

Fraser Coast
REGIONAL COUNCIL

ANNUAL REPORT 2008-2009



"A lifestyle for everyone"

Fraser Coast Regional Council will work towards achieving this vision by sustaining our unique **natural** environment, building a **dynamic** region, maintaining a **healthy** community and establishing a **smart** customer orientated organisation.

Our guiding principles

These are the principles that guide the Fraser Coast Regional Council's actions and decisions when dealing with the community, customers and stakeholders:

Accountability

We conduct ourselves in a business-like manner to deliver efficient and expert services in the public interest and we are open, consistent and transparent about our decisions.

Honesty

We behave ethically and act with honesty, fairness, courage and loyalty.

Teamwork

We work together to strive for excellence, creativity, leading-edge technology and quality outcomes for the organisation and the region.

Respect

We recognise and support the contribution of individuals and respect each other, our families, our clients, those with different ideas and from diverse backgrounds and cultures.

Communication

We keep people informed through active engagement and consultation and being open to alternative ideas.

Our Region at a Glance

Land size	7,125 km
Distance from Brisbane	approximately 300 km
Population as at Census 2006	86,747
Estimated population 2026	123,966
Number of rateable properties	49,600
Av. household weekly income	\$1,033
Domestic waste	60,698 tonne per year
Hectares of parks and reserves	13,000 hectares
Gross regional product	\$2.8 Billion
Retail expenditure per house	\$446/week
Total visitors per annum	1,688,700
Labour force	35,167
Unemployment (% of labour force)	5.6%
Council's Income (at March 2008)	\$162 million
Council's Expenditure (at March 2008)	\$115 million
Total Council assets (at March 2008)	\$1,534 million





CORPORATE PLANNING FRAMEWORK

Corporate Plans

This Annual Report contains details of activities and services undertaken by the Fraser Coast Regional Council in line with its Corporate Plan. The Council has identified four main aspirations for the region.



SMART: a smart, sustainable and customer focused organisation

The Fraser Coast Regional Council will lead the way in innovation and knowledge management, valuing our staff and providing exceptional customer service.



NATURAL: a unique natural environment

Protecting the natural environment, managing biodiversity and climate change and maintaining an effective and sustainable waste management system are high priorities for Council.



DYNAMIC: a diverse, innovative and prosperous region

Careful strategic planning and control of our built environment and infrastructure will ensure a positive balance between lifestyle and opportunity. By nurturing and supporting commerce and major industry Council will continue to support the economic development of our region.



HEALTHY: a liveable, healthy and happy community

Council will focus on protecting our heritage and culture, fostering community development and maintaining an enviable level of community health and safety.

Since amalgamation, these aspirations have formed the basis of Council's operational plans and budget decisions across all departments.

- **Organisational Services**
- **Development Services**
- **Community Services**
- **External Services**
- **Capital Delivery**

Annual Report

This Annual Report enables Council to share with the community and interested stakeholders information about our achievements, plans and challenges during the 2008-2009 financial year.

It also contains statutory information required by the *Local Government Act 1993* including Council's audited financial statements.

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Message from the Mayor

For Council, 2008-2009 has been a year of finalising the process of amalgamation, and turning our focus to the future.

In October 2008, the final link in the amalgamation process fell into place with the merger of the operations of Council's water services under Wide Bay Water Corporation.

The Council has spent considerable time melding the 10 year plans of the four former councils into a new plan that will realise the aspirations of residents as we move forward.

That plan will be regularly reviewed to respond rapidly to the constantly changing availability of state and federal government funding.

We also started the process to create a single Economic Development Strategy which builds on our attributes and strives to develop and broaden the Fraser Coast industry base so we are not dependent on one sector.

The strategy will strengthen the economic base of the Fraser Coast region by creating partnerships and alliances with government, business, investment and industry.

The Council was also able to meet a commitment it gave to respond to the global financial crisis by:

- accelerating the delivery of its \$70 million capital works program;
- continuing to invest in infrastructure and facilitating job creating development;
- supporting local industry and business; and
- ensuring job security for its existing workforce.

Highlights of 2008-9 Capital Budget include the start of several major projects designed to provide much needed infrastructure and enhance our lifestyle:

- the \$4.4 million beautification of Maryborough's CBD and new cultural hub for the city with Gatakers Artspace;

- the \$2.6 million restoration of our iconic Urangan Pier;
- the extension of the terminal building and apron at the Hervey Bay airport; and
- the extension of Council's kerb side recycling program to include more regional areas.

A highlight of the year was community briefings which we held across the region to create a dialogue between Councillors and residents on issues in their particular areas.

The condition of roads, footpaths and parks remained uppermost in the minds of residents attending the briefings.

To celebrate community pride, diversity and creativity and create a sense of belonging, Council has developed the Fraser Coast Regional Events Strategy which provides funding and support for community groups.

Council also staged several successful major regional events in 2008-9 including the World's Greatest Pub Crawl, Mary Poppins Festival, Whale Festival and Technology Challenge Maryborough.

These events bring us together as a community in celebration and create huge economic and marketing windfalls for the region.

The future of the Fraser Coast is both exciting and challenging. We invite you to work with us to build a bright, sustainable Fraser Coast with a lifestyle for everyone.

I think we are well on the way to achieving that goal.

Mick Kruger



Message from the CEO

The Fraser Coast Regional Council has settled down to business following amalgamation and we are well on the way to achieving our vision of sustaining our unique natural environment, building a dynamic region, maintaining a healthy community and establishing a smart customer orientated organisation.

Last year I said the road ahead was full of potential and I believe we are already realising that potential despite the trials of the economic crisis with rapidly rising costs and the fall in revenue streams, especially from the state government.

The challenges of meeting the demands of a rapidly growing area have not diminished even as the world economy has slowed. Council developed a disciplined financial strategy which enabled it to deliver essential community services and infrastructure while allowing for the future demands of a growing region.

The 2008-2009 year was the first phase in developing the region's long-term financial strategy to ensure we are financially sustainable and in a robust financial position to deliver and achieve our vision and strategic priorities.

The Local Government Reform process was expensive and it is estimated to have cost the Fraser Coast more than \$6 million - \$1.5 million in operating costs and \$4.5 million in capital costs.

The majority of the capital costs were IT related for network infrastructure to link the two major cities and upgrade corporate systems.

Additional operational costs arose due to Council's legislative requirement to comply with the Code of Practice guaranteeing employment.

To offset those costs Council set, and achieved, an operational savings target of 4% (\$3.2m) for 2008-2009.

Our 10-year plan has been cemented into place and many of the planned initiatives are under development or finished. That includes the expansion of waste treatment and recycling through the introduction of new transfer centres; the Maryborough CBD beautification project that

will encourage growth of investment, sustainable business and employment opportunities in Maryborough.

It will also enhance the public spaces and provide a more pleasant pedestrian link between the CBD and the Mary River.

Several important milestones in the establishment of the new regional council were achieved during this financial year including:

Corporate Plan 2009-2013

Council adopted this plan which forms the blueprint for our future operations for the next four years.

Consolidation of Corporate Systems

The individual IT, communications and finance processes of the former Councils were rationalised and a consolidated system put in place across the organisation. This has resulted in increased efficiencies for staff and better customer service for our community.

Rationalisation of Rating Policies

One of the most challenging projects Council faced during the financial year was the rationalisation of four rating policies into one regional rating system by combining 48 previous land categories into 29 new Fraser Coast Regional Council categories.

Considering the adverse economic conditions that we have had to work under I believe Council has achieved a remarkable result.

The year ahead will provide more challenges as Council responds to changes in legislation and ongoing reforms imposed by the State Government. While there will be many hurdles to overcome, the building blocks already in place will ensure that the Council and staff are able to tackle these head on.

Andrew Brien



COUNCILLORS

Fraser Coast Regional Council comprises the Mayor and ten councillors. Council's Ordinary Meetings are held on the 1st and 3rd Wednesday each month and the Planning and Development Committee meets on the 2nd Wednesday of each month. The *Local Government Act 1993* (the Act) gives Council the power to adopt Council policy, local laws and the region's budget by 1 September each financial year. The Act controls the functions of Council as a local government.



From back left:

Cr Sue Brooks
(Environmental Sustainability Portfolio)
Cr Debbie Hawes
(Strategic Policy and Sustainability Portfolio)
Cr Barbara Hovard
(Business Development Portfolio)
Cr Julie Arthur
(Water and Sewerage Infrastructure)
Cr Belinda McNeven
(Deputy Mayor and Corporate Governance Portfolio)
Cr Anne Nioa
(Marketing and Tourism Portfolio)
Cr Linda Harris
(Arts and Culture Portfolio)

Front row:

Cr Gerard O'Connell
(Economic Development Portfolio)
Cr Mick Kruger
(Mayor)
Cr David Dalglish
(Rural and Urban Infrastructure Portfolio)
Cr Les Muckan
(Community and Recreation Portfolio)

COUNCIL MEETINGS

In 2008-2009, there were 22 ordinary Council meetings, 5 Special Meetings and 12 Planning and Development Standing Committee Meetings.

	MEETINGS ATTENDED			ABSENT	
	ORDINARY	PLANNING & DEVELOPMENT	SPECIAL	OFFICIAL COUNCIL BUSINESS	ILL/ANNUAL LEAVE/SPECIAL LEAVE
Cr J Arthur	21	10	5	1	2
Cr S Brooks	22	10	5	1	1
Cr D Dalglish	22	12	5	0	0
Cr L Harris	21	12	5	1	0
Cr D Hawes	21	11	5	2	0
Cr B Hovard	21	12	4	1	1
Cr M Kruger	21	10	5	0	3
Cr B McNeven	21	9	5	3	1
Cr L Muckan	19	12	4	4	0
Cr A Nioa	19	9	3	1	7
Cr G O'Connell	22	10	5	2	0

NB: Special meeting dates may occur on the same days as Ordinary and Planning & Development meetings.

CORPORATE GOVERNANCE



STATUTORY REQUIREMENTS

The Local Government Act 1993 requires Council to report on the following items:

OVERSEAS TRAVEL

Pursuant to Section 24(1)(a) of the *Local Government Act 1993*: No overseas travel was undertaken.

CODE OF CONDUCT FOR COUNCILLORS

Pursuant to Section 534(1)(n) of the *Local Government Act 1993*: No complaints were received.

GENERAL COMPLAINTS PROCESS

Pursuant to Section 534(1)(n)(v) of the *Local Government Act 1993*: Two complaints were resolved under the General Complaints Process during the reporting period. Neither complaint related to an alleged breach by a Councillor of Council's Code of Conduct.

EXPENSES REIMBURSEMENT POLICY

Pursuant to Section 534(1)(f) of the *Local Government Act 1993*: Council adopted its Expenses Reimbursement and Provision of Facilities for Mayor and Councillors Policy on 1 October 2008. The purpose of this policy is to authorise the payment of reasonable expenses incurred, or to be incurred, by councillors; and provide facilities, including administrative support staff, to assist Councillors to discharge their duties and responsibilities, having regard to local circumstances. A copy of the policy can be viewed on Council's website at www.frasercoast.qld.gov.au.

COUNCILLORS' REMUNERATION AND SUPERANNUATION

Pursuant to Section 534(1)(f) of the *Local Government Act 1993*: On 28 January 2009 Council resolved the following remuneration rates, amalgamation loading and superannuation payments for one year effective 1 January 2009:

Remuneration Rate as a percentage of the rate payable to a Member of Queensland Legislative Assembly: Mayor 100%, Deputy Mayor 67.5%, Councillors 60%.

Amalgamation Loading (01/01/09–30/06/09)
Mayor \$5,535, Deputy Mayor \$3,875, Councillors \$3,400.

Superannuation contributions up to 12% of a Councillor's base remuneration, provided that Councillors contribute 50%.

EXPENSES INCURRED BY AND FACILITIES PROVIDED TO COUNCILLORS

Pursuant to Section 534(1)(ea) of the *Local Government Act 1993*:

Councillors were provided with electronic equipment to enable them to perform their duties. Resources included a computer workstation, printer, modem and mobile phone or Blackberry as required.

Expenses were incurred for vehicle usage, conferences, accommodation, meals, travel and telecommunications. Total expenses were \$214,577. Details are in the table below.

COUNCILLORS' REMUNERATION, SUPERANNUATION AND EXPENSES FROM JULY 2008–JUNE 2009

	Gross Salary	Super	Expenses
Cr J Arthur	\$82,739	\$9,928	\$20,259
Cr S Brooks	\$82,739	\$9,928	\$19,379
Cr D Dalgleish	\$82,739	\$9,928	\$18,877
Cr L Harris	\$82,739	\$9,094	\$15,647
Cr D Hawes	\$82,739	\$9,928	\$24,070
Cr B Hovard	\$82,739	\$9,928	\$13,310
Cr M Kruger	\$134,270	\$15,755	\$30,097
Cr B McNeven	\$93,179	\$11,181	\$22,104
Cr L Muckan	\$82,739	\$9,928	\$19,725
Cr A Nioa	\$82,739	\$9,928	\$15,037
Cr G O'Connell	\$82,739	\$9,928	\$16,072

NB: Expenses relating to conferences may include expenditure for more than one Councillor however only shown against one Councillor.

CORPORATE GOVERNANCE

EXECUTIVE TEAM

Council's Executive Management Team, comprising of the Chief Executive Officer and five Directors in 2008-09, advises and supports Councillors in the governance and management of the Fraser Coast region.

The Executive Team is responsible for the overall implementation and monitoring of service delivery and for coordinating the full range of operations of the Fraser Coast Regional Council. Our Executive Team brings a diverse mix of skills and experience that adds value to the organisation and helps to provide sound corporate governance.



Office of the CEO

Andrew Brien

Economic
Development

Internal Audit

Councillor Support

Major Projects



Organisational Services

Lisa Desmond
(Director)

Financial Services

Customer Service,
Communications,
Marketing and Tourism

Information
Management

People Development



External Services

Ron Smith (Director)

Airports

Strategic Asset
Planning

Fraser Coast Waste

Operations



Capital Delivery

Wayne Sweeney
(Director)

Asset Design

Capital Delivery



Development Services

David King (Director)

Building Services

Development
Assessment

Strategic
Planning



Community Services

Peter Smith (Director)

Community
and Culture

Environment
Sustainability

Environmental Health
and Regulation

EXECUTIVE TEAM

OFFICE OF THE CEO AND ORGANISATIONAL SERVICES



Captain Henry
Rendell, partner in
the Maryborough
Sugar Factory



John Keating, partner
in the Maryborough
Sugar Factory



Maryborough Sugar

The history of the sugar industry is a story of great pioneering and perseverance. Any kind of triumph was something of a mystery. The experience of much cooler climates and attempts to grow sugar in the Maryborough Sugar Company. The immigrant, Thomy de Keatinge brought with him extensive knowledge of sugar plantations soon cropping up, prompting Maryborough sawmills and Robert Greathead to set up. However, inexperience, accidents and their mill unprofitable. It was the Maryborough Sugar Company from Glasgow, that production of hundreds of bags of sugar and molasses processed. Skills and technology steadily improved. The industry was experiencing strong relative rapid development of the Maryborough region was due, in part, to the proprietors of John Walker and much of the sugar milling machinery. Sugar continues to play a vital role in many locals whose families have been in the industry for generations.



OUR GOALS

To demonstrate leadership and innovation by developing and communicating a clear strategic direction focused on long term sustainability; and

To engage staff, providing opportunities for personal and professional growth and developing a work culture that engenders commitment and professionalism.

Our Achievements:

In response to the **Amalgamation** of Councils in March 2008, the Fraser Coast Regional Council achieved the following requirements within the State Government imposed statutory time frames:

- New Enterprise Bargaining Agreement negotiated
- Corporate IT and Communications Systems consolidated
- New Organisational Structure finalised and implemented
- Rating policies rationalised
- Ten Year Strategic Financial Plan and Budget adopted
- Corporate Plan 2009-2013 adopted

A system of **Organisational Health Checks** was introduced giving a monthly snapshot of how the organisation is performing in terms of financial management, customer service, governance, human resources and workplace health and safety.

Council formed **Collaborative Working Relationships** with businesses and local industry to achieve stronger outcomes for the region. These relationships included the signing of a Memorandum of Understanding with the Urban Development Institute of Australia, Fraser Coast Branch, and the formation of the Joint Civic Precinct Advisory Committee with the University of Southern Queensland.

PEOPLE DEVELOPMENT

The development of a culture of **Continuous Learning** through career planning and multi-skilling was a priority for the organisation with essential training and development courses conducted throughout the year. Over 3,500 staff participated in more than fifty-one on-site training sessions. A focus on leadership and team building workshops and activities was imperative in assisting staff to manage the impacts of change brought on by amalgamation.


A **Staff Reference Group** (SRG) was formed to ensure employees could contribute to organisational planning.

An **Enterprise Bargaining Committee** consisting of union, staff and management representatives worked collectively to negotiate the inaugural Certified Agreement for the Fraser Coast Regional Council with over 80% acceptance by staff.

The contribution of staff was acknowledged and celebrated throughout the year with over 400 staff attending a **Year End Celebration** function and celebrations of the **One Year Anniversary** of the new Council with work site BBQs held across the region.

A staff **Newsletter** "Inside Council" was developed to keep staff informed about what is happening in Council and to provide an opportunity to share their own stories.

Human Resource Policies, internal operating guidelines and procedures were reviewed to ensure that they underpin the organisation's strategic priorities and foster the organisational culture and values.



"Our staff are our most valuable resource. Building and maintaining strong relationships between staff will ensure the success of our organisation."

Alexis Evans, Executive Manager People Development, Organisational Services

STATUTORY REQUIREMENTS EQUAL EMPLOYMENT OPPORTUNITY

Pursuant to Section 534(1) of the Local Government Act 1993:

Fraser Coast Regional Council promoted equality of opportunity for all employees and potential employees by: raising commitment to and awareness of EEO principles; developing best practice policies, procedures and guidelines; recognising that cultural diversity is an asset; utilising processes to ensure proper assessment of merit of applicants; and facilitating work life balance.

In 2008 an EEO survey was undertaken to enable staff to identify with Local Government Act specified target groups. 263 surveys were returned showing the following EEO identified groups:

• Women	125
• Aboriginal and Torres Strait Islander	5
• People with a disability	5
• Non-English speaking background	8

Council encourages the participation of members of the identified target groups who enhance the culture, work environment and capacity to achieve objectives. In the case of employment all citizens compete equally for jobs and none were excluded on grounds such as gender or race. Council embraces the principles of merit and equity in recruitment and selection.

INFORMATION TECHNOLOGY AND MANAGEMENT

The 2008-2009 financial year has been a particularly busy period for the Information Management Team due to the amalgamation process and the drive to convert four separate Councils into a single Fraser Coast IT infrastructure servicing the entire region.

Information Technology

All organisations need a solid IT network to run the organisation and this period has seen the joining of the former Councils' networks into a single network. This has been achieved by the replacement of all network equipment in the Maryborough area with Cisco switches, the laying of seven kilometres of fibre and the sourcing of connectivity between the two cities. Once this network was achieved the core of the infrastructure software was rolled out including a single desktop image, single email solution and addressing and a single point of entry to and from external organisations.

Corporate Systems

The Corporate System team consolidated the following systems into a single Fraser Coast system:

- Finance
- Mapping
- Human Resource
- Payroll
- Electronic Document Management
- Customer Request Systems

The only major system left to consolidate is the Property system which is currently in progress and scheduled for completion in early 2010.

Records

The Records developed and implemented a system to ensure all written incoming communication was processed and distributed in a consistent manner. Investigation is continuing into how best to centralise the previous Councils' paper records and manage the historical records throughout the region.



CUSTOMER SERVICE, COMMUNICATIONS, MARKETING AND TOURISM

A **Customer Service Charter** and **Customer Service Awards** were introduced to establish a benchmark for dealing with our customers and to acknowledge employees who provide exceptional customer service.

A total of 161,987 **Customer Enquiries** were received by the Customer Service Team during the 2008-2009 financial year. The most common enquiries related to rates, animals and building/town planning.

During the 2008-2009 financial year Council's **Communications Team** issued over 400 media releases, including Council's monthly half page "Fraser Coast Matters" feature in the local press, maintained and updated Council's website and produced and delivered three issues of Council's newsletter, "Fraser Coast Living" to all households in the Fraser Coast region.

Council undertook a **Residents' Survey** to determine the best method of communicating with the public about Council activities, services and decisions. 460 surveys were returned showing that the residents' newsletters were the preferred method of communication, followed by local media advertising.

As part of its commitment to two-way dialogue with residents, Council instigated a series of **Community Briefings** across the region. During the 2008-2009 financial year briefings were held in Brooweena, Tiaro, Boonooroo, Howard and River Heads. A total of 154 residents participated raising 131 issues which were investigated and the response sent back to participants as well as to the local progress/community associations.

Council manages four accredited **Visitor Information Centres** (VIC) across the Fraser Coast, with the opening of the Hervey Bay Airport VIC and Quintessential Fraser Coast retail shop in 2009.

There were 1,032,000 total overnight visitors to the Fraser Coast in the year ended March 2009, a 16% increase over the previous year. 74,500 walk-in visitors were serviced by the Fraser Coast Visitor Information Centres during the year.

As part of Council's strategy to encourage tourism, to and within the region, Council's Marketing Team developed and implemented a **Regional Brand** that highlighted the distinctive character of the various localities of the region.

A **Staycations Program** was introduced providing discounts and special offers to local businesses for residents resulting in a greater pool of tourism "Ambassadors", eager to promote all the region has to offer. Almost 1,000 memberships have been issued up to 30 June 2009.

The team published the first edition of "**Our Fraser Coast**" magazine, a marketing tool to engender community pride and to sell the region to visitors.

To celebrate community pride, diversity and creativity and to create a sense of belonging, Council developed the **Fraser Coast Regional Event Strategy**, conducted Community Event Organisers' training and staged Council's annual event program which included:

- Christmas Concerts and New Years Eve Celebrations in the major centres of Hervey Bay and Maryborough
- Q150 Events
- Australia Day Celebrations across the region
- World's Greatest Pub Crawl
- Mary Poppins Festival in the Park
- Hervey Bay Whale Festival
- Technology Challenge Maryborough

Fraser Coast Regional Council received the following **Awards** in the 2008 Fraser Coast South Burnett Tourism Awards for Excellence:

- *Winner* – Tourism Associations & Visitor Information Centres for Hervey Bay VIC
- *Winner* – Tourism Promotional Material & Media for the "Our Fraser Coast" Magazine
- *Winner* – John Craig Gardiner Award for Carmel Murdoch, Regional Ambassador

OFFICE OF THE CEO AND ORGANISATIONAL SERVICES



ECONOMIC DEVELOPMENT

The 2008-2009 financial year was a difficult economic time for all communities. Council's Economic Development Team implemented a number of projects to ensure the Fraser Coast continued to be one of the fastest growing regions in Australia. Major projects included:

Development of the Economic Development Strategy to set the framework for Council's Economic Development Activities for the next four years.

A Five Point Strategy to support local business through the global financial crisis.

Liaison with Chambers of Commerce, local Tourism Board, Regional Tourism and Development Industry, Southern Cross University and Department of Primary Industries to discuss a Farm and Nature Tourism Business Development Program to add value to rural businesses.

Initiated a working partnership with the University of Southern Queensland on a number of projects that will increase the skill retention and business attraction in the region.

Created a range of economic development publications - Economic Development Profile and statistics - to attract new business to the region and support local businesses already established on the Fraser Coast.

500 enquiries were received during the financial year in relation to establishing new business, requesting statistical data and general information about the Fraser Coast.

INTERNAL AUDIT COMMITTEE

In accordance with Part 2 section 7 of the *Local Government Finance Standard 2005*, the Fraser Coast Regional Council established an Audit Committee comprising three Councillors of the Fraser Coast Regional Council and two independent appointments, appointed by Council following the calling of applications. Membership of the Committee is as follows:

- Cr Mick Kruger (Mayor)
- Cr Belinda McNeven
- Cr Gerard O'Connell (Chairperson)
- Mr Bernard Whebell (External Member)
- Mr Adrian Daniel (External Member)

The objective of the Audit Committee is to:

- oversee and advise Council on matters of accountability and internal control and assist Council in effectively discharging responsibilities prescribed in legislation;
- review and make recommendations to Council on matters referred to the Committee;
- provide an oversight function on Council's overall financial performance including strategic financial policies;
- monitor and report on the relevance of Council's medium and long-term financial policies to Council's overall strategic direction; and
- monitor and review strategic performance measurement criteria.





STATUTORY REQUIREMENTS

The Local Government Act 1993 and the Local Government Finance Standard 2005 require Council to report on the following items:

FINANCIAL STATEMENTS AND AUDITOR'S CERTIFICATE

Pursuant to Section 532 of the *Local Government Act 1993*:

Council's Financial Statements and Auditor's Certificate are attached at the end of this report.

EXPENDITURE IN RELATION TO CONSULTANTS, ADVERTISING, ENTERTAINMENT, HOSPITALITY AND GRANTS TO COMMUNITY ORGANISATIONS

Pursuant to Section 24(1)(b) of the *Local Government Finance Standard 2005*:

The following amounts were expended:

Consultant Services Total	\$1,811,752
Grants to Community Organisations	\$405,076
Entertainment and Hospitality	\$51,619
Advertising	\$473,424

JOINT LOCAL AUTHORITY ARRANGEMENTS

Pursuant to Section 59 of the *Local Government Act 1993*:

No Joint Local Authority Arrangements were entered into during the reporting period.

CHANGES TO TENDERS

Pursuant to Section 488(2) of the *Local Government Act 1993*:

No changes were made to tenders after the tenders were submitted.

SHORT LISTING AFTER CALLING FOR EOI

Pursuant to Section 489(1) of the *Local Government Act 1993*:

No resolutions were made to invite Expressions of Interest (EOI) before inviting tenders during the reporting period.

SHAREHOLDERS DELEGATES

Pursuant to Section 643 of the *Local Government Act 1993*:

Fraser Coast Regional Council had one Local Government Owned Corporation – Wide Bay Water Corporation. Council did not have any delegates on the board but monitored its performance through the Statement of Corporate Intent.

COMPETITIVE NEUTRALITY

Pursuant to Section 847 of the *Local Government Act 1993*:

No competitive neutrality complaints were received during the reporting period.

COMMERCIAL BUSINESS UNITS

Pursuant to Section 581(3) of the *Local Government Act 1993*:

Council did not operate any commercial business units during the reporting period.

LIST OF REGISTERS

Pursuant to Section 534 (1)(d) of the *Local Government Act 1993* the following Registers are kept and are open to inspection:

- Register of Councillors' Interests
- Register of Electoral Gifts
- Register of Enterprises
- Register of Business Activities to which Competitive Neutrality Principles apply
- Register of Local Laws
- Register of Roads
- Register of Regulatory Fees
- Register of Delegations by CEO
- Register of Restricted Dogs

FREEDOM OF INFORMATION

There were 42 applications received under the Freedom of Information Act during 2008-2009.

DETAILS OF SPECIAL RATES AND CHARGES

Pursuant to Section 971 of the Local Government Act 1993 the following levies and charges were imposed:

Council Rural Fire Levy on rateable land not included in the Urban Fire Brigade area to raise funds for the purchase and maintenance of buildings, land and/or equipment for the rural brigades. The levy was based on the requirements of the brigades as set out in their budgets and agreed to annually by Council.

Fraser Island Garbage Levy on rateable land within the designated area to raise revenue for the collection and disposal of garbage on Fraser Island.

Sanitary Conversion Charge on all rateable land in Howard that had an existing nightsoil service to fund the cost of an alternative sewerage treatment system to the above properties only.

Summary of rate rebates and concessions

In considering the application of concession under Chapter 14, Part 6 of the Local Government Act 1993, Fraser Coast Regional Council was guided by the principles of: Equity - having regard to the different levels of capacity to pay within the local community; Consistency - the same treatment for ratepayers receiving concessional rating; and Transparency - making clear the requirements necessary to receive concessions.

In accordance with the above principles, Council developed policies in respect of the following:

(a) Remission of rates and charges for pensioners - Council accepted that certain classes of pensioners had contributed rates over a period of time and/or are restricted by a fixed income and should be afforded a concession in respect of rates and charges.

Total expenditure was \$1,532,440 for the period 15 March 2008 to 30 June 2009.

(b) Assistance to recreation, sporting and community groups - Council also recognised that there were organisations which operate for the general benefit of the community with limited financial resources including schools, churches, welfare, youth organisations, emergency services, aged care, and sporting organisations. Such organisations may have received a concession based on their rates and charges.

Total expenditure was \$375,863 for the period 15 March 2008 to 30 June 2009.

(c) To encourage the prompt payment of rates and charges a 10% discount was allowed if all rates and charges were paid in 45 clear days after the issue of a rate notice.

Total discount allowed was \$7,303,052 for the period 15 March 2008 to 30 June 2009.

COUNCIL REPRESENTATION

Fraser Coast Councillors represent the interests of the region on a number of external committees and organisations including:

- Coastal Management Taskforce
- Fisheries Dialogue Forum
- Wide Bay Burnett Regional Organisation of Councils
- Wide Bay Burnett Regional Roads Group
- Wide Bay Regional Planning Advisory Committee
- Burnett Mary Regional Group Board
- Mary River Community Reference Group
- Mary Local Government Authority Cluster
- Dundowran Water Board
- Fraser Coast South Burnett Regional Tourism Board
- Local Disaster Management Group
- Fraser Island World Heritage Area Management Committee
- Rural Fire Brigades
- Hervey Bay Community Trust
- Hervey Bay Cultural Trust
- Brolga Theatre Board
- Sunwater Lower Mary Customer Council
- Widelinx
- Urban Renewal Design Reference Group
- LGAQ Planning Reference Group
- Education Hervey Bay
- Local Chambers of Commerce
- Mary River Catchment Coordinating Committee
- Hervey Bay Safety Network
- Joint Use Library Advisory Committee
- Burrum District Heritage Society Committee
- Tiaro and District Landcare Group
- Access Advisory Committee
- Market Day Advisory Committee
- Maryborough Technology Challenge Advisory Committee
- Fraser Coast Motor Park Inc
- World's Greatest Pub Crawl Advisory Committee
- Fraser Coast Community Health Council
- Wide Bay Burnett Aviation Group
- Boral Quarries Liaison Group
- Tiaro Development and Progress Association
- Wide Bay Burnett Regional Water Supply Strategy Management Committee
- Fraser Coast Environmental Advisory Committee
- Joint Civic Precinct Advisory Committee
- Fraser Coast Inclusive Communities Advisory Team



BORROWING POLICY SUMMARY

Pursuant to Section 23(2)(a) of the *Local Government Finance Standard 2005*, the annual report must contain details of Council's Borrowing Policy.

Borrowings were raised to fund the acquisition, construction and major refurbishment of non-current assets.

Consideration for borrowing was given to capital projects with an estimated useful life of ten years or more in order to apportion costs on an equitable basis over future generations of ratepayers. Council maintained a Long Term Strategic Financial Plan in order to demonstrate its long term financial viability and ability to service loan repayments.

Council proposed to keep debt servicing costs below a maximum ceiling of 25% of annual rates revenue within the respective funds so as not to place undue burden upon future generations.

Proposed borrowings and expected loan terms for the financial years from 2008/2009 to 2012/2013 are set out below:



NEW BORROWINGS						
	2008-09	2009-10	2010-11	2011-12	2012-13	Expected Term
Administration & Land	4,750,0000	9,496,000	6,011,000			20 years
Airport	966,310	3,200,000	669,000		900,000	20 years
Coastal Management	1,000,000		2,380,000	1,000,000	1,000,000	20 years
Cultural/Community Facilities	602,624	2,200,000				10-20 years
Drainage	2,942,585	894,000	2,015,000	2,744,000	2,909,000	20 years
Other Facilities & Structures	300,000	900,000	1,000,000		195,000	10-20 years
Roads	7,967,582	3,332,200	5,408,500	2,670,000	3,312,000	10-20 years
Sewerage Infrastructure	1,788,415	11,539,000	8,967,000	575,000		20 years
Waste Management	1,909,984	450,000	1,004,500	745,000	740,000	10-20 years
Water Infrastructure	1,053,000	2,448,400	8,799,000	18,750,000	2,650,000	20 years
TOTAL	23,280,500	34,459,400	36,254,000	26,484,500	11,706,000	

ORGANISATIONAL SERVICES

EXTERNAL SERVICES AND CAPITAL DELIVERY





OUR GOALS

To manage the region's infrastructure and assets in an efficient and cost effective manner while enhancing connectivity across the region;

To provide water and sewerage services in an environmentally responsible manner that ensures community well being; and

To ensure waste management solutions incorporate the principles of reduce, reuse and recycle.



Our Achievements:

INFRASTRUCTURE

Roads

An accelerated capital works program resulted in reconstruction / upgrading of approximately 70 kilometres of roads across the Fraser Coast Regional Council area, at an estimated cost of \$35 million. The projects were carried out by contract and day labour works and helped to provide the economic stimulus to maintain employment and construction activity across the region. Some key projects that were completed were:

- Chapel Road
- Dundowran Road
- Lower Mountain Road
- Toogoom Road
- Tinnanbar Road
- River Road
- Tulesco Road
- Deephouse Road
- Myntie Road

Walk and Cycle Paths

The construction of walk and cycle paths in Maryborough continued along Lennox Street to Woodstock Street. Additional footpaths were also constructed in Tiaro, Burrum Heads and Hervey Bay to facilitate better pedestrian networks and improve community access.

Traffic Facilities

Approximately \$200,000 has been spent on providing and maintaining a safe network of transport infrastructure. Work undertaken included:

- traffic signals on Lennox Street at Ellena and Woodstock Streets;
- infrastructure at Denmans Camp Road and Esplanade Crossings; and
- Parke State School set down area upgrade.



EXTERNAL SERVICES



Marine Infrastructure

Gatakers Bay Boat Ramp Carpark was completed providing 45 new carpark spaces and accommodation for boat trailers.

Urangan Pier

Approximately \$2.5 million has been earmarked to be spent on the restoration of the piles in the last 220 metres of the pier. The work commenced in the 2008-2009 financial year and will continue into the 2009-2010 year. Work consists of replacing the existing timber piles with steel piles encased in HDPE sleeves to protect against corrosion. In addition to the sleeving, a cathodic system will provide corrosion protection below the seabed level.

Bitumen Reseals

Council has spent approximately \$3.5 million on resealing existing bitumen roads across the Fraser Coast to rejuvenate the road surface and extend the life to the road. Resealing is a preventative action to extend the life of the pavement and to reduce pavement failure due to aging and oxidising of the bitumen surface.

Dust/Gatt Bitumen Seal

Bitumen seals are undertaken by Council each year to extend the life and preserve the road asset. This type of sealing eliminates maintenance grading, is cost effective, reduces dust nuisance and improves road safety for users. Approximately \$400,000 has been spent on the dust/gatt sealing program.

Kerb & Channel Replacement

Various streets were identified for kerb and channel maintenance and replacement works. Council's ongoing commitment towards replacing the aging kerb and channel is critical to ensure that adequate drainage is provided to discharge stormwater in an effective manner. The damage to kerb and channel is generally caused by heavy traffic driving along the edge of the kerb and channel. The kerb and channel replacement program requires a significant ongoing capital injection to maintain and preserve the existing road pavement.

Fraser Island

The majority of road use is generated by the significant and growing tourist industry. Over the past years there has been a significant increase in the visitor numbers to Fraser Island. Council has been undertaking the maintenance and replacement of the timber boards as funds permit. Council schedules approximately four visits to Fraser Island for the maintenance of the timber boards on the road each year.

Awards

The Hervey Bay Chamber of Commerce presented External Services Operations Coordinator, John McGowan, a customer service award for maintenance of public areas including the Link Mobility corridor.

STATUTORY REQUIREMENTS

The Local Government Finance Standard 2005 requires Council to report on the following item:

CONTROLLED RESERVES AND ROADS

Pursuant to Section 25 of the Local Government Finance Standard 2005, the Fraser Coast Regional Council had control of:

1,085 kilometres sealed
1,127 kilometres unsealed

TOTAL: 2,212 kilometres of road

201,168 hectares of reserve land under the *Land Act 1994*, of which 1,288 hectares were leased to sporting and community groups.

CAPITAL DELIVERY



WATER AND SEWERAGE

Water Mains in the CBD area of Maryborough were replaced as part of the beautification works in order to improve fire fighting flows and pressures. A total of 390 metres of pipe was replaced.

Sewer Mains (5.8 kilometres) were relined using a noninvasive technology which will assist in reducing blockages and infiltration of storm water into sewers.

Based on condition assessments and to improve water quality, 1.8 kilometres of water mains in the **Aubinville** area were replaced.

Funding to reduce potable water usage at the **Wastewater Treatment Plant** was received, enabling recycled water to be used more effectively.

Works undertaken in **Tiarno** to replace the pipeline to the elevated tower involved replacing the direct feed to the water tower using concrete lined ductile pipe in addition to extending the water supply network by 144m with a 100mm PVC pipe. The direct feed to the tower was previously galvanised pipe and had severely rusted. The new pipe is robust and should have a life of approximately 50-80 years.

Approximately \$4.08 million was committed on major **Stormwater Trunk** and **Relief Drainage Infrastructure**. Major projects included:

- Commencement of work on the construction of St Joseph's Drive open channel and detention basin. The project will significantly reduce flooding in the Eli Creek catchment area and has incorporated water sensitive urban principles to improve water quality. The project cost is \$1.6 million.
- Frank Street Drainage – is a major event outfall which will reduce flooding in the Lowlands Lagoons Catchment. Design work on the gross pollutant trap has been completed. The benefit of installing this trap will significantly reduce pollutants entering the waters of the bay.
- Australiana Basin spillway construction and improvement works.
- Completion of Dale Street drainage works.
- Maryborough CBD drainage at Kent / Bazaar and Kent / March Street intersections.

MERGER OF WATER OPERATIONS

On 16 October 2008, Council resolved to merge the operations of its water services – Wide Bay Water and Fraser Coast Water – so that all water and sewerage services would be provided by one organisation across the Fraser Coast. This decision came into effect on 20 July 2009 with water and sewerage services being provided by Wide Bay Water Corporation. The merger of the two groups was the final part of the amalgamation of the four former Fraser Coast Councils into the Fraser Coast Regional Council.

CARAVAN PARKS

Work has commenced on developing a Master Plan for the Pialba Caravan Park to coincide with the "WetSide" water park development which is currently underway and adjacent to this facility.

Surveys are undertaken on a yearly basis across all four caravan parks to ascertain customer satisfaction. This year 800 visitors were surveyed with a 48% response rate. Results from the survey indicated that visitors enjoyed holidaying in Hervey Bay because of its leafy unspoilt natural beauty and friendly hospitality afforded to them by the residents.



EXTERNAL SERVICES



AIRPORT

The Hervey Bay Airport terminal underwent significant extensions during 2008-2009. Work included:

- Extension of terminal building to cater for the introduction of checked baggage screening.
- Additional facilities were provided which included attractive meeting rooms, storage and freight receipt areas. The new facilities were built to maximise ecological sustainability, reducing electricity consumption by employing innovative lighting and energy efficiency technology.
- An extension to the apron was undertaken to create an additional aircraft parking bay adjacent to the terminal building. This was implemented to cater for future growth and demonstrated strong demand for charter activity. The additional bay enables improved concurrent operations.
- Community needs were addressed by commencing the construction of a patient transfer facility. The facility, due for completion during 2009-2010, will enable the transfer of patients from the Queensland Ambulance Service to the Royal Flying Doctor Service to take place within a purpose-built facility that enables patients' families to remain with them for longer. The facility ensures patients are not being transferred on the tarmac in potentially adverse weather conditions. With one of the highest frequencies of patient transfers in Queensland and in light of the increasing aged demographic of the region, once completed this facility will perform an important community role.
- Passenger movements have decreased due to the financial global crisis and swine flu. Passenger movements were down by 4% compared to the 2007-2008 levels.



CAPITAL DELIVERY



"Reduce, reuse and recycle is a way of life on the Fraser Coast. Last year, about 3,400 tonnes of paper and cardboard were recycled through the Material Recovery Facility in Hervey Bay."

**Brenda Watt,
Project/Education Officer Waste Services,
External Services**

WASTE MANAGEMENT



Recycling has been introduced at Yengarie and Bauple with kerbside recycling also being provided to the residents in Tiaro who live within the defined waste areas.

The recycling contract was awarded to Reuse and Recycle Group Incorporated as they had successfully been involved in resource recovery processes for the former Hervey Bay City Council. They were chosen on the basis that they had won awards for their innovative methods in improving resource recovery.

Council in conjunction with the sustainability section of the Department of Environment and Resource Management has entered into a partnership to promote recycling on Fraser Island. Happy Valley and Eurong were involved in a trial which showed the initiative was extremely popular with residents. It will be extended to the rest of the island on a trial basis in 2009-2010.



Composting green waste has had another successful year in the Bay with demand exceeding supply. The Fraser Coast Recycling Centre at Nikenbah has processed approximately 40,000 cubic metres of compost material.

As part of the rehabilitation process of the closed landfill site at Becks Road, Council has planted 10,000 hardwood trees. Further work associated with the rehabilitation of landfills at other Council facilities is planned for future years.

Planning work has commenced in Maryborough for the purpose of creating a domestic recycle drop off centre and sales facility similar to the one at Nikenbah in Hervey Bay.

During the financial year the Fraser Coast Regional Council was awarded the Do the Right Thing Resource Recovery Award in the Queensland Ergon Energy Tidy Towns Competition. This award recognises community, business and/or Council initiatives in the conservation of natural resources, the recovery and reuse of materials and the appropriate disposal of non-recyclables.



EXTERNAL SERVICES

DEVELOPMENT SERVICES





OUR GOALS

To manage the built environment through effective and sustainable planning; and

To protect our heritage and culture.



Our Achievements:

ASSESSMENTS

There were 1,040 development applications assessed and decided in the 2008/2009 financial year. Applications decided consisted of:

- 698 applications for material change of use;
- 68 applications for reconfiguring a lot;
- 40 combined applications;
- 121 applications for operational work; and
- 113 requests for negotiated decisions or changes to existing approvals.

The above applications included approvals for the following:

- 1,087 houses;
- 242 residential units; and
- 113,531 m2 of commercial and industrial floor space.

During the 2008-2009 financial year, the Fraser Coast Regional Council entered into a **Memorandum of Understanding** (MOU) with the Urban Development Institute of Australia (UDIA), Fraser Coast branch, to foster stronger and more positive working relationships.

PLANNING

Council introduced the first **RiskSmart** application process for assessment of low-risk reconfiguration of a lot applications, reducing assessment times and freeing up Council planners to assess more complicated matters.

Planning Scheme Policy Four – Water Supply, Sewerage, Transport, Stormwater, and Public Parks and Community Land Infrastructure Contributions – was adopted by Council on 18 June 2009. The policy identifies the scope and scale of trunk infrastructure required to service both the existing and future development within Hervey Bay City and provides the method of calculating developer contributions to ensure that integrated and sustainable growth occurs within the city.

Council has commissioned a **Social Infrastructure Review** of Burrum Heads and Toogoom to benchmark social infrastructure requirements to sustain such communities.

The Fraser Coast Regional Council's **Strategic Land Use Strategy Scoping Study** was finalised and adopted by Council on Wednesday 17 February 2009, which facilitated the tendering process.

The Land Use Strategy has commenced, with the majority of the Strategy being carried out over the 2009/10 and 2010/11 financial years. The Land Use Strategy will form the strategic framework for the consolidated Fraser Coast Regional Council Planning Scheme.

For any land that potentially contains **Native Title**, Council has ensured that all required referrals to the nominated traditional owners have been carried out in accordance with the requirements of the Native Title Act.

DEVELOPMENT SERVICES



"Being accessible to developers, business and the community is an important part of our role."

**Christine Goodwin, Administration Coordinator,
Development Services**

DEVELOPMENT SERVICES

Council has undertaken a number of community relations activities to promote community awareness and understanding of the regulatory framework which the Development Services Team works within.

WEBSITE

Council's Planning and Development web page has been updated to include additional documents and information about the planning process, planning schemes and policies. Recent information posted on the website includes:

- The four planning schemes of the Fraser Coast region;
- Monthly statistics and details of applications received and decided;
- Information sheets about public notification and appeal rights; and
- Fact sheets relating to the IDAS process.

COMMUNITY ENGAGEMENT

A number of public meetings have been held throughout the year, in addition to print advertising, about the proposed amendments to the Maryborough City Plan and the introduction of Planning Scheme Policy Four – Water Supply, Sewerage, Transport, Stormwater, and Public Parks and Community Land Infrastructure Contributions.

Development Services staff have also participated in:

- Council's University of the Third Age program to promote greater community awareness about Strategic Planning and Development Assessment;
- Development Industry Forums;
- Industry group meetings; and
- Community group meetings.

Looking forward, Council will be seeking significant input in relation to its Land Use Strategy. Community consultation will be held to allow important dialogue between residents and Council regarding the region's future.



DEVELOPMENT SERVICES



BUILDING SERVICES

A total of 857 building works applications were assessed and approved by Council's building certifiers, Wide Bay Building Consultants, in the 2008-2009 financial year.

The estimated total value of the building works was \$76,181,490.

In addition:

- Wide Bay Building Consultants building certifiers carried out approximately 3,288 building works inspections.
- 1,667 privately certified building works applications were processed by the Building Services Department with an estimated value of \$184,388,106.
- A total of 1,341 plumbing works applications were assessed and approved by the Building Services Department plumbing inspectors.
- 5,437 plumbing works inspections were carried out by Council's plumbing inspectors.
- Approximately 508 customer action requests were processed.
- 246 building records search requests were processed.
- 44 building compliance search requests were processed.

Wide Bay Building Consultants and Council's Building Services staff are located at Shop 7, 12 Nissen Street, Pialba, HERVEY BAY.

MAJOR PROJECTS

During the 2008-2009 financial year, the Fraser Coast Regional Council approved a number of significant projects, including:

- Resort and Unit Complex, Urangan
- Mary River Hotel, Yengarie
- Family Tavern and Motel, Pialba
- Community Centre, Pialba
- Residential Development, Wondunna
- Hervey Bay Airport Industrial Park

OTHER MAJOR DEVELOPMENTS

Centro Shopping Centre, Hervey Bay

Major Extension approved. Floor area to increase to 31,475m². Expansion will include a new K-Mart Store, expansion of the existing Target, new mini-major tenant (proposed to be Best & Less), new Coles Supermarket, additional 6,590m² of retail specialty stores and 2,988m² of non-retail shops, dedicated food court, relocation of the existing bus terminal to the south-west corner of the building and improvements to access and internal malls.

The construction of the centre is valued at \$76 million and is expected to create 369 jobs during the construction phase and an additional 900 jobs when complete. The centre is due to open in 2011.

Tinana Lifestyle Village

This major lifestyle village in Tinana will comprise 207 detached dwelling units. Facilities provided for residents will include a management centre building housing a shop and manager's office and residence; a community centre; a screened caravan, trailer and boat storage area; and recreational facilities including swimming pool, tennis courts, bowling green and bocce field.

Professional Office Complex

This development, being marketed as the 'Signature Building', will create a four storey office complex on land at 19-21 Torquay Road, Pialba (adjacent to the skate park). The complex proposes 21 tenancies, one of which is designated as a medical centre and has a total floor area of 3060m². The development will provide for a range of professional services, located in the heart of the Hervey Bay CBD. The proposal also includes a two storey plus roof top car park and the incorporation of a major work of public art that will present to the adjacent skate park.

Resort and Unit Development

Sited on the old Anchorage Caravan Park site on the corner of Boat Harbour Drive and the Esplanade at Urangan, this project includes 254 residential and resort units in five buildings, four of which will be six stories in height.

DEVELOPMENT SERVICES

COMMUNITY SERVICES





OUR GOALS

To protect our heritage and culture; and

To promote community inclusiveness, participation and enjoyment and celebrate community pride, creativity and a sense of belonging.

Our Achievements:

COMMUNITY AND CULTURE

AWARDS

Fraser Coast Regional Council received recognition for its Active Transport to School Program, winning two prestigious Queensland Heart Foundation Local Government Awards. The program won the Priority Groups category for the state and then beat seven other category finalists to win the overall State Award.

INCLUSIVE COMMUNITIES

The Fraser Coast celebrated Harmony Week, Disability Action Week, Youth Week and Seniors Week in 2008-2009 with a wide variety of events across the region.

In March 2009 Peter Kenyon worked with members of our outlying communities in a full day planning workshop. The workshop looked at what the communities would like to retain, regain, change, create and drop.

A Fraser Coast Inclusive Community Advisory Team was established with members of the community and Council. The purpose of this Team is to help build inclusive communities by identifying opportunities and removing barriers to the provision of accessible and equitable services in the region.



THE ARTS

Planning continues for the renovation of the Maryborough Artspace with tenders being finalised for the work.

The Hervey Bay Regional Gallery hosted 19 exhibitions by local, intrastate and nationally recognised artists.

HERITAGE

The Fraser Coast Heritage Advisory Committee was established during the year. The purpose of this Committee is to promote the heritage of the region by encouraging the conservation, management and appreciation of the cultural heritage. The Committee comprises representatives from the Fraser Coast Regional Council and the community.

Visitor numbers were steady for the Bond Store Museum and Portside Centre in Wharf Street, Maryborough, during the financial year. Three temporary sporting history exhibitions were mounted in the Portside Centre in addition to the permanent displays.

LOCAL AREA MULTICULTURAL PROGRAM (LAMP)

Through the Local Area Multicultural Program, activities and services were provided to highlight the diverse and rich cultural background of our community, including welcoming the World Harmony Run team to our region who completed 15,000kms in a 100 day period; the World in Our Backyard radio series where overseas born Australians shared their stories; signing the UNESCO Coalition of Cities against Discrimination in the Asia and the Pacific; and hosting government officials from our Sister City of Leshan, in the People's Republic of China.

COMMUNITY SERVICES



"Libraries provide for the educational, recreational, informational and cultural needs of young people and adults in the community, through free access to ideas and knowledge in written, electronic and audio-visual media."

**Jo Parker, Regional Librarian,
Community Services**

LIBRARIES

During the 2008-2009 financial year, library membership grew by 6,038 members to a total membership of 38,645. Library loans for the year were 939,885. Nearly 14,500 new items were added to the library collection bringing it to over 220,000 items including books, talking books, magazines, music CDs, DVDs, games and toys.

Over 300 images of the Fraser Coast region's heritage were contributed to the State Library's 'Picture Queensland' database through the Fraser Coast libraries. More than 200 young people participated in the Summer Reading Club in January 2009. Public access to the Internet grew to 34 public access computers. The libraries also hosted a number of workshops featuring national authors and illustrators.

In 2008-2009 events were staged for Children's Book Week, Seniors Week and Youth Week. The libraries supported other government and community group awareness weeks with partnered events or hosted displays.

Regular library programs during the year included Books 'n' Bubs (expectant parent evening), Rattle 'n' Rhyme (parents and babies 0 -18 months), Storytelling for Toddlers (18mths - 4 years), School Holiday Programs, Junior Book Club, Book Chat for Seniors, a Housebound Service for 177 patrons, and 17 Basic Internet/computer classes. The library also supports seven community book clubs with book sets.

In December 2008, a regional catalogue of library resources was loaded onto the Council website giving continuous access to the region's database of resources and allowing virtual space for reservation, renewal, creation of book reviews, collection suggestions and the provision of a calendar of library events.

During 2008-2009 the library began its rollout of wireless solutions to all branches, including improvements to the efficiency of borrowing and returning through RFID technology, improved Web 2.0 functionality of the library's website and in-house patron access to the Internet.

Our Fraser Coast libraries are welcoming spaces offering vibrant public places for learning and leisure. In 2008, the Howard library branch was renovated with improved total floor space, new shelving and seating.



COMMUNITY SERVICES



OUR GOALS

To ensure our communities are healthy and safe.

Our Achievements:

HEALTH AND REGULATION

The **Environmental Health and Regulation Team** is responsible for the health and well being of the community and compliance with local laws and local law policies.

During the 2008-2009 financial year 4,984 infants, 4,867 school students and 10 seniors were immunised through Council's free **Immunisation Service**.

Council's Environmental Health Officers conducted four **Food Courses**, educating 50 people in safe food handling.

More than 300 **Health Inspections** were carried out on licensed premises during the reporting period.

A comprehensive **Education Program** focusing on responsible pet ownership and targeted at school children was conducted during the 2008-2009 financial year. Sixteen schools across the region received a visit from one of Council's Compliance Officers and either Ranger Jay or Ranger Lulu (Council's four legged mascots).

Ranger Jay also visited:

- Kiramī Fete and Annual Pet Show
- Fraser Coast Show
- Hervey Bay Whale Festival
- The Seniors Expo at Hervey Bay PCYC

The **Ranger Lacey Pet Walk** raised nearly \$1,000 for Guide Dogs Australia. Approximately 160 dogs and their owners took part in this annual fund raising event.

Twenty-five cents from each dog re-registration paid by the due date was **Donated** to the Australian Cancer Council's Prostate Cancer Research Fund.

Dogs registered in Fraser Coast region at June 30 2009 were 17,176.

A **Microchipping Program** organised by Council in conjunction with the Lost Dogs Home and National Pet Register resulted in 436 dogs in Hervey Bay and 178 dogs in Maryborough being microchipped at the discounted price of \$25.

Impounded Animals

	HERVEY BAY	M'BROUGH
Released to owners	452	256
Rehoused	61	32
Released to animal refuges	137	82
Euthanased	158	78
Stolen from pound	3	0
TOTAL	811	448



COMMUNITY SERVICES



"Our parks and natural areas provide spaces for friends and families to get together for formal and informal activities - an essential aspect of our communities' well-being."

**Shane Rose,
Supervisor Horticulture - Parks Open Space & Bushland,
Community Services**

NATURAL AREAS

The Fraser Coast Region boasts 827 parks and reserves across 13,000 hectares. Council is dedicated to protecting and sustaining our unique natural environment. To this end, Council has developed, or is in the process of developing the following strategies:

- Shoreline Erosion Management Plan in association with DERM
- Bushfire Management Strategy in collaboration with the State and Federal Governments
- Stormwater Monitoring Strategy for urban stormwater outlets
- Revised Foreshore Management Plan aligned to the local law review process.

The Fraser Coast Regional Council, the Burnett Mary River Group (BMRG) and other Mary/Burnett Councils have joined to form a regional Storm Water Panel. The panel provides access to the training, skills and key stakeholders necessary to develop management policy for catchments, waterways and wetlands.

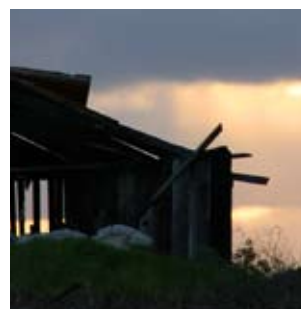
COMMUNITY ENVIRONMENT PROGRAM

The Community Environment Program (CEP) provides opportunities for residents to actively participate in the 'on-ground' maintenance and management activities of bushland and open spaces in the Fraser Coast Regional Council area, as well as environmental awareness programs including events and education.

There are currently 125 people involved in various CEP groups across the region with five new groups in the process of forming in outlying areas. The program has recently been restructured and refined to facilitate an equitable and smooth implementation of the program across the whole of the Fraser Coast.

"Last year the CEP groups gave 1,873 hours of their time to plant 500 trees, propagate more than 7,000 trees used on Council projects and clear away 10 truckloads of weeds."

**Chris McCarthy, CEP Officer,
Community Services**



COMMUNITY SERVICES



COMMUNITY FINANCIAL REPORT



COMMUNITY FINANCIAL REPORT

The Community Financial Report is intended to simplify complex financial information, making it easier to understand Council's income statement, balance sheet and cash flow statement, which are prepared in accordance with legislation.

The financial statements for this period cover the financial result for the Fraser Coast Regional Council (FCRC) and its controlled entity – Wide Bay Water Corporation.

In addition Council owned and controlled the following entities, the results of which do not form part of Council's financial statements:

- Widelinx Pty Ltd
- Hervey Bay (Community Fund) Ltd
- Hervey Bay (Cultural Fund) Ltd
- The Brolga Theatre Board Inc

Under normal circumstances, the financial statements would cover a twelve month period (1 July to 30 June), however as a result of the amalgamation of Hervey Bay City Council, Maryborough City Council, Woocoo Shire Council and part of Tiaro Shire Council, the Fraser Coast Regional Council (FCRC) came into effect on 15 March 2008. Therefore the period these financial statements cover is 15.5 months (15 March 2008 – 30 June 2009).

Sound financial management is crucial in the successful operation and future sustainability of a local government authority. Managing and controlling Council's finances is not dissimilar to the family budget. Similar to household budgets, local authorities are having to deal with

significant inflationary pressures, spiralling construction costs and are having to absorb these costs associated with the provision of services.

Council is now looking for more innovative ways to make the money stretch further. As residents cut back on the amount of money they spend, it is inevitable that demand for Council fee paying services will fall. The slump in the housing market will have a significant effect on the revenue streams, reducing income from services such as land searches, building and development fees and developer contributions that fund new infrastructure investment.

Local governments across the country were already struggling to balance budgets a process made more difficult by the recent amalgamations and the costs imposed by the reform process. Now in the face of an economic slowdown, a weakening housing market and rising unemployment, all key factors in the revenue they collect and this struggle will continue into the short to medium term, as Councils balance community expectations with the community's ability to pay.

To assist in managing the impacts of the Global Financial Crisis, Council adopted a "Five Point Plan" which focused on the employment security for its 600 strong workforce; the utilisation of Local suppliers; the injection of funds into the local economy by a strategy to accelerate its capital spend; facilitating growth in development activity; and through strong fiscal management strategies. The implementation of these strategies has resulted in Council maintaining a strong fiscal base and ending the year with a surplus of \$6 million.

There are four primary financial statements:

- Income Statement
- Statement of Changes in Equity
- Statement of Cashflows
- Balance Sheet

Each of these statements provide different but related information.

The purpose of each and their relationship with each other are detailed here.

Full statements and accompanying notes can be downloaded from www.frasercoast.qld.gov.au

	Consolidated \$'000	Council \$'000	
Income Statement			Income Statement
Revenue	219,723	151,942	shows the extent to which community equity has been increased or decreased by the net result of the year's activities.
Net Assets from abolished Councils	1,404,676	1,225,388	
Expenses	(198,797)	(150,791)	
Net Result for year	1,425,602	1,226,539	
Statement of Changes in Equity			Statement of Changes in Equity
Asset revaluations and other movements	231,975	160,057	shows the movement in total community equity as at 30 June 2009.
Net result for year	1,425,602	1,226,538	
Total community equity at end of year	1,657,577	1,386,595	
Statement of Cashflows			Statement of Cashflows
Operating activities	42,611	42,214	shows the nature and amount of Council's cash inflows and outflows from all activities. Council's cash held at the end of the reporting period was \$88.969 million compared to \$48.438 million as at 14 March 2008.
Investing activities	(42,761)	(21,928)	
Financing activities	40,680	18,571	
Net increase in cash held	40,531	38,856	
Cash at beginning of year	48,438	45,409	
Cash at end of reporting year	88,969	84,265	
Balance Sheet			Balance Sheet
Current assets (includes cash)	115,195	105,440	shows the assets and liabilities which make up the community equity as at 30 June 2009.
Non current assets	1,712,153	1,374,581	
Total Assets	1,827,348	1,480,021	
Current Liabilities	40,176	32,597	
Non Current Liabilities	129,595	60,829	
Total Liabilities	169,771	93,426	
Net Community Assets	1,657,577	1,386,595	
Retained Capital	1,590,742	1,319,760	
Reserves	66,835	66,835	
Total community equity	1,657,577	1,386,595	

INCOME STATEMENT

This statement shows Council's financial performance during the period – how we take the money received from our operations and spend it providing services to the community.

Revenue in – Expenses out = Result for the Year.

The Income Statement includes ordinary revenues and expenses from operating activities and capital income and expenditure. Capital income and expenditure is money received or spent on assets and infrastructure items such as parks, roads, drains, coastal walls, water and sewerage infrastructure, land, buildings and plant & equipment. Capital income is usually sourced from grants, subsidies and developers contributions. Operating expenditures are those required to run the day to day operations of the organisation, such as wages, maintenance costs, materials, depreciation and finance costs.

As this is the first Income Statement for the Fraser Coast Regional Council, it includes an income amount which represents the net assets and liabilities transferred from the previous Councils upon amalgamation, which totalled more than \$1.225 billion (\$1.405 billion consolidated). This item is unique to the amalgamation process, therefore it will only appear in this financial period.

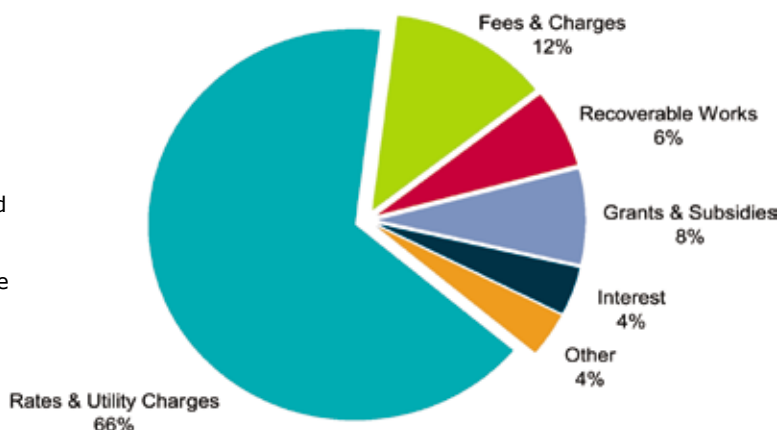
The Income Statement for the period 15th March 2008 to 30th June 2009 shows a net operating result of (\$33,575,000)*. This operating loss is primarily the result of a combination of unfunded depreciation and the 15.5 month accounting period. This result does not necessarily represent a shortfall of available funds.

INFORMATION AT A GLANCE		
	2008-09 (\$000) CONSOLIDATED	2008-09 (\$000) COUNCIL
Revenue	219,723	151,942
Expenses	(198,797)	(150,791)
Operating Result Profit/(Loss) (revenue - expenses)	20,926	1,151
Net Operating Result Profit/(Loss) (operating result profit/(loss) - net capital sources)	(33,575)*	(21,575)
Number Rateable Properties	49,600	49,600

What were the major sources of income to Council?

Council's major source of revenue is rates and charges which totalled almost \$104 million or 66% of total consolidated revenue for the 2008/09 financial year. The major sources of rates income include general rates, charges for water access, water consumption, waste water and waste disposal.

Where did the money come from?



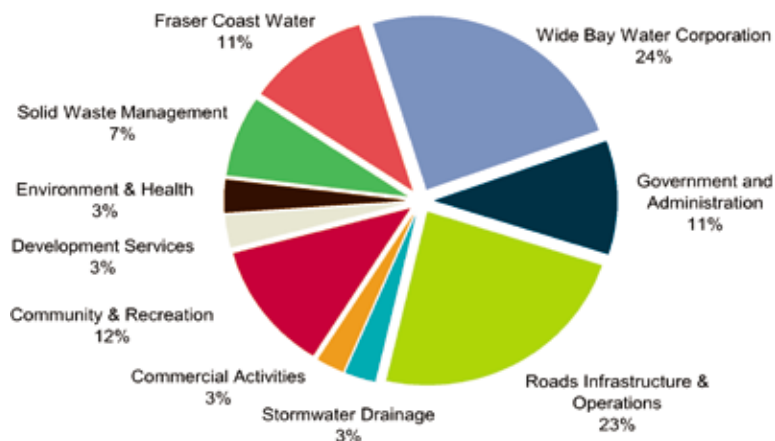
INFORMATION AT A GLANCE

	2008-09 (\$000) CONSOLIDATED	2008-09 (\$000) COUNCIL
Rates and Charges	103,950	73,562
Fees & Other Income	33,364	32,466
Interest Earnings	6,169	5,528
Grants and Subsidies	12,516	12,043

What expenses did Council have to meet?

Council provides a wide range of services to the community covering development services, economic development, airports, tourism, recreation & sport, community & culture, infrastructure, health & environment, waste disposal and water & sewerage services.

How was the money spent?



COMMUNITY FINANCIAL REPORT

INFORMATION AT A GLANCE		
	2008-09 (\$'000) CONSOLIDATED	2008-09 (\$'000) COUNCIL
Employee Costs	58,664	44,899
Materials & Services	61,989	47,120
Finance Costs	9,062	4,291
Depreciation	61,510	48,815

Depreciation records the annual consumption of assets owned by Council. As well as representing their rate of consumption, it is also an indicator of the amount of money required on an annual basis for the future replacement of assets.

If Council does not raise sufficient revenue on an annual basis to fund depreciation, in the long term Council may not be able fund future asset replacement, leading to a deterioration of its asset base and the services provided.

BALANCE SHEET

The Balance Sheet shows what we own (assets), what we owe (liabilities) and our net community wealth (equity).

Assets

The value of community assets has increased rapidly in recent years as new infrastructure and other assets are provided to support the growing population. New infrastructure is acquired through Council investment and contributions by developers. Council is responsible for the replacement of community assets built by developers. These include roads, drainage, water & waste water infrastructure and parklands.

In addition, Council holds other short term assets including cash assets held in bank accounts and has investments of approximately \$89 million. These cash reserves fund future operations of Council including the provision of infrastructure projects.

Liabilities

Council liabilities include interest bearing loans with Queensland Treasury Corporation (QTC), which at 30 June 2009 stood at approximately \$65.6 million (\$137.4 million – including WBWC).

Council borrows money to fund new major infrastructure construction to service community needs. In the period 15 March 2008 to 30 June 2009, Council borrowed a further \$23.3 million and repaid \$4.7 million (consolidated - \$48.9m, repaid \$8.2m). Affordability indicators show that Council is able to service its debt position.

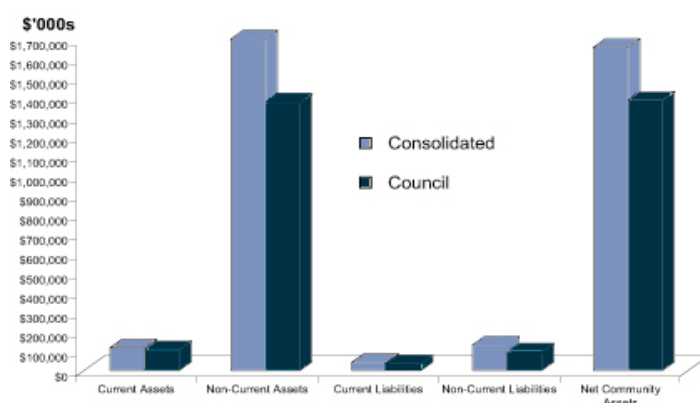
Community Equity

This represents the net value of total community assets or the wealth of the Region – ie what our community owns.

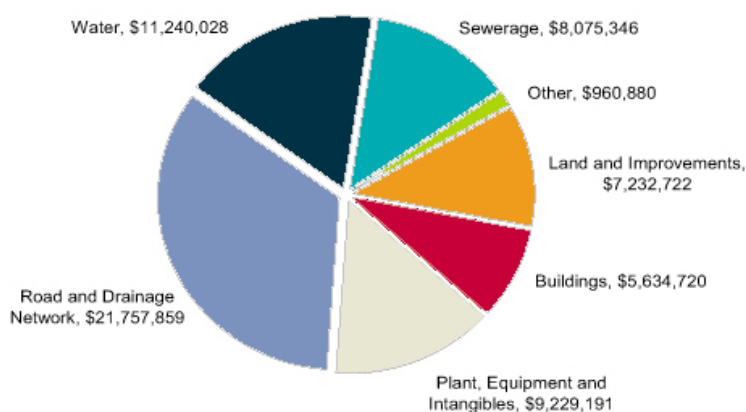
INFORMATION AT A GLANCE		
	2008-09 (\$'000) CONSOLIDATED	2008-09 (\$'000) COUNCIL
Assets	1,827,348	1,480,021
less Liabilities	(169,771)	(93,425)
Equity	1,657,577	1,386,596
Represented by:		
Council Capital & Retained Surplus	1,252,595	1,159,704
Asset Revaluation Reserve	338,147	160,057
Other Reserves	66,835	66,835
Equity (Community Wealth)	1,657,577	1,386,596

As shown above, the net wealth of the Fraser Coast Regional Council as at 30 June 2009 was in excess of \$1.65 billion.

Balance Sheet - Community's Total Wealth



Capital Works (investment in community infrastructure)



STATEMENT OF CASH FLOWS

The Statement of Cash Flows demonstrates how Council receives and spends money during the year.

INFORMATION AT A GLANCE		
	2008-09 (\$000) CONSOLIDATED	2008-09 (\$000) COUNCIL
Cash Opening Balance	48,438	45,409
Plus Cash Received	263,654	180,929
Less Cash Spent	(223,124)	(142,073)
Cash Closing Balance	88,968	84,265

Cash on hand consists of:

- working capital – to meet the short term operating expenses; and
- reserves – constrained funds for specific projects and/or purposes.

Council's Liquidity

The Working Capital Ratio is an important indicator in determining the ability of an organisation to meet its financial commitments when they fall due. This ratio compares the value of short term assets to short term liabilities. A ratio of 1:1 reflects that an organisation has sufficient funds to maintain its cashflows and meet short term commitments. Council's working ratio for the period is 2.43:1 and demonstrates a strong financial position.

OTHER FINANCIAL RATIOS

Interest cover ratio: 5.3%

The percentage of interest costs to total recurrent revenue.

Debt servicing ratio: 10.6%

The percentage of the Council's total recurrent revenue that is used to service loan interest and principal repayments.

General rate revenue ratio: 34.0%

The Council's dependence on general rate revenue as a percentage of total recurrent revenue.

Revenue ratio: 65.9%

The Council's dependence on net rates and utility charges as a percentage of total recurrent revenue.

Debt exposure ratio: 8.3%

The percentage of Council's capital debt to total community equity.

Unfunded depreciation ratio: 14.6%

The percentage of unfunded depreciation to the total depreciation expense.

Rate arrears ratio: 11.2%

The percentage of rates and charges receivable to net rate and charges revenue. Measures the effectiveness of Council's collection of rates and charges



FINANCIAL STATEMENTS

2008-2009

INCOME STATEMENT

		Consolidated 2009	Council 2009
For the period 15 March 2008 to 30 June 2009		15.5 months	15.5 months
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Rates and levies	3 (a)	103,950,479	73,562,234
Fees and charges	3 (b)	18,845,925	17,560,142
Rental and levies		546,126	546,126
Interest	3 (c)	6,169,990	5,528,970
Sale of contract and recoverable works	3 (d)	10,073,166	3,398,324
Other recurrent income	3 (e)	3,898,358	10,961,737
Grants, subsidies, contributions and donations	4 (a)	12,516,866	12,043,504
Total recurrent revenue		156,000,910	123,601,037
Capital revenue			
Grants, subsidies, contributions and donations	4 (b)	62,972,204	27,590,602
		62,972,204	27,590,602
Total revenue		218,973,114	151,191,639
Capital income	5	750,456	750,456
Total income before gain on restructure of local government		219,723,570	151,942,095
Gain on restructure of local government			
Assets & liabilities transferred from abolished councils	7	1,399,393,054	1,225,617,695
Amalgamation adjustments	7	5,282,820	(229,916)
Net gain on restructure of local government	7	1,404,675,874	1,225,387,779
Total income		1,624,399,444	1,377,329,874
Expenses			
Recurrent expenses			
Employee benefits	8	(58,664,422)	(44,899,322)
Materials and services	9	(61,989,795)	(47,120,314)
Finance costs	10	(9,062,856)	(4,291,485)
Depreciation and amortisation	11	(61,510,297)	(48,815,074)
Total recurrent expenses		(191,227,370)	(145,126,195)
Capital expenses	12	(7,570,058)	(5,665,191)
Total expenses		(198,797,428)	(150,791,386)
Net result attributable to council		1,425,602,016	1,226,538,488

These statements are an extract of the Audited Financial Statements and should be read in conjunction with the notes and summary of significant accounting policies. The full financial statements can be downloaded from www.frasercoast.qld.gov.au.

BALANCE SHEET		(as at 30 June)		Consolidated 2009	Council 2009
	Note	\$	\$		
ASSETS					
Current Assets					
Cash assets and cash equivalents	14	88,968,493	84,264,956		
Trade and other receivables	15 (a)	23,835,013	19,811,362		
Inventories	16	981,019	452,127		
Other financial assets	17	1,410,782	911,687		
		115,195,307	105,440,132		
Non-current Assets					
Trade and other receivables	15 (b)	1,564,000	1,564,000		
Investments	18	-	141,589,153		
Land held for development and sale	19	3,635,221	3,635,221		
Property, plant and equipment	20	1,647,161,825	1,212,327,828		
Capital work in progress	21	58,769,764	14,442,699		
Intangible assets	22	1,022,415	1,022,415		
		1,712,153,225	1,374,581,316		
TOTAL ASSETS		1,827,348,532	1,480,021,448		
LIABILITIES					
Current Liabilities					
Trade and other payables	23	25,686,675	22,766,349		
Provisions	23	5,661,444	4,453,653		
Borrowings	24	8,577,991	5,259,520		
Other liabilities	25	249,397	117,273		
		40,175,507	32,596,795		
Non-current Liabilities					
Provisions	23	763,354	510,620		
Borrowings	24	128,832,435	60,318,110		
		129,595,789	60,828,730		
TOTAL LIABILITIES		169,771,296	93,425,525		
NET COMMUNITY ASSETS		1,657,577,236	1,386,595,923		
Community Equity					
Council Capital	26	1,259,295,984	1,152,849,438		
Asset revaluation reserve	27	231,700,538	160,057,435		
Retained surplus/(deficiency)	28	99,746,156	6,854,492		
Other reserves	29	66,834,558	66,834,558		
TOTAL COMMUNITY EQUITY		1,657,577,236	1,386,595,923		

These statements are an extract of the Audited Financial Statements and should be read in conjunction with the notes and summary of significant accounting policies. The full financial statements can be downloaded from www.frasercoast.qld.gov.au.

FINANCIAL STATEMENTS

2008-2009

STATEMENT OF CASH FLOWS

		Consolidated 2009	Council 2009
For the period 15 March 2008 to 30 June 2009		15.5 months	15.5 months
	Note	\$	\$
Cash flows from operating activities:			
Receipts			
General rates and utility charges		111,225,009	80,836,764
Rental and levies, fees and charges		19,118,257	17,832,474
Grants, subsidies, contributions and donations		12,516,866	12,043,504
Dividend received		-	2,342,834
Income tax equivalent received		-	2,588,541
Interest received		5,757,032	5,116,012
Other income		12,694,999	9,761,600
GST received		11,268,549	7,103,905
Payments			
Payments to suppliers		(50,141,733)	(38,045,631)
Payment to employees		(58,514,604)	(45,300,490)
Interest expense		(8,419,304)	(3,676,637)
GST paid		(12,893,936)	(8,389,149)
Net cash inflow (outflow) from operating activities	35	42,611,135	42,213,727
Cash flows from investing activities:			
Grants, subsidies and contributions for capital acquisitions			
State Government subsidies & grants	4 (b)	29,596,028	10,833,449
Capital contributions	4 (b)	15,326,926	7,572,032
Payments for property, plant and equipment & capital work in progress		(88,848,613)	(41,380,200)
Payments for intangible assets	22	(570,776)	(570,776)
Proceeds from sale of land held for resale	6	726,045	726,045
Proceeds from sale of property plant and equipment	6	946,421	828,195
Proceeds from sale of land and improvements	6	63,068	63,068
Net cash inflow (outflow) from investing activities		(42,760,901)	(21,928,187)
Cash flows from financing activities:			
Proceeds from borrowings	24	48,920,000	23,281,000
Repayment of borrowings	24	(8,239,707)	(4,710,157)
Net cash inflow (outflow) from financing activities		40,680,293	18,570,843
Net increase (decrease) in cash held		40,530,527	38,856,383
Cash transferred on the restructure of local government	7	49,140,292	45,408,573
Cash transferred from controlled entities not consolidated		(702,326)	-
Cash at end of reporting period	14	88,968,493	84,264,956

These statements are an extract of the Audited Financial Statements and should be read in conjunction with the notes and summary of significant accounting policies. The full financial statements can be downloaded from www.frasercoast.qld.gov.au.

STATEMENT OF CHANGES IN EQUITY

COUNCIL

For the period 15 March 2008 to 30 June 2009

	Retained Surplus (deficit) Note 28	Other Reserves Note 29	Asset Revaluation Reserve Note 27	Council Capital Note 26	Total
	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$
Balance at beginning of period	-	-	-	-	-
Net income (loss) recognised direct to equity:					
Revaluations					
Property, plant & equipment	-	-	160,057,435	-	160,057,435
Net income (loss) recognised direct to equity:	-	-	160,057,435	-	160,057,435
Surplus for the period	1,226,538,488	-	-	-	1,226,538,488
Total recognised income and expense	1,226,538,488	-	160,057,435	-	1,386,595,923
Transfers of capital amounts arising from Council activities:					
Capital value contained in the gain from restructure of local government	(1,225,387,779)	-	-	1,225,387,779	-
Transfers to (from) capital	109,747,776	(37,209,435)	-	(72,538,341)	-
Transfers to (from) reserves					
Transfers to constrained works reserve	(25,126,131)	25,126,131	-	-	-
Transfers to other reserves	(78,917,862)	78,917,862	-	-	-
Total transfers to (from) reserves	(1,219,683,996)	66,834,558	-	1,152,849,438	-
Balance at end of period	6,854,492	66,834,558	160,057,435	1,152,849,438	1,386,595,923

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

For the period 15 March 2008 to 30 June 2009

	Retained Surplus (deficit) Note 28	Other Reserves Note 29	Asset Revaluation Reserve Note 27	Council Capital Note 26	Total
	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$
Balance at beginning of period	-	-	-	-	-
Net income (loss) recognised direct to equity:					
Revaluations					
Property, plant & equipment	-	-	231,700,538	-	231,700,538
Net income (loss) recognised direct to equity:	-	-	231,700,538	-	231,700,538
Surplus for the period	1,425,602,016	-	-	-	1,425,602,016
Total recognised income and expense	1,425,602,016	-	231,700,538	-	1,657,302,554
Transfers of capital amounts arising from Council activities:					
Capital value contained in the gain from restructure of local government	(1,404,675,874)	-	-	1,404,675,874	-
Amalgamation adjustment	1,744,467	-	-	(1,469,785)	274,682
Transfers to (from) capital	181,119,540	(37,209,435)	-	(143,910,105)	-
Transfers to (from) reserves					
Transfers to constrained works reserve	(25,126,131)	25,126,131	-	-	-
Transfers to other reserves	(78,917,862)	78,917,862	-	-	-
Total transfers	(1,325,855,860)	66,834,558	-	1,259,295,984	274,682
Balance at end of period	99,746,156	66,834,558	231,700,538	1,259,295,984	1,657,577,236

FRASER COAST REGIONAL COUNCIL

Financial Report

For the period 15 March 2008 to 30 June 2009

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FRASER COAST REGIONAL COUNCIL

Income Statement

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
Income			
Revenue			
Recurrent revenue			
Rates and levies	3 (a)	103,950,479	73,562,234
Fees and charges	3 (b)	18,845,925	17,560,142
Rental and levies		546,126	546,126
Interest	3 (c)	6,169,990	5,528,970
Sales of contract and recoverable works	3 (d)	10,073,166	3,398,324
Other recurrent income	3 (e)	3,898,358	10,961,737
Grants, subsidies, contributions and donations	4 (a)	12,516,866	12,043,504
Total recurrent revenue		156,000,910	123,601,037
Capital revenue			
Grants, subsidies, contributions and donations	4 (b)	62,972,204	27,590,602
		62,972,204	27,590,602
Total revenue		218,973,114	151,191,639
Capital income	5	750,456	750,456
Total income before gain on restructure of local government		219,723,570	151,942,095
Gain on restructure of local government			
Assets and liabilities transferred from abolished councils	7	1,399,393,054	1,225,617,695
Amalgamation adjustments	7	5,282,820	(229,916)
Net gain on restructure of local government	7	1,404,675,874	1,225,387,779
Total income		1,624,399,444	1,377,329,874
Expenses			
Recurrent expenses			
Employee benefits	8	(58,664,422)	(44,899,322)
Materials and services	9	(61,989,795)	(47,120,314)
Finance costs	10	(9,062,856)	(4,291,485)
Depreciation and amortisation	11	(61,510,297)	(48,815,074)
Total recurrent expenses		(191,227,370)	(145,126,195)
Capital expenses	12	(7,570,058)	(5,665,191)
Total expenses		(198,797,428)	(150,791,386)
Net result attributable to Council		1,425,602,016	1,226,538,488

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

FRASER COAST REGIONAL COUNCIL

Balance Sheet

As at 30 June 2009

		Consolidated	Council
		2009	2009
ASSETS	Note	\$	\$
Current Assets			
Cash and cash equivalents	14	88,968,493	84,264,956
Trade and other receivables	15 (a)	23,835,013	19,811,362
Inventories	16	981,019	452,127
Other assets	17	1,410,782	911,687
		<u>115,195,307</u>	<u>105,440,132</u>
Non-current Assets			
Trade and other receivables	15 (b)	1,564,000	1,564,000
Investments	18	-	141,589,153
Land held for development and sale	19	3,635,221	3,635,221
Property, plant and equipment	20	1,647,161,825	1,212,327,828
Capital work in progress	21	58,769,764	14,442,699
Intangible assets	22	1,022,415	1,022,415
		<u>1,712,153,225</u>	<u>1,374,581,316</u>
TOTAL ASSETS		<u>1,827,348,532</u>	<u>1,480,021,448</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	23	25,686,675	22,766,349
Provisions	23	5,661,444	4,453,653
Borrowings	24	8,577,991	5,259,520
Other liabilities	25	249,397	117,273
		<u>40,175,507</u>	<u>32,596,795</u>
Non-current Liabilities			
Provisions	23	763,354	510,620
Borrowings	24	128,832,435	60,318,110
		<u>129,595,789</u>	<u>60,828,730</u>
TOTAL LIABILITIES		<u>169,771,296</u>	<u>93,425,525</u>
NET COMMUNITY ASSETS		<u>1,657,577,236</u>	<u>1,386,595,923</u>
Community Equity			
Council Capital	26	1,259,295,984	1,152,849,438
Asset revaluation reserve	27	231,700,538	160,057,435
Retained surplus/(deficiency)	28	99,746,156	6,854,492
Other reserves	29	66,834,558	66,834,558
TOTAL COMMUNITY EQUITY		<u>1,657,577,236</u>	<u>1,386,595,923</u>

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

FRASER COAST REGIONAL COUNCIL

Statement of Cash Flows

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
Cash flows from operating activities :			
Receipts			
General rates and utility charges		111,225,009	80,836,764
Rental and levies, fees and charges		19,118,257	17,832,474
Grants, subsidies, contributions and donations		12,516,866	12,043,504
Dividend received		-	2,342,834
Income tax equivalent received		-	2,588,541
Interest received		5,757,032	5,116,012
Other income		12,694,999	9,761,600
GST received		11,268,549	7,103,905
Payments			
Payments to suppliers		(50,141,733)	(38,045,631)
Payment to employees		(58,514,604)	(45,300,490)
Interest expense		(8,419,304)	(3,676,637)
GST paid		(12,893,936)	(8,389,149)
Net cash inflow (outflow) from operating activities	35	<u>42,611,135</u>	<u>42,213,727</u>
Cash flows from investing activities:			
Grants, subsidies and contributions for capital acquisitions:			
State Government subsidies & grants	4(b)	29,596,028	10,833,449
Capital contributions	4(b)	15,326,926	7,572,032
Payments for property, plant and equipment & capital work in progress		(88,848,613)	(41,380,200)
Payments for intangible assets	22	(570,776)	(570,776)
Proceeds from sale of land held for sale	6	726,045	726,045
Proceeds from sale of property plant and equipment	6	946,421	828,195
Proceeds from sale of land and improvements	6	63,068	63,068
Net cash inflow (outflow) from investing activities		<u>(42,760,901)</u>	<u>(21,928,187)</u>
Cash flows from financing activities:			
Proceeds from borrowings	24	48,920,000	23,281,000
Repayment of borrowings	24	(8,239,707)	(4,710,157)
Net cash inflow (outflow) from financing activities		<u>40,680,293</u>	<u>18,570,843</u>
Net increase (decrease) in cash held		<u>40,530,527</u>	<u>38,856,383</u>
Cash transferred on the restructure of local government	7	49,140,292	45,408,573
Cash transferred from controlled entities not consolidated		(702,326)	-
Cash at end of reporting period	14	<u>88,968,493</u>	<u>84,264,956</u>

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

FRASER COAST REGIONAL COUNCIL

Statement of Changes in Equity

For the period 15 March 2008 to 30 June 2009

Council	Retained surplus (deficit) Note 28	Other reserves Note 29	Asset revaluation reserve Note 27	Council Capital Note 26	Total
	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$
Balance at beginning of period	-	-	-	-	-
Net income(loss) recognised direct to equity:					
Revaluations:					
Property, plant & equipment	-	-	160,057,435	-	160,057,435
Net income (loss) recognised direct to equity	-	-	160,057,435	-	160,057,435
Surplus for the period	1,226,538,488	-	-	-	1,226,538,488
Total recognised income and expense	1,226,538,488	-	160,057,435	-	1,386,595,923
Transfers of capital amounts arising from council activities:					
Capital value contained in the gain from restructure of local government	(1,225,387,779)	-	-	1,225,387,779	-
Transfers to(from) capital	109,747,776	(37,209,435)	-	(72,538,341)	-
Transfers to(from) reserves					
Transfers to constrained works reserve	(25,126,131)	25,126,131	-	-	-
Transfers to other reserves	(78,917,862)	78,917,862	-	-	-
Total transfers	(1,219,683,996)	66,834,558	-	1,152,849,438	-
Balance at end of period	6,854,492	66,834,558	160,057,435	1,152,849,438	1,386,595,923

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

FRASER COAST REGIONAL COUNCIL

Statement of Changes in Equity

For the period 15 March 2008 to 30 June 2009

	Retained surplus (deficit) Note 28	Other reserves Note 29	Asset revaluation reserve Note 27	Council Capital Note 26	Total
	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$
Consolidated					
Balance at beginning of period	-	-	-	-	-
Net income/loss recognised direct to equity:					
Revaluations:					
Property, plant & equipment	-	-	231,700,538	-	231,700,538
Net income (loss) recognised direct to equity	-	-	231,700,538	-	231,700,538
Surplus for the period	1,425,602,016	-	-	-	1,425,602,016
Total recognised income and expense	1,425,602,016	-	231,700,538	-	1,657,302,554
Transfers of capital amounts arising from council activities:					
Capital value contained in the gain from restructure of local government	(1,404,675,874)	-	-	1,404,675,874	-
Amalgamation adjustment	1,744,467	-	-	(1,469,785)	274,682
Transfers to(from) capital	181,119,540	(37,209,435)	-	(143,910,105)	-
Transfers to(from) reserves					
Transfers to constrained works reserve	(25,126,131)	25,126,131	-	-	-
Transfers to other reserves	(78,917,862)	78,917,862	-	-	-
Total transfers	(1,325,855,860)	66,834,558	-	1,259,295,984	274,682
Balance at end of period	99,746,156	66,834,558	231,700,538	1,259,295,984	1,657,577,236

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

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies

1. 1 Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 1993*, the *Local Government Reform Implementation Regulation 2008*, and the *Local Government Finance Standard 2005*.

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Hervey Bay City and controlled entities, Maryborough City, Woocoo Shire and Tiaro Shire be amalgamated to form the Fraser Coast Regional Council. Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the Fraser Coast Regional Council was formed on 15 March 2008.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008* transferred the assets and liabilities of the former councils to the Fraser Coast Regional Council as at changeover date.

Pursuant to section 159YQ of the *Local Government Act 1993* and sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements have been prepared for the period starting on 15 March 2008 and ending on 30 June 2009. Future periods will be for twelve month periods starting 1 July and ending on 30 June.

Assets and liabilities of the former councils have been recognised by Fraser Coast Regional Council on 15 March 2008 at the previous book values of the transferor local governments. This is shown as income in the income statement and details are disclosed in note 7 (b).

Fraser Coast Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from the former councils as at 15 March 2008. These accounting policy alignment adjustments are shown in the income statement and details are disclosed in note 7 (b).

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1. 2 Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, this report does not comply with IFRS. The main impact is in:

- * the offsetting of revaluation and impairment gains and losses within a class of assets and;
- * the recognition of assets and liabilities of the former councils at the amount at which they were recognised by the transferor local governments.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 3 Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of Wide Bay Water Corporation, a controlled entity of the Fraser Coast Regional Council (Council) as at 30 June 2009 and the results of that entity for the period then ended. The Council and Wide Bay Water together form the economic entity which is referred to in this financial report as the consolidated entity.

Other controlled entities have not been consolidated into the group accounts as the asset and liabilities and results of operations are not significant. Refer to note 36 for details.

In the process of reporting the Council as a single economic entity, all transactions with Wide Bay Water Corporation have been eliminated.

1. 4 Adoption of New Accounting Standards

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the period ending 30 June 2009 but, as permitted, have been applied in preparing this report where applicable:

AASB 1004 Contributions (December 2007)

AASB 1051 Land Under Roads (December 2007)

AASB 1052 Disaggregated Disclosures (December 2007)

AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31.

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the period ending 30 June 2009, and have not been applied:

AASB3 Business Combinations (March 2008)

AASB8 Operating Segments (Feb 2007)

AASB101 Presentation of Financial Statements (September 2007)

AASB123 Borrowing Costs (June 2007)

AASB127 Consolidated and Separate Financial Statements (March 2008)

AASB 1039 Concise Financial Reports (August 2008)

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)

AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)

AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (February 2008)

AASB2008-2 Amendments to Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)

AASB2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)

AASB2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)

AASB2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (July 2008)

AASB2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139] (August 2008)

AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (September 2008)

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 4 Adoption of New Accounting Standards (continued)

AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3] (November 2008)

AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners (December 2008) [AASB 5 & AASB 110]

Interpretation 15 - Agreements for the Construction of Real Estate (August 2008)

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

Interpretation 17 – Distributions of Non-cash Assets to Owners (December 2008)

It is not expected that the new standards would have made a substantial difference to the results if they had applied to this accounting period. Most of the changes are matters of presentation.

1. 5 Critical Accounting Estimates

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

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

1. 6 Currency

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

1. 7 Constitution

The Fraser Coast Regional Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

1. 8 Date of Authorisation

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

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

1. 9 Changes to Accounting Policies, Estimates and Errors

Unless otherwise stated, accounting policies have been consistently applied throughout the period.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 10 Financial Assets and Financial Liabilities

Categorisation

Fraser Coast Regional Council has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets

Cash

Receivables

Categorisation

Loans and receivables (at amortised cost)

Financial Liabilities

Payables

Borrowings

Financial liability (at amortised cost)

Financial liability (at amortised cost)

Financial assets and financial liabilities are presented separately from each other, offsetting has not been applied.

The fair value of financial assets and liabilities must be estimated for recognition, 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 24 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 profiles.

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

1. 11 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.

1. 11 (a) Rates

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

1. 11 (b) Grants, Subsidies and Contributions

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

1. 11 (c) Non-Cash Contributions

Non-cash contributions with a value in excess of the recognition thresholds set out in note 1.18, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expense.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 11 (d) 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.

The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.

There are no contracts in progress at the period end. The contract work carried out is not subject to retentions.

1. 12 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 3 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.

1. 13 Receivables

Trade receivables are recognised initially at fair value due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Settlement of these amounts is required within 30 days from 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 with provision being made for impairment. The loss is recognised as other expenses.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on loss events.

All known bad debts were written-off against the provision for impairment at 30 June. Subsequent recoveries of amounts previously written-off are credited against other expense in the income statement.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

1. 14 Other Financial Assets

Other financial assets are recognised at cost.

1. 15 Inventories

Stores and raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

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

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

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 16 Investments

Financial institution deposits at call and term deposits with a short maturity of 3 months or less, are treated as cash equivalents.

Interest and dividend revenues are recognised on an accrual basis.

The controlled entity is accounted for at cost in the Council's separate financial statements.

1. 17 Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(a) Major Plant

The Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete.

(b) Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

Assets transferred from the former councils, as a result of a Government restructure, were initially recognised at the amount at which they were recognised by the former councils as at the changeover day as disclosed in Note 1.1 and Note 7 (b). Those assets are reflected as additions from abolished councils in Note 20.

(c) Capital and operating expenditure

Wage and materials expenditure incurred for 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 the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 17 (d) Valuation

Land and improvements, buildings, major plant and equipment and infrastructure (road & bridge networks,

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 revaluation may involve the application of a suitable index to the carrying amount of each asset, or may involve an independent assessment of the value.

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

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

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

Details of valuer and methods of valuations are disclosed in Note 20 (c).

(e) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on land improvements and other property, plant and equipment is based on the pattern in which the asset's future economic benefits are expected to be consumed.

This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

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

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

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

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 20.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(f) Unfunded Depreciation

The Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet council defined future service delivery levels to the community unless insufficient revenue sources are available to cover this depreciation amount.

In this case the unfunded depreciation reflects a more serious decline the council's capital value and sustained shortfalls may affect the council's ability to maintain this level of service into the future.

1. 17 (g) Land Under Roads

The Fraser Coast Regional Council does not control any land under roads. All land under the road network within the council area has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 and is not controlled by council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1. 18 Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

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.

1. 19 Capital Work in Progress

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

1. 20 Biological Assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1. 21 Impairment of Non Current Assets

Each non-current physical and intangible asset and group of assets is 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 asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

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

1. 22 Leases

Leases of plant and equipment under which the Council, as lessee, assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

(a) Finance leases

Finance leases, where the Council is lessee, are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

(b) Operating leases

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

1. 23 Payables

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

1. 24 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 taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(a) Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is included in note 23 as a payable.

(b) Annual Leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 23 as a payable.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(c) Sick Leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of accrued sick leave entitlements has been made in these financial statements. No entitlement vests with the employee on termination.

(d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 33.

1. 24 (e) 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.

The interest rates attaching as at the reporting date to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value.

The liability is reported as a provision in note 23.

1. 25 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, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are included in payables. 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.

Gains and losses on the early redemption of borrowings are recorded in capital revenue / expense.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1. 26 Asset Revaluation Reserve

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

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

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

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

1. 27 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.

(a) Constrained Works Reserve

This reserve is created to carry forward unspent grants for funding of future specific capital expenditure.

(b) Plant and Fleet Reserve

This reserve is created to accumulate funds for the future replacement of Council's plant and fleet.

(c) Aged Housing Reserve

This reserve is created to contribute to future establishment of aged and disabled accommodation and to contribute to the future funding of subsidised Community Housing.

(d) Wide Bay Water - Distribution Reserve

This reserve is created to accumulate excess funds from water and wastewater distributions for utilisation on the payment of loans or future capital works.

(e) Environmental Levy Reserve

This reserve is created to accumulate funds raised through the Environmental Levy for the future acquisition of natural areas.

(f) Commercial and Business Activity Reserve

This reserve is created to hold funds intended to be invested in business enterprise and retained profits of commercial business undertakings by Council.

(g) Land and Buildings Reserve

This reserve is created to hold proceeds from the sale of surplus Council land and building assets to be utilised for future purchases of land and buildings.

(h) Brolga Theatre Reserve

This reserve is created to contribute to future major refurbishment of the Brolga Theatre complex.

(i) Contingency Reserve Capital

This reserve is created to accumulate funds for future capital expenditure and emergent circumstances

(j) Unspent Loans Reserve

This reserve is created to hold funds for loans raised, but not yet expended, being available for future spending.

(k) Disaster Mitigation Reserve

This fund is created and holds funds to contribute to the remediation of infrastructure damage arising from a natural disaster.

(l) Unspent Capital Reserve

This reserve is created to fund specific capital carryforward expenditure.

(n) Waste Reserve

This reserve is created to accumulate excess waste management funds for the future expansion or creation of waste facilities.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

(o) Water Reserve

This reserve is created to accumulate excess water funds for the future expansion or creation of water facilities and works.

(p) Animal Care Facility Reserve

This reserve is created for the future funding of regional animal care facility with funds pledged to Council for this purpose.

1. 28 Reserves held for funding future recurrent expenditure:

(a) Constrained Recurrent Grants Reserve

This reserve is created to carry forward unspent grants for funding of future specific recurrent expenditure.

(b) Property Management Reserve

This reserve is created to provide funds for the maintenance and management of Council property.

(c) Contingency Reserve - Operating

This reserve is created to accumulate funds for future recurrent expenditure and emergent circumstances.

(d) Unspent Operational Reserve

This reserve is created to fund specific operational carryforward expenditure.

(e) IT Reserve

This reserve is created to provide funds for the provision of future information technology upgrades and

(f) Development Assessment Reserve

This reserve is created to hold development assessment fees subject to superseded planning scheme applications to fund the assessment of the applications and/or for the potential refunding of fees.

1. 29 Retained surplus

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

1. 30 National Competition Policy

The Council has reviewed its activities and has identified 7 activities that are business activities. Details of these activities can be found in note 40.

1. 31 Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1.

Comparative figures have not been provided as Fraser Coast Regional Council commenced operation on 15 March 2008 and the financial statements cover the 15.5 month period from 15 March 2008 to 30 June 2009.

1. 32 Contingent Liabilities

The Council has reviewed its activities and has identified 7 activities that are business activities. Details of these activities can be found in note 38.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

1. Summary of Significant Accounting Policies (continued)

The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

The Council does not invest in derivatives or other high risk investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of financial instruments and the associated risks are shown at note 39.

1. 33 Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, security deposits lodged to guarantee performance, unclaimed monies, and deposits for the hire of miscellaneous equipment paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only.

1. 34 Judgements and Assumptions

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

1. 35 Taxation

Details of financial instruments and the associated risks are shown at note 37.

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 or payable to the ATO is shown as an asset or liability respectively.

The controlled entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the Local Government Act 1993.

Where an activity of the controlled entity of the Council is subject to the National Tax Equivalents Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

The council pays payroll tax to the Queensland Government on certain activities.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

2 Analysis of results by function

(a) Revenue before gain on restructure, expenses and assets have been attributed to the following functions :

Functions	Gross program income		Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result attributable to council	Assets
	Recurring	Capital			Recurring	Capital					
	2009 \$	2009 \$			2009 \$	2009 \$					
Governance and Administration	79,957,648	967,360	(6,582,645)	74,342,363	(20,151,415)	(309,473)	-	(20,460,888)	59,806,233	53,881,475	390,663,380
Economic Development	14,913	-	-	14,913	(591,108)	-	-	(591,108)	(576,195)	(576,195)	3,631,469
Roads Infrastructure and Operations	3,566,429	17,657,657	-	21,224,086	(42,235,380)	(4,859,875)	-	(47,095,255)	(38,668,951)	(25,871,169)	621,075,668
Stormwater Drainage	1,929	5,310,874	-	5,312,803	(5,223,518)	-	-	(5,223,518)	(5,221,589)	89,285	191,274,642
Commercial Activities	6,063,425	897,264	-	6,960,689	(5,191,262)	(2,024)	-	(5,193,286)	872,163	1,767,403	26,194,414
Community and Recreation	2,279,055	2,891,503	-	5,170,558	(23,136,595)	(244,951)	-	(23,381,546)	(20,857,540)	(18,210,988)	73,156,312
Development Services	7,898,348	-	-	7,898,348	(6,428,948)	-	-	(6,428,948)	1,469,400	1,469,400	4,055
Environment and Health	2,450,245	40,804	-	2,491,049	(5,675,991)	(1,818)	-	(5,677,809)	(3,225,746)	(3,186,760)	2,541,988
Solid Waste Management	15,315,616	-	-	15,315,616	(14,901,699)	-	-	(14,901,699)	413,917	413,917	8,066,686
Fraser Coast Water	12,636,074	575,596	-	13,211,670	(21,590,279)	(247,050)	-	(21,837,329)	(8,954,205)	(8,625,659)	163,412,834
Total Council	130,183,682	28,341,058	(6,582,645)	151,942,095	(145,126,195)	(5,665,191)	-	(150,791,386)	(14,942,513)	1,150,709	1,480,021,448
Controlled entity net of eliminations	32,399,873	35,381,602	-	67,781,475	(52,777,017)	(1,904,867)	6,675,842	(61,357,726)	(20,377,144)	6,423,749	347,327,084
Total consolidated	162,583,555	63,722,660	(6,582,645)	219,723,570	(197,903,212)	(7,570,058)	6,675,842	(212,149,112)	(35,319,657)	7,574,458	1,827,348,532

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

2 Analysis of results by function (continued)

(b) Components of Council Functions

The activities relating to the Council's components reported on in Note 2 (a) are as follows :

Governance and Administration

The provision of information and advice to the Council members, Public Relations, Corporate Development and Strategic Planning covers the areas of Finance and Rates, Human Resources, Administration, Asset Management, Information Systems, Freedom of Information, Legal Services and Land Development.

Economic Development

To increase business activity and employment by promoting the city and the regions' opportunities and attributes to attract investment.

Roads Infrastructure and Operations

The construction and maintenance of roads, footpaths, parking facilities and traffic signs. The maintenance of bus shelters and the provision of street cleaning services.

Stormwater Drainage

The maintenance and provision of stormwater drainage.

Commercial Activities

Covering the areas of Airport, Caravan Park Management, Commercial Waste and RTO.

Community and Recreation

Covering a variety of community related areas included Community Development, Community Housing, Parks and Recreation Facilities and Management, Tourism, Museums, Art Gallery, Libraries and Coastal Management.

Development Services

Development control processes including Town Planning, Building and Plumbing Services.

Environment and Health

Areas covered include Public Heath, Cemeteries, Pest Control, Swimming Pools and Environment Protection.

Solid Waste Management

The provision of rubbish collection, litter control, recycling and operation of refuse sites.

Fraser Coast Water

To provide, maintain and continually improve the basic infrastructure needs of the water and sewerage system.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
3 Revenue analysis		
(a) Rates and levies		
General rates	53,625,793	53,625,793
Environmental levy	476,622	476,622
Water	14,542,225	5,148,721
Water consumption, rental and sundries	9,917,738	2,467,983
Sewerage	21,864,154	5,850,473
Sewerage trade waste	132,836	132,836
Waste management	3,115,498	3,115,498
Garbage charges	10,450,158	10,450,158
Total rates and utility charge revenue	114,125,024	81,268,084
Less: Discounts	(8,567,653)	(6,098,958)
Less: Pensioner remissions	(1,606,892)	(1,606,892)
Net rates and utility charges	103,950,479	73,562,234
(b) Fees and charges		
Caravan park fees	2,860,015	2,860,015
Passenger head taxes	1,944,559	1,944,559
Refuse tip fees	2,329,161	2,329,161
Planning fees	4,566,010	4,566,010
Other fees and charges	7,146,180	5,860,397
	18,845,925	17,560,142
(c) Interest		
Cash and term deposits	4,930,096	4,542,357
Other sources	164,652	164,652
Interest on over due rates and utility charges	1,075,242	821,961
	6,169,990	5,528,970
(d) Sales of contract and recoverable works		
Revenue	10,073,166	3,398,324
	10,073,166	3,398,324
(e) Other recurrent income		
Income tax equivalent received	-	2,588,541
Dividend received	-	3,994,104
Other income	3,898,358	4,379,092
	3,898,358	10,961,737
4 Grants, subsidies, contributions and donations		
(a) Recurrent - grants and subsidies, other contributions and donations are analysed as follows:		
General purpose grants	1,646,497	1,646,497
State Government subsidies & grants	10,844,365	10,371,003
Other local government subsidy	17,317	17,317
Donations	8,687	8,687
Total recurrent revenue	12,516,866	12,043,504

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
4 Grants, subsidies, contributions and donations (continued)			
(b) Capital - grants and subsidies, and other contributions are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
State Government subsidies & grants		29,596,028	10,833,449
Contributions		15,326,926	7,572,032
		<u>44,922,954</u>	<u>18,405,481</u>
(ii) Non-monetary revenue received is analysed as follows:			
Developer assets contributed by developers at fair value	20	18,049,250	9,185,121
		<u>18,049,250</u>	<u>9,185,121</u>
Total capital revenue		<u>62,972,204</u>	<u>27,590,602</u>
(c) Conditions over contributions			
Contributions and grants which were recognised as revenues during the reporting period (by abolished councils) and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been spent expended at the reporting date.			
Grants for expenditure on infrastructure		2,553,710	2,553,710
Contributions expended on infrastructure		4,764,241	4,764,241
		<u>7,317,951</u>	<u>7,317,951</u>
Contributions and grants which were recognised as revenues during a previous reporting period by abolished councils and were expended during the current reporting period in accordance with the Council's obligations.			
Grants expended on infrastructure		903,442	903,442
Contributions expended on infrastructure		800,632	800,632
		<u>1,704,074</u>	<u>1,704,074</u>
5 Capital income			
Reverse prior year revaluation of land held for development	19	750,456	750,456
		<u>750,456</u>	<u>750,456</u>
6 Gain (loss) on disposal of capital assets			
(a) Proceeds from the sale of plant and equipment		946,421	828,195
Less: Book value of plant and equipment sold		(1,126,581)	(1,035,231)
		<u>(180,160)</u>	<u>(207,036)</u>
(b) Proceeds from the sale of land and improvements		63,068	63,068
Less: Book value of land and improvements sold		(43,074)	(43,074)
		<u>19,994</u>	<u>19,994</u>
(c) Proceeds from the sale of land held for resale		726,045	726,045
Less: Book value of land held for resale		(791,234)	(791,234)
		<u>(65,189)</u>	<u>(65,189)</u>
Total gain (loss) on the disposal of capital assets	12	<u>(225,355)</u>	<u>(252,231)</u>

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$

7 Gain on restructure of local government

(a) Net result attributable to Council before net assets transferred from abolished councils

Net result attributable to Council		1,425,602,016	1,226,538,488
Less:			
Assets and liabilities transferred from abolished councils		1,399,393,054	1,225,617,695
Amalgamation adjustments - Property, plant & equipment	7 (b)	5,544,494	31,758
Amalgamation adjustments - Capital work in progress	7 (b)	(261,674)	(261,674)
Net gain on restructure of local government		1,404,675,874	1,225,387,779
Net result before gain on restructure of local government		20,926,142	1,150,709

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

7 (b) Net gain on restructure

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Hervey Bay City, Maryborough City, Tiaro Shire and Woocoo Shire Councils be amalgamated to form the Fraser Coast Regional Council (FCRC). Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Reform Implementation Regulation 2008 the amalgamation was effective from the changeover date of 15 March 2008.

The Local Government Reform Implementation Regulation 2008 and the Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008 transferred the assets and liabilities of the former councils to the Fraser Coast Regional Council as at changeover date. The assets and liabilities of the former councils have been recognised at the amounts at which they were recognised by the transferor local governments as at the changeover day. Fraser Coast Regional Council (FCRC) adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008. Details are as follows:

COUNCIL	Hervey Bay City Council	Maryborough City Council	Woocoo Shire Council	Tiaro Shire Council	Transfer Gympie Regional Council *	Total Assets and Liabilities recognised by the FCRC	Amalgamation Adjustments	Net gain recognised by FCRC
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents	30,255,835	8,397,935	2,170,000	7,297,830	(2,713,027)	45,408,573	-	45,408,573
Trade receivables	10,652,454	13,523,580	738,358	538,659	(158,303)	25,294,748	-	25,294,748
Inventories	3,817,959	277,550	78,531	185,623	(61,200)	4,298,463	-	4,298,463
Other assets	129,146	311,678	51,826	168,461	-	661,111	-	661,111
	44,855,394	22,510,743	3,038,715	8,190,573	(2,932,530)	75,662,895	-	75,662,895
Non-current assets								
Investments	141,589,153	-	-	-	-	141,589,153	-	141,589,153
Trade and other receivables	1,564,000	-	-	-	-	1,564,000	-	1,564,000
Property, plant and equipment	467,654,552	441,663,317	100,771,727	56,281,127	(14,791,931)	1,051,578,792	31,758	1,051,610,550
Capital work in progress	15,099,914	3,544,270	362,362	803,410	(339,394)	19,470,562	(261,674)	19,208,888
Intangible assets	117,644	968,666	-	-	-	1,086,310	-	1,086,310
	626,025,263	446,176,253	101,134,089	57,084,537	(15,131,325)	1,215,288,817	(229,916)	1,215,058,901
Total assets	670,880,657	468,686,996	104,172,804	65,275,110	(18,063,855)	1,290,951,712	(229,916)	1,290,721,796
Liabilities								
Current liabilities								
Trade and other payables	9,475,008	3,458,964	649,581	496,109	(126,144)	13,953,518	-	13,953,518
Borrowings	1,453,202	729,093	-	109,860	-	2,292,155	-	2,292,155
	10,928,210	4,188,057	649,581	605,969	(126,144)	16,245,673	-	16,245,673
Non-current liabilities								
Payables	-	983,594	-	138,416	-	1,122,010	-	1,122,010
Provisions	305,218	2,553,633	-	392,853	-	3,251,704	-	3,251,704
Borrowings	20,497,966	22,453,041	-	2,570,158	(806,535)	44,714,630	-	44,714,630
	20,803,184	25,990,268	-	3,101,427	(806,535)	49,088,344	-	49,088,344
Total liabilities	31,731,394	30,178,325	649,581	3,707,396	(932,679)	65,334,017	-	65,334,017
Net assets transferred	639,149,263	438,508,671	103,523,223	61,567,714	(17,131,176)	1,225,617,695	(229,916)	1,225,387,779

* This represents the portion of the assets and liabilities of Tiaro Shire Council (included in the total Tiaro Shire Council assets and liabilities which are shown under the heading "Tiaro Shire Council" in the above table) which were transferred to Gympie Regional Council rather than Fraser Coast Regional Council.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

7 (b) Net gain on restructure (continued)

CONSOLIDATED	Hervey Bay City Council	Maryborough City Council	Woocoo Shire Council	Tiario Shire Council	Transfer Gympie Regional Council *	Total Assets and Liabilities recognised by the FCRC (Consolidated)	Amalgamation Adjustments	Net gain recognised by FCRC
Assets	\$	\$	\$	\$	\$	\$	\$	\$
Current assets								
Cash and cash equivalents	33,987,554	8,397,935	2,170,000	7,297,830	(2,713,027)	49,140,292	-	49,140,292
Trade receivables	12,373,647	13,523,580	738,358	538,659	(158,303)	27,015,941	-	27,015,941
Inventories	4,448,093	277,550	78,531	185,623	(61,200)	4,928,597	-	4,928,597
Other assets	719,113	311,678	51,826	168,461	-	1,251,078	-	1,251,078
	51,528,407	22,510,743	3,038,715	8,190,573	(2,932,530)	82,335,908	-	82,335,908
Non-current assets								
Investments	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	-	-
Property, plant and equipment	814,104,370	441,663,317	100,771,727	56,281,127	(14,791,931)	1,398,028,610	5,544,494	1,403,573,104
Capital work in progress	30,177,894	3,544,270	362,362	803,410	(339,394)	34,548,542	(261,674)	34,286,868
Intangible assets	117,644	968,666	-	-	-	1,086,310	-	1,086,310
	844,399,908	446,176,253	101,134,089	57,084,537	(15,131,325)	1,433,663,462	5,282,820	1,438,946,282
Total assets	895,928,315	468,686,996	104,172,804	65,275,110	(18,063,855)	1,515,999,370	5,282,820	1,521,282,190
Liabilities								
Current liabilities								
Trade and other payables	10,815,535	3,458,964	649,581	496,109	(126,144)	15,294,045	-	15,294,045
Borrowings	4,043,202	729,093	-	109,860	-	4,882,155	-	4,882,155
Other liabilities	43,127	-	-	-	-	43,127	-	43,127
	14,901,864	4,188,057	649,581	605,969	(126,144)	20,219,327	-	20,219,327
Non-current liabilities								
Payables	-	983,594	-	138,416	-	1,122,010	-	1,122,010
Provisions	470,518	2,553,633	-	392,853	-	3,417,004	-	3,417,004
Borrowings	67,631,311	22,453,041	-	2,570,158	(806,535)	91,847,975	-	91,847,975
	68,101,829	25,990,268	-	3,101,427	(806,535)	96,386,989	-	96,386,989
Total liabilities	83,003,693	30,178,325	649,581	3,707,396	(932,679)	116,606,316	-	116,606,316
Net assets transferred	812,924,622	438,508,671	103,523,223	61,567,714	(17,131,176)	1,399,393,054	5,282,820	1,404,675,874

* This represents the portion of the assets and liabilities of Tiario Shire Council (included in the total Tiario Shire Council assets and liabilities which are shown under the heading "Tiario Shire Council" in the above table) which were transferred to Gympie Regional Council rather than Fraser Coast Regional Council.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
8 Employee benefits			
Total staff wages and salaries		46,163,868	33,390,586
Councillors' remuneration		1,294,677	1,294,677
Annual, sick and long service leave entitlements		3,598,716	3,568,590
Superannuation	33	5,699,975	4,488,626
		<u>56,757,236</u>	<u>42,742,479</u>
Other employee related expenses		5,985,753	4,671,176
		<u>62,742,989</u>	<u>47,413,655</u>
Less : Capitalised employee expenses		(4,078,567)	(2,514,333)
		<u>58,664,422</u>	<u>44,899,322</u>

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

Total council employees at June 2009:

	Number	Number
Elected members	11	11
Administration staff	456	355
Depot and outdoors staff	367	308
Total full time equivalent employees	<u>834</u>	<u>674</u>

9 Materials and services

Audit services	322,967	191,590
Directors remuneration	184,846	-
Donations paid	712,815	696,827
Legal fees	919,870	845,803
Brolga Theatre contribution	475,000	475,000
Rentals - operating leases	558,694	422,616
Refuse charges	3,939,871	3,835,026
Electricity & Gas supply	2,869,498	2,865,702
Insurance	1,959,563	1,912,651
Consultants/contractors fees	8,723,847	8,587,247
Telephone/facsimile	1,246,792	1,246,051
Plant hire	3,827,664	1,178,868
Fuel & oil	2,483,096	2,004,007
Advertising	761,391	543,200
Other material and services	<u>33,003,881</u>	<u>22,315,726</u>
	<u>61,989,795</u>	<u>47,120,314</u>

10 Finance costs

Finance costs charged by the Queensland Treasury Corporation	8,419,304	3,676,637
Bank charges	484,853	456,149
Impairment of receivables	158,699	158,699
	<u>9,062,856</u>	<u>4,291,485</u>

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
11 Depreciation and amortisation			
(a) Depreciation of non-current assets			
Land and improvements		2,949,947	2,949,947
Buildings		4,348,575	4,122,204
Plant and equipment		5,767,854	4,512,258
Road and bridge network		22,953,410	22,953,410
Water		11,007,019	4,663,025
Sewerage		9,358,839	4,489,577
Drainage		3,410,662	3,410,662
Coastal infrastructure		429,016	429,016
Other assets		611,489	611,489
Total depreciation		60,836,811	48,141,588
(b) Amortisation of intangible assets			
Computer software		673,486	673,486
Total amortisation		673,486	673,486
Total depreciation and amortisation		61,510,297	48,815,074

Unfunded Depreciation

The gross un-funded depreciation across all assets for the period is \$8,954,205

The net adjusted un-funded depreciation across all assets for the period is \$0

The net adjusted un-funded depreciation is the council's assessment of a future funding shortfall that may arise on the assets future replacement.

Net adjusted un-funded depreciation is calculated by taking the gross un-funded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.

12 Capital expenses

Loss on the sale of capital assets	6	225,355	252,231
Loss on write-off of non-current assets	13	7,109,730	5,412,960
Impairment write-down of capital work in progress		234,973	-
Total capital expenses		7,570,058	5,665,191

13 Write off of capital assets

Land and improvements	306,035	306,035
Plant and equipment	26,261	-
Road and bridge network	4,859,875	4,859,875
Water	812,166	58,598
Sewerage	1,105,393	188,452
	7,109,730	5,412,960

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
14 Cash and cash equivalents		
Cash at bank and on hand	33,760,857	30,682,000
Deposits at call	35,207,636	33,582,956
Term deposits	20,000,000	20,000,000
Balance per statement of cash flows	88,968,493	84,264,956
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	4,807,049	4,807,049
Unspent developer contributions	12,865,856	12,865,856
29(a)(i)	17,672,905	17,672,905
Unspent loans	14,914,446	14,914,446
29(a)(x)		
Unspent recurrent grants	1,994,164	1,994,164
29(b)(i)		
Total unspent restricted cash for capital projects	34,581,515	34,581,515

Cash and deposits at call are held in the Commonwealth Bank and ANZ Bank in normal business cheque account. Other deposits with various institutions including QTC, Citibank, BankWest, Suncorp Metway Ltd, Bank of Queensland, Bank of Adelaide, Westpac Bank, Qld Police Credit Union and Bendigo Bank.

Term deposits earn fixed interest over terms of 60 to 90 days at interest rates between 3.20% and 4.60%.

15 Trade and other receivables

(a) Current

Rateable revenue and utility charges	11,597,778	11,597,778
Fees and charges	341,461	341,461
Related party receivable - distribution	-	1,651,270
GST recoverable	2,026,099	1,517,912
Other debtors	9,372,917	4,190,103
Less: Provision for doubtful debts	(365,190)	(349,110)
Interest receivable	861,948	861,948
	23,835,013	19,811,362

(b) Non-current

Loans and advances to controlled entities and associates	1,564,000	1,564,000
	1,564,000	1,564,000

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other current receivables. There is no material concentration of credit risk for rates and utility charges, fees and other receivables.

The loan to the controlled entity is to Widelinx Pty Ltd, with terms of repayment being an interest only loan at 5.443% p.a.
This controlled entity has not been consolidated - refer note 36.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
16 Inventories			
Current			
Inventories held for distribution:			
Stores and materials		981,019	452,127
		<u>981,019</u>	<u>452,127</u>
Valued at cost, adjusted when applicable for any loss of service potential.			
17 Other assets			
Current			
Prepayments		1,410,782	911,687
		<u>1,410,782</u>	<u>911,687</u>
18 Investments			
Investment in controlled entity - Wide Bay Water Corporation	36	-	141,589,153
		<u>-</u>	<u>141,589,153</u>
The shares in Wide Bay Water Corporation are not traded on an active market and their fair value cannot be ascertained reliably. Accordingly, they are shown at cost.			
Reconciliation of non-traded shares:			
Carrying amount at beginning of period		-	141,589,153
Carrying amount at the period end		<u>-</u>	<u>141,589,153</u>
19 Land held for development			
Land for development		3,635,221	3,635,221
Carrying amount at end of period		<u>3,635,221</u>	<u>3,635,221</u>
Movement in assets during the reporting period:			
Land for development			
Carrying amount transferred from abolished councils*		3,675,999	3,675,999
Value of land sold in the period		(791,234)	(791,234)
Adjustment to profit and loss		750,456	750,456
		<u>3,635,221</u>	<u>3,635,221</u>

*Included in inventories in note 7(b).

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

20 (a) Property, plant and equipment

Consolidated

Basis of measurement

Asset Values

Value of assets transferred from abolished councils

Controlled entity assets no longer consolidated

Amalgamation adjustments

Additions at cost

Contributed assets at valuation

Disposals

Write-offs

Revaluation adjustment to the ARR

Internal transfers

Closing gross value

Land and improvements	Buildings	Other plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Total
Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
130,053,123	160,095,132	52,280,123	772,798,000	419,051,392	334,320,491	164,045,476	16,292,999	7,801,833	2,056,738,569
-	-	(1,204,556)	-	-	-	-	-	-	(1,204,556)
-	-	-	31,758	5,422,391	9,741,386	-	-	-	15,195,535
7,232,722	5,634,720	9,229,191	17,925,071	11,240,028	8,075,346	3,832,788	3,101	957,779	64,130,746
-	15,000	10,435	6,590,285	3,620,110	5,260,367	2,553,053	-	-	18,049,250
(43,074)	-	(2,716,338)	-	-	-	-	-	-	(2,759,412)
(2,642,137)	-	(26,261)	(11,951,860)	(2,446,480)	(1,827,679)	-	-	-	(18,894,417)
12,470,342	40,098,455	-	86,255,861	52,626,550	57,197,577	60,517,853	6,288,345	-	315,454,983
2,207,533	(2,482,793)	(92,373)	(4,484,590)	239,729	61,927	4,484,590	-	-	(65,977)
149,278,509	203,360,514	57,480,221	867,164,525	489,753,720	412,829,415	235,433,760	22,584,445	8,759,612	2,446,644,721

Accumulated depreciation and impairment

Value of accumulated depreciation transferred from abolished Councils

Controlled entity accumulated depreciation on assets no longer consolidated

Amalgamation adjustments

Depreciation provided in period

Depreciation on disposals

Depreciation on write-offs

Revaluation adjustment to the ARR

Internal transfers

Closing accumulated depreciation

and impairment balance

Consolidated net value 30 June 2009

17,113,639	43,021,191	27,154,361	246,321,338	158,938,303	120,965,734	32,974,265	6,386,526	5,834,605	658,709,962
-	-	(67,757)	-	-	-	-	-	-	(67,757)
-	-	-	-	4,286,393	5,364,648	-	-	-	9,651,041
2,949,947	4,348,575	5,767,854	22,953,410	11,007,019	9,358,839	3,410,662	429,016	611,489	60,836,811
-	-	(1,589,757)	-	-	-	-	-	-	(1,589,757)
(2,336,102)	-	-	(7,091,985)	(1,634,314)	(722,286)	-	-	-	(11,784,687)
(2,401,973)	33,272,872	-	13,217,667	14,222,368	14,522,323	9,641,020	1,280,168	-	83,754,445
819,312	(888,350)	(62,186)	(1,661,442)	98,783	5,279	1,661,442	-	-	(27,162)
16,144,823	79,754,288	31,202,515	273,738,988	186,918,552	149,494,537	47,687,389	8,095,710	6,446,094	799,482,896
133,133,686	123,606,226	26,277,706	593,425,537	302,835,168	263,334,878	187,746,371	14,488,735	2,313,518	1,647,161,825

Range of estimated useful life in years

0 - 60	30 - 100	3 - 20	10 - 100	20 - 80	12 - 100	50 - 100	40 - 50	7 - 100	
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FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

20 (b) Property, plant and equipment

Council

Basis of measurement

Asset Values

Value of assets transferred from abolished councils

Amalgamation adjustments

Additions at cost

Contributed assets at valuation

Disposals

Write-offs

Revaluation adjustment to the ARR

Internal transfers

Closing gross value

Land and improvements	Buildings	Other plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Total
Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Valuation	Valuation	Cost	
2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
115,442,882	154,810,644	41,575,713	772,798,000	136,884,221	146,573,559	164,045,476	16,292,999	7,801,833	1,556,225,327
-	-	-	31,758	-	-	-	-	-	31,758
6,712,621	5,095,732	7,674,184	17,925,071	2,049,496	1,895,619	3,832,788	3,101	957,779	46,146,391
-	15,000	10,435	6,590,285	-	16,347	2,553,053	-	-	9,185,120
(43,074)	-	(2,137,287)	-	-	-	-	-	-	(2,180,361)
(2,642,137)	-	-	(11,951,860)	(361,022)	(356,170)	-	-	-	(15,311,189)
11,910,723	40,414,467	-	86,255,861	10,570,737	9,780,636	60,517,853	6,288,345	-	225,738,622
2,309,651	(2,584,911)	(92,373)	(4,484,590)	239,729	61,927	4,484,590	-	-	(65,977)
133,690,666	197,750,932	47,030,672	867,164,525	149,383,161	157,971,918	235,433,760	22,584,445	8,759,612	1,819,769,691

Accumulated depreciation and impairment

Value of accumulated depreciation transferred from abolished councils

Depreciation provided in period

Depreciation on disposals

Depreciation on write-offs

Revaluation adjustment to the ARR

Internal transfers

Closing accumulated depreciation

and impairment balance

Net value at 30 June 2009

17,113,639	42,090,065	23,588,003	246,321,338	64,052,844	66,285,250	32,974,265	6,386,526	5,834,605	504,646,535
2,949,947	4,122,204	4,512,258	22,953,410	4,663,025	4,489,577	3,410,662	429,016	611,489	48,141,588
-	-	(1,102,056)	-	-	-	-	-	-	(1,102,056)
(2,336,102)	-	-	(7,091,985)	(302,424)	(167,718)	-	-	-	(9,898,229)
(2,401,973)	33,367,588	-	13,217,667	5,916,303	4,660,414	9,641,020	1,280,168	-	65,681,187
819,312	(888,350)	(62,186)	(1,661,442)	98,783	5,279	1,661,442	-	-	(27,162)
16,144,823	78,691,507	26,936,019	273,738,988	74,428,531	75,272,802	47,687,389	8,095,710	6,446,094	607,441,863
117,545,843	119,059,425	20,094,653	593,425,537	74,954,630	82,699,116	187,746,371	14,488,735	2,313,518	1,212,327,828

Range of estimated useful life in years

0 - 60	30 - 100	3 - 20	10 - 100	20 - 80	12 - 100	50 - 100	40 - 50	7 - 100	
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FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

20 (c) Property, plant and equipment valuations were determined by reference to the following:

Land and improvements

Land has been included at current market value 31 March 2009 as determined by Rushton Asset Val Pty Ltd, Valuer. Land acquired since that date are recorded at cost.

Land under infrastructure and reserve land does not have a value for the purpose of the Fraser Coast Regional Council's financial statements.

Buildings

Buildings have been included at their written down replacement cost at 31 March 2009 as valued by Rushton Asset Val Pty Ltd, Valuer. Buildings constructed and acquired since that date are recorded at cost.

Other Plant and Equipment

All other plant and equipment have been recognised at historical cost less accumulated depreciation.

Infrastructure

Water and Sewerage Infrastructure

Water and sewerage assets brought on from the former Maryborough City Council were indexed by 6.6% based on the Local Government Index for Queensland.

Water and sewerage from Wide Bay Water Corporation comprise of active and passive asset groups. Active assets were revalued by Cardno at 30 June 2004 and subsequently indexed annually. For the year ended 30 June 2009, assets were indexed at 4.69% based on Cardno rates. A full revision of the passive assets unit rates was undertaken by Cardno in June 2009, which resulted in an average increase of 26.6%.

Water and Sewerage assets brought on from the former Tiaro Shire Council were indexed by 3.7% based on the Local Government Index for Queensland at 30 June 2009.

Road and bridge Infrastructure

Roads and bridges infrastructure assets, with the exception of those assets brought on from the former Tiaro Shire and Woocoo Shire Councils, were valued according to unit rates calculated by Fraser Coast Regional Council's Strategic Asset Planning Department at 30 June 2009. These unit rates were verified by Rushton Asset Val Pty Ltd, Valuer.

Roads and bridges infrastructure assets brought on from the former Tiaro Shire and Woocoo Shire Councils were indexed by 3.7% based on the Local Government Index for Queensland at 30 June 2009.

Drainage Infrastructure

Drainage infrastructure assets, with the exception of those assets brought on from the former Tiaro Shire and Woocoo Shire Councils, were valued according to unit rates calculated by Fraser Coast Regional Council's Strategic Asset Planning Department at 30 June 2009. These unit rates were verified by Rushton Asset Val Pty Ltd, Valuer.

Assets brought on from the former Tiaro Shire and Woocoo Shire Councils were indexed by 3.7% based on the Local Government Index for Queensland at 30 June 2009.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
20 Property, plant and equipment (continued)			
(c) Property, plant and equipment valuations (continued)			
Coastal Infrastructure			
Buildings have been included at their written down replacement cost as valued by Rushton Asset Val Pty Ltd (Valuer) at 31 March 2009. Coastal Infrastructure assets constructed and acquired since that date are recorded at cost.			
Other Assets			
All other assets recognised at historical cost less accumulated depreciation.			
21 Capital work in progress			
Value of WIP transferred from abolished councils	7(b)(c)	34,548,544	19,470,564
Correction of opening WIP	7	(261,674)	(261,674)
Additions at cost		94,704,114	47,235,702
Transfers to property, plant and equipment		(64,130,746)	(46,146,391)
WIP expensed		(6,090,474)	(5,855,502)
		<u>58,769,764</u>	<u>14,442,699</u>
22 Intangible assets			
Computer software			
Computer software - at cost		2,899,778	2,899,778
Accumulated amortisation		(1,877,363)	(1,877,363)
		<u>1,022,415</u>	<u>1,022,415</u>
Reconciliation of Computer Software carrying amount			
Computer software - at cost			
Transfer (to) from property, plant and equipment		65,977	65,977
Additions at cost		570,776	570,776
Value of assets transferred from abolished councils	7 (b)	2,263,025	2,263,025
		<u>2,899,778</u>	<u>2,899,778</u>
Accumulated amortisation			
Transfer (to) from property, plant and equipment		(27,161)	(27,161)
Amortisation in the period		(673,486)	(673,486)
Value of accumulated amortisation transferred from abolished councils	7 (b)	(1,176,716)	(1,176,716)
		<u>(1,877,363)</u>	<u>(1,877,363)</u>
Net carrying value at 30 June 2009		<u>1,022,415</u>	<u>1,022,415</u>
Straight line amortisation has been used with no residual value.			
Software has a finite life estimated at ten years.			
23 Trade and other payables and provisions			
(a) Trade and other payables			
Current			
Creditors and accruals		20,481,471	18,783,843
Annual leave entitlement		4,969,106	3,865,716
Other employee entitlements		236,098	116,790
		<u>25,686,675</u>	<u>22,766,349</u>

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
23 Trade and other payables and provisions (continued)			
(b) Provisions			
Current			
Long service leave entitlement		5,661,444	4,453,653
Non Current			
Long service leave entitlement		763,354	510,620
24 Borrowings			
Details of borrowings at balance date are:			
Current			
Queensland Treasury Corporation		8,577,991	5,259,520
Non current			
Queensland Treasury Corporation		128,832,435	60,318,110
		137,410,426	65,577,630
Details of movements in borrowings:			
Queensland Treasury Corporation			
Loans transferred on the restructure of local government		96,730,133	47,006,787
Loans raised		48,920,000	23,281,000
Principal repayments		(8,239,707)	(4,710,157)
Book value at period end		137,410,426	65,577,630
(a) Bank overdraft			
The council and its controlled entities do not have any bank overdraft facilities.			
(b) Unsecured borrowings			
Unsecured borrowings are provided by the Queensland Treasury Corporation.			
All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 12 June 2010 to 1 June 2029.			
There have been no defaults or breaches of the loan agreement during the period.			
Principal and interest repayments are made quarterly in arrears.			
(c) Secured borrowings			
The council has no secured borrowings.			

The loan market value at the reporting date was \$66,064,663 (consolidated \$137,443,015). This represents the value of the debt if the Council repaid it at that date. As it is the intention of the Council to hold the debt for its full term, no provision is required to be made in these accounts.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
25 Other liabilities			
Current			
Unearned revenue		249,397	117,273
		<u>249,397</u>	<u>117,273</u>
26 Council Capital			
(i) Calculation of capital value and retained surplus:			
Cash and cash equivalents		88,968,493	84,264,956
Less:			
Reserves (excluding the asset revaluation)		(66,834,558)	(66,834,558)
Revenue received in advance		(249,397)	(117,273)
Other (at balance date including employee entitlements)		77,861,618	(10,458,633)
Retained surplus (deficit) available for distribution	28	99,746,156	6,854,492
Council capital	(ii)	1,259,295,984	1,152,849,438
Total capital and retained surplus at end of period		<u>1,359,042,140</u>	<u>1,159,703,930</u>
(ii) Movement in council capital			
Balance at beginning of period		-	-
Adjustments from (to) retained surplus:			
Capital value gained on restructure of local government		1,404,675,874	1,225,387,779
Amalgamation adjustment		(1,469,785)	-
Transfer from retained surplus capital income in the period		750,456	750,456
Transfer to retained surplus capital expenses in the period		(7,570,058)	(5,665,191)
Transfer from retained surplus non monetary capital revenue		18,049,250	9,185,121
Unspent capital revenue transferred to retained surplus		(30,066,742)	(55,307,480)
Transfer (to) retained surplus for unfunded depreciation		(8,954,205)	(8,954,205)
Transfer from / (to) retained surplus to adjust the working capital cash		(153,328,241)	(49,756,477)
Total transfers (to) from retained surplus		<u>1,222,086,549</u>	<u>1,115,640,003</u>
Transfers from the constrained works reserve		7,453,226	7,453,226
Transfers from the unspent loans reserve		1,366,551	1,366,551
Transfers from the contingency reserve - capital		28,389,658	28,389,658
Total transfers (to) from reserves		<u>37,209,435</u>	<u>37,209,435</u>
Balance at end of period		<u>1,259,295,984</u>	<u>1,152,849,438</u>
The amount by which the Council has increased (decreased) its capital capacity to deliver future services to the community before inflation adjustments		<u>1,259,295,984</u>	<u>1,152,849,438</u>
27 (i) Asset revaluation reserve			
Movements in the asset revaluation reserve were as follows:			
Balance at beginning of period		-	-
Adjustments to the fair value through revaluations:			
Land and improvements		14,872,315	14,312,696
Buildings		6,825,583	7,046,879
Road and Bridge Network		73,038,194	73,038,194
Water		38,404,182	4,654,434
Sewerage		42,675,254	5,120,222
Drainage		50,876,833	50,876,833
Coastal infrastructure		5,008,177	5,008,177
Revaluations movements charged to the reserve		<u>231,700,538</u>	<u>160,057,435</u>

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
27 (ii) Asset revaluation reserve analysis		
The closing balance of the asset revaluation reserve is comprised of the following asset categories:		
Land and improvements	14,872,315	14,312,696
Buildings	6,825,583	7,046,879
Road and Bridge Network	73,038,194	73,038,194
Water	38,404,182	4,654,434
Sewerage	42,675,254	5,120,222
Drainage	50,876,833	50,876,833
Coastal infrastructure	5,008,177	5,008,177
	<u>231,700,538</u>	<u>160,057,435</u>
28 Retained surplus		
Net result attributable to council	1,425,602,016	1,226,538,488
Transfers (to) from capital account:		
Transfer of capital income	(750,456)	(750,456)
Transfer of capital expenses	7,570,058	5,665,191
Non monetary capital revenue	(18,049,250)	(9,185,121)
Unspent capital revenue transferred from capital	30,066,742	55,307,480
Adjustment for unfunded depreciation	8,954,205	8,954,205
Amalgamation adjustment	1,744,467	-
Transfer from / (to) capital to adjust the working capital cash	153,328,241	49,756,477
Transfer the capital value arising from the local government reform	<u>(1,404,675,874)</u>	<u>(1,225,387,779)</u>
Net capital account transfers	(1,221,811,867)	(1,115,640,003)
Transfer from (to) the constrained works reserve	<u>(25,126,131)</u>	<u>(25,126,131)</u>
Retained surplus (deficiency) available for transfer to reserves	178,664,018	85,772,354
Transfers (to) from reserves for future capital funding purposes:		
Plant and fleet reserve	(850,673)	(850,673)
Aged housing reserve	(782,982)	(782,982)
Wide Bay Water - distribution reserve	(1,654,000)	(1,654,000)
Environmental levy reserve	(1,170,005)	(1,170,005)
Commercial and business activity reserve	(282,531)	(282,531)
Land and buildings reserve	(2,687,326)	(2,687,326)
Brolga theatre reserve	(351,249)	(351,249)
Contingency reserve - capital	(1,727,801)	(1,727,801)
Unspent loans reserve	(16,280,997)	(16,280,997)
Disaster mitigation reserve	(103,522)	(103,522)
Unspent capital reserve	(44,830,576)	(44,830,576)
Waste reserve	(1,175,248)	(1,175,248)
Water reserve	(819,572)	(819,572)
Animal care facility reserve	(22,877)	(22,877)
Transfers (to) from reserves for future general funding purposes:		
Constrained Recurrent grants reserve	(1,994,164)	(1,994,164)
Property management reserve	(490,428)	(490,428)
Contingency reserve - operating	(676,320)	(676,320)
Unspent operational reserve	(1,092,876)	(1,092,876)
IT Reserve	(200,000)	(200,000)
Development assessment reserve	<u>(1,724,715)</u>	<u>(1,724,715)</u>
	<u>99,746,156</u>	<u>6,854,492</u>

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
29 Other reserves		
(a) Summary of reserves held for funding future capital expenditure:		
(i) Constrained Works Reserve (restricted)	17,672,905	17,672,905
(ii) Plant and Fleet Reserve	850,673	850,673
(iii) Aged Housing Reserve	782,982	782,982
(iv) Wide Bay Water - Distribution Reserve	1,654,000	1,654,000
(v) Environmental Levy Reserve	1,170,005	1,170,005
(vi) Commercial and Business Activity Reserve	282,531	282,531
(vii) Land and Buildings Reserve	2,687,326	2,687,326
(viii) Brolga Theatre Reserve	351,249	351,249
(ix) Contingency Reserve - Capital	1,727,801	1,727,801
(x) Unspent Loans Reserve (restricted)	14,914,446	14,914,446
(xi) Disaster Mitigation Reserve	103,522	103,522
(xii) Unspent Capital Reserve	16,627,430	16,627,430
(xiii) Waste Reserve	1,175,248	1,175,248
(xiv) Water Reserve	633,060	633,060
(xv) Animal Care Reserve	22,877	22,877
	60,656,055	60,656,055
(b) Summary of reserves held for funding future recurrent expenditure:		
(i) Constrained Recurrent Grants Reserve	1,994,164	1,994,164
(ii) Property Management Reserve	490,428	490,428
(iii) Contingency Reserve - Operating	676,320	676,320
(iv) Unspent Operational Reserve	1,092,876	1,092,876
(v) IT Reserve	200,000	200,000
(vi) Development Assessment Reserve	1,724,715	1,724,715
	6,178,503	6,178,503
Total reserves	66,834,558	66,834,558
(c) Movements in capital reserves are analysed as follows:		
(i) Constrained Works Reserve		
Transfer from retained earnings grants, subsidies and contributions received		
in the period which restricted to specific capital projects	43,271,684	18,405,481
Transfers to the capital account funds expended in the period	(7,453,226)	(7,453,226)
Transfer from / to retained earnings	(18,145,553)	6,720,650
Balance at period end	17,672,905	17,672,905
(ii) Plant and Fleet Reserve		
Transfer from retained earnings for future expenditure	1,049,408	1,049,408
Transfer to retained earnings	(198,735)	(198,735)
Balance at period end	850,673	850,673
(iii) Aged Housing Reserve		
Transfer from retained earnings for future expenditure	782,982	782,982
Balance at period end	782,982	782,982

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
29 Other reserves (continued)		
(c) Movements in capital reserves are analysed as follows: - continued		
(iv) Wide Bay Water - Distribution Reserve		
Transfer from retained earnings for future expenditure	1,654,000	1,654,000
Balance at period end	1,654,000	1,654,000
(v) Environmental Levy Reserve		
Transfer from retained earnings for future expenditure	1,170,005	1,170,005
Balance at period end	1,170,005	1,170,005
(vi) Commercial and Business Activity Reserve		
Transfer from retained earnings for future expenditure	282,531	282,531
Balance at period end	282,531	282,531
(vii) Land and Buildings Reserve		
Transfer from retained earnings for future expenditure	2,687,326	2,687,326
Balance at period end	2,687,326	2,687,326
(viii) Brolga Theatre Reserve		
Transfer from retained earnings for future expenditure	351,249	351,249
Balance at period end	351,249	351,249
(ix) Contingency Reserve - Capital		
Transfer from retained earnings for future expenditure	1,727,801	1,727,801
Balance at period end	1,727,801	1,727,801
(x) Unspent Loans Reserve		
Transfer from retained earnings for future expenditure	16,280,997	16,280,997
Transfer to the capital account funds expended in the period	(1,366,551)	(1,366,551)
Balance at period end	14,914,446	14,914,446
(xi) Disaster Mitigation Reserve		
Transfer from retained earnings for future expenditure	103,522	103,522
Balance at period end	103,522	103,522
(xii) Unspent Capital Reserve		
Transfer from retained earnings for future expenditure	44,830,576	44,830,576
Transfer to the capital account funds expended in the period	(28,203,146)	(28,203,146)
Balance at period end	16,627,430	16,627,430
(xiii) Waste Reserve		
Transfer from retained earnings for future expenditure	1,175,248	1,175,248
Balance at period end	1,175,248	1,175,248
(xiv) Water Reserve		
Transfer from retained earnings for future expenditure	819,572	819,572
Transfer to the capital account funds expended in the period	(186,512)	(186,512)
Balance at period end	633,060	633,060

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
29 Other reserves (continued)		
(c) Movements in capital reserves are analysed as follows: - continued		
(xv) Animal Care Facility Reserve		
Transfer from retained earnings for future expenditure	22,877	22,877
Balance at period end	22,877	22,877
(d) Movements in recurrent reserves are analysed as follows:		
(i) Constrained Recurrent Grants Reserve		
Transfer from retained earnings for future expenditure	2,350,671	2,350,671
Transfer to retained earnings	(356,507)	(356,507)
Balance at period end	1,994,164	1,994,164
(ii) Property Management Reserve		
Transfer from retained earnings for future expenditure	490,428	490,428
Balance at period end	490,428	490,428
(iii) Contingency Reserve - Operating		
Transfer from retained earnings for future expenditure	676,320	676,320
Balance at period end	676,320	676,320
(iv) Unspent Operational Reserve		
Transfer from retained earnings for future expenditure	1,429,902	1,429,902
Transfer to retained earnings	(337,026)	(337,026)
Balance at period end	1,092,876	1,092,876
(v) IT Reserve		
Transfer from retained earnings for future expenditure	200,000	200,000
Balance at period end	200,000	200,000
(vi) Development Assessment Reserve		
Transfer from retained earnings for future expenditure	1,724,715	1,724,715
Balance at period end	1,724,715	1,724,715

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$
30 Commitments for expenditure		
(a) Operating leases		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	222,948	108,121
Later than 1 year but not later than 5 years	268,594	207,723
Later than 5 years	380,877	380,877
	<u>872,419</u>	<u>696,721</u>

Operating leases are entered into for commercial premises. Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.

(b) Capital Commitments

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:

Infrastructure	11,259,945	4,078,611
	<u>11,259,945</u>	<u>4,078,611</u>
These expenditures are payable :		
Within one year	11,259,945	4,078,611
	<u>11,259,945</u>	<u>4,078,611</u>

31 Events after balance date

On 15 July 2009, Fraser Coast Regional Council passed a resolution in which from 1 July 2009, the Fraser Coast Water business unit of the Fraser Coast Regional Council be transferred to Wide Bay Water Corporation. The resolution stated that, Wide Bay Water Corporation, being the successor in law to Fraser Coast Regional Council as the party which owns and operates the water supply and sewerage business previously known as Fraser Coast Water, for each contract or legal instrument relating to the business of Fraser Coast Water to which Fraser Coast Regional Council is a party, Wide Bay Water Corporation is taken to be a party to the contract or instrument instead of Fraser Coast Regional Council. In addition, existing employees of the business of Fraser Coast Water be transferred to Wide Bay Water Corporation on the same terms and conditions as applied to their employment immediately prior to transfer.

32 Contingent liabilities

The Fraser Coast Regional Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2008 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

The Fraser Coast Regional Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$1,271,873.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

	Consolidated	Council
	15.5 months	15.5 months
Note	\$	\$

33 Superannuation

The Fraser Coast Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee Benefits. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the council.

Accordingly there is no recognition in the financial statements of any over-or-under-funding of the scheme.

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

The general purpose financial report of the scheme as at 30 June 2008 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits. The general purpose financial report discloses that the most recent actuarial assessment of the scheme was undertaken as at 1 July 2006. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue. The next actuarial investigation will be made as at 1 July 2009.

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

The amount of superannuation contributions paid by Fraser Coast Regional Council to the scheme in this period for the benefit of employees was:

5,699,975	4,488,626
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34 Trust Funds

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

852,522 852,522

Security deposits

3,366,536 3,366,536

4,219,058 4,219,058

The Fraser Coast Regional 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.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

		Consolidated	Council
		15.5 months	15.5 months
	Note	\$	\$
35 Reconciliation of net result attributable to council to net cash flow from operating activities			
Net result attributable to council		1,425,602,016	1,226,538,488
Non-cash operating items:			
Depreciation and amortisation	11	61,510,297	48,815,074
		61,510,297	48,815,074
Investing and development activities:			
Capital grants, subsidies and contributions	4	(62,972,204)	(27,590,602)
Capital income	5	(750,456)	(750,456)
Capital expenses	12	7,570,058	5,665,191
Net gain on restructure of local government	7	(1,404,675,874)	(1,225,387,779)
		(1,460,828,476)	(1,248,063,646)
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		3,422,918	5,483,385
(Increase) decrease in inventories (excluding land)		271,579	170,337
(Increase) decrease in other operating assets		(159,703)	(250,575)
Increase (decrease) in payables		12,564,346	9,403,391
Increase (decrease) in other liabilities		228,158	117,273
		16,327,298	14,923,811
Net cash inflow from operating activities		42,611,135	42,213,727

36 Council controlled entities, corporations and companies

Wide Bay Water Corporation

Wide Bay Water Corporation is a Local Government Owned Corporation wholly owned by the Fraser Coast Regional Council. Wide Bay Water Corporation became a corporatised corporation on 1 January 2002 in the State of Queensland under section 630 of the Local Government Act 1993 to administer water and waste water functions of Council. Wide Bay Water Corporation carries on its business at its registered address at 29-31 Ellengowan Street in Urangan. Share Capital in the Wide Bay Water Corporation consists of 141,589,153 fully paid ordinary shares of \$1.00 each. The assets and liabilities of Wide Bay Water Corporation, in addition to its financial results are consolidated in the consolidated financial statements of the Fraser Coast Regional Council.

Other Controlled Entities

Fraser Coast Regional Council controls a proprietary limited company - Widelinx Pty Ltd.

Widelinx Pty Ltd was established in January 2005 to oversee the operations of a local telecommunications venture and continues to actively trade.

Council resolved at its ordinary meeting held on 3 December 2008 that it continue to support Widelinx financially.

The Brolga Theatre Board Inc. is an incorporated association, the principal activity of which is to operate and manage the Brolga Theatre in the provision of a range of cultural and community activities.

Hervey Bay (Community Fund) Limited was established on 23 June 2006 to maintain and encourage private gifts of money, real and personal property and to act as the trustee for the Hervey Bay Community Trust Fund.

At its meeting held on 5 May 2009, the Hervey Bay (Community Fund) Limited resolved that it be wound up effective 1 July 2009.

Hervey Bay (Cultural Fund) Limited was established on 23 June 2006 to maintain and encourage private gifts of money, real and personal property and to act as the trustee for the Hervey Bay Public Gallery Fund, the Hervey Bay Public Library Fund and the Hervey Bay Public Museum Fund.

As the assets, liabilities and results of the "Other Controlled Entities" do not have a material effect, they have not been consolidated.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

36 Council controlled entities, corporations and companies (continued)

The assets and liabilities and results of operations of the other controlled entities (for the 12 months ended 30 June 2009) are summarised below:

	The Brolga Theatre Board Inc.	Wideline Pty Ltd	Hervey Bay (Cultural Fund) Ltd	Hervey Bay (Community Fund) Ltd	Total Other Controlled Entities
Income Statement	\$	\$	\$	\$	\$
Operating Revenue	793,479	156,243	20,687	588	970,997
Operational Contribution (FCRC)	380,000	-	-	-	380,000
Operating Expenses	(1,203,895)	(295,868)	(4,581)	(5,111)	(1,509,455)
Net Result	(30,416)	(139,625)	16,106	(4,523)	(158,458)
Balance Sheet					
Assets					
Current Assets	254,848	596,289	79,451	53,300	983,888
Non-Current Assets	21,739	1,462,549	-	-	1,484,288
	276,587	2,058,838	79,451	53,300	2,468,176
Liabilities					
Current Liabilities	119,385	626,914	-	-	746,299
Non-Current Liabilities ¹	56,706	2,014,000	-	-	2,070,706
	176,091	2,640,914	-	-	2,817,005
Net Assets	100,496	(582,076)	79,451	53,300	(348,829)
Equity					
Retained Surplus/Deficit	100,496	(582,078)	79,451	53,300	(348,831)
Issued Capital	-	2	-	-	2
	100,496	(582,076)	79,451	53,300	(348,829)

¹ Included in the Non-Current Liabilities of Wideline Pty Ltd is a loan for \$1,564,000 which was provided to Wideline by the former Hervey Bay City Council. This is disclosed in note 15(b) of these accounts.

Following the amalgamation, it was decided that the other controlled entities of the former Hervey Bay City Council (Wideline Pty Ltd, Hervey Bay Cultural Fund Ltd, and Hervey Bay Community Fund Ltd) not be consolidated. Included in the Cash and Cash Equivalents in the amalgamation disclosure note (note 7) was an amount of \$702,326, which represented the amounts held by these entities at 14 March 2008. As a result of the decision to no longer consolidate these entities, the amount of cash transferred upon the amalgamation has been adjusted by this amount - refer statement of cash flows.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

37 Financial risk management

Fraser Coast Regional Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

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

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

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

(i) Credit Risk

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

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

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

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks and other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated and regulated financial institutions and whilst not guaranteed, the likelihood of a credit failure is remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

The following table represents the Council's maximum exposure to credit risk:

Financial Assets	Council \$	Consolidated \$
Cash at bank and on hand	30,682,000	33,760,857
Deposits at call	33,582,956	35,207,636
Term deposits	20,000,000	20,000,000
Receivables - rates	11,597,778	11,597,778
Receivables - other (net)	8,213,584	12,237,235
Total	104,076,318	112,803,506

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

37 Financial risk management (continued)

Past due or impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following table represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

	Fully Performing	Past due				Impaired	Total
		Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days		
	\$	\$	\$	\$	\$	\$	\$
Receivables							
Council	10,280,999	3,169,819	3,962,272	3,169,818	792,454	-	21,375,362
Consolidated	10,280,999	4,497,624	4,284,164	3,250,291	3,085,935	-	25,399,013

(ii) Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Financial Liabilities

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Council	36,547,997	34,283,284	53,985,300	124,816,581
Consolidated	48,470,186	65,133,445	122,504,514	236,108,145

(iii) Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

Interest Rate Sensitivity Analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that 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.

	Net carrying amt	Profit	Equity
	2009	2009	2009
	\$	\$	\$
Financial Assets - Council	53,582,956	535,830	535,830
Financial Assets - Consolidated	55,207,636	552,076	552,076
Financial Liabilities at var int rates - Council	65,577,630	(655,776)	(655,776)
Financial Liabilities - Consolidated	137,410,425	(62,552)	(62,552)

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

38 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:

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

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

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

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

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the activities 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. Notwithstanding CSO's, the council is committed to operating these activities as business activities in accordance with the CCC.

Building Certifications
Caravan Parks
Solid Waste Management
Airports
Workshop and Plant Hire
Aquatic Centre
Fraser Coast Water

The following table summarises the financial results for these, including competitive neutrality adjustments if applicable. Full information is available for inspection at the council offices.

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

38 National Competition Policy (continued)

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

	Building Certifications	Caravan Parks	Solid Waste Management
	2009	2009	2009
	\$	\$	\$
Revenue for services provided to the Council	-	-	-
Revenue for services provided to external clients	886,319	2,881,664	15,315,613
* Community service obligations	-	-	-
	886,319	2,881,664	15,315,613
Less : Expenditure	(827,037)	(1,565,161)	(15,235,843)
Surplus (deficiency)	59,282	1,316,503	79,770

	Airports	Workshop and Plant Hire	Aquatic Centre
	2009	2009	2009
	\$	\$	\$
Revenue for services provided to the Council	-	6,153,559	-
Revenue for services provided to external clients	2,473,393	1,298	787,622
* Community service obligations	600,000	-	644,221
	3,073,393	6,154,857	1,431,843
Less : Expenditure	(3,009,165)	(4,671,206)	(1,431,232)
Surplus (deficiency)	64,228	1,483,651	611

	Fraser Coast Water
	2009
	\$
Revenue for services provided to the Council	-
Revenue for services provided to external clients	12,568,341
* Community service obligations	42,951
	12,611,292
Less : Expenditure	(17,326,357)
Surplus (deficiency)	(4,715,065)

FRASER COAST REGIONAL COUNCIL

Notes to the Financial Statements

For the period 15 March 2008 to 30 June 2009

38 National Competition Policy (continued)

(c) CSO's were paid during the reporting period to the following activities.

Activities	CSO description	Actual
Airports	The Council has identified that a Community Service Obligation (CSO) should be implemented in regard to airport operations. The objective of this is to foster tourism economic development in the local authority area. This objective is consistent with the adopted Corporate Plan. The pricing structure for airport landing fees are currently not based on real commercial rates, but rather kept comparable to other Queensland regional airports with the objective of promoting tourism and economic development within the city.	600,000
Aquatic Centre	The Council recognises the importance of providing community recreation and sporting facilities such as the Aquatic Centre. The provision of the service is consistent with the provision of Hervey Bay as a healthy city.	644,221
Fraser Coast Water	A concession for rates, utility charges and application fees will be granted to recreation, sporting, community, welfare and religious groups to provide relief for various community groups. A 50% concession will be granted by the Council for churches and community and welfare groups and 100% concession for emergency services in relation to water and sewerage charges.	42,951

FRASER COAST REGIONAL COUNCIL

FINANCIAL STATEMENTS

For the period 15 March 2008 to 30 June 2009

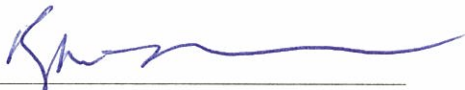
MANAGEMENT CERTIFICATE

For the period 15 March 2008 to 30 June 2009

This general purpose financial report has been prepared pursuant to Section 532 of the Local Government Act 1993 (as amended), the *Local Government Finance Standard 2005*, *Section 35 of the Local Government Implementation Regulation 2008* and other prescribed requirements.

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

- (i) the relevant recording and reporting procedures have been compiled with in the preparation of the financial statements; and
- (ii) the financial statements for the period ended 30 June 2009 and supporting notes presents the Fraser Coast Regional Council's income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.



ACTING MAYOR
FRASER COAST REGIONAL COUNCIL

Date: 16 / 11 / 2009



CHIEF EXECUTIVE OFFICER
FRASER COAST REGIONAL COUNCIL

Date: 16 / 11 / 2009

INDEPENDENT AUDITOR'S REPORT

To the Mayor of *Fraser Coast Regional Council*

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of *Fraser Coast Regional Council* for the financial period ended 30 June 2009 included on *Fraser Coast Regional Council's* website. The Council is responsible for the integrity of the *Fraser Coast Regional Council's* website. I have not been engaged to report on the integrity of the *Fraser Coast Regional Council's* website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from *Fraser Coast Regional Council*, to confirm the information included in the audited financial report presented on this website.

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

Report on the Financial Report

I have audited the accompanying financial report of *Fraser Coast Regional Council*, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Acting Mayor and Chief Executive Officer for the consolidated entity comprising the Council and the entities it controlled at the period's end and from time to time during the financial period.

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*, *Local Government Finance Standard 2005* and the *Local Government Reform Implementation Regulation 2008* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of material misstatement.

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

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

Independence

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

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

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the *Fraser Coast Regional Council* and the consolidated entity for the financial period 15 March 2008 to 30 June 2009 and of the financial position as at the end of that period.


J J EVANS
as Delegate of the Auditor-General of Queensland

Brisbane
16 November 2009

FEEDBACK

If you have a comment or question about this Annual Report, here's how to contact us:

Write: Organisational Services
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