



Annual Report 2014-2015



Redland
CITY COUNCIL

Glossary of common terms used in this annual report

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

Best value - State legislation that requires Council to review services to ensure community expectations and value for money.

Capital works program - Program of scheduled infrastructure works generally encompassing capital works for road, drainage and building assets.

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

Councillors – Elected members of Council.

Diversity - Understanding that each individual is unique, and recognising our individual differences.

Financial year – The 12 months between 1 July of one year and 30 June of the next year. This annual report is for the 2014-15 financial year, which spans 1 July 2014 to 30 June 2015.

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

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

Key performance indicator – Evidence of the degree to which Council's actions are achieving intended objectives, for the purposes of monitoring progress.

Local laws - The laws adopted by Council that prohibit, regulate and control activities, events, practices and behaviours within Redland City.

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

Statutory – Required under a law or legislation.

External audit - Where people from an outside agency check that Council's accounts are correct.

Contents

Introduction	4
Vision, mission and values	5
A message from our Mayor and CEO	6
Review of 2014-15 highlights	8
Milestones and awards	10
Mayor and Councillors' information	12
Our organisation	18
Executive Leadership Team	20
Our people	21
Governance at Redland City Council	26
Council performance	30

Performance indicators

Healthy natural environment	32
Green living	33
Embracing the bay	34
Quandamooka Country	34
Wise planning and design	35
Supportive and vibrant economy	36
Strong and connected communities	36
Inclusive and ethical governance	37
An efficient and effective organisation	38

Redwaste	39
Redland Water	43
Other statutory information	52
Community Financial Report	54
Index of Statutory Information	57
Financial Statements	60

Introduction



What is an annual report?

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

Some information included in this report is required under legislation. An index of these statutory requirements, showing where to find this information, is included on pages 57-59.

This Annual Report is the final report against the Corporate Plan 2010-2015 (which reflects the Redlands 2030 Community Plan). It also includes a summary of performance against Council's Operational Plan 2014-15.

About Redland City

Traditional (Aboriginal) Owners: Council acknowledges the Quandamooka People as the Traditional Owners of the lands, winds and waters of the Redlands. The clans of the Quandamooka People include the Nunukul, Ngughi and Goenpul.

Our city

Location: South-east of Brisbane, Queensland

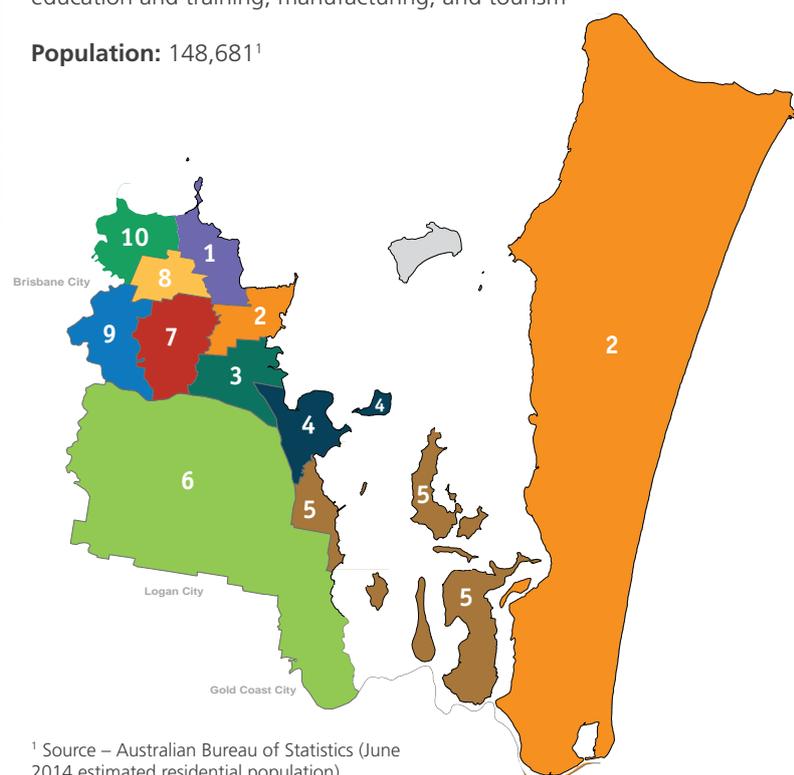
Area: 537 square kilometres

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

Economy: Retail, health care and social assistance, construction, education and training, manufacturing, and tourism

Population: 148,681¹

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



¹ Source – Australian Bureau of Statistics (June 2014 estimated residential population)

Vision, mission and values

Our vision

Enhancing community spirit, lifestyle and the natural environment.

Our mission

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

Our values

Our values are to:

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

Throughout 2014-15, we worked towards delivering on the Corporate Plan 2010-2015, including the vision, mission and values adopted as part of that plan. In May 2015, we adopted a new Corporate Plan for 2015-2020, which features a new vision, mission and values:

Our new vision

Forward thinking, engaged and focused on enriching community lifestyles.

Our new mission

Make a difference make it count.

Our new values

Customer service

- We deliver on our commitments and provide excellent customer service.

One team

- We co-operate and collaborate within and across teams.
- We support our people to perform at their best.

Accountability

- We take ownership of our responsibilities.
- We are professional and ethical in all we do.

Growth

- We challenge ourselves to deliver better value for money.
- We will be better tomorrow than we are today.

Communication

- We are open, honest and constructive in all communications.



A message from our Mayor and CEO

From our Mayor

Reducing cost-of-living pressures on residents while further strengthening the city's financial foundations have been hallmarks of the 2014-15 financial year.

Council built on the strong financial base set the previous year, with the first surplus in more than a decade delivered in 2014-15 followed by a predicted surplus for this financial year. This is expected to continue, with the 2015-16 budget also underscored by a predicted surplus.

All Council employees, from our 'front line' officers to our Executive Leadership Team, are to be congratulated for their commitment to finding the cost savings and efficiencies that allowed us to produce this result while still providing excellent service to our customers and funding a responsible capital works program.

We can all be very proud that Council has been able to deliver on our commitment to provide the services and projects needed to take our city forward. We have achieved this while easing the funding pressures we – and ultimately our ratepayers – have faced by becoming a more efficient organisation that boasts one of the lowest rates increases in South East Queensland for the third consecutive year.

During the year, Council was not immune to the massive cost increases being felt by residents, so it is pleasing that we have been able to achieve a strong financial result while absorbing millions of dollars in external costs, rather than passing them on to residents in the form of higher rates.

Our strong financial position provides this city with security for our future, with growing community equity, substantial cash reserves and the lowest local government debt per household in South East Queensland.

This financial year also saw the start of vital long-term strategic projects that will create a positive legacy for Redland City for generations to come.

Our key waterfront project at Cleveland's Toondah Harbour took significant strides towards reality, with endorsement by the State Government. This \$1.39 billion project is now close to delivering on its promised investment and jobs, as well as a waterfront precinct and transport hubs that this city can be proud of.

While there is always a balancing act when it comes to growth and providing the infrastructure to accommodate it, this is an example of how controlled growth can be good for the future of the city.



At the same time, Council was successful in bringing a campus of the Australian Industry Trade College to the city. Positioning the college at Toondah Harbour in the short-term will make sure our aspiring tradespeople can learn from the most important development to occur in our region in a generation.

Council also delivered on its commitment to driving the local economy, with the adoption of the Economic Development Framework and the Redland City Tourism Strategy and Action Plan 2015-2020.

'This has been a year of achievement and promise for a city we all can be proud to call the best place to live, work and do business.'

Both strategies will see Council working closely with industry to support business and tourism investment and development while Council continues its support for the rejuvenation of the Cleveland central business district.

During the year, the city reached a proud milestone in Council's relationship with the Traditional Owners of the region, through the unveiling of a Quandamooka recognition statement at the entry to Council's Cleveland administration centre. The two sculptural metal panels that recognise the traditional identity, culture and connections of the Redlands will stand as a permanent acknowledgement of what it means to be part of Quandamooka Country.

This has been a year of achievement and promise for a city we all can be proud to call the best place to live, work and do business. I thank residents, Council staff, our legions of volunteers and my fellow Councillors for their part in making us the envy of other South East Queensland councils.

Councillor Karen Williams
Mayor of Redland City

From our CEO

Finding more efficient ways of doing business and providing better value for ratepayers has been at the heart of our operations in the past year.

This has helped the organisation to build on its strong financial performance of the previous two years, with a modest surplus predicted in our 2015-16 Budget.

With our new operating structure now solidly embedded, our focus has been on working smarter to deliver more for our community for less, to minimise cost-of-living pressures on residents. We have achieved this while still funding a substantial city-wide works program and meeting the key service needs of residents.

The efforts of our Business Transformation team are central to our objective of becoming an increasingly efficient operation that puts the needs of our community first. The team supports staff to deliver what our customers need faster, better and, where possible, cheaper. This is being achieved through a range of initiatives, from providing staff with learning opportunities and support, to tracking our successes so they can be replicated elsewhere in the organisation.

We also continued the implementation of a range of cost-saving measures, many of them small but with substantial cumulative effect, as well as pursuing innovative ways to deliver major projects more efficiently in the future. To this end, the review of our Portfolio Management Office was advanced with a new framework ready for testing in the coming year.

Our procurement review has led to initiatives such as automated online tendering and bulk-buying savings, while also encouraging innovative technologies such as LED lighting, more cost-effective delivery of marine and road infrastructure – such as the ‘green road’ sealing program on the Southern Moreton Bay Islands – and an increased spend on local contractors.

Our new printing service alone is expected to save about \$1.5 million over the term of the five-year contract while providing full digital integration across Council. Advertising costs also have been reduced.

Through our new Corporate Plan, we provided a clearer path forward for our staff and I thank all those involved in its development for their substantial contribution to our redefined corporate values and, particularly, their support for our new mission statement.

‘Make a difference. Make it count’ are principles that I believe are resonating through the organisation and well accepted.

The People Strategy, Council’s vision for creating the best workplace conditions for our staff to deliver outstanding performance, is continuing to drive our preferred culture of accountability, serving others, adaptability to change and co-operation. We have been actively developing and implementing initiatives outlined in the strategy that attract and keep great staff at Council, shape how leaders manage teams and individuals for the best outcomes, and shape how staff perform in their day-to-day roles to maximise results, safety and job satisfaction. A specific focus this year was on leadership development.

During the year, Council redrafted the Redland City Plan in line with State Government requirements. Following Council’s adoption of the Draft City Plan 2015, it was submitted to the State Government for review, the final step before it is released for community feedback.

Council also took a lead role in driving economic development, with a series of key strategies put in place.

An Economic Development Framework for the Redlands was developed and adopted, with the organisation beginning the process of appointing an Economic Development Advisory Board with representatives of each of the city’s eight identified future industry and employment growth sectors.

This was followed by the stand-alone Redland City Tourism Strategy and Action Plan 2015–2020, which defines how the tourism industry and Council can work together to increase tourism spending in the city.

Council also established a proprietary company, the Redland Investment Corporation, to identify alternative revenue sources for Council and new business opportunities for the community. The corporation is tasked with getting best value and improved use from surplus land and assets that are not integral to the Redlands Open Space Strategy or the Redlands 2030 Community Plan.

The \$1.39 billion Priority Development Area project for Cleveland’s Toondah Harbour was endorsed by the State Government, with the developer, Walker Group, continuing to work with Council, the State Government and the Redland Investment Corporation on more detailed plans, along with the necessary environmental, social and economic studies.

For the third successive year, Council’s capacity to respond to a natural crisis was tested by the arrival of ex-tropical cyclone Marcia to the Redlands. Again, our investment in disaster management and preparedness showed its worth. While Marcia’s impact was minimal, it was a ‘real life’ test of our capability and one that should give the community confidence.

I am particularly pleased to report that Council dramatically improved its safety record in the last financial year. The 18 lost-time injuries we recorded in 2014-15 were well below the 31 recorded the previous year. Worker safety is an issue I take to heart and, while the injury rate is down, I believe the rate is still too high. Staff will continue to be encouraged to be safety conscious and complete essential safety training.

Thank you to all Councillors, staff members and residents for your contributions throughout the year. This organisation can be particularly proud of the way staff members – both in our offices and out in the field – have yet again risen to the challenge. This augurs well for the future of Redland City.

Bill Lyon
CEO of Redland City Council



Review of 2014-15 highlights

Future on display

Council's preparation of the draft Redland City Plan 2015 has provided the opportunity for residents to share their ideas on the future development of the city. Council encouraged the community to view and review key areas of policies that are supporting the drafting process as an ideal way to educate and involve the community before the statutory public consultation period opens and formal submissions are invited from the community.

Engagement activities in 2014- 2015 included the establishment and promotion of extensive City Plan website content, community forums on key supporting studies, pop-up information booths, social and mainstream media information, informal sessions, and regular columns on wise planning and design in the Redland City Bulletin. The Redland City Plan will provide a blueprint to guide decision-making on the city's future as it grows.

Toondah transformation

The proposal to revitalise Cleveland's Toondah Harbour was formally endorsed by the State Government in June 2015. The \$1.3 billion project is set to generate more than 1,000 jobs during construction and an estimated 500 jobs a year post construction. The award-winning Walker Group was named preferred partner in the project, which is expected to stimulate the local tourism industry by delivering a world-class ferry terminal and marina, waterfront retail and commercial space, apartments and public parks on the 67-hectare site.

Council and the State Government undertook comprehensive community consultation. Residents will be able to provide more feedback on the design when the developer lodges its environmental impact assessment and development application. The Walker Group was also granted an extension to continue work on a master plan for Redland Bay's Weinam Creek Priority Development Area.

Council to the rescue

Council unanimously supported a trial vaccination of local koalas against the deadly chlamydia virus. The vaccine was developed by Professor Peter Timms of the University of Sunshine Coast, whose results with earlier trials were encouraging. Council agreed to contribute up to \$30,000 from the environmental reserve to support this more scientific and targeted approach to koala protection in the city.

Council also completed the Koala Habitat Review and Mapping project, the most comprehensive study ever into the Redlands' koala habitat. The information will be used by Council to plan for the future of koalas in the city.

A resilient community

The Redlands faced a potential emergency in February 2015, with Council's disaster management team called to action when ex-tropical cyclone Marcia bore down on the city. While the Redlands was spared from the worst of the weather, Council's state-of-the-art disaster planning ensured the city was ready for the worst-case scenario. During the event, almost 200 Council and SES officers were out in the field, including forward commands set up on North Stradbroke Island and the Southern Moreton Bay Islands, while approximately 30 Council staff worked in the Local Disaster Coordination Centre alongside staff from other emergency agencies.

There were more than 300 formal requests for assistance during the event, with more than 4,000 sandbags filled by Council officers, SES volunteers, residents and volunteers. Facebook updates by Council received 280,000 views, with Council tweets and retweets reaching 1.3 million people and well beyond our own boundaries.



New Corporate Plan

Council's Corporate Plan 2015-2020 was adopted in May 2015. The process of developing the plan included extensive consultation with the community and Council officers to ensure it reflected the needs of the community. Council received 54 responses during the official feedback phase.



Building tourism

Redland City Council adopted the Redland City Tourism Strategy and Action Plan 2015-2020, which sets out how the tourism industry and Council can work together to increase visitation and tourism spending in the city. It highlights key opportunities that tourism operators and Council can focus on to activate and grow the industry in the areas of tourism investment and development, destination marketing and events, as well as supporting infrastructure and coordination. The strategy and action plan was informed by tourism industry feedback and a market trend assessment provided an overview of current visitor trends and a clear direction of where the Redlands should be encouraging new business product and related infrastructure investment.



Pirate's present

Hollywood superstar Johnny Depp was presented with a parting gift from the Redlands in front of record crowds at Raby Bay in June as he returned to shore after his final day of local filming for the fifth instalment of *Pirates of the Caribbean*. The filming brought significant international exposure for the Redlands on the back of publicity from the filming of *Angelia Jolie's Unbroken* in late 2013. During the *Pirates of the Caribbean* shoot, many of the 250 cast and crew stayed in local accommodation.

New local laws

Council adopted a new set of local laws during the year, following two rounds of stakeholder and public consultation. The new laws came into effect on 1 July 2015 when they were formally gazetted by the State Government. A total of 255 submissions were received over two rounds of consultation, leading to a number of amendments being made. While most of the existing laws were carried over, a number of specific local issues were addressed.

City renewal

Under-utilised Cleveland CBD businesses are being transformed into creative spaces under a new Council program launched during 2014-15.

Through the Renew Cleveland program, closed shops are being brought to life by local artists who lease the commercial space short-term for minimal cost. It celebrates and rewards local artists and community projects by giving them the chance to display their work, while at the same time reinvigorating local business and the CBD by bringing a cultural and artistic mix to the city centre.

Land management

In June 2015, Redland City Council established an investment arm to help fund infrastructure and services and minimise reliance on rates revenue. The wholly Council-owned subsidiary, Redlands Investment Corporation, aims to gain best value from surplus Council land and encourage investment to benefit the Redlands community.

Website review

Council began a review of its corporate website with a view to making it more user friendly and with greater use of online forms and services. The new website is due to be released in 2016.

Meetings go online

Redlanders now have greater access to the deliberations of their Councillors following a move to post audio and video recordings of general meetings on Council's website. The new recording arrangements were in place for the budget meeting on 25 June 2015. Council also reviewed its Standing Orders to reduce the complexity of the rules that govern meetings and to provide the best framework for effective debate and decision-making.

Quandamooka recognition



Two sculptural metal panels recognising the traditional identity, culture and connections of the Redlands were unveiled in June 2015 at Council's administration building in Cleveland as a permanent acknowledgement of the Traditional Owners of the lands, winds and waters of Quandamooka Country.

The Quandamooka Statement of Recognition, dedicated on the final day of National Reconciliation Week, represents a proud milestone in the relationship between Council and the Traditional Owners of the region.

Designed by local artist Sandra Delaney, a Quandamooka woman from North Stradbroke Island (Minjerribah), the two panels tell a powerful story of the Quandamooka People's connection to the Redlands, stretching back tens of thousands of years.



Milestones and awards

Mayor and CEO Employee Excellence Awards

Mayor's Award:

This award is the highest recognition of an employee's outstanding contribution to the city through service delivery. It honours an employee's outstanding personal characteristics that help to make Redlands the best place to live, play, work and do business. The recipient will represent the best of what Redland City Council is aiming for. The award winner will meet the highest standards of service delivery in their role, in a way that makes them an example for others to aspire to.

Mayor's Award Winner: Jeanette Adams, IndigiScapes

CEO's Awards:

Efficiency and Innovation: Zane Trow (Manager of the Creative Arts, Community and Cultural Services Group), for thinking outside the box and translating those ideas into tangible corporate efficiencies. At the Redlands Performing Arts Centre (RPAC), he has introduced the Sundial Café, relocated the box office and significantly increased community participation.

Customer Service: Julie Juvancz (Visitor Services Operator, IndigiScapes), for delivering her great knowledge of the Redlands with a bright smile and welcoming attitude.

Advancing Council: Bernard Houston and Gabi Selwyn (Community Engagement and Communications Officers), for their first-class efforts in engaging face-to-face with more than 2,000 people on the Redlands' Priority Development Area projects. Among their credits, they also delivered an Australian-first app to ensure residents could take a virtual tour of what the sites may look like.

Leadership and Initiative: Donna Wilson (Service Manager, Compliance Services Unit), for dealing sensitively with community issues, including our increased responsibility for re-homing unwanted animals due to the RSPCA no longer having the capacity to do so.



Mayor Karen Williams and CEO Bill Lyon with award winners, from left Julie Juvancz, Zane Trow, Jeanette Adams, Bernard Houston, Gabi Selwyn and Donna Wilson



 Redlands Tourist
Information
on this stand

Mayor and Councillor's information

Mayor



Councillor Karen Williams
GAICD
Elected: 2004, Mayor since 2012

Karen was born in the Redlands, raised her family here and has lived here for most of her life. She was elected Mayor in April 2012 after serving as the Divisional Councillor for Division 9 (Capalaba) from 2004. Before joining Council, Karen worked for 10 years in the domestic money market both in Sydney and Brisbane and also owned and operated two successful retail floral studios in Brisbane. Karen has been involved in a large number of community organisations. She is Director-Treasurer of the South East Queensland Council of Mayors. Karen is a graduate of and holds a Diploma with the Australian Institute of Company Directors.

Division 1



Councillor Wendy Boglary
Wellington Point/Ormiston
Elected: 2008

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

Division 2



Councillor Craig Ogilvie
Cleveland/North Stradbroke Island
Elected: 2004

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

Division 3



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

Kim-Maree has experience in a variety of roles including working as a legal secretary in the United States, teaching English in South Korea, and managing a small business in Capalaba before raising three school-aged children. Kim-Maree has studied dance for 12 years and achieved a high level of success, culminating in dancing with the Australian Ballet Company, Queensland Ballet Company and the Royal Ballet in England.

Division 4



Councillor Lance Hewlett
Victoria Point/Coochiemudlo Island/
Thornlands/Redland Bay
Elected: 2012

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

Division 5



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

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

Division 6



Councillor Julie Talty

Mount Cotton/Sheldon/Thornlands/
Victoria Point/Redland Bay
Elected: 2012

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

Division 7



Councillor Murray Elliott

Alexandra Hills/Capalaba
Elected: 1997

Murray worked in the electricity industry at a senior level before running his own successful retail businesses. He was elected to Council in 1997 and has held many chair positions as well as the role of Deputy Mayor. He has lived in Alexandra Hills for 27 years.

Division 8



Councillor Alan Beard

(Deputy Mayor)
Birkdale South/Alexandra Hills
Elected: 2012

Alan has been a professional musician for more than 40 years, working as a writer, arranger and manager in the music industry. He worked as a community fundraising manager for both the Spina Bifida Association of Queensland and the Leukaemia Foundation of Queensland before being elected to Council for the first time in 1997. Before being re-elected in 2012, he worked as a professional musician. Alan is currently Organisational Services and Emergency Management, Disaster Planning, Response and Recovery and Community Resilience portfolio spokesperson.

Division 9



Councillor Paul Gleeson

Capalaba
Elected: 2012

A Redlands resident for 20 years, Paul's work history varies from senior retail management roles to successfully running his own company in the city for 13 years. He is an active member of his community and has been a staunch advocate for his division since his election. Paul is currently Council's Infrastructure, Transport and Traffic Planning and Sport and Recreation portfolio spokesperson.

Division 10



Councillor Paul Bishop

Birkdale/Thorneside
Elected: 2012

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

Councillors' meeting attendance

As required under section 186(d) of the Local Government Regulation 2012, the table below details the number of local government meetings that each Councillor attended during the financial year ending 30 June 2015.

Statutory meetings attended	Cr Williams	Division 1 Cr Boglary	Division 2 Cr Ogilvie	Division 3 Cr Hardman	Division 4 Cr Hewlett	Division 5 Cr Edwards	Division 6 Cr Talty	Division 7 Cr Elliott	Division 8 Cr Beard	Division 9 Cr Gleeson	Division 10 Cr Bishop
General Meetings (20 held)	20	20	19	20	20	19	20	18	20	20	19
Special Meetings (5 held)	5	5	5	5	5	5	5	4	5	5	5
TOTALS	25	25	24	25	25	24	25	22	25	25	24

Councillors' remuneration

In 2013, the Remuneration and Discipline Tribunal determined that councils were no longer required to formally adopt Councillor remuneration levels. Increases in Councillors' remuneration are now automatically linked to respective increases to the remuneration levels of Queensland Members of the Legislative Assembly.

Mayor \$162,215 Deputy Mayor \$110,601 Councillor \$95,854

Name	Gross salary	Superannuation contributions	*Transport	**Discretionary training and discretionary conference registration	^^Delegations and conference related expenses	Mandatory training	Telephone, Blackberry and remote access	##Expenses Council/ community events	Total
Mayor Williams	162,215	19,466	13,241	1,136	2,689	1,300	3,052	1,529	204,628
Div 1. Cr Boglary	95,854	11,503	0	1,850	0	1,300	2,081	484	113,072
Div 2. Cr Ogilvie	95,854	11,503	9,170	532	791	1,000	2,643	245	121,738
Div 3. Cr Hardman	95,854	11,503	8,496	0	0	0	1,572	153	117,578
Div. 4 Cr Hewlett	95,854	11,503	13,461	397	0	0	2,293	483	123,991
Div. 5 Cr Edwards	95,854	11,503	10,255	0	0	0	2,883	102	120,597
Div. 6 Cr Talty	95,854	11,503	10,917	3,930	297	300	1,710	488	124,999
Div. 7 Cr Elliott	95,854	11,503	0	0	0	0	3,665	0	111,022
Div. 8 Cr Beard (Deputy Mayor)	110,601	13,272	7,975	540	775	0	1,422	65	134,650
Div. 9 Cr Gleeson	95,854	11,503	7,188	0	1,041	300	2,401	35	118,322
Div. 10 Cr Bishop	95,854	11,503	179	540	695	300	1,688	114	110,873
Totals	1,135,502	136,265	80,882	8,925	6,288	4,500	25,410	3,698	1,401,470
Support costs									809,727
Total costs									2,211,197

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

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

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

\$6,000 per annum, Mayor or delegate, \$500 per annum per Councillor other than the Mayor.

Expenses reimbursement and provision of facilities for Councillors

Head of power

Section 250 of the Local Government Regulation 2012 defines the requirements for the reimbursement of expenses and provision of facilities for Councillors.

The objectives of this policy are to:

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

Policy statement

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 2009*. Council is committed to ensuring that Councillors are provided with the facilities required to enable them to perform their duties.

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

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

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

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

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

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

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

SCOPE

This policy provides for:

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

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

DEFINITIONS

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

'Council business' means official business conducted on behalf of, and/or approved by Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the Council. Council business should result in a benefit being achieved either for Council, the local government area or the community.

Council business includes functions and events that are a statutory requirement of the Councillor's role, or are officially recorded in minutes or other public records. This might also include attending an event or function to perform official duties or as an official Council representative, such as:

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

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

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

'Civic duties' means Council business.

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

'Expenses' refers to expenses described in the Guidelines.

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

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

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

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

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

'Representing Council': a Councillor is representing Council when Council resolves that the Councillor is to attend an event or function as a representative of Council.

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

Related policies/legislation/documents

- *Local Government Act 2009*
- Local Government Regulation 2012
- GL-3076-001 Guideline – Expenses Reimbursement and Provision of Facilities for Councillors
- Redland City Council Procurement Manual
- *Income Tax Assessment Act 1997*
- Taxation Rulings issued by the Australian Taxation Office

Reporting requirements

- Disclosure of publicly funded overseas travel – Annual Report.
- Domestic and international travel – Council reports and Annual Report (international only).
- Resolutions made during the year authorising the payment or provision of remuneration, including expenses paid or facilities provided to Councillors or members of committees of the local government – Annual Report.
- Particulars of the total remuneration paid or provided, including expenses paid or facilities provided to each Councillor during the year and the total superannuation contributions paid for each Councillor during the year – Annual Report.
- A copy of POL-3076 Expenses Reimbursement and Provision of Facilities for Councillors – Annual Report and Council's website.
- Changes to POL-3076 – advertised in local newspaper on the Council's website.

Mandatory training for Councillors²

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

1. **Australian Local Government Association** – National General Assembly (It is usual for one or more Councillors to attend this event. The most senior Councillor, usually the Mayor, attending the event will be the official voting delegate of Council.)
2. **Local Government Association of Queensland** – State Conference (It is usual for one or more Councillors to attend this event. Council will resolve prior to the event which one or more of its attendees will have delegated voting authority as it is usual for Council to have several votes on each motion before the Conference.)
3. **Local Government Association of Queensland** – Civic Leaders and Financial Summit (It is usual for the Mayor, Deputy Mayor and CEO only to be invited to attend this event.)
4. **Local Government Association of Queensland** – Elected Member Professional Development (All Councillors attend this training.)
5. Courses provided by providers other than the Local Government Association of Queensland (e.g. the Department of Local Government), which relate to updating Councillors with regard to their core responsibilities, e.g. changes to legislation. (All Councillors attend this training.)
6. Compulsory Redland City Council training programs to enable Councillors to fulfil their core responsibilities, e.g. information technology, occupational health and safety, Councillor induction, code of conduct and meeting procedures. (All Councillors attend this training.)

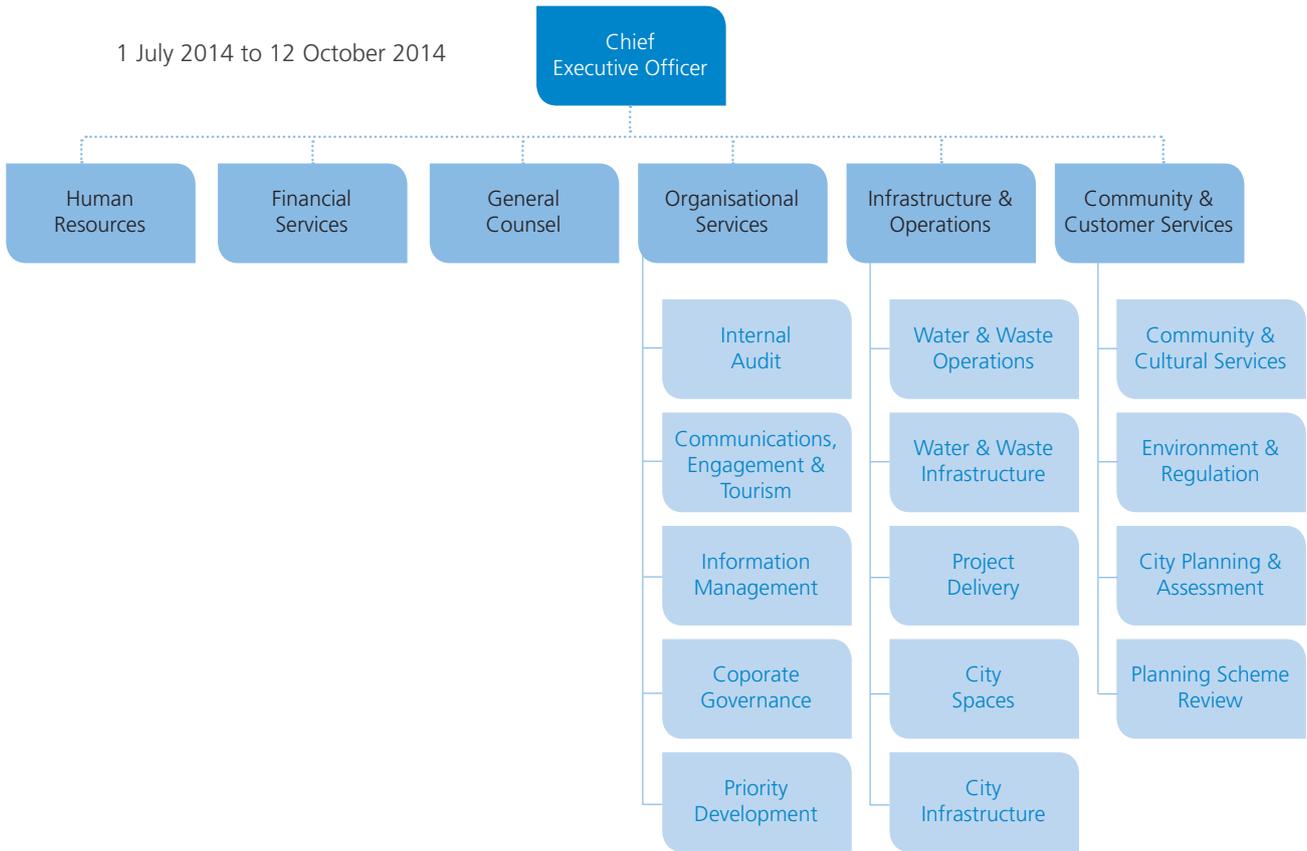
The following is a list of other training opportunities which, while not mandatory – in the sense that one or more Councillors must attend every event – are of sufficient relevance to a Councillor's responsibilities to be of significant potential benefit to each elected member. It is likely that a Councillor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

1. Local Government Association of Queensland – Infrastructure Summit
2. Local Government Association of Queensland – Disaster Management Conference
3. Local Government Association of Queensland – Community Wellbeing Symposium
4. Local Government Managers Australia – National Congress
5. Local Government Managers Australia (Queensland) – Queensland State Conference
6. Planning Institute of Australia – National Congress
7. Planning Institute of Australia – Queensland State Conference
8. Queensland Environmental Law Association – State Conference
9. Australian Local Government Women's Association – National Conference
10. Australian Local Government Women's Association – Queensland State Conference
11. Quandamooka Country Cultural Heritage Training

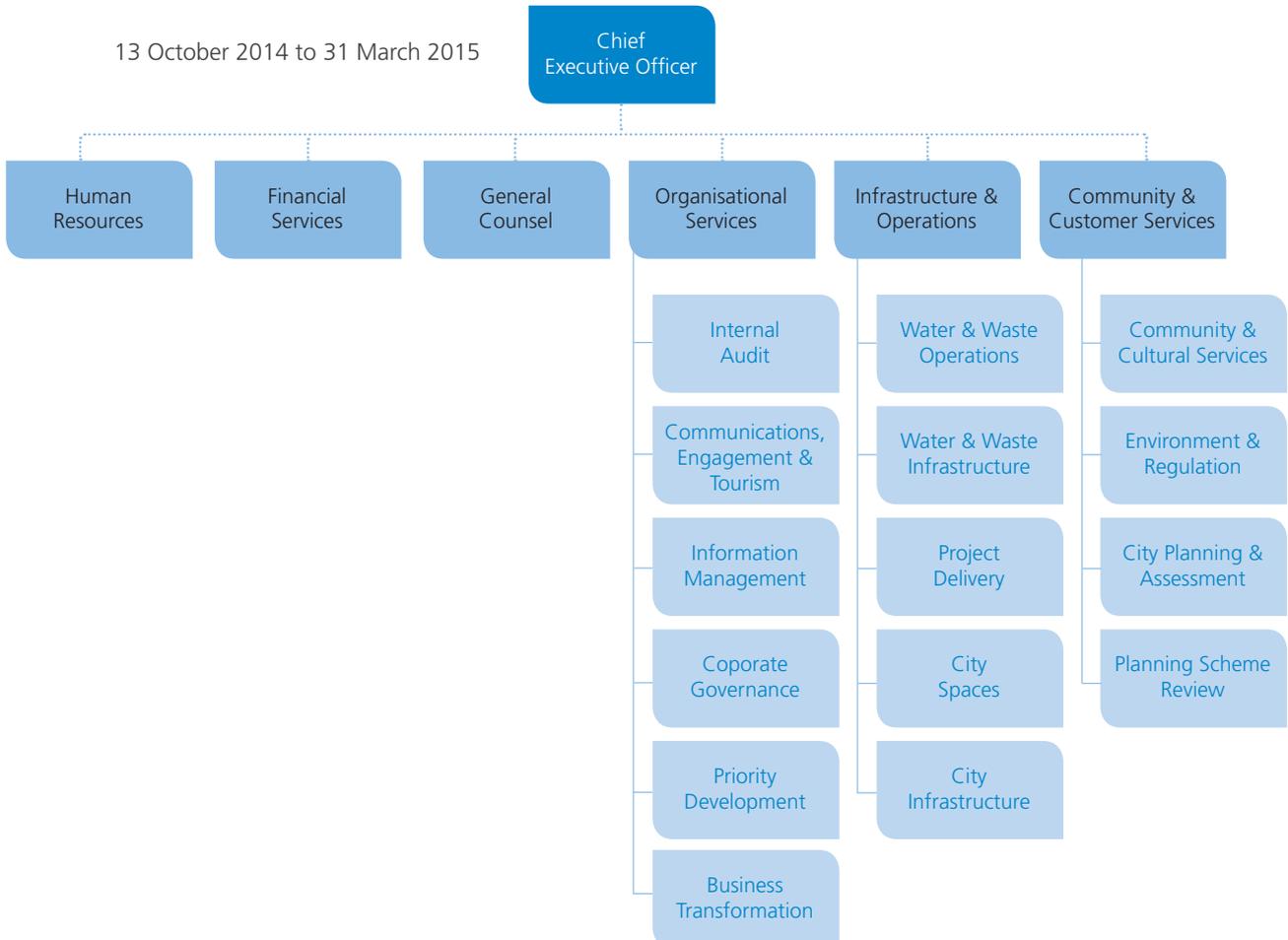
² No amendments to this policy have been made since October 2012.

Our organisation

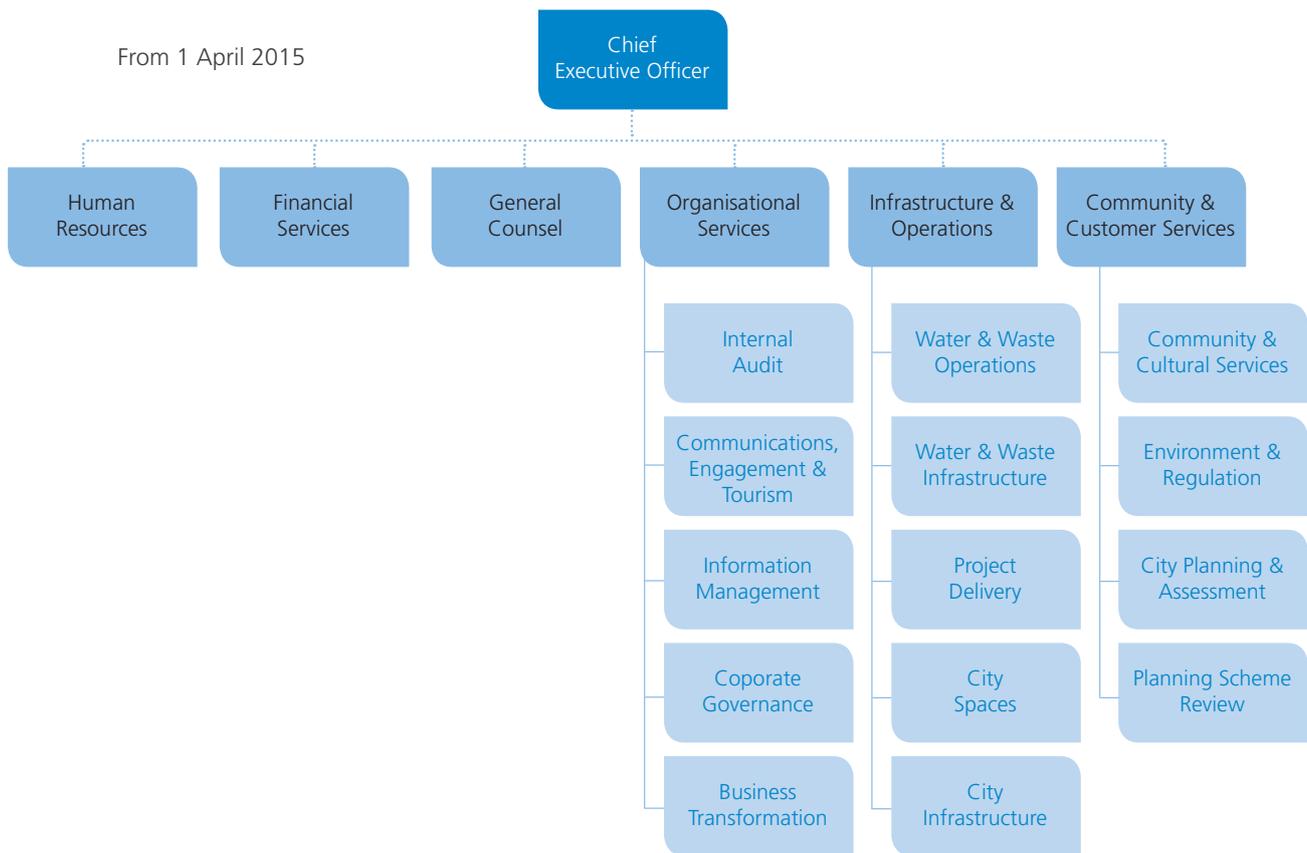
1 July 2014 to 12 October 2014



13 October 2014 to 31 March 2015



From 1 April 2015



Executive Leadership Team



Chief Executive Officer

Bill Lyon

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



General Manager Organisational Services and Redlands Local Disaster Coordinator

Nick Clarke

Master of Science; Fellow of Local Government Managers Australia; Member International City/County Management Association



General Manager Infrastructure & Operations

Gary Soutar

Bachelor of Engineering (Civil); Registered Professional Engineer Queensland



General Manager Community & Customer Services

Louise Rusan

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



Head of Human Resources

Amanda Daly

Bachelor of Commerce; Certified Member of Australian Human Resources Institute (CAHRI); Life Styles Inventory™ (LSI) Accredited Practitioner; Myers-Briggs Type Indicator (MBTI) Certified Practitioner



Chief Financial Officer

Linnet Batz

Chartered Management Accountant; Certified Practising Accountant; Chartered Global Management Accountant



General Counsel

Andrew Ross

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

Our people

People Strategy 2012-2015

Council continued to implement the priorities defined in our People Strategy, which is now in its final year. The strategy sets out how Council will attract and keep the best people, cultivate the best leaders and create the right conditions for employees to thrive.

In 2014-15, Council continued to set a strong foundation for the strategy, introducing a number of activities focused on integration and alignment. A key priority was developing a fit-for-purpose Leadership Development Program aimed at building leadership capability to influence culture and performance. The Leadership Development Program features a multi-rating feedback tool that focuses on coaching for improvement. It incorporates the ongoing implementation of Council's Safety Management Plan and Audit Plan, which help underpin a safety culture within the organisation. It also includes the continued implementation of the Performance Management Framework (MyGoals), which supports alignment of individual performance goals and development with Council's objectives.

Council piloted a workforce plan in a customer-focused operational area, leading to the development of a clear medium-term strategy for managing workforce risks and harnessing emerging opportunities. Meanwhile, the Recruitment and Selection team undertook a review of its support processes for improved outcomes and organisational efficiencies.

A number of other human resources projects were delivered in 2014-15 to support a productive and positive workforce. Once Council adopted its new Corporate Plan, consultation began with employees to develop a new five-year People Strategy. The new strategy is expected to be finalised and released by the end of 2015.

Recruitment and selection

Council has worked to further develop positive working relationships with internal managers and supervisors, with a focus on supporting succession planning.

An 'areas of interest register' has been introduced which allows permanent employees to register their interest in working within another area of the organisation. This has resulted in a number of positive placements, and an increase in the number of employees who have registered.

Council's administrative casual pool continued to be a success, with two external recruitment processes occurring (and one internal recruitment process, in line with traineeship graduation) in the 2014-2015 financial year. There are now 28 casuals in the pool, with a number of casuals going on to work in long-term temporary or permanent placements across a variety of units.

In May 2015, Council participated in two new events at Redlands College and TAFE. At both events, Council staff participated in career conversations, talking about their career journey, celebrating the diversity within Council and highlighting the number of ways to reach career goals. It was a new approach for a career expo and the response was overwhelmingly positive, with further excursions booked in.

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.

Leadership and corporate employee development

Leadership development

As a community-focused business, Council recognises the importance of each individual's contribution to deliver on the organisation's strategic objectives and outcomes. As our community and organisation grows, we must ensure we build our internal capability and capacity to meet the significant challenges of the next few years.

These challenges include:

- major changes to Council's workforce demographic (33% over 55 years)
- an increasing focus on efficiency and delivering performance outcomes
- an increasing focus to meet customer expectations
- a demand to keep up to date and invest in technology such as e-services/social media
- a growing city and greater infrastructure.

As part of our People Strategy, we recognise the importance of building leadership capability across the organisation and have highlighted specific areas for priority development in the short and medium term. These priorities focus on delivering our key people and organisation commitments of:

- building strong, visible and capable leadership
- growing a resilient, adaptable and flexible organisation
- operating in a constructive performance culture.

As part of the broader Human Resources Strategy, we offer current and aspiring leaders a clear pathway for planning and pursuing their development through each of the levels of the Leadership Pipeline, to ultimately provide better products and services for our community now and into the future.

Council has developed a Leadership Capability Framework with six core capabilities that all programs are aligned to:

- Strategic focus
- Adaptability
- Building capability
- Results focused
- Collaborative and respectful relationships
- Personal effectiveness.

Corporate development

A review was undertaken of the organisation-wide Corporate Development Program. As a result, the program has been revamped to ensure all programs are aligned to deliver on Council's commitments.

Previously, there was a strong focus on workplace health and safety compliance training. We have achieved significant cultural change and, although the latter focus remains, there is now a stronger focus on building the internal capability and capacity of all employees across the organisation. These programs are also aligned to the core capabilities listed above.

One of the key challenges of delivering a Corporate Development Program is to ensure the workforce has the appropriate knowledge, skills, experiences, resources and tools to meet any current and foreseeable issues and opportunities. With an aging workforce comes the significant challenge of retaining intellectual property, transferring knowledge and filling the capability gaps as more mature employees retire and leave the workforce. This has created an opportunity for Council to address the effects of changes in our workforce and to create the extraordinary: a place to work and grow that exceeds the community's expectations now and into the future. This can be achieved by designing and developing programs to assist in knowledge transfer such as mentoring and building strong, visible and capable leaders through our future talent and succession planning initiatives.

E-learning opportunities continue to grow, enabling Council to provide appropriate and relevant training that is flexible and adaptable to the organisation's changing business needs. E-learning modules minimise class-based training and improve cost effectiveness, with employees able to undertake more training at their workstations. Council is continuing to develop other cost-effective training methods to ensure that current and future technology is best used to maximise value for money.

Employees now have access to a more consistent and equitable education assistance allowance scheme, receiving support with tertiary studies graduating with an accredited qualification (Diploma or Certificate IV) in business-related areas. These accredited qualifications were supported through various local government programs.

As in previous years, Council participated in the Local Government Manager's Association (LGMA) Challenge. The LGMA Challenge offers experiential learning at a high level for the selected professionals and is a valuable component of leadership development, especially for emerging leaders.

Trainee and apprenticeship program

The trainee and apprenticeship program was reviewed and is now administered by a Group Training Organisation (GTO). The GTO is now the trainee employer, with Council the host organisation. This means that Council is able to offer a more sustainable, improved experience for trainees, supervisors and Council. In 2014-15, Council hosted 12 full-time trainees and one apprentice. The review enabled Council to implement a more robust program, and the program is now included in our succession planning strategy.

The trainee and apprenticeship program continues to provide opportunities to 'earn and learn' across a variety of departments in a local government setting and positions are offered to school leavers and mature aged people looking at re-entering the workforce. The number of trainees and apprentices will grow over the next five years, positioning them to replace our aging staff members looking to retire in the near future.

Areas of study include certificates in Business, Parks and Gardens, Information and Cultural Services, Companion Animal Services, and Marketing. In 2014, Council received incentives from the State Government to subsidise employment costs for our trainees. A graduation ceremony was held in February 2015 to congratulate and farewell our participants in the 2014 traineeship program.

Employee feedback

Council's staff survey in May 2014 identified a need to grow a culture able to deal with change by supporting employee adaptability. Council's response was organisation-wide.

The first initiative involved laying the foundations of who we are as an organisation by reviewing our vision, mission and values. New vision, mission and values were developed through an in-depth consultation process involving a large number of employees from each level across the organisation, together with Corporate Governance and the Learning and Development teams.

The second initiative involved building organisational change capability to support leaders with tools and advice so they can more effectively manage staff during times of change.

The third initiative introduced 'lean methodology', which provides a tool that enables us to examine our processes and implement new ways to deliver outcomes faster, better and cheaper.

To further support this approach, and to assist managers in leading their teams effectively, the Human Resources team enhanced the Business Partnering model it follows. Together business unit leaders and Human Resources are working towards creating an engaged and sustainable workforce.

Equity, diversity and equal opportunity

Council is committed to preventing discrimination within our organisation. A number of strategies and initiatives were delivered in 2014-15. As an organisation, we:

- ensure the review of all guidelines and procedures allows for equity and diversity
- promote programs to support the personal, professional and career development of diverse groups including women, emerging leaders, Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds etc.
- ensure mentoring, advice and support is available from Human Resources Advisers
- support and promote the Employee Assistance Program.

In 2014-15, Council began developing an Aboriginal and Torres Strait Islander Training and Employment Strategy.

Certified agreement

The Attorney-General and Minister for Industrial Relations under the previous State Government requested the Queensland Industrial Relations Commission (QIRC) create a modern local government award. As a result, a single modern award was introduced in October 2014, covering local government in Queensland and replacing 20 existing local government awards.

The incoming State Government (following the 31 January 2015 election) introduced the Industrial Relations (Restoring Fairness) and Other Legislation Amendment Bill 2015. This legislative amendment now forms part of the *Industrial Relations Act 1999*. As a result, the modern Queensland Local Government Industry Award – State 2014 has been suspended, pending review and variation by the QIRC, which is unable to certify any agreements unless this award review has occurred. Council's existing 2013 certified agreements have a nominal expiry date of 30 June 2016. Pending the review/variation of the modern award by the QIRC, Council is unable to bargain until this issue has been resolved.

Safety and wellbeing

Council's Safety First – Redland agenda is embedded in and driven through the annual Safety Management Plan and the Work Health and Safety (WHS) Five Year Plan. Council's ongoing program to prevent workplace-related injuries and illness includes health monitoring activities and wellness programs. The result has been a reduction in lost time injuries from 31 in 2013-14 to 18 in 2014-15.

We have a well-supported commitment to safety in the workplace. This has been achieved by building on our safety culture, introducing safety leadership programs for frontline team leaders and supervisors, and providing ongoing support for health and safety representatives.

A health and safety skills matrix continues to provide a learning pathway for individual workplace health and safety training needs. Flexible e-learning packages were developed and delivered across Council in 2014-15, including the Safety First Induction, Traffic Management Level 1 and Electrical Safety.

Council is audited externally every year and our safety performance is monitored and reviewed regularly by senior management. During the 2014 audit, further improvements in compliance and continuous improvements were achieved.

A series of internal safety element audits focusing on procedure compliance were conducted across business units throughout the year. The audits identified good levels of compliance across the organisation and provided data that the Safety and Wellbeing Unit used to identify opportunities for improvement opportunities.

Our wellbeing agenda continues to grow, with the consolidation of a holistic Fit for Work Program across Council that includes:

- a new Alcohol and Drugs Prevention Policy and testing regime
- a comprehensive Psychosocial Program, and the option for workers to confidentially disclose medical conditions and/or the use of prescription medication
- a new Work from Home and Alternate Workstations Policy and Framework which provides workers with flexible work options
- the development of a new Ageing Workforce Strategy, which has been designed to produce baseline health and safety information for workers on key ageing health hazards, and strategies (the data will provide age appropriate health support and enhance workers' general wellbeing and capacity to perform their job safely, while enabling Council to meet its short, medium, and long term obligations to the community)
- the introduction of a Fit for Work Program, involving health and exercise programs and health monitoring, and the provision of a work conditioning area at Council's depot.

Council continues to undertake health assessments, health monitoring programs and functional capacity assessments on all manual task-related roles, to address the risk of musculoskeletal injuries and encourage healthy ageing in our workforce.

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

The introduction of the Business Intelligence (BI) reporting solution now provides the Human Resources team with easier access and more sophisticated reporting. With up to four years of historical data available, the visual charts can trend full-time equivalent, turnover, vacancies, age and gender profiles and leave patterns over the long term, providing more contextual and strategic information to support workforce decisions.

Employees at a glance

Employees (total number of employees)

Permanent	731
Permanent part-time	79
Temporary contract of service full-time	52
Temporary contract of service part-time	14
Contract of service (executive)	21
Casual (based on hours worked)	76
Total	973

Corporate profile

Full-time equivalent (FTE) employees (Includes contract of services and elected members. FTE for full-time and part-time based on hours of work pattern and not actual hours worked)	871.63
Casual full-time equivalent employees (Based on hours worked)	4.67
Full-time permanent positions	890
Part-time permanent positions	54
Part-time temporary positions	98
Part-time temporary positions	23
New full-time permanent positions	19
New part-time permanent positions	0
New full-time temporary positions	46
New part-time temporary positions	14
New casual positions	71

Employees recruited

Internal (under Redland City Council Officers' Agreement)	39
External (under Redland City Council Employees' Agreement)	11
Total	50

Employee departures

Employee-initiated turnover rate	7.15%
Employer-initiated turnover rate	3.58%
Employees made redundant	4
Employees redeployed/retrained due to redundancy	6

Gender balance

	Female	Male
Executive/Senior Management Group	33.33%	66.67%
Elected representatives	36.36%	63.64%
Total employees	50.87%	49.13%

Executive Leadership Team

The total remuneration packages below for senior executives include base salary, vehicle allowance and superannuation.

Remuneration range	Number of Executive Leadership Team paid
\$120,000 to \$220,000	2
\$221,000 to \$320,000	4
\$321,000 to \$420,000	1



Governance at Redland City Council

Community Plan

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

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

The plan sets out eight outcomes:

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

Corporate Plan

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

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

Operational Plan

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

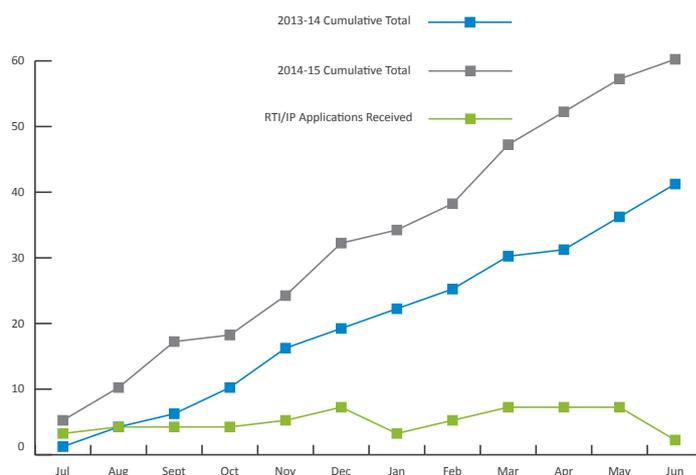
The projects in the Operational Plan 2014-15 were delivered by teams across Council and progress against the plan was reported every three months to Councillors. These reports are available on Council's website. A summary of Council's performance against this plan is outlined on pages 30-38.

Right to Information and Privacy

During 2014-15, 51 applications were received requesting access, under the provisions the *Right to Information Act 2009 (RTI Act)* and *Information Privacy Act 2009 (IP Act)*, to Council documents. This is an increase of 24% on the number of applications for 2013-14. The 51 applications comprised 33 processed under the *RTI Act* and 18 applications under the *IP Act*. A total of 6,557 pages were considered for release to applicants, which is a slight decrease in the number of pages from the previous year. A total of 50 decisions, including five applications from 2013-14, were issued to applicants, all within legislative timeframes. Six applications were withdrawn, leaving one application on hand as of 30 June 2015. Two requests were received for an internal review of the original decisions. The first internal review upheld the original decision. The second confirmed the original decision to refuse access to pages in full or part, but varied the reasons.

Council was notified by The Office of the Information Commissioner (OIC) that an RTI access applicant had applied to OIC for an external review during an extension period. Although Council had invoked the extension of time in accordance with RTI legislation and the applicant had agreed to these extensions, the applicant altered their position and sought external review, triggering a deemed decision (section 46 of the RTI – the agency is taken to have made a decision to refuse access).

RTI/IP applications received 2014-15



Risk management

Risk management

Council continues to be committed to enterprise-wide risk management. All significant risks are identified, managed and mitigated in accordance with Council's Enterprise Risk Management Policy, Framework and its accompanying Risk Assessment Handbook, all of which conform with the Australia/New Zealand/ISO Standard 31000.

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

Council has an Operational Risk Management Committee (ORMC) that reviews and endorses the risk registers. The risk registers are periodically presented to the Audit Committee for review and comment.

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

A review of the Risk Framework and the Risk Assessment methodology was undertaken during 2014-15 to ensure the documents remain up to date with contemporary standards. The findings revealed that Council has an excellent foundation to manage its risks.

Fraud and misconduct prevention

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

Council is committed to:

- a zero-tolerance approach to fraud and corruption
- corruption and fraud control and management as an integral component of effective corporate governance
- transparent and accountable processes consistent with sound business practices and organisational standards of compliance
- preventing fraud and corruption and investigating all suspected incidents and taking appropriate action
- maintaining an integrated Fraud and Corruption Prevention Framework to minimise the impact and reduce the risk of fraud and corruption within the work environment.

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

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

Administrative action complaints

Redland City Council is committed to fair and effective management of administrative complaints.

During 2014-15, the following statistics were reported in accordance with the requirements of Section 187 (1)-(2) of the *Local Government Regulation 2012*.

Council received 104 new administrative action complaints that were dealt with under the complaints process. Twelve were carried over from 2013-14, resulting in a total of 116 complaints for 2014-15. Of those 116, 108 were resolved under the process leaving eight unresolved as at 30 June 2015.

Complaints reported in accordance with section 186(f) of the Local Government Regulation 2012		
(a)	Frivolous, vexatious or unsubstantiated	20
(b)	Complaints about the Mayor or Deputy Mayor referred to the department's chief executive	0
(c)	Councillors complaints referred to the Mayor	6
(d)	Complaints referred to the department's chief executive	0
(e)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the <i>Crime and Corruption Act 2001</i>	0
(f)	Complaints heard by a regional conduct review panel and/or tribunal	9
(g)	Complaint is about another matter	0
Complaints reported in accordance with section 176C of the Local Government Act 2009 (revised 2012)		
(h)	Regional Conduct Review Panel orders and recommendations	9
(i)	Tribunal orders and recommendations	0
(j)	Mayor or Departments Chief Executive Orders reprimanding a councillor for inappropriate conduct	1
Complaint orders/recommendations summary detail reported in accordance with Section 186(e) of the Local Government Regulation 2012		
The name of each Councillor who was subject to an order under section 180 and 181	Description of misconduct or inappropriate conduct engaged in by each of the Councillors	Summary of order or recommendation
Councillor Lance Hewlett	Inappropriate conduct – poor attendance at workshops, failure to meet with the Mayor to discuss these absences	An order was made by the Mayor reprimanding Cr Hewlett for the inappropriate conduct
	Misconduct – behaviour did not constitute honest, fair and respectful engagement with the community and it was not made clear that he was expressing personal opinion rather than conveying a Council view	An order was made by the regional conduct review panel that Cr Hewlett be counselled about his misconduct and how not to repeat it
Councillor Craig Ogilvie	Misconduct – performing his responsibilities in a way that was not honest by making a statement to the Bayside Bulletin about a development application	An order was made by the regional conduct review panel that Cr Ogilvie be counselled about the misconduct and how not to repeat it; and make an apology at a Council meeting

Internal Audit Report

Internal Audit

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

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

Internal Audit reviews and advises on:

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

Internal Audit also:

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

In 2014-15, its findings confirmed that a satisfactory internal control environment exists within Council.

Major achievements:

In 2014-15, Internal Audit:

- issued 16 audit reports with 203 recommendations
- strengthened relationships by providing advisory services to committees and user groups within Council
- continued to improve professionalism by reviewing and updating procedures and operating manuals for quality control
- obtained a rating of 'generally conforms' with 10 of the 11 International Standards for the Professional Practice of Internal Auditing, with one standard partially conforming, for operating practices and processes employed by the function as per an external quality assessment performed by an independent external consultant. 'Generally conforms' is the highest ranking available.

Audit Committee

The Audit Committee complements the relationship between Internal Audit and the wider organisation, safeguarding Internal Audit's independence and further increasing the Internal Audit function's effectiveness and value to Council.

The Audit Committee comprised the Mayor, Cr Mark Edwards, the Spokesperson of the Office of the CEO Portfolio and two independent external members, Mr Virendra Dua and Mr Peter Dowling. The Audit Committee was chaired by the Spokesperson of the Office of the CEO Portfolio.

The primary objective of the Audit Committee is to help Council fulfil its corporate governance role and oversight of financial management and reporting responsibilities imposed under Sections 208–211 of the *Local Government Regulation 2012* and other relevant legislation.

Major achievements

In 2014-15, the Audit Committee:

- monitored Internal Audit performance against the approved 2014–15 Internal Audit Plan targets
- reviewed audit reports and actions taken to address recommendations
- checked the resolution of prior-period Queensland Audit Office audit issues
- reviewed monthly and end-of-year financial information, including financial status and performance
- reviewed changes in accounting practices and policies
- monitored the implementation of Council's fraud control policy and initiatives
- monitored the risk management strategies, policies and procedures and advised on the management of Council's strategic risks.

Under its charter, the committee meets four times per year. The external and internal auditors, the CEO, General Managers and Chief Financial Officer attend each meeting.

External Audit

Council is audited annually by the Queensland Audit Office, which reports to Queensland Parliament as part of its role to enhance public sector accountability. It continuously reviews and assesses the internal control environment surrounding Council's financial and related systems and practices. This provides a statutory mechanism for external review of Council's financial operations and other corporate matters affecting the sound management of the organisation.

Council performance

Delivering the Operational Plan 2014-15

The Operational Plan 2014-15 included 45 projects.

At the end of the financial year, 35 projects were delivered. Projects which were not completed at the end of the year will continue to be monitored until completion.

Status	Number
Completed	35
Ongoing monitoring until completion	4
Carried forward to 2015-16 Operational Plan	6
Total	45





Healthy natural environment

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of people in the community involved in environmental programs	5,000	5,180	8,816	7,589	7,204

There were 7,204 people involved in Council's environmental education programs in the 2014-15 financial year. This includes private property partnerships (Habitat Protection Programs), Community Bushcare Program and three main community plantings, wildlife rescue service, school education programs (both in-school and at IndigiScapes), volunteers at IndigiScapes and the IndigiKids Program. Fewer volunteers were recruited during 2014-15, as the volunteer program at IndigiScapes is under redevelopment.

An additional 4,750 people attended the three main environmental events at IndigiScapes for the year – Wonderful Wildlife (900), Good Gardening Expo (1,400) and Indigi Day Out (2,450).

Number of koalas sighted as part of annual koala count on North Stradbroke Island	28	31	52	64	54
---	----	----	----	----	----

The townships of Amity, Dunwich, Flinders Beach and Point Lookout were surveyed. Of the 54 koalas observed, there were 45 adults and 9 juveniles.

Total number of koala trees planted	7,465	5,318	5,855	6,991	6,131
-------------------------------------	-------	-------	-------	-------	-------

There were 6,131 koala food trees planted by Parks and Conservation, Bushcare and community planting events, and Habitat Protection Program participants.

Total number of new plantings	58,950	67,402	77,086	91,268	54,364
-------------------------------	--------	--------	--------	--------	--------

A decrease in new plantings this financial year was due to a large amount of one-off plantings that were only undertaken in 2013-14 at the Judy Holt Reserve following landfill remediation work. In 2014-15, significant planting occurred at the following sites:

- Capalaba Regional Park, Capalaba
- Shonagh Court, Birkdale
- Wellington Point Foreshore, Wellington Point
- Sunnybay Drive, Birkdale
- Crotona Road/Smith Street, Capalaba
- Sandy Creek, Mount Cotton
- Silvara Circuit, Capalaba
- 659-671 Redland Bay Road, Victoria Point.

Number of complaints regarding overgrown allotments	1,075	830	593	454	887
---	-------	-----	-----	-----	-----

Weather conditions contributed to an increase in overgrown property complaints in 2014-15.

Total area (hectares) treated for mosquitoes	2,693	3,525	4,013.3	6,426	7,301
--	-------	-------	---------	-------	-------

This year's total treatment area was 7301 ha, which is a significant increase as compared to previous years, due to climatic and tidal conditions. An average mosquito larval mortality rate of 97.1% was achieved over the year, which is an excellent result.

Green living

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Annual energy consumption for Council's occupied buildings	3,142,808 kw	2,943,984 kw	2,699,564 kw	3,027,500kw	2,952,436kw
Based on the same buildings as last year, there was a decrease on last year of 2.5%.					
Total creditor payments to local businesses	\$37,911,543	\$44,890,607	\$43,987,564	\$37,355,965	\$37,594,149
From a total spend of \$181,549,337 in 2014-2015, \$37,594,149 (21%) of payments were made to businesses with a registered address in the Redlands.					
While Council purchasing is governed by strict legislative requirements and the need to ensure best value for ratepayers, Council always strives to support local suppliers where they can demonstrate that they are competitive on price and quality. This report reflects the payments made by post code and does not capture the businesses that have a registered office in the Redlands but payment is made to their head office either in Queensland or interstate, e.g. fuel \$831,709 paid to Melbourne and Sydney offices. Payments made to offices outside the Redlands consist of utilities e.g. power, phone and water \$10,860,374.					
Number of routine environmental licence inspections for environmentally relevant activities (ERAs)	222	209	102	14	11
Due to the amalgamation of environmentally relevant activities as a result of changes to the <i>Environmental Protection Act 1994</i> , the number of activities has decreased from 14 to 11. There were no compliance actions against these licensed activities in 2014-15.					
Percentage of recyclable material diverted from kerbside collection	21.93%	22.40%	25%	25.5%	26.6%
Overall percentage of recyclable material diverted from the kerbside collection was 26.6%, which met the target for 2014-15 as stated in the RedWaste Annual Performance Plan. Overall domestic kerbside waste increased by 1,155 tonnes to 41,085 tonnes. Household recycling increased by 557 tonnes to 12,413 tonnes and kerbside green waste increased by 357 tonnes to 2,451 tonnes.					
Total kerbside recycling contamination rate dropped to 6.9%, or 951.20 tonnes of waste presented in the kerbside recycling bin.					
Total domestic tonnage of waste sent to landfill per capita/year	437.00	409.00	391.55	377.29	331.98
Total waste sent to landfill per capita for 2014-15 was 331.98 kg (target 390 kg). This continuing reduction in per capita waste to landfill can be attributed to improved recycling and resource recovery at waste transfer stations, the kerbside green waste collection service and overall reduced waste generation in the community when compared to population growth.					

Performance indicators

Embracing the bay

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Capital spending on Southern Moreton Bay Islands (SMBI)	\$3,824,650	\$3,244,934	\$2,493,960	\$1,634,933	NA
No roads were constructed out of reserve in 2014-15. The SMBI Differential General Rate was reduced to compensate for SMBI Ferry Operations Special Charge. There are currently no outstanding funds in the SMBI reserve.					
Number of new and upgraded bay access points	4	3	3	5	4
Key projects included upgrades to the Victoria Point Jetty, Victoria Point north ramp floating pontoon and Wellington Point south ramp, as well as the new Coochiemudlo Jetty.					

Performance indicators

Quandamooka Country

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Level of community awareness on local Aboriginal history and culture	60.4%	Unavailable	72.3%	Unavailable	77%
The community satisfaction survey was delivered December 2014 to 477 residents of Redland City. General awareness of local Aboriginal history and culture improved to 77% compared to 72% in 2012 and 60% in 2010.					

Wise planning and design

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Total kilometres of cycleways constructed	2.6 km	1.2 km	0 km	2.2 km	Nil
Total extent of cycleways in the city	53 km	54 km	54 km	56.2 km	56.2 km
No new cycleways were constructed in 2014-15.					
Total kilometres of footpaths constructed	3.645 km	2.8 km	2.1 km	4 km	6 km
Total extent of footpaths in the city	380 km	383 km	385 km	389 km	395 km
New footpaths constructed in 2014-15 continued to add to the existing network, completing missing links near schools, transport hubs and community facilities.					
Number of new attached housing approvals	308	102	60	152	43
Number of new detached housing approvals	705	451	446	714	1,012
Detached dwelling approvals have increased by 42%, indicating that available land is being used efficiently within Redland City. This is expected to continue with the introduction of the Redland City Plan in 2015. Attached dwelling approvals have decreased by 72%, indicating fewer applications were lodged for high density housing developments such as multiple dwellings and unit apartments. Figures are not reflective for the number of units that may have ultimately been provided within each of these approvals.					
Number of bus shelters provided	27	4	9	3	3
In 2014-15, 25 new boarding points were constructed across the city and three shelters were upgraded to new Translink standard shelters in order to meet the <i>Disability Discrimination Act 1992</i> – compliance timeframes (90% of network by 2017).					
Land acquired for open space and nature conservation	70.3 ha	38.33 ha	32.08 ha	6 ha	20.5 ha
Land acquisition comprised one new recreation park including drainage constraints, seven stormwater and drainage area (making up of 14.7 ha of the total) and a new extension to a foreshore conservation area.					



Performance indicators

Supportive and vibrant economy

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Total number of international students	114	82	78	81	90
Redland City schools hosted more than 90 international students.					
Total number of businesses assisted by the Business Grow Program	690	736	496	770	84
Business Grow carried out 84 business activities in July/August 2014. The Business Grow contract ended at the end of August 2014.					
Number of visitors to the Visitor Information Centre	6,891	10,100	27,113	31,083	31,654
Visitor numbers to the centre continue to increase.					

Performance indicators

Strong and connected communities

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Percentage of generally compliant food businesses	97.25%	97.5%	96%	98.5%	98%
The outcome of 98% of businesses in the Redlands being generally compliant with the requirements of legislation is an excellent overall level of compliance.					
Percentage of residents satisfied with safety in the city and their neighbourhood	75%	Unavailable	76.6%	Unavailable	89%
An additional 12.4% of residents surveyed in 2014 were satisfied with safety in their city and neighbourhood compared to last year.					
Number of events managed	20	21	24	29	27
27 corporate events were managed by the Communication, Engagement and Tourism Group during the financial year. These included Christmas by Starlight, opening of Coochiemudlo Island Jetty, Movie Night and numerous citizenship ceremonies. These events engaged over 11,000 residents and stakeholders. Christmas by Starlight 2014 was affected by rain, significantly reducing numbers.					
Value of grants committed to community from Council	\$675,130	\$625,103	\$849,733	\$575,311	\$503,244
Community Grants Program 2014-15 expenditure totalled \$503,244 which consisted of Organisational Support Grants - \$45,714; Project Support Grants - \$108,168; Conservation Grants - \$75,922; Capital Infrastructure Grants - \$175,050; Regional Arts Development Fund \$98,390.					
Number of sponsorships approved	38	42	24	29	36
A total of \$272,514 in outgoing sponsorship for 2014-15 was expended at the end of June 2015. The Sponsorship Program was significantly oversubscribed with 53 applications received and only 67% of dollars sought being funded.					

Inclusive and ethical governance

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Total number of media liaisons	494	295	369	456	439
439 media releases and responses were prepared and issued during 2014-15. 91% of these releases were published in the media.					
Monthly average number of visits to Council's corporate website home page	53,000	54,904	65,423	62,540	68,124
Total number of visits to Council's website consultation pages	7,475	4,105	6,725	3,995	3,921
There were a total of 68,124 visits to Council's website during 2014-15. This is a 9% increase from 2013-14.					
Number of community engagements recorded by Council	58	51	29	121	59
59 community engagement forums/activities were held in 2014-15. These events attracted more than 1,518 residents and stakeholders. In 2013-14, numbers were considerably higher due to more than 2,000 people attending fire forums held on North Stradbroke Island in January 2014, and more than 2,000 people participating in Priority Development Area engagement activities.					
It should be noted the 2013-14 figure of 121 included an additional 44 forums that were managed and supported by Council.					
Percentage of the community who agree they have the opportunity to have a say on key decisions affecting Redlands on important issues	41.4%	Unavailable	47.3%	Unavailable	56%
The community satisfaction survey was delivered in December 2014 to 477 residents. 56% of residents felt they had the opportunity to have a say on key decisions affecting the Redlands on important issues compared to 41% in 2010 and 47% in 2012.					
Total number of full-time employees in the organisation	690	702	762	749	731
There is a slight decline in full time employees.					
Community satisfaction with Council leadership	47.7%	Unavailable	52.5%	Unavailable	66%
The community satisfaction survey was delivered in December 2014 to 477 residents of Redland City. 66% of respondents were satisfied or very satisfied with the general policies and direction of Council compared to 47.7% in 2010 and 52.5% in 2012.					
Total revenue raised from rates, utilities, special charges and separate charges, less discounts and remissions	\$95,535,567	\$100,405,652	\$190,294,552	\$197,243,343	\$200,225,988
The increase in rates, levies and special charges revenue realised from 2013-14 to 2014-15 is approximately 1.5% compared to a 3.95% average rate notice increase (including utilities and separate charges) reflected in the annual budget adopted for 2014-15. Water consumption was generally lower than anticipated and the revenue figure also includes the carbon tax refund (following the abolishment of the carbon tax with effect from 1 July 2014).					

An efficient and effective organisation

Activity	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of part-time employees in the organisation	110	99	85	79	79
The number of part time employees has not changed from the previous financial year.					
Cash capacity	6	7.2	4.98	6.51	7.78
For the year ended 30 June 2015, Council's cash balance was \$123.96m and reflects a cash capacity ratio of 7.78 months. Consistent with previous years, the ratio exceeded the target range of three to four months. The ratio provides an indication of the number of months that recurrent expenses can be covered by the cash held at the end of the particular period. The 2014-15 result confirms that Council is in a healthy cash position and is well placed to cover its payments to suppliers and employees, as well as interest expense on borrowed funds.					
Debt servicing ratio	3.4%	4.3%	4.06%	3.54%	3.33%
At the end of the 2014-15 financial year, the percentage of operating income used to meet Council's current debt instalments amounted to 3.33% and is consistent with prior years. This is well below the maximum threshold of 10% and is indicative of Council's low levels of debt.					
Level of dependence on general rates	44%	47%	34%	33.74%	33.04%
The level of dependence on general rate revenue came in at 33.04% for the year ended 30 June 2015 and is consistent with the prior year. This ratio demonstrates Council's general rate revenue as a percentage of total operating revenue. This result is within the target range of less than 37.5%.					
Operating surplus ratio	-11.9%	-10.72%	-6.71%	6.37%	2.61%
Council achieved an operating surplus for the year ended 30 June 2015 of \$6.25m. This result equates to 2.61% of total operating revenue. This is the second year in a row Council achieved an operating surplus.					
Percentage of female employees in management positions	27%	32%	23.81%	27.27%	33.33%
Percentage of male employees in management positions	73%	68%	76.19%	72.73%	66.67%
These figures represents the top three tiers (CEO, General and Group Managers).					
Percentage of female employees	58.65%	58%	49.53%	51.51%	50.87%
Percentage of male employees	44.48%	42%	50.47%	48.49%	49.13%
Council has a relatively even split between male and female employees.					
Percentage of employee turnover	14%	13%	17.87%	11.53%	10.73%
This figure represents employee and employer separations.					
Number of transfers within Council	136	132	69	69	58
There is a reduction of transfers within Council.					
Percentage absenteeism	4.92%	4.62%	4.07%	4.98%	4.72%
There is a slight improvement from the last financial year. Absenteeism continues to be monitored and actioned by management.					

REDWASTE

BUSINESS UNIT STATEMENT OF OPERATIONS AND ANNUAL REPORT

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

RedWaste provided services to Council and the community in accordance with the RedWaste Annual Performance Plan (APP) 2014-15. In 2014-15, RedWaste provided essential waste and recycling collection services to 55,252 households.

Our statutory duties

This Annual Report, covering the 2014-15 financial year, has been provided to meet the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. This legislation requires RedWaste to report annually on its operations and performance and includes information on:

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

Focus on the future – Sustainable Resources from Waste Plan

Council's Sustainable Resources from Waste Plan was progressed in 2014-15 through waste and recycling service development and community engagement.

Highlights include:

- A permanent household hazardous waste disposal facility was installed at the Redland Bay waste transfer station. The facility has been well received with more than 24 tonnes of hazardous material disposed during 2014-15, including acids, paints, flammable liquids, pesticides, aerosols and smoke detectors.
- A bulk recycling bin service commenced for mainland residential and commercial properties, aimed at increasing participation and recycling rates in multiple unit dwellings.

- The kerbside green organics collection service continued to expand and recovered 2,410 tonnes, or roughly 400 truckloads, of green waste in 2014-15. As at 30 June 2015, there were 8,331 properties participating in the service. The material is sent to a composting facility, where it is processed into soil and mulch products.
- Electronic waste (e-waste) recycling at Council's mainland waste transfer stations continued to perform well, diverting 323 tonnes of televisions and computer equipment from landfill during 2014-15.
- New cardboard recycling collections commenced at the Russell, Macleay and North Stradbroke Island waste transfer stations, diverting 129 tonnes of recyclable material during 2014-15.
- A trial with the Bay Islands Community Service commenced in 2014-15, through which good quality items are segregated at Russell and Macleay Islands and collected for distribution to those in need.
- A review of Council's five-year (2015-2020) waste strategy commenced during the year, to align it to the new State Government waste strategy waste reduction and resource recovery targets.
- Expression of interest were called and a tender finalised for kerbside waste, recycling and green waste collection, and recyclable materials recovery services.
- Council's Waste Education Officer delivered 77 school waste education visits (including childcare, primary and secondary) on the topics of waste minimisation, recycling, composting and litter prevention. The officer also conducted 17 visits to RedSWAP schools, which involved providing waste minimisation advice, waste audits, assembly talks and presentations.
- The RedSWAP program continued at four schools: Ormiston, Vienna Woods and St. Rita's Primary schools, as well as Capalaba State College (Junior Campus).
- St Rita's Primary and Vienna Woods State School were both awarded three-star accreditation in the Keep Queensland Beautiful Cleaner Greener Schools Program (upgraded from two stars in 2013). Ormiston State School was awarded a 1-star accreditation.
- Council purchased two water refill stations for use at Council events and for community use, with the aim of reducing waste from single use plastic bottles.
- Community waste education extension activities were undertaken as part of Good Gardening Expo, Indigi Day Out and the Talking Rubbish library workshop series.

Key performance indicators

Number of domestic waste and recycling collections				
	2011-2012	2012-2013	2013-2014	2014-2015
Waste	51,606	52,415	53,659	55,252
Recycling	51,539	52,415	53,712	55,275
Green waste	0	6,673	7,419	8,331

Recyclable material diverted from kerbside waste stream				
	2011-12	2012-13	2013-14*	2014-15
Total kerbside domestic waste (tonnes)	55,646	54,895	53,636	55,949
Total kerbside comingled recycling (tonnes)	12,443	11,742	11,619	12,413
Total kerbside green waste (tonnes)	1,238	2,008	2,087	2,451
Percentage of kerbside material diverted from landfill	24.6%	25.1%	25.6%	26.6%

* Previously published figures for 2013-14 have been adjusted due to improved recording of waste volumes and data.

Recoverable material diverted from landfill at waste transfer stations				
	2011-12	2012-13	2013-14	2014-15
Total waste received at transfer stations (tonnes)	49,101	55,719	65,494	57,701
Materials diverted for recycling/reuse at transfer stations (tonnes)	32,209	38,492	45,273	42,050
Recoverable material diverted from landfill at transfer stations	65%	69%	69%	73%

Kilograms per household per week				
	2011-12	2012-13	2013-14	2014-15
Kerbside domestic collection (waste, recycling and green waste)	20.7	20.1	19.6	19.6
Kerbside waste collection	15.6	15.1	14.6	14.3
Kerbside recycling collection (recycling and green waste)	5.1	5.0	5.0	5.3

Resource recovery rate – total waste material diverted for reuse and recycling				
	2011-12	2012-13	2013-14	2014-15
Total domestic waste handled (tonnes)	98,929	108,020	106,251	103,562
Total waste diverted from landfill (tonnes)	43,190	50,620	48,423	49,377
Waste recycled (% of total waste)	43.7%	46.9%	45.6%	47.7%

Complaints				
	2011-12	2012-13	2013-14	2014-15
Percentage of missed service complaints	0.048%	0.026%	0.026%	0.027%
Percentage of other complaints	0.492%	0.003%	0.0004%	0.0002%

Annual Performance Plan (APP) – Key performance indicators

	KPI	Key performance indicator	Frequency	Annual Performance Plan yearly target	Yearly KPI achieved
Community and customers	1	Total kg of domestic waste landfilled per capita per year	Monthly	Max 400 kg	332 kg
	2	Recyclable material diverted from kerbside collection (recycling and green waste bin only)	Monthly	Min 25%	26.6%
	3	Recoverable material diverted from landfill at Council transfer stations	Monthly	Min 55%	72.5%
Financial internal processes	4	% compliance with Department of Environment and Heritage Protection waste licence requirement	Quarterly	Min 98%	99%
	5	Operating performance (actual to budget operating expenditure)	Monthly	+/- 5%	3%
	6	Earnings before interest, tax and depreciation	Monthly	+/- 5%	-2.66%
	7	Operating cost per tonne of waste	Monthly	< \$168	\$138

All KPIs were met during the 2014-15 financial year.

RedWaste Business Unit Annual Performance Plan

Council adopted the RedWaste Annual Performance Plan (APP) at the Special Meeting held on 26 June 2014. The APP includes the:

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

Council decisions affecting the RedWaste business unit during 2014-15

Key decisions included:

- the award of contract to JJ Richards & Sons Pty Ltd to provide Waste, Recycling and Green Waste Collection Services (T-1715-14/15-WST Part A)

- the award of contact to VISY Recycling to provide Recyclable Material Recovery Services (T-1715-14/15-WST Part B)
- the continuation of RecycleWorld operations using existing Council managed workers
- fee exemptions for waste disposed by registered not-for-profit organisations and community groups under Council's community service obligations.

Other significant activities during 2014-15

The State Government embarked on a process for developing a new industry-led waste strategy. The strategy has been developed collaboratively with a steering committee comprising representatives from business and industry, the waste and resource recovery sector, local government, and community and environment groups. The strategy proposes a high-level vision and direction for Queensland over the next 10 years.

Key features and targets include:

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

Community service obligations

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

Financial performance in brief	2013-14* \$000s	2014-15 \$000s	Variance \$000s
Revenue from ordinary activities	\$21,902	\$22,681	\$779
Expenses from ordinary activities	\$18,952	\$17,539	-\$1,413
Borrowing costs	\$389	\$342	-\$47
Result from ordinary activities (before tax and dividend)	\$2,561	\$4,800	\$2,239
Total assets	\$19,027	\$23,536	\$4,509
Capital works program	\$95	\$637	\$542
Debt outstanding	\$664	\$641	-\$23
Dividend and tax to Redland City Council	\$1,461	\$2,812	\$1,351

Financial ratios	2013-14* %	2014-15 %	Variance %
Economic rate of return	7.7%	7.9%	0.2%
Rate of return on operating assets	13.5%	20.4%	6.9%
Debt to debt and equity	32%	28.2%	-3.8%

Full cost pricing (FCP) waste	2013-14* \$000s	2014-15 \$000s	Variance \$000s
Administration operations overheads	\$18,331	\$16,965	-\$1,366
Depreciation	\$547	\$514	-\$33
Competitive neutrality	\$74	\$60	-\$14
Rate of return (WACC)	\$1,458	\$1,849	\$391
Total FCP	\$20,410	\$19,388	-\$1,022
Volumes waste received from customers (tonnes)	120,474	113,998	-6,476
Average cost per tonne (FCP)	\$169.42	\$170.07	\$0.65

*2013-14 figures published in the last Annual Report have been amended as a result of tax adjustments made after the finalisation of the 2013-14 Annual Report.

REDLAND WATER

Redland Water highlights

Redland Water, a commercial business unit of Redland City Council, is responsible for water supply and wastewater treatment.

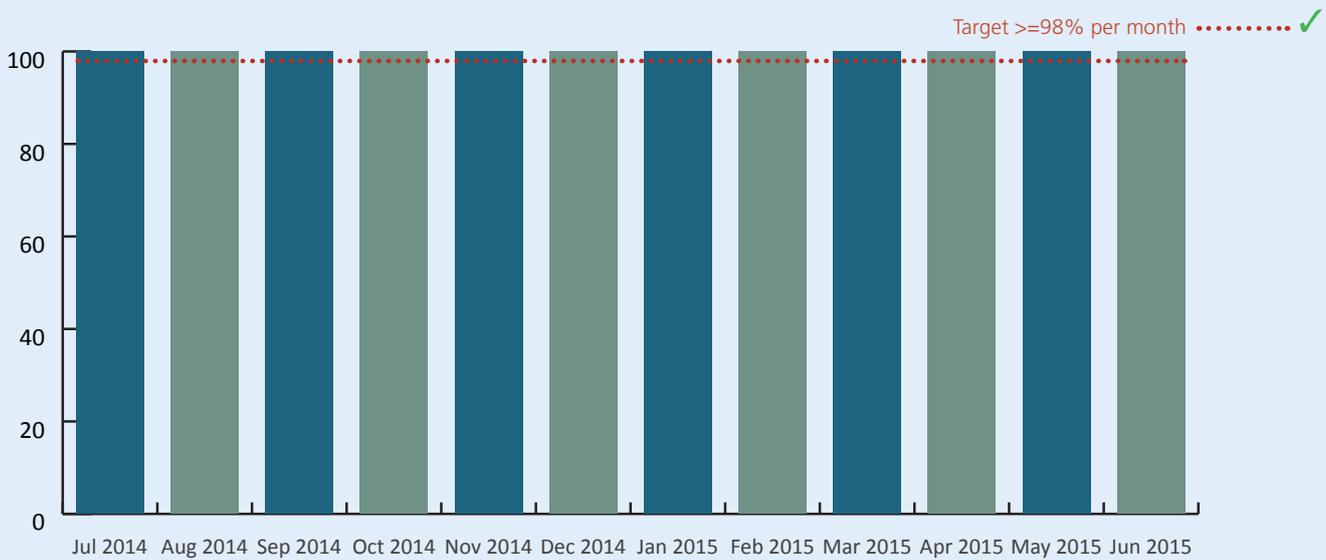
Redland Water's mission is to meet or exceed agreed standards of water and wastewater services while managing the business for long-term success.

Redland Water contributes to preserving the city's quality of life by servicing the Redlands population through 54,265 water connections and 49,929 wastewater connections.

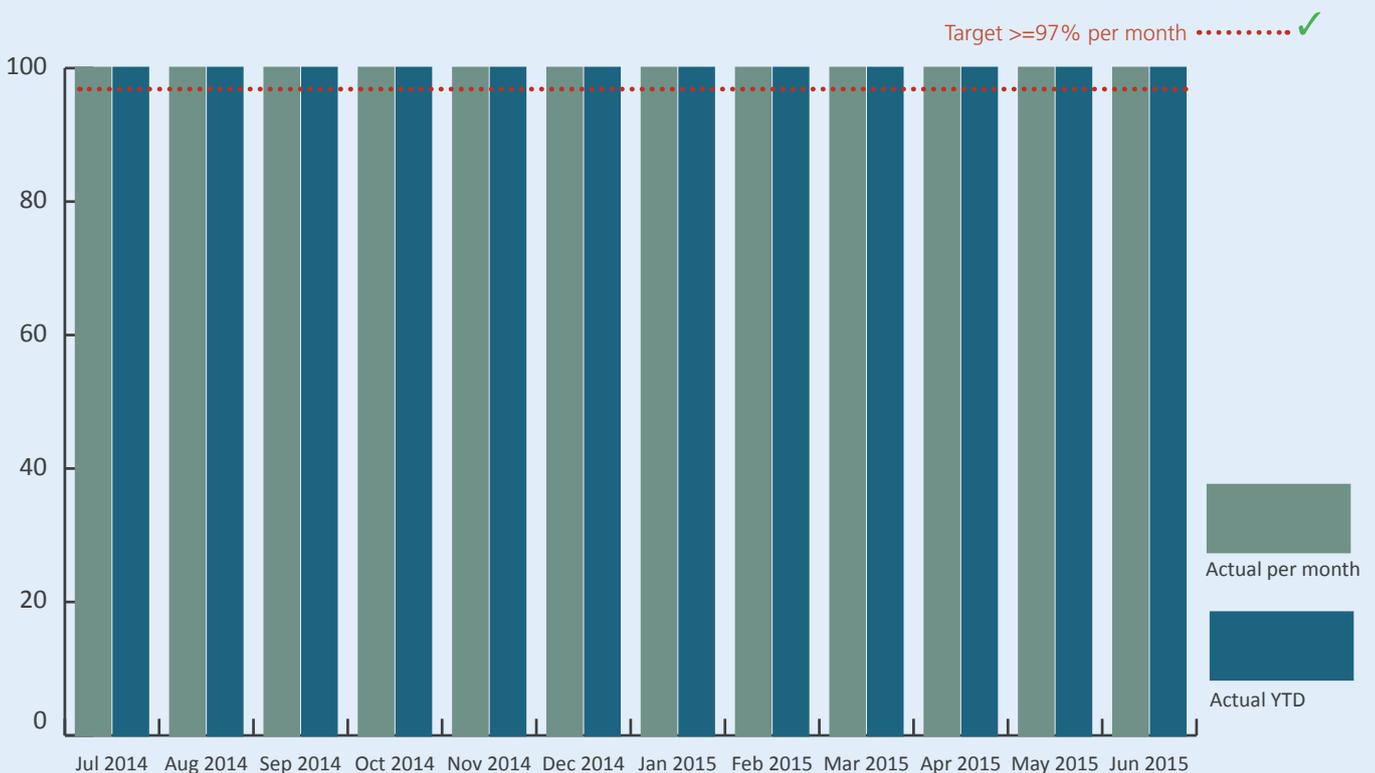
In 2014-15, Redland Water supplied 13,001 megalitres of drinking water to customers and treated 11,385 megalitres of wastewater.

Key performance indicators

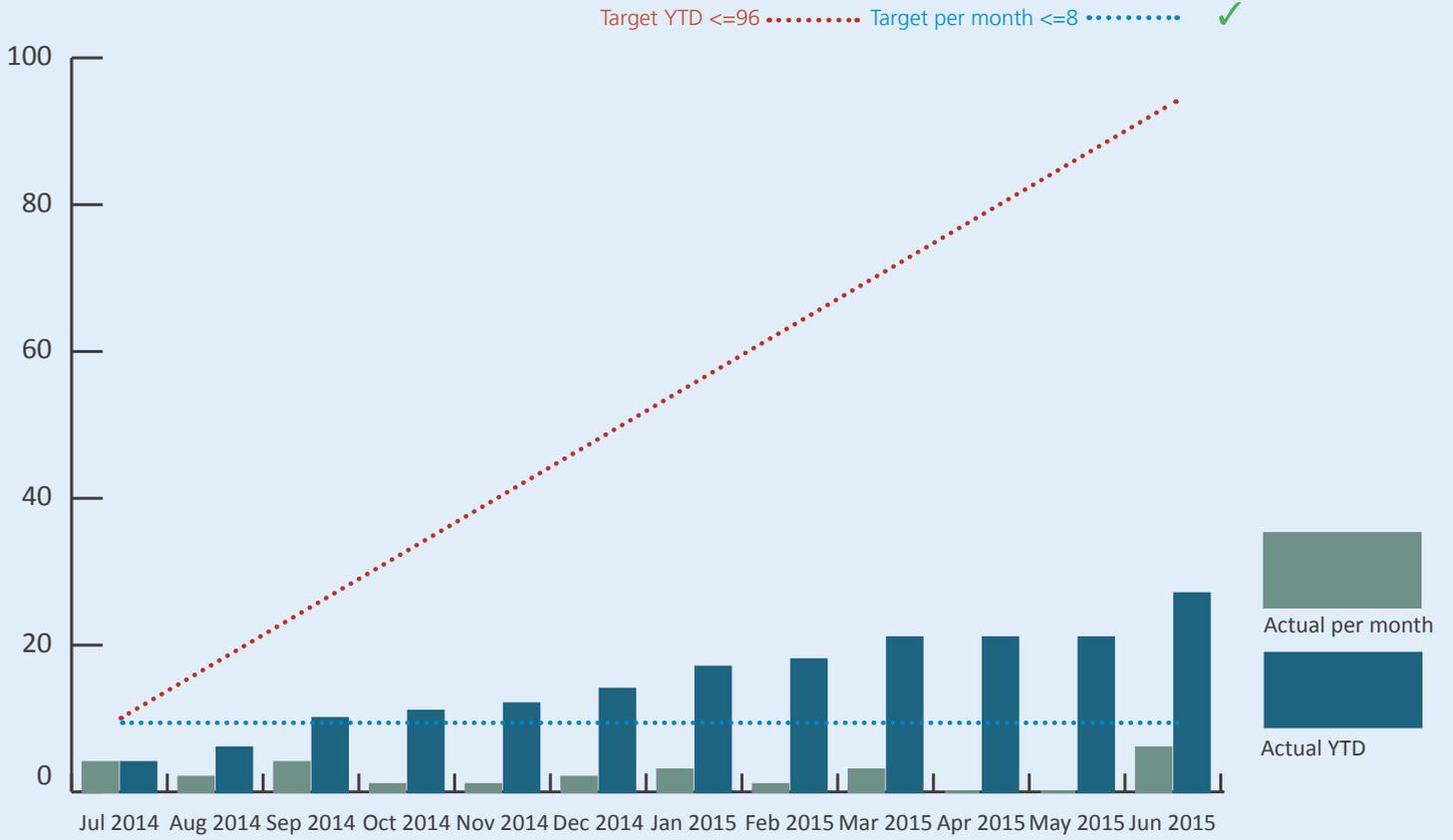
% of water samples complying with ADWG



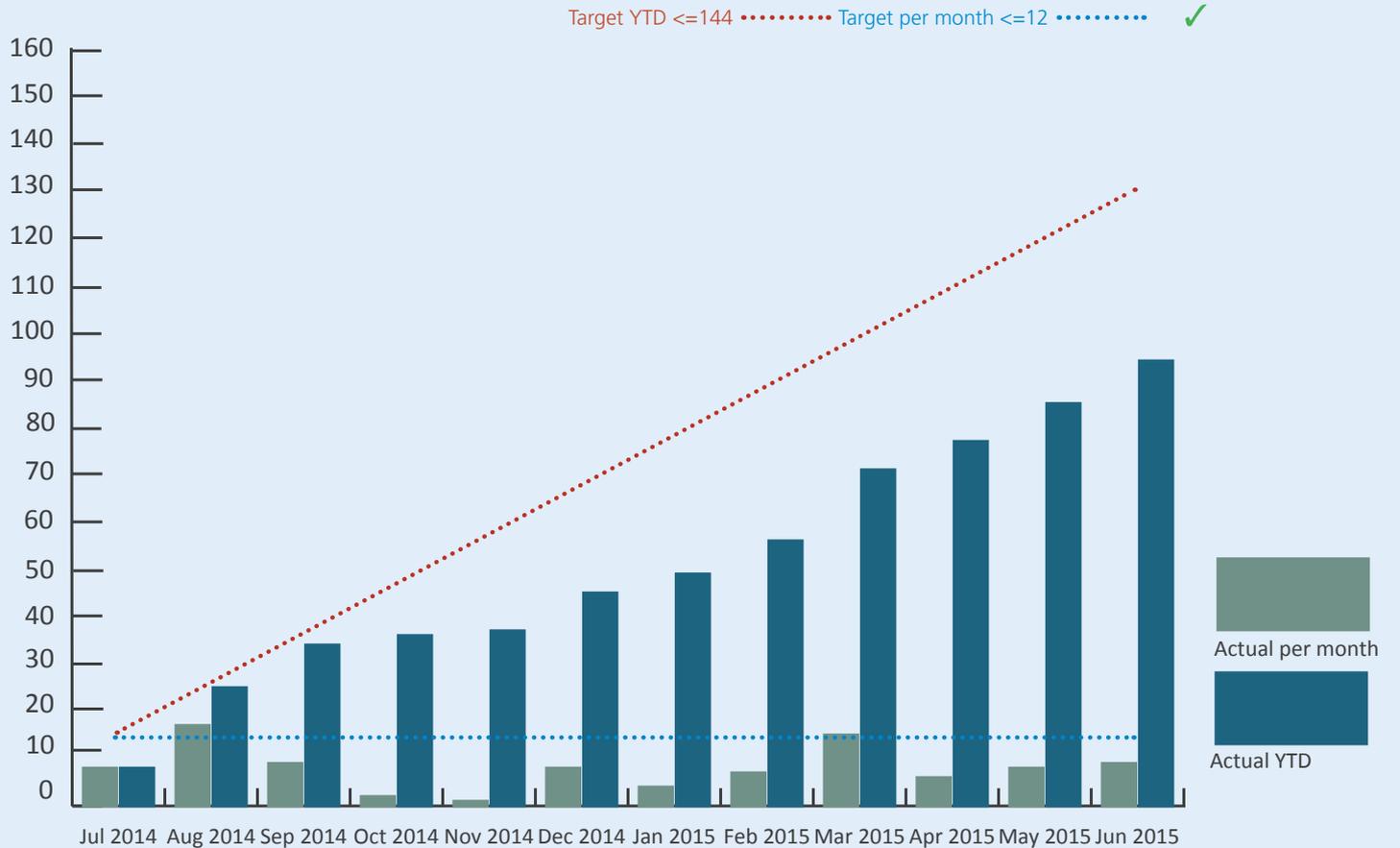
% of unplanned water interruptions restored < 5 hrs



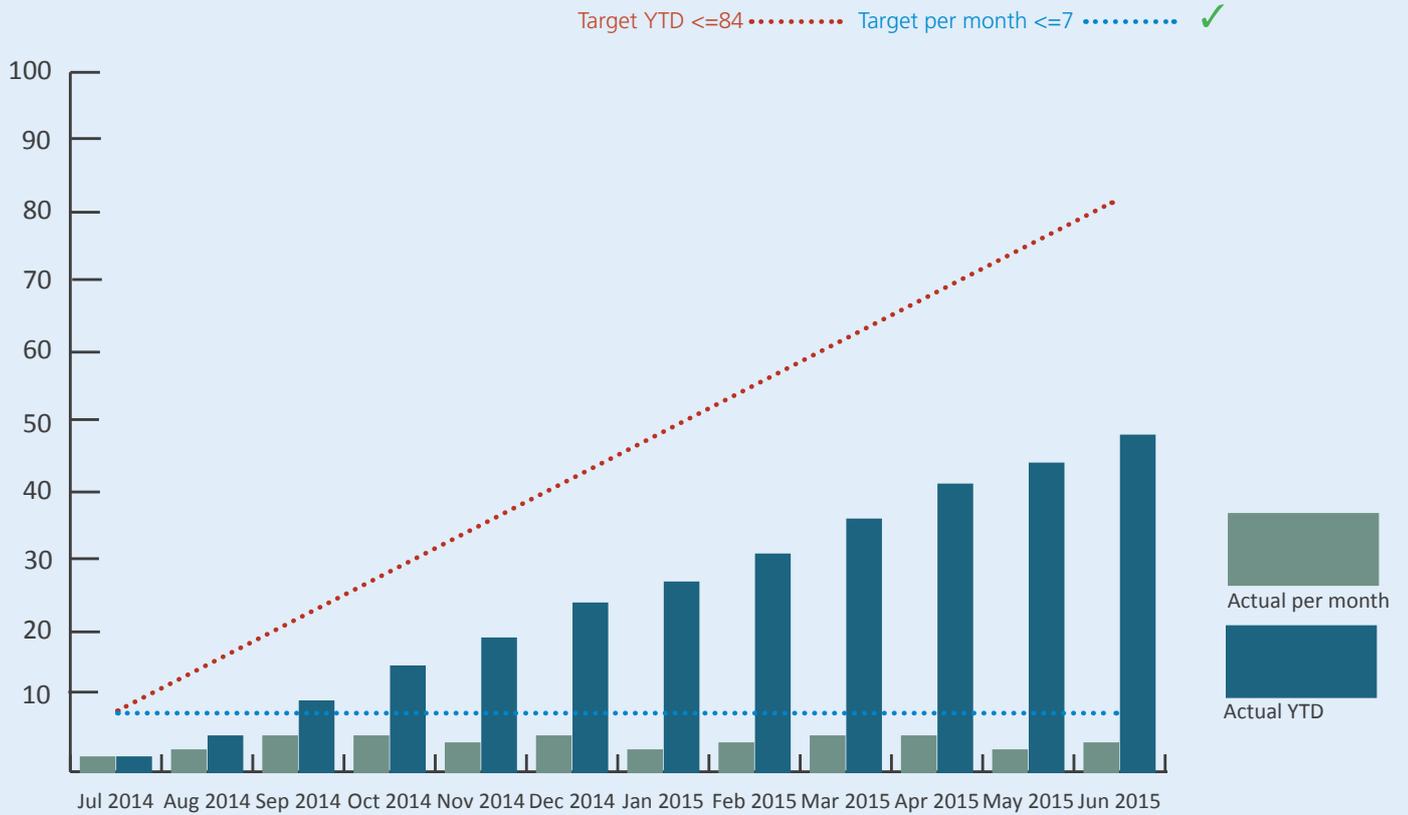
Number of water main breaks and leaks



Number of water quality incidents per month



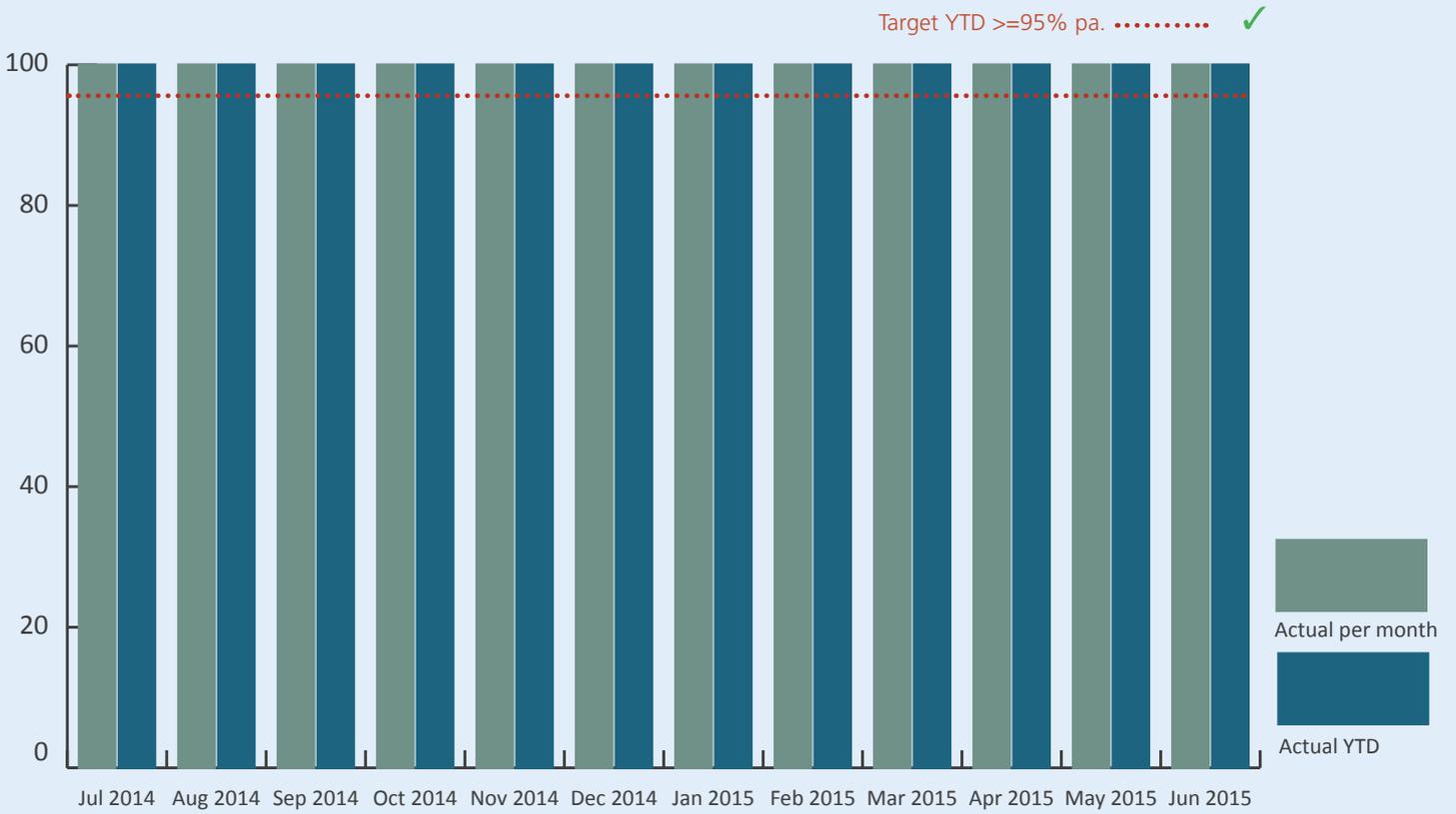
Overall number of dry weather overflows



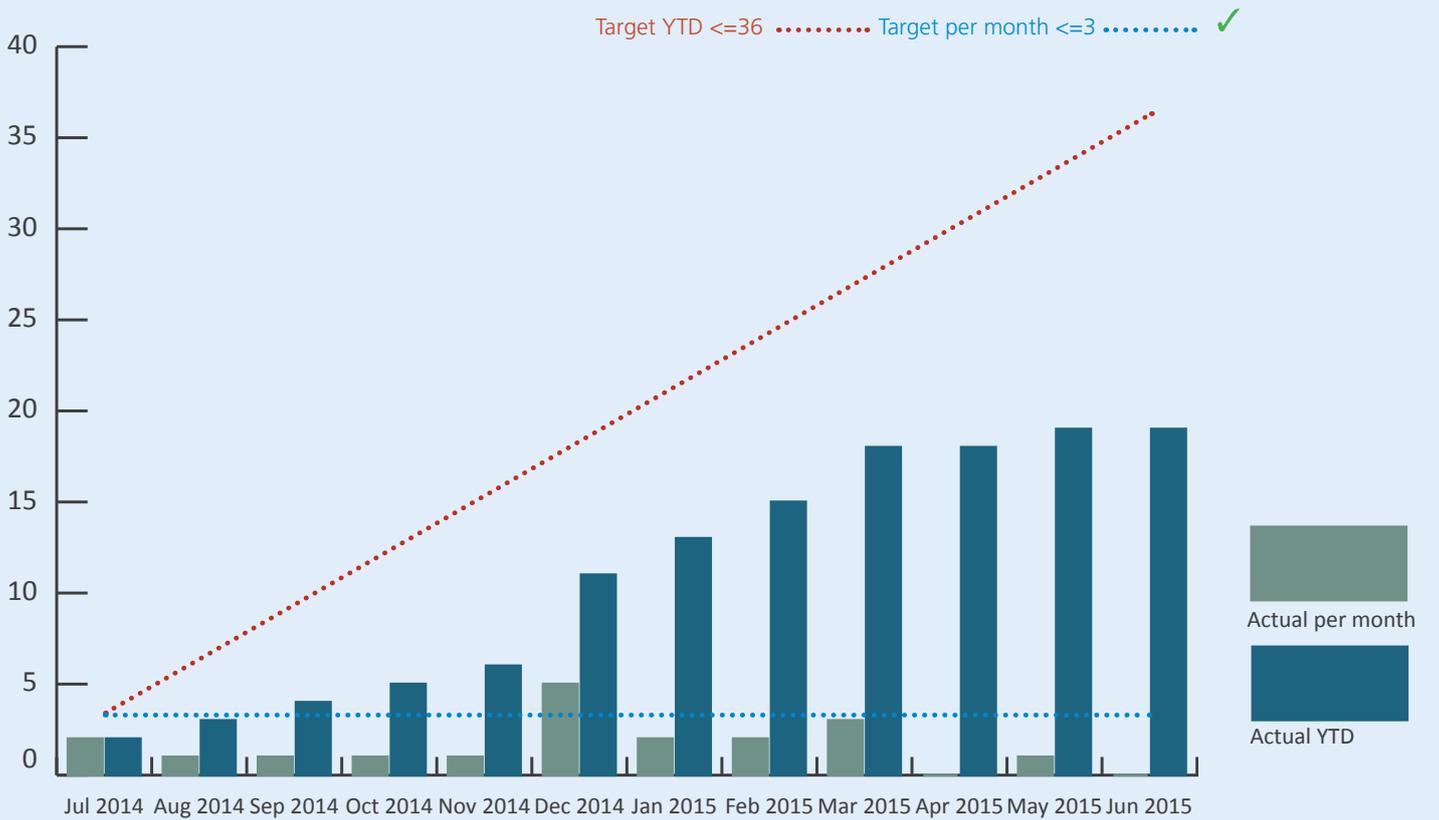
Average response or reaction time to wastewater incident



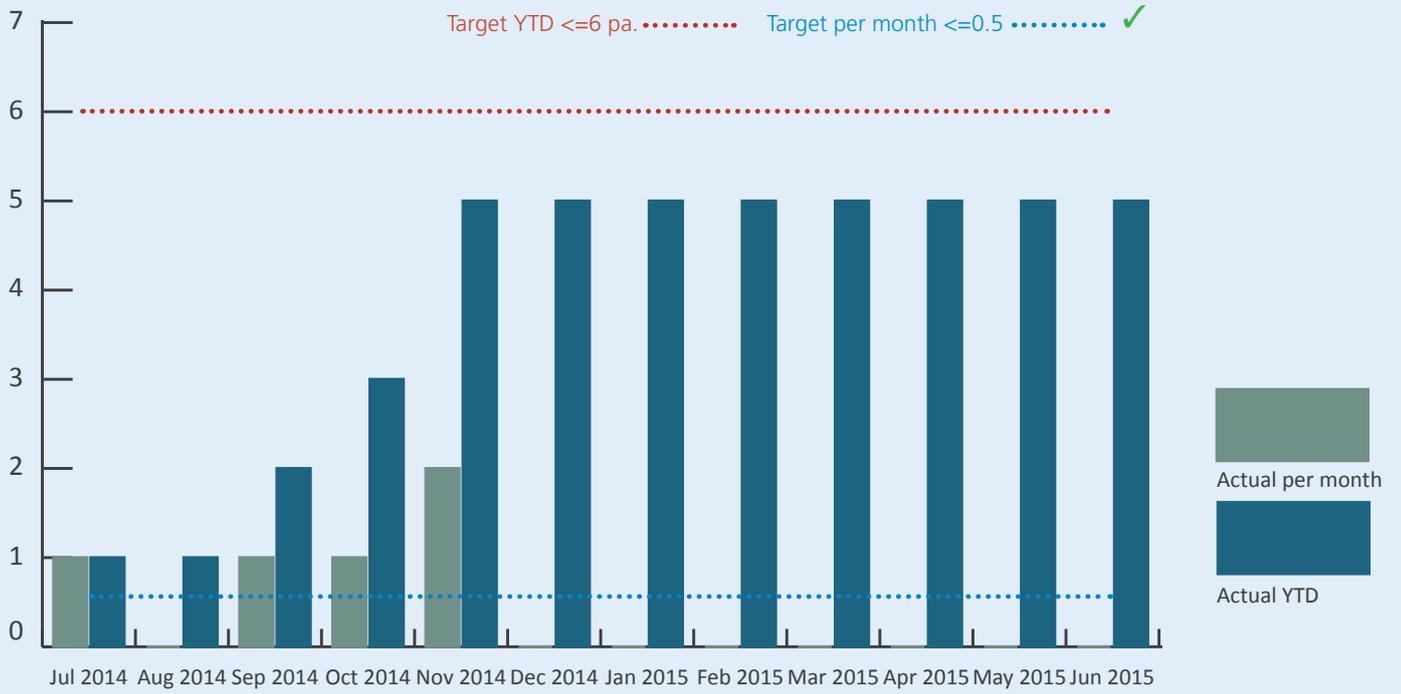
% service interruptions restored within 5 hrs (wastewater)



Number of wastewater odour complaints per month



Number of WWTP non-conformances with EPA licence over compliance year



Water	
Reservoirs	5
Length of water main	1271 km
Water meters	54,643
Water connections including multiple properties per meter (MPPM), but excluding MPPM boundary meter	60,934
Water purchased	13,678 ML
Water supplied	10,678 ML
Total assets	\$246m

Wastewater	
Treatment plants	7
Pumping stations	135
Length of sewer main	1,155 km
Active services (excluding vacant land)	47,890
Wastewater treated (effluent)	11,385 ML
Sludge for re-use	100%(19,201T)
Recycled effluent for reuse	603.3 ML
Trade waste generators	771
Trade waste discharged to sewer	382 ML
Total assets	\$380m

Our statutory duties

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

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

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

This report details Redland Water's performance for the 2014-15 financial year and fulfils the business unit's duties under the *Local Government Act 2009*, the *Water Act 2000* and the *SEQ Water (Distribution and Retail Restructuring) Act*.

Environmental initiatives

Redland Water continued its focus on improving environmental performance of its wastewater treatment plants, pump stations and water and wastewater reticulation mains. Activities for 2014-15 included:

Potable water

- Network augmentations were constructed on the mainland and at Point Lookout to improve network performance at both peak demand and during fire flow events.
- Unlined valves and fittings were replaced at Point Lookout to improve flow and pressure, provide greater network operational flexibility and improve water quality outcomes.

Wastewater

- There was a continued focus on preventative maintenance of wastewater treatment plant assets, including preparation of asset management plans for wastewater treatment plants.
- New inlet screens were constructed and grit removed at Mount Cotton Wastewater Treatment Plant.
- Point Lookout and Cleveland pump stations were refurbished and received capacity upgrades.
- Generators were installed at South East Thornlands and Wellington Point.
- The Supervisory Control and Data Acquisition (SCADA) system was upgraded at Thorneside Wastewater Treatment Plant.
- 15 pump stations were renewed.
- There was 100% reuse of all bio-solids produced from the wastewater treatment plant via land application.
- Work continued on the licence application for Cleveland Wastewater Treatment Plant, including commencement of soil and groundwater monitoring programs and Receiving Environment Management Plan. A dechlorination trial was also undertaken to meet new standards associated with toxicity.
- The design was finalised for an additional area at the Dunwich sewer project and the construction of the remaining program.
- Department of Environment and Heritage compliance inspections were undertaken at Mount Cotton and Point Lookout Wastewater Treatment Plants.
- Site-based management plans were developed for all wastewater pump stations and wastewater treatment plant site-based management plans were updated.
- Odour control improvements were made to Point Lookout Wastewater Treatment Plant relating to the carbon filter.
- Inflow/infiltration pipe relining upgrades were completed in the Dunwich and Victoria Point catchments.

Trade waste policy development

The following trade waste policies were amended for Council approval:

- POL-1234 Trade Waste Policy version 3
- POL-1235 Trade waste discharge charge remission for concealed water leaks version 2
- POL-3027 Application of Wastewater Charges version 3
- Trade Waste Environmental Management Plan version 5.

Delivering on customer service

Customer service standards

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

Below is a summary of Redland Water's water and wastewater service standard key performance indicators (KPIs), targets and performance for 2014-15, as adopted by Council in the Redland Water Annual Performance Plan for water and wastewater services.

KPI	Measure	Target	Actual	Comment
Average residential water consumption per person a day	Litres per day per person – target 200	Max 200	Max 206	KPI not achieved
Nitrogen load from effluent discharge	Average kg per day	Max 110 kg per day	33.7-50.7	KPI achieved every month – results ranged from 50.7 in April 2014 to 33.7 in October 2014
Operating costs per megalitre of water treated	\$ per megalitre	\$3,014	\$2,964	KPI achieved
Operating costs per property serviced (wastewater)	\$ per month	Max \$368	\$344	KPI achieved
Operating performance (expenditure to budget)	%	+/-5%	2.03%	KPI achieved
Earnings before interest tax and depreciation	%	0-5%	-5.84%	KPI not achieved
% of water samples complying with Australian Drinking Water Guidelines	%	Max 98%	100%	KPI achieved every month with 100% result
Number of water main breaks and leaks	# per year	Max 96	27	KPI achieved
Unplanned water interruptions restored <5 hours	%	Min 95	100	KPI achieved
Average response or reaction time to water main breaks	#	Max 60	27	KPI achieved every month
Number of poor pressure complaints (deficient)	#	Max 36	2	KPI achieved
Number of water quality incidents caused by the distribution network	#	Max 144	94	KPI achieved
Number of dry weather overflows	#	Max 84	48	KPI achieved every month
Average response or reaction time to wastewater incidents	#	Max 60	34	KPI achieved every month
% wastewater service interruptions restored within 5 hours	%	Min 95	100	KPI achieved every month with 100% result
Number of wastewater odour complaints	#	Max 36	36	KPI achieved
Number of wastewater non-conformances with EPA licence over compliance year	#	Max 6	5	KPI achieved
% capital works program practical completion - % of planned project milestones achieved each quarter	%	Min 95	72	KPI not achieved
Lost time injury hours	#	Max 120	194	KPI not achieved – lost time injuries totalled 2

Managing our assets

Operational performance 2014-15

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

- water supply to customers
- wastewater collection and treatment
- tradewaste.

Redland Water also:

- reported monthly on water and effluent quality, financial and capital project status
- complied with Council's Corporate Plan, policies and procedures, and integrated environmental management system (IEMS).

Community service obligations

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

For water and wastewater, this included:

- concealed water leak concessions and reduced water access and consumption charges for not-for-profit sporting and community organisations \$83,188
- reduced pedestal charges for not-for-profit sporting and community organisations \$325,682
- Total \$408,870

Drinking water quality monitoring

Drinking water quality monitoring is undertaken through a verification monitoring program approved by the Regulator. Under the *Water Supply (Safety and Reliability) Act 2008* Section 102 and under the *Public Health Act 2005*, Redland Water must report to the Regulator any non-compliance with health guidelines or report an event that may impact public health. 100% compliance with Australian Drinking Water Guidelines was achieved in 2014-15 and there was no incident reported to the Regulator.

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

Snapshot of our financial performance

Water and wastewater services	
Financial performance	Actual 2014-15
Operating revenue	\$97,289,279
Operating expenses	\$81,251,895
Operating surplus/(deficit)	\$16,037,384
Dividend and tax to council	\$14,313,988
Capital works program	\$15,441,008
Financial ratios	
Economic rate of return	6.7%
Rate of return on operating assets	2.30%
Debt to debt and equity	36.48%

Corporate governance

Cross-subsidies

The Guidelines for Identification and Measurement of Cross-Subsidies issued by the Department of Environmental Resources Management were applied to determine any cross-subsidies for water and wastewater services for 2014-15.

Full cost pricing (FCP)	Water	Wastewater
Administration/operations/overheads	\$29,353,531	\$17,339,458
Depreciation	\$6,080,110	\$10,624,144
Competitive neutrality	\$28,312	\$42,468
Return on assets (includes tax and dividend)	\$19,182,747	\$27,872,518
Total FCP	\$54,644,701	\$55,878,588
Volume delivered to/ wastewater received from customers kL	13,001,248	11,385,000
Average cost per kL (FCP)	\$4.20	\$4.91

Cross-subsidy reflecting revenue-cost divergence water supply 2014-15

Revenue sources	Domestic	Commercial	Other consumers	Total
Water charges	\$37,045,060	\$14,205,752	\$200,661	\$51,451,473
Other revenues	\$3,080,870	\$47,023	Nil	\$3,127,893
CSO	Nil	Nil	\$83,188	\$83,188
Headworks	\$2,803,982	Nil	Nil	\$2,803,982
Total revenue	\$42,929,912	\$14,252,775	\$283,849	\$57,466,536
kL used	\$9,242,588	\$3,713,156	\$45,504	\$13,001,248
\$/kL contribution	\$4.645	\$3.838	\$6.238	\$4.420
Difference per kL from FCP	\$0.442	-\$0.365	\$2.035	\$0.217
Cross-subsidy received	Nil	Nil	-\$2.035	Nil

Cross-subsidy reflecting revenue-cost divergence wastewater supply 2014-15

Revenue sources	Domestic	Commercial	Other consumers	Total
Wastewater charges	\$36,166,718	\$3,590,420	\$630,040	\$40,387,178
Other revenues	\$1,529,989	\$10,842	Nil	\$1,540,831
CSO	Nil	Nil	\$325,682	\$325,682
Headworks	\$5,656,231	Nil	Nil	\$5,656,231
Total revenue	\$43,352,938	\$3,601,262	\$955,722	\$47,909,922
kL used	\$9,791,100	\$1,366,200	\$227,700	\$11,385,000
\$/kL contribution	\$4.428	\$2.636	\$4.197	\$4.208
Difference per kL from FCP	-\$0.480	-\$2.272	-\$0.711	-\$0.700
Cross-subsidy received	Nil	Nil	Nil	Nil

Other statutory information

Business activities

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

A full list of annual reporting requirements for councils required under the Act is provided on pages 57-59, along with directions on where to find the relevant information in this report.

Business activities subject to the Code of Competitive Conduct

Significant business activities

Redland Water is a commercial business unit of Redland City Council, responsible for water supply and wastewater treatment. You can find more information on Redland Water's activities in 2014-15 on pages 43-51.

RedWaste, which looks after Council's waste management activities, is also a significant business activity. You can find more information on RedWaste's activities in 2014-15 on pages 39-42.

Prescribed business activities

Council also undertook the following business activities during the period:

- building certification
- Redland Performing Arts Centre

The competitive neutrality principle has been applied to all business activities above. There were no investigation notices given in 2014-15 under section 48 of the *Local Government Regulation 2012* for competitive neutrality complaints.

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

1. A local government's annual report for a financial year must include an annual operations report for each commercial business unit.
2. An annual operations report for a commercial business unit means 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 any directions the local government gave the unit.

Overseas travel

There was no overseas travel by the Councillors, Mayor or staff in 2014-15.

Services supplied by another government

There were no services provided by another government in 2014-15.

Registers

Council maintains a number of registers which make information available to the public.

- Adopted Committee and Council meeting dates
- Assets
- Authorised Persons
- Beneficial Enterprise
- Business Activities
- Cat and Dog
- Complaints
- Corporate Gift
- Cost Recovery Fees
- Council Policies
- Delegations
- Contact with Lobbyists
- Local Laws and Subordinate Local Laws
- Mayor to CEO Directions
- Minutes of Local Government Meetings
- Personal Identification (in relation to animals)
- Regulated Dogs
- Regulatory Fees
- Roads
- Statement of Interests for
 - Councillors
 - Chief Executive Officer
 - senior contract employees
 - a person who is related to a Councillor, Chief Executive Officer, officer or senior contract employee

Tenders

During 2014-15 there were changes to two tenders:

- Waste and Recycling Collections – Schedules B, C and D (Waste Collections, Recycling Collections and Greenwaste Collections)
- Resilience Hub – Addendum Notice 2 was for ‘reduction to the size of the building’.

The Project Delivery Group made no changes to Civil Construction tenders during the 2014-15 financial year.

Shareholder delegates

There were no shareholder delegates for corporate entities.

Rates and concessions

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

Pensioner concessions

Pensioner concessions on general rates are provided to eligible pensioner ratepayers on the basis of Council’s Policy POL-2557. The concessions available to eligible pensioners on the General Rate for the 2014-15 financial year were:

- For ratepayers in receipt of a maximum pension \$330
- For ratepayers not in receipt of maximum pension \$165

Community Financial Report

Purpose

For the year ended 30 June 2015

This report summarises Council's financial position and results as at 30 June 2015.

During the financial year 2014-15, Council delivered a large program of operational and capital works while exceeding all of the seven key financial stability indicators. Council continued to meet all financial commitments and keep debt at low and very manageable levels.

Summary of key financial stability and sustainability indicators

Financial stability indicators	Target	Actual performance	
Level of dependence on general rate revenue	< 37.5%	33.04%	✓
Ability to pay our bills - current ratio	1.1 to 4.1	3.70	✓
Ability to repay our debt - debt servicing ratio	≤ 10%	3.33%	✓
Cash balance	≥ \$40M	\$123.96M	✓
Cash balance - cash capacity in months	3 to 4 months	7.78	✓
Longer term financial stability - debt to assets ratio	≤ 10%	2.26%	✓
Operating performance	≥ 20%	20.63%	✓

Measures of Sustainability	Target	Actual performance	
Operating surplus ratio	0% to 10%	2.61%	✓
Net financial liabilities ratio*	< 60%	-22.96%	✓
Interest coverage ratio**	0% to 5%	-0.40%	✓
Asset sustainability ratio	> 90%	36.44%	✗
Asset consumption ratio	40% to 80%	69.35%	✓

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

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

The operating surplus ratio, the net financial liabilities ratio and the asset sustainability ratios have targets to be achieved on average over the long term (a period of at least 10 years) and are not necessarily expected to be met on a monthly or annual basis. Achieving the target for the asset sustainability ratio continues to be challenging,

however Council has committed to a long-term financial strategy that works towards meeting this goal. This is underpinned by the Capital Works Prioritisation Policy. During 2014-15, Council also approved a comprehensive asset management project to replace the current asset management process and system.

Overview of Council's financial results

The audited financial statements of Council set out the financial performance, financial position and cash flows as well as changes in community equity for the financial year ended 30 June 2015. Below are Council's key financial performance highlights:

Information at a glance	2014-15 Revised budget \$ millions	2014-15 Actual \$ millions	2013-14 Actual \$ millions*
Operating income	\$237.61	\$239.77	\$228.84
Operating expenditure	\$228.94	\$233.52	\$214.27
Net operating result/(deficit)	\$8.67	\$6.25	\$14.57
Capital grants, subsidies and contributions	\$21.81	\$50.43	\$28.27
Other capital income/(expenditure)	\$0.84	\$(2.93)	\$(3.44)
Net result	\$31.32	\$53.75	\$39.40

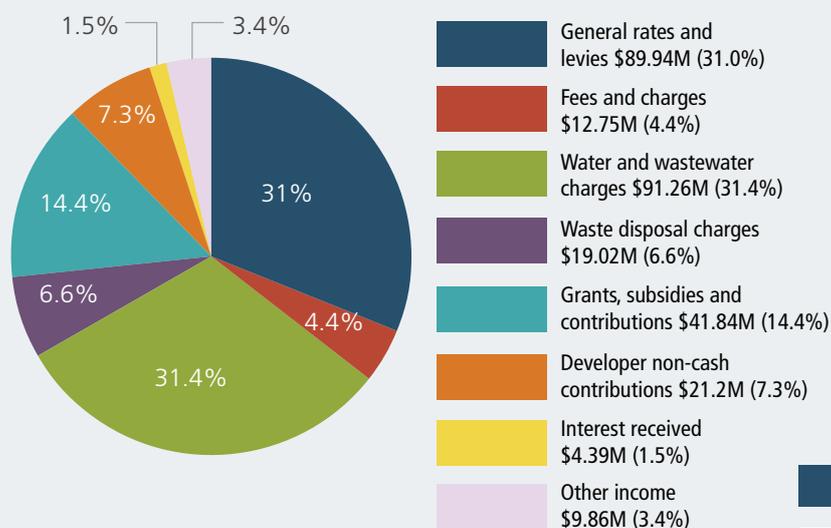
* CPI adjustment included to ensure comparability

What were our major sources of income?

(Statement of Comprehensive Income)

Total income received this year (operating income plus capital grants, subsidies and contributions) was \$290.27M, which was \$33.16M (CPI adjusted), or 12.90% greater than the 2013-14 financial year. Principal movements included:

- significant cash and non-cash contributions received from developers during the year due to increased development activity in city.
- timing of grant receipts resulted in higher amounts recognised in revenue.

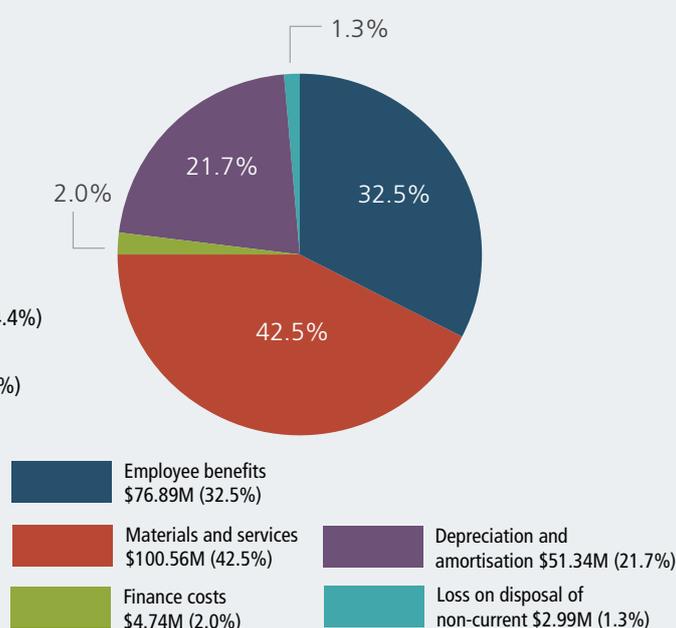


Where was the money spent?

(Statement of Comprehensive Income)

Council's expenses for the 2014-15 financial year totalled \$236.52M, which is an increase of 8.6% compared to the previous year's expenses of \$217.71M (CPI adjusted).

Materials and services costs include Council's estimated cost of restoring landfill sites across the city. When the estimates change, it impacts the expense reported in this category. Council also experienced a 14% increase in bulk water consumption rates which contributed to the higher expenses for the 2014-15 financial year.



What is the value of the net community assets in our care?

(Statement of Financial Position)

Value of community assets	2014-15 \$ millions	2013-14 \$ millions*	Change
Total assets	\$2,406.62	\$2,249.79	6.97%
Total liabilities	\$105.66	\$121.96	-13.37%
Net community assets (community equity)	\$2,300.96	\$2,127.83	8.14%

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

* CPI adjustment included to ensure comparability.

The total value of all assets controlled by Council was \$2.41B at 30 June 2015, of which \$2.24B (92.9%) relates to property, plant and equipment and includes freehold land, buildings, roads, stormwater drainage, water, wastewater, waste, parks infrastructure and plant and equipment.

During the 2014-15 year, parks and other infrastructure assets were independently valued, together with adjustments made to land and building assets. The overall impact of the revaluations was an increase of \$158.73M in asset value.

The largest single debt Council owed at 30 June 2015 was to Queensland Treasury Corporation (QTC). QTC is the State Government-owned lending agency from which most local government and state authorities borrow to finance their large-scale infrastructure projects.

At the end of the financial year, Council owed QTC a total of \$54.45M, with \$4.48M payable in the next 12 months and \$49.97M due in subsequent years. During the year, Council made a decision to use existing cash balances as a priority over borrowings. As a result, there were no drawdowns from loans during the current financial year.

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

(Statement of Cash Flows)

The table below compares the main sources of cash receipts and cash paid during the financial years ended 30 June 2014 and 30 June 2015.

Main sources of cash in and out	2014-15 \$ millions	2013-14 \$ millions*	Change
Net cash received from operations (excluding interest and borrowing costs)	\$48.71	\$43.63	11.64%
Purchase and construction of assets	\$(48.56)	\$(50.94)	-4.67%
Capital grants, subsidies and contributions	\$29.23	\$22.49	29.96%
Repayment of debt	\$(4.53)	\$(4.20)	7.86%

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

* CPI adjustment included to ensure comparability.

The cash flow statement is summarised into three activities:

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

Council started the 2014-15 financial year with \$96.24M cash in the bank and ended the year with \$123.96M exceeding the target for cash capacity in months.

Summary

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

Index of statutory information

State Government legislation requires councils to include specific information in an Annual Report each year. The table below provides an index of where you can find that information throughout this report. In some instances, the 'provision' column summarises the Act requirements for the sake of space. For the full wording for each provision, please refer to the source legislation.

<i>Local Government Act 2009</i>			
Requirement	Topic	Provision	Page/s
Section 41	Beneficial enterprises	1. Must contain a list of all the beneficial enterprises that the local government conducted during the financial year	52
Section 45	Significant business activities	Must: a. Contain a list of all the business activities that the local government conducted during the financial year b. Identify the business activities that are significant business activities c. State whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied d. State whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities	52
Section 201(1)	Remuneration	1. Must state: a. The total of all remuneration packages that are payable to the senior management of the local government b. The number of employees in senior management who are being paid each band of remuneration	25
<i>Local Government Regulation 2012</i>			
Section 182	Preparation of annual report	1. Prepare an annual report 2. Adopt within one month from Auditor-General's audit report on financial statements 3. Annual Report placed on Council website within two weeks after council adopting the Annual Report	
Section 183	Financial statements	a. General purpose financial statement, audited by the Auditor-General b. The current year financial sustainability statement for the financial year, audited by the auditor-general c. The long-term financial sustainability statement for the financial year d. Auditor-General's report about the general purpose financial statement and the current year financial sustainability statement	60
Section 184	Community financial report	1. Provide community financial report for the financial year	54
Section 185	Particular resolutions	a. Provide a copy of resolutions made under section 250(1) b. Provide a copy of resolutions made under section 206(2)	15

Section 186	Councillors	<ul style="list-style-type: none"> a. For each Councillor, total remuneration (including superannuation contributions) paid to the Councillor for the year 14 b. Expenses incurred by and facilities provided to each Councillor under the expenses reimbursement policy 14 c. A copy of the local government's expenses reimbursement policy 15 d. Number of local government meetings attended by each Councillor 14 e. The number of: <ul style="list-style-type: none"> <i>i.</i> orders and recommendations made under section (180(2) or (4) of the Act 28 <i>ii.</i> orders made under section 181 of the Act f. Each of the following: 28 <ul style="list-style-type: none"> <i>i.</i> name of each Councillor for whom order or recommendation made under Section 180 or 181 of the Act <i>ii.</i> description of the misconduct in inappropriate conduct for each Councillor summary of order of recommendation made for each Councillor <i>iii.</i> The number of: <ul style="list-style-type: none"> <i>i.</i> Complaints about conduct or performance for which no further action take under section 176C(2) of the Act <i>ii.</i> complaints referred to the CEO under section 176C(3)(a) (i) of the Act <i>iii.</i> complaints referred to the Mayor under section 176C(3) (a)(ii) or (b)(i) of the Act <i>iv.</i> complaints referred to the CEO under section 176C(4) (a) of the Act <i>v.</i> complaints assessed by the CEO as being about official misconduct <i>vi.</i> complaints heard by a conduct review panel <i>vii.</i> complaints heard by the tribunal <i>viii.</i> complaints to which section 176C(6) of the Act applied 	
Section 187	Administration action complaints	<ul style="list-style-type: none"> 1. Must contain a statement about: (a) dealing fairly with administrative action complaints (b) how Council has implemented its complaints management process and assessing its performance in resolving complaints 2. Must contain particulars of: <ul style="list-style-type: none"> a. The number of: <ul style="list-style-type: none"> <i>i.</i> administrative action complaints made <i>ii.</i> administrative action complaints resolved under the complaints management process <i>iii.</i> administrative action complaints not resolved b. The number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year 	28
Section 188	Overseas travel	<p>Must contain information about any overseas travel during the financial year:</p> <ul style="list-style-type: none"> a. For a Councillor – the name of the Councillor b. For a local government employee – the name of, position held c. destination d. Purpose e. Cost f. Any other relevant information about the overseas travel the local government considers relevant 	52

Section 189	Expenditure on grants to community organisations	Summary of expenditure on grants to community organisations and expenditure from each councillor's discretionary fund, including <i>i.</i> the name of each community organisation which an amount was allocated from the fund <i>ii.</i> the amount and purpose of the allocation	43
Section 190	Other contents	<ol style="list-style-type: none"> 1. The annual report must contain <ol style="list-style-type: none"> a. The Chief Executive Officer's assessment of the progress towards implementing its five-year corporate plan and annual operational plan b. Particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year c. An annual operations report for each commercial business unit d. Details of any action taken for, and expenditure on, a service, facility or activity: <i>i.</i> supplied by another local government under an agreement for conducting a joint government activity <i>ii.</i> for which the local government levied special rates or charges for the financial year e. The number of invitation to change tenders under section 228(7) during the financial year f. A list of the registers kept by the local government g. A summary of all concessions for rates and charges granted by the local government h. A report on the internal audit for the financial year (<i>i.</i>) a statement about the local government's activities during the financial year to implement its plan for equal opportunity in employment i. A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints j. The local government's responses in the financial year of the QCA's recommendations on any competitive neutrality complaints under section 52(3) 2. In this section – annual operations report for a commercial business unit means a document that contains the following information for the previous financial year: <ol style="list-style-type: none"> a. information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan b. particulars of any changes made to the unit's annual performance plan for the previous financial year c. particulars of the impact the changes had on the unit's: <i>i.</i> financial position <i>ii.</i> operating surplus or deficit <i>iii.</i> prospects d. particulars of any directions the local government gave the unit 	<p>32-38</p> <p>39-51</p> <p>53</p> <p>52</p> <p>29</p> <p>52</p> <p>n/a</p> <p>39-56</p>
<i>Public Sector Ethics Act 1994</i>			
Section 23	Reporting	Must include an implementation statement giving details of the action taken during the reporting period to comply with: Section 15 (preparation of codes of conduct) Section 21 (education and training) Section 22 (procedures and practices of public sector entities)	21-25

Financial Report

Consolidated financial statements for the
year ended 30 June 2015

REDLAND CITY COUNCIL
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

TABLE OF CONTENTS

	Page No
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated financial statements	
1 Basis of preparation and compliance	7
2 Significant accounting policies	9
3 Statement of functions and activities	
(a) Functions of the consolidated entity	14
(b) Analysis of results by function	15
4 Revenue analysis	16
5 Grants, subsidies and contributions	16
6 Employee benefits	17
7 Materials and services	17
8 Finance costs	17
9 Depreciation and amortisation	17
10 Cash and cash equivalents	17
11 Trade and other receivables	18
12 Inventories	18
13 (a) Property, plant and equipment	19
(b) Property, plant and equipment - prior year comparative	20
14 Trade and other payables	21
15 Borrowings	21
16 Provisions	22
17 Asset revaluation surplus	22
18 Commitments	23
19 Contingent liabilities and contingent assets	23
20 Superannuation	24
21 Trust funds	25
22 Reconciliation of net result for the year to net cash flows from operating activities	25
23 Controlled entities	25
24 (a) Fair value measurements	26
(b) Fair value measurements movement	30
25 National Competition Policy	31
26 Events after the reporting period	32
Management certificate	
Independent auditor's report	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	Consolidated		Council	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Income					
Recurrent revenue					
Rates, levies and charges	4(a)	200,226	197,243	200,226	197,243
Fees and charges	4(b)	12,751	11,008	12,751	11,008
Rental income		835	898	835	898
Interest received		4,387	3,868	4,385	3,868
Sales revenue		4,103	3,659	4,103	3,659
Gain on sale of developed land	4(c)	1,300	-	-	-
Other income		3,562	1,049	3,699	1,049
Grants, subsidies and contributions	5(a)	12,610	6,887	12,610	6,887
Total recurrent revenue		239,774	224,612	238,609	224,612
Capital revenue					
Grants, subsidies and contributions	5(b)	29,232	22,078	29,232	22,078
Non-cash contributions	5(b)	21,200	5,669	21,200	5,669
Increase in investment property		63	-	63	-
Total capital revenue		50,495	27,747	50,495	27,747
Total income		290,269	252,359	289,104	252,359
Expenses					
Recurrent expenses					
Employee benefits	6	(76,888)	(71,026)	(76,888)	(71,026)
Materials and services	7	(100,555)	(86,282)	(100,489)	(86,282)
Finance costs	8	(4,740)	(5,038)	(4,740)	(5,038)
Depreciation and amortisation	9	(51,342)	(47,965)	(51,342)	(47,965)
Total recurrent expenses		(233,525)	(210,311)	(233,459)	(210,311)
Capital expenses					
Loss on disposal of non-current assets		(2,993)	(3,373)	(2,993)	(3,373)
Total capital expenses		(2,993)	(3,373)	(2,993)	(3,373)
Total expenses		(236,518)	(213,684)	(236,452)	(213,684)
Net result		53,751	38,675	52,652	38,675
Other comprehensive income/(loss)					
Items that will not be reclassified to net result					
Revaluation of property, plant and equipment	13	158,726	14,347	158,726	14,347
Total comprehensive income/(loss) for the year		212,477	53,022	211,378	53,022

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

REDLAND CITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	Consolidated		Council	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current assets					
Cash and cash equivalents	10	123,956	96,235	121,327	96,235
Trade and other receivables	11	24,674	26,139	25,017	26,139
Inventories	12	10,929	844	774	844
Non-current assets held-for-sale		57	354	10,212	354
Other current assets		1,104	1,114	1,104	1,114
Total current assets		160,720	124,686	158,434	124,686
Non-current assets					
Investment property		956	893	956	893
Property, plant and equipment	13	2,241,265	2,080,184	2,241,265	2,080,184
Intangible assets		3,606	2,360	3,606	2,360
Other financial assets		73	73	1,233	73
Total non-current assets		2,245,900	2,083,510	2,247,060	2,083,510
Total assets		2,406,620	2,208,196	2,405,494	2,208,196
Current liabilities					
Trade and other payables	14	21,615	21,224	21,603	21,224
Borrowings	15(a)	4,482	4,375	4,482	4,375
Provisions	16(a)	14,592	13,950	14,592	13,950
Other current liabilities		2,694	5,759	2,694	5,759
Total current liabilities		43,383	45,308	43,371	45,308
Non-current liabilities					
Borrowings	15(b)	49,973	54,608	49,973	54,608
Provisions	16(b)	12,300	19,793	12,285	19,793
Total non-current liabilities		62,273	74,401	62,258	74,401
Total liabilities		105,656	119,709	105,629	119,709
Net community assets		2,300,964	2,088,487	2,299,865	2,088,487
Community equity					
Asset revaluation surplus	17	827,411	668,685	827,411	668,685
Retained surplus		1,473,553	1,419,802	1,472,454	1,419,802
Total community equity		2,300,964	2,088,487	2,299,865	2,088,487

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

Consolidated

Opening balance as at 1 July 2014

Net result

Other comprehensive income for the year:

Increase/(decrease) in asset revaluation surplus

Total comprehensive income for the year**Balance as at 30 June 2015**

Opening balance as at 1 July 2013

Net result

Other comprehensive income for the year:

Increase/(decrease) in asset revaluation surplus

Total comprehensive income for the year**Balance as at 30 June 2014**

Asset Revaluation Surplus \$000	Retained Surplus \$000	Total Community Equity \$000
Note 13		
668,685	1,419,802	2,088,487
-	53,751	53,751
158,726	-	158,726
158,726	53,751	212,477
827,411	1,473,553	2,300,964

654,338	1,381,127	2,035,465
-	38,675	38,675
14,347	-	14,347
14,347	38,675	53,022
668,685	1,419,802	2,088,487

Council

Opening balance as at 1 July 2014

Net result

Other comprehensive income for the year:

Increase/(decrease) in asset revaluation surplus

Total comprehensive income for the year**Balance as at 30 June 2015**

Opening balance as at 1 July 2013

Net result

Other comprehensive income for the year:

Increase/(decrease) in asset revaluation surplus

Total comprehensive income for the year**Balance as at 30 June 2014**

Asset Revaluation Surplus \$000	Retained Surplus \$000	Total Community Equity \$000
Note 13		
668,685	1,419,802	2,088,487
-	52,652	52,652
158,726	-	158,726
158,726	52,652	211,378
827,411	1,472,454	2,299,865

654,338	1,381,127	2,035,465
-	38,675	38,675
14,347	-	14,347
14,347	38,675	53,022
668,685	1,419,802	2,088,487

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

REDLAND CITY COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

	Note	Consolidated		Council	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash flows from operating activities					
Receipts from customers		227,738	210,211	225,406	210,211
Payments to suppliers and employees		(187,733)	(173,641)	(187,688)	(173,641)
		<u>40,005</u>	<u>36,570</u>	<u>37,718</u>	<u>36,570</u>
Interest received		4,387	3,868	4,385	3,868
Non-capital grants and contributions		8,705	6,253	8,705	6,253
Borrowing costs		(3,424)	(3,839)	(3,424)	(3,839)
Net cash inflow/(outflow) from operating activities	22	<u>49,673</u>	<u>42,852</u>	<u>47,384</u>	<u>42,852</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(46,630)	(48,235)	(46,630)	(48,235)
Cash investment in Redland Investment Corporation		-	-	(340)	-
Payments for intangible assets		(1,930)	(1,764)	(1,930)	(1,764)
Net movement in loans to community groups		-	9	-	9
Proceeds from sale of property, plant and equipment		1,904	2,819	1,904	2,819
Capital grants, subsidies and contributions		29,232	22,078	29,232	22,078
Net cash inflow/(outflow) from investing activities		<u>(17,424)</u>	<u>(25,093)</u>	<u>(17,764)</u>	<u>(25,093)</u>
Cash flows from financing activities					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings	15	(4,528)	(4,119)	(4,528)	(4,119)
Net cash inflow/(outflow) from financing activities		<u>(4,528)</u>	<u>(4,119)</u>	<u>(4,528)</u>	<u>(4,119)</u>
Net increase/(decrease) in cash and cash equivalents held		27,721	13,640	25,092	13,640
Cash and cash equivalents at beginning of the financial year		96,235	82,595	96,235	82,595
Cash and cash equivalents at end of the financial year	10	<u>123,956</u>	<u>96,235</u>	<u>121,327</u>	<u>96,235</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 Basis of preparation and compliance

1.a Basis of preparation

These general purpose financial statements of Council are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

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

1.b Principles of consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of the Redland City Council (parent entity) as at 30 June 2015, excluding Redheart Pty Ltd (refer note 23). Redland City Council (RCC) and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained and deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

1.c Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board that are relevant to Council's operations and effective for the current reporting period. As Council is a Not-For-Profit Entity and the Australian Accounting Standards include requirements for Not-For-Profit Entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.d Constitution

Redland City Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia. Council's subsidiaries are constituted under the *Corporations Act 2001* and are domiciled in Australia.

1.e Date of authorisation

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

1.f Currency

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

1.g Rounding and comparatives

Amounts included in the consolidated financial statements have been rounded to the nearest \$1,000. Rounding adjustments are included in Inventories in the Consolidated Statement of Financial Position.

1.h New and amended standards adopted by Council

AASB 10 *Consolidated Financial Statements* was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation - Special Purpose Entities*. AASB 10 as well as the other consolidation standards mentioned below are applicable to Council for the financial year ended 30 June 2015 with the incorporation of the Redland Investment Corporation Pty Ltd (RIC). AASB 12 *Disclosure of Interests in Other Entities* introduced additional disclosure requirements which have been added to the disclosures in these financial statements.

In addition to the standards described above, the following new standards and amendments are/could be relevant to Council and were adopted in the annual reporting period commencing 1 July 2014. The adoption of these standards did not have a significant impact on Council's financial statements:

Standard	Description
AASB 11	<i>Joint Arrangements</i>
AASB 127	<i>Separate Financial Statements</i>
AASB 128	<i>Investments in Associates and Joint Ventures</i>
AASB 2012-3	<i>Amendments to AAS - Offsetting Financial Assets and Financial Liabilities</i>
AASB 2013-3	<i>Amendments to AAS - Recoverable Amount Disclosures for Non-Financial Assets</i>
AASB 2013-8	<i>Amendments to AAS - Australian Implementation Guidance for Not-For-Profit Entities - Control and Structured Entities</i>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 Basis of preparation and compliance - continued**1.h New and amended standards adopted by Council - continued**

The AASB issued AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures for Not-For-Profit Public Sector Entities* on 13 July 2015. The standard is effective for annual reporting periods beginning on or after 1 July 2016, however early adoption is permitted. The amendment provides relief from disclosures of quantitative information about significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs. Council has elected to adopt this standard early as it is of particular relevance to Council's assets valued under depreciated replacement cost methodology. The adoption of this standard has resulted in significantly reduced disclosure in note 24.

1.i New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by Council or its subsidiaries. Council's assessment of the impact of these new standards and interpretations is set as follows:

Standard	Nature of change	Impact	Effective dates
AASB 9 <i>Financial Instruments</i> and related amendments to AAS arising from AASB 9	AASB 9 addresses the classification, measurement and derecognition of financial assets and liabilities. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost. Measurement at amortised cost will be allowed where very specific conditions are met.	There will be no significant impact on the financial balances currently reported as all of Council's financial assets are carried at amortised cost, fair value or at a carrying value which approximates fair value. Council's only "available-for-sale" financial assets are its investment in SEQ Recreational Facility Pty Ltd. This investment is in the form of unlisted securities and is carried at cost. The proposed amendments to other accounting standards as a result of AASB 9 and other amendments will be considered once it has been fully compiled.	1 January 2018
AASB 15 <i>Revenue from contracts with customers</i> and related amendments to AAS arising from AASB 15	Replaces the AASB 118 <i>Revenue</i> applied to reciprocal revenue transactions by Council. The measurement and recognition of revenue will be determined based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 15 will also introduce additional disclosure requirements to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	AASB 15 will apply to contracts of Council that are reciprocal in nature. AASB 15 will be applicable to all the transactions entered into by the Redland Investment Corporation. Revenue from arrangements which create enforceable rights and obligations would need to be deferred until the performance obligations are satisfied. The proposed amendments to other accounting standards as a result of AASB 15 and other amendments will be considered once it has been fully compiled.	1 January 2017
AASB 2015-6 <i>Amendment to Australian Accounting Standards - Extending Related Party Disclosures to Not-For-Profit Public Sector Entities</i>	AASB issued an amendment to AASB 124 <i>Related Party Disclosures</i> in March 2015 to extend these disclosures to Not-For-Profit Public Sector Entities.	Council is currently considering the required processes for implementation to ensure complete and accurate information can be gathered for compliance with this amendment from 1 July 2016 onwards.	1 July 2016

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.j Critical accounting judgements and key sources of estimation uncertainty

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

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

Valuation and depreciation of property, plant and equipment (Note 2.f and Note 24)
 Long-term employee benefit obligations (Note 2.i and Note 16)
 Restoration Provision (Note 2.k and Note 16)
 Contingent liabilities and contingent assets (Note 19)
 Events after the reporting period (Note 26)

2 Significant accounting policies

2.a Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds. Revenue is recognised for the major business activities as follows:

Rates and levies

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

Fees and charges

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

Sales revenue - Sale of developed land

Revenue is recognised when the risks and rewards have transferred and the consolidated entity does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the units sold. Due to the nature of the agreements entered into by the consolidated entity, this occurs on settlement. The revenue is measured at the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue upon receipt. Unspent, non-reciprocal grants are held in reserves (restricted funds).

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

Non-cash contributions

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

Cash contributions

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

Recurrent/capital classification

Grants and contributions are to be classified as operating or capital depending on the purpose for which they were received. Capital revenue includes grants and contributions received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers as well as gains associated with fixed assets. All other revenue is classified as recurrent.

2.b Financial assets and financial liabilities

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

Council's financial assets and financial liabilities are limited to:

Financial assets

Loans and advances - measured at amortised cost (Note 2.d)

Cash and cash equivalents (Note 2.c)

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

Other financial assets

Financial liabilities

Trade and other payables - measured at amortised cost (Note 2.h)

Borrowings and borrowing costs - measured at amortised cost (Note 2.j)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied, except for Goods and Services Tax (GST), refer Note 2.i. Refer to note 24(a) for fair value measurement considerations in relation to financial assets and financial liabilities.

Redland City Council is exposed to various financial risks including credit risk, interest rate risk and liquidity risk.

2 Significant accounting policies - continued

2.b Financial assets and financial liabilities - continued

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 as described below.

Investments in financial assets are only made where those assets are held with a bank or other financial institution in Australia. Council does not invest in derivatives or other high risk investments. Council has limited exposure risk through its investment in unlisted securities.

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

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

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

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

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.

The following reserves are cash-backed reserves and represent funds that are accumulated within Council's cash balances to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability. An identified amount is transferred from retained surplus into the relevant reserve. As expenditure is incurred on specific projects, the equivalent amount is transferred out of the relevant reserve and returned to retained surplus.

Constrained works reserve

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

Special projects reserve

This reserve holds funds identified for various projects and for funding specific expenditure.

Utilities reserve

This reserve holds funds set aside to meet future specific expenditure for the commercial business units (Water and Wastewater).

Separate charge reserve - Environment

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

Special charge reserve - Other

This reserve was established to hold funds collected from the Rural Fire Levy Special Charge and these funds are distributed to the respective Southern Moreton Bay Islands Rural Fire Brigades. This reserve also holds funds collected for Southern Moreton Bay Islands Translink Special Charge and these funds are distributed to the State Government to assist with transport service on the Bay Islands.

Special charge reserve - Canals

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

2.d Trade and other receivables

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

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

All known bad debts were written-off or provided for at 30 June 2015.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

2 Significant accounting policies - continued**2.e Inventories**Stores and raw materials

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

Inventories held for distribution are:

- goods to be supplied at no or nominal charge, and
- goods to be used for the provision of services at no or nominal charge.

These goods are valued at cost, adjusted when applicable, for any loss of service potential.

Land held for development and resale

Land held for development and resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and the development of the land to its existing condition, ready for sale. These costs are assigned to subdivided land lots on a weighted average basis when the lots are sold. Net realisable value is determined on the basis of the market value or list price of similar assets available for sale, less the estimated selling expenses. Where difficult to determine the net realisable value it is assessed by an independent valuer against the cost to ensure compliance with AASB 102 *Inventories*.

2.f Fixed and intangible assets

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

Land	\$1	Water & wastewater	\$5,000
Buildings	\$1	Parks	\$500
Plant & equipment (vehicles; plant)	\$500	Other infrastructure	\$5,000
Plant & equipment (office equipment; furniture)	\$200	Waste	\$1,000
Plant & equipment (computer hardware)	\$1,000	Work in progress	\$1
Plant & equipment (heritage & arts; library books)	\$1	Intangibles	\$1,000
Roads	\$5,000	Investment property	\$1
Stormwater drainage	\$5,000		

Acquisition of assets

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

Property, plant and equipment received in the form of contributions are recognised as assets and revenue at fair value (by Council valuation) where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

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

Valuation

All asset categories are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*, except for plant and equipment and work in progress which are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years by engaging either independent external valuers or suitably qualified internal staff. In interim years, valuations are performed using a suitable index where there has been a material variation in the index.

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

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

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

Details of valuers and methods of valuations are disclosed in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

2 Significant accounting policies - continued

2.f Fixed and intangible assets - continued

Investment property

Investment property is property held for the primary purpose of earning rental income and/or capital appreciation. Investment property is initially recognised at cost (including transaction costs) and subsequently revalued under the fair value model. Gains or losses arising from changes in fair value are recognised in the Consolidated Statement of Comprehensive Income for the period in which they arise.

Capital work in progress

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

Depreciation

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

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

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

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

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted, where necessary, to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Assessments performed as part of the annual process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13. Software has a finite life between 3 and 10 years. Straight line amortisation is used with no residual value.

All physical and intangible assets are assessed for indicators of impairment annually.

Land under roads

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

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

2.g 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.h Trade and other payables

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

2.i Liabilities - employee benefits

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 14 as a payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

2 Significant accounting policies - continued

2.i Liabilities - employee benefits - continued

Long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to projected future increases in the current pay rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. This liability is reported in Note 16 as a provision and re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Annual Leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

Where council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability and is reported in Note 14 as a payable.

2.j Borrowings and borrowing costs

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

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

2.k Restoration provision

A provision is made for the cost of restoration in respect of landfills.

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

2.l Taxation

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

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

3. Statement of functions and activities

(a) Functions of the consolidated entity

Council's functions and activities have been determined based on service delivery. The activities of Council are categorised into the following broad functions:

Corporate Governance

The corporate governance function supports Council's vision of inclusive and ethical governance through ensuring open, accountable and transparent community outcomes. This function also provides quality leadership at all levels and includes strategic and operational planning, risk management, legal and administrative support. The Mayor, Councillors and Chief Executive Officer are included in this function.

Water and Wastewater Services

Council's water and wastewater services business unit is a commercially focussed business unit with the principal goals of providing safe drinking water and the collection of wastewater, including the treatment thereof and refuse disposal. It delivers these services through customer and water product quality management, maintenance of the water and wastewater network, asset management, as well as water infrastructure planning, delivery and development services. Additionally, its business goal is to maximise financial returns and cash flows to support Council's other operations.

Waste Services

The waste function is responsible for the collection and disposal of waste within the city through its kerbside collection service, household hazardous waste services, disposals at landfills and the operation and maintenance of its transfer stations. It also includes maintenance of closed landfill and environmental monitoring of current and former waste disposal facilities.

Community Support, Recreation and Facilities

This function supports the health and wellbeing of our community, promotes strong community spirit and extends to people of all ages, cultures, abilities and needs. The function is supported by a full range of services, programs, organisations and facilities, such as:

- library services;
- youth and aged care services;
- event management;
- community grant funding and sponsorships;
- disaster management and community safety;
- the animal shelter;
- parks, camping grounds, community halls and swimming pools; and
- the Redland Art Gallery and Performing Arts Centre

Planning and Development

This function delivers the careful management of population pressures and supports the sustainable use of land. It includes the recognition of environmental sensitivities and the distinctive character, heritage and atmosphere of our local communities. This function ensures the delivery of a well-planned network of urban, rural and bushland areas and responsive infrastructure and transport systems to support strong, healthy communities.

Infrastructure Services

This function is responsible for the sustainable management and maintenance of Council's infrastructure assets, as well as identifying, planning and delivering infrastructure to support the community and ensure a high standard of infrastructure in the Redlands. This function includes the delivery of a high quality and effective road network to facilitate pedestrian, cycle and vehicle transport as well as road and drainage infrastructure construction and rehabilitation.

Corporate Services

This function provides support to all of Council and includes administrative, internal audit, budget support, financial accounting, taxation and treasury, human resources, marketing and communication and information technology services. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

Redland Investment Corporation

During the financial year ended 30 June 2015 Council established a proprietary company, Redland Investment Corporation Pty Ltd, to identify alternative revenue sources and new business opportunities for the Redlands Community. The Corporation also manages some of Council's underutilised land with an objective to improve the use or gain best value for these assets that do not meet the Redland Open Space Strategy or the Redlands 2030 Community Plan. Redland Investment Corporation also has in place a Service Level Agreement with Council to act as the preferred commercial consultant for the Priority Development Area projects. Redland Investment Corporation is wholly-owned by Council and operates under the *Corporations Act 2001*, the *Auditor-General Act 2009*, the *Local Government Act (QLD) 2009* and the *Local Government Regulation 2012*.

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. Statement of functions and activities - continued

(b) Analysis of results by function

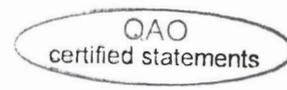
Income, expenses and assets defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2015

Functions	Gross income						Total Income	Gross expenses		Total Expenses	Net result from recurrent operations	Net Result	Total Assets
	Recurrent			Capital				Recurrent	Capital				
	Grants	Other	\$000	Grants	Other	\$000							
Corporate Governance	411	388	\$000	14	-	\$000	813	(15,302)	(1)	(15,303)	\$000	(14,490)	\$000
Water and Wastewater Services	30	94,660	-	-	14,690	-	109,380	(66,836)	(411)	(67,247)	-	27,854	658,605
Waste Services	-	20,650	-	-	-	-	20,650	(16,971)	(5)	(16,976)	-	3,679	12,280
Community Support, Recreation and Facilities	1,813	7,591	-	773	4,650	-	14,827	(60,126)	(445)	(60,571)	-	(50,722)	120,163
Planning and Development	12	9,924	-	-	-	-	9,936	(21,454)	792	(20,662)	-	(11,518)	5,020
Infrastructure Services	4,673	9,743	-	3,492	26,813	-	44,721	(43,188)	(2,312)	(45,500)	-	(28,772)	1,223,357
Corporate Services	5,183	83,531	-	-	63	-	88,777	(9,582)	(611)	(10,193)	-	79,132	384,645
Total Council	12,122	226,487	4,279	4,279	46,216	-	289,104	(233,459)	(2,993)	(236,452)	5,150	52,652	2,405,494
Redland Investment Corporation Pty Ltd (net of eliminations)	-	1,165	-	-	-	-	1,165	(66)	-	(66)	1,099	1,099	1,126
Total Consolidated	12,122	227,652	4,279	4,279	46,216	-	290,269	(233,525)	(2,993)	(236,518)	6,249	53,751	2,406,620

Year ended 30 June 2014

Functions	Gross income						Total Income	Gross expenses		Total Expenses	Net result from recurrent operations	Net Result	Total Assets
	Recurrent			Capital				Recurrent	Capital				
	Grants	Other	\$000	Grants	Other	\$000							
Corporate Governance	119	41	\$000	-	-	\$000	160	(13,844)	-	(13,844)	\$000	(13,684)	\$000
Water and Wastewater Services	-	98,375	-	-	9,671	-	108,046	(48,817)	(418)	(49,235)	-	58,811	663,693
Waste Services	-	19,651	-	1	-	-	19,653	(18,397)	-	(18,397)	-	1,256	12,681
Community Support, Recreation and Facilities	1,583	6,178	-	970	3,639	-	12,370	(57,010)	(340)	(57,350)	-	(49,249)	111,551
Planning and Development	6	8,194	-	-	-	-	8,200	(20,843)	1,093	(19,750)	-	(12,643)	4,916
Infrastructure Services	1,513	5,266	-	5,959	7,506	-	20,244	(42,799)	(1,834)	(44,633)	-	(36,020)	1,038,583
Corporate Services	3,212	80,474	-	-	-	-	83,686	(8,602)	(1,873)	(10,475)	-	75,084	376,024
Total Council	6,433	218,179	6,930	6,930	20,817	-	252,359	(210,312)	(3,372)	(213,684)	14,300	38,675	2,208,196
Redland Investment Corporation Pty Ltd (net of eliminations)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated	6,433	218,179	6,930	6,930	20,817	-	252,359	(210,312)	(3,372)	(213,684)	14,300	38,675	2,208,196



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Consolidated		Council	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
4 Revenue analysis				
(a) Rates, levies and charges				
General rates	81,521	78,450	81,521	78,450
Special charges	3,800	3,223	3,800	3,223
Environment levy	9,848	8,274	9,848	8,274
Water access	17,289	16,977	17,289	16,977
Water consumption	34,163	37,250	34,163	37,250
Wastewater	38,360	36,232	38,360	36,232
Trade waste	2,027	1,411	2,027	1,411
Waste disposal	19,022	18,102	19,022	18,102
Total rates and utility charges	206,030	199,919	206,030	199,919
Less: Pensioner remissions and rebates	(5,804)	(2,676)	(5,804)	(2,676)
	200,226	197,243	200,226	197,243
(b) Fees and charges				
Fines and penalties	574	683	574	683
Mooring and parking fees	968	926	968	926
Search fees	907	1,155	907	1,155
Development and related application fees	5,365	4,610	5,365	4,610
License fees	1,517	1,396	1,517	1,396
Commercial collection fees	195	205	195	205
Operational works application fees	943	8	943	8
Other fees and charges	2,282	2,025	2,282	2,025
	12,751	11,008	12,751	11,008
(c) Gain on sale of developed land				
Proceeds on sale of developed land	2,120	-	-	-
Cost of goods sold	(820)	-	-	-
	1,300	-	-	-
5 Grants, subsidies and contributions				
(a) Recurrent				
General purpose government grants	5,181	2,578	5,181	2,578
Government subsidies and grants	6,941	3,857	6,941	3,857
Contributions	488	452	488	452
	12,610	6,887	12,610	6,887
(b) Capital				
Government subsidies and grants	4,278	6,930	4,278	6,930
Contributions	24,954	15,148	24,954	15,148
	29,232	22,078	29,232	22,078
Non-cash contributions	21,200	5,669	21,200	5,669
Conditions over contributions				
Contributions and non-reciprocal grants which were recognised as income during the current reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:				
Transport infrastructure	10,112	4,376	10,112	4,376
Other infrastructure	5,984	3,614	5,984	3,614
Water and wastewater infrastructure	8,460	6,809	8,460	6,809
Grants and contributions	1,237	2,793	1,237	2,793
	25,793	17,592	25,793	17,592
Contributions and non-reciprocal 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:				
Transport infrastructure	1,451	1,743	1,451	1,743
Other infrastructure	112	280	112	280
Water and wastewater infrastructure	4,371	3,946	4,371	3,946
Grants and contributions	3,888	5,253	3,888	5,253
	9,822	11,222	9,822	11,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Note	Consolidated		Council	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
6 Employee benefits					
Total staff wages and salaries		60,846	58,720	60,846	58,720
Councillors' remuneration		1,272	1,217	1,272	1,217
Annual leave and long service leave entitlements		7,992	5,266	7,992	5,266
Superannuation		7,425	7,100	7,425	7,100
		<u>77,535</u>	<u>72,303</u>	<u>77,535</u>	<u>72,303</u>
Other employee related expenses		4,240	3,324	4,240	3,324
		<u>81,775</u>	<u>75,627</u>	<u>81,775</u>	<u>75,627</u>
Less: Capitalised employee expenses		(4,887)	(4,601)	(4,887)	(4,601)
		<u>76,888</u>	<u>71,026</u>	<u>76,888</u>	<u>71,026</u>
Councillor remuneration represents salary and superannuation paid in respect of carrying out their duties.					
Total full-time equivalent Council employees:					
Elected members		11	11	11	11
Administration and indoor staff		691	703	691	703
Outdoor staff		182	198	182	198
		<u>884</u>	<u>912</u>	<u>884</u>	<u>912</u>
Total full-time equivalent RCC employees		884	912	884	912
Total full-time equivalent RIC employees		3	-	-	-
Total full-time equivalent employees at the reporting date		<u>887</u>	<u>912</u>	<u>884</u>	<u>912</u>
7 Materials and services					
Contractors		31,752	32,803	31,752	32,803
Consultants		2,751	2,757	2,751	2,757
Other Council outsourcing costs		14,951	10,854	14,951	10,854
Purchase of materials		35,392	30,758	35,392	30,758
Office administration costs		6,870	6,811	6,870	6,811
Electricity charges		5,929	5,435	5,929	5,435
Plant operations		4,541	6,387	4,541	6,387
Information technology resources		1,848	1,957	1,848	1,957
General insurance		1,506	1,483	1,506	1,483
Community assistance		1,667	1,394	1,667	1,394
Audit of annual financial statements by the Auditor-General of Queensland		125	133	125	133
Other material and service expenses		1,206	2,784	1,140	2,784
Remediation costs for landfill		(7,983)	(17,274)	(7,983)	(17,274)
		<u>100,555</u>	<u>86,282</u>	<u>100,489</u>	<u>86,282</u>
8 Finance costs					
Finance costs charged by the Queensland Treasury Corporation		3,424	3,839	3,424	3,839
Bank charges		321	306	321	306
Bad debts		586	43	586	43
Landfill remediation		409	850	409	850
		<u>4,740</u>	<u>5,038</u>	<u>4,740</u>	<u>5,038</u>
9 Depreciation and amortisation					
Depreciation of non-current assets	13	50,659	47,598	50,659	47,598
Amortisation of intangible assets		683	367	683	367
Total depreciation and amortisation		<u>51,342</u>	<u>47,965</u>	<u>51,342</u>	<u>47,965</u>
10 Cash and cash equivalents					
Cash at bank		5,030	1,466	2,401	1,466
Cash on hand		15	17	15	17
Deposits at call		118,911	94,752	118,911	94,752
Total cash and cash equivalents		<u>123,956</u>	<u>96,235</u>	<u>121,327</u>	<u>96,235</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note	Consolidated		Council	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
10 Cash and cash equivalents - continued				
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:				
Restricted funds:				
Special projects reserve	2,495	11,658	2,495	11,658
Utilities reserve	9,900	13,018	9,900	13,018
Constrained works reserve	47,702	31,731	47,702	31,731
Separate charge reserve - environment	8,608	8,441	8,608	8,441
Special charge reserve - other	2	3	2	3
Special charge reserve - canals	9,127	7,830	9,127	7,830
	<u>77,834</u>	<u>72,681</u>	<u>77,834</u>	<u>72,681</u>
Unrestricted funds	46,122	23,554	43,493	23,554
	<u>123,956</u>	<u>96,235</u>	<u>121,327</u>	<u>96,235</u>

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

Cash is held at a floating interest rate. The weighted average interest rate is 3.4% (2014: 3.1%).

Council holds three facilities with the Australia and New Zealand Banking Group to facilitate its operational monetary requirements. Unrestricted access was available at balance date to these facilities and their associated values are:

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

11 Trade and other receivables

Rates and utility charges	20,258	22,743	20,258	22,743
Trade debtors	2,078	1,304	2,076	1,304
Other debtors	468	459	605	459
Infringement debtors	852	752	852	752
GST recoverable	1,597	954	1,805	954
Less: Allowance for impairment	(579)	(73)	(579)	(73)
	<u>24,674</u>	<u>26,139</u>	<u>25,017</u>	<u>26,139</u>

Interest is charged on outstanding rates at a fixed rate of 11% (2014: 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.

Trade and other receivables ageing analysis:

Fully performing	17,456	18,290	17,799	18,290
Past due but not impaired:				
31 - 60 days	2,831	162	2,831	162
61 - 90 days	35	3,189	35	3,189
> 90 days	4,931	4,571	4,931	4,571
Impaired	(579)	(73)	(579)	(73)
	<u>24,674</u>	<u>26,139</u>	<u>25,017</u>	<u>26,139</u>

12 Inventories**Land held for development and resale**

Transfer (to)/from other non-current asset class	10,155	-	-	-
	<u>10,155</u>	<u>-</u>	<u>-</u>	<u>-</u>

Land held for development and resale is valued at the lower of cost and net realisable value.

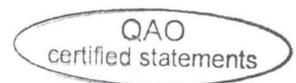
Inventories held for distribution	774	844	774	844
Inventories held for distribution are measured at cost				
Total inventories	<u>10,929</u>	<u>844</u>	<u>774</u>	<u>844</u>

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

13 (a) Property, plant and equipment

Asset class	Land Fair value	Buildings Fair value	Plant and equipment Cost	Roads Fair value	Stormwater drainage Fair value	Water and wastewater Fair value	Parks Fair value	Other infrastructure Fair value	Waste Fair value	Work in progress Cost	Total
Basis of measurement	n/a	10-75	3-10	10-120	20-150	10-134	16-60	15-100	5-70	n/a	
Range of estimated useful life in years											
Council - 30 June 2015											
Asset values	Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value as at 1 July 2014		257,538	116,330	45,146	765,998	520,638	67,517	101,699	14,258	25,921	2,921,408
Work in progress expenditure		-	-	-	-	-	-	-	-	47,885	47,885
Transfers from work in progress		-	-	-	-	-	-	-	-	(42,693)	(42,693)
Additions		267	657	5,872	23,931	3,210	2,512	4,332	235	-	41,077
Contributed assets at valuation	5(b)	-	19	-	6,101	6,230	215	-	-	-	21,200
Disposals		(691)	(181)	(4,835)	(5,078)	(1,012)	(1,367)	(123)	-	-	(13,367)
Revaluation adjustments		(18,631)	8,246	-	-	-	11,179	169,961	-	-	170,755
Transfers between asset classes		(10,256)	(1,788)	(167)	(408)	-	(41)	(15)	(160)	-	(12,835)
Closing gross value at 30 June 2015		228,227	123,283	46,016	790,544	529,254	80,015	275,854	14,333	31,113	3,133,430
Accumulated depreciation											
Opening balance as at 1 July 2014		-	53,384	23,440	198,885	123,302	31,663	34,406	4,777	-	841,224
Depreciation adjustments		-	-	-	(17)	(883)	(443)	215	-	-	(1,114)
Depreciation for the year	9	-	3,003	4,962	14,667	16,682	3,386	2,012	476	-	50,659
Depreciation on disposals		-	(152)	(4,134)	(2,868)	(602)	(1,014)	(28)	-	-	(8,810)
Depreciation on revaluation adjustments		-	3,979	-	-	-	3,934	4,116	-	-	12,029
Depreciation on transfers between asset classes		-	(1,452)	(129)	(141)	-	(19)	(13)	(69)	-	(1,823)
Accumulated depreciation at 30 June 2015		-	58,762	24,139	210,526	127,878	37,507	40,708	5,184	-	892,165
Council book value as at 30 June 2015		228,227	64,521	21,877	580,018	401,376	42,508	235,146	9,149	31,113	2,241,265

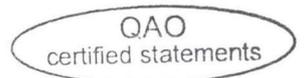
Redland Investment Corporation Pty Ltd held no Property, plant and equipment as at 30 June 2015 and had no movements during the year. As such, the results above are for both Council and the group.



REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 30 June 2015

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

Asset class	Land Fair value	Buildings Fair value	Plant and equipment Cost	Roads Fair value	Stormwater drainage Fair value	Water and wastewater Fair value	Parks Fair value	Other infrastructure Fair value	Waste Fair value	Work in progress Cost	Total
Basis of measurement	n/a	10-75	3-10	10-100	20-150	10-134	16-60	15-100	5-70	n/a	
Range of estimated useful life in years											
Council - 30 June 2014											
Asset values											
Opening gross value at 1 July 2013	243,095	115,843	43,883	743,242	516,560	1,000,594	65,848	104,092	14,524	19,630	2,867,311
Work in progress expenditure	-	-	-	-	-	-	-	-	-	49,545	49,545
Transfer from WIP to non-current assets	-	-	-	-	-	-	-	-	-	(43,254)	(43,254)
Additions	1,773	610	6,962	18,944	2,747	4,065	2,226	4,475	204	-	42,006
Contributed assets at valuation	-	-	219	464	1,737	2,862	387	-	-	-	5,669
Disposals	(1,677)	(12)	(4,997)	(3,159)	(406)	(1,161)	(939)	(374)	(470)	-	(13,195)
Revaluation adjustments	14,347	-	-	-	-	-	-	-	-	-	14,347
Transfers between asset classes	-	(111)	(921)	6,507	-	3	(5)	(6,494)	-	-	(1,021)
Closing gross value at 30 June 2014	257,538	116,330	45,146	765,998	520,638	1,006,363	67,517	101,699	14,258	25,921	2,921,408
Accumulated depreciation											
Opening balance at 1 July 2013	-	50,103	22,545	185,957	117,985	355,608	29,037	35,683	4,750	-	801,668
Depreciation for the year	-	3,300	4,994	11,688	5,387	16,512	3,229	1,991	497	-	47,598
Depreciation on disposals	-	(8)	(3,405)	(1,928)	(70)	(753)	(603)	(107)	(470)	-	(7,344)
Depreciation on revaluation adjustments	-	-	-	-	-	-	-	-	-	-	-
Transfers between asset classes	-	(11)	(694)	3,168	-	-	-	(3,161)	-	-	(698)
Accumulated depreciation at 30 June 2014	-	53,384	23,440	198,885	123,302	371,367	31,663	34,406	4,777	-	841,224
Council book value as at 30 June 2014	257,538	62,946	21,706	567,113	397,336	634,996	35,854	67,293	9,481	25,921	2,080,184



REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

Note	Consolidated		Council	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
14 Trade and other payables				
Creditors and accruals	15,534	15,248	15,546	15,248
Annual leave	6,081	5,976	6,057	5,976
	<u>21,615</u>	<u>21,224</u>	<u>21,603</u>	<u>21,224</u>

Creditors and accruals are expected to be settled within 12 months.

Of the consolidated annual leave balance, \$4,929,338 is expected to be settled within 12 months from balance date and \$1,151,974 is expected to be settled after more than 12 months.

15 Borrowings

(a) Current

Loans - Queensland Treasury Corporation	4,482	4,375	4,482	4,375
	<u>4,482</u>	<u>4,375</u>	<u>4,482</u>	<u>4,375</u>

(b) Non-current

Loans - Queensland Treasury Corporation	49,973	54,608	49,973	54,608
	<u>49,973</u>	<u>54,608</u>	<u>49,973</u>	<u>54,608</u>

Movement in loans - Queensland Treasury Corporation (QTC)

Opening balance at 1 July	58,983	63,102	58,983	63,102
Loans raised	-	-	-	-
Principal repayments	(4,528)	(4,119)	(4,528)	(4,119)
Closing balance at 30 June	<u>54,455</u>	<u>58,983</u>	<u>54,455</u>	<u>58,983</u>

The market value of QTC loans at the reporting date was \$62.728m (2014: \$66.724m). This represents the value of debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

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

Borrowings are in \$AUD denominated amounts and carried at amortised cost, interest is expensed as it accrues. This is at a fixed interest rate of 6.4%. No interest has been capitalised during the current or comparative reporting period.

Expected final repayment dates vary from 27 August 2022 to 31 January 2027. There have been no defaults or breaches of the loan agreement during the year. Principal and interest repayments were made quarterly in advance and interest applied at the end of each quarter.

The following details set out the liquidity risk in relation to borrowings held by Council and represents the remaining contractual cash flows of financial liabilities at the end of the reporting period:

Less than 1 year	7,953	7,952	7,953	7,952
1 to 5 years	31,810	31,810	31,810	31,810
Over 5 years	32,341	39,997	32,341	39,997
Total contractual cash flows	<u>72,104</u>	<u>79,759</u>	<u>72,104</u>	<u>79,759</u>
Carrying amount	54,455	58,983	54,455	58,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note	Consolidated		Council	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
16 Provisions				
(a) Current				
Landfill rehabilitation	6,092	6,491	6,092	6,491
Workers compensation	362	278	362	278
Long service leave	8,138	7,181	8,138	7,181
	<u>14,592</u>	<u>13,950</u>	<u>14,592</u>	<u>13,950</u>
(b) Non-Current				
Landfill rehabilitation	9,848	17,578	9,848	17,578
Workers compensation	433	478	433	478
Long service leave	2,019	1,737	2,004	1,737
	<u>12,300</u>	<u>19,793</u>	<u>12,285</u>	<u>19,793</u>

Movements in provisions were as follows:Landfill rehabilitation

Opening balance at 1 July	24,069	39,673	24,069	39,673
Decrease in provision due to change in discount rate and costs	(6,300)	(11,436)	(6,300)	(11,436)
Provision utilised during the period	(2,388)	(4,431)	(2,388)	(4,431)
Unused amounts reversed during the period	150	(631)	150	(631)
Increase in provision due to passage of time - borrowing costs	409	894	409	894
Closing balance at 30 June	<u>15,940</u>	<u>24,069</u>	<u>15,940</u>	<u>24,069</u>

This is the present value of the estimated cost of restoring closed landfill sites across the city and is based on Council's 10 year program. The significant decrease in the closing balance is due to the reduction in interest and further revision of the program costs. The program is funded by a separate charge and interest free short term loan from Council.

Workers compensation

Opening balance at 1 July	756	1,320	756	1,320
Adjustment for period	39	(564)	39	(564)
Closing balance at 30 June	<u>795</u>	<u>756</u>	<u>795</u>	<u>756</u>

Long service leave

Opening balance at 1 July	8,918	10,099	8,918	10,099
Long service leave entitlement raised	2,435	(103)	2,420	(103)
Long service entitlement used/extinguished	(773)	(574)	(773)	(574)
Long service entitlement paid	(423)	(504)	(423)	(504)
Closing balance at 30 June	<u>10,157</u>	<u>8,918</u>	<u>10,142</u>	<u>8,918</u>

Of the total current long service leave balance, \$825,000 is expected to be settled within 12 months from balance date and \$7,313,000 is expected to be settled after more than 12 months. The non-current portion relates to employees who have not yet reached the required years of service to be entitled to take long service leave.

17 Asset revaluation surplus**Asset revaluation surplus analysis:**

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

Land	64,054	82,686	64,054	82,686
Buildings	31,409	27,142	31,409	27,142
Plant and equipment	105	105	105	105
Roads	277,199	277,199	277,199	277,199
Stormwater drainage	203,013	203,013	203,013	203,013
Parks	43,190	35,944	43,190	35,944
Other infrastructure	201,744	35,899	201,744	35,899
Waste	6,697	6,697	6,697	6,697
	<u>827,411</u>	<u>668,685</u>	<u>827,411</u>	<u>668,685</u>

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

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 30 June 2015

Consolidated		Council	
2015	2014	2015	2014
\$000	\$000	\$000	\$000

18 Commitments

Operating leases

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

Within 1 year	982	1,088	982	1,088
1 to 5 years	2,513	2,872	2,513	2,872
Greater than 5 years	4,752	5,152	4,752	5,152
	<u>8,247</u>	<u>9,112</u>	<u>8,247</u>	<u>9,112</u>

Operating contractual commitments

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

Roadworks	1,223	390	1,223	390
Water and wastewater	1,158	3,122	1,158	3,122
Waste	46,940	40,340	46,940	40,340
Other	17,326	10,903	17,326	10,903
	<u>66,647</u>	<u>54,755</u>	<u>66,647</u>	<u>54,755</u>

These expenditures are payable:

Within 1 year	32,850	27,667	32,850	27,667
1 to 5 years	33,797	23,267	33,797	23,267
Greater than 5 years	-	3,821	-	3,821
	<u>66,647</u>	<u>54,755</u>	<u>66,647</u>	<u>54,755</u>

Capital contractual commitments

Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities are as follows and are payable within 1 year:

Roadworks	21	46	21	46
Water and wastewater	1,773	1,505	1,773	1,505
Waste	251	18	251	18
Other	11,643	5,502	11,643	5,502
	<u>13,688</u>	<u>7,071</u>	<u>13,688</u>	<u>7,071</u>

Note: All commitments are inclusive of GST.

19 Contingent liabilities and contingent assets

Contingent liabilities:

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

WorkCover self-insurer liability

The estimated claims liability for Council as a self-insurer under the *Workers Compensation and Rehabilitation Act 2003* ('the Act') as at 30 June 2015 is \$838,000 (2014: \$897,000) where estimated claims liability is defined in Section 84 of the Act. The Actuary has recommended that a provision be recognised for \$795,000 (2014: \$756,000) for the total estimated claims liability. Council has in place a bank guarantee with the ANZ Banking Group Ltd for \$5,000,000 (2014: \$5,000,000).

Other claims

The Quandamooka-Redland City Council Indigenous Land Use Agreement (ILUA) sets out broad principles and mechanisms for how parties will work together and meet their respective responsibilities for mutual benefits in accordance with the *Native Title Act 1994*. The ILUA establishes native title validation and consultation for Council's projects and a framework for other policies, programmes and initiatives for the mutual benefit of parties and local community.

Landfill Remediation

Council has historically recognised, and continues to recognise, a provision for the remediation of former landfill sites throughout the city to ensure compliance with legal obligations. The legal obligation is broad and covered in a range of legislation such as the *Environmental Protection Act 1994*, *Petroleum and Gas Act 2004*, *Sustainable Planning Act 2009* and *Work Health and Safety Act 2011* plus subordinate legislation (such as various regulations and codes of practice) and other industry guidelines.

Council is taking a risk-based approach to justify and prioritise expenditure for managing these landfills with aftercare management plans under development for each site. There will be substantial expenditure in 2015-16 to finalise the closure of Council's largest landfill site at Birkdale, which was also the most recently closed landfill. Risks will continue to be reviewed and updated in line with relevant information from site inspections, detailed investigations, environmental monitoring results, asset owner feedback, site master plans and other service standards. Costs may change over time and at least annually, this program will be reviewed to reflect the dynamic circumstances against Council prudence and efficiency measures.

Contingent assets:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2015

20 Superannuation

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

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

The scheme has three elements, referred to as:

- City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments (closed to new entrants from 1 July 1998)
- Accumulation Benefits Fund (ABF)

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

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

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

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

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

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

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

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Redland City Council made less than 4% of the total contributions to the plan in the financial year ended 30 June 2015.

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

	Consolidated		Council	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	7,396	7,070	7,396	7,070
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of councillors was:	136	130	136	130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

Note	Consolidated		Council	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
21 Trust funds				
Monies collected or held on behalf of other entities	8,026	7,579	8,026	7,579
These funds relate to monies yet to be paid out to or on behalf of those entities and Council performs only a custodial role in respect of these monies. Council separately accounts for all trust funds through a dedicated trust ledger and within a separate account whereby balances are excluded from the Consolidated Statement of Financial Position.				
22 Reconciliation of net result for the year to net cash flows from operating activities				
Net result	53,751	38,675	52,652	38,675
<u>Non-cash operating items</u>				
Depreciation and amortisation	9	51,342	47,965	51,342
Prior years errors corrected in-year		(755)	-	(755)
Non-cash contributions	5(b)	(21,200)	(5,669)	(21,200)
Bad and doubtful debts		506	(18)	506
Cost of land sold - acquired as contributed equity		820	-	-
Land acquired in lieu of rates		(2)	(61)	(2)
Fair value adjustment - investment property		(63)	-	(63)
		<u>30,648</u>	<u>42,217</u>	<u>42,217</u>
<u>Investing and development activities</u>				
Net loss on disposal of non-current assets		2,993	3,373	2,993
Capital grants, subsidies and contributions	5(b)	(29,232)	(22,078)	(29,232)
		<u>(26,239)</u>	<u>(18,705)</u>	<u>(26,239)</u>
<u>Changes in operating assets and liabilities</u>				
(Increase)/decrease in trade and other receivables		575	(5,200)	616
(Increase)/decrease in other current assets and inventories		78	219	78
Increase/(decrease) in trade and other payables		751	4,267	379
Increase/(decrease) in provisions		(6,826)	(18,018)	(6,865)
Increase/(decrease) in other current liabilities		(3,065)	(603)	(3,065)
		<u>(8,487)</u>	<u>(19,335)</u>	<u>(8,857)</u>
Net cash inflow/(outflow) from operating activities		<u>49,673</u>	<u>42,852</u>	<u>47,384</u>

23 Controlled entitiesRedland Investment Corporation Pty Ltd (Consolidated)

Redland Investment Corporation Pty Ltd (RIC) was incorporated on 2 December 2014 and is limited by shares. Council has 100% ownership of RIC. This company was formed to support the commercial activities of Redland City Council to generate revenue in addition to the traditional fees, charges and rates revenue. This company will oversee the management of property developments across the city.

The financial results of controlled entities have been consolidated into these financial statements. Separate financial statements for the controlled entity have been prepared for the financial year ended 30 June 2015 and are audited by the Auditor-General of Queensland.

Redheart Pty Ltd (Not Consolidated)

As at 30 June 2015 Council had control over Redheart Pty Ltd, a company whose principle activity was to act as the holder of the mining lease pursuant to the *Mineral Resources Act 1989* in respect of Council's German Church Road quarry operations. As at 30 June 2015, the company had net assets of \$2 and remained dormant throughout the financial year.

As the transactions in this entity are not material, it has not been consolidated with Council's financial results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

24 (a) Fair value measurements

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

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

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

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

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

Council's valuation policy and procedures are reviewed every three years. Annual reviews of depreciation, impairment, asset lives and asset balances are conducted by the Senior Management Team. Council's current policy for the recurrent valuation of property, plant and equipment is documented in Note 2.f. Non-recurring valuations are completed as necessary on reclassification. The valuation methodology maximises observable inputs. Details of valuation movements are shown in note 13.

Recognised fair value measurements

The following table represents the material asset classes measured and recognised at fair value at 30 June 2015.

2015	Gross value	Written down value	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)
	\$000	\$000	\$000	\$000
Land	228,227	228,227	12,506	215,721
Buildings	123,283	64,521	-	64,521
Roads	790,544	580,018	-	580,018
Stormwater drainage	529,254	401,376	-	401,376
Water and wastewater	1,014,791	627,330	-	627,330
Parks	80,016	42,509	-	42,509
Other infrastructure	275,854	235,146	-	235,146
Waste	14,333	9,149	-	9,149
	3,056,302	2,188,276	12,506	2,175,770

2014	Gross value	Written down value	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)
	\$000	\$000	\$000	\$000
Land	257,538	257,538	12,729	244,809
Buildings	116,330	62,946	-	62,946
Roads	765,998	567,113	-	567,113
Stormwater drainage	520,638	397,336	-	397,336
Water and wastewater	1,006,363	634,996	-	634,996
Parks	67,517	35,854	-	35,854
Other infrastructure	101,699	67,293	-	67,293
Waste	14,258	9,481	-	9,481
	2,850,341	2,032,557	12,729	2,019,828

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

Disclosed fair values of financial assets and liabilities

Council borrowings are measured at amortised cost with interest recognised in the Statement of Comprehensive Income when incurred. The fair value of borrowings is disclosed in Note 15 and is the market value of the debt as provided by Queensland Treasury Corporation. It represents the contractual undiscounted future cash flows at balance date based on prevailing market rates and represents the amount required to be repaid if this was to occur 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 carrying amount of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment where relevant. The carrying value of cash and cash equivalents is a reasonable approximation of fair value and therefore separate disclosures of the fair values are not required.

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

24 (a) Fair value measurements - continued

Valuation techniques used to derive fair values

The specific valuation techniques used to value Council's assets are documented below. Fair value represents the highest and best use of the assets having regard to the optimal financial, physical and legal use of the asset. Residual values have not been applied to any asset category.

Investments in 100% controlled entities and investments in other entities do not have a quoted market price in an active market and are valued at cost less any impairment. Shares in controlled entities have been eliminated on consolidation (refer note Controlled entities).

Land

All council freehold land was comprehensively valued as at 30 June 2011 by qualified independent external valuers, AssetVal Pty Ltd. Land re-transferred to Council from Allconnex Water was independently valued by qualified external valuers, AssetVal Pty Ltd, for determination of the fair value as at 1 July 2012.

The valuations were based on publicly available data on sales of similar land in nearby localities applying a direct comparison method. Where an active market exists and there are no unreasonable restrictions as to use and/or sale, the land was deemed to be valued as Level 2.

Where no active market existed, or there were restrictions on the use and/or sale, the land was assessed as Level 3. Land carrying a parkland zone, or land utilised for footpath or access restriction purposes, or due to its general characteristics, land that has no observable active market, has been assessed as Level 3. The most significant input to the determination of fair value is the value per square metre.

Subsequent desktop indexations were applied where the movement in land values across the city indicated a material adjustment.

Buildings

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

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

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

The movement in the Australian Bureau of Statistics Asset Valuation Non-residential Construction Index (March Quarter 2015), indicated a material movement since this valuation and as a result, indexation has been applied as at 30 June 2015.

Road infrastructure assets

Road assets were independently valued as at 1 July 2013 by Cardno (QLD) Pty Ltd. As these are specialist public service assets that are rarely independently sold, depreciated replacement cost was determined as the most appropriate valuation method. These assets were considered to have been valued using Level 3 inputs.

Unit rates were determined with reference to recent Council construction data, Cardno developed databases and cost curves, Rawlinsons Australia's Construction Handbook, and other published building indexes. These rates were applied to the asset specifications including depth, length and width. Unit rates take into consideration material, labour, service and overhead costs (Survey 6%, Design 5%, Engineering supervision 3%, Project Management 6%). All roads are divided into segments and componentised into earthworks, base, sub-base and surface to reflect different lives to each component.

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

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

The significant unobservable inputs used in the valuation of road infrastructure assets were: expected useful life, remaining life and condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

24 (a) Fair value measurements - continued

Stormwater drainage infrastructure assets

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

Other cost factors considered when developing replacement costs for passive assets were soil and development type, economies of scale and asset depth. These factors together with the asset condition, expected useful life and remaining life are considered the significant unobservable inputs used in the valuation.

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

Condition assessments of Gross Pollutant Traps - Simple and Complex were conducted by Council officers with reference to predetermined condition criteria and remaining life was derived by application of a predetermined scale.

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

Water and wastewater infrastructure assets

Infrastructure assets re-transferred from Allconnex Water were valued as at 1 July 2012 by registered valuers GHD to determine their fair value for initial recognition. Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold and as such were classified as being valued using Level 3 inputs. Significant components with differing expected useful lives and replacement costs were valued separately.

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

Cost factors taken into consideration when determining replacement cost of underground assets were soil and development type. An additional cost factor was applied to all assets located in island locations.

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

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

Condition and performance scores were assessed against remaining economic life to calculate indicative remaining useful lives that were used to determine accumulated depreciation and fair value.

The significant unobservable inputs used in the valuation were soil, development and island factors; asset performance scores (active assets) and condition; and total expected life and remaining life.

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

24 (a) Fair value measurements - continued

Parks infrastructure assets

Parks infrastructure assets were independently valued as at 30 April 2015 by qualified external valuers Cardno (QLD) Pty Ltd. The valuation was applied to the accounts as at 30 June 2015 as no material movement since valuation was identified. Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold and as a result were considered to have been valued using Level 3 valuation inputs.

Replacement cost was determined with reference to Council's historical construction records, Cardno's own database of construction costs and other published cost guides. Transportation and other costs unique to work completed on the Islands has been taken into consideration through the application of an island factor to these assets.

Asset condition was assessed by RCC internal experts and a sample confirmed as part of the valuation process by the valuer. Condition ratings were assigned based on the International Management Manual Condition Ratings (1 as new to 5 poor). Remaining lives were derived based on the condition of the assets including factors such as the age of the asset, overall condition as noted during inspection, economic and/or functional obsolescence.

The assets were depreciated with reference to expected useful lives determined through application of industry standard ranges (including Institute of Public Works Engineering Australia (IPWEA)), historic assessment of similar assets, and experience gained from similar valuations by Cardno (QLD) Pty Ltd. The condition assessment directly translates to the level of the depreciation applied.

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

Other infrastructure assets

These assets include marine, jetty facilities and seawalls and were independently valued as at 30 April 2015 by qualified external valuers Cardno (QLD) Pty Ltd. The valuation was applied to the accounts as at 30 June 2015 as no material movement since valuation was identified. Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold.

Replacement cost was determined with reference to Council's historical construction records, Cardno's own database of construction costs and other published cost guides. Transportation and other costs unique to work completed on the islands has been taken into consideration by applying an island factor to these assets.

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

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

The significant unobservable inputs used in the valuation were asset condition, total expected life and remaining life.

Waste infrastructure assets

All waste assets were independently valued as at 30 June 2011 by qualified external valuers AssetVal Pty Ltd. Depreciated replacement cost was determined as the most appropriate valuation method as these are specialist public service assets that are rarely independently sold.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

24 (b) Fair value measurement movement

Movements in asset categories fair valued using significant unobservable inputs (Level 3) are as per Note 13 for buildings, roads, stormwater, water and wastewater, parks, other infrastructure and waste.

Land is the only asset category fair valued using Level 3 and Level 2 inputs. The movement is as below:

Land asset values	Level 2	Level 3	Total
	\$000	\$000	\$000
Opening balance 1 July 2014	12,729	244,809	257,538
Additions	-	267	267
Contributed assets at valuation	-	-	-
Reclassifications	-	(10,256)	(10,256)
<u>Included in Profit and Loss</u>			
Disposals	-	(691)	(691)
<u>Included in Comprehensive Income</u>			
Net increase (decrease) in asset revaluation surplus	(223)	(18,408)	(18,631)
Closing balance at 30 June 2015	12,506	215,721	228,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

25 National Competition Policy

Code of Competitive Conduct

Business activities to which the code of competitive conduct is applied

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

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

- (a) the application of the competitive neutrality principle, by removing or taking into account any competitive advantage or disadvantage when deciding charges for goods or services;
- (b) applying full cost pricing when deciding charges for goods or services, or charging for commercial reasons;
- (c) treating the net cost of performing community service obligations as revenue, except for particular roads activities;
- (d) as part of a local government's financial reporting:
 - (i) that the local government's budget contains an estimated activity statement for each business activity; and
 - (ii) that the local government's annual financial statement contains an activity statement for each business activity.

The activity statement for each business activity must state:

- (a) the revenue from the business activity; and
- (b) the expenses for the business activity; and
- (c) the surplus or deficit for the financial year; and
- (d) if community service obligations were carried on:
 - (i) a description of the community service obligations; and
 - (ii) the cost of carrying out the community service obligations, minus the revenue from the community service obligations.

Council resolved to apply the Code of Competitive Conduct to the following business activities during the financial year ended 30 June 2015:

- Water and wastewater
- Waste Management
- Building Certification
- Redland Performing Arts Centre (RPAC)

Financial performance of activities subject to code of competitive conduct:

Significant Business Activities	Water and wastewater	Waste Management	Building Certification	RPAC
	2015 \$000	2015 \$000	2015 \$000	2015 \$000
Revenue for services provided to Council	2,191	538	22	50
Revenue for services provided to external clients	94,690	20,650	290	535
Community service obligations	409	1,493	18	203
Contribution from general fund	-	-	73	1,709
	97,290	22,681	403	2,497
Less: Expenditure	81,252	17,881	403	2,497
Operating surplus/(deficit)	16,038	4,800	-	-

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

Activities	CSO Description	Actual \$000
Water and wastewater	CSOs	
	Water not-for-profit	83
	Wastewater not-for-profit	326
		409

REDLAND CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

25 National Competition Policy - continued

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

Activities	CSO Description	Actual \$000
Waste Management	CSOs	
	Birkdale Sanitary Landfill - Gate Waiver Fees	7
	North Stradbroke Island Transfer Station	331
	Kerbside Recycling	26
	Kerbside Waste Collection	36
	Kerbside Greenwaste Collection	2
	Bulky Item Collection for HAS clients	18
	Russell Island Transfer Station	398
	Macleay Island Transfer Station	348
	Lamb Island Transfer Station	98
	Karragarra Island Transfer Station	93
Coochiemudlo Island Transfer Station	136	
	1,493	
Building Certification Services	CSOs	
	Delivery of professional advice at customer service points	18
	<i>Contribution from General Fund</i>	73
	91	
Redland Performing Arts Centre	CSOs	
	Discounts offered on commercial ticketing	203
	<i>Contribution from General Fund</i>	1,709
	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 performing arts - providing a focal place for the community to celebrate its diversity and undertake civic functions	
	1,912	

Anticipated changes to Business Activities

It is expected that there will be no new Business Activities to which the Code of Competitive Conduct (CCC) will be applied for the financial year ending 30 June 2016.

For the financial year ending 30 June 2016, Council has determined to no longer classify Redland Performing Arts Centre as a business activity subject to the code of competitive conduct as it no longer meets the criteria.

26 Events after the reporting period

The AASB issued AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-For-Profit Public Sector Entities* on 13 July 2015. The standard is effective for annual reporting periods beginning on or after 1 July 2016, however early adoption is permitted. Council elected to early adopt this accounting standard. Refer note 1.h for the impact on Council's consolidated financial statements.

Council resolved to transfer properties to Redland Investment Corporation Pty Ltd as at 1 July 2015 at book value \$10,155,000. These properties are reflected in Council's consolidated financial statements as non-current assets held-for-sale. For the purposes of the consolidated financial statements, these properties are disclosed as part of Inventories (note 12) to reflect the change in intention to the group.

**REDLAND CITY COUNCIL
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015**

**MANAGEMENT CERTIFICATE
For the year ended 30 June 2015**

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

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

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



Mayor
Karen Williams

Date: 15 / 10 / 15



Chief Executive Officer
William Harold Lyon

Date: 15 / 10 / 15

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Redland City Council

Report on the Financial Report

I have audited the accompanying financial report of Redland City Council, which comprises the statement of financial position as at 30 June 2015, 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 the Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that 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 of 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 risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Auditor's 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 respect of 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 and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters – Electronic Presentation of the Audited Financial Report

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



J F Welsh FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

REDLAND CITY COUNCIL
MEASURES OF FINANCIAL SUSTAINABILITY
For the year ended 30 June 2015

TABLE OF CONTENTS

Current-year financial sustainability statement
Independent auditor's report - current year sustainability statement
Long-term financial sustainability statement

REDLAND CITY COUNCIL
CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT
 For the year ended 30 June 2015

Measures of Financial Sustainability

	How the measure is calculated	Actual	Target
Council's consolidated performance at 30 June 2015 against key financial ratios and targets:			
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	2.61%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on replacement of infrastructure assets (renewals) divided by depreciation expense on infrastructure assets	36.44%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-22.96%	Below 60%

Council's performance at 30 June 2015 against key financial ratios and targets:

Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	2.16%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on replacement of infrastructure assets (renewals) divided by depreciation expense on infrastructure assets	36.44%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-22.13%	Below 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited consolidated general purpose financial statements for the year ended 30 June 2015. The asset sustainability ratio is calculated based on capital expenditure on replacement/renewal of infrastructure assets.

Certificate of Accuracy

For the year ended 30 June 2015

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

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



Mayor
 Karen Williams

Date: 15 / 10 / 15



Chief Executive Officer
 William Harold Lyon

Date: 15 / 10 / 15

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Redland City Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Redland City Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Redland City Council, for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



J F Welsh FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane







Redland
CITY COUNCIL