

# Redland City Council



# Redland Water - final report

## A message from our General Manager

Water reform across south-east Queensland has dominated the lives of many Redland Water staff during the past 12 months. An agreement was finally reached, which saw the creation of the Southern SEQ Distributor Retail Authority trading as Allconnex Water. The business was formed through the amalgamation of Gold Coast Water, Logan Water and Redland Water.

With the creation of Allconnex Water came a renewed enthusiasm from many staff as they became involved in numerous work streams to develop transition plans to move from the three existing council water businesses into Allconnex Water.

The year also saw Redland City Council move on to uniform water restrictions across south-east Queensland. Unseasonal heavy rainfall increased the combined capacity of the south-east Queensland dams to above 96 per cent. This resulted in water restrictions being revised to Target 200. Redland homes and businesses continued to play their part in water conservation with the average residential usage remaining below 200 litres per person per day.

This is the final annual report for Redland Water as the business unit ceased to exist on 30 June 2010. However, the journey for the staff will continue as Allconnex Water and we will continue to provide high quality water and wastewater services to the community of the Redlands.



Gary Soutar

General Manager

Redland Water (to 30 June 2010)



## Redland Water - final report continued

### Redland Water highlights

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

#### Figures below at 30 June 2010

##### Water

Reservoirs	6
Length of water main	1,203km
Water meters	50,585
Water connections including multiple properties per meter (MPPM), but excluding MPPM boundary meter	55,508
Water bought	12,812ML
Water supplied	11,690ML
Total assets	\$181,287m

Redland Water contributes to preserving the city's quality of life by servicing the Redlands population through 50,585 water connections and 45,591 wastewater connections (active). In 2009-10, the unit supplied 11,689ML of drinking water to customers and treated 9,939ML of wastewater.

### Our community responds

Permanent water conservation measures were introduced on 1 December 2009 and letters were sent to Redland businesses to advise compliance dates.

The 3rd Annual Business Water Conservation Awards were held in April 2010, and representatives from three Redlands' businesses were invited to share how they had achieved water savings. Redland schools in particular achieved significant savings by installing rainwater tanks and efficient tap fittings, with Saint Luke's

##### Wastewater

Treatment plants	7
Pumping stations	133
Length of sewer main	1,081
Active services (excluding vacant land)	45,591
Wastewater treated (effluent)	9,939ML
Sludge for re-use	100% (18,824.61T)
Recycled effluent for reuse	416.9ML
Trade waste generators	830
Trade waste discharged to sewer	18.2ML
Total assets	\$259,208m

Catholic Primary School and Ormiston College winning awards. Victoria Point Shopping Centre was also recognised for installing waterless urinals and ensuring tap fittings are efficient.

Council hosted several trade waste cleaner production workshops at shopping centres to help trade waste generators work cleaner to reduce strengths and charges.

# Redland Water - final report continued

## Our statutory duties

The *Water Supply (Safety & Reliability) Act 2008* requires water and wastewater service providers to prepare an annual report on their approved strategic asset management plan (SAMP), customer service standards (CSS) and their system leakage management plan (SLMP).

This annual report provides customers and the regulator – the Department of Environment and Resource Management (DERM) – with information on:

- results of reviews and audits of our SAMP
- results of reviews of our CSS
- performance against targets set in the SAMP and CSS (including shortcomings)
- actions taken to complete the SAMP (as set out in the SAMP action plans)
- actions taken to complete the SLMP including volumetric reduction levels and funds spent.

## Reviews and audits

With the introduction of the *Water Supply (Safety & Reliability Act) 2008* and the formation of Allconnex Water on 1 July 2010, the above plans (SAMP, CSS and SLMP), will form part of the Netserv plan for Allconnex Water, which is required to be in place by 1 July 2013.

This report details Redland Water's performance for the 2009-10 financial year and fulfils the business unit's duties under the *Local Government Act 1993*, the *Water Act 2000* and the *Water Supply (Safety & Reliability Act) 2008*.

## Environmental initiatives

Redland Water continued its focus on improving environmental performance of its wastewater treatment plants, pump stations and water and wastewater reticulation mains. Activities for 2009-10 included:

### Potable water

- We completed the first year of our fire flow augmentation program which is designed to improve the availability of water for fire fighting purposes within the water supply network (\$2.87m).

### Wastewater

- We achieved zero non-conformances with EPA (DERM) licence. This is a major achievement as Redland Water operates seven wastewater treatment plants (WWTPs) of various plant capacities, conditions and licence stringencies.
- We completed the Wastewater Treatment Plant Strategy to 2025, which incorporates capital expenditure planning for all WWTPs.
- We completed the National Greenhouse and Energy Reporting System (NGERS) inventory for wastewater facilities and operations based on 2008-09 year data.
- We continued focus on preventative maintenance of WWTP assets. Examples include starting a major maintenance program on the plant aerators and the re-lining of the inlet channel at Thorneside WWTP.
- We completed a recycled water plant at Capalaba WWTP, which now produces recycled water of Class A available to tankers. This project contributes to the uptake of recycled water across the Redlands.
- We re-used 100 per cent of all biosolids produced from the WWTP via land application.
- We started the licence application for Cleveland WWTP and associated environmental investigation of Hilliards Creek.
- We significantly reduced the use of process chemicals at the WWTPs as a result of process optimisation.



## Redland Water - final report continued

### Confidence grading – Delivering on customer service

#### Customer service standards

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

Below is a summary of Redland Water's water and wastewater service standard key performance indicators (KPIs), targets, performance and confidence gradings for 2009-10.

The Department of Environmental and Resource Management's (DERM) guidelines for preparing SAMPs require service providers to show confidence gradings for the data in the annual report (including an explanation of low confidence levels). The confidence levels (reliability and accuracy bands) used are consistent with DERM guidelines. The following key explains the reliability and accuracy bands.

#### Reliability bands

A	B	C	D
<b>Highly reliable</b>	<b>Reliable</b>	<b>Unreliable</b>	<b>Highly unreliable</b>
Data is based on sound records, procedures, investigations, or analyses that are properly documented and recognised as the best available assessment methods	Generally as in 'A', but with minor shortcomings, for example, some documentation is missing, or assessment is old, or some reliance on unconfirmed reports, or some extrapolations made from records of more than 50%	Generally as in 'A' or 'B' but data is based on extrapolations from records covering more than 30% but less than 50%	Data is based on unconfirmed verbal reports or cursory inspections or analysis, including extrapolations from such reports/ inspections/ analysis

#### Accuracy bands

1 +/- 1%	2 +/- 5%	3 +/- 10%	4 +/- 25%	5 +/- 50%	6 +/- 100%
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KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
<b>Water</b>						
<b>Day-to-day continuity</b>						
Extent of unplanned interruptions – connections (all events)	#/100km main or #/1000 connections	Max 8 Max 2	5.25 1.17	✓ ✓	A	3
Time for restoration of service (all events)	% restored within 5 hours	Min 97	95	X(1)	A	4
Average response time to urgent requests	Minutes	Max 60	48	✓	B	3

## Redland Water-final report continued

KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
<b>Adequacy and quality of normal supply</b>						
Pressure and/or flow	% compliance	98% of properties to have a min 22 metres static head and a flow rate of 30 litres per minute	99.9	✓(2)	A	3
Drinking water quality complaints	No. per 1000 connections	Max 4	2.49	✓	A	3
Drinking water quality incidents	No. per year	Max 144	133	✓	A	4
<b>Continuity in the long term</b>						
Water main breaks and leaks within distribution system	No. per 100km of main	Max 8	5.25	✓	A	3
<b>Other</b>						
Water service connections	% response within 15 working days of the request	Satisfactory (80-90%) Outstanding (90-100%)	95	✓	A	2
Response to discoloured water	% response within 4 hours	Satisfactory (80-90%) Outstanding (90-100%)	90	✓	D	2
Response to non-urgent requests	% response within 5 working days of the request	Min 90	100	✓	C	2
Meter tolerance	%	2	-			



## Redland Water - final report continued

KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
<b>Wastewater</b>						
<b>Effective transport of waste effluent</b>						
Sewage overflows	No. per 100km of main	Max 8	4.91	✓	A	2
Sewage overflows to customer property	No. per 1000 connections	Max 2	1.17	✓	A	2
Odour complaints	No. per 1000 connections	Max 0.85	0.59	✓	A	2
Average response time to urgent requests	Minutes	Max 60	40	✓	B	4
% wastewater service interruptions restored within 5 hours	%	Min 95	100	✓	B	3
Response to reports of odour	% response within 5 hours	90	90	✓	B	3
Response to non-urgent requests	% response within 5 working days of the request	Min 90	90	✓	B	2

Notes: (1) One incident in July 2009 exceeded the five-hour restoration time. The remaining 11 months of 2009-10 were above 90%.

(2) For customer requests to check water pressure, only 14 connections did not meet the service standard when first tested. However, following remedial work by Redland Water, all properties met the service standard.

### Additional key performance indicators as set out in Redland Water's Performance Plan

KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
Average residential water consumption per person a day	Litres/day/person – target 200	200	192.5	✓	A	2
Earnings before interest tax and depreciation	%	0-5%	-1.42%	✓	A	1
Operating performance (expenditure to budget)	%	+/-5	1.3%	✓	A	1
Number dry weather sewer overflows	#	Max 84	55	✓	A	2
Dry weather sewer overflows affecting customers	#	Max 84	53	✓	A	2
% capital works program practical completion - % of planned project milestones achieved each quarter	%	Min 95	96	✓	B	2
Lost time injury hours	#	Max 120	550	X(3)	A	1

Notes: (3) Failure to achieve measure due to larger than expected number of minor injuries, e.g. ankle sprains from working on uneven ground. No major injuries were recorded for the year.

# Redland Water-final report continued

## Managing our assets

### Operational performance 2009-10

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

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

Redland Water also:

- reported monthly to Council on water and effluent quality, customer service statistics, financial and capital project status
- complied with Council's corporate plan, policies and procedures, and integrated environmental management system.

## Community service obligations

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

### For water and wastewater

Total	\$355,905
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## System Leakage Management Plan performance

As required under the *Water Supply (Safety & Reliability) Act 2008*, we report our performance against Redlands' system leakage management plan (SLMP).

During 2009-10, Redland Water operated the southern part of the city as demand management areas, which were installed as part of the south-east Queensland pressure leakage management plan project.

For the year, the overall volumetric decrease in water leakage from the system was 44ML (down from 851ML in 2008-09 to 807ML in 2009-10). SLMP operating costs were absorbed into our normal operating costs.

No review of the SLMP is required this year.

## Drinking water quality monitoring

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

- carry out a drinking water quality monitoring program with quarterly reporting on compliance to Department of Environment and Resource Management (DERM) and the water grid manager (stage one)
- develop and carry out a drinking water quality management plan, which needs to be approved by DERM by 1 July 2011 (stage 2).

This requirement is extra to Redland Water's existing drinking water quality management systems. The notice provides for monitoring and reporting on detection of E. coli and other incidences likely to affect drinking water quality.

Redland Water provided DERM with all quarterly reports as required.

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

## Our SAMP performance

### Asset management

Strategic asset management plans (SAMPs) ensure continued supply of services for customers and help Redland Water maintain its assets and plan for future needs to meet customer demand. These plans also provide performance indicators and targets for service standards. This annual report compares those targets with performance in 2009-10.

### Confidence grading

DERM guidelines for preparing SAMPs require service providers to show confidence grading for the data in the annual report (including an explanation of low confidence levels). The confidence levels (reliability and accuracy bands) used are consistent with DERM guidelines. The key on page 60 explains the reliability and accuracy bands.



## Redland Water-final report continued

### Key performance indicators (KPI)

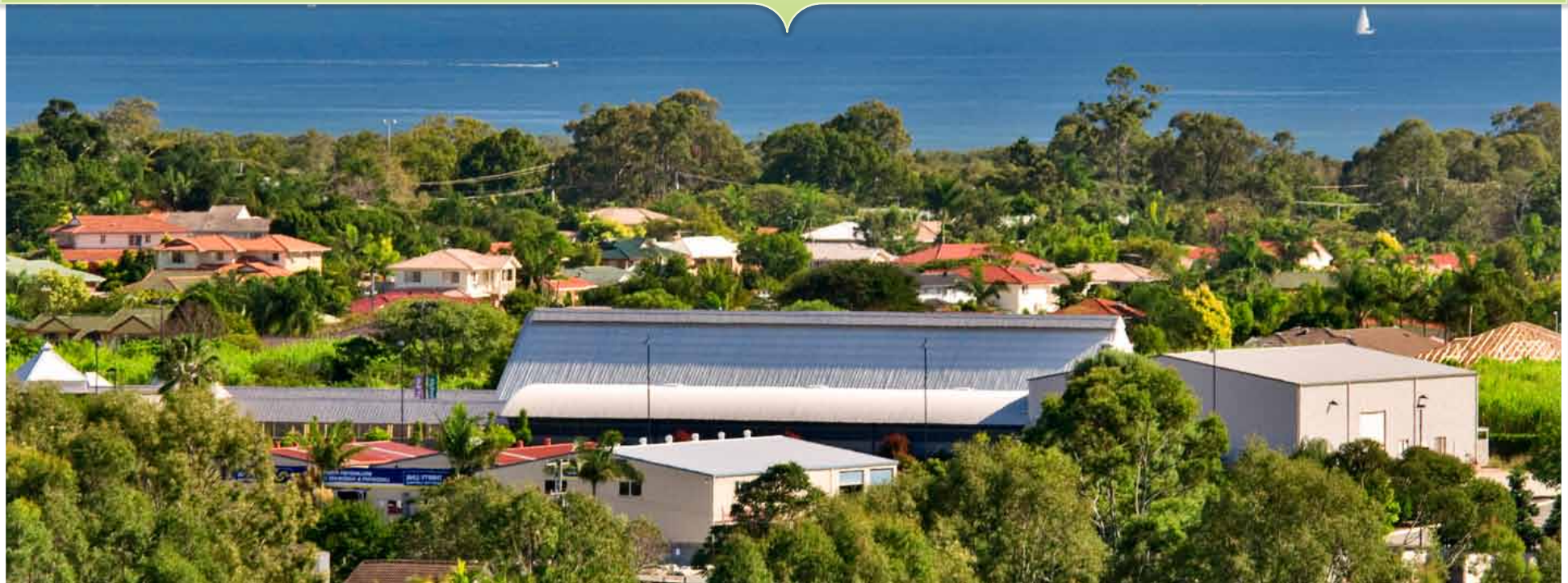
Below is a summary of our KPIs, targets, performance, and confidence gradings.

KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
<b>Water</b>						
<b>Day-to-day continuity</b>						
Relative incidence of planned and unplanned interruptions	Ratio (not greater than)	Greater than 1.25	1.16 <sup>(1)</sup>	✓	C	4
<b>Adequacy and quality of normal supply</b>						
Poor pressure complaints	No. per 1,000 connections	Max .75	.45	✓	A	4
Drinking water quality and specific standards for physical/ chemical quality	% compliance				A	1
	ADWG	Min 98	100	✓		
	E.Coli	Min 99.9	100	✓		
	Manganese	Min 98	100	✓		
	pH	Min 98	100	✓		
	Aluminium	Min 95	100	✓		
	Chlorine	Min 95	100	✓		
Trichloromethanes	Min 95	97.5	✓			
<b>Continuity in the long-term</b>						
System water loss	Litres per connection per day	Max 150L	44	✓	A	5
<b>Other</b>						
Operating costs per ML of water provided	\$	≤ \$1,314.78	1,284.66	✓	A	1

Footnote: (1) Planned interruptions (147) - unplanned interruptions (126)

## Redland Water-final report continued

KPI	Measure	Target	Actual	Satisfactory	Reliability	Accuracy
<b>Wastewater</b>						
<b>Continuity in the long term</b>						
Wastewater main breaks and chokes	No. per 100km of main	Max 18	4.91	✓	A	2
Sewer inflow and infiltration	Ratio	<1:6	1:4.4	✓	A	2
<b>Other</b>						
Overall percentage compliance with EPA licence	%	Min 97	100	✓	A	2
Number of WWTP non-conformances with EPA licence over compliance year	No.	Max 6	0	✓	A	1
Nitrogen load from effluent discharge	Average kg per day	Max 100	53.6	✓	A	2
Operating (OMA) costs per property serviced	\$	≤ \$298	296.44	✓	A	1



# Redland Water - final report continued

## Snapshot of our financial performance

Water and wastewater services		
Financial performance	2008-09	2009-10
Revenue from ordinary activities	\$69m	\$76m
Expenses from ordinary activities	\$59m	\$62m
Borrowing costs	\$0	\$0
Result from ordinary activities (before tax and dividend)	\$10m	\$15m
Total assets	\$792m	\$793m
Debt outstanding	\$300m	-
Dividend and tax to Redland City Council	\$8m	\$15m

Water and wastewater services			
Financial performance	Actual 2008-09	Actual 2009-10	Variance
Operating revenue	\$68,562,000	\$76,339,000	\$7,777,000
Operating expenses	\$58,554,000	\$61,398,000	\$2,844,000
Operating surplus/(deficit)	\$10,008,000	\$15,001,000	\$4,992,000
Capital works program	\$3,841,000	\$9,463,000	\$5,622,000

Financial ratios			
Economic rate of return	11.7%	15.8%	4.1%
Rate of return on operating assets	1.26%	1.89%	0.63%
Debt to total equity	61.51%	0%	-61.51%

## Corporate governance

### Changes to the annual performance plan

No KPIs were identified for removal from the performance plan. Indicator targets were amended as follows:

- average residential water consumption per person per day lowered to 200L in line with medium QWC targets
- operating costs of water and wastewater raised
- dry weather sewer overflows affecting customers lowered.

The lost time KPI was changed to measure hours lost.

### Cross-subsidies

The Guidelines for Identification and Measurement of Cross-Subsidies issued by the Department of Environmental Resources Management were applied to determine any cross-subsidies for water and wastewater services for 2009-10.

Full cost pricing	Water	Wastewater
Admin/ops/overheads	\$15,554,622	\$13,367,192
Depreciation	\$8,429,978	\$9,085,973
Competitive neutrality	\$5,390,252	\$4,744,582
Return on assets (includes tax and dividend)	\$6,468,155	\$15,533,430
Total full cost pricing	\$35,843,007	\$42,731,177
Volume delivered to/wastewater received from customers kL	12,369,619	9,387,000
Average cost per kL (full cost pricing)	\$2.90	\$4.55

## Redland Water-final report continued

### Cross-subsidy reflecting revenue-cost divergence water supply 2009-10

Revenue sources	Domestic	Commercial	Other consumers	Total
Water charges	\$31,797,845	\$3,502,559	\$103,914	\$35,404,318
Other revenues	\$2,586,249	\$96,441		\$2,682,690
CSO	\$118,086		-	\$118,086
Headworks	\$907,132	\$65,142		\$972,274
Total revenue	\$35,409,312	\$3,664,143	\$103,914	\$39,177,368
kL used	11,107,678	1,232,486	29,455	12,369,619
\$/kL contribution	\$3.188	\$2.973	\$3.528	\$3.167
Difference per kL from FCP	\$0.290	\$0.075	\$0.630	\$0.270
Cross-subsidy received	Nil	Nil	Nil	Nil

### Cross-subsidy reflecting revenue-cost divergence wastewater supply 2009-10

Revenue sources	Domestic	Commercial	Other consumers	Total
Wastewater charges	\$32,609,874	\$3,237,318	\$568,078	\$36,415,270
Other revenues	\$1,489,952	\$50,779		\$1,540,731
CSO	-	\$237,819		\$237,819
Headworks	\$2,246,307	\$306,315		\$2,552,622
Total revenue	\$36,346,133	\$3,832,230	\$568,078	\$40,746,441
kL used	8,072,820	1,126,440	187,740	9,387,000
\$/kL contribution	\$4.502	\$3.402	\$3.026	\$4.341
Difference per kL from FCP	\$-0.050	\$-1.15	\$-1.526	\$-0.211
Cross-subsidy received	Nil	Nil	Nil	Nil



## Redland Water-final report continued

### Actions taken to implement SAMP in 2009-10 (as detailed in Redland 2008-10 SAMP/TMP)

Plan	Action	Target date	Progress
Biosolids management	Award tender for disposal of biosolids effective July 2009	31/7/2009	The biosolids tender was awarded.
Environmental management	Upgrade Thorneside and Mount Cotton Wastewater treatment plants (WWTP)	31/7/2009	Mount Cotton and Thorneside WWTP programmable logic controller/CPU were upgraded as part of the capital works program.
Effluent management	Investigate options to increase use of recycled water by water carriers	30/12/2009	Investigations were completed and a facility is being installed at Capalaba WWTP to allow tankers to fill 24 hours a day, seven days a week.
Knowledge management	Develop central intranet pages for access to all definitions and procedures	30/12/2009	Project was delayed due to water reform priorities. Documents were uploaded to the intranet in March.
Sewer overflow	Review of policies and procedures to conform with EPA guidelines and industry best practices	30/12/2009	Policy and procedure reviews were undertaken in accordance with required review dates.
Sewer overflow	Review buried manhole location and raising program	30/12/2009	A manhole raising program was established, and contractors started work in February.
Environmental management	Continue updating wastewater SCADA system	30/12/2009	A standard was developed for critical alarms and was rolled out across all plants. Programmable logic controller upgrades also occurred at Thorneside and Mount Cotton WWTPs.
Environmental management	Develop and overflow abatement strategy in line with EPA guidelines	30/12/2009	The overflow abatement strategy was completed.
Customer service/customer relations	Maximo review – works management	31/12/2009	A review was carried out in October and refinements on workflows were implemented. A further review will be dependent on the works management system adopted by Allconnex Water.
Operations	Complete telemetry upgrade	31/12/2009	The majority of the telemetry upgrade was completed in June with the remainder being completed on time.
Sewer overflow	Develop system overflow points rectification program	31/12/2009	The program was developed as part of work undertaken in preparing pump station asset data. Many items have been actioned (some could not be undertaken due to digging in marine mangroves).

## Redland Water-final report continued

Human resources	Development of change management program to support staff through the water reform process	31/12/2009	A program was developed by Council's People and Change team.
Operations	Implement HACCP system	30/6/2010	Completed by June 2010.
Operations	Implement local chlorine boosting	30/6/2010	Redland Water completed a paper discussing the need for local chlorine boosting and recommending that water main scouring is a better method of obtaining a chlorine residual at the fringes. The Water Grid Manager is also carrying out a south-east Queensland-wide assessment of whether to introduce chloramine dosing instead of our free chlorine dosing.
Operations	Complete all trade waste licensing	30/6/2010	All trade waste licensing was carried out, including updating many customers from CAT1 to CAT2.
Infrastructure planning	Review priority infrastructure plans (PIPs) and Infrastructure Charges Schedule (ICS)	30/6/2010	All PIP and ICS plans have been completed and sent to planning in January 2010.
Pressure leakage management plan	Continue actions as detailed in the leakage and pressure management project: detailed planning report September 2007 revision – issue 1	30/6/2010	All pressure and leakage tasks were completed.
Drinking water	Align drinking water quality supply plan within distribution network with water grid requirements	31/3/2013	The Water Grid Manager developed a regional drinking water quality plan to address whole of grid requirements – no further action required by Redland Water.



# Redland City Council



# Community Financial Report 2009-2010

## Purpose

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

## Summary of key financial performance indicators

Council strategically aims to operate within a set of conservative guide posts to ensure it is financially sustainable in both the short and long term. Redland City Council, as part of its financial strategy, has adopted seven key financial performance indicators to guide the financial health of the organisation. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings as part of a full suite of financial reports. Should there be any deviation outside these parameters the executive management and Council will be fully informed and may take corrective action as required.

The table below summarises how Council performed against set targets for the seven key financial performance indicators established in its financial strategy. In summary Council achieved or bettered all financial targets, performing strongly in its ability to generate cash from day to day operations, meeting all financial commitments in the financial year and keeping debt to manageable levels. This was achieved while still maintaining community services and making ongoing investment in community infrastructure.

Financial health indicator	Target	Actual performance
Level of dependence on general rate revenue	< 50.0%	31.0%
Ability to pay our bills - current ratio	> 1.1	2.8
Ability to repay our debt - debt servicing ratio	< 17%	2.4%
Cash balance	> \$32m	\$84.6m
Cash balances - cash capacity in months	3 to 4 months	7.0
Longer term financial stability - debt to assets ratio	< 15%	2.0%
Operating performance	> 15%	22.7%

## Information at a glance

Below is a series of tables and graphs that illustrate Council's major sources of revenue and expenses in addition to the value of Council's assets and liabilities. Comparisons are made between the 2009-10 and 2008-09 financial years. Prior year figures have been adjusted up to take account of price changes (CPI - consumer price index) to ensure comparisons are meaningful.

Information at a glance	2009-10	2008-09*
Total operating (day-to-day) revenue	\$190.18m	\$181.80m
Total operational expenses	\$205.65m	\$195.41m
Operating surplus (deficit)	(\$15.47m)	(\$13.62m)

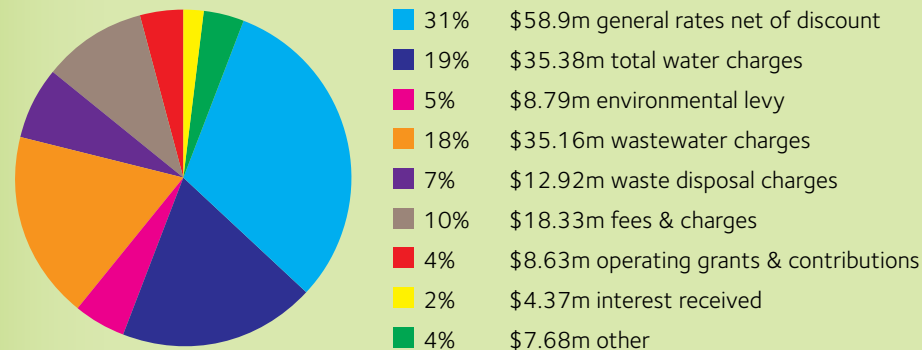
See Financial Statements 'Statement of Comprehensive Income' page 79 for more information  
 \* CPI adjustment included to ensure comparison of like with like



# Community Financial Report 2009–2010 continued

## What were the major sources of income to Council?

### Sources of operating income 2009-10



Total operating income received was \$190.18m. In comparison to the 2008-09 financial year, revenue increased from \$181.80m (CPI adjusted), a 4.6% increase.

Rates and utilities income comprised \$154.75m, which equates to 81% of total operating revenue. The major sources of rate income include general rates and charges for wastewater, water access, waste disposal and water consumption.

Council earned \$4.4m or 2.3% of total operating revenue from interest on investments and overdue rates during the financial year.

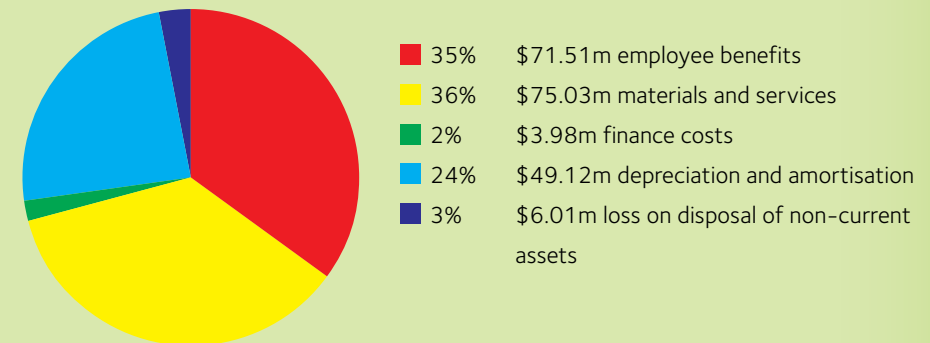
## What expenses did Council have to meet?

### (Statement of comprehensive income)

Redland City Council's operating expenses for the 2009-10 financial year totalled \$205.7m, an increase of 5.2% from the previous years' expense total of \$195.4m (CPI adjusted).

The chart below illustrates the breakdown of operating expenses between the major categories materials and services, employee costs and depreciation.

### Operating expenses 2009-10



The largest expenses Council had to meet were the payment to suppliers for materials and services (\$75.0m or 36.5% of total costs), employee costs (\$71.5m or 34.8% of total costs) and depreciation of its assets (\$49.1m or 23.9% of total costs).

Material and services cost includes the costs of all consultancy, contractor and materials consumed in delivering hundreds of projects and services to the community including roads, parks, water and wastewater, canals, footpaths, bikeways, marine infrastructure, car parks, libraries, caravan parks, swimming pools, showgrounds, sports fields, community halls and town planning.

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

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

# Community Financial Report 2009–2010 continued

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

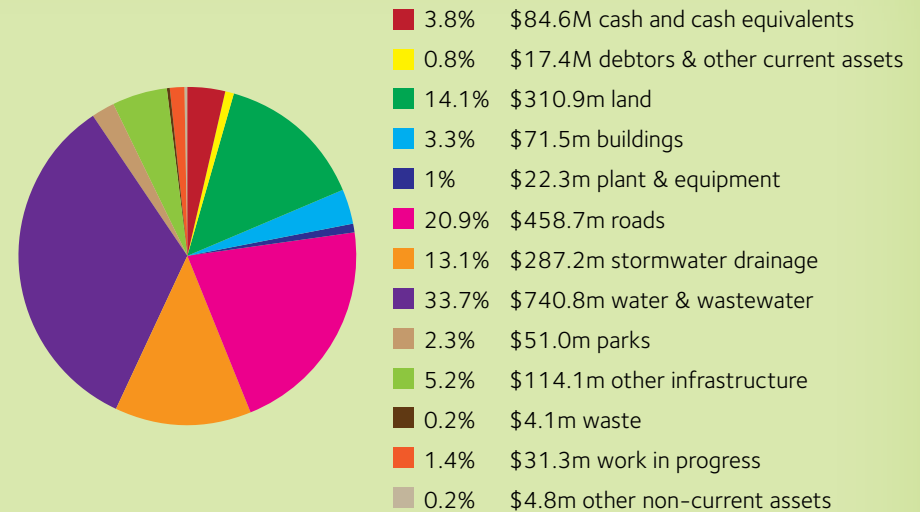
How much debt does Council carry?  
(Statement of Financial Position)

Value of community assets	2009-10 \$ millions	2008-09 \$ millions*
Total assets	2,198.70	2,259.60
Total liabilities	105.62	103.32
Net community assets	2,093.08	2,156.28
Cash held	84.60	83.03
Loan borrowings	43.17	41.73

See Financial Statements 'Statement of Financial Position' page 81 for more information  
\* CPI adjustment included to ensure comparison of like with like

The value of all assets controlled by Council totalled \$2.2 billion at 30 June 2010. This figure is broken down between current assets of \$102m (4.6%) and non-current assets of \$2.1 billion (95.4%).

## Assets in Council's care

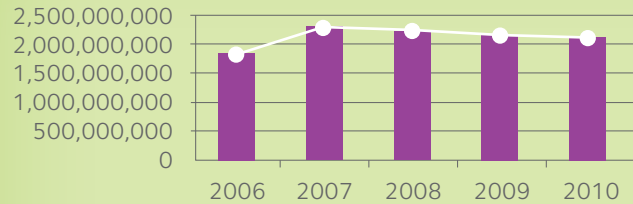


Current assets are those that are readily available to meet expenses and include mainly cash and amounts owed from customers. Cash assets were \$84.6m and receivables from customers \$15.1m at the end of the 2009-10 financial year.

Council's property, plant and equipment assets of \$2.1 billion includes freehold land, buildings, roadworks, stormwater drainage, water, wastewater, parks infrastructure, plant and equipment and other infrastructure assets.

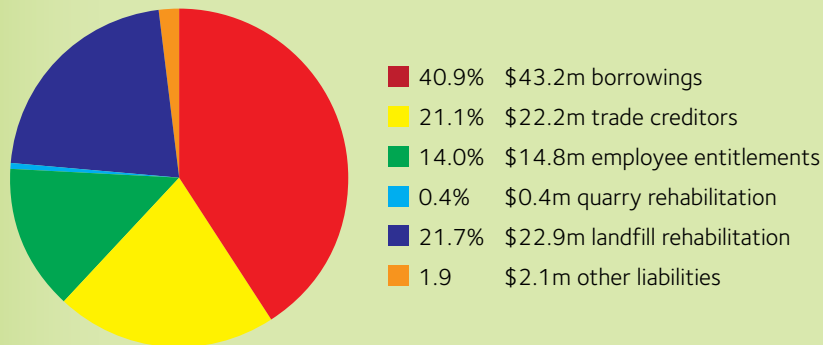
# Community Financial Report 2009–2010 continued

## Total assets – 5 year trend

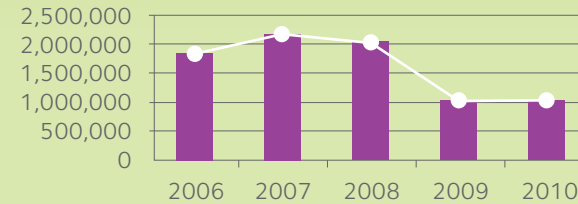


Liabilities or amounts owing at 30 June 2010 totalled \$105.6m. The largest single debt that Council owed at 30 June 2010 was to Queensland Treasury Corporation (QTC), the state government owned lending agency from which most local governments and state authorities borrow to finance their large scale infrastructure projects. At the end of the financial year Council owed QTC a total of \$43.2m, with \$2.2m payable in the next 12 months and \$41.0m due in subsequent years.

## Council's liabilities

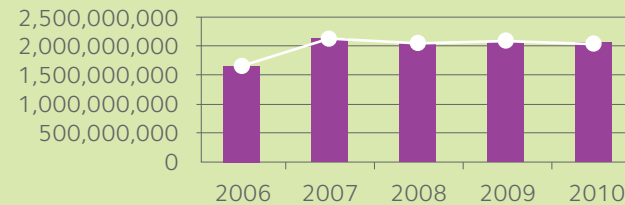


## Total liabilities – 5 year trend



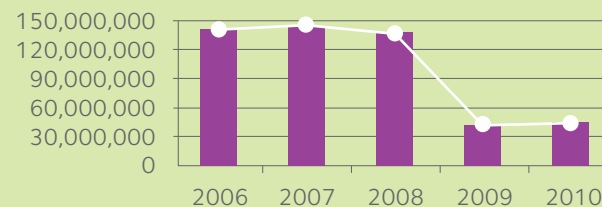
Net community assets is Council's total assets less its total liabilities and essentially represents Council's net worth. The following graph shows Council's net community assets over the last five years.

## Net community assets – 5 year trend



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

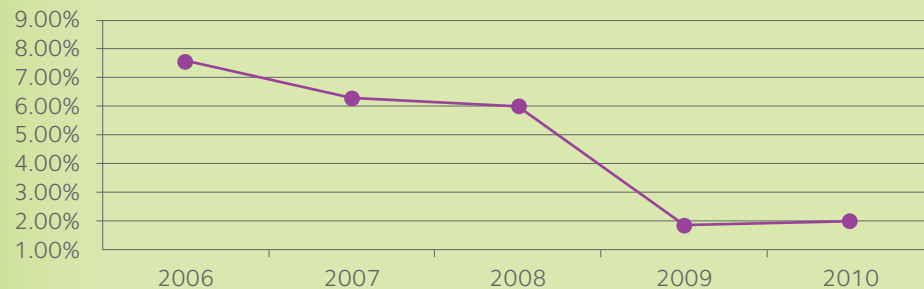
## 5 year analysis of Council's QTC debt



## Community Financial Report 2009–2010 continued

The graph below outlines the ratio of Council's total loans compared to total assets over the past five years. At the end of the 2010 financial year, total debt as a percentage of total assets was only 1.96%. This puts in perspective the relatively low level of borrowings compared with total assets. This ratio fell significantly in the 2007-08 financial year because of the large sum that was repaid to the Queensland Treasury Corporation (QTC) from the compensation proceeds for the transfer of bulk water assets to the State Water Authorities.

### Debt to assets ratio



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

### Ability to meet debt from operating revenue



In 2009-10, only 2.44% of operating revenue was spent repaying interest and principal on its borrowings. This has significantly reduced from previous years prior to 2008 where approximately 15% of operating revenue was required to repay interest and redemption. Once again this is largely attributable to compensation proceeds for the transfer of bulk water assets to the State Water Authorities. These proceeds were applied against the Queensland Treasury Corporation loan.

### What were the major sources of cash in and cash out? (Statement of cash flows)

The table below outlines the main sources of cash receipts and applications of cash payments between 1 July 2009 and 30 June 2010.

Sources of cash in and out	2009-10	2008-09
Net cash received from operations (excluding interest and borrowing costs)	\$41.31m	\$28.37m
Purchases of assets	\$55.35m	\$42.23m
New loans taken out	\$4.41m	-
Repayment of debt	\$1.90m	\$90.18m

See Financial Statements 'Statement of Cash Flows' page 83 for more information  
\* CPI adjustment included to ensure comparison of like with like

# Community Financial Report 2009-2010 continued

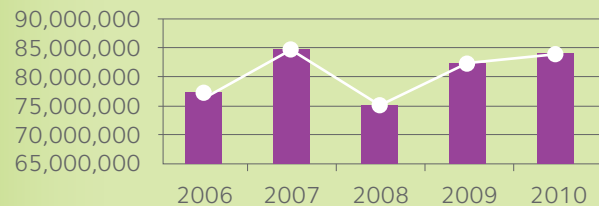
The cash flow statement is summarised into three activities:

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

Council started the 2009-10 financial year with \$80.9m total cash in the bank and ended the year with \$84.6m, exceeding the target for cash held and equivalent cash capacity in months.

The following graph shows Council's total cash holdings for the past five years.

## 5 year analysis of cash balances



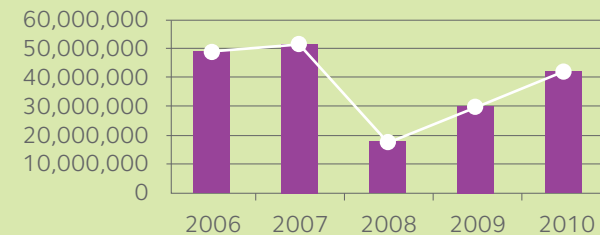
To maintain its strong financial position on behalf of the community, Council must make enough cash from its day-to-day operations to fund purchases of property, plant and equipment, repay interest and principal payments on loans, and leave enough in reserve for future requirements.

## Summary

During the 2009-10 financial year, Redland City Council managed to deliver a large program of operational and capital works to the Redlands community. Council achieved this result while still outperforming all seven of the key financial performance indicators. Council continued to meet all financial commitments and keep debt at very manageable levels. Your Council is in a strong financial position to deliver the planned program of projects and services throughout the 2010-11 financial year and beyond.

The graph below shows the level of net cash Council has been generating from normal day-to-day operations over the past five years.

## Net cash from operations



An essential requirement for any business, including Council, is its ability to pay its bills as and when they fall due. A good benchmark for measuring this capacity is called the current asset ratio which is the ratio of current assets to current liabilities.

The following diagram illustrates that the ratio has been greater than 1 for the past five years remaining at a healthy level of 2.8 in 2010.

## Ability to pay bills in 12 months



# Redland City Council



# Annual Financial Statements

## For the year ended 30 June 2010

### Table of contents

Statement of Comprehensive Income.....	80	17	Investment property .....	105	
Statement of Financial Position .....	82	18(a)	Property, plant and equipment .....	106	
Statement of Cash Flows .....	84	18(b)	Property, plant and equipment prior year comparatives .....	108	
Statement of Changes in Equity .....	85	18(c)	Property, plant and equipment valuations .....	110	
		19	Intangible assets .....	111	
Notes to the financial statements		20	Trade and other payables .....	111	
1	Basis of preparation.....	86	21	Borrowings.....	112
2	Significant accounting policies.....	88	22	Provisions .....	112
3	Statement of functions and activities.....		23	Other liabilities .....	114
	(a) Components of council functions .....	95	24	Asset revaluation surplus .....	114
	(b) Analysis of results by function.....	96	25	Other reserves .....	116
4	Revenue analysis .....	97	26	Commitments for expenditure .....	118
5	Grants, subsidies and contributions .....	99	27	Contingent liabilities.....	120
6	Employee benefits.....	100	28	Superannuation .....	120
7	Materials and services .....	101	29	Trust funds .....	121
8	Finance costs .....	101	30	Reconciliation of the result from ordinary activities to net Cash inflows (outflows) from operating activities.....	121
9	Depreciation and amortisation.....	102	31	Correction of error.....	122
10	Loss on disposal of non-current assets .....	102	32	Events after the reporting period.....	125
11	Loss on impairment.....	103	33	Financial instruments and risk management.....	128
12	Cash and cash equivalents.....	103	34	National Competition Policy .....	131
13	Trade and other receivables .....	104		Management certificate .....	134
14	Inventories .....	104		Independent auditor's report .....	135
15	Non-current assets classified as held for sale.....	104			
16	Other assets .....	105			

## Annual Financial Statements continued

### Statement of Comprehensive Income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Recurrent revenue</b>			
Net rates and utility charges	4(a)	154,750,817	139,828,031
Fees and charges	4(b)	18,332,011	17,258,192
Rental income	4(c)	557,507	466,407
Interest received	4(d)	4,372,164	4,916,206
Sale of goods and services	4(e)	1,952,974	2,733,257
Other recurrent income	4(f)	1,585,400	1,259,905
Grants, subsidies and contributions	5(a)	8,631,764	10,671,905
<b>Total recurrent revenue</b>		<b>190,182,637</b>	<b>177,133,902</b>
<b>Capital revenue</b>			
Grants, subsidies and contributions	5(b)	11,643,909	19,558,700
Non-cash developer contributions	5(b)	25,236,800	21,134,300
Increase/(decrease) in investment property		212,000	(47,600)
<b>Total capital revenue</b>		<b>37,092,709</b>	<b>40,645,400</b>
<b>TOTAL REVENUE</b>		<b>227,275,346</b>	<b>217,779,302</b>



## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>Expenses</b>			
Employee benefits	6	(71,512,411)	(64,083,510)
Materials and services	7	(75,025,588)	(75,740,967)
Finance costs	8	(3,982,616)	(644,426)
Depreciation and amortisation	9	(49,119,913)	(45,459,850)
Loss on disposal of non-current assets	10	(6,014,282)	(4,475,391)
Loss on impairment	11	-	-
<b>Total recurrent expenses</b>		<b>(205,654,810)</b>	<b>(190,404,144)</b>
<b>TOTAL EXPENSES</b>		<b>(205,654,810)</b>	<b>(190,404,144)</b>
<b>OPERATING RESULT</b>		<b>21,620,536</b>	<b>27,375,158</b>
<b>Other comprehensive income</b>			
Increase/(decrease) in asset revaluation surplus	24	(29,121,257)	96,688,425
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(7,500,721)</b>	<b>124,063,583</b>

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

## Annual Financial Statements continued

### Statement of Financial Position As at 30 June 2010

	Note	2010 \$	2009 Restated \$	01-July-2008 Restated \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	12	84,602,295	80,900,276	71,043,320
Trade and other receivables	13(a)	15,143,785	13,749,544	15,564,167
Inventories	14	706,817	578,634	510,370
Non-current assets classified as held for sale	15	95,012	131,967	153,157
Non-current assets held for transfer		-	-	82,218,404
Other assets	16	1,476,426	1,946,657	1,031,689
<b>Total current assets</b>		<b>102,024,335</b>	<b>97,307,078</b>	<b>170,521,107</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	13(b)	42,927	61,253	124,582
Investment property	17	3,840,000	3,628,000	3,675,600
Property, plant and equipment	18	2,091,915,595	2,099,125,145	1,991,277,388
Intangible assets	19	879,469	1,127,200	1,217,634
<b>Total non-current assets</b>		<b>2,096,677,991</b>	<b>2,103,941,598</b>	<b>1,996,295,204</b>
<b>TOTAL ASSETS</b>		<b>2,198,702,326</b>	<b>2,201,248,676</b>	<b>2,166,816,311</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 Restated \$	01-July-2008 Restated \$
<b>CURRENT LIABILITIES</b>				
Trade and other payables	20	27,625,185	23,101,391	23,657,697
Borrowings	21	2,206,329	1,564,427	87,278,546
Provisions	22	5,129,663	4,143,750	2,919,457
Other liabilities	23	1,636,312	1,696,261	7,363,836
<b>Total current liabilities</b>		<b>36,597,489</b>	<b>30,505,829</b>	<b>121,219,536</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	20	345,000	-	-
Borrowings	21	40,966,106	39,096,670	41,252,720
Provisions	22	27,713,495	31,065,221	27,415,941
<b>Total non-current liabilities</b>		<b>69,024,601</b>	<b>70,161,891</b>	<b>68,668,661</b>
<b>TOTAL LIABILITIES</b>		<b>105,622,091</b>	<b>100,667,720</b>	<b>189,888,197</b>
<b>NET COMMUNITY ASSETS</b>		<b>2,093,080,235</b>	<b>2,100,580,956</b>	<b>1,976,928,114</b>
<b>COMMUNITY EQUITY</b>				
Asset revaluation surplus	24	1,149,554,415	1,182,291,910	1,088,650,825
Retained surplus		909,137,124	880,279,846	854,211,123
Other reserves	25	34,388,696	38,009,200	34,066,166
<b>TOTAL COMMUNITY EQUITY</b>		<b>2,093,080,235</b>	<b>2,100,580,956</b>	<b>1,976,928,114</b>

Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period, i.e. as at 1 July 2008. Details are reported in Note 31.

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

## Annual Financial Statements continued

### Statement of Cash Flows For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		175,935,846	156,594,628
Payments to suppliers and employees		(143,336,152)	(141,307,804)
		<b>32,599,694</b>	<b>15,286,824</b>
Interest received		4,372,164	4,916,206
Operating grants and contributions		8,713,836	12,353,798
Borrowing costs		(2,736,118)	(2,708,060)
<b>Net cash inflow from operating activities</b>	30	<b>42,949,576</b>	<b>29,848,768</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(55,016,187)	(40,611,443)
Payments for intangible assets		(332,974)	(532,135)
Net repayment in loans to community groups		55,720	63,449
Proceeds from sale of property, plant & equipment		1,890,636	85,355,338
Capital grants, subsidies and contributions		11,643,910	19,558,700
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(41,758,895)</b>	<b>63,833,909</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	21	4,408,000	-
Repayment of borrowings		(1,896,662)	(83,825,721)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>2,511,338</b>	<b>(83,825,721)</b>
<b>Net increase in cash held</b>		<b>3,702,019</b>	<b>9,856,956</b>
<b>Cash at beginning of financial year</b>		<b>80,900,276</b>	<b>71,043,320</b>
<b>Cash at end of financial year</b>	12	<b>84,602,295</b>	<b>80,900,276</b>

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

## Annual Financial Statements continued

### Statement of Changes in Equity For the year ended 30 June 2010

	Retained surplus \$	Asset revaluation surplus \$	Other reserves \$	Total community equity \$
Notes		24	25	
<b>Balance at beginning of year</b>	<b>880,279,846</b>	<b>1,182,291,910</b>	<b>38,009,200</b>	<b>2,100,580,956</b>
Operating result	21,620,536	-	-	21,620,536
Transfers to and from reserves:				
Transfers to reserves	(23,811,094)	-	23,811,094	-
Transfers from reserves	27,431,598	-	(27,431,598)	-
Derecognition of asset revaluation surplus	3,616,238	(3,616,238)	-	-
Other comprehensive income:				
Increase/(decrease) in asset revaluation surplus	-	(29,121,257)	-	(29,121,257)
<b>Balance at end of year</b>	<b>909,137,124</b>	<b>1,149,554,415</b>	<b>34,388,696</b>	<b>2,093,080,235</b>

### Statement of Changes in Equity For the year ended 30 June 2009

	Retained surplus \$	Asset revaluation surplus \$	Other reserves \$	Total community equity \$
Notes		24	25	
<b>Balance at beginning of year</b>	<b>832,584,148</b>	<b>1,088,650,825</b>	<b>34,066,166</b>	<b>1,955,301,139</b>
Adjustments to opening balance (Note 31)	21,216,234	-	-	21,216,234
Operating result	27,375,158	-	-	27,375,158
Transfers to and from reserves:				
Transfers to reserves	(28,711,750)	-	28,711,750	-
Transfers from reserves	24,768,716	-	(24,768,716)	-
Derecognition of asset revaluation surplus	3,047,340	(3,047,340)	-	-
Other comprehensive income:				
Increase/(decrease) in asset revaluation surplus	-	96,688,425	-	96,688,425
<b>Balance at end of year</b>	<b>880,279,846</b>	<b>1,182,291,910</b>	<b>38,009,200</b>	<b>2,100,580,956</b>

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

# Annual Financial Statements *continued*

## Notes to the Financial Statements For the Year Ended 30 June 2010

### 1 Basis of preparation

#### 1.a Basis of preparation

These general purpose financial statements for the period 1 July 2009 to 30 June 2010 have been prepared in accordance with Australian Accounting Standards and comply with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

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

#### 1.b Statement of compliance

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

#### 1.c Basis of consolidation

At 30 June 2010, 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 2010 the company had net assets of \$2 and remained dormant throughout the financial year.

#### 1.d Constitution

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

#### 1.e Date of authorisation

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

#### 1.f Currency

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

#### 1.g Rounding and comparatives

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

#### 1.h Critical accounting judgements and key sources of estimation uncertainty

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

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

Valuation of property, plant and equipment - Note 2.h and Note 18

Impairment of property, plant and equipment - Note 2.j and Note 11

Provisions - Note 2.0 and Note 22

Contingencies - Note 27

## Annual Financial Statements continued

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

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has resulted in the following changes to Council's accounting policies:

Presentation of Financial Statements (AASB101 Presentation of Financial Statements, AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101)

The revised Standard and Amending Pronouncements do not affect any of the amounts presented in the financial statements, but have changed the disclosures made in the financial statements. The change in terminology in the revised AASB 101 has resulted in the Balance Sheet being renamed the Statement of Financial Position, and the Cash Flow Statement being renamed the Statement of Cash Flows. The former Income Statement has been replaced with a single Statement of Comprehensive Income. In line with the new concept of 'Comprehensive Income' the bottom of the Statement contains other Comprehensive Income that was previously included in the Statement of Changes in Equity.

In order to comply with the revised AASB 101, an additional Statement of Financial Position has been included as at the beginning of the earliest comparative period due to the correction of an error. Details are provided in Note 31.

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

	Effective for annual report periods beginning on or after:
AASB 9 Financial Instruments (December 2009)	1 January 2013
AASB 124 Related Party Disclosures(December 2009)	1 January 2011
2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (May 2009)	1 January 2010
2009-8 Group Cash-settled Share-based Payment Transactions (July 2009)	1 January 2010
2009-9 Additional Exemptions for First-time Adopters (September 2009)	1 January 2010
2009-10 Classification of Rights Issues (October 2009)	1 January 2013
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2013
2009-12 Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments (December 2009)	1 January 2011
2009-13 Amendments to AAS arising from Interpretation (December 2009)	1 July 2010
2009-13 Amendments to AAS arising from Interpretation (December 2009)	1 July 2010
2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement (Interpretation 14) (December 2009)	1 January 2011
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (December 2009)	1 July 2010

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

## Annual Financial Statements continued

2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project includes amendments to AASB 117 Leases which revise the criteria for classification of leases involving land and buildings. Council will be required to reassess the classification of the land components of all unexpired leases that Council has entered into as at 1 July 2010, on the basis of the information existing at the inception of the relevant lease. If any such leases are reclassified to become financial leases, retrospective accounting adjustments will be processed as far as practicable.

Initial application of the other Standards/Interpretations in issue but not yet effective is not expected to have any material impact on Council's financial statements.

## 2 Significant accounting policies

### 2.a 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.

#### Rates

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received. Water consumption charges are accrued from the date of the last water meter reading to 30 June 2010.

#### Grants and subsidies

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

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

#### Non-cash contributions

Physical assets contributed to Council by developers in the form of road works, stormwater, 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 non-current assets.

#### Rental income

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

#### Interest

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

#### Cash Contributions

Redland City Council receives contributions from property developers to construct assets such as roads and footpaths, and water and sewerage networks for new property developments in the local government area. In previous financial years Redland City Council has accounted for these contributions using the principles of AASB1004 Contributions, recognising revenue upon receipt in the belief that these are non-reciprocal transfers. However AASB Interpretation 18 Transfer of Assets From Customers, which applies prospectively from July 1 2009 ascertains that these contributions fall under AASB 118 Revenue as they actually represent a fee for service. Consequently Interpretation 18 concludes that these types of contributions should be recognised as the related service obligations are fulfilled, not as revenue on receipt. Redland City Council's policy is to apply the Interpretation 18 prospectively. All cash contributions received prior to 1 July 2009 have been recognised as revenue.

#### 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.



## Annual Financial Statements continued

### 2.b Financial assets and financial liabilities

Redland City Council has categorised the financial assets and financial liabilities held at balance date in note 33 (d). Financial assets and financial liabilities are presented separately from each other and 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 21 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.

### 2.c Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 2.d Receivables

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

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

All known bad debts were written-off at 30 June 2010. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

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.e Inventories

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

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 cost, adjusted, when applicable, for any loss of service potential.

### 2.f Other assets

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

# Annual Financial Statements continued

## 2.g Investment property

Investment property is property held for the primary purpose of earning rental income and/or capital appreciation. Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance sheet date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Pursuant to revised accounting standard AASB 140 Investment Property, from 1 July 2009 property that is being constructed or developed for future use as investment property is now classified as investment property rather than as property, plant and equipment. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

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

## 2.h Property, plant and equipment

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

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

## 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.

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

## Capital and operating expenditure

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

## 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.

## Annual Financial Statements continued

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus 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 surplus 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.

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

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

### **Capital work in progress**

The cost of property, plant and equipment constructed by Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads. Maintenance and repair costs are expensed as incurred.

Investment property under construction is classified as investment property.

### **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.

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 18.

### **Land under roads**

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where 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 government pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

### **2.i Intangible assets**

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

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

It has been determined that there is not an active market for any of the Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

## Annual Financial Statements continued

### 2.j Impairment of non-current assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. 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 surplus increase.

### 2.k Leases

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

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

### 2.l Trade and other payables

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

### 2.m Liabilities - employee benefits

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

#### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at reporting date based on current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 20 as a payable.

#### Annual leave

A liability for annual leave is recognised based on current wage and salary levels indexed by certified enterprise bargaining agreement increases and related employee on-costs such as superannuation contributions. All annual leave has been classified as a current payable in Note 20.

#### Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 28.

## Annual Financial Statements continued

### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in 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. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 22 as a provision.

### Sick leave

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

### **2.n Borrowings**

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 date.

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

### **2.o Restoration provision**

A provision is recognised in the Statement of Financial Performance 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.p Asset revaluation surplus**

The asset revaluation surplus comprises adjustments relating to changes in the value of property, plant and equipment 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 asset revaluation surplus.

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

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

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

### **2.q Retained surplus**

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

### **2.r Other reserves**

The following reserves are cash backed reserves and represent funds 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.

## Annual Financial Statements continued

### 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.

### Cleansing reserve

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

### Separate charge reserve – Environment

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

### Special charge reserve – Other

This reserve 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.

### Constrained recurrent reserve

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

### 2.s National Competition Policy

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

### 2.t Financial risk management

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

Authorised investments comprise:

- Deposits with a financial institution
- Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State 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; QIC Cash trust, QIC Pooled Cash Fund. An investment arrangement with a rating prescribed under a regulation for this paragraph
- Other investment arrangements prescribing under a regulation for this paragraph

## Annual Financial Statements continued

### 2.u Trust funds held for outside parties

Funds held in the separate Trust Account on behalf of outside parties include proceeds in excess of rates and charges recovered through sale of land for overdue rates and various security deposits lodged to guarantee performance. 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 29 to the financial statements for information purposes only.

### 2.v Taxation

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

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

## 3. Statement of Functions and Activities

### (a) Components of Council functions

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

#### Governance

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

- Chief Executive Office
- Mayor and Councillors
- Internal Audit
- Legal Services
- Corporate Performance and Risk
- Marketing and Communications.

#### Customer Services

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

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

#### Planning and Policy

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

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

#### Corporate Services

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

- Financial Services
- People and Change
- Information Management
- Corporate Acquisitions, Fleet and Facilities
- Water Reform.

## Annual Financial Statements *continued*

### Development and Community Standards

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

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

### Redland Water & Wastewater

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

### (b) Analysis of results by function

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

Functions	Income		Total	Total	Net	Total
	Grants	Other	income	expenses	result	assets
	2010	2010	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$
Governance Department	20,000	23,363	43,363	8,473,857	(8,430,494)	258,922
Customer Services Department	2,957,873	23,950,961	26,908,834	79,402,813	(52,493,979)	179,078,426
Redland Water & Wastewater Department	134,671	93,250,323	93,384,994	61,646,415	31,738,579	763,332,010
Planning and Policy Department	5,943,979	22,859,820	28,803,799	31,752,695	(2,948,896)	1,099,472,276
Corporate Services Department	4,779,798	65,191,028	69,970,826	7,060,209	62,910,617	156,005,333
Development & Community Standards Department	149,928	8,013,602	8,163,530	17,318,821	(9,155,291)	555,360
<b>Total</b>	<b>13,986,249</b>	<b>213,289,097</b>	<b>227,275,346</b>	<b>205,654,810</b>	<b>21,620,536</b>	<b>2,198,702,326</b>



## Annual Financial Statements continued

Functions	Income		Total	Total	Net	Total
	Grants	Other	income	expenses	result	assets
	2009	2009	2009	2009	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)	237,684,347
Redland Water & Wastewater Department	3,292	79,197,775	79,201,067	58,090,257	21,110,810	758,692,853
Planning and Policy Department	11,822,756	24,282,999	36,105,755	33,872,127	2,233,628	1,048,365,430
Corporate Services Department	6,084,501	61,005,547	67,090,048	(784,980)	67,875,028	156,664,644
<b>Total</b>	<b>22,669,367</b>	<b>195,109,935</b>	<b>217,779,302</b>	<b>190,404,144</b>	<b>27,375,158</b>	<b>2,201,248,676</b>

Council undertook a restructure of several departments between the 2008-09 and 2009-10 financial years. The Governance Department was formed in 2009-10 from the pre existing Chief Executive Office Department. In addition, the Legal Services, Corporate Performance and Risk, and Marketing and Communications Groups were also transferred to the Governance Department. A new department called Development and Community Standards was created in the 2009-10 financial year. Effectively this department assumed all of the responsibilities, staff and budget from the Assessment Services Group which previously existed in the Customer Services Department. It is not practical to restate the comparisons in the prior year in line with the new departmental structure.

## Notes on the Statement of Comprehensive Income

4. Revenue analysis	Note	2010	2009
		\$	\$
<b>(a) Rates and charges</b>			
General rates		61,313,610	56,838,026
Special charges		2,314,868	1,956,355
Environment levy		8,786,925	7,234,704
Water access		14,920,697	13,050,353
Water consumption		20,462,654	16,015,736
Wastewater		35,163,483	33,640,605
Trade waste		1,272,754	1,093,893
Waste disposal		12,924,949	12,161,001
<b>Total rates and utility charges</b>		<b>157,159,940</b>	<b>141,990,673</b>
Less pensioner remissions		(2,409,123)	(2,162,643)
<b>Net rates and utility charges</b>		<b>154,750,817</b>	<b>139,828,030</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>4. Revenue analysis</b>			
<b>(b) Fees and charges</b>			
Fines and penalties		497,357	672,983
Mooring and parking fees		914,581	743,586
Search fees		906,589	777,113
Building application fees		1,852,334	1,524,332
Development application fees		2,122,214	1,880,867
Water and sewerage application fees		565,049	445,385
Camping fees		1,717,881	1,621,209
License fees		1,640,166	1,676,927
Weighbridge collection fees		915,614	1,079,963
Child care fees		2,880,696	2,927,863
Other fees and charges		4,319,530	3,907,964
		<b>18,332,011</b>	<b>17,258,192</b>
<b>(c) Rental income</b>			
Investment property rental		315,934	305,847
Other rental income		241,573	160,560
		<b>557,507</b>	<b>466,407</b>
<b>(d) Interest received</b>			
Interest received from investments		3,945,268	4,518,158
Interest from overdue rates and utility charges		426,896	398,048
		<b>4,372,164</b>	<b>4,916,206</b>
<b>(e) Sale of goods and services</b>			
Contract and recoverable works		1,125,793	1,987,006
Services and product sales		827,181	746,251
		<b>1,952,974</b>	<b>2,733,257</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>4. Revenue analysis</b>			
<b>(f) Other recurrent income</b>			
Miscellaneous income		1,373,807	1,075,088
Commission received		211,593	184,817
		<b>1,585,400</b>	<b>1,259,905</b>
<b>5. Grant, subsidies and contributions</b>			
<b>(a) Recurrent</b>			
Government subsidies and grants		3,667,358	4,294,445
General purpose government grants		4,627,198	5,970,158
Contributions		337,208	407,302
		<b>8,631,764</b>	<b>10,671,905</b>
<b>(b) Capital</b>			
Government subsidies and grants		5,691,692	12,404,764
Contributions		5,952,217	7,153,936
	30	<b>11,643,909</b>	<b>19,558,700</b>
Infrastructure from developers at fair value	30	<b>25,236,800</b>	<b>21,134,300</b>
<b>Conditions over contributions</b>			
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		1,615,067	1,706,401
Parks infrastructure		29,150	967,576
Water and wastewater infrastructure		3,567,165	3,918,312
Grants and contributions		1,984,567	8,327,021
		<b>7,195,949</b>	<b>14,919,310</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>5. Grant, subsidies and contributions</b>			
Contributions and grants which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with Council's obligations.			
Road infrastructure		948,057	1,771,924
Parks infrastructure		1,308,567	1,505,648
Water and wastewater infrastructure		3,708,348	4,315,568
Grants and contributions		6,411,117	-
		<b>12,376,089</b>	<b>7,593,140</b>
<b>6. Employee benefits</b>			
Total staff wages and salaries		55,289,970	49,196,397
Councillors' remuneration		1,170,354	1,146,530
Annual leave and long service leave entitlements		6,082,107	6,097,363
Superannuation		6,645,761	5,880,462
		<b>69,188,192</b>	<b>62,320,752</b>
Other employee related expenses		6,933,510	5,771,275
		<b>76,121,702</b>	<b>68,092,027</b>
Less: capitalised employee expenses		(4,609,291)	(4,008,517)
		<b>71,512,411</b>	<b>64,083,510</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>7. Materials and services</b>			
Contractors		28,296,811	28,292,180
Consultants		3,211,394	2,494,054
Other Council outsourcing costs		8,109,116	7,781,592
Purchase of materials		15,445,281	13,430,595
Office administration costs		7,089,363	6,275,922
Electricity charges		5,131,730	4,699,892
Plant operations		4,666,309	4,743,697
Information technology resources		2,703,372	2,104,479
Office equipment		254,724	303,913
General insurance		1,100,880	1,111,632
Community assistance		1,668,494	1,142,816
Audit services		90,600	151,343
Other material & service expenses		874,390	802,695
Remediation costs for landfill and quarry		(3,616,876)	2,406,157
		<b>75,025,588</b>	<b>75,740,967</b>
<b>8. Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		2,736,118	2,708,060
Bank charges		343,529	389,272
Bad debts		4,611	64,038
Borrowing costs - landfill and quarry remediation		898,358	1,527,504
Market value adjustment		-	(4,044,448)
		<b>3,982,616</b>	<b>644,426</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>9. Depreciation and amortisation</b>			
<b>Depreciation of non current assets</b>			
Buildings		3,083,279	3,043,782
Plant and equipment		5,524,751	4,698,201
Roads		9,263,081	8,587,457
Stormwater drainage		5,094,481	5,250,312
Water & wastewater		17,436,768	15,914,834
Parks		3,920,630	3,309,756
Other infrastructure		3,513,790	2,785,308
Waste		702,427	1,239,230
	18	<b>48,539,207</b>	<b>44,828,880</b>
<b>Amortisation of intangible assets</b>			
Software	19	<b>580,706</b>	<b>630,970</b>
<b>Total depreciation and amortisation</b>		<b>49,119,913</b>	<b>45,459,850</b>
<b>10. Loss on disposal of non-current assets</b>			
(i) Proceeds from the sale of property, plant and equipment		(793,780)	(808,225)
Less: book value of property, plant and equipment disposed		6,332,951	5,346,311
		<b>5,539,171</b>	<b>4,538,086</b>
(ii) Proceeds from the sale of land		(917,273)	(2,072,818)
Less: book value of land disposed		1,440,000	2,338,003
		<b>522,727</b>	<b>265,185</b>
(iii) Proceeds from the sale of non-current assets held for sale		(179,583)	(151,531)
Less: book value of disposed non-current assets held for sale		131,967	153,157
		<b>(47,616)</b>	<b>1,626</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>10. Loss on disposal of non-current assets</b>			
(iv) Proceeds from non-current assets held for transfer		-	(82,322,765)
Less: book value of disposed assets held for transfer		-	81,993,259
		-	<b>(329,506)</b>
	30	<b>6,014,282</b>	<b>4,475,391</b>
<b>11. Loss on impairment</b>			
Non-current assets classified as held for sale		-	-
Property, plant and equipment		-	-

## Notes on the Statement of Financial Position

<b>12. Cash and cash equivalents</b>			
Cash at bank		574,945	399,575
Cash on hand		18,055	18,605
Deposits at call		84,009,295	80,482,096
Balance per Statement of Cash Flows		<b>84,602,295</b>	<b>80,900,276</b>

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

Unspent government grants and contributions		3,900,472	8,327,021
Unspent developers contributions		11,543,173	12,296,764
Total unspent restricted cash		<b>15,443,645</b>	<b>20,623,785</b>

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

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>13. Trade and other receivables</b>			
<b>(a) Current</b>			
Rates and utility charges		9,865,267	8,673,150
Other debtors		3,148,006	3,181,491
GST recoverable		2,172,713	1,915,419
Loans and advances to community organisations		21,749	59,143
Less: allowance for impairment		(63,950)	(79,659)
		<b>15,143,785</b>	<b>13,749,544</b>
<b>(b) Non-current</b>			
Loans and advances to community organisations		<b>42,927</b>	<b>61,253</b>
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.			
<b>14. Inventories</b>			
<b>Inventories held for distribution</b>			
Gravel stockpiles		287,533	124,500
Plant and equipment stores		419,284	454,134
		<b>706,817</b>	<b>578,634</b>
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.			
<b>15. Non-current assets classified as held for sale</b>			
Plant and equipment		95,012	131,967
Impairment adjustment in period		-	-
		<b>95,012</b>	<b>131,967</b>



## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>16. Other assets</b>			
Prepaid registration		78,968	59,396
Prepaid insurance		129,583	136,625
Prepaid salaries and wages		404,505	557,933
Prepaid other expenses		863,370	1,192,703
		<b>1,476,426</b>	<b>1,946,657</b>
<b>17. Investment property</b>			
Fair value at beginning of period		3,628,000	3,675,600
Revaluation adjustment to the income account		212,000	(47,600)
Fair value at end of period		<b>3,840,000</b>	<b>3,628,000</b>

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 2010 based on a capitalisation of income approach.

## Annual Financial Statements continued

### 18 (a) Property, plant and equipment

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Asset values</b>											
Opening gross value	307,702,904	124,003,452	38,194,904	616,812,549	421,817,232	1,054,876,999	87,291,764	184,930,769	15,426,230	13,530,176	2,864,586,979
Work in progress costs	-	-	-	-	-	-	-	-	-	51,174,571	51,174,571
Transfers from WIP to non current assets	-	-	-	-	-	-	-	-	-	(33,361,245)	(33,361,245)
Additions at cost	4,339,503	1,004,831	7,207,204	10,723,294	809,582	3,294,447	3,160,590	4,508,290	191,010	-	35,238,751
Contributed assets at valuation	-	-	-	5,539,564	3,846,623	15,361,384	489,229	-	-	-	25,236,800
Land acquired in lieu of rates	30,003	-	-	-	-	-	-	-	-	-	30,003
Disposals	(1,440,000)	(41,000)	(4,249,659)	(3,911,472)	(2,295,039)	(2,983,041)	(2,507,734)	(827,311)	-	-	(18,255,256)
Revaluation adjustments	281,997	(9,811,968)	91,211	30,750,059	(45,452,475)	-	(6,431,885)	(29,790,761)	-	-	(60,363,822)
Transfer to assets classified as held for sale	-	-	(303,609)	-	-	-	-	-	-	-	(303,609)
Transfer between non-current asset classes	-	-	-	-	19,158	-	623,477	(642,635)	-	-	-
<b>Closing gross value</b>	<b>310,914,407</b>	<b>115,155,315</b>	<b>40,940,051</b>	<b>659,913,994</b>	<b>378,745,081</b>	<b>1,070,549,789</b>	<b>82,625,441</b>	<b>158,178,352</b>	<b>15,617,240</b>	<b>31,343,502</b>	<b>2,863,983,172</b>

## Annual Financial Statements continued

### 18 (a) Property, plant and equipment

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Accumulated depreciation</b>											
Opening balance	-	44,370,740	16,897,591	189,236,959	99,246,945	313,733,431	39,471,584	51,689,768	10,814,816	-	765,461,834
Depreciation provided in period	-	3,083,279	5,524,751	9,263,081	5,094,481	17,436,768	3,920,630	3,513,790	702,427	-	48,539,207
Depreciation on disposals	-	(21,138)	(3,514,624)	(2,851,916)	(465,841)	(1,399,485)	(1,832,707)	(396,594)	-	-	(10,482,305)
Revaluation adjustments	-	(3,756,719)	(13,458)	5,580,334	(12,338,263)	-	(10,140,429)	(10,574,030)	-	-	(31,242,565)
Transfer to assets classified as held for sale	-	-	(208,597)	-	-	-	-	-	-	-	(208,597)
Transfer between non-current asset classes	-	-	-	-	781	-	192,590	(193,371)	-	-	-
<b>Accumulated depreciation at period end</b>	-	<b>43,676,162</b>	<b>18,685,663</b>	<b>201,228,458</b>	<b>91,538,103</b>	<b>329,770,714</b>	<b>31,611,668</b>	<b>44,039,563</b>	<b>11,517,243</b>	-	<b>772,067,574</b>
<b>Total written down value at 30 June 2010</b>	<b>310,914,407</b>	<b>71,479,153</b>	<b>22,254,388</b>	<b>458,685,536</b>	<b>287,206,978</b>	<b>740,779,075</b>	<b>51,013,773</b>	<b>114,138,789</b>	<b>4,099,997</b>	<b>31,343,502</b>	<b>2,091,915,598</b>
Range of estimated useful life in years	n/a	50	3 - 10	16 - 80	80	80	5 - 15	5 - 75	3 - 80	n/a	

## Annual Financial Statements continued

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

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
<b>Asset values</b>											
Opening gross value	302,834,939	120,898,497	37,436,330	571,639,239	407,046,254	966,753,713	70,269,184	145,448,967	14,821,603	9,975,537	2,647,124,263
Adjustments to opening value	(827,743)	1,450,000	61,926	860,311	(2,613,961)	(562,129)	7,798,695	23,540,778	-	4,900	29,712,777
Work in progress costs	-	-	-	-	-	-	-	-	-	41,266,899	41,266,899
Transfers from WIP to non current assets	-	-	-	-	-	-	-	-	-	(37,717,160)	(37,717,160)
Additions at cost	7,322,711	3,521,980	7,165,865	11,333,435	502,456	3,833,327	2,655,828	2,616,687	360,915	-	39,313,204
Contributed assets at valuation	856,000	-	-	6,686,020	4,315,378	8,610,232	666,672	-	-	-	21,134,302
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)	(3,903,545)	(369,692)	(509,975)	(2,507)	-	(18,762,280)
Revaluation adjustments	13,758	-	-	28,805,192	13,773,571	80,145,401	6,278,511	12,921,312	1,151,785	-	143,089,530
Transfer to assets classified as held for sale	-	-	(595,798)	-	-	-	-	-	-	-	(595,798)
Transfer between non-current asset classes	(160,000)	180,000	-	-	-	-	(7,434)	913,000	(905,566)	-	20,000
<b>Closing gross value</b>	<b>307,702,904</b>	<b>124,003,452</b>	<b>38,194,904</b>	<b>616,812,549</b>	<b>421,817,232</b>	<b>1,054,876,999</b>	<b>87,291,764</b>	<b>184,930,769</b>	<b>15,426,230</b>	<b>13,530,176</b>	<b>2,864,586,979</b>

## Annual Financial Statements continued

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

	Land	Buildings	Plant and equipment	Roads	Stormwater drainage	Water and wastewater	Parks	Other infrastructure	Waste	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Accumulated depreciation</b>											
Opening balance	-	42,066,041	17,434,853	171,399,693	91,005,814	275,533,213	31,078,468	40,204,918	8,750,847	-	677,473,847
Adjustments to opening value	-	60,383	5,214	(157,308)	(13,077)	985,825	2,324,698	5,299,004	203	-	8,504,942
Depreciation provided in period	-	3,043,782	4,698,201	8,587,457	5,250,312	15,914,834	3,309,756	2,785,308	1,239,230	-	44,828,880
Depreciation on disposals	-	(819,466)	(4,776,846)	(2,015,549)	(291,384)	(2,452,589)	(287,404)	(434,189)	(538)	-	(11,077,965)
Revaluation adjustments	-	-	-	11,422,666	3,295,280	23,752,148	3,046,066	3,834,727	825,074	-	46,175,961
Transfer to assets classified as held for sale	-	-	(463,831)	-	-	-	-	-	-	-	(463,831)
Transfer between non-current asset classes	-	20,000	-	-	-	-	-	-	-	-	20,000
<b>Accumulated depreciation at period end</b>	-	<b>44,370,740</b>	<b>16,897,591</b>	<b>189,236,959</b>	<b>99,246,945</b>	<b>313,733,431</b>	<b>39,471,584</b>	<b>51,689,768</b>	<b>10,814,816</b>	-	<b>765,461,834</b>
<b>Total written down value at 30 June 2009</b>	<b>307,702,904</b>	<b>79,632,712</b>	<b>21,297,313</b>	<b>427,575,590</b>	<b>322,570,287</b>	<b>741,143,568</b>	<b>47,820,180</b>	<b>133,241,001</b>	<b>4,611,414</b>	<b>13,530,176</b>	<b>2,099,125,145</b>
Range of estimated useful life in years	n/a	50	3-10	16-80	80	80	5-15	5-75	3-80	n/a	

## Annual Financial Statements *continued*

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

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

#### (i) Land

All Council freehold land was valued at fair value as at 30 June 2008 by qualified external valuers, Rushton Assetval Pty Ltd (registered valuers - since 1839). A review of land values for Redland City was undertaken for the period 1 July 2008 to 30 June 2010 based on sales statistics from RP Data. The small percentage movement in values was considered immaterial to apply any indexing to this asset class.

#### (ii) Buildings

All buildings were valued at fair value as at 30 June 2008 by qualified external valuers, Rushton Assetval (registered valuers - since 1839). Indexation adjustments were applied in 2009/2010, however were not required during the year ending 30 June 2009.

#### (iii) Road infrastructure assets

Road assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd.

#### (iv) Stormwater drainage infrastructure assets

Stormwater drainage assets, road bridges and traffic signals were valued in 2010 by qualified external valuers AssetVal Pty Ltd.

#### (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. No indices have been applied in 2010.

#### (vi) Parks infrastructure assets

Parks infrastructure assets were valued at fair value as at 30 June 2010 by qualified external valuers AssetVal Pty Ltd.

#### (vii) 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 at 30 June 2010 by qualified external valuers AssetVal Pty Ltd.

#### (viii) Waste infrastructure assets

These assets 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. Indices were not applied in 2010 as the movement in the indices for the period was not material.

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>19. Intangible assets</b>			
<b>Software</b>			
Opening gross carrying value		7,926,053	7,385,517
Opening balance adjustment		-	8,400
Additions in period		332,974	532,136
Written off amounts		(47,240)	-
<b>Closing gross carrying value</b>		<b>8,211,787</b>	<b>7,926,053</b>
<b>Accumulated amortisation</b>			
Opening balance		(6,798,852)	(6,167,883)
Amortisation in the period		(580,706)	(630,970)
Written off amounts		47,240	-
<b>Closing balance</b>		<b>(7,332,318)</b>	<b>(6,798,853)</b>
<b>Net carrying value at end of financial year</b>		<b>879,469</b>	<b>1,127,200</b>
The software has a finite life estimated at 10 years. Straight line amortisation has been used with no residual value.			
<b>20. Trade and other payables</b>			
<b>(a) Current</b>			
Creditors and accruals		22,241,170	18,409,460
Annual leave		5,384,015	4,691,931
		<b>27,625,185</b>	<b>23,101,391</b>
<b>(b) Non-current</b>			
Creditors and accruals		345,000	-
		<b>345,000</b>	<b>-</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>21. Borrowings</b>			
<b>Loans - Queensland Treasury Corporation</b>			
Balance at beginning of financial year		40,661,097	128,531,266
Loans raised		4,408,000	-
Principal repayments		(1,903,294)	(87,870,170)
Interest accrued		6,633	-
<b>Book value at end of financial year</b>		<b>43,172,435</b>	<b>40,661,097</b>
<b>Classified as:</b>			
Current		2,206,329	1,564,427
Non-current		40,966,106	39,096,670
		<b>43,172,435</b>	<b>40,661,097</b>

The loan market value at the reporting date was \$46,288,746. 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 22 September 2021 to 29 December 2024. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made in arrears.

## 22. Provisions

### (a) Current

Quarry rehabilitation		30,502	33,067
Landfill rehabilitation		3,394,171	3,206,522
Provision for concrete recycling		75,000	75,000
Long service leave		1,629,991	829,161
		<b>5,129,663</b>	<b>4,143,750</b>



Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>22. Provisions</b>			
<b>(b) Non-current</b>			
Quarry rehabilitation		395,175	790,145
Landfill rehabilitation		19,500,995	22,009,626
Long service leave		7,817,325	8,265,450
		<b>27,713,495</b>	<b>31,065,221</b>
Details of movements in provisions:			
<b>Quarry rehabilitation</b>			
Balance at beginning of financial year		823,212	796,279
Increase in provision - borrowing cost		28,401	55,023
Increase (decrease) in provision due to change in discount rate and costs		(425,936)	(28,090)
<b>Balance at end of financial year</b>		<b>425,677</b>	<b>823,212</b>
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.			
<b>Landfill rehabilitation</b>			
Balance at beginning of financial year		25,216,148	21,309,421
Increase in provision - borrowing cost		869,957	1,472,481
Increase (decrease) in provision due to change in discount rate and costs		(3,190,940)	2,434,246
<b>Balance at end of financial year</b>		<b>22,895,165</b>	<b>25,216,148</b>
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.			

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>22. Provisions</b>			
<b>Long service leave</b>			
Balance at beginning of financial year		9,094,611	8,154,700
Long service leave entitlement arising		890,044	1,386,814
Long service entitlement paid		(537,339)	(446,903)
<b>Balance at end of financial year</b>		<b>9,447,317</b>	<b>9,094,611</b>
<b>23. Other liabilities</b>			
Unearned revenue		1,636,312	1,678,085
Unearned rates and utility charges		-	18,176
		<b>1,636,312</b>	<b>1,696,261</b>
<b>24. Asset revaluation surplus</b>			
<b>Movements in the asset revaluation surplus were as follows:</b>			
<b>Balance at beginning of financial year</b>		<b>1,182,291,910</b>	<b>1,088,650,825</b>
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Land		281,997	13,758
Buildings		(6,055,250)	-
Plant and equipment (artwork)		104,669	-
Parks		3,708,546	3,232,446
Roads		25,169,725	17,382,526
Stormwater drainage		(33,114,212)	10,478,291
Water and wastewater		-	56,393,253
Other infrastructure		(19,216,732)	9,086,585
Waste		-	326,711

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>24. Asset revaluation surplus</b>			
<b>Impairment:</b>			
Non-current assets held for transfer		-	(225,145)
Transfer to retained earnings revalued component of disposed assets:		(3,616,238)	(3,047,340)
<b>Balance at end of financial year</b>		<b>1,149,554,415</b>	<b>1,182,291,910</b>
<b>Asset revaluation surplus analysis:</b>			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land		153,824,080	155,487,428
Buildings		26,656,772	32,712,022
Plant and equipment (artwork)		104,669	-
Parks		35,193,432	31,588,475
Roads		266,294,919	241,125,194
Water and wastewater		532,860,731	533,281,388
Other infrastructure		48,570,400	67,868,805
Stormwater drainage		83,379,373	117,558,559
Waste		2,670,039	2,670,039
		<b>1,149,554,415</b>	<b>1,182,291,910</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>25. Other reserves</b>			
<b>Reserves held for future expenditure:</b>			
Special Projects Reserve		11,052,770	11,063,896
Special Capital Projects Reserve		575,993	641,960
Cleansing Reserve		942,950	-
Constrained Works Reserve		13,400,213	18,598,910
Separate Charge Reserve - Environment		4,850,951	3,884,640
Special Charge Reserve - Other		362	-
Special Charge Reserve - Canals		1,579,580	1,794,918
Constrained Works Recurrent Reserve		1,985,877	2,024,876
		<b>34,388,696</b>	<b>38,009,200</b>
Movements in reserves are analysed as follows:			
<b>Special Projects Reserve</b>			
Balance at beginning of financial year		11,063,896	10,706,908
Transfer between reserve categories		34,969	-
Transfers from retained surplus for future expenditure		1,695,153	1,535,546
Transfers to retained surplus, funds expended in the year		(1,741,248)	(1,178,558)
<b>Balance at end of financial year</b>		<b>11,052,770</b>	<b>11,063,896</b>
<b>Special Capital Projects Reserve</b>			
Balance at beginning of financial year		641,960	508,105
Transfers from retained surplus for future expenditure		1,865,600	1,700,000
Transfers to retained surplus, funds expended in the year		(1,931,567)	(1,566,145)
<b>Balance at end of financial year</b>		<b>575,993</b>	<b>641,960</b>

*Annual Financial Statements continued*

	Note	2010 \$	2009 \$
<b>25. Other reserves</b>			
<b>Cleansing Reserve</b>			
Balance at beginning of financial year		-	-
Transfers from retained surplus for future expenditure		942,950	-
Transfers to retained surplus, funds expended in the year		-	-
<b>Balance at end of financial year</b>		<b>942,950</b>	<b>-</b>
<b>Constrained Works Reserve</b>			
Balance at beginning of financial year		18,598,910	13,297,615
Transfers from retained surplus for future expenditure		6,146,504	13,456,081
Transfers to retained surplus, funds expended in the year		(11,345,201)	(8,154,786)
<b>Balance at end of financial year</b>		<b>13,400,213</b>	<b>18,598,910</b>
<b>Separate Charge Reserve - Environment</b>			
Balance at beginning of financial year		3,884,640	6,285,832
Transfers from retained surplus for future expenditure		8,786,925	7,235,352
Transfers to retained surplus, funds expended in the year		(7,820,614)	(9,636,544)
<b>Balance at end of financial year</b>		<b>4,850,951</b>	<b>3,884,640</b>
<b>Special Charge Reserve - Other</b>			
Balance at beginning of financial year		-	11,019
Transfers from retained surplus for future expenditure		205,379	235,105
Transfers to retained surplus, funds expended in the year		(205,017)	(246,124)
<b>Balance at end of financial year</b>		<b>362</b>	<b>-</b>

*Annual Financial Statements continued*

	Note	2010 \$	2009 \$
<b>25. Other reserves</b>			
<b>Special Charge Reserve - Canals</b>			
Balance at beginning of financial year		1,794,918	3,256,686
Transfers from retained surplus for future expenditure		2,447,016	2,524,789
Transfers to retained surplus, funds expended in the year		(2,662,354)	(3,986,557)
<b>Balance at end of financial year</b>		<b>1,579,580</b>	<b>1,794,918</b>
<b>Constrained Works Recurrent Reserve</b>			
Balance at beginning of financial year		2,024,876	-
Transfer between reserve categories		(34,969)	
Transfers from retained surplus for future expenditure		1,721,567	2,024,876
Transfers to retained surplus, funds expended in the year		(1,725,597)	-
<b>Balance at end of financial year</b>		<b>1,985,877</b>	<b>2,024,876</b>
<b>26. Commitments for expenditure</b>			
<b>Operating leases</b>			
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within 1 year		391,460	376,404
1 to 5 years		1,724,397	1,659,415
Greater than 5 years		353,667	810,108
		<b>2,469,524</b>	<b>2,845,927</b>

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>26. Commitments for expenditure</b>			
<b>Operating contractual commitments</b>			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Roadworks		1,149,236	215,176
Waste		31,619,971	36,112,306
Water and wastewater		-	1,851,559
Other		14,022,049	11,853,615
		<b>46,791,256</b>	<b>50,032,656</b>
These expenditures are payable:			
Within 1 year		24,336,223	19,910,656
1 to 5 years		22,455,033	30,122,000
Greater than 5 years		-	-
		<b>46,791,256</b>	<b>50,032,656</b>
<b>Capital contractual commitments</b>			
Commitments for the construction of the following assets contracted for at year end but not recognised as liabilities:			
Roadworks		2,198,413	9,654,756
Waste		87,216	102,510
Water and wastewater		-	415,529
Other		3,581,836	5,942,742
		<b>5,867,465</b>	<b>16,115,537</b>
These expenditures are payable:			
Within 1 year		5,867,465	16,115,537
1 to 5 years		-	-
Greater than 5 years		-	-
		<b>5,867,465</b>	<b>16,115,537</b>

## Annual Financial Statements continued

### 27. Contingent liabilities

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

#### 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 2010 is \$749,000 where estimated claims liability as defined in Section 84 of the Act. The Actuary has recommended that a balance sheet provision be made for \$619,000 for the total estimated claims liability. Council has in place a bank guarantee with the ANZ Banking Group Ltd for \$5,000,000.

#### Other claims

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

#### Guarantees

Redland City Council has signed two deeds of guarantee and indemnity both in favour of Queensland Treasury Corporation (QTC) for the due payment of a proportion of all monies payable from time to time by the SEQ Distribution Entity (interim) Pty Ltd (A.C.N. 133962544) and the Southern SEQ Distributor - Retailer (authority) (A.B.N. 80769308350).

### 28. 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 2009 (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 2009. 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 2012.

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.



## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>28. Superannuation</b>			
The amount of superannuation contributions paid by Redland City Council to the scheme in this period for the benefit of employees was:		6,627,861	5,867,849
The amount of superannuation contributions paid by Redland City Council to the scheme in this period for the benefit of councillors was:		124,915	122,375
<b>29. Trust funds</b>			
Monies collected or held on behalf of other entities, yet to be paid out to or on behalf of those entities.		8,968,223	8,548,526
Redland City Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.			
<b>30. Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities</b>			
Net operating result		21,620,536	27,375,158
<b>Non-cash operating items:</b>			
Depreciation and amortisation	9	49,119,913	45,459,850
Non-cash contributions	5(b)	(25,236,800)	(21,134,300)
Allowance for impairment		(15,710)	34,792
Land acquired in lieu of rates		(30,003)	(1,242)
Fair value adjustment - investment property		(212,000)	47,600
Market value adjustment on loan		-	(4,044,448)
		<b>23,625,400</b>	<b>20,362,252</b>
<b>Investing and development activities:</b>			
Net (profit)/loss on disposal of non-current assets	10	6,014,282	4,475,391
Capital grants, subsidies and contributions	5(b)	(11,643,910)	(19,558,700)
		<b>(5,629,628)</b>	<b>(15,083,309)</b>

## Annual Financial Statements continued

Note	2010 \$	2009 \$
<b>30. Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities</b>		
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in rates and utility charges receivable	(1,192,116)	(2,073,646)
(Increase)/decrease in other receivables	(223,808)	3,853,355
Increase/(decrease) in other current assets	342,049	(983,233)
Increase/(decrease) in creditors	6,140,820	(3,019,722)
Increase/(decrease) in provisions	(1,673,729)	5,085,488
Increase/(decrease) in other liabilities	(59,948)	(5,667,575)
	<b>3,333,268</b>	<b>(2,805,333)</b>
<b>Net cash inflow from operating activities</b>	<b>42,949,576</b>	<b>29,848,768</b>
<b>31. Correction of error</b>		
In the process of preparing the 2009-2010 financial statements, it was discovered that certain assets had been omitted or incorrectly recorded on Council's asset registers. The errors have been corrected by adjusting the opening balances at 1 July 2008 and the comparative amounts for 2008-09.		
	<b>As at 30 June 2009</b>	<b>As at 1 July 2008</b>
<b>Land</b>		
Gross value added	(827,743)	(827,743)
Accumulated depreciation	-	-
Net value	<b>(827,743)</b>	<b>(827,743)</b>
<b>Buildings</b>		
Gross value added	1,450,000	1,450,000
Accumulated depreciation	(60,383)	(12,056)
Net value	<b>1,389,617</b>	<b>1,437,944</b>
<b>Plant and equipment</b>		
Gross value added	61,926	61,926
Accumulated depreciation	(5,214)	-
Net value	<b>56,712</b>	<b>61,926</b>

Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>31. Correction of error</b>			
<b>Roads infrastructure</b>			
Gross value added		860,311	860,311
Accumulated depreciation		157,308	147,778
Net value		<b>1,017,619</b>	<b>1,008,089</b>
<b>Stormwater drainage infrastructure</b>			
Gross value added		(2,613,961)	(2,613,961)
Accumulated depreciation		13,077	-
Net value		<b>(2,600,884)</b>	<b>(2,613,961)</b>
<b>Water and wastewater infrastructure</b>			
Gross value added		(562,130)	(608,694)
Accumulated depreciation		(985,824)	(927,386)
Net value		<b>(1,547,954)</b>	<b>(1,536,080)</b>
<b>Parks infrastructure</b>			
Gross value added		7,798,694	7,635,129
Accumulated depreciation		(2,324,698)	(2,094,962)
Net value		<b>5,473,996</b>	<b>5,540,167</b>
<b>Other infrastructure</b>			
Gross value added		23,540,778	23,462,070
Accumulated depreciation		(5,299,005)	(4,905,438)
Net value		<b>18,241,773</b>	<b>18,556,632</b>
<b>Waste infrastructure</b>			
Gross value added		-	-
Accumulated depreciation		(203)	-
Net value		<b>(203)</b>	-
<b>Work in progress</b>			
Gross value added		4,900	-

## Annual Financial Statements continued

	Note	2010 \$	2009 \$
<b>31. Correction of error</b>			
<b>Intangible assets</b>			
Gross value added		8,400	-
Accumulated depreciation		-	-
Net value		8,400	-
		21,216,233	21,626,974
		Period ended 30 June 2010	Period ended 30 June 2009
Increase in depreciation charge		-	712,878
Decrease in net result attributable to council		-	712,878
Increase in property, plant and equipment		-	21,207,833
Increase in intangible assets			8,400
Increase in equity		-	21,216,233

The depreciation charge for the period ended 30 June 2010 was calculated after the errors were discovered and therefore did not need correction.

Details of asset corrections:

### Land

Council confirmed its freehold status of all land assets with Department of Environment and Resource Management and adjusted the asset register accordingly.

### Buildings

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

### Plant and equipment

Council brought back into account a vehicle that had previously been written off and several small assets not previously recognised.

### Roads infrastructure

This adjustment relates to asset that had not previously been taken into account.

## Annual Financial Statements continued

### 31. Correction of error

#### Stormwater drainage infrastructure

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.

#### Water infrastructure

This adjustment reflects the offset of assets not previously recognised and correction to asset specifications that has resulted in an overall decrease in asset value.

#### Wastewater infrastructure

This adjustment reflects the recognition of assets installed in prior periods and not previously brought to account.

#### Parks infrastructure

Through stocktake processes additional assets were found to have not been recorded or had been duplicated in the asset register. A number of car park assets were brought into account that had not previously been accounted for.

#### Other infrastructure

A number of car park assets were brought to account that were not previously accounted for.

#### Waste infrastructure

Correction to accumulated depreciation for council constructed asset installed in prior year.

#### Capital work in progress

Reinstate work in progress for capital costs incorrectly expensed in prior year.

#### Intangible assets

Computer software brought to account that had not previously been accounted for.

A restated Statement of Financial Position has been included in the financial statements as at 1 July 2008.

### 32. Events after the reporting period

#### Water reform

The Queensland Water Commission's report to the Queensland Government on the Urban Water Supply Arrangement in South East Queensland proposed a range of structural and regulatory reforms for urban water supply arrangements in south-east Queensland including enhanced economic regulation and pricing.

#### Distribution and Retail Water

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

## Annual Financial Statements continued

### 32. Events after the reporting period

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

Under the Act, governance arrangements for the Authority were established in a Participation Agreement, which is operative from 1 July 2010. The Agreement provides for participation rights to be held by the participating Councils, however the exact percentage of participation rights that Redland City Council will hold is still being negotiated by the participating Councils.

The Authority's Board is comprised of independent directors. No individual Council has the ability to dominate the Authority's decision making so as to obtain greater benefits from its activities than any other participant.

The total contribution of each Council to the Authority has been calculated using a regulatory asset base (RAB) valuation approved by the Queensland Government for water pricing purposes. The RAB is intended to represent the market value of the assets at 25 June 2008 at which time the bulk assets were transferred, adjusted to 30 June 2010.

Since RAB is not considered a 'fair value' methodology under the relevant accounting standards, and there is uncertainty around the robustness of some of the underlying data and assumptions used to calculate the RAB, the transferred property, plant and equipment assets remain valued in the financial statements at depreciated current replacement cost in accordance with Council's ongoing accounting policy.

The Authority will operate under a tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights. Tax is to be payable quarterly based on a percentage of the Authority's gross revenue until its first tax assessment.

As a party to the Participation Agreement, the Council will receive a proportional share of net profits as a participation return. Returns will be paid from post-tax operating profits (after adjusting for capital receipts).

#### (i) Transfer on 1 July 2010

On 1 July 2010 the Council transferred the assets, liabilities, instruments and employees necessary for the Authority to commence trading under a scheme made in accordance with the Act and gazetted on 29 June 2010.

Details of the transferred assets and liabilities are:

#### Assets

Cash (Water Assets Creation project)	-
Property, plant and equipment (including freehold land)	738,713,932
Capital work in progress	7,949,689
	<b>746,663,621</b>

## Annual Financial Statements continued

### 32. Events after the reporting period

#### Liabilities

Loans - QTC debt (Water Assets Creation project)	-
Employee benefits	1,641,977
Other liabilities	161,716
	<b>1,803,693</b>
<b>Book value of net assets transferred</b>	<b>744,859,928</b>

#### (ii) Transfer subsequent to 1 July 2010

The Council has submitted a second and final transfer scheme to the authority who will forward on for the appropriate Minister's approval to include any residual items subject to transfer that were not previously identified. This transfer scheme is not expected to materially impact the Council's financial position.

#### (iii) Establishment costs

Costs of approximately \$1.9 million incurred by the Council for the establishment of the Southern SEQ Distributor-Retailer Authority are the subject of a claim from the Authority.

## Annual Financial Statements continued

### 33. 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 33 (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 an 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	\$000
<b>Aging analysis</b>	Performing	<30 days	30-60 days	61-90 days	>90 days		
Receivables	9,159	317	2,759	185	2,830	(64)	15,186



## Annual Financial Statements continued

### 33. Financial instruments and risk management

#### (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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Payables	27,964	23,101	27,964	23,101	0	0	0	0
QTC Borrowings	64,809	70,154	5,111	4,185	20,401	16,741	39,297	49,228

#### (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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Financial assets	845	889	845	889	845	889
Financial liabilities *	0	0	0	0	0	0

\*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.

## Annual Financial Statements continued

### 33. Financial instruments and risk management

#### (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	
		2010	2009	2010	2009	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>									
Cash assets	12	84,584	80,881	-	-	18	19	84,602	80,900
Receivables	13	-	-	9,865	8,673	5,321	5,137	15,186	13,810
Prepayments	16	-	-	-	-	1,494	1,947	1,494	1,947
		<b>84,584</b>	<b>80,881</b>	<b>9,865</b>	<b>8,673</b>	<b>6,833</b>	<b>7,103</b>	<b>101,282</b>	<b>96,657</b>
Effective interest rate		5.28%	3.44%	11.00%	11.00%				
<b>Financial liabilities</b>									
Payables	20	-	-	-	-	22,235	18,409	22,235	18,409
Loans - QTC *	21	-	-	43,172	42,244	-	-	43,172	42,244
		-	-	<b>43,172</b>	<b>42,244</b>	<b>22,235</b>	<b>18,409</b>	<b>65,407</b>	<b>60,653</b>
Weighted average interest rate		-	-	7.03%	6.68%	-	-	-	-
<b>Net financial assets</b>		<b>84,584</b>	<b>80,881</b>	<b>(33,307)</b>	<b>(33,571)</b>	<b>(15,402)</b>	<b>(11,306)</b>	<b>35,875</b>	<b>36,004</b>

\* QTC - denotes Queensland Treasury Corporation

# Annual Financial Statements continued

## 34. National Competition Policy

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

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

(a) Roads business activity:

(1) the construction or maintenance of state controlled roads for which the local government submits an offer to carry out the work in response to a tender invitation, other than through a sole supplier arrangement.

(2) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

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

(1) trading in goods and services to clients in competition with the private sector, or

(2) the submission of competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to 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

School aged care

Waste management

Redland Performing Arts Complex

Caravan parks

Building certification services

## Annual Financial Statements continued

### 34. National Competition Policy

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

	Water & wastewater	Waste management	Caravan parks	School aged care	RPAC	Building certification
	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$
Revenue for services provided to the Council	1,683,053	1,351,857	4,293	0	22,896	369,249
Revenue for services provided to external clients	91,793,855	15,190,449	2,544,282	2,929,585	386,659	484,045
Community service obligations	355,905	1,103,814	362,273	192,191	1,477,397	202,367
	93,832,813	17,646,120	2,910,848	3,121,776	1,886,952	1,055,661
Less: expenditure	62,094,234	13,006,936	2,910,848	3,121,776	1,886,952	1,055,661
<b>Surplus/(deficiency)</b>	<b>31,738,579</b>	<b>4,639,184</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### (c) Description of CSO's provided to business activities:

Activities	CSO description	Actual \$
Water	Concealed leaks	118,086
Wastewater	Concession not for profit	237,819
		<b>355,905</b>
Waste management	Clean Up Australia Day	4,500
Waste management	Birkdale Sanitary Landfill	8,350
Waste management	Redland Bay Transfer Station	400
Waste management	North Stradbroke Island Transfer Station	355,686
Waste management	Bay Island Transfer Station	690,343
Waste management	Giles Road hardfill site	27,820
Waste management	Manual service - waste	16,715
		<b>1,103,814</b>

## Annual Financial Statements continued

### 34. National Competition Policy

#### (c) Description of CSOs provided to business activities:

Activities	CSO description	Actual \$
Caravan parks	Other	362,273
		<b>362,273</b>
School aged care	Other	192,191
		<b>192,191</b>
Redland Performing Arts Complex	Discounts offered on commercial ticketing	11,115
Redland Performing Arts Complex	Rental subsidy	42,107
Redland Performing Arts Complex	Other	1,424,176
		<b>1,477,398</b>
Building certification services	Delivery of professional advice at customer service points	88,321
Building certification services	Internal building certification for Council-owned assets	32,356
Building certification services	Building certification on rainwater tanks	12,942
Building certification services	Building certifiers advice on compliance/searches	68,748
		<b>202,367</b>

**Redland City Council**

**ANNUAL FINANCIAL STATEMENTS**

For the year ended 30 June 2010

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**MANAGEMENT CERTIFICATE**

For the year ended 30 June 2010

These general purpose financial statements have 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 relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and

(ii) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of Redland City Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

  
\_\_\_\_\_  
Mayor

Date: 23 / 11 / 10

  
\_\_\_\_\_  
Chief Executive Officer

Date: 28 / 11 / 10

# Annual Financial Statements continued

## Independent Auditor's Report

### To the Mayor of Redland City Council

#### Report on the Financial Report

I have audited the accompanying financial report of Redland City Council, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 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 and 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 is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. 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 all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

#### *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 compiled 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 2009 to 30 June 2010 and of the financial position as at the end of that year.

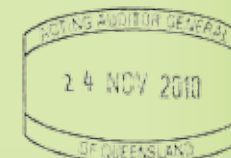
#### *Emphasis of matter – significant uncertainty regarding the valuation of water and wastewater assets*

Without qualification to my opinion, attention is drawn to Note 32 to the financial statements which identifies that Redland City Council has entered a participation agreement with two other local governments to transfer all its remaining water and wastewater assets to the Southern SEQ Distributor-Retailer Authority on 1 July 2010. In exchange, the Council will receive a financial asset in the form of a right to receive a percentage of the Authority's future profits. While the calculation of this financial asset is underpinned by a financial model, given that the Authority had not traded prior to 1 July 2010 and the regulator has not set the Authority's future pricing structure, there is significant uncertainty regarding some of the key assumptions used in the financial model. Consequently, as the value of this financial asset equates to the consideration the Council will receive for its water and wastewater assets on 1 July 2010, significant uncertainty exists in relation to the valuation of these assets reported in Note 32 (1) at a depreciated replacement cost of \$746,663,621.



V P MANERA FCPA  
Acting Auditor-General of Queensland

Queensland Audit Office  
Brisbane



# Redland City Council





# Appendix

## Expenses reimbursement and provision of facilities for Councillors

### Head of power

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

### Policy objective

The objectives of this policy are to:

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

### Policy statement

The payment and/or reimbursement of expenses and provision of facilities for Councillors must only be for the actual cost of legitimate business use and only in accordance with the *Local Government Act 1993* (LGA) and the *Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors* (Guidelines) issued by the Chief Executive of the Department of Local Government, Sport and Recreation.

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

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

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

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

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

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

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

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

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

### Scope

This policy provides for:

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

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

## Appendix continued

### Definitions

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

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

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

- ceremonial openings of buildings or facilities
- fetes and carnivals
- annual or presentation dinners
- public meetings
- private meetings arranged through official council channels (i.e. documented in official records or diary) for the purpose of conducting bona fide discussions of business of council, and
- any other meeting, event or function described in section 239 of the *Local Government Act 1993* under *Insurance of Councillors* for example, attendance:
  - at the meetings of the local government or its committees that the Councillor is entitled or asked to attend, or at which the Councillor has business for a resident of the local government's area; and
  - at inspections or deputations, conferences and meetings at which the Councillor's attendance is permitted by the local government; and
  - at official functions organised for the local government; and
  - with residents of the area for the purpose of local government business

- gathering of information by a Councillor necessary to inform him or her of an incident of interest to Council or which properly falls within the responsibility of Council.

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

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

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

Examples of discretionary training:

- Any training, conference, or seminar where RCC representation is not mandatory or defined under Mandatory Training.
- Any study tours or fact-finding missions.

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

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

**'Mandatory training'** is any training that Council resolves that all or specific groupings of Councillors must attend.

Examples of mandatory training include:

- Council directed training on induction as Councillors following an election.
- Attendance at the annual State LGAQ or National ALGA conferences.
- Council directed training on Councillors' roles and obligations.
- Any training, conferences or seminar where a Councillor is nominated as Council's representative where RCC participation is mandatory.

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

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

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

## Appendix continued

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

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

### Related policies/legislation

- *Local Government Act 1993*
- Guidelines for Councils: Reimbursement of Expenses and Provision of Facilities for Mayors and Councillors, February 2008
- *Local Government Finance Standard 2005*

### Reporting requirements

Disclosure in Council's annual report of:

- details of any overseas travel
- Section 236B of the *Local Government Act 1993* resolutions
- Council's current Expenses Reimbursement Policy
- particulars about expenses and facilities provided to Councillors under the Policy.

Council reports on domestic and international travel activities.

### Purpose of this document

The purpose of this document is to provide direction about the payment or reimbursement of expenses and the provision of facilities for Councillors of the Redland City Council, including the Mayor.

Councillor remuneration is not covered by this document.

### Approval and authorisation

The payment or reimbursement of expenses and the provision of facilities for Councillors is subject to budget provisions and the authorisation of the Chief Executive Officer (CEO) or the officer delegated that authority by the CEO.

Wherever practicable, council officers will provide the specified facilities and manage the payment of expenses on behalf of Councillors.

## Guidelines for Councillor Expenses and Facilities

### POL-3076 Attachment A

Attachment to

'Expenses Reimbursement and Provision of Facilities for Councillors'

Policy (POL-3076)

#### 1. EXPENSES

The following expenses refer to actual expenses deemed necessary for Council business. Councillors are only entitled to the expenses contained in the categories listed below.

##### 1.1. Approval and reimbursement

Council has delegated approval of all expenses for the Mayor and Councillors to the CEO.

The CEO must approve all mandatory and discretionary training and travel accommodation for the Mayor.

The approval of the Mayor is required for attendance by Councillors at discretionary training, including conferences, within Australia.

The approval of the Mayor is required for attendance by Councillors at any mandatory training or conference within Australia.

The approval of the Mayor is required for attendance by a Councillor at any event as a delegate or representative of Council.

Council approval by resolution is required for the attendance and travel by the Mayor or Councillors to any training, conference or event outside of Australia.

##### 1.2. Council business

Where Councillors are attending to Council business (refer to definitions) such as meetings, functions or other activities in an official capacity, Council will pay for the approved expenses associated with that activity.

Council may approve international travel for Councillors where Council considers it appropriate to promote or represent Redland City for a local government purpose.

##### 1.2.1. Representing Council at events

Councillors may be required to attend a range of events and functions as part of their role in attending to Council business. Councillors may, for example, be required to attend significant sporting and other community events in an official capacity.

Where the Mayor has approved that a Councillor is required to attend an event or conference as a delegate of Council, Council will pay for expenses associated with attending that event.

##### 1.3. Professional development

There are two categories of professional development for Councillors – mandatory training and discretionary training.

##### 1.3.1. Mandatory training

Councillors must attend training where the Mayor approves that all Councillors or a class of Councillors (e.g. newly elected Councillors) are to attend training courses or workshops for skill development related to a Councillor's role. Council will meet all costs.

Examples of mandatory training may include training for Councillor induction, code of conduct, meeting procedures and legislative obligations.

##### 1.3.2. Discretionary Training

Where a Councillor wishes to attend a conference, workshop or training to improve skills relevant to their role as a Councillor (other than mandatory training), prior Mayoral approval is required.

The funding limit for discretionary training is \$5,000 for each Councillor during their four (4) year term in office.

##### 1.4. Travel costs

Councillors may incur travel costs for a number of reasons including travelling to conferences, training or workshops.

## Appendix continued

All Councillor travel arrangements must be in accordance with *Attachment B: Councillor Travel and Accommodation Procedures*.

In general, the most cost effective form of travel must be used. Councillors may request to travel using their own private vehicle for business purposes and claim a kilometre allowance based on log book details to substantiate their claim, subject to Section 11 of Attachment B of this Policy.

### 1.5. Accommodation

When attending conferences, Councillors must take advantage of any cost savings available from any package provided by conference organisers and, therefore, stay in the recommended accommodation unless prior approval has been granted by the Mayor. In all other cases, Council must decide what are legitimate accommodation costs that will be reimbursed.

Councillors will receive up to \$20.00 per day to cover incidental costs incurred while travelling and staying away from home overnight.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

### 1.6. Meals

Councillors may claim for the reimbursement of each actual cost per meal when travelling for business related purposes.

Alternatively, Councillors may be paid a daily meal allowance of:

- breakfast - \$19.60
- lunch - \$20.05; and
- dinner - \$34.55

Where Councillors claim for reimbursement, they may be provided with a cash advance for meals while travelling for business related purposes. Any advance must be reconciled with actual costs, supported by receipts.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

### 1.7. Hospitality expenses

Where Councillors incur hospitality expenses while conducting Council business, apart from official civic receptions organised by the Council, the maximum amount that may be paid is:

- \$500.00 per annum for each Councillor
- \$6,000.00 per annum for the Mayor.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

Where the Mayor has delegated the attendance at a function on the Mayor's behalf to another Councillor, any costs incurred by that Councillor for that function are to be charged against the Mayor's hospitality expenses account.

Hospitality expenses related to official receptions and other functions organised by council officers are met from relevant approved budgets.

### 1.8. Cab Charge and public transport

Councillors may claim for cab charge facilities or reimbursement for public transport tickets (rail, bus, ferry) to attend official Council functions only.

An approved function includes any function approved pursuant to sections 1.2.1 and 1.3. above.

Refer to *Attachment B: Councillor Travel and Accommodation Procedures* for further details.

## 2. FACILITIES

Facilities provided for Councillors must be deemed necessary and required to assist Councillors in their official capacity. In accordance with statutory provisions, Council may only provide Councillors with the facilities listed below.

Council determines the reasonable standard for facilities for Councillors. If a Councillor chooses a higher standard of facility than that prescribed by Council, any difference in cost must be met by the Councillor personally.

## Appendix continued

All facilities provided to Councillors remain the property of Council and must be accounted for during annual equipment audits. The facilities must be returned to Council when the Councillor's term expires, unless Council agrees to dispose of the facility in some other manner.

### 2.1. Administrative tools and office amenities

#### 2.1.1. Office space and access to meeting rooms

Council provides office accommodation and access to meeting rooms for Councillors.

The standard of Councillor office accommodation is as approved by Council. In general, rooms provided for Councillor contact with Divisional constituents will be located at council offices.

Furniture and fittings for Councillor offices will be of a standard to allow Councillors to adequately undertake their roles.

#### 2.1.2. Secretarial support

Councillors are provided with two full time personal assistants to service the Councillors as a group, under Council's usual terms and conditions of employment. Relief staff will be provided where practical, if a personal assistant is on annual leave.

In addition to a personal assistant, the Mayor is entitled to a full time secretary under Council's usual terms of employment and a Manager of the Office of the Mayor. The Manager's position is to manage, co-ordinate and plan the Mayor's workload and resourcing across Councillors' and Mayor's support staff in accordance with the allocated budget, as well as supervising other staff.

#### 2.1.3. Computer for business use

Councillors are provided with a desktop or laptop computer for Council business use.

The standard of computer shall be similar to that available to council managers.

#### 2.1.4. Land line (Councillor offices)

Councillors are provided with a council landline telephone and internet access for business use.

#### 2.1.5. Fax

Councillors are provided with a facsimile for business use at the Councillors' office.

#### 2.1.6. Printer, photocopier, paper shredder

Councillors are entitled to a printer, photocopier and paper shredder for business use. These items will be located in the general Councillor area and are available for use by all Councillors

#### 2.1.7. Stationery

Councillors are provided stationery for official purposes only, including, but not limited to:

- pens and pen sets
- paper
- note paper
- letterhead
- business cards
- envelopes
- 'with compliments' slips.

Council stationery is not to be converted or modified in any way and may only be used for carrying out the functions of the role of Councillor.

#### 2.1.8. Publications

Councillors can access copies of relevant legislation books and journals considered necessary for undertaking their duties either through approved websites or the Council's corporate library.

#### 2.1.9. Other administrative necessities

Subject to Council approval, Councillors may be provided with any other administrative necessities to meet the business of Council.

## Appendix continued

### **2.1.10. Advertising**

Council will not reimburse or provide funds, services or facilities for the purposes of advertising for Councillors.

### **2.1.11. Community consultation**

Councillors may use facilities provided to correspond with community representatives for the purpose of clarifying issues that are relevant to their Division or the city in general.

Where a Councillor chooses to undertake further community consultation on a particular matter, in addition to that approved by Council, the Councillor is responsible for those costs.

### 2.2. Maintenance costs of any Council-owned equipment

Council will cover all ongoing maintenance costs associated with Council owned equipment to ensure it is operating for optimal professional use.

### 2.3. Name badge and uniforms

Councillors will be provided with any safety equipment such as overalls, safety helmets or glasses, as required, in their role.

Councillors will be provided with a jacket and a name badge.

### 2.4. Motor vehicles

Councillors are able to use a vehicle from the Council car pool for business related usage on North Stradbroke Island or the Southern Moreton Bay Islands subject to vehicle availability and in accordance with the existing car pool use procedures.

### 2.5. Vehicle parking

Council will provide parking facilities for Councillors at Councillor office locations.

### 2.6. Telecommunication needs

Councillors will be provided with a mobile telephone and/or a hand held PDA palm pilot device (e.g. Blackberry).

Council will pay for all costs associated with the business use. Any personal calls made by the Councillor must be reimbursed to Council.

### 2.7. Legal costs and insurance cover

Councillors will be covered under Council insurance policies while discharging civic duties. Specifically, insurance cover will be provided for public liability, professional indemnity, Councillor's liability, personal accident, international and domestic travel insurance.

### 2.8. Provision of meals

Councillors will be provided with light meals and morning and afternoon teas if they are required to attend statutory or other formal Council meetings that extend over these meal periods.

### 2.9. Councillor newsletters

At the request of the divisional Councillors, four newsletters per year may be produced on the Council's corporate stationery and distributed within the appropriate electorate. No newsletters will be allowed at Council cost three months prior to a Council election.

### 2.10. Salary sacrificing

Councillors will be eligible to salary sacrifice items in addition to superannuation in accordance with relevant Council Guidelines as adopted from time to time.

## Councillor Travel and Accommodation Procedures

### POL-3076 Attachment B

#### Attachment to

#### 'Expenses Reimbursement and Provision of Facilities for Councillors'

#### Policy (POL-3076)

### 1. General conditions – Councillor accommodation and travel

All Councillor air travel and accommodation requires prior approval by the Mayor.

All air travel and/or accommodation requirements will be coordinated through the Travel Coordinator, Corporate Acquisitions and Facilities Group subject to authorisation.

Council is committed to ensuring that travel and related services and products are procured as cost effectively and efficiently as possible using the Council's preferred travel suppliers.

Travel related expenses that do not comply with policy provisions will not be reimbursed.

Travel and accommodation arrangements will not be booked until the Travel Coordinator receives a completed Travel Request form with all required approvals and travel details.

All requests for travel (including associated registrations) should be made in sufficient time to take advantage of discounts and gain access to the widest range of accommodation and flights. Failure to do so will limit flight and accommodation options.

### 2. Responsibilities

Councillors are required to:

- process all travel related requests in a timely manner through Council's Travel Coordinator so that available discounts are taken;

- obtain reimbursement for valid out of pocket expenses in a timely manner following completion of the journey;
- complete all necessary registration and travel request forms.

The CEO is responsible for:

- approving expense reimbursements in accordance with this Policy;
- providing a quarterly report to Council on all Councillor expense reimbursements.

The Mayor is responsible for:

- approving all councillor accommodation and travel for which reimbursement will be sought.

Travel Coordinator is responsible for:

- identifying 'best deals' and negotiating special rates with Council's preferred travel providers;
- providing advice to Councillors in relation to travel services, policies and procedures;
- coordinating all travel requests to ensure bookings are made in a timely manner and that all requests are processed in accordance with Council's policy;
- maintaining information on issues as accommodation, airfares, car hire and other related costs for the purpose of reporting to Council, as required.

### 3. Preferred travel provider

All transport and related travel should be booked through this provider, however, where an alternative provides an overall saving to Council, this alternative may be used with the approval of the Travel Coordinator. Councillors must not negotiate travel rates directly with travel suppliers. All such requests must be processed through the Travel Coordinator.



## Appendix continued

### 4. Approval

All Councillor travel requires the approval of the Mayor. All travel requests from a Councillor must state the relevance of such event to the Council and as far as practicable indicate the cost of attendance. Upon approval, the Councillors' secretary should ensure any necessary registration forms, a copy of the Mayoral approval or Council resolution if applicable, and the Travel Request Form are completed and forwarded to the Travel Coordinator as soon as practicable.

Where Councillors are appointed by the Council as Council's representative on State or Federal committees or Government associations, all travel and accommodation associated with the Councillor's fulfilment of that role is deemed as approved without the need for a further report to Council.

### 5. Processing travel requests

A complete Travel Request form, accompanied by the following must be received before a booking is processed:

- Mayoral approval, and
- conference documentation and registration details if applicable.

Verbal or email notification of intention to travel will not be acted on and is not considered valid notice.

Except in genuine emergencies, the Travel Coordinator shall process all travel and accommodation arrangements, including associated registrations.

Unless specifically requested to the contrary, the Travel Coordinator will arrange bookings that best fit the preferred options and are most advantageous to Council. All itineraries will be confirmed with the Councillor before bookings are confirmed. No alterations will be accepted after confirmation of bookings, except under extenuating circumstances as approved by the relevant authorising officer.

Requests for travel and/or accommodation must be lodged with the Travel Coordinator within sufficient time to take advantage of "early bird" and advance booking discounts. Confirmation of travel or accommodation cannot be guaranteed for late requests. As a guide, international travel requests should be received no closer than 6-8 weeks to the date of departure, and domestic travel requests should be made no closer than 3 weeks to the date of departure.

### 6. Air travel

The most cost effective form of air travel will be used.

Council's contracted travel services provider is required to offer the "best fare" available at the time of booking. Therefore flights requested may not always be offered when asked to confirm the booking.

Electronic ticketing (ETicket) will be used for airline tickets where available.

### 7. Class of travel

The standard of air travel for Councillors travelling on Council business is as follows:

- For domestic air travel of duration 3 hours or less, the class of travel shall be economy;
- For domestic air travel of duration greater than 3 hours, the class of travel shall be business; and
- Economy class is to be used where possible although Council may approve business class in certain circumstances.

Councillors may upgrade to a higher class of travel if there is no additional cost to Council.

### 8. Flexible tickets

Where flexibility is required for return times or connecting flights, a suitably flexible ticket may be purchased with the approval of the authorising person.

### 9. Accommodation

Accommodation arrangements for Councillors must comply with the provisions of Attachment A of the policy. Conference accommodation packages are to be used where it is economically feasible to do so.

Council may approve alternative accommodation arrangements taking into account the total costs, location, value for money, convenience and traveller safety.

## Appendix continued

In determining accommodation locations and standards for all Councillors, every effort will be made to minimise the total cost associated with attendance at the event. Travel time to the event, taxi costs, convenience and hotel services will be considered when booking accommodation. When practical and available, accommodation will be arranged within close proximity of the event venue.

Accommodation and associated expenses will not be paid for local events such as seminars, conferences etc. held in the Redlands, Brisbane City and adjoining local government areas where it is reasonable to expect the Councillor to travel to and from the event on the same day.

However, the authorising person may approve such costs giving consideration to the home location, driving times and participation requirements of the Councillor.

Wherever practical to do so, Council will book and pre-pay all accommodation before departure. Council will not prepay any charges against the room except for accommodation and taxes where applicable.

All expenses incurred at the accommodation venue **other** than accommodation must be settled at the time of departure. It is the *Councillor's* responsibility to seek reimbursement of legitimate expenses upon return. Reimbursement will not be approved without original receipts.

Accommodation meeting the general standards applicable for domestic travel will apply to international travel arrangements.

Prepayment of all accommodation is preferred, however, it is acknowledged that some countries do not permit this. In such cases, an increase to the daily travel advance may be made to meet accommodation costs.

### 10. Use of a motor vehicle to attend events

It is not permitted to use a vehicle to attend an event where airline travel is the most efficient form of travel.

Unless otherwise approved (e.g. for medical reasons), if a Councillor chooses not to use Council provided or arranged travel to attend an event, the Councillor is responsible for meeting all travel and accommodation expenses.

### 11. Hire cars

The requirement for a hire car should be identified at the time of seeking council approval for attendance. Any subsequent need for a hire car must be approved by the authorising person.

### 12. Taxi and Cab Charge vouchers

Cabcharge vouchers are available from the Travel Coordinator. Councillors are encouraged to use this facility as an alternative to seeking reimbursement for taxi costs. Any unused vouchers must be returned to Council's Travel Coordinator immediately upon return to Council. Liability for any misuse or loss of vouchers rests with the traveller.

The use of Cabcharge vouchers for travel between Redland and Brisbane is not permitted unless approved by the authorising person in advance of the travel and shown to be more beneficial than other options available. Similarly, reimbursement of these fares will not be considered unless prior authorisation is given.

Cabcharge must only be used to attend official council functions. Incidental travel while attending an event must be met by the Councillor.

### 13. Meals and incidentals

Daily allowances or cash advances for meals and incidentals will be paid in accordance with the provisions of the Expenses Reimbursement and Provision of Facilities for Councillors and Mayor Policy.

#### **Domestic travel**

For domestic travel, a daily meal and incidental travel allowance may be paid to Councillors in lieu of actual cost reimbursement. Where a daily meal and incidental allowance is paid, the reimbursement of any other expense is subject to approval.

## Appendix continued

For domestic travel, the daily allowance will be calculated taking account of meals included in the event registration or provided in the travel package. Where a conference dinner or meal (including breakfast or lunch) is included in the registration, the respective allowance for that meal will be deducted from the total daily allowance. If the Councillor chooses not to attend a provided dinner/meal, then the full cost of the alternative meal shall be at the Councillor's expense.

For conference and course attendance where an overnight stay is required, the following example will be used as a guide.

Example:

A Councillor travels to Sydney for a two-day conference commencing Monday morning and finishing Tuesday afternoon. Travel to Sydney on Monday morning is considered impractical. The Councillor leaves on Saturday and returns on Tuesday night. The conference registration includes dinner on Monday night and lunches for both conference days but no breakfasts. Travel home on Tuesday is on a late afternoon flight departing before 6.00pm. The Councillor is required to pay for accommodation on Saturday night and the following allowance will be pre-paid:

- Sunday night dinner
- Incidentals for Monday
- Monday breakfast
- Tuesday breakfast

*No further claims for meals or incidentals will be accepted.*

A prior night's accommodation shall only be approved where travel to the event on the day of commencement is not practical.

Incidentals will be paid for each full day (overnight) the Councillor is required to be away from home. This allowance will include such items as, laundry/dry cleaning, newspapers, phone calls, bus fares and other similar travel related incidental expenses not specifically covered in this policy.

Where a Councillor is required to travel but no overnight accommodation is required, the Councillor is entitled to reimbursement for the reasonable cost of meals and expenses as determined above. A prepaid allowance will not be made and all claims for part day travel expenses must be made on return from the event as an out of pocket expense claim.

### **International travel**

For international travel, a travel advance will be paid which must be reconciled on the Councillor's return. Actual business related costs will be reimbursed on presentation of original receipts.

Where a Councillor is travelling on approved international travel, a travel advance of up to \$94.20 per day may be paid to cover eligible business related expenses including meals and incidental expenses.

Acquittal of the cash advance for international travel is required within seven (7) days of travel completion. Councillors must keep a diary of all business related expenses including original receipts. The travel advance must be reconciled against actual business related costs incurred.

Claims without receipts will not be accepted. Any expenses above the travel advance will be reimbursed. Any overpayment must be repaid to Council.

A corporate credit card may be issued in lieu of a travel advance (see section 22 below).

### 14. Parking

Council will reimburse the cost of parking fees incurred in order to attend an event where Councillors attend in their official capacity. Supporting receipts are required for reimbursement. All claims under \$55.00 may be made through petty cash.

Where airport parking is used for the duration of an event, the cost of the parking shall be reimbursed upon presentation of receipts. Use of airport parking facilities shall only be used where it is economical to do so and after all other reasonable methods of transport to and from the airport have been considered. Approved claims for reimbursement shall be presented to the Travel Coordinator for processing.

### 15. In-room internet connection for business purposes

Where in-room internet connection is required for undertaking council business, reasonable connection costs may be claimed on completion of travel.

## Appendix continued

### 16. Hospitality expenses

Hospitality expenses may only be paid in accordance with the Expenses Reimbursement and Provisions of Facilities for Councillors and Mayor Policy (see Attachment A 1.7).

Councillors must ensure that hospitality expenses are recorded and that their claim for expenses contains the following information:

- the circumstances
- the form of hospitality:
  - breakfast
  - lunch
  - dinner
  - gift
- the cost
- original receipts
- the location
- a list of attendees, and
- approval by the appropriate authorising person.

Expenses **will not** be reimbursed for personal items or costs unrelated to council business; e.g.:

- alcohol
- babysitting fees
- kennel fees
- airline club fees
- toiletries
- barber or hair stylist
- traffic infringements

- in flight and in house movies
- tourism related costs
- mini bar purchases
- personal telephone
- social events, and
- reading materials

As a guide, expenses not normally reimbursed at home, will not be reimbursed when travelling.

### 17. Expenses reimbursement process

Where practical, Council will pay all travel and accommodation expenses before departure, however, any claim for allowable expenses not covered by the advance may be made at the completion of travel.

Reimbursement of legitimate business expenses not covered by the incidental allowance must be made on the Out of Pocket Expenses Claim Form with original receipts and submitted to the Chief Executive Officer for approval and processing.

### 18. Travel insurance

Council has travel insurance arrangements in place, including medical and luggage components that covers all employees and Councillors on authorised council business, conferences, course, etc.

### 19. Accompanying partners and personal travel arrangements

All travel and accommodation for partners of Councillors must be arranged by and paid by the Councillor. Personal arrangements may be booked through Council's contracted supplier if desired. The supplier will invoice the Councillor prior to departure. Council will not pay for any private travel expenses.

The Travel Coordinator will not arrange private travel for Councillors or their partners except where the partner is travelling as an official delegate of council.

## Appendix continued

### 20. Credit cards

A credit card may be made available for Councillors to meet overseas travel expenses. Credit cards will be issued with the approval of the Chief Executive Officer. The credit card should only be used for extraordinary business expenses directly related to the Councillor's attendance at the event.

Examples of extraordinary costs are, accommodation (where council's prepayment is not acknowledged or honoured by the hotel), missed flights (where contact with council's travel services provider is not possible) or where specific instruction is received from Council's Travel Coordinator to use the card to meet business related expenses.

Personal expenses, including those covered by the daily allowance must not be charged to the card, e.g. meals, incidentals, gifts, clothing, tourism or other similar cost.

A Statement of Expenses form (including all receipts) must be used to reconcile all credit card expenditure. This must be approved by the *authorising person* and provided to Council's Travel Coordinator within seven (7) days of completion of the travel.

Credit cards must be returned to the Travel Coordinator for safe storage when not in use.

### 21. Councillor reporting arrangements

Councillors shall, on their return, present a report to a General Council Meeting summarising the conference and course content highlighting areas of interest and/or benefit to Council. The responsibility for submission of the report rests with the Councillor leading any delegation. The report must be submitted to council within 30 days of return from the conference.





