities:			
Roadworks		201,083	2,198,413
Waste		9,853	87,216
Other		2,692,822	3,581,836
		2,903,758	5,867,465
These expenditures are payable:			
Within 1 year		2,903,758	5,867,465
1 to 5 years		-	-
		2,903,758	5,867,465

# Annual Financial Statements For the year ended 30 June 2011 continued

## 29. 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 2011 is \$622,000 where estimated claims liability as defined in Section 84 of the Act. The Actuary has recommended that a balance sheet provision be made for \$469,000 for the total estimated claims liability. Council has in place a bank guarantee with the ANZ Banking Group Ltd for \$5,000,000.

### Other claims

The Quandamooka-Redland City Council Indigenous Land Use Agreement (ILUA) sets out broad principles and mechanisms for how parties will work together and meet their respective responsibilities for mutual benefits in accordance with the *Native Title Act 1994*. The ILUA establishes native title validation and consultation for Council's projects and a framework for other policies, programs and initiatives for the mutual benefit of parties and local community, in exchange for compensation and other benefits to the Quandamooka People. The ILUA and associated policy framework will take effect when it is registered, anticipated in December 2011, and will be delivered over the following months and years in accordance with available resources under the terms of the ILUA and *Local Government Act 2009*. Council has considered that the agreement will require financial planning around specific capital works and operational projects, however, the financial extent of this has not yet been determined. The budgetary considerations and requirements for the delivery of related projects will be in accordance with Council's financial management practices, policies and guidelines.

## Guarantees

Redland City Council has signed two deeds of guarantee and indemnity both in favour of Queensland Treasury Corporation (QTC) for the due payment of a proportion of all monies payable from time to time by the Southern SEQ Distributor - Retailer (authority) (A.B.N. 80769308350).

## 30. Superannuation

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF).

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

The DBF is a defined benefit plan as defined in AASB 119. Council is not able to account for the DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

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

The audited general purpose financial report of the scheme as at 30 June 2010 (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 2009. The actuary indicated that the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in 10 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions.

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the *Local Government Act 2009*, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at July 1 2012.



## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:		6,414,684	6,627,861
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of councillors was:		124,915	124,915

### 31. Trust funds

	Note	2011 \$	2010 \$
Monies collected or held on behalf of other entities, yet to be paid out to or on behalf of those entities.		9,315,288	8,968,223

Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.

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. Contained within the trust account balance are funds held in relation to bulk water developer contributions totalling \$3.758m and following advice received from the state government, Council will be transferring these trust funds to the State Grid Manager in early 2011-12.

# Annual Financial Statements For the year ended 30 June 2011 continued

## 32. Reconciliation of net operating surplus for the year to net cashflow (outflow) from operating activities

	Note	2011 \$	2010 \$
Net operating result		(290,237,675)	21,620,536
<b>Non-cash operating items:</b>			
Depreciation and amortisation	9	30,963,574	31,603,962
Non-cash contributions	5(b)	(20,792,226)	(9,875,416)
Allowance for impairment		(4,053)	(16,727)
Land acquired in lieu of rates		(60,797)	(30,003)
Fair value adjustment - investment property	17	(36,000)	(212,000)
Discontinued operations adjustment		-	2,155,584
		10,070,499	23,625,400
<b>Investing and development activities:</b>			
Net (profit)/loss on disposal of non-current assets	10	1,281,927	4,423,143
Net (profit)/loss on disposal of discontinued operations	11	292,933,972	-
Capital grants, subsidies and contributions	5(b)	(8,649,589)	(7,984,342)
Allconnex Water investment returns		(12,127,450)	-
Discontinued operations adjustment		-	(2,068,429)
Share of loss in associate company		4,301,440	-
		277,740,300	(5,629,628)

## Annual Financial Statements For the year ended 30 June 2011 continued

	Note	2011 \$	2010 \$
<b>Changes in operating assets and liabilities:</b>			
(Increase)/decrease in rates and utility charges receivable		7,729,770	77,255
(Increase)/decrease in other receivables		(6,217,160)	(387,448)
(Increase)/decrease in other current assets		(111,355)	341,124
Increase/(decrease) in creditors		(2,358,292)	3,981,361
Increase/(decrease) in provisions		4,607,267	(1,946,305)
Increase/(decrease) in other liabilities		(538,805)	15,766
Discontinued operations adjustment		-	1,251,515
		3,111,423	3,333,268
Net cash inflow (outflow) from operating activities		684,547	42,949,576

# Annual Financial Statements For the year ended 30 June 2011 continued

## 33. Correction of error

In the process of preparing the financial statements for the year ended 30 June 2011, some 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 2009 where necessary and the comparative amounts for the year ended 30 June 2010.

Details of asset corrections are as follows:

### **Trade and other receivables:**

It was noted that a number of invoices totalling \$1,378,346 relating to rates and utility charges raised prior to 1 July 2009 had not been reflected in revenue. The adjustment made was to debit Trade and Other Receivables and credit Retained Surplus.

The GST Receivable relating to before 1 July 2009 had not previously been taken into account and the correction posted was to debit Trade and Other Receivables and credit Retained Surplus for \$465,986.

### **Property, plant and equipment:**

#### Building

This correction reflects the reversal of a duplicate asset recording for a shed taken into account prior to 1 July 2009. The adjustment for \$58,786 was made by crediting Property, Plant and Equipment and debiting Retained Surplus. The impact to Depreciation Expense was immaterial.

#### Plant and equipment

This adjustment totalling \$11,165 reflects the recognition of office equipment purchased in 2009-10 that had not previously been taken into account. The adjustment made was to debit Property, Plant and Equipment and credit Retained Surplus. The impact to Depreciation Expense was immaterial.

#### Parks infrastructure

\$793,084 of this adjustment relates to the correction of an error in the application of the revaluation applied at year end 2009-10. The correction was to debit Property, Plant and Equipment and credit the Asset Revaluation Surplus. There was no adjustment to Depreciation Expense required.

The remaining adjustment of \$163,302 was to reverse the recognition of a number of duplicate assets and bring into account some assets that had not previously been recognised. The correction was to credit Property, Plant and Equipment and debit Retained Surplus. These adjustments relate to periods prior to 1 July 2009 and had an impact of \$15,896 on annual Depreciation Expense.

#### Roads infrastructure

The conversion of road infrastructure assets from the previous asset management system, SMEC, into Maximo highlighted a number of duplicate asset records dating prior to 1 July 2009. An adjustment to the value of \$1,101,146 was made to the Roads Infrastructure assets by crediting Property, Plant and Equipment and debiting Retained Surplus. The correction resulted in a reduction to annual Depreciation Expense of \$20,901.

In addition, it was identified that bikeways were only recorded and valued prior to 1 July 2009 as linear surface assets and not including the base and sub-base elements. An adjustment to the value of \$5,187,649 was made by debiting Property, Plant and Equipment and crediting Retained Surplus. Annual Depreciation Expense was increased by \$94,013.

The remaining adjustment of \$57,993 was to correct for a small number of assets installed prior to 1 July 2009 and whose depreciation had not previously been taken into account. The correction was to credit Property, Plant and Equipment and debit Retained Surplus. The impact on Depreciation Expense was immaterial.

#### Stormwater drainage infrastructure

This adjustment relates to the correction of an error in the application of the revaluation applied at year end 2009-10 to the value of \$1,921,566. The correction was to debit Property, Plant and Equipment and credit the Asset Revaluation Reserve. There was no adjustment to Depreciation Expense required.

#### Water infrastructure

A number of assets were erroneously missed from the transfer schedules when the Bulk Water Entities took ownership of bulk water distribution at 1 July 2008. Determination has now been made that no further compensation will be provided for these assets. As a result, they have now been treated in the same manner as the initial transfer of assets by crediting Property, Plant and Equipment and debiting Asset Revaluation Surplus (Impairment) for \$7,199,228. No adjustment to Depreciation Expense was required as these assets were not depreciated after 1 July 2008.

#### Wastewater infrastructure

Linear assets can be split where a portion of the asset has been replaced. At 30 June 2010, the Accumulated Depreciation was overstated as it had been reflected on both the original and split asset. This adjustment as a debit to Property, Plant and Equipment and a credit to Retained Surplus, reflects the correction for the offset to depreciation for these splits. This adjustment resulted in a reduction of \$81,157 to annual Depreciation Expense.

#### Other infrastructure

This adjustment relates to the correction of an error in the application of the revaluation applied at year end 2009-10 to the value of \$12,654,142. The correction was to credit to Property, Plant and Equipment and debit the Asset Revaluation Surplus. There was no adjustment to Depreciation Expense required.

#### Waste infrastructure

This adjustment reflects the recognition of an internal road installed at a transfer station prior to 2009-10 that had not previously been taken into account. The adjustment made was to debit Property, Plant and Equipment and credit Retained Surplus. The correction resulted in an increase of \$3,383 to annual Depreciation Expense.

## Annual Financial Statements For the year ended 30 June 2011 continued

The table below represents the financial impact of these corrections:

	Gross value added \$	Accumulated depreciation \$	Net value \$
<b>Trade and other receivables</b>			
Rates and utility charges	1,378,346	-	1,378,346
GST recoverable	465,986	-	465,986
	1,844,332	-	1,844,332
<b>Property, plant and equipment</b>			
Buildings	(156,400)	97,614	(58,786)
Plant and equipment	11,165	-	11,165
Parks infrastructure	1,671,700	(1,041,918)	629,782
Roads infrastructure	6,198,094	(2,169,585)	4,028,509
Stormwater drainage infrastructure	2,450,843	(529,277)	1,921,566
Water infrastructure	(8,058,343)	859,115	(7,199,228)
Wastewater infrastructure	-	552,816	552,816
Other infrastructure	(12,818,791)	164,649	(12,654,142)
Waste infrastructure	163,500	(41,761)	121,739
	(10,538,232)	(2,108,347)	(12,646,579)
	(8,693,900)	(2,108,347)	(10,802,247)

A restated Statement of Financial Position has been included in the financial statements as at July 1 2009 and 30 June 2010 to reflect these adjustments.

## Annual Financial Statements For the year ended 30 June 2011 continued

	Previously stated \$	Adjustment \$	Restated \$
<b>1 July 2009</b>			
Trade and other receivables	13,749,544	1,844,332	15,593,876
Total current assets	97,307,078	1,844,332	99,151,410
Property, plant and equipment	2,099,125,142	(2,812,013)	2,096,313,129
Total non-current assets	2,103,941,595	(2,812,013)	2,101,129,582
<b>TOTAL ASSETS</b>	<b>2,201,248,673</b>	<b>(967,681)</b>	<b>2,200,280,992</b>
Asset revaluation surplus	1,182,291,910	(7,283,856)	1,175,008,054
Retained surplus	880,279,843	6,316,175	886,596,018
<b>TOTAL COMMUNITY EQUITY</b>	<b>2,100,580,953</b>	<b>(967,681)</b>	<b>2,099,613,272</b>
<b>30 June 2010</b>			
Trade and other receivables	15,143,785	1,844,332	16,988,117
Total current assets	102,024,335	1,844,332	103,868,667
Property, plant and equipment	2,091,915,594	(12,646,579)	2,079,269,015
Total non-current assets	2,096,677,990	(12,646,579)	2,084,031,411
<b>TOTAL ASSETS</b>	<b>2,198,702,325</b>	<b>(10,802,247)</b>	<b>2,187,900,078</b>
Asset revaluation surplus	1,149,554,415	(17,145,339)	1,132,409,076
Retained surplus	909,137,123	6,343,092	915,480,215
<b>TOTAL COMMUNITY EQUITY</b>	<b>2,093,080,234</b>	<b>(10,802,247)</b>	<b>2,082,277,987</b>

The depreciation charge for the period ended 30 June 2011 was calculated after the errors were discovered and therefore did not need correction. The impact to depreciation expense in 2009-10 was \$15,752.



# Annual Financial Statements For the year ended 30 June 2011 continued

## 34. Discontinued operations

### Disposal of Redland Water business unit

On 3 November 2009, a new statutory body called the Southern SEQ Distributor-Retailer Authority (the Authority) was established under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act) to deliver water and wastewater services to customers within the local government areas of Gold Coast City Council, Logan City Council and Redland City Council.

On 1 July 2010, the Authority acquired legislative power to begin trading, using the business name Allconnex Water, resulting in the discontinuation of Council's water and wastewater business, Redland Water. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 2(w). Refer also Note 35.

### Analysis of profit for the year from discontinued operations

The results of the discontinued operation included in Council's Statement of Comprehensive Income are set out below. The comparative profit from the discontinued operation has been represented to include the operation classified as discontinued in the current year.

	Note	2011 \$	2010 \$
<b>Profit for the year from discontinued operations</b>			
Revenue		-	93,384,994
Expenses		-	(61,646,415)
Net result from discontinued operations (Note 3(b))		-	31,738,579
<b>Cash flows discontinued operations</b>			
Net cash inflow from operating activities		-	33,077,251
Net cash outflow from investing activities		-	(5,154,835)
Net cash inflow		-	27,922,416

## 35. Events after the reporting period

### Investment in Allconnex Water

On 7 April 2011, the Premier announced that the state government had decided to repeal the sections of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* which require the creation and operation of the water distributor-retailer entities. This decision meant that Participating Councils were offered the option of continuing with or withdrawing from their respective distributor-retailer authorities.

In response to the Premier's announcement the following events have occurred subsequent to balance date:

On Monday 25 July 2011, Gold Coast City Council resolved to advise the government of its desire to opt-out of Allconnex Water. Gold Coast City Council further announced a price mitigation plan that outlines its intended water prices for the next five years. This plan is yet to be approved by the Queensland Government.

On Tuesday 26 July 2011, the Minister for Energy and Water Utilities announced the state government would concentrate its efforts on drafting the necessary legislation that will allow councils to demerge from their water distributor-retailers.

On Monday 8 August 2011, following Gold Coast City Council's decision and as a direct consequence, Redland City Council resolved to advise the state government of its desire to opt-out of Allconnex Water and re-establish Redland Water for retail water distribution as of 1 July 2012.

On Tuesday 23 August 2011, Logan City Council resolved to advise the government of its desire to opt-out of Allconnex Water and re-establish its retail water distribution operations as of 1 July 2012.

While all three Participating Councils have announced an intention to withdraw from Allconnex Water, any withdrawal is subject to necessary amendments to the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* being drafted and passed by Parliament. Amendments to existing Participation Agreements may also be required in order to effect any withdrawal from Allconnex Water. The absence of amending legislation gives rise to an uncertainty as to the ability of the participating councils to withdraw from Allconnex Water and how any proposed withdrawal may occur, including the return of equity held by Council. Any amendments to the legislation and participation agreements providing for the withdrawal of the participating councils may impact on the value of Council's investment in Allconnex Water reported in the financial statements.

In June 2011, the Fairer Water Prices for SEQ Amendment Bill 2011 was passed by the Queensland Parliament. This legislation requires the participating councils to develop and publish final price paths for water and wastewater charges for residential and small customers by 30 March 2013 for the period 1 July 2013 to 30 June 2019. As these price paths have not yet been determined an uncertainty also exists as to the value of the infrastructure assets, presently owned by Allconnex Water, which will be returned to Council when amending legislation is passed. This uncertainty may also impact on the value of Council's investment in Allconnex Water reported in the financial statements.

Notwithstanding these uncertainties, in the absence of amending legislation passed by the Parliament, Council believes the value of the investment in Allconnex Water remains appropriate, as this is based on the best information available at the time of preparing the financial report. Further, Council has accounted for its investment in Allconnex Water based on recommended final RAB in the independent report commissioned by the Queensland Competition Authority. Although this report was released subsequent to 30 June 2011, the report was commissioned prior to 30 June 2011 and consequently, the report provided evidence of conditions that existed at 30 June 2011. As a result, Council has accounted for its investment in Allconnex Water based on the recommended final RAB of 11.138% (Note 2.(w)).

### Native Title

As disclosed in Note 29 with regard to the Quandamooka-Redland City Council Indigenous Land Use Agreement (ILUA), Council has considered that the agreement will require financial planning around specific capital works and operational projects, however, the financial extent of this has not yet been determined. The budgetary considerations and requirements for the delivery of related projects will be in accordance with Council's financial management practices, policies and guidelines.

# Annual Financial Statements For the year ended 30 June 2011 continued

## 36. Financial instruments

Redland City Council is exposed to various financial risks including credit risk, interest rate risk and liquidity risk. Overall, Council manages financial risk with the aim of minimising potential adverse impacts on the performance of the Council.

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

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. Council does not invest in derivatives or other high risk investments.
- When Council borrows, it borrows from the Queensland Treasury Corporation. Borrowing by Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.
- Council measures risk exposure using a variety of methods as follows:

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

Council does not hold funds in foreign currency and so does not have exposure to currency risk.

### (a) Credit risk exposure

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

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

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

Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC). Funds are held in a managed portfolio that invests in a wide range of high rating counterparties. QTC had its credit rating downgraded during the financial year from AAA to AA+ in line with the downgrading of the state government's credit rating. Funds deposited with QTC present relatively low risk exposure.

The total credit risk exposure on financial assets is generally the carrying amount, net of provision for doubtful debts, which is represented in the fair values table below, refer Note 36 (d). Council has no major concentration of credit risk to any single debtor or group of debtors, however, due to the nature of Council's operations, there is a geographical concentration of risk in Council's area. No collateral is held as security relating to the financial assets of Council.

#### *Past due or impaired*

No financial assets have been renegotiated to prevent them from being past due or impaired and are stated at their carrying value. The following table represents an analysis of the ageing of Council's financial assets that are either fully performing, past due or impaired.

# Annual Financial Statements For the year ended 30 June 2011 continued

Ageing analysis	Fully performing	Past due				Impaired	Total
		<30 days	30-60 days	61-90 days	>90 days		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Receivables	7,861	3,181	1,722	78	2,719	(60)	15,501

## (b) Liquidity risk

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

Council reviews liquidity risk indicators regularly and maintains sufficient cash on demand to meet operating and financing obligations for between 90 and 120 days, excluding the impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. Council can recall funds invested with QTC within a working day to cover unexpected volatility in cash flows.

The following table sets out the liquidity risk of the financial liabilities held by Council. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date.

Maturity analysis - financial liabilities	Current		1-5 Years		>5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Payables	24,386	27,625	343	345	0	0	24,729	27,970
QTC borrowings	6,799	5,111	27,067	20,401	50,370	39,927	84,236	64,809

## (c) Interest rate risk

Council is exposed to interest rate risk through borrowings and investments with QTC. The risk in borrowings is managed by borrowing through QTC and therefore having access to a mix of funding sources. The investments Council has made through QTC are capital assured and so there is no risk exposure to capital invested. Council does not enter into any hedging of interest rate risk.

Interest rate sensitivity analysis:

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

## Annual Financial Statements For the year ended 30 June 2011 continued

Sensitivity analysis	Net carrying amount		Profit		Equity	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial assets	725	846	725	846	725	846
Financial liabilities	0	0	0	0	0	0

### (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	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Financial assets</b>									
Cash assets	12	72,465	84,584	-	-	18	18	72,483	84,602
Receivables (fixed at 11%)	13	-	-	3,514	11,244	11,987	5,787	15,501	17,031
Prepayments	16	-	-	-	-	1,246	1,476	1,246	1,476
Senior debt ** (fixed at 6.67%)	21	-	-	113,065	-	-	-	113,065	-
Subordinate debt ** (fixed at 7.51%)	21	-	-	90,452	-	-	-	90,452	-
		72,465	84,584	207,031	11,244	13,251	7,281	292,747	103,109
Effective interest rate		5.59%	5.28%		11.00%				
<b>Financial liabilities</b>									
Payables	22	-	-	-	-	24,729	27,970	24,729	27,970
Loans - QTC *	23	-	-	57,652	43,172	-	-	57,652	43,172
		-	-	57,652	43,172	24,729	27,970	82,381	71,142
Weighted average interest rate		-	-	6.64%	7.03%	-	-	-	-
Net financial assets		72,465	84,584	149,379	(31,928)	(11,478)	(20,689)	210,366	31,967

\* QTC - denotes Queensland Treasury Corporation

\*\* To associate company Allconnex Water

## 37. National Competition Policy

### Activities to which the code of competitive conduct is applied

A 'business activity' of a local government is divided into two categories:

(a) Roads business activity:

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

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

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

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

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

Waste management

Redland Art Gallery

School age care

Cemetery development and maintenance

Fleet leasing and operations

Quarry operations

Caravan parks and camping

Building certification

Redland Performing Arts Centre

Tourism

Wharves and jetties.



## Annual Financial Statements For the year ended 30 June 2011 continued

### Financial performance of activities subject to competition reforms:

	Waste management 2011 \$	Redland Art Gallery 2011 \$	School age care 2011 \$	Cemeteries 2011 \$	Fleet 2011 \$	Quarry operations 2011 \$
Revenue for services provided to Council	1,298,121	0	0	0	5,672,204	456,902
Revenue for services provided to external clients	18,733,754	21,050	3,153,694	342,491	991,091	81,863
Community service obligations	943,203	582,071	43,282	10,211	0	491,452
	20,975,078	603,121	3,196,976	352,702	6,663,295	1,030,217
Less: expenditure	18,652,999	603,121	3,196,976	352,702	6,663,295	1,030,217
Surplus/(deficiency)	2,322,079	0	0	0	0	0

	Caravan parks 2011 \$	Building certification 2011 \$	RPAC 2011 \$	Tourism 2011 \$	Wharves & jetties 2011 \$
Revenue for services provided to Council	395	205,870	22,634	0	0
Revenue for services provided to external clients	2,649,060	415,984	483,997	9,627	893,375
Community service obligations	611,285	537,006	1,634,635	603,723	274,277
	3,260,740	1,158,860	2,141,266	613,350	1,167,652
Less: expenditure	3,260,740	1,158,860	2,141,266	613,350	1,167,652
Surplus/(deficiency)	0	0	0	0	0

# Annual Financial Statements For the year ended 30 June 2011 continued

## Description of CSOs provided to business activities:

Activities	CSO description	Actual \$
Waste management	Birkdale Sanitary Landfill	22,761
	Redland Bay Transfer Station	10,378
	North Stradbroke Island Transfer Station	222,931
	Giles Road Hardfill Site	25,866
	Kerbside Recycling	21,622
	Trial Waste Incentive Program	45,355
	Russell Island Transfer Station	182,269
	Macleay Island Transfer Station	195,407
	Lamb Island Transfer Station	68,513
	Karragarra Island Transfer Station	62,272
Coochiemudlo Island Transfer Station	85,829	
		943,203
Redland Art Gallery	Cost to provide opportunity to community groups to display and sell art works	582,071
		582,071
School age care	Other	43,282
		43,282
Cemetery development and maintenance	Other	10,211
		10,211
Fleet leasing and operations	Other	0
		0
Quarry operations	Cost to provide output from quarry operations to the community	491,452
		491,452

## Annual Financial Statements For the year ended 30 June 2011 continued

Activities	CSO description	Actual \$
Caravan parks and camping	Cost of providing community discounts and other services to the community	611,285
		611,285
Building certification services	Provision of building certification services to the community	537,006
		537,006
Redland Performing Arts	Discounts offered on commercial ticketing	11,001
	Rental subsidy	40,451
	Council's investment in the cultural life of the city and its community via:	
	• developing performing arts practice for community organisations	
	• providing a venue to enable growth in skills and performance capability	
	• providing different artistic forms/genres to enhance access to the performing arts	
	• providing a focal place for the community to celebrate its diversity and undertake civic functions	1,583,183
		1,634,635
Tourism	Other	603,723
		603,723
Wharves and jetties	Other	274,277
		274,277

# Annual Financial Statements For the year ended 30 June 2011 continued

**REDLAND CITY COUNCIL**  
**FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**MANAGEMENT CERTIFICATE**  
For the year ended 30 June 2011

These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the *Local Government Act 2009* and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2011 and of its financial performance and cash flows for the financial year ended on that date.

  
Mayor

Date: 05/11/11

  
Chief Executive Officer

Date: 5/11/11

# Annual Financial Statements For the year ended 30 June 2011 continued

## Independent Auditor's Report

To the Mayor of Redland City Council

### Report of 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 2011, 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 (Finance, Plans and Reporting) Regulations 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that 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 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 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 only be removed by Parliament.

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

# Annual Financial Statements For the year ended 30 June 2011 continued

## 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 2010 to 30 June 2011 and of the financial position as at the end of that year.

## Emphasis of Matter – Significant Uncertainty of the Value of Council's Investment in Allconnex Water

I draw attention to Note 35 to the financial statements which describes uncertainties that may impact on the value of the Council's investment in Allconnex Water. My opinion is not modified in relation to this matter.

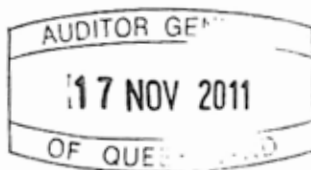
## Other Matters – Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Redland City Council for the year ended 30 June 2011. Where the financial report is included on Redland City Council's website, the Council is responsible for the integrity of Redland City Council's website and I have not been engaged to report on the integrity of Redland City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



**GG POOLE** FCPA  
Auditor-General of Queensland



Queensland Audit Office  
Brisbane



## Index – Statutory information



## Index – Statutory information

State legislation requires each council to include specific information in its annual report each year. The table below provides an index of where you can find that information throughout this 2010-11 report. In some instances, the 'provisions' column summarises the *Act* requirements for the sake of space. For the full wording for each provision, please refer to the source legislation.

The statutory information refers to:

- *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010 (BE&BA)*
- *Local Government (Finance, Plans and Reporting) Regulation 2010 (FPR)*
- *Public Sector Ethics Act 1994 (PSE)*.

Act/Regulation	Section	Topic	Provision	Page
PSEA	12M	Code of Conduct	2 a) Include a statement about the implementation during the reporting period of the code of conduct	24
LGA	45	Business activities	a) List all business activities	60
			b) Identify the activities that are significant business activities	60
			c) State whether competitive neutrality principles were applied	60
			d) State if any significant business activities are new	60
BE & BA Reg	32	Annual Report	1) Annual operations report for each commercial business unit	53-58
			2) Comparison with previous year's operations report and annual performance plan	54-58
BE & BA Reg	176	Complaints and decisions by the local government	a) Summary of: i) investigation notices for competitive neutrality ii) reports on references made to Queensland Competition Authority (QCA)	60
			b) Summary of decisions on: i) referee's recommendations on complaints ii) QCA recommendation on the references	60
			c) A list of the business activities	60
FPR Reg	108	Preparation of annual report	1) Prepare an annual report 2) Adopted by 30 November	4
FPR Reg	110	Financial statement	a) General purpose financial statement, audited by Auditor-General b) Auditor-General's report	147
FPR Reg	111	Community financial report	Provide a community financial report for the financial year	67

## Index – Statutory information continued

Act/Regulation	Section	Topic	Provision	Page
FPR Reg	112	Measures of financial sustainability	a) State the relevant measures of financial sustainability b) Explain council's financial management strategy, consistent with long-term financial forecast	67
FPR Reg	113	Resolutions	a) Provide a copy of resolutions made during the year under sections 42(5) and 45(1) of the Operations Regulation b) Provide a list of any resolutions made during the year under section 154(2)	167
FPR Reg	114	Councillors	a) total remuneration paid for the year	15
			b) total superannuation paid for the year	15
			c) expenses incurred by and facilities provided to each Councillor, under the reimbursement policy	15
			d) a copy of the reimbursement policy	156
			e) number of local government meetings each Councillor attended during the year	14
			f) The number of: i) orders and recommendations made under section 180(2) or (4) of the Act ii) orders made under section 181 of the Act	64
			g) Each of the following: i) name of each Councillor for whom an order or recommendation was made ii) description of the misconduct or inappropriate conduct iii) a summary of the order of recommendation made for each Councillor	64
			h) the number of each of the following during the year: i) complaints about the conduct or performance of Councillors assess as frivolous ii) complaints referred to the CEO under section 177 (5)(a) of the Act iii) complaints referred to the Mayor under section 177 (5)(b) of the Act iv) complaints referred to the CEO under section 177(6) 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 dealt with by the CEO under section 177(8) of the Act	64
FPR Reg	115	Administration action complaints	1) Must contain a statement about: a) dealing fairly with administrative complaints b) how Council has implemented its complaints management process and assessing its performance in resolving complaints	63

## Index – Statutory information continued

Act/Regulation	Section	Topic	Provision	Page
			2) Must contain particulars of: a) the number of: i) administrative action complaints made ii) administrative action complaints resolved under the complaints management process iii) administrative action complaints not resolved b) number of administrative action complaints under paragraph a (iii) that were made in a previous financial year	63
FPR Reg	116	Overseas travel	Information about any overseas travel during the financial year: a) for a Councillor – name of Councillor b) for a local government employee – the name of, position held c) destination d) purpose e) cost f) any other relevant information about the overseas travel	61
FPR Reg	117	Expenditure on grants to community organisations	Information on: a) expenditure on grants to community organisations b) expenditure from each Councillor's discretionary funding, including i) the name of each community organisation to which an amount was allocated by the fund ii) the amount and purpose of the allocation	61
FPR Reg	118	Reserves and controlled roads	1) A note about each of the following that the local government controls: i) land that is a reserve under the Land Act ii) roads the local government does not own. 2) A note about a reserve must state the area controlled by the local government including land leased to someone else. 3) A note about roads must state the total length of roads the local government controls but does not own.	61
FPR Reg	119	Other contents	1) The annual report must contain: a) an assessment of the local government's performance in implementing its community plan, five-year corporate plan and annual operational plan b) particulars of other issues relevant to making informed assessment of the local government's operations and performance in the financial year	29-52
			c) details of any action taken for, and expenditure on, service, facility or activity: i) supplied by another local government under an agreement for conducting a joint activity ii) for which the local government levied special rates or charges for the financial year	62
			d) the number of invitations to change tenders under section 177(7) during the year	62
			e) a list of the registers kept by the local government	62
			f) a summary of all concessions for rates and charges granted by the local government	62

## Index – Statutory information continued

Act/Regulation	Section	Topic	Provision	Page
FPR Reg	119	Other contents	g) the report on the internal audit for the year	63-65
			h) a statement about the local government's activities during the year to implement its plan for equal opportunity and employment	24
			i) the names of the local government's shareholder delegates for its corporate entities	62
			j) a summary of investigation notices given in the year, under s.137 of the Business Activities Regulation for competitive neutrality complaints	60
			k) the local government's decisions in the year on: <ul style="list-style-type: none"> <li>i) the referee's recommendations on any complaints under s.145(3) of the Business Activities Regulation</li> <li>ii) the Queensland Competition Authority's recommendation under s.158(5) of the Business Activities Regulation</li> </ul>	60
LGA	201	Senior contract remuneration	1) The annual report must state: <ul style="list-style-type: none"> <li>a) the total remuneration packages payable (in the year to which the annual report relates) to senior contract employees</li> <li>b) the number of senior contract employees who are being paid each of the total remuneration packages</li> </ul>	26







# Appendix A

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

### Head of power

Sections 236B, 250AR to 250AU, and 534 of the *Local Government Act (1993)* define the requirements for the reimbursement of expenses and provision of facilities for councillors.

### Policy objective

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 1993* (LGA) and the *Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors* (Guidelines) issued by the Chief Executive of the Department of Local Government, Sport and Recreation.

Council is committed to ensuring that councillors are provided with the facilities required to enable them to perform their duties.

Councillors should not be financially disadvantaged when carrying out the requirements of the role of councillor and should be fairly and reasonably compensated in accordance with statutory requirements and community expectations.

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

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

Council's annual report must contain a copy of the policy and a copy of any resolution made during the year authorising payment of expenses or provision of facilities to councillors.

The annual report must also include particulars about the expenses incurred by, and the facilities provided to each Councillor.

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

For details about entitlements in regard to the payment or reimbursement of Councillor expenses and the provision of facilities for Councillors, refer to Attachment A: *Guidelines for Councillor Expenses and Facilities*.

Failure to comply with this policy or misappropriation of expenses or facilities may be a breach of the Councillor Code of Conduct and/or an offence under the *Criminal Code Act 1899*.

### Scope

This policy provides for:

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

This policy does not provide for salaries or other form of councillor remuneration.

\* This policy was adopted at Council's General Meeting on 2 July 2008

## Appendix A continued

### Definitions

**'Authorising person'** is the person 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 that are a statutory requirement of the Councillor's role or are officially recorded in minutes or other public records. This might also include attending an event or function to perform official duties or as an official council representative, such as:

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

- any other meeting, event or function described in section 239 of the *Local Government Act 1993* under *Insurance of Councillors* for example, attendance:

- at the meetings of the local government or its committees that the Councillor is entitled or asked to attend, or at which the Councillor has business for a resident of the local government's area
- at inspections or deputations, conferences and meetings at which the Councillor's attendance is permitted by the local government
- at official functions organised for the local government
- with residents of the area for the purpose of local government business

- 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'** include Councillors, the Mayor and Deputy Mayor.

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

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

*Examples of Discretionary training:*

- Any training, conference, or seminar where RCC representation is not mandatory or defined under Mandatory Training.
- Any study tours or fact-finding missions.

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

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

**'Mandatory training'** is any training that Council resolves that all or specific groupings of Councillors must attend.

*Examples of mandatory training include:*

- Council directed training on induction as Councillors following an election
- attendance at the annual State LGAQ or National ALGA conferences
- Council directed training on Councillors' roles and obligations
- any training, conferences or seminar where a Councillor is nominated as Council's representative where RCC participation is mandatory.

**'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 at the return of the travel.

## Appendix A continued

### Related policies/legislation

- *Local Government Act 1993*
- Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors, February 2008
- *Local Government Finance Standard 2005*

### Reporting requirements

Disclosure in Council's annual report of -

- details of any overseas travel
- Section 236B of the Local Government Act 1993 resolutions
- Council's current Expenses Reimbursement Policy
- particulars about expenses and facilities provided to councillors under the Policy.

Council reports on domestic and international travel activities.

### Purpose of this document

The purpose of this document is to provide direction about the payment or reimbursement of expenses and the provision of facilities for councillors of the Redland City Council, including the Mayor.

Councillor remuneration is not covered by this document.

### Approval and authorisation

The payment or reimbursement of expenses and the provision of facilities for Councillors is subject to budget provisions and the authorisation of the Chief Executive Officer (CEO) or the officer delegated that authority by the CEO.

Wherever practicable, Council officers will provide the specified facilities and manage the payment of expenses on behalf of councillors.

### Guidelines for Councillor Expenses and Facilities

#### POL-3076 Attachment A

#### **Attachment to 'Expenses Reimbursement and Provision of Facilities for Councillors' Policy (POL-3076)**

#### 1. EXPENSES

The following expenses refer to actual expenses deemed necessary for Council business. Councillors are only entitled to the expenses contained in the categories listed below.

##### 1.1. Approval and reimbursement

Council has delegated approval of all expenses for the Mayor and Councillors to the CEO.

The CEO must approve all mandatory and discretionary training and travel accommodation for the Mayor.

The approval of the Mayor is required for attendance by Councillors at discretionary training, including conferences, within Australia.

The approval of the Mayor is required for attendance by Councillors at any mandatory training or conference within Australia.

The approval of the Mayor is required for attendance by a Councillor at any event as a delegate or representative of Council.

Council approval by resolution is required for the attendance and travel by the Mayor or Councillors to any training, conference or event outside of Australia.

#### 1.2. Council business

Where Councillors are attending to Council business (refer to definitions) such as meetings, functions or other activities in an official capacity, Council will pay for the approved expenses associated with that activity.

Council may approve international travel for councillors where Council considers it appropriate to promote or represent Redland City for a local government purpose.

##### 1.2.1. Representing Council at Events

Councillors may be required to attend a range of events and functions as part of their role in attending to Council business. Councillors may, for example, be required to attend significant sporting and other community events in an official capacity.

Where the Mayor has approved that a councillor is required to attend an event or conference as a delegate of Council, Council will pay for expenses associated with attending that event.

## Appendix A continued

### 1.3. Professional development

There are two categories of professional development for Councillors – mandatory training and discretionary training.

#### 1.3.1. Mandatory training

Councillors must attend training where the Mayor approves that all Councillors or a class of Councillors (e.g. newly elected Councillors) are to attend training courses or workshops for skill development related to a Councillor's role. Council will meet all costs.

Examples of mandatory training may include training for councillor induction, code of conduct, meeting procedures and legislative obligations.

#### 1.3.2. Discretionary training

Where a Councillor wishes to attend a conference, workshop or training to improve skills relevant to their role as a Councillor (other than mandatory training), prior Mayoral approval is required.

The funding limit for discretionary training is \$5,000 for each councillor during their four (4) year term in office.

### 1.4. Travel costs

Councillors may incur travel costs for a number of reasons including travelling to conferences, training or workshops.

All councillor travel arrangements must be in accordance with *Attachment B: Councillor Travel and Accommodation Procedures*.

In general, the most cost effective form of travel must be used. Councillors may request to travel using their own private vehicle for business purposes and claim a kilometre allowance based on log book details to substantiate their claim, subject to Section 11 of Attachment B of this Policy.

### 1.5. Accommodation

When attending conferences, Councillors must take advantage of any cost savings available from any package provided by conference organisers and, therefore, stay in the recommended accommodation unless prior approval has been granted by the Mayor. In all other cases, Council must decide what are legitimate accommodation costs that will be reimbursed.

Councillors will receive up to \$20.00 per day to cover incidental costs incurred while travelling and staying away from home overnight.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

### 1.6. Meals

Councillors may claim for the reimbursement of each actual cost per meal when travelling for business related purposes.

Alternatively, Councillors may be paid a daily meal allowance of:

- Breakfast - \$19.60
- Lunch - \$20.05; and
- Dinner - \$34.55

Where Councillors claim for reimbursement, they may be provided with a cash advance for meals while travelling for business related purposes. Any advance must be reconciled with actual costs, supported by receipts.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

### 1.7. Hospitality expenses

Where Councillors incur hospitality expenses while conducting Council business, apart from official civic receptions organised by the Council, the maximum amount that may be paid is:

- \$500.00 per annum for each Councillor
- \$6,000.00 per annum for the Mayor.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

Where the Mayor has delegated the attendance at a function on the Mayor's behalf to another Councillor, any costs incurred by that Councillor for that function are to be charged against the Mayor's hospitality expenses account.

Hospitality expenses related to official receptions and other functions organised by council officers are met from relevant approved budgets.

### 1.8. Cabcharge and public transport

Councillors may claim for Cabcharge facilities or reimbursement for public transport tickets (rail, bus, ferry) to attend official Council functions only.

An approved function includes any function approved pursuant to sections 1.2.1 and 1.3. above.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

## Appendix A continued

### 2. FACILITIES

Facilities provided for councillors must be deemed necessary and required to assist councillors in their official capacity. In accordance with statutory provisions, Council may only provide councillors with the facilities listed below.

Council determines the reasonable standard for facilities for councillors. If a Councillor chooses a higher standard of facility than that prescribed by Council, any difference in cost must be met by the councillor personally.

All facilities provided to Councillors remain the property of Council and must be accounted for during annual equipment audits. The facilities must be returned to Council when the councillor's term expires, unless Council agrees to dispose of the facility in some other manner.

#### 2.1. Administrative tools and office amenities

##### 2.1.1. Office space and access to meeting rooms

Council provides office accommodation and access to meeting rooms for Councillors.

The standard of Councillor office accommodation is as approved by Council. In general, rooms provided for councillor contact with Divisional constituents will be located at council offices.

Furniture and fittings for councillor offices will be of a standard to allow Councillors to adequately undertake their roles.

##### 2.1.2. Secretarial support

Councillors are provided with two full time Personal Assistants to service the Councillors as a group, under Council's usual terms and conditions of employment. Relief staff will be provided where practical, if a personal assistant is on annual leave.

In addition to a personal assistant, the Mayor is entitled to a full time Secretary under Council's usual terms of employment and a Manager of the Office of the Mayor. The Manager's position is to manage, co-ordinate and plan the Mayor's workload and resourcing across councillors' and Mayor's support staff in accordance with the allocated budget, as well as supervising other staff.

##### 2.1.3. Computer for business use

Councillors are provided with a desktop or laptop computer for Council business use.

The standard of computer shall be similar to that available to council managers.

##### 2.1.4. Land line and Internet access

Councillors are provided with:

- a. a landline telephone within Council offices
- b. Internet access for business use within or outside of Council offices on Council provided equipment, including supported social media sites (in accordance with relevant legislation, policies, guidelines and procedures).

##### 2.1.5. Fax

Councillors are provided with a facsimile for business use at the Councillors' office.

##### 2.1.6. Printer, photocopier, paper shredder

Councillors are entitled to a printer, photocopier and paper shredder for business use. These items will be located in the general Councillor area and are available for use by all Councillors

##### 2.1.7. Stationery

Councillors are provided stationery for official purposes only, including, but not limited to:

- pens and pen sets
- paper
- note paper
- letterhead
- business cards
- envelopes
- 'with compliments' slips.

Council stationery is not to be converted or modified in any way and may only be used for carrying out the functions of the role of Councillor.

##### 2.1.8. Publications

Councillors can access copies of relevant legislation books and journals considered necessary for undertaking their duties either through approved websites or the Council's corporate library.

## Appendix A continued

### 2.1.9. Other administrative necessities

Subject to Council approval, Councillors may be provided with any other administrative necessities to meet the business of Council.

### 2.1.10. Advertising

Council will not reimburse or provide funds, services or facilities for the purposes of advertising for Councillors.

### 2.1.11. Community consultation

Councillors may use facilities provided to correspond with community representatives for the purpose of clarifying issues that are relevant to their Division or the City in general.

Where a Councillor chooses to undertake further community consultation on a particular matter, in addition to that approved by Council, the Councillor is responsible for those costs.

## 2.2. Maintenance costs of any Council-owned equipment

Council will cover all ongoing maintenance costs associated with Council-owned equipment to ensure it is operating for optimal professional use.

## 2.3. Name badge and uniforms

Councillors will be provided with any safety equipment such as overalls, safety helmets or glasses, as required, in their role.

Councillors will be provided with a jacket and a name badge.

## 2.4. Motor vehicles

Councillors are able to use a vehicle from the Council car pool for business related usage on North Stradbroke Island or the Southern Moreton Bay Islands subject to vehicle availability and in accordance with the existing car pool use procedures.

## 2.5. Vehicle parking

Council will provide parking facilities for Councillors at Councillor office locations.

## 2.6. Telecommunication needs

Councillors will be provided with a mobile telephone and/or a hand held PDA palm pilot device (e.g. Blackberry).

Council will pay for all costs associated with the business use. Any personal calls made by the Councillor must be reimbursed to Council.

## 2.7. Legal costs and insurance cover

Councillors will be covered under Council insurance policies while discharging civic duties. Specifically, insurance cover will be provided for public liability, professional indemnity, Councillor's liability, personal accident, international and domestic travel insurance.

## 2.8. Provision of meals

Councillors will be provided with light meals and morning and afternoon teas if they are required to attend statutory or other formal Council meetings that extend over these meal periods.

## 2.9. Councillor newsletters

At the request of the divisional Councillors, four newsletters per year may be produced on the Council's corporate stationery and distributed within the appropriate electorate. No newsletters will be allowed at Council cost three months prior to a Council election.

## 2.10. Salary sacrificing

Councillors will be eligible to salary sacrifice items in addition to superannuation in accordance with relevant Council Guidelines as adopted from time to time.

## Councillor Travel and Accommodation Procedures

### POL-3076 Attachment B

#### Attachment to 'Expenses Reimbursement and Provision of Facilities for Councillors' Policy (POL-3076)

### 1. General conditions - Councillor accommodation and travel

All Councillor air travel and accommodation requires prior approval by the Mayor.

All air travel and/or accommodation requirements will be coordinated through the Travel Coordinator, Corporate Acquisitions and Facilities Group subject to authorisation.

Council is committed to ensuring that travel and related services and products are procured as cost effectively and efficiently as possible using the Council's preferred travel suppliers.

Travel related expenses that do not comply with policy provisions will not be reimbursed.

Travel and accommodation arrangements will not be booked until the Travel Coordinator receives a completed Travel Request form with all required approvals and travel details.

All requests for travel (including associated registrations) should be made in sufficient time to take advantage of discounts and gain access to the widest range of accommodation and flights. Failure to do so will limit flight and accommodation options.



# Appendix A continued

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## 2. Responsibilities

Councillors are required to:

- process all travel related requests in a timely manner through Council's Travel Coordinator so that available discounts are taken
- obtain reimbursement for valid out of pocket expenses in a timely manner following completion of the journey
- complete all necessary registration and travel request forms.

The CEO is responsible for:

- approving expense reimbursements in accordance with this Policy
- providing a quarterly report to Council on all councillor expense reimbursements.

The Mayor is responsible for:

- approving all Councilor accommodation and travel for which reimbursement will be sought.

Travel Coordinator is responsible for:

- identifying 'best deals' and negotiating special rates with Council's preferred travel providers
- providing advice to Councillors in relation to travel services, policies and procedures
- coordinating all travel requests to ensure bookings are made in a timely manner and that all requests are processed in accordance with Council's policy
- maintaining information on issues as accommodation, airfares, car hire and other related costs for the purpose of reporting to Council, as required.

## 3. Preferred travel provider

All transport and related travel should be booked through this provider, however, where an alternative provides an overall saving to Council, this alternative may be used with the approval of the Travel Coordinator. Councillors must not negotiate travel rates directly with travel suppliers. All such requests must be processed through the Travel Coordinator.

## 4. Approval

All Councillor travel requires the approval of the Mayor. All travel requests from a councillor must state the relevance of such event to the Council and as far as practicable indicate the cost of attendance. Upon approval, the Councillors' secretary should ensure any necessary registration forms, a copy of the Mayoral approval or Council resolution if applicable, and the Travel Request Form are completed and forwarded to the Travel Coordinator as soon as practicable.

Where Councillors are appointed by the Council as Council's representative on State or Federal committees or Government associations, all travel and accommodation associated with the councillor's fulfilment of that role is deemed as approved without the need for a further report to Council.

## 5. Processing travel requests

A complete Travel Request form, accompanied by the following must be received before a booking is processed:

- Mayoral approval, and
- conference documentation and registration details if applicable.

Verbal or email notification of intention to travel will not be acted on and is not considered valid notice.

Except in genuine emergencies, the Travel Coordinator shall process all travel and accommodation arrangements, including associated registrations.

Unless specifically requested to the contrary, the Travel Coordinator will arrange bookings that best fit the preferred options and are most advantageous to Council. All itineraries will be confirmed with the councillor before bookings are confirmed. No alterations will be accepted after confirmation of bookings, except under extenuating circumstances as approved by the relevant authorising officer.

Requests for travel and/or accommodation must be lodged with the Travel Coordinator within sufficient time to take advantage of "early bird" and advance booking discounts. Confirmation of travel or accommodation cannot be guaranteed for late requests. As a guide, international travel requests should be received no closer than 6-8 weeks to the date of departure, and domestic travel requests should be made no closer than 3 weeks to the date of departure.

## 6. Air travel

The most cost effective form of air travel will be used.

Council's contracted travel services provider is required to offer the "best fare" available at the time of booking. Therefore flights requested may not always be offered when asked to confirm the booking.

Electronic ticketing (ETicket) will be used for airline tickets where available.

## Appendix A continued

### 7. Class of travel

The standard of air travel for Councillors travelling on Council business is as follows:

- for domestic air travel of duration 3 hours or less, the class of travel shall be economy
- for domestic air travel of duration greater than 3 hours, the class of travel shall be business
- economy class is to be used where possible although council may approve business class in certain circumstances.

Councillors may upgrade to a higher class of travel if there is no additional cost to Council.

### 8. Flexible tickets

Where flexibility is required for return times or connecting flights, a suitably flexible ticket may be purchased with the approval of the authorising person.

### 9. Accommodation

Accommodation arrangements for Councillors must comply with the provisions of Attachment A of the policy. Conference accommodation packages are to be used where it is economically feasible to do so.

Council may approve alternative accommodation arrangements taking into account the total costs, location, value for money, convenience and traveller safety.

In determining accommodation locations and standards for all Councillors, every effort will be made to minimise the total cost associated with attendance at the event. Travel time to the event, taxi costs, convenience and hotel services will be considered when booking accommodation. When practical and available, accommodation will be arranged within close proximity of the event venue.

Accommodation and associated expenses will not be paid for local events such as seminars, conferences etc. held in the Redlands, Brisbane City and adjoining local government areas where it is reasonable to expect the Councillor to travel to and from the event on the same day.

However, the authorising person may approve such costs giving consideration to the home location, driving times and participation requirements of the Councillor.

Wherever practical to do so, Council will book and pre-pay all accommodation before departure. Council will not prepay any charges against the room except for accommodation and taxes where applicable.

All expenses incurred at the accommodation venue **other** than accommodation must be settled at the time of departure. It is the councillor's responsibility to seek reimbursement of legitimate expenses upon return. Reimbursement will not be approved without original receipts.

Accommodation meeting the general standards applicable for domestic travel will apply to international travel arrangements.

Prepayment of all accommodation is preferred, however, it is acknowledged that some countries do not permit this. In such cases, an increase to the daily travel advance may be made to meet accommodation costs.

### 10. Use of a motor vehicle to attend events

It is not permitted to use a vehicle to attend an event where airline travel is the most efficient form of travel.

Unless otherwise approved (e.g. for medical reasons), if a councillor chooses not to use Council provided or arranged travel to attend an event, the Councillor is responsible for meeting all travel and accommodation expenses.

### 11. Hire cars

The requirement for a hire car should be identified at the time of seeking council approval for attendance. Any subsequent need for a hire car must be approved by the authorising person.

### 12. Taxi and Cabcharge vouchers

Cabcharge vouchers are available from the Travel Coordinator. Councillors are encouraged to use this facility as an alternative to seeking reimbursement for taxi costs. Any unused vouchers must be returned to Council's Travel Coordinator immediately upon return to Council. Liability for any misuse or loss of vouchers rests with the traveller.

The use of Cabcharge vouchers for travel between Redland and Brisbane is not permitted unless approved by the authorising person in advance of the travel and shown to be more beneficial than other options available. Similarly, reimbursement of these fares will not be considered unless prior authorisation is given.

Cabcharge must only be used to attend official council functions. Incidental travel while attending an event must be met by the Councillor.

## Appendix A continued

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### 13. Meals and incidentals

Daily allowances or cash advances for meals and incidentals will be paid in accordance with the provisions of the Expenses Reimbursement and Provision of Facilities for Councillors and Mayor Policy.

#### **Domestic travel**

For domestic travel, a daily meal and incidental travel allowance may be paid to Councillors in lieu of actual cost reimbursement. Where a daily meal and incidental allowance is paid, the reimbursement of any other expense is subject to approval.

For domestic travel, the daily allowance will be calculated taking account of meals included in the event registration or provided in the travel package. Where a conference dinner or meal (including breakfast or lunch) is included in the registration, the respective allowance for that meal will be deducted from the total daily allowance. If the Councillor chooses not to attend a provided dinner/meal, then the full cost of the alternative meal shall be at the Councillor's expense.

For conference and course attendance where an overnight stay is required, the following example will be used as a guide.

Example:

A Councillor travels to Sydney for a two-day conference commencing Monday morning and finishing Tuesday afternoon. Travel to Sydney on Monday morning is considered impractical. The Councillor leaves on Saturday and returns on Tuesday night. The conference registration includes dinner on Monday night and lunches for both conference days but no breakfasts. Travel home on Tuesday is on a late afternoon flight departing before 6.00pm. The councillor is required to pay for accommodation on Saturday night and the following allowance will be pre-paid:

Sunday night dinner  
Incidentals for Monday  
Monday breakfast  
Tuesday breakfast

*No further claims for meals or incidentals will be accepted.*

A prior night's accommodation shall only be approved where travel to the event on the day of commencement is not practical.

Incidentals will be paid for each full day (overnight) the councillor is required to be away from home. This allowance will include such items as, laundry/dry cleaning, newspapers, phone calls, bus fares and other similar travel related incidental expenses not specifically covered in this policy.

Where a Councillor is required to travel but no overnight accommodation is required, the Councillor is entitled to reimbursement for the reasonable cost of meals and expenses as determined above. A prepaid allowance will not be made and all claims for part day travel expenses must be made on return from the event as an out of pocket expense claim.

#### **International travel**

For international travel, a travel advance will be paid which must be reconciled on the Councillor's return. Actual business related costs will be reimbursed on presentation of original receipts.

Where a Councillor is travelling on approved international travel, a travel advance of up to \$94.20 per day may be paid to cover eligible business related expenses including meals and incidental expenses.

Acquittal of the cash advance for international travel is required within seven (7) days of travel completion. Councillors must keep a diary of all business related expenses including original receipts. The travel advance must be reconciled against actual business related costs incurred.

Claims without receipts will not be accepted. Any expenses above the travel advance will be reimbursed. Any overpayment must be repaid to Council.

A corporate credit card may be issued in lieu of a travel advance (see section 22 below).

## Appendix A continued

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### 14. Parking

Council will reimburse the cost of parking fees incurred in order to attend an event where Councillors attend in their official capacity. Supporting receipts are required for reimbursement. All claims under \$55.00 may be made through petty cash.

Where airport parking is used for the duration of an event, the cost of the parking shall be reimbursed upon presentation of receipts. Use of airport parking facilities shall only be used where it is economical to do so and after all other reasonable methods of transport to and from the airport have been considered. Approved claims for reimbursement shall be presented to the Travel Coordinator for processing.

### 15. In-room Internet connection for business purposes

Where in-room Internet connection is required for undertaking council business, reasonable connection costs may be claimed on completion of travel.

### 16. Hospitality expenses

Hospitality expenses may only be paid in accordance with the Expenses Reimbursement and Provisions of Facilities for Councillors and Mayor Policy (see Attachment A 1.7).

Councillors must ensure that hospitality expenses are recorded and that their claim for expenses contains the following information:

- the circumstances
- the form of hospitality:
  - breakfast
  - lunch
  - dinner
  - gift
- the cost
- original receipts
- the location
- a list of attendees
- approval by the appropriate authorising person.

Expenses will not be reimbursed for personal items or costs unrelated to Council business; e.g.:

- alcohol
- babysitting fees
- kennel fees
- airline club fees
- toiletries
- barber or hair stylist
- traffic infringements
- in-flight and in house movies
- tourism related costs
- mini bar purchases
- personal telephone
- social events
- reading materials.

As a guide, expenses not normally reimbursed at home, will not be reimbursed when travelling.

## Appendix A continued

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### 17. Expenses reimbursement process

Where practical, Council will pay all travel and accommodation expenses before departure, however, any claim for allowable expenses not covered by the advance may be made at the completion of travel.

Reimbursement of legitimate business expenses not covered by the incidental allowance must be made on the Out of Pocket Expenses Claim Form with original receipts and submitted to the Chief Executive Officer for approval and processing.

### 18. Travel insurance

Council has travel insurance arrangements in place, including medical and luggage components that covers all employees and Councillors on authorised council business, conferences, course, etc.

### 19. Accompanying partners and personal travel arrangements

All travel and accommodation for partners of Councillors must be arranged by and paid by the Councillor. Personal arrangements may be booked through Council's contracted supplier if desired. The supplier will invoice the Councillor prior to departure. Council will not pay for any private travel expenses.

The Travel Coordinator will not arrange private travel for councillors or their partners except where the partner is travelling as an official delegate of Council.

### 20. Credit cards

A credit card may be made available for Councillors to meet overseas travel expenses. Credit cards will be issued with the approval of the Chief Executive Officer. The credit card should only be used for extraordinary business expenses directly related to the Councillor's attendance at the event.

Examples of extraordinary costs are, accommodation (where Council's prepayment is not acknowledged or honoured by the hotel), missed flights (where contact with council's travel services provider is not possible) or where specific instruction is received from Council's Travel Coordinator to use the card to meet business related expenses.

Personal expenses, including those covered by the daily allowance must not be charged to the card, e.g. meals, incidentals, gifts, clothing, tourism or other similar cost.

A Statement of Expenses form (including all receipts) must be used to reconcile all credit card expenditure. This must be approved by the *authorising person* and provided to Council's Travel Coordinator within seven (7) days of completion of the travel.

Credit cards must be returned to the Travel Coordinator for safe storage when not in use.

### 21. Councillor reporting arrangements

Councillors shall, on their return, present a report to a General Council Meeting summarising the conference and course content highlighting areas of interest and/or benefit to Council. The responsibility for submission of the report rests with the Councillor leading any delegation. The report must be submitted to council within thirty (30) days of return from the conference.

## Appendix B

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Under section 42(5) of the Local Government (Operations) Regulation 2010, the following resolution was made at Council's Meeting on 23 February 2011:

**Council resolved:**

1. That the 2011 remuneration levels for the Mayor, Deputy Mayor and Councillors, be set at:
  - a) Mayor – \$145,544 (108.8% of "Reference Rate" of \$133,800)
  - b) Deputy Mayor - \$98,080 (73.3% of "Reference Rate" of \$133,800)
  - c) Councillors – \$88,590 (66.2% of "Reference Rate" of \$133,800)

These salaries remain unchanged from 2010 levels.

2. That these remuneration levels apply from 1 January 2011 to 31 December 2011 and until a further resolution is made in accordance with the *Local Government Act 2009*;
3. That Council continue to advocate to State Government, the need for an independent process for determining Councillor remuneration; and
4. That Council notes and incorporates into the minutes the table referred as Table 1 and dated 23 February 2011.

Under section 45(1) of the Local Government (Operations) Regulation) 2010, the following resolution was made at Council's Meeting on 29 June 2011:

**Council resolved:**

That section 2.1.4 Land Line (Councillor offices) of the Expenses Reimbursement and Provision of Facilities for Councillors Policy (POL-3076) be amended to read as follows:

2.1.4 Land Line and Internet Access

Councillors are provided with:

- a. landline telephone within Council offices;
- b. internet access for business use within, or outside of Council offices on Council provided equipment, including supported social media sites (in accordance with relevant legislation, policies, guidelines and procedures).









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