

Annual Financial Statements

For the year ended 30 June 2009

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Income statement

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
Revenue			
Recurrent revenue			
Net rates and utility charges	4(a)	139,828,031	122,944,439
Fees and charges	4(b)	17,258,192	17,522,288
Rental income	4(c)	305,847	397,420
Interest received	4(d)	4,916,206	5,141,557
Sales-contract and recoverable works	4(e)	1,987,006	4,319,765
Other recurrent income	4(f)	2,166,716	1,681,393
Grants, subsidies and contributions	5(a)	10,671,905	9,556,325
Total recurrent revenue		177,133,902	161,563,186
Capital revenue			
Grants, subsidies and contributions	5(b)(i)	19,558,700	18,602,204
Non-cash developer contributions	5(b)(ii)	21,134,300	13,051,593
Net adjustment for prior years assets	6	-	8,180,258
Increase/(decrease) in investment property		(47,600)	15,600
Total capital revenue		40,645,400	39,849,655
TOTAL REVENUE		217,779,302	201,412,841
Expenses			
Employee benefits	7	(64,083,510)	(59,629,863)
Materials and services	8	(75,740,967)	(69,458,869)
Finance costs	9	(644,426)	(9,123,373)
Depreciation and amortisation	10	(45,459,850)	(48,077,028)
Loss on disposal of non-current assets	11	(4,475,391)	(1,430,336)
Loss on impairment	12	-	(251,922)
Total recurrent expenses		(190,404,144)	(187,971,390)
TOTAL EXPENSES		(190,404,144)	(187,971,390)
NET RESULT ATTRIBUTABLE TO COUNCIL		27,375,158	13,441,451

The above statement should be read in conjunction with the accompanying notes.

Balance sheet

As at year ended 30 June 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	13	80,900,276	71,043,320
Trade and other receivables	14(a)	13,749,546	15,564,167
Inventories	15	578,634	510,370
Non-current assets classified as held for sale	16(a)	131,967	153,157
Non-current assets held for transfer	16(b)	-	82,218,404
Other assets	17	1,946,657	1,031,689
Total current assets		97,307,081	170,521,107
NON-CURRENT ASSETS			
Trade and other receivables	14(b)	61,253	124,582
Investment property	18	3,628,000	3,675,600
Property, plant and equipment	19	2,064,392,033	1,963,331,412
Capital work in progress	20	13,525,276	9,706,158
Intangible assets	21	1,118,800	1,217,634
Total non-current assets		2,082,725,362	1,978,055,386
TOTAL ASSETS		2,180,032,443	2,148,576,492
CURRENT LIABILITIES			
Trade and other payables	22	18,409,460	19,751,393
Interest bearing loans and borrowings	23	1,564,427	87,278,546
Employee benefits	24(a)	5,521,092	5,356,162
Provisions	25(a)	3,314,589	2,043,311
Other liabilities	26	1,696,261	7,332,467
Total current liabilities		30,505,829	121,761,879
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	23	39,096,670	41,252,720
Employee benefits	24(b)	8,265,450	7,278,553
Provisions	25(b)	22,799,771	20,137,388
Total non-current liabilities		70,161,892	68,668,662
TOTAL LIABILITIES		100,667,720	190,430,540
NET COMMUNITY ASSETS		2,079,364,723	1,958,145,951
COMMUNITY EQUITY			
Asset revaluation reserve	27	1,182,291,910	1,108,084,890
Retained surplus		859,063,613	815,963,526
Other reserves	28	38,009,200	34,097,535
TOTAL COMMUNITY EQUITY		2,079,364,723	1,958,145,951

The above statement should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 30 June 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		156,594,628	139,897,441
Payments to suppliers and employees		(141,307,804)	(132,688,664)
		15,286,824	7,208,777
Interest received		4,916,206	5,141,557
Operating grants and contributions		12,353,798	11,457,695
Borrowing costs		(2,708,060)	(7,460,128)
Net cash inflow from operating activities	33	29,848,768	16,347,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(40,611,443)	(37,872,565)
Payments for intangible assets		(532,136)	(556,444)
Net repayment in loans to community groups		63,449	60,078
Proceeds from sale of property, plant & equipment		85,355,338	1,549,528
Capital grants and contributions		19,558,700	18,602,204
Net cash inflow/(outflows) from investing activities		63,833,909	(18,217,199)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	23	-	14,000,000
Repayment of borrowings		(83,825,721)	(18,173,764)
Net cash outflow from financing activities		(83,825,721)	(4,173,764)
Net increase/(decrease) in cash held		9,856,956	(6,043,063)
Cash at beginning of financial year		71,043,320	77,086,383
Cash at end of financial year	13	80,900,276	71,043,320
The above statement should be read in conjunction with the accompanying notes.			

Statement of changes in equity

For the year ended 30 June 2009

	Total		Retained surplus		Asset revaluation reserve (note 27)		Other reserves (note 28)	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Balance at beginning of period	1,958,145,951	1,925,287,101	815,963,526	811,117,277	1,108,084,890	1,087,271,876	34,097,535	26,897,948
Adjustments to opening balances (note 2)	(2,844,812)	-	16,620,622	-	(19,434,065)	-	(31,369)	-
Net result for the period	27,375,158	13,441,451	27,375,158	13,441,451	-	-	-	-
Transfers to reserves	-	-	(28,711,750)	(21,746,385)	-	-	28,711,750	21,746,385
Transfers from reserves	-	-	24,768,716	14,546,798	-	-	(24,768,716)	(14,546,798)
Asset revaluation reserve adjustments	93,641,085	20,813,014	-	-	93,641,085	20,813,014	-	-
Retained earnings adjustments	3,047,340	(1,395,616)	3,047,340	(1,395,616)	-	-	-	-
Balance at end of period	2,079,364,723	1,958,145,951	859,063,613	815,963,526	1,182,291,910	1,108,084,890	38,009,200	34,097,535

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2009

1. Basis of preparation

1.01 Constitution

The Redland City Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

1.02 Date of authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

1.03 General

This financial report has been prepared as a general purpose financial report and complies with the requirements of the Local Government Act 1993, the Local Government Finance Standard 2005 and the Australian Accounting Standards.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets. The financial statements are also in line with recent changes to AASB7 - Financial Instruments for periods commencing after 1 July 2007. Changes to AASB7 include disclosure of all risks and information regarding how financial instrument risks are managed and applies to all financial instruments, including receivables and payables (except as specified).

Except where otherwise stated, the financial report has been prepared in accordance with the historical cost basis. Unless otherwise stated, accounting policies are the same as the previous year.

1.04 Currency

The Council uses the Australian Dollar as its functional currency and its presentation currency.

1.05 Basis of consolidation

At 30 June 2009 the Council had control over Redheart Pty Ltd a company whose principal activity was to act as the holder of the mining lease pursuant to the Mineral Resources Act in respect of the Council's German Church Road quarry operations. As at 30 June 2009 the company had net assets of \$2 and remained dormant throughout the financial year.

1.06 Rounding and comparatives

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

1.07 Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

1.08 Judgements and assumptions

The Council has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

2. Summary of significant accounting policies

2.01 Rates, grants and other revenue

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

(i) Rates

Rate revenue is recognised at the time the rates are levied or rate monies are received whichever is the earlier.

(ii) Grants and subsidies

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

(iii) Non-cash contributions

Physical assets contributed to Council by Developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. In these circumstances, an accrual is raised to recognise the revenue and the assets contributed.

(iv) Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

(v) Other Revenue

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

2.02 Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are readily convertible to cash at the Council's option without penalty and that are subject to a low risk of changes in value. The Council considers all its term deposits, being for periods of less than three months to be cash equivalents.

2.03 Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors generally within 30 days from the invoice date.

The collectability of receivables is assessed periodically with allowance being made for impairment. All known bad debts were written-off at 30 June.

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

2.04 Other assets

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

2.05 Inventories

All Council inventories are held for distribution. 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 the lower of cost and replacement cost.

2.06 Financial assets and financial liabilities

Redland City Council has categorised the financial assets and financial liabilities held at balance date in note 34 (d). Financial assets and financial liabilities are presented separately from each other, offsetting has not been applied.

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately. The fair value of borrowings, as disclosed in note 23 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk.

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

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

Available for sale financial assets are measured at cost, as fair value cannot be reliably measured, therefore no fair value is disclosed.

2.07 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are initially recorded at cost and subsequently at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms' length transaction. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise.

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

2.08 Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, accumulated depreciation and impairment loss.

(i) Acquisition of assets

Acquisitions of assets are initially recorded at cost and in the cases of some infrastructure assets such as water, wastewater, stormwater and roads, at a standard unit rate value. Cost is determined as the fair value of the assets given as consideration such as cost of materials, direct labour and where relevant, the initial estimate of restoring the site on which the assets are located, plus costs incidental to the acquisition, including all costs incurred in preparing the assets for use. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

Non-monetary assets received in the form of roadworks, water and sewerage infrastructure and park equipment are recognised as assets and revenues at fair value by Council valuation.

The cost of non-current assets constructed by the Local Government includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads. Maintenance and repair costs are expensed as incurred.

Non-current asset thresholds for recognition purposes are as follows:

Office equipment and furniture.....	\$200
Plant and equipment.....	\$500
Infrastructure	\$5,000
Heritage Assets	\$200
Computer equipment.....	\$1,000
Computer softwar.....	\$1,000
Parks and gardens.....	\$500
Building	(all)
Land	(all)

(ii) 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.

(iii) Depreciation

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

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

Depreciation has been calculated on all assets using the straight line method.

Major depreciation periods are:

Road Seal.....	10-20 years
Road Pavement.....	80 years
Buildings.....	50 years
Water and wastewater infrastructure.....	20-80 years
Plant and equipment.....	3-15 years
Other non-current assets.....	5-80 years

(iv) Valuation

Land, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and the *Local Government Finance Standard 2005*. Other plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in value.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement from 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 reserve relating to 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.

(v) Transfer of bulk water assets

In the 2006-2007 year, the Queensland Water Commission released its final report to the Queensland Government on the Urban Water Supply Arrangement in South East Queensland. The report outlined a range of structural and regulatory reforms for urban water supply arrangements in South East Queensland including enhanced economic regulation and pricing.

(a) Bulk water

The *South East Queensland Water (Restructuring) Act 2007* (Restructuring Act) provides the legislative basis to effect the first stage of the Government's reforms by facilitating bulk water supply and transport business restructure in SEQ. Among other things, the Restructuring Act provides for the establishment of four new statutory authorities to participate in urban water supply arrangements in SEQ. The new entities comprise:

- Three new bulk water authorities to own and operate bulk water supply, transport and manufactured water infrastructure;
- A Water Grid Manager to operate the water grid.

Pursuant to a transfer notice under the Restructuring Act, Council's bulk water assets and certain freehold land and employees were transferred to the Queensland Bulk Water Supply Authority and the Queensland Bulk Water Transport Authority on 1 July 2008.

Compensation for the transfer was initially paid to the Queensland Treasury Corporation in settlement of Council debts outstanding at the transfer date, with the remaining balance then paid to Council.

Transfer details: 1/07/2008

Assets	
Property, plant and equipment (at book value prior to impairment on 30 June 2008)	123,596,170
Liabilities	
Provisions – Employee benefits	(575,704)
Book value of net asset transferred	123,020,466
Compensation received	82,322,765
Net gain/(loss) on transfer	(40,697,701)

A loss of \$40,697,701 arose from the use of different methods to determine the value of the assets to be transferred as determined by the State Government and their book values according to Council's valuation methodologies. This loss was accounted for as an impairment of the relevant assets in the 2007-2008 year.

A gain of \$4,044,448 arose from the early settlement of the Queensland Treasury Corporation loan. This represents the difference between the book and market values of the loan on 1 July 2008 based on the interest rate applicable on that date.

(b) Distribution and Retail Water

Further reforms proposed by the Queensland Water Commission include the creation of

- A single “distribution” company jointly-owned by local government to own and operate the region’s water and wastewater reticulation networks and wastewater treatment plants: and
- Three “retail” entities jointly owned by local government.

Commencement of the distribution and retail entities will occur as at 1 July 2010. The transfer of assets and operations from each Council to those entities are likely to occur in the financial year ending 30 June 2010. As the impact of these changes is not yet determined, no account has been taken of them in preparing this financial report.

2.09 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 fixed and variable overheads.

2.10 Leasing

All leases are operating leases. 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.

2.11 Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, Council determines the asset’s recoverable amount. Any amount by which the asset’s carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset’s recoverable amount is determined as the higher of the asset’s fair value less costs to sell and depreciated replacement cost.

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

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

2.12 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 30 days from the end of the month of the date of invoice.

2.13 Liabilities - employee benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the balance date. Liabilities for employee entitlements are assessed at each balance date. Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements. Annual leave is treated as a current liability. Long service leave that is expected to be taken in the next twelve months is treated as a current liability, otherwise it is treated as non-current.

(i) Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at balance date based on current pay rates in respect of employees’ services to that date.

(ii) Annual Leave

A liability for annual leave is recognised based on current wage and salary levels indexed by certified enterprise bargaining agreement increases and related employee on-costs such as superannuation contributions.

(iii) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 31.

(iv) Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the balance date. The value of the liability is calculated using current pay rates indexed by certified enterprise bargaining agreement increases and related employee on-costs such as superannuation contributions and discounted using rates attached to Commonwealth Government bonds at balance date which had maturity dates approximating the terms of the Council’s liabilities.

(v) Sick Leave

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

2.14 Provisions for remediation of landfill sites and quarry

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

2.15 Components of equity

(i) Asset revaluation reserve

This reserve is comprised of adjustments relating to changes in the fair value of non-current assets which arise primarily from changes in the purchasing power of money, including restatements of non-monetary assets. Net incremental changes in the carrying value of classes of non-current assets, since their initial recognition, are accumulated in this reserve.

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

(ii) Retained surplus

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

(iii) Other reserves

The following reserves are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

Constrained works reserves

This reserve includes all contributions of monetary revenue received during the reported and previous periods which are constrained for the purpose of funding specific expenditure. As the expenditure is incurred on specified projects, the equivalent amounts are transferred to retained surplus. The closing balance reported at the period end represents amounts not yet expended and must be retained until expended in the manner specified by the contributor or relevant legislation.

Special projects reserve

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

Special capital projects reserve

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

Separate charge reserve - environment

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

Special charge reserve - other

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

Special charge reserve - canals

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

2.16 National Competition Policy

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

2.17 Financial risk management

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

Authorised investments comprise:

- Deposits with a financial institution;
- Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- Investment with Queensland Treasury Corporation (QTC) Cash fund, QTC 11am fund or QTC Debt Offset Facility; QTC Cash trust, QTC Pooled Cash Fund. An investment arrangement with a rating prescribed under a regulation for this paragraph;
- Other investment arrangements prescribing under a regulation for this paragraph.

2.18 Trust funds held for outside parties

Funds held in the separate Trust Account on behalf of outside parties includes proceeds in excess of rates and charges recovered through sale of land for overdue rates and various security deposits lodged to guarantee performance. The Council performs a custodial role in respect of these monies and because they cannot be used for Council purposes, they are not considered to be revenue nor brought to account in the Financial Statements. They are disclosed in Note 32 to the financial statements for information purposes only.

2.19 Taxation

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

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

2.20 Borrowings

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Borrowing costs, which includes interest calculated using the effective interest method and administration fees for QTC, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing. Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets. Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet.

Gains and losses on the early redemption of borrowings are recorded in other revenue/expenses.

2.21 Subsequent events

As per AASB 110, s.21 the following subsequent events occurred after 30 June 2009 and are all classified as non-adjusting events:

Council budgeted to invest in the LG Water entity from 1 July 2009 to the order of \$2.6 million.

Confirmation was received that Redland Water will form part of the Water Business 3 (impact to Redland City Council can be seen from RW balance sheet as at 30 June 2010).

2.22 Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non current asset where the council holds title or a financial lease over the asset. The Redland City 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.

2.23 Standards on issue as at 30 June 2009

The following Australian Accounting Standards, issued on the dates shown are not mandatory for the financial year 2008-09 and have not been early adopted. Council is not expecting any material changes from the standards below.

The items below are mandatory for the years ending on or after 31 December 2010

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process (May 2009)

The items below are mandatory for the years ending on or after 30 June 2010

AASB 3 Business Combinations (Revised, March 2008), AASB 127 Consolidated and Separate Financial Statements (Revised, March 2008), AASB 2008-3 Amendments to Australian Accounting Standards (March 2008), AASB 2008-11 Amendments to Australian Accounting Standard - Business Combinations among Not for Profit entities [AASB 3] (November 2008) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008), AASB 2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items (August 2008),

AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Process (May 2009), AASB 2009-7 Amendments to Australian Accounting Standards (July 2009) editorial amendments only Interpretation 17 Distributions of Non-cash Assets to Owners (December 2008), AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners (December 2008) Interpretation 18 Transfer of Assets from customers (March 2009)

The items below are mandatory for years ending 31 December 2009.

AASB 8 Operating Segments (February 2007), AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (February 2007) [Applicable when AASB 8 is applied], AASB 101 Presentation of Financial Statements (Revised, September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (December 2007), AASB 2007-10 Further amendments to Australian Accounting Standards arising from AASB 101 (December 2007), AASB 1039 Concise Financial Reports (Revised August 2008), AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (September 2008) AASB 123 Borrowing costs (Revised, June 2007), AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (June 2007) [Applicable when revised to AASB 123 is applied] 2009-1 Amendments to Australian Accounting Standards - Borrowing Costs for Not-for-Profit Public Sector Entities (April 2009) [Applicable when AASB 123 is applied] AASB 2008-1 Amendments to Australian Accounting Standard - Share-based payment: Vesting Conditions and cancellations (February 2008), AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008), AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary Jointly Controlled Entity or Associate (July 2008), AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (April 2009) AASB 2009-6 Amendments to Australian Accounting Standards (June 2009) - editorial amendments only Interpretation 15 Agreements for the Construction of Real Estate (August 2008)

The items below are mandatory for years ending 30 September 2009.

Interpretation 16 Hedges of a Net Investment in a Foreign Operation (August 2008)

Note 2.24 Changes to accounting policies, estimates and errors

In the process of preparing the 2008-2009 financial statements, it was discovered that certain assets had been omitted or incorrectly recorded on Council's asset registers. The nature of these corrections for prior period errors is detailed below.

(1) - Property, plant and equipment**Land assets**

Council confirmed its freehold status of a large parcel of land which was previously recorded in State Government ownership. 5,070,000

Corporate assets

Council confirmed ownership of a building that had not previously been taken into account. 86,115

Roads infrastructure assets

The new version of SMEC converted to during 2008-09 allows for the disposal of old road seals when a new seal is laid. This adjustment reflects the disposals of the old seals in the opening balance written off as a result of the new system. 728,934

Stormwater infrastructure assets

These assets were written off as it was determined they were owned by Main Roads or Queensland Rail. This adjustment reflects the correction of duplicate assets and an additional accrual taken up to reflect the expected adjustment to the asset base as a result of ongoing data cleansing project related to Stormwater assets. (14,938,384)
7,000,699

Water infrastructure assets

System errors resulted in the incorrect application of valuation data in a previous period. This adjustment reflects the correction of these errors and the recognition of assets installed in prior periods and not previously brought to account. (4,968,293)

Wastewater infrastructure assets

System errors resulted in the incorrect application of valuation data in a previous period. This adjustment reflects the correction of these errors and the recognition of assets installed in prior periods and not previously brought to account. 683,218

Parks infrastructure assets

Through stocktake processes additional assets were found to have not been recorded or had been incorrectly captured in the asset register. 248,261

Other infrastructure assets

This adjustment reflects the capitalisation of the canal revetment wall expenses written off as expenditure in the previous year. 2,409,950

Waste infrastructure assets

This adjustment reflects the capitalisation of assets that were treated as operating expenditure in a previous period. 22,966

Total adjustments to property, plant and equipment (3,656,534)

A small number of immaterial accounting errors were also corrected for prior periods as detailed below.

(2) - Capital work in progress

WIP jobs incorrectly written off in prior period	269,379
--	---------

(3) - Trade and other payables

Duplication of an accrued expense in prior period	573,712
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(4) - Other liabilities

Unearned grants moved from other reserves to other liabilities	(31,369)
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AASB108 Accounting Policies, Changes in Accounting Estimates and Errors requires an entity to correct material prior period errors retrospectively in the first financial report authorised for issue after their discovery by restating the comparative amounts for the prior period or restating the opening balances for the earliest prior period presented. When it is impracticable to determine the period specific effects of an error AASB108 allows the opening balances to be restated for the earliest period for which retrospective restatement is practicable (this may be the current period). Council has made all corrections for prior period errors to the opening balance, that is 1 July 2008, due to the fact that it is impracticable to adjust a large number of small value networked assets.

	Audited 30 June 2008	Adjustment	Restated 1 July 2008
Property, plant and equipment	1,963,331,412	(3,656,534)	1,959,674,878
Capital work in progress	9,706,158	269,379	9,975,537
Trade and other payables	19,751,393	(573,712)	19,177,681
Other liabilities	7,332,467	31,369	7,363,836
Asset revaluation reserve	1,108,084,890	(19,434,065)	1,088,650,825
Retained surplus	815,963,526	16,620,622	832,584,148
Other reserves	34,097,535	(31,369)	34,066,166

3. Statement of functions and activities

3(a). Analysis of results by function

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

Functions	Revenue		Total revenue 2009 \$	Total expenses 2009 \$	Net result 2009 \$	Assets 2009 \$
	Grants	Other				
	2009 \$	2009 \$				
Chief Executive Office Department	-	4,477	4,477	4,667,297	(4,662,820)	252,143
Customer Services Department	4,758,818	30,619,137	35,377,955	94,559,443	(59,181,488)	212,087,678
Redland Water & Wastewater Department	3,292	79,197,775	79,201,067	58,090,257	21,110,810	760,210,995
Planning and Policy Department	11,822,756	24,282,999	36,105,755	33,872,127	2,233,628	1,050,799,045
Corporate Services Department	6,084,501	61,005,547	67,090,048	(784,980)	67,875,028	156,682,582
Total	22,669,367	195,109,935	217,779,302	190,404,144	27,375,158	2,180,032,443

Prior year

Functions	Revenue		Total revenue	Total expenses	Net result	Assets
	Grants	Other				
	2008 \$	2008 \$	2008 \$	2008 \$	2008 \$	2008 \$
Chief Executive Office Department	2,250	40,775	43,025	5,389,290	(5,346,265)	155,783
Customer Services Department	7,620,170	16,464,093	24,084,263	77,953,885	(53,869,622)	152,843,308
Redland Water & Wastewater Department	103,689	86,315,919	86,419,608	65,761,345	20,658,263	805,219,021
Planning and Policy Department	1,908,191	26,952,294	28,860,485	27,770,227	1,090,258	1,048,026,592
Corporate Services Department	4,522,061	57,483,399	62,005,460	11,096,643	50,908,817	142,331,788
Total	14,156,361	187,256,480	201,412,841	187,971,390	13,441,451	2,148,576,492

Statement of functions and activities

3(b) Component Programs/Functions

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

Chief Executive Office

The Chief Executive Officer (CEO) is responsible for the overall management of the organisation. The CEO is the link between the elected Council and the organisation and is responsible for ensuring that Council decisions are implemented.

Customer Services

Customer Services is responsible for responding to areas of Council in relation to operational support. It comprises five Groups: Assessment Services, Customer & Community Services, Operations and Maintenance, Project Delivery Group, and the Office of the General Manager. It also incorporates all waste management functions including quality and environmentally sensitive waste collection, recycling and disposal infrastructure and services.

Planning and Policy

Planning and Policy is responsible for developing medium and long term tactical plans of 5 - 10 years to address Council's corporate outcomes through capital works programs and financial projections. The Planning and Policy Groups also develop more specific capital works and services programs to achieve outcomes identified in the Corporate Plan through three-year operational plans and budget projections and a comprehensive annual program of capital works. Planning and Policy consists of 7 groups: Land Use, Environmental Management, Community and Social Planning, Economic Development, Infrastructure Development, Corporate Planning Performance and Risk and the Office of the General Manager.

Corporate Services

Corporate Services is responsible for delivery of the following internal services: - Marketing and Communications, Financial Services, Human Resources, Information Management, Legal Services and Corporate Acquisitions Fleet and Facilities.

Redland Water & Wastewater

This is a Type II business unit responsible for the provision of quality and environmentally sensitive water and waste water infrastructure and services.

4. Revenue analysis

Note

2009 \$

2008 \$

(a) Rates and charges

General rates	56,838,026	52,447,839
Special charges	1,956,355	1,788,672
Environment levy	7,234,704	5,664,109
Water access	13,050,353	12,334,893
Water consumption	16,015,736	9,124,656
Wastewater	33,640,605	30,939,053
Trade waste	1,093,893	1,052,207
Waste disposal	12,161,001	11,529,138
Total rates and utility charges	141,990,673	124,880,567
Less pensioner remissions	(2,162,643)	(1,936,128)
Net rates and utility Charges	139,828,031	122,944,439

(b) Fees and charges

Fines and penalties	672,983	703,029
Mooring and parking fees	743,586	626,213
Search fees	777,113	1,084,350
Building application fees	1,524,332	1,986,568
Development application fees	1,880,867	2,458,686
Water and sewerage application fees	445,385	569,726
Camping fees	1,621,209	1,285,108
License fees	1,676,927	1,336,639
Weighbridge collection fees	1,079,963	960,021
Child care fees	2,927,863	2,723,288
Other fees and charges	3,907,963	3,788,659
	17,258,192	17,522,288

(c) Rental income

Investment property rentals	305,847	397,420
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(d) Interest received

Interest received from financial institutions	4,518,158	4,722,475
Interest from rates and utility charges	398,048	419,082
	4,916,206	5,141,557

	Note	2009 \$	2008 \$
(e) Sales-contract and recoverable works			
Recoverable works		1,987,006	4,319,765
(f) Other recurrent income			
Miscellaneous income		2,080,575	1,572,057
Services and product sales		86,141	109,336
		2,166,716	1,681,393
5. Grants, subsidies and contributions			
(a) Recurrent - government grants and subsidies, and other contributions are analysed as follows:			
Contributions		407,302	2,264,138
Government subsidies and grants		4,294,444	3,025,839
General purpose government grants		5,970,158	4,266,348
Total recurrent revenue		10,671,905	9,556,325
(b) Capital - government grants and subsidies, other contributions and donations are analysed as follows:			
(i) Monetary revenue constrained for capital funding purposes			
Government subsidies and grants		12,404,764	6,864,174
Contributions		7,153,936	11,738,030
Total constrained revenue		19,558,700	18,602,204
(ii) Non-monetary revenue received is analysed as follows:			
Infrastructure from developers at fair value		21,134,300	13,051,593
Total non-monetary revenue		21,134,300	13,051,593
Total capital revenue		40,693,000	31,653,797
Conditions over contributions			
Contributions and grants which were recognised as revenues 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:			
Road infrastructure		1,706,401	2,073,941
Parks infrastructure		967,576	1,758,570
Water and wastewater infrastructure		3,918,312	7,839,519
Grants and contributions		8,327,021	3,200
		14,919,310	11,675,229

	Note	2009 \$	2008 \$
Contributions and grants which have been recognised as revenue in a previous reporting period and were expended during the current reporting period in accordance with Council's obligations.			
Road infrastructure		1,771,924	270,897
Parks infrastructure		1,505,648	902,138
Water & wastewater infrastructure		4,315,568	-
Grants and contributions		-	1,011,968
		7,593,140	2,185,003

6. Net adjustment for prior year assets

Buildings		-	124,700
Plant and equipment		-	2,200
Road infrastructure and stormwater assets		-	7,534,521
Water infrastructure		-	1,929,027
Wastewater infrastructure		-	(2,019,679)
Parks infrastructure		-	578,373
Other infrastructure		-	31,116
		-	8,180,258

During the 2008-09 financial year Council changed the accounting treatment for adjustments for prior year assets. Refer to Note 2.24 for details.

7. Employee expenses

Total staff wages and salaries		49,196,397	46,466,167
Annual leave and long service leave entitlements		6,097,363	4,973,963
Superannuation		5,880,462	5,522,644
		61,174,222	56,962,773
Other employee related expenses		5,771,275	5,604,614
		66,945,498	62,567,388
Less: Capitalised employee costs		(4,008,517)	(4,051,826)
		62,936,981	58,515,562
Councillors' remuneration		1,146,530	1,114,301
		64,083,510	59,629,863

	Note	2009 \$	2008 \$
8. Materials and services			
Redland Water & Wastewater - outsourcing costs		3,443,941	5,766,282
Other Council outsourcing costs		37,530,043	30,988,180
Purchase of materials		13,430,595	10,920,075
Office administration costs		6,275,922	7,218,001
Electricity charges		4,699,892	3,847,717
Plant operations		4,743,697	4,257,747
Information technology resources		2,104,479	2,054,204
Office equipment		303,913	530,239
General insurance		1,111,632	1,012,376
Community assistance		1,142,816	1,889,778
Audit services		151,343	197,188
Other material & service expenses		802,695	777,083
		75,740,967	69,458,869

Outsourcing costs for Redland Water & Wastewater reduced significantly due to the transfer of Bulk Water assets to State Government ownership on 1 July 2008.

9. Finance costs

Finance costs charged by the Queensland Treasury Corporation		2,708,060	7,460,128
Bank charges		389,272	380,911
Bad debts		64,038	(7,820)
Borrowing costs - landfill and quarry remediation		1,527,504	1,290,154
Market value adjustment		(4,044,448)	-
		644,426	9,123,373

Proceeds from transfer of bulk water assets to the state government on 1 July 2008 were applied against QTC loan borrowings, significantly lowering finance costs in 2009 year.

	Note	2009 \$	2008 \$
10. Depreciation and amortisation			
(a) Depreciation of non current assets			
Buildings		3,043,782	2,916,245
Plant and equipment		3,836,142	3,747,206
Other assets		862,059	801,389
Road and stormwater drainage		13,837,769	11,941,377
Water		7,700,919	12,342,344
Wastewater		8,213,915	7,957,429
Parks		3,309,756	3,238,636
Other infrastructure assets		4,024,538	4,543,584
		44,828,880	47,488,211
The transfer of bulk water assets to the state government on 1 July 2008 resulted in a lower depreciation charge for water infrastructure.			
(b) Amortisation of intangible assets			
Software		630,970	588,818
Total depreciation and amortisation		45,459,850	48,077,028
11. Loss on disposal of non-current assets			
(i) Proceeds from the sale of property, plant and equipment		(808,225)	(1,117,354)
Less: book value of property, plant and equipment disposed		5,346,311	2,513,311
		4,538,086	1,395,957
(ii) Proceeds from the sale of land		(2,072,818)	(309,841)
Less: book value of land disposed		2,338,003	344,220
		265,185	34,379
(iii) Proceeds from the sale of non-current assets held for sale		(151,531)	(122,333)
Less: book value of disposed non-current assets held for sale		153,157	122,333
		1,626	-
(iv) Proceeds from non-current assets held for transfer		(82,322,765)	-
Less: book value of disposed assets held for transfer		81,993,259	-
		(329,506)	-
		4,475,391	1,430,336

	Note	2009 \$	2008 \$
12. Loss on impairment			
Loss on impairment of assets classified as held for sale		-	18,805
Loss on impairment of property, plant and equipment		-	233,117
		-	251,922

13. Cash and cash equivalents

Cash at bank		399,575	1,167,389
Cash on hand		18,605	18,605
Deposits at call		80,482,096	69,857,326
Balance per cash flow statement		80,900,276	71,043,320
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent grants and contributions		8,327,021	5,698,211
Unspent developers contributions		12,296,764	13,297,615
Total unspent restricted cash		20,623,785	18,995,826

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

14. Trade and other receivables

(a) Current

Rates and utility charges		8,673,150	6,599,504
Other debtors		3,181,493	7,495,879
GST recoverable		1,915,419	1,454,387
Loans and advances to community organisations		59,144	59,263
Less: Allowance for impairment		(79,659)	(44,867)
		13,749,546	15,564,167

(b) Non-current

Loans and advances to community organisations		61,253	124,582
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Interest is charged on outstanding rates at 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk interest for rates and utility charges, fees and other receivables. Loans relate to advances made to various sporting and community organisations in the Redland City. All loans are made on an interest free basis.

	Note	2009 \$	2008 \$
15. Inventories			
Inventories held for distribution			
Gravel stockpiles		124,500	139,376
Plant and equipment stores		454,134	370,994
		578,634	510,370
All inventories held by Council throughout the financial year were held for distribution. All inventories are valued at the lower of cost and replacement value.			
16. Non-current assets classified as held for sale/transfer			
(a) Non-current assets held for sale			
Plant and equipment		131,967	171,962
Impairment adjustment in period		-	(18,805)
		131,967	153,157
(b) Non-current assets held for transfer			
Bulk water assets - held for transfer		-	82,218,404
These assets were the Redland Water and Wastewater assets held by Council and transferred to state government ownership on 1 July 2008.			
17. Other assets			
Prepaid registration		59,396	57,031
Prepaid insurance		136,625	144,034
Prepaid salaries and wages		557,933	-
Prepaid other expenses		1,192,703	830,624
		1,946,657	1,031,689
18. Investment property			
Opening balance		3,675,600	3,660,000
Change in fair value of investment property		(47,600)	15,600
		3,628,000	3,675,600

Investment properties include a block of 4 shops situated at Dollery Road Capalaba. This property was revalued by external valuers AssetVal Pty Ltd as at 30 June 2009 based on a capitalisation of income approach.

19(a). Property, plant and equipment

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water	Wastewater	Parks	Waste and other infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	
Asset values										
Opening gross value	297,764,939	120,738,497	37,438,687	598,673,846	419,899,611	4 51,996,607	523,640,789	69,565,005	157,967,041	2,677,685,023
Adjustments to opening asset values	5,070,000	160,000	(2,357)	(27,034,607)	(12,853,357)	(9,859,828)	976,145	704,179	2,303,530	(40,536,295)
Additions at cost	7,322,711	3,521,980	7,165,865	11,333,435	502,456	2,628,762	1,204,565	2,655,828	2,977,602	39,313,203
Contributed assets at valuation	856,000	-	-	6,686,020	4,315,378	3,826,319	4,783,913	666,672	-	21,134,300
Land acquired in lieu of rates	1,242	-	-	-	-	-	-	-	-	1,242
Disposals	(2,338,003)	(2,047,025)	(5,873,419)	(2,511,648)	(1,206,466)	(214,192)	(3,689,353)	(369,692)	(512,482)	(18,762,280)
Revaluation adjustment to the ARR	13,758	-	-	28,805,192	13,773,571	37,028,895	43,116,506	6,278,511	14,073,097	143,089,530
Assets classified as held for sale	-	-	(595,798)	-	-	-	-	-	-	(595,798)
Transfers between non-current asset classes	(160,000)	180,000	-	-	-	-	-	(7,434)	7,434	20,000
Closing gross value	308,530,647	122,553,452	38,132,978	615,952,238	424,431,193	485,406,562	570,032,564	79,493,068	176,816,222	2,821,348,926
Accumulated depreciation										
Opening balance	-	41,986,041	17,443,325	199,163,234	95,921,486	161,511,599	118,620,224	30,622,549	49,085,152	714,353,609
Adjustments to opening accumulated depreciation	-	80,000	(8,472)	(27,763,541)	(4,915,672)	(4,891,536)	292,926	455,919	(129,386)	(36,879,761)
Depreciation provided in period	-	3,043,782	4,698,201	8,587,457	5,250,312	7,700,919	8,213,915	3,309,756	4,024,538	44,828,880
Depreciation on disposals	-	(819,466)	(4,776,846)	(2,015,549)	(291,384)	(44,853)	(2,407,736)	(287,404)	(434,727)	(11,077,966)
Revaluation adjustment to the ARR	-	-	-	11,422,666	3,295,280	13,454,490	10,297,658	3,046,066	4,659,801	46,175,960
Assets classified as held for sale	-	-	(463,831)	-	-	-	-	-	-	(463,831)
Transfers between non-current asset classes	-	20,000	-	-	-	-	-	-	-	20,000
Accumulated depreciation at period end	-	44,310,357	16,892,377	189,394,267	99,260,022	177,730,619	135,016,987	37,146,885	57,205,377	756,956,891
Total written down value at 30 June 2009	308,530,647	78,243,094	21,240,601	426,557,971	325,171,171	307,675,943	435,015,577	42,346,184	119,610,844	2,064,392,033

19 (b). Property, plant and equipment prior year comparatives

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water	Wastewater	Parks	Waste and other infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	
Asset values										
Opening gross value	290,637,433	109,326,881	35,923,756	551,211,823	378,747,096	622,323,204	520,329,919	66,086,209	155,222,487	2,729,808,808
Additions at cost	5,602,861	10,576,709	6,023,847	10,810,616	814,655	7,518,744	2,015,536	3,161,721	3,503,408	50,028,097
Contributed assets at valuation	51,840	-	-	3,987,841	3,538,715	2,500,961	2,529,344	442,892	-	13,051,593
Land acquired in lieu of rates	229,439	-	-	-	-	-	-	-	-	229,439
Disposals	(344,220)	(1,172,934)	(3,706,236)	(49,940)	(894,872)	(731,074)	(1,451,237)	(487,029)	(451,835)	(9,289,376)
Revaluation adjustment to the ARR	19,651,133	2,043,048	-	47,969,824	20,671,538	-	-	(37,561)	-	90,297,983
Revaluation adjustment to the ARR for disposals	(5,189,547)	-	-	-	(902,191)	(217,192)	(1,073,801)	(84,735)	(51,322)	(7,518,788)
Assets classified as held for sale	-	-	(817,191)	-	-	-	-	-	-	(817,191)
Adjustment for prior years assets	-	337,963	30,966	(15,256,318)	17,924,670	3,846,783	1,318,096	322,810	(468,511)	8,056,459
Transfers between non-current asset classes	(12,874,000)	(373,170)	(16,455)	-	-	(183,244,819)	(27,068)	160,698	212,813	(196,162,001)
Closing gross value	297,764,939	120,738,497	37,438,687	598,673,846	419,899,610	451,996,607	523,640,789	69,565,005	157,967,040	2,677,685,023
Accumulated depreciation										
Opening balance	-	41,833,210	16,159,537	178,364,407	82,170,355	220,819,800	112,418,658	27,773,350	44,875,642	724,414,960
Depreciation provided in period	-	2,916,245	4,548,595	7,481,962	4,459,415	12,342,344	7,957,429	3,238,636	4,543,584	47,488,211
Depreciation on disposals	-	(888,349)	(2,856,528)	(5,748)	(228,278)	(771,147)	(1,064,900)	(369,028)	(256,821)	(6,440,798)
Revaluation adjustment to the ARR	-	(1,765,286)	-	18,994,608	4,762,252	-	-	971	43	21,992,588
Revaluation adjustment to the ARR for disposals	-	-	-	-	(287,958)	(135,050)	(698,381)	(38,883)	(10,786)	(1,171,057)
Assets classified as held for sale	-	-	(417,684)	-	-	-	-	-	-	(417,684)
Adjustment for prior years assets	-	210,979	20,287	(5,671,995)	5,045,700	2,036,540	9,258	17,265	(387,269)	1,280,766
Transfers between non-current asset classes	-	(320,758)	(10,883)	-	-	(72,780,889)	(1,841)	237	320,758	(72,793,376)
Accumulated depreciation at period end	-	41,986,041	17,443,324	199,163,234	95,921,486	161,511,598	118,620,223	30,622,548	49,085,151	714,353,610
Total written down value at 30 June 2008	297,764,939	78,752,456	19,995,364	399,510,612	323,978,125	290,485,009	405,020,566	38,942,457	108,881,890	1,963,331,411

19 (c). Property, plant and equipment valuations

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

(i) Land

All Council freehold land was valued at fair value as at 30 June 2008 by qualified external valuers, Rushton Assetval Pty Ltd (registered valuers - since 1839). There were no index adjustments required during the year ending 30 June 2009.

(ii) Buildings

All buildings were valued at fair value as at 30 June 2008 by Rushton Assetval. There were no index adjustments required during the year ending 30 June 2009.

(iii) Road infrastructure assets

Road assets were valued at fair value as at 30 June 2007 by qualified engineers of Redland City Council. The values have been indexed using the ABS Construction (Road & Bridge) Queensland specific index as published for the March 2008 quarter and applied in 2008 and from the March 2009 quarter applied for year ending 30 June 2009.

(iv) Stormwater drainage infrastructure assets

Stormwater drainage assets and road bridges and traffic signals were valued in 2007 by qualified external valuers Connell Wagner Pty Ltd. The values have subsequently been indexed using the ABS Engineering Construction Index as published for the March 2008 quarter and the March 2009 quarter.

(v) Water and wastewater infrastructure assets

Water and wastewater infrastructure assets were valued at fair value as at 30 June 2007 by qualified external valuers, Opus International Consultants (PCA) Ltd. The bulk water assets were transferred to the State Government during the year and the ABS Engineering Construction Index was applied in 2008 and from the index published in the March 2009 quarter for year ending 30 June 2009.

(vi) Parks infrastructure assets

Park infrastructure assets were valued at fair value as at 30 June 2007 by qualified technical staff of Redland City Council. The ABS Engineering Construction Index was applied in 2008 and from the index published in the March 2009 quarter for the year ending 30 June 2009.

(vii) Waste and other infrastructure assets

These assets include bus shelters, carparks, cycleways, streetscapes, pedestrian underpasses, swimming pools, marine and jetty facilities, and seawalls and were valued at fair value as at 30 June 2007 by qualified engineers of Redland City Council. The ABS Engineering Construction Index was applied in 2008 and again in 2009 from the index published in the March 2009 quarter.



	Note	2009 \$	2008 \$
20. Capital work in progress			
Water infrastructure		480,710	1,150,436
Wastewater infrastructure		2,264,755	1,603,989
Roads and stormwater infrastructure		4,606,479	2,855,076
Parks infrastructure		1,507,563	955,609
Waste infrastructure		568,055	246,656
Other infrastructure		3,520,411	1,781,359
Other assets		577,304	1,113,033
		13,525,276	9,706,158
21. Intangible assets			
Software			
Opening gross carrying value		7,385,517	7,329,802
Closing gross carrying value		7,917,653	7,385,517
Accumulated amortisation			
Opening balance		(6,167,883)	(6,079,793)
Amortisation in the period		(630,970)	(588,818)
Written off amounts		-	500,728
Closing balance		(6,798,852)	(6,167,883)
Net carrying value at the period end		1,118,800	1,217,634
The software has a finite life estimated at 10 years. Straight line amortisation has been used with no residual value.			
22. Trade and other payables			
Current			
Creditors and accruals		18,409,460	19,751,393

	Note	2009 \$	2008 \$
23. Interest bearing loans and borrowings			
Queensland Treasury Corporation			
Opening balance		128,531,266	132,705,031
Proceeds from borrowings		-	14,000,000
Principal repayments		(87,870,170)	(18,173,764)
Book value at period end		40,661,097	128,531,266
Classified as:			
Current		1,564,427	87,278,546
Non-current		39,096,670	41,252,720
		40,661,097	128,531,266

The loan market value at the reporting date was \$42,244,578. This represents the value of debt if Council repaid it at that date. Council received compensation on 1 July 2008 for the transfer of bulk water assets moving to state government ownership.

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

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

Expected final repayment dates vary from 9 August 2021 to 20 August 2036. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made in arrears.

24. Employee benefits

(a) Current

Annual leave		4,691,932	4,480,016
Long service leave		829,161	876,146
		5,521,092	5,356,162

(b) Non-current

Long service leave		8,265,450	7,278,553
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Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary level. These estimates are then adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability.

Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value.

	Note	2009 \$	2008 \$
25. Provisions			
(a) Current			
Quarry rehabilitation		33,067	31,616
Landfill rehabilitation		3,206,522	1,936,695
Provision for concrete recycling		75,000	75,000
		3,314,589	2,043,311
(b) Non-current			
Quarry rehabilitation		790,145	764,662
Landfill rehabilitation		22,009,626	19,372,726
		22,799,771	20,137,388
Details of movements in provisions:			
Quarry rehabilitation			
Opening balance		796,278	144,336
Increase in provision - borrowing cost		55,023	9,209
Increase (decrease) in provision due to change in discount rate and costs		(28,090)	642,733
Balance at end of year		823,211	796,278
This is the present value of the estimated cost of restoring the quarry site to a usable state at the end of its useful life. These costs are expected to be incurred up to 2018.			
Landfill rehabilitation			
Opening balance		21,309,421	20,077,508
Increase in provision - borrowing cost		1,472,481	1,280,945
Increase (decrease) in provision due to change in discount rate and costs		2,434,246	(49,032)
Balance at end of year		25,216,148	21,309,421
This is the present value of the estimated cost of restoring approximately 25 closed landfill sites and currently operating Birkdale landfill to a usable state at the end of its useful life. These costs are expected to be incurred up to 2019			
26. Other liabilities			
Unearned revenue		1,678,085	1,634,256
Unearned rates and utility charges		18,176	-
Unearned grants and contributions		-	5,698,211
		1,696,261	7,332,467

	Note	2009 \$	2008 \$
27. Asset revaluation reserve			
Movements in asset revaluation reserve were as follows:			
Balance at beginning of year		1,108,084,890	1,087,271,876
Adjustment to opening balance		(19,434,065)	-
Net adjustment to capital non-current assets at end of period to reflect a change in current fair value:			
Land		(2,045,914)	14,461,586
Buildings		-	3,808,334
Parks		3,216,579	(84,384)
Roadworks		17,382,526	28,975,216
Wastewater		32,247,880	(375,420)
Water		23,561,040	(82,142)
Other infrastructure assets		9,071,419	(40,579)
Stormwater drainage		9,880,843	15,295,053
Waste		326,711	-
Impairment losses on revalued assets			
Land		-	(4,150,677)
Water		-	(36,993,972)
		93,641,085	20,813,015
Balance at end of year		1,182,291,910	1,108,084,890
Asset revaluation reserve analysis:			
The closing balance of the asset revaluation reserve is comprised of the following asset categories.			
Land		155,487,428	161,684,019
Buildings		32,712,022	32,712,022
Parks		31,588,473	28,371,894
Roadworks		241,125,194	223,013,734
Wastewater		288,568,004	256,304,707
Water		244,713,384	263,386,350
Other infrastructure assets		67,868,805	58,797,386

	Note	2009 \$	2008 \$
Stormwater drainage		117,558,559	122,616,100
Waste		2,670,039	2,343,328
Impairment losses on revalued assets			
Land		-	(4,150,677)
Water		-	(36,993,972)
Balance at end of year		1,182,291,910	1,108,084,890

28. Other reserves

(a) Reserves held for future expenditure:

(i) Constrained works reserve		18,598,909	13,297,615
(ii) Special projects reserve		11,063,896	10,738,277
(iii) Special capital projects reserve		641,960	508,105
(iv) Separate charge reserve - environment		3,884,640	6,285,832
(v) Special charge reserve - other		-	11,019
(vi) Special charge reserve - canals		1,794,918	3,256,686
(vii) Constrained recurrent reserve		2,024,876	-
		38,009,200	34,097,534

(b) Movements in reserves are analysed as follows:

(i) Constrained works reserve

Balance at beginning of year		13,297,615	6,349,888
Transfers from the retained earnings for future expenditure		13,456,081	11,672,030
Transfers to retained surplus, funds expended in the year		(8,154,786)	(4,724,303)
Balance at end of year		18,598,909	13,297,615

(ii) Special projects reserve

Balance at beginning of year		10,738,277	10,437,331
Adjustment to opening balance		(31,369)	
Transfers from the retained earnings for future expenditure		1,535,546	1,393,082
Transfers to retained surplus, funds expended in the year		(1,178,558)	(1,092,136)
Balance at end of year		11,063,896	10,738,277

	Note	2009 \$	2008 \$
(iii) Special capital projects reserve			
Balance at beginning of year		508,105	-
Transfers from the retained earnings for future expenditure		1,700,000	860,000
Transfers to retained surplus, funds expended in the year		(1,566,145)	(351,895)
Balance at end of year		641,960	508,105
(iv) Separate charge reserve - environment			
Balance at beginning of year		6,285,832	7,444,412
Transfers from the retained earnings for future expenditure		7,235,352	5,664,118
Transfers to retained surplus, funds expended in the year		(9,636,544)	(6,822,698)
Balance at end of year		3,884,640	6,285,832
(v) Special charge reserve - other			
Balance at beginning of year		11,019	364,964
Transfers from the retained earnings for future expenditure		235,105	207,168
Transfers to retained surplus, funds expended in the year		(246,125)	(561,112)
Balance at end of year		-	11,019
(vi) Special charge reserve - canals			
Balance at beginning of year		3,256,686	2,255,898
Transfers from the retained earnings for future expenditure		2,524,789	1,949,988
Transfers to retained surplus, funds expended in the year		(3,986,558)	(949,200)
Balance at end of year		1,794,918	3,256,686
(vii) Constrained recurrent reserve			
Balance at beginning of year		-	45,455
Transfers from the retained earnings for future expenditure		2,024,876	-
Transfers to retained surplus, funds expended in the year		-	(45,455)
Balance at end of year		2,024,876	-

	Note	2009 \$	2008 \$
29. Commitments			
(a) Operating leases			
Within 1 year		376,404	436,659
1 to 5 years		1,659,415	1,598,385
Greater than 5 years		810,108	1,247,541
		2,845,927	3,282,585
(b) Operating contractual commitments			
Contractual commitments at reporting date but not recognised in the Financial Statements are a follows:			
Roadworks		215,175	14,144
Waste		36,112,306	53,851,635
Water and wastewater		1,851,559	246,947
Other		11,853,615	3,602,647
		50,032,656	57,715,373
These expenditures are payable:			
Within 1 year		19,910,656	22,915,373
1 to 5 years		30,122,000	27,840,000
Greater than 5 years		-	6,960,000
		50,032,656	57,715,373
(c) Capital contractual commitments			
Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities:			
Roadworks		9,654,756	287,342
Waste		102,510	61,567
Water and wastewater		415,529	209,934
Other		5,942,742	5,428,212
		16,115,537	5,987,055
These expenditures are payable:			
Within 1 year		16,115,537	5,987,055
1 to 5 years		-	-
Greater than 5 years		-	-
		16,115,537	5,987,055

	Note	2009 \$	2008 \$
In addition to the above, Council has a perpetual commitment to the Queensland Water Commission for the supply of bulk water. Based on present day dollars, this expenditure has been forecast as approximately \$8.7 million per year.			

30. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are:

(a) WorkCover self-insurer liability

The estimated claims liability for the Council as a self-insurer under the Workers Compensation and Rehabilitation Act 2003 ('the Act') as at 30 June 2009 is \$765,000 where estimated claims liability as defined in Section 84 of the Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

\$5,000,000. Council has in place a bank guarantee with ANZ Banking Group Ltd.

(b) Other claims

Council has reviewed outstanding insurance claims and has identified no material exposures.

31. Superannuation

The 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 AASB119 Employee Benefits. The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. 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. The DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

Under amendments to the Local Government Act 1993 passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable – normally when the assets of the DBF are insufficient to meet members' benefits. Clause 56(e) of the scheme's Trust Deed indicates that any increase in the contributions is limited to 6% of the relevant employee's salary.

In its letter to Council dated 5 June 2009 the trustee advised that "at this stage, there is no requirement for Councils to contribute any additional contributions." The letter further stated that "any additional contributions above 12% (standard rate of contribution) that may be required would be on a temporary basis only and would be requested based on independent actuarial advice. When possible, the contribution rate would reduce at a later date to offset additional costs – for example, councils may be asked to pay 18% contributions instead of 12% for a period, then contributions may reduce to 6% for a compensatory period before returning to the regular 12% contribution rate."

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

The audited general purpose financial report of the scheme as at 30 June 2008 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The general purpose financial report discloses that the most recent actuarial assessment of the scheme was undertaken as at 1 July 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue. The next actuarial investigation will be made as at 1 July 2009.

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.

	Note	2009 \$	2008 \$
The amount of superannuation contributions paid by Redland City Council to the superannuation scheme during the reporting period for the benefit of employees was:		5,867,849	5,522,644
The amount of superannuation contributions paid by Redland City Council to the superannuation scheme during the reporting period for the benefit of councillors was:		122,375	116,365

	Note	2009 \$	2008 \$
32. Trust funds			
Monies collected or held on behalf of another entity, yet to be paid out to or on behalf of that entity.		8,548,526	7,390,484
The Redland City Council performs only a custodial role in respect of these monies and because the monies cannot be used by the Council, they are not brought to account in these Financial Statements.			
33. Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities			
Result from ordinary activities		27,375,158	13,441,451
Non-cash operating items:			
Depreciation and amortisation	10	45,459,850	48,077,028
Non-cash contributions	5	(21,134,300)	(13,051,593)
Provision for doubtful debts		34,793	(17,091)
Land acquired in lieu of rates		(1,242)	(229,439)
Investing and development activities:			
Loss on impairment of assets classified as held for sale		-	18,805
Loss on impairment of assets held for transfer		-	233,117
Net adjustment for prior years assets		-	(8,180,259)
Fair value adjustment - investment property		47,600	(15,600)
Market value adjustment on loan		(4,044,448)	-
		20,362,252	26,834,969
Investing and development activities:			
Net (profit) loss on disposal of non-current assets	11	4,475,391	1,430,336
Capital grants and contributions		(19,558,700)	(18,602,204)
		(15,083,309)	(17,171,868)
Changes in operating assets and liabilities:			
(Increase) decrease in rates and utility charges receivable		(2,073,646)	118,706
(Increase) decrease in other receivables		3,853,355	(4,580,298)
Increase (decrease) in other current assets		(983,233)	(353,831)
Increase (decrease) in creditors		(3,019,722)	(3,160,393)
Increase (decrease) in provisions		5,085,488	1,389,071
Increase (decrease) in other liabilities		(5,667,575)	(169,906)
		(2,805,333)	(6,756,652)
Net cash inflow from operating activities		29,848,768	16,347,900

34. Financial instruments and risk management

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

Risk exposure has been assessed using the following methods:

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

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

(a) Credit risk exposure

Credit risk is the risk that Council may incur financial loss as a result of another party failing to discharge their obligation to Council.

With regard to rates receivable, Council has the power to sell the property to recover any defaulted amounts. This power essentially protects Council from any risk exposure in this area.

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

The total credit risk exposure on financial assets is generally the carrying amount, net of provision for doubtful debts which is represented in the fair values table below (refer note 34 (d)). The Council has no major concentration of credit risk to any single debtor or group of debtors however, due to the nature of Council's operations there is a geographical concentration of risk in the Council's area. No collateral is held as security relating to the financial assets of Council.

Past due or impaired

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

	Fully		Past due			Impaired	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	
Aging analysis	Performing	<30 days	30-60 days	61-90 days	>90 days		
Receivables	7,527	1,254	1,294	178	3,637	79	13,811

(b) Liquidity risk

Liquidity risk is the risk that Council will not be able to meet its financial liabilities as they fall due. Council is exposed to liquidity risk through the normal course of operations and a result of borrowings from QTC for capital works.

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

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

Maturity analysis – financial liabilities	Total		Current		1–5 Years		> 5 years	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Payables	18,409	19,751	18,409	19,751	0	0	0	0
QTC Borrowings	70,154	147,702	4,185	86,008	16,741	19,076	49,228	42,618

(c) Interest rate risk

The Council is exposed to interest rate risk through borrowings and investments with QTC. The risk in borrowings is managed by borrowing through QTC and therefore having access to a mix of funding sources. The investments Council has made through QTC are capital assured and so there is no risk exposure to capital invested.

The Council does not enter into any hedging of interest rate risk.

Interest Rate Sensitivity Analysis:

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

Sensitivity analysis	Net Carrying Amount		Profit		Equity	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Financial assets	889	772	889	772	889	772
Financial liabilities *	0	4	0	4	0	4

*Due to the compensation payment made by State Government to Council for the transfer of bulk water Assets, all floating debt was paid out on 1 July 2008. Therefore Council has no risk exposure for these liabilities at reporting date.

(d) Net fair value of financial assets and liabilities

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of the Council approximates their carrying amounts.

Financial Instruments	Note	Floating interest rate		Fixed interest rate		Non-interest bearing		Total	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Financial assets									
Cash assets	13	80,881	71,024	-	-	19	19	80,900	71,043
Receivables	14	-	-	8,673	6,599	5,137	9,089	13,810	15,688
Prepayments	17	-	-	-	-	1,947	1,031	1,947	1,031
		80,881	71,024	8,673	6,599	7,103	10,139	96,657	87,762
Effective interest rate		3.44%	8.19%	11.00%	11.00%				
Financial liabilities									
Payables	22	-	-	-	-	18,409	19,751	18,409	19,751
Loans – QTC *	23	-	-	42,244	123,938	-	-	42,244	123,938
		-	-	42,244	123,938	18,409	19,751	60,653	143,689
Weighted average interest rate		-	-	6.68%	6.28%	-	-	-	-
Net financial assets		80,881	71,024	(33,571)	(117,339)	(11,306)	(9,612)	36,004	(55,927)

* QTC - denotes Queensland Treasury Corporation

35. National Competition Policy

(a) Activities to which the code of competitive is applied

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

(a) Roads business activity:

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

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

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

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

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

Water and wastewater

Waste management

Caravan parks

School aged care

Redland Performing Arts Complex

Building Certification Services

(b) Financial performance of activities subject to competition reforms:

	Water & wastewater	Waste management	Caravan parks	School aged care	RPAC	Building Certification Services
	2009	2009	2009	2009	2009	2009
Revenue for services provided to the Council	1,413,176	1,206,288	2,717	-	12,049	339,761
Revenue for services provided to external clients	66,672,523	14,443,916	2,451,685	3,010,500	242,088	456,323
Community service obligations	476,393	1,251,703	-	-	46,487	312,724
	68,562,092	16,901,907	2,454,402	3,010,500	300,624	1,108,808
Less : Expenditure	58,553,955	12,436,348	2,526,985	2,960,921	1,562,434	1,261,699
Surplus (deficiency)	10,008,137	4,465,559	(72,583)	49,579	(1,261,810)	(152,891)

(c) Description of CSOs provided to business activities:

Activities	CSO description	Actual \$
Water	Concession not for profit	201,824
Water	Concealed leaks	133,764
Wastewater	Concession not for profit	140,805
		476,393
Waste management	Clean Up Australia Day	5,196
Waste management	Birkdale Sanitary Landfill	9,640
Waste management	Redland Bay Transfer Station	467
Waste management	North Stradbroke Island Transfer Station	3,755,570
Waste management	Bay Island Transfer Station	797,165
Waste management	Giles Road hardfill site	32,136
Waste management	Manual service - waste	31,529
		1,251,703
Redland Performing Arts	Complex discounts offered on commercial ticketing	46,487
		46,487
Building Certification Services	Delivery of professional advice at customer service points	136,485
Building Certification Services	Internal Building Certification for RCC owned assets and pool project	70,000
Building Certification Services	Building certifiers advice on compliance/searches	106,239
		312,724

Redland City Council

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2009

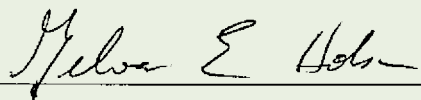
MANAGEMENT CERTIFICATE

For the year ended 30 June 2009

This general purpose financial report has been prepared pursuant to Section 532 of the Local Government Act 1993, the Local Government Finance Standard 2005 (the Standard) and other prescribed requirements.

In accordance with Section 48 of the Standard we certify that:-

- (i) the local government considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements for the year ended 30 June 2009 and supporting notes present the Council's income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.



Mayor

Date: 19 / 10 / 09.



Chief Executive Officer

Date: 19 / 10 / 09

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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

The Council's responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the *Local Government Act 1993* and *Local Government Finance Standard 2005* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 in 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 and fair presentation of the financial report 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 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 QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

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 has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Redland City Council for the financial year 1 July 2008 to 30 June 2009 and of the financial position as at the end of that year.



B P WORRALL, FCA

Delegate of the Auditor-General of Queensland

21 October 2009, Brisbane

GRI content

In line with our commitment to sustainability, Council continues to apply as many indicators as practicable from the Global Reporting Index (GRI) framework, as detailed in the table below.

GRI Report content

GRI reference number		Page in annual report
Vision and strategy		
1.1	Organisation's vision relating to sustainability.	4
1.2	Statement from the CEO describing key elements of the report.	10
Profile		
2.1	Organisation's name.	Front cover
2.3	Operational structure of the organisation.	17
2.4	Major divisions, operating companies, subsidiaries and joint ventures.	17
2.5	Countries of operation.	4
2.7	Nature of markets served.	3
2.8	Scale of the reporting organisation.	5
2.11	Reporting period.	Front cover
2.12	Date of most recent previous report.	5
2.20	Policies and internal practices Council relies on.	57-65
Governance structure and management systems		
3.1	Governance structure of Council.	57
3.4	Board-level process for overseeing organisation's identification and management of economic, environmental and social risks and opportunities.	57-65
3.6	Organisational structure and key staff.	16, 17
3.7	Mission, vision, values.	4, 18
Stakeholder engagement		
3.10	Approaches to stakeholder consultation.	9
3.11	Type of information generated by stakeholder consultations and indicators developed as a result of stakeholder communication.	9
3.12	Use of information resulting from stakeholder engagements.	9
Overarching policies and management systems		
3.14	Externally developed, voluntary set of principles that organisation endorses.	18
3.17	Approach to reporting social, economic and environmental performance.	24-50
3.18	Major decisions during the reporting period regarding the location of, or changes in operations, such as facility openings, expansions and contractions.	22-23
3.19	Programs and procedures pertaining to economic, environmental and social performance, such as target setting, internal communication and training, performance monitoring.	18-19, 24-50

GHG measures table

Core indicator	Additional indicator	Page in annual report
Environmental indicators EN: Environmental performance indicators		
Energy use		
	EN17	Initiatives to use renewable energy sources and to increase energy efficiency.
		25, 87
Water		
	EN5	Total water use.
		72
Biodiversity		
	EN7 EN27	Objectives, programs and targets for protecting and restoring native ecosystems and species in degraded areas.
		24
Emissions, effluent and waste		
	EN8	Greenhouse gas emissions.
		25, 75, 87
	EN11	Total amount of waste by type and destination.
		7, 29
	EN12	Significant discharges to water by type.
		73
Overall		
	EN35	Total environmental expenditures.
		24
Economic indicators EC: Economic performance indicators		
Customers		
	EC1	Net sales.
		67
Suppliers		
	EC3	Cost of all goods, materials and services purchased (by region).
		64
Employees		
	EC5	Total payroll and benefits (including wages, pension, other benefits and redundancy payments).
		105
Providers of Capital		
	EC7	Increase/decrease in retained earnings at end of period
		67

Core indicator	Additional indicator		Page in annual report
Social indicators LA: Labour practices indicators			
Employment			
LA1		Breakdown of workforce.	6
	LA12	Employee benefits beyond those legally mandated.	105
LA2		Net employment increase/decrease and average turnover.	19
Labour/management relations			
LA3		Percentage of employees represented by trade union organisations or collective bargaining agreements.	19
LA4	–	Employee consultation.	19
Workplace Health and Safety			
LA5	–	Practices on recording and notification of occupational accidents and diseases.	20
LA6	–	Description of health and safety committees.	19
LA7	–	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	20
Training and education			
	LA16	Programs to support the continued employability of employees and to manage career endings.	19
	LA17	Specific policies for skills management or for lifelong learning.	19
Diversity and opportunity			
LA10	–	Description of EEO policies.	18, 19, 59
LA11	–	Composition of senior management corporate governance bodies (including Council).	12, 16
HR: Human rights			
Non-discrimination			
HR4		Description of policies and preventing discrimination.	18
HR10		Description of non-retaliation policy and effective, confidential employee grievance system	57
SO: Social performance indicators			
Bribery and corruption			
SO2	–	Policies addressing bribery and corruption.	57
PR: Product responsibility indicators			
Community health and safety			
PR1		Description of policy for preserving customer health and safety during use of products and services.	60

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