



Annual Report

2013/14



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AT A GLANCE

A lifestyle for everyone

Our Vision

Our vision is for the Fraser Coast to offer 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

There are principles that guide our actions and decisions when dealing with the community, customers and stakeholders:

Honesty

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

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.

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 are open to alternative ideas.

Purpose of the report

This annual report enables Council to share with the community and interested stakeholders information about our achievements, plans and challenges during the 2013/14 financial year.

The report covers six key themes which outline a desired future and set goals for the Fraser Coast local government area.

The annual report also contains statutory information required by the *Local Government Act 2009* and *Local Government Regulation 2012* including Council's audited financial statements.



Message from Mayor & CEO

The Fraser Coast is still among the fastest growing populations in Australia – increasing by 3% every year – and over the last 12 months we have witnessed unprecedented development and improvements to facilities and infrastructure across the entire region.

The \$116 million Stockland redevelopment has ensured that the Fraser Coast has a retail precinct to rival our metropolitan cousins and is a sure sign of confidence in the region.

Hervey Bay will soon be home to the first fully digital hospital in Australia following an extensive \$80 million upgrade to the St Stephen's medical facility.

Through the \$22 million Building Better Regional Cities Program, Hervey Bay's retail, medical and education precincts are now linked with affordable housing estates to cater for our expanding population.

In the last financial year around 83% of Council's entire \$125 million budget was spent with local suppliers and contractors; that's \$93.7 million that has been injected back into the local economy.

Council adopted the Imagine This City Strategy to reignite the Maryborough CBD and we have started to roll out the first of the projects including the Hub on Kent.

More than \$3 million has been allocated to beautifying the town centre over the next two years in addition to \$6 million being spent to install flood barriers in the city.

Through the newly formed Advancing Agriculture Committee we are now able to better support the region's primary producers by:

- Identifying opportunities to develop and attract key industry sectors;
- Encourage partnerships, business networks and alliances;
- Attract investment and innovation to support jobs growth;
- Identify marketing campaigns and activities to highlight and encourage primary production and agriculture; and,
- Increase awareness of the region's primary production and agricultural assets and availability of services to encourage utilisation in supply chains.

Our rural road and bridge network is also one of our top priorities and Council has committed almost \$3 million to maintenance and repairs to ensure residents in the outlying areas continue to receive the same services as people living in the larger town centres.

We have worked extremely hard to ensure that the Fraser Coast's growing cultural community is catered for with two new events – Sunday Riverside and the Last Friday Club – held every month at the Brolga Theatre.

Council prides itself on putting our residents first. We are emerging from tough economic times and have indeed been identified as an affordable and idyllic location, but there are still challenges ahead.

We are committed to meeting them head on and ensuring that the Fraser Coast continues to be a desirable place to live, work and play.

Gerard O'Connell – Mayor
Lisa Desmond – Chief Executive Officer



Councillors



Cr James Hansen – Division 1
Primary Production & Rural Infrastructure

Being a primary producer, I have lobbied hard and I am very pleased to see Council upgrading the rural road network across the Fraser Coast. Through the Advancing Agriculture Committee, I was able to help organise and host a hugely popular sustainable farming workshop and a number of drought assistance information sessions across the region. Division One covers a very large area and I have set up two divisional offices to make appointments more convenient for residents to access their divisional Councillor.



Cr Phil Truscott – Division 2
Cultural & Performing Arts

I feel this has been a very rewarding year. Council has invested in large scale roads and drainage projects across Division Two (an area more than twice the size of Brisbane) and although I will keep working for more, we have seen significant improvements including almost \$3 million allocated to repairing our bridges. We have also been very busy, launching two exciting new regular events - the Last Friday Club and Sunday Riverside - at our premier event venue, the Brolga Theatre.



Cr Chris Loft – Division 3
Small Business, Manufacturing & Service Industry

I am a very strong advocate for local business and I will continue to work and provide support in any way I can. I believe Council and Fraser Coast Opportunities can boost local business by focusing energies in the following ratio to provide the most efficient and effective service to our wonderful local business community.

- 10% to start up business
- 80% to existing business
- 10% for Blue Sky projects

I am looking forward to continuing to work with Cr Hansen and the Advancing Agriculture Committee to boost the industry.



Cr Daniel Sanderson – Division 4
City & Town Centre Development

The Imagine this City Master Plan is a significant step towards the enhancement of the Maryborough CBD and is a project that I am very passionate about. The strategy – coupled with \$3 million allocated to the Maryborough CBD in the 2013/14 Budget means a bright future for Maryborough. I am also proud of helping to establish the Granville Community Coordination Committee (GCCC) and Pocket Community Coordination Committee (PCCC) which will help keep the community informed and prepared during times of disaster.



Cr Rolf Light – Division 5
Community Resilience

The saving of and subsequent upgrade to Fixter Park is something of which I am very proud to have been a part of. Council worked collaboratively with the community and we have achieved a favourable outcome and maintained an important asset in our region. Plans are underway to proceed with the Burrum Heads Boat Ramp which is another significant achievement and a sign of great progress. My newly created Community Resilience portfolio indicates Council's strong commitment during times of disaster.

Councillors



Cr Trevor McDonald – Division 6

Infrastructure & Planning

The Fraser Coast is recovering from the economic doldrums of the GFC. We are seeing developments that are striking the right note with potential investors and experiencing great success across the region. Maryborough has several residential developments on the march while Hervey Bay is experiencing massive commercial activity with Stocklands and St Stephens taking centre stage. I am delighted to see this year's budget allocating funds to Stage One of the Pialba - Esplanade refurbishment from the Whale Tail roundabout to Thomas Street.



Cr Darren Everard – Division 7

Sport, Recreation, Open Space & Events

The Fraser Coast has firmly established itself as one of the premier events destinations in Queensland. We have the facilities and the location to take advantage of this lucrative market and there are exciting times ahead. Council has now formally adopted the Fraser Coast Events Strategy which provides us with the strategic guidelines to continue to attract world class events to the region. We have also selected a new site at Nikenbah for the future Fraser Coast Sports Precinct.



Cr Robert Garland – Division 8

Community Health, Education & Training

Over the past 12 months Council has developed practical policies, innovative programs and positive partnerships including the Let's Get Fraser Coast Working Program. We have welcomed 65 work experience placements across various areas of Council and six of those have resulted in paid employment. Our Animal Management Working Group has helped facilitate the introduction of local laws for breeders' permits, desexing of cats on change of ownership as well as the production of our Responsible Pet Ownership fact sheet.



Cr Stuart Taylor – Division 9

Tourism, Marketing & Communications

In my role as Division 9 and Tourism, Marketing and Communications Portfolio Councillor, a major highlight has been the improvements to the CCTV network which has seen over 30 additional cameras installed throughout the region. The Esplanade has seen an incredible facelift and the suburbs of Pialba, Scarness, Torquay and Urangan are continually being improved. Moving forward, Council will be seeking community feedback on the Pialba Precinct Master Plan and the Hervey Bay Foreshore Master Plan.

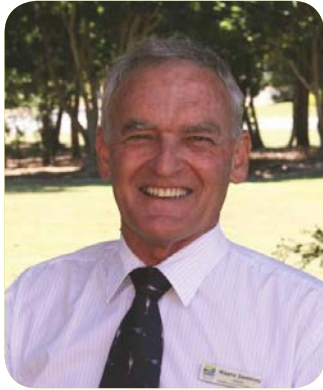


Cr George Seymour – Division 10

Community, Heritage & Family Services

It is clear that we live in a welcoming community and a diverse region. The Fraser Coast is blessed with a perfect climate, a pristine natural environment and a wealth of heritage architecture; but ultimately it is the people that make me proud to live here. As a Council we seek to contribute to the well-being of the community through our libraries, parks, health programs, museums, swimming pools, playgrounds, boat ramps and other facilities. There is something for everyone to experience and enjoy.

Executive Team



Wayne Sweeney
Director, Infrastructure & Environment

The delivery of Infrastructure Services' Capital Works and Operational Programs injects approximately \$70 million into the Fraser Coast economy creating employment, stimulating economic development and providing services for the overall enjoyment of our community and visitors.

Some of the key capital works completed during 2013/14 include:

- \$6.6 million of flood rehabilitation and betterment works in the rural areas;
- Trunk road and drainage infrastructure associated with the Building Better Regional Cities (BBRC) program including the Urraween Road extension east of Main Street and the Kawungan Way connection between Doolong Road and South Doolong Road;
- Ongoing restoration of the iconic Urangan Pier;
- The staged upgrading of the rural road network to meet the ever increasing demands from the rural and primary industry sectors;
- Replacement of major trunk drainage in Maryborough CBD / Queens Park; and,
- New fully engineered waste landfill cell Stage 7a at Maryborough Landfill.

Work has also commenced on developing part of the Polson Cemetery into a natural burial area.



Peter Smith
Director, Community & Development

A number of significant major projects were achieved during the year including:

- Adoption of the Fraser Coast Planning Scheme;
- Review of local laws;
- Major parks and foreshore enhancements; and
- Use of technology to provide more efficient services including enhancement of PD Online to streamline development applications, EPlan, and the integration of mobile technology for Council staff working in the field.

Construction commenced on a number of major employment generating developments including the expansion of the Stockland shopping complex and St Stephens Hospital extensions.

A number of other commercial / community approvals were issued including significant projects in Main Street, Pialba and shopping centres in Torquay, Kawungan and Urangan which show an increased level of confidence in the region.

The Live Life Healthy Program was finalised and a number of the programs are continuing to provide benefits to the community including Heart Foundation Walking Groups and Aquatic Classes.



Alexis Hill
Director, Organisational Services

Council is one of the largest employers on the Fraser Coast and has recently introduced an e-recruitment system and online interviewing tool to streamline the recruitment process.













Four new ALERT gauges were installed on the Mary River and Tinana Creek to forewarn residents of any changes in water levels during wet weather events.

30 CCTV cameras were installed across the Fraser Coast to improve security in the region's high profile areas.

Other achievements include:

- The provision of over 30 property asset management plans to provide a consistent approach for Council regarding management of its properties;
- Significant work in the implementation of Shared Services between Wide Bay Water Corporation and Council including Information Technology, Records Management, Fleet and Procurement, Customer Service, Wetside Operations and Water Billing; and,
- A partnership with Australia Post to deliver rate notices via digital mailbox.

2013/14 Significant events

July 2013 4-7 Qld Touch Football Junior State Cup		August 2013 1-31 Hervey Bay Whale Festival		September 2013 14-15 RACQ Maryborough Tech Challenge	
October 2013 26 Maryborough Open House		November 2013 9-10 Offshore Superboat Championships			December 2013 2 Carols by Candlelight - Maryborough 15 Carols by Candlelight - Hervey Bay
January 2014 26 Australia Day		February 2014 2 World Wetlands Day		March 2014 2 Clean up Australia Day 8 Landcare Community Forum	
April 2014 18-20 MSC 83rd Annual Easter Regatta		May 2014 22-23 Fraser Coast Show		June 2014 7 Relish Fraser Coast 8 World's Greatest Pubfest	

Recognising customer service



Council is committed to the provision of timely, efficient, consistent and quality services provided by polite and helpful officers that meet our customers' expectations.



Both Kelly (pictured) and Katie have been working tirelessly to improve processes and practices in Revenue Services, despite the enormous load from rates notices.

They have been making great improvements in rates including being proactive regarding the floor plan and move and getting teams working better together.



Both Dario and Christopher have worked in the Poona area before and each time I have found them to be obliging and friendly, keen and motivated.

They get in and do the job quickly and efficiently and then move on to their next task for the day.

Both are great examples of Council employees and I felt they should be recognised.



Neville has done an amazing job since taking over the coordination of services.

He goes above and beyond with all aspects of his role.

He keeps you informed every step of the way and nothing is ever too much trouble. He is always a pleasure to deal with.



Emma has displayed outstanding customer service, not only to Council staff but externally to community organisations.

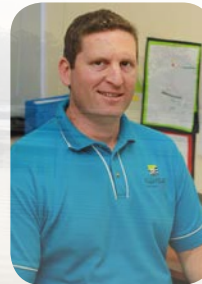
Her professionalism and commitment to expedite issues/projects has been recognised at a senior level and through advice received from public feedback.



Cass has introduced an initiative to the Fraser Coast Aquatic Centres called '1000km Lappers'.

This has been hugely popular so far with more than 50 registered swimmers who record their laps hoping to achieve milestones along the way, e.g. 100k, 250k, 500k, and 1000k.

At each milestone the swimmers receive a prize. This initiative has helped the public with motivation towards a healthy lifestyle and attendance at our centres.

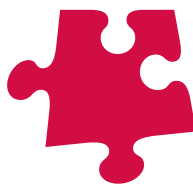


Caleb has gone above and beyond the call of duty to try to ensure that WIP balances were capitalised.

If this was not enough, in the absence of his supervisor, he took over most of his tasks and had to deal with valuers and other issues above his level.

He handled all this calmly and professionally and with a smile.

Key Theme



OUR GOVERNANCE

HOW WE GOVERN OURSELVES

Our elected representatives are decisive, display strong leadership, promote the positive attributes and opportunities of the Fraser Coast, foster positive relationships and form cohesive partnerships with all tiers of government to benefit the community.

The community is heard, their views respected and reflected in shaping the future of the region.

Customers receive responsive and courteous service with officers possessing knowledge of all facets of Council's operations.

"The Fraser Coast is one of the fastest growing areas in Queensland. As a town planner and a small business owner, it is vital that I maintain close working relationships with Council."

"I believe the Fraser Coast Planning Scheme is a considerable step forward and clearly defines the obligations we have, not only to our clients, but also to the community and will help deliver a number of significant projects and continued affordable housing to the region".

Ward Veitch - Town Planner, Urban Planet



Alert monitors ready for action

The first two of four ALERT monitors that automatically record rainfall and river heights were installed at Tinana Creek in December.

The \$40,000 ALERT monitors measure river heights and local rainfall and send the information directly to the Bureau of Meteorology where it is used in flood modelling by the Bureau and Council.

The State Government provided 40% of the cost of installing the monitors.

Fraser Coast Events Strategy adopted

Attracting people to the region as well as ensuring the future of Fraser Coast events is the focus of the Fraser Coast Events Strategy 2014 – 2020 which was adopted by Council in May.

The strategy will help Council decide which events it should focus on to grow, which new events it should

target to attract here as well as provide groups staging events with tools to benchmark their event against others to realise their potential.

The State Government has challenged the Fraser Coast to increase the number of visitors attending events by 35% (from 89,000 visitors in 2013 to 120,000 visitors in 2020).

Maryborough CBD upgrade

A \$3.2 million beautification plan for sections of Kent and Adelaide streets, in the Maryborough CBD, was adopted by Council in June.

Under the plan the pavers will be removed and replaced with exposed aggregate, and new street furniture such as light poles and seating, public art and gardens will be installed and pedestrian access will be improved.

The project will extend the new look for the CBD that was introduced as part of the \$4.4 million beautification and redevelopment of Kent Street between Bazaar and March streets, undertaken in 2008/09.

Portfolios endorsed

In May, Council re-affirmed its commitment to the Portfolio system for the next 12 months.

Planning and development matters and industry engagement were added to the Infrastructure and Planning Portfolio and the Community Resilience Portfolio was created.

The system also ensures that Council's policies are kept before the various industry sectors to ensure that we have a co-ordinated approach to the development of the Fraser Coast region.

The Councillor portfolios are:

Mayor Gerard O'Connell
Economic Development

Cr Stuart Taylor
Tourism, Marketing and Communications

Cr Darren Everard
Sport, Recreation, Open Space & Events

Cr George Seymour
Community, Heritage and Family Services

Cr Phil Truscott
Cultural and Performing Arts

Cr Trevor McDonald
Infrastructure and Planning

Cr James Hansen
Primary Production and Rural Infrastructure

Cr Robert Garland
Community Health, Education and Training

Cr Chris Loft
Small Business, Manufacturing and Service Industry

Cr Daniel Sanderson
City and Town Centre Development

Cr Rolf Light
Community Resilience



Fraser Coast Opportunities Strategic Plan endorsed

Council endorsed the Fraser Coast Opportunities (FCO) Strategic Plan 2013-2016 and Annual Action Plan 2013-2016 in May.

The strategic plan outlines how FCO will meet its objectives - that by 2025 the Fraser Coast region is recognised nationally and internationally as Queensland's most desirable place to visit, live, work, learn and invest.

To achieve this, FCO will focus on doubling tourism industry revenue to \$580 million by 2015 and ensuring that the region remains one of the best performing in Queensland with a 3% growth rate.

Original Maryborough Site

Council withdrew its application to develop a section of the Original Maryborough Site in March and started preparing a new application.

The change allows Council to investigate the size of the development and the internal layout.

As part of the motion:

1. Council started preparing a new development application based on the Gillespie Concept Master Plan of 2003;
2. The development application will be assessed by an independent group and not Council;
3. Council endorsed the Maryborough City Council resolution of February 2008 that some of the profits from the residential development be directed to implement the Tourism and Heritage Precincts as identified in the Gillespie Concept Master Plan; and,
4. Established a sub-committee of Councillors, officers and community representatives to progress the proposal.

QTC Credit Review report

In February, Council welcomed the findings of QTC's credit review which showed that Council has improved its credit rating from Moderate to Sound in the six years since amalgamation.

A 'Sound' rating indicates that Council has the ability to meet its commitments and to pay its debts.

This credit rating is testament to the focus of successive councils on improving our financial sustainability, by moderating rate increases while controlling expenses.

Polson Cemetery Master Plan

In April, Council adopted a master plan to develop vacant land within the Polson Cemetery at Point Vernon.

Under the plan, vacant land within the boundaries of the cemetery will be developed to provide a possible 1,149 sites while maintaining the bushland character and retaining some of the existing trees.

An extra nine new car parks will also be created and the cemetery will be able to supply sites for 10 to 12 years.

Fraser Coast Planning Scheme adopted

The Fraser Coast Planning Scheme was adopted and came into effect from January.

Council received around 350 submissions from individuals, businesses and industry groups ranging from the UDIA to animal welfare groups. The final step in the process was State Government approval.

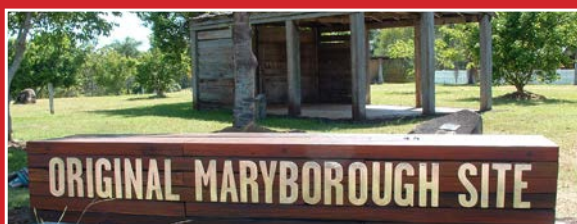
To ensure a smooth transition to the new plan, Council organised a number of information sessions for industry groups across the region, as well as released a number of fact sheets.

Meeting schedule for 2014

In January, Council changed its meeting schedule from the first and third Wednesdays to meet every three weeks in 2014.

The decision was made after a scheduled review of its meeting cycle which included a comparison with other similar sized councils.

Special meetings are held as required.



Sports Precinct Master Plan adopted

Following the adoption of the Fraser Coast Sport and Recreation Precinct Master Plan in September, Council continued to investigate project sites in Nikenbah.

Space has been identified for eight soccer fields, 12 netball courts, three rugby league fields, 16 tennis courts, two AFL fields, BMX track, indoor multi-use space, car parking, open space and cycling track.

22 submissions were received.

Flying Gang for high profile areas

A third Flying Gang was established in September. The gang concentrates on high profile areas in Maryborough and Hervey Bay.

The team focusses on the Maryborough CBD and Portside area for five days and then four days on the Esplanade area between Pialba and Urangan.

Local Disaster Management Plan endorsed

A new Disaster Management Plan for the region was endorsed in October.

The plan incorporates information gathered during disaster events as well as reflecting changes in state and federal government departments and local emergency services.

Council also updated its webpage to include revamped fact sheets and new flood maps, outlining areas of potential inundation in increments of 500mm from a predicted five metre flood to a 14 metre flood.

Registrations lowered

In the 2013-14 Budget, Council reduced the annual registration for desexed cats to \$49. All cat owners could also receive a further \$20 discount if they paid their annual registration renewal by the due date, making the annual renewal fee \$29.

Council also introduced a further \$5 discount for owners who hold a Queensland Seniors' Card to recognise the importance of companion animals.

Wide Bay Water Corporation CEO appointed

Wide Bay Water Corporation Chief Operating Officer Peter Care was appointed as the corporation's Chief Executive Officer in November.

Mr Care was acting CEO for four months prior to his appointment.

The Board also appointed four Executive Managers as part of a restructure:

- Executive Manager Corporate Services, Mark Peters;
- Executive Manager Assets and Engineering, Trevor Dean;
- Executive Manager Compliance and Regulation, Mark Vanner; and
- Executive Manager Operations, Denis Heron.

They joined Directors, Randall McLellan, Cliff Searle and Richard Krause who were appointed in August.

Draft Imagine this City Plan

The draft Imagine this City Maryborough CBD Revitalisation Master Strategic Plan 2013-2018 opened for public comment in November.

More than 632 survey responses were received. Five public forums were held attended by 127 people.

The plan was adopted by Council in December.

The recommendations, including the Hub on Kent commenced in 2014.

350

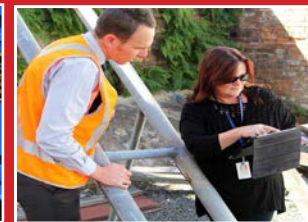
Fraser Coast Planning Scheme submissions

1,149

additional Polson Cemetery plots

\$580 million

FCO tourism revenue goal



Key Theme



OUR COMMUNITY

HOW WE LIVE

The Fraser Coast provides a lifestyle that is safe to live, learn, work and play, celebrates through festivity, embraces the arts and is supported by quality services and communication networks.

We celebrate, value and protect our cultural diversity recognising it is an asset to our economy, our education and our cultural life.

"Maryborough has been home for the better part of 60 years. I have been volunteering for one community service or another - including Legacy, Lioness Club of Maryborough, Neighbourhood Watch, Visitor Information Centres and the Proud Marys to name a few - for almost as long and have no plans to slow down anytime soon."

Community groups are the fabric of the Fraser Coast and with continued support from Council, we are able to foster a real sense of belonging across the entire region."

Gloria Chay - Volunteer



Boat donation

In September, Council donated a former SES flood boat to the Coast Guard Sandy Strait.

In emergencies, the Coast Guard, which is a member of the Local Disaster Management Group, steps into help out.

Flood boats from a number of Fraser Coast SES groups were used to ferry people and supplies across the Mary River to Granville during the 2013 floods. In one trip, a generator was ferried across to power the Groundwater Lodge Retirement Village.

Wardens trained for cyclone season

12 Community Committees were put through disaster management and radio training in January ahead of the cyclone season.

Wardens were appointed as part of a program to

improve our emergency response following ex-Tropical Cyclone Oswald and their role is to channel information to the Local Disaster Control Centre.

The committees are part of communities from Burrum Heads to Glenwood.

Friendship agreement with sister city

Council signed a friendship agreement with Yamanashi Fuji International Association in October to promote a better understanding between Australian and Japanese cultures.

A group of seven Japanese delegates from Otsuki, the Fraser Coast's former Japanese sister city, came for a four day visit to the region in October.

A local delegation will repay the visit to Japan in September 2014.

Community grants

Council invested \$25,000 in community organisations and community events across the Fraser Coast.

Successful projects included:

- Fraser Coast Wildlife Sanctuary, directional signs, \$2,273;
- Poona Community Progress Association, connection of power and water to shed and installation of a tank, \$1,500;
- QCWA Tiaro Branch, installation of bistro blinds on the veranda and storage shed, \$1,967; and,

- Volunteer Marine Rescue Hervey Bay, funding towards two defibrillators for the rescue vessels, \$2,000.

Event grants were awarded to:

- Burrum Recreation Reserve Association, Torbanlea Picnic Races and Family Fun Day, \$3,000 and in-kind waste services \$977.50;
- Hervey Bay Council for the Arts Sunday Showcase, Halloween and Easter Festivals, \$4,500;
- Hervey Bay Historical Society Museum Association, Country Music Muster, 18 May, 2014, \$1,000;
- Hervey Bay Triathlon Club, Hervey Bay 100, \$3,000;
- SunshineStateClassicCountryMusicAssociation, Classic Country Music Stampede, \$1,000;
- Wind Wanderers, Burrum Windfest, \$500; and,
- Woocoo Historical Society, Pioneer Day, \$1,500.

RACQ Technology Challenge

Entries were capped at 120 teams from across Queensland for the RACQ Technology Challenge Human Powered Vehicle Race in September.

The event was live streamed for the first time including an interactive scoreboard and live footage of the HPV Race.

The famous hairpin turn on the RACQ Technology Challenge HPV circuit was renamed Blinco's Bend in honour of a long-time race marshal Shaun Blinco.

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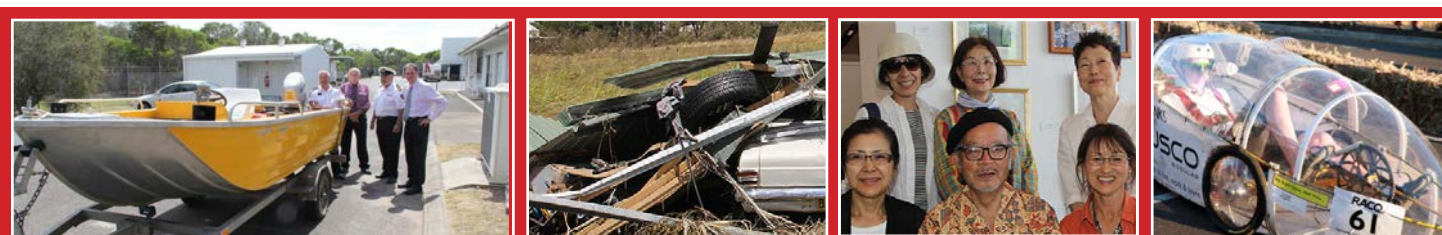
Community Committees to improve disaster response

90m

additional drainage in Toogoom

\$25,000

community grants allocated by Council



New vehicle for Maryborough SES

The Maryborough SES Unit took delivery of a new \$78,000 four wheel-drive troop carrier in June, paid for by Council's Disaster Levy.

The Disaster Levy, of \$10.50 per rateable property, raises \$520,000 annually. This is used to fund Council's Disaster Management program which includes the operations of the region's six SES units as well the installation and maintenance of automatic weather monitoring stations and flood gauges.

Pets help wildlife sanctuary

Fraser Coast pet owners who registered their animals by the due date raised \$3,920.50 to help the TESS Wildlife Sanctuary near Maryborough.

As an incentive to encourage pet owners to register their animals by the due date, Council donates 25 cents from each registration fee to a charity each year.

Donations in the past have been made to the AGL Rescue Helicopter and the Queensland Guide Dogs.

Halcro Street Community Gardens

Mayor Gerard O'Connell officially opened the new Halcro Street Community Gardens at an open day in December.

A group of local job seekers worked with Council's outdoor crews to put the finishing touches on the gardens including turfing the area and landscaping.

The gardens also include a shade and picnic structure, raised gardens, paved pathways and native trees.

Tiaro Medical Centre

The Tiaro Medical Centre opened for business in January after local Doctor Suzy Baudeouf signed a five year lease to operate the site.

The Tiaro Medical Centre is housed in the former Tiaro Shire Council administration building.

Council contributed \$100,000 towards redeveloping the building in addition to \$319,000 in funding from the Federal Government's National Rural and Remote Health Infrastructure Program in 2010.

Toogoom Drainage

In November Council invested \$21,000 to install 90-metres of 90mm underground pipe in Toogoom to help disperse water after rain events.

Homeowners are able to link into the pipe and pump the water away. A series of one-way valves will ensure the water is pumped away and not from one yard to another.

Other projects planned for Toogoom include \$13,000 for a footpath at the corner of Kingfisher Parade and Lorie Avenue; \$8,000 for a pathway and \$20,000 for a boardwalk at Moreton Street.

Fraser Coast Youth Strategy

In February Council asked local youth and the community to have their say on the development of the Fraser Coast Youth Strategy.

Stage One surveys were available on Council's website where people could contribute their ideas, opinions and aspirations regarding the future of Fraser Coast youth.

More than 167 surveys were completed with the natural environment and entertainment opportunities being key focus areas.

Maryborough Safety Network

Maryborough Safety Network (MSN) reformed in February with 31 members.

The group includes representatives from Council, emergency services, government departments, local security firms, volunteers in policing and other interested community representatives.

The Maryborough Safety Network was originally established in August 2008 to identify concerns relating to crime and public safety.

Arts Alliance Management Committee

The Fraser Coast Arts Alliance elected a Management Committee to steer the group through the next 12 months.

The Alliance has 37 members from a variety of backgrounds including performers, musicians and the arts and crafts sector.

The membership base is spread across the Fraser Coast including 46% from Hervey Bay, 36% from Maryborough and 18% from the outer regions of the Fraser Coast.



Council launches new parks webpage

A list of Council controlled parks and open spaces – spanning the entire Fraser Coast – was made available on Council's website in April.

The site has information on more than 109 parks and gardens including a list of facilities available, interactive maps and photos.

The webpage received more than 1,834 visits.

NAIDOC Week grants

In June Council awarded more than \$3,750 in grants to help celebrate NAIDOC Week (6 - 13 July 2014) on the Fraser Coast.

Successful applicants included:

- Uniting Care Community and the NAIDOC Committee, \$3,000 to stage the NAIDOC Family Fun Day;
- Hervey Bay Church of Reconciliation, \$300 to go towards the annual Welcome to Country, flag raising, church service, morning tea and barbecue; and,
- The Korrawinga Aboriginal Corporation, \$450 to help towards the Kalang Elders Luncheon.

10th anniversary for Seniors Expo

The Hervey Bay Seniors' Expo celebrated its 10th Anniversary in August.

More than 80 exhibitors were on hand to share information about a range of topics including health, transport, accommodation, legal, travel, keeping fit, plumbing and activities available across the Fraser Coast.

More than 1,000 people attended.

Garage Sale Trail

More than 118 Fraser Coast households participated in the Garage Sale Trail in August – the highest total per capita of the seven participating Queensland councils.

The day aimed to promote re-use, reduce waste to landfill and enable new neighbourly connections across Australia.

Stockland donation

In August Stockland Shopping Centre donated \$11,507 to the Mayor's Community Benefit Fund.

The Fund is used to help local people in need including victims of natural disasters and has raised upwards of \$43,000.

Revellers help out Coastguard

Council donated \$2,500 to Coast Guard Sandy Straits following the World's Greatest Pub Fest in June.

The funds were a combination of donations collected and a percentage from the sale of each pub crawl card (\$1).

The funds were used to install equipment at the Coastguard's Boonooroo base.

Community Grants Scheme

Council voted to invest almost \$45,000 in community group projects and community events in March under Round Two of the Community Grants Scheme which covers projects undertaken and events organised by community groups.

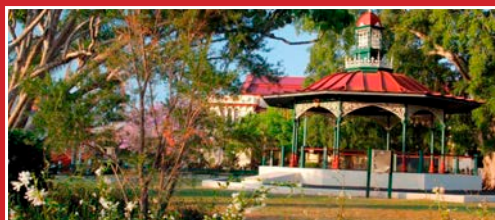
Council received 57 applications requesting more than \$208,000 in financial assistance with \$44,438 being shared by 28 organisations.

Community projects included:

- \$2,052 for the Pacific Haven Emergency Awareness Group to buy communication equipment for use in emergencies;
- \$3,440 for the Aldershot and District Community Association to remove trees that could fall on to the community hall and build a cubicle for the men's toilet;
- \$1,500 for the Computer Learning Centre to buy laptop computers for a mobile classroom; and,
- \$5,000 for the Hervey Bay and District Tennis Association to install a gas barbecue which can be used by the group as well as the public.

Events included:

- \$1,000 for the Bauple and District Recreation Ground Association to provide a fireworks display at the Bauple Bash;
- \$2,000 for the Burrum Coal Discovery Festival;
- \$1,500 to help the Fraser Coast Festival of Cycling in July become an event in the regional calendar; and,
- \$2,500 for the Maryborough and District Hockey Association to stage the Queensland Masters Women's State Championships.



Key Theme



OUR ECONOMY

OUR JOBS AND OUR LIFESTYLE

The Fraser Coast creates local jobs in a self-sustaining economy that recognises environmental sustainability. The employment base will be diverse and robust to buffer it from economic fluctuation.

Local business and industry are supported and education, training, research and skills development facilities are established to revitalise the region.

Partnerships are fostered to encourage investment, growth, infrastructure and access.

The Fraser Coast region brand is developed and promoted and recognised as a destination of choice that provides a positive and varied experience for all ages.

"The Fraser Coast is on the road to recovery following some tough economic times but there are still many challenges ahead, especially as a small business owner.

While being able to provide employment and contribute to the local economy, it's important that we remain proactive and able to adapt to a changing market.

By promoting the Fraser Coast in new and innovative ways, we can ensure we'll continue to attract investment – and of course potential new customers – to the region".

Janet Revill - Owner, Janet's Art



Infrastructure Incentive Policy

In February Council adopted a new Infrastructure Incentive Policy to stimulate the regional economy.

The maximum amounts of subsidy available for each category are:

Category 1: Delayed payment of Reconfigure A Lot Infrastructure charges until the sale of the lots created or 2 years, whichever is earlier;

Category 2: (A) 10%, or (B) 20% or (C) 20%;

Category 3: 30%;

Category 4: Applicable to existing approved developments only in the former local government areas of Maryborough, Tiaro and Woocoo.

Category 5: Subject to Individual Assessment.

Council also adopted the Direct Financial Incentive Offer to encourage projects to be started and finished as soon as possible.

Budget highlights

Containing costs and building for the future were the themes of Council's 2014/15 Budget brought down in June.

The \$179.45 million budget included a \$46.4 million capital budget to build new bridges and footpaths.

Other highlights:

- \$40.89 million for maintenance and construction of new roads;
- \$14.29 million for waste and recycling;
- \$13.22 million for the maintenance and upgrades of parks, open space and recreational facilities;
- \$4.87 million for economic development, tourism, cultural facilities and events;

- \$2.15 million for coastal protection works;
- \$1.4 million for airport operations; and,
- \$4.51 million for libraries and customer service.

Roads expenditure

Roads were the largest component of the capital works program with \$27.6 million or 59% of the capital budget allocated to maintenance and upgrades including:

- \$1.28 million to replace bridges;
- \$9.6 million for road construction;
- \$1.2 million for new footpaths and bikeways;
- \$1 million for kerb and channel;
- \$4.2 million for resurfacing;
- \$1 million for black spot safety improvements; and,
- \$5.6 million for improvements to trunk roads.

Major projects

- \$2.6 million for Kent and Adelaide streets to revitalise the Maryborough CBD;
- \$1.2 million for bridge replacement, including the first stages of the Burrum Bridge refurbishment;

- \$1.5 million for the Burrum Heads Boat Ramp (over two years);
- \$2.1 million for coastal protection works;
- \$1.3 million for jetties, boardwalks and piers;
- \$1.2 million for River Heads Road (to match a Federal Government grant);
- \$2.5 million for Nissen Street (location of the Hervey Bay Hospital);
- \$1.8 million for Main Street between Doolong and Chapel Road; and,
- \$2.8 million for stormwater drainage construction and maintenance.

Parks and Recreation

The region's parks and recreation facilities also received a \$13.22 million injection with:

- \$9.2 million to maintain 455 parks, open spaces and recreational facilities;
- \$1.46 million for public amenities, landscaping and park upgrades;
- \$1 million for new park furniture and playground equipment.



Inaugural Business Fest

Council and Fraser Coast Opportunities teamed up to host the inaugural month-long Business Fest in July.

More than 50 local and out of town businesses joined the event to host business tours, guest speakers and workshops.

Creations Training Cafe at the Brolga Theatre

Local jobseekers were given a helping hand when a new café opened at the Brolga Theatre in January.

The pop-up Creations Hospitality Training Café is a joint partnership between Fraser Coast Regional Council and BEST Employment Support and Training.

The café opened every Monday and Tuesday from 9am to 2pm from November through to January.

Junior Touch Football State Cup

More than 2,500 junior touch football players and their families attended the Queensland Touch Football Junior State Cup in July.

The event injected more than \$1 million into the local economy.

The Fraser Coast will host the event until 2017.

Discover Maryborough

Council launched the Discover Maryborough initiative in June.

The campaign encouraged Hervey Bay residents to explore Maryborough by completing a different checklist of activities and experiences every week for six weeks, coinciding with the annual Mary Poppins Festival.

Local spend

Council injected \$93.7 million into the Fraser Coast economy in the 2013/14 Financial Year.

Around 83% of Council's budget was spent locally with 1,024 suppliers.

Just over \$19 million of the \$125 million budget was spent with other suppliers.

Drought assistance

Council hosted a Drought Assistance Information Session in Tiaro in February to help the region's primary producers.

Council and State Government staff were on hand to assist more than 20 primary producers apply for drought relief and financial aid.

CBD activation

Council met with Queensland Emerging Designer of the Year 2012 Amy Grey in May to discuss proposals to activate the Maryborough CBD.

Ideas discussed included community gardens, games nights and utilising laneways and empty spaces for community events.

The meeting was part of the Imagine This City Strategy, to which Council has allocated more than \$3.2 million as part of the 2014/15 Budget.

Jobs placement reaches 60 participants

In November, Council welcomed the 60th participant to the Let's Get Fraser Coast Working Program.

Andrew Crossley spent five days a week working in Council's Stores and Warehouse in Hervey Bay, where his responsibilities included sourcing and ordering spare parts for Council machinery, distributing PPE equipment to staff and collating stock.

Council is aiming to reach 100 participants in the 2014/15 financial year.

60

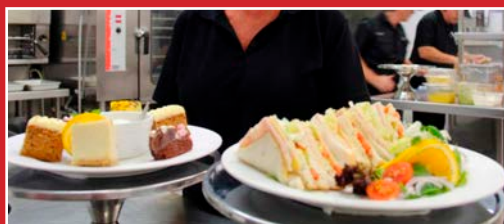
Let's Get Fraser Coast Working participants

2,500

visiting touch football players and their families

\$93.7 million

spent with local suppliers



Investment opportunities

Mayor Gerard O'Connell was the guest speaker at an investment opportunities breakfast in Brisbane in February.

Hundreds of business leaders and investors attended the event where the development of aviation, marine and industrial estates were the key topics.

Figures from the State Government indicate that the Fraser Coast population is projected to grow at 3% annually.

Housing affordability rebates

Council awarded 54 rebates – or \$648,000 - as part of the Hervey Bay Housing Affordability Scheme.

The \$12,000 grants are allocated to first home buyers who buy homes or house and land packages in key housing estates until 2016.

The rebates are part of the Building Better Regional Cities Program – a joint project between Council and the Federal Government to provide affordable housing.

3%

projected annual growth of Fraser Coast population

50

businesses attended Business Fest

\$648,000

allocated through the Hervey Bay Housing Affordability Scheme

Station Square extension

In August Council approved the expansion of Station Square Shopping Centre in Maryborough.

The project includes an additional department store; an increase to the retail floor areas of the existing supermarket; six new specialty retail tenancies; three mall kiosks; and the provision of rooftop car parking.

Expressions of Interest Maryborough Airport land

Council called for Expressions of Interest to develop vacant land at the Maryborough Airport for commercial activities in September.

Two expressions were received and both companies were invited to submit tenders for their projects.

Council is currently in negotiations with the companies.

Council staff

Council filled 94 vacancies in the last financial year.

The staff range from casual, to full time and contract, and are employed throughout a range of areas including parks and gardens, information technology and human resources.

Council is one of the largest employers on the Fraser Coast with more than 500 employees.

Market intelligence

Council helped to promote the launch of Fraser Coast Opportunities' suite of online market intelligence tools in May.

FCO was the only Queensland regional organisation with the complete suite which helps businesses plan for expansion and forecast population growth.

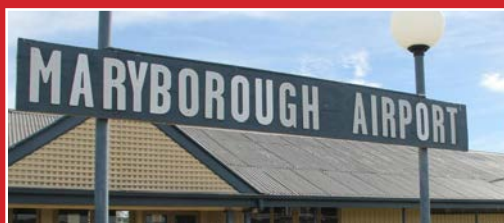
The four web based components included:

- A community profiling tool to generate suburb-based population profiles utilising historical census data;
- Visual representation of socioeconomic data in a map-based format, including satellite and hybrid imagery;
- Access to economic information that describes the region's role within the broader economy, explores options for economic development and promotes the area's strengths; and,
- Tailored analysis of the drivers of population change in the community, including how the population, age structure and household types will change from year to year.

Rate concessions

Council provided \$1.72 million in rate concessions to almost 12,000 pensioners across the region.

A Local Heritage Register rebate was introduced in June to encourage residents to maintain and restore places of historical significance.



Key Theme



OUR ENVIRONMENT

OUR NATURAL AREAS

A diverse and healthy natural environment, with an abundance of native flora and fauna and rich ecosystems which can thrive with our awareness, commitment and action in caring for the environment.

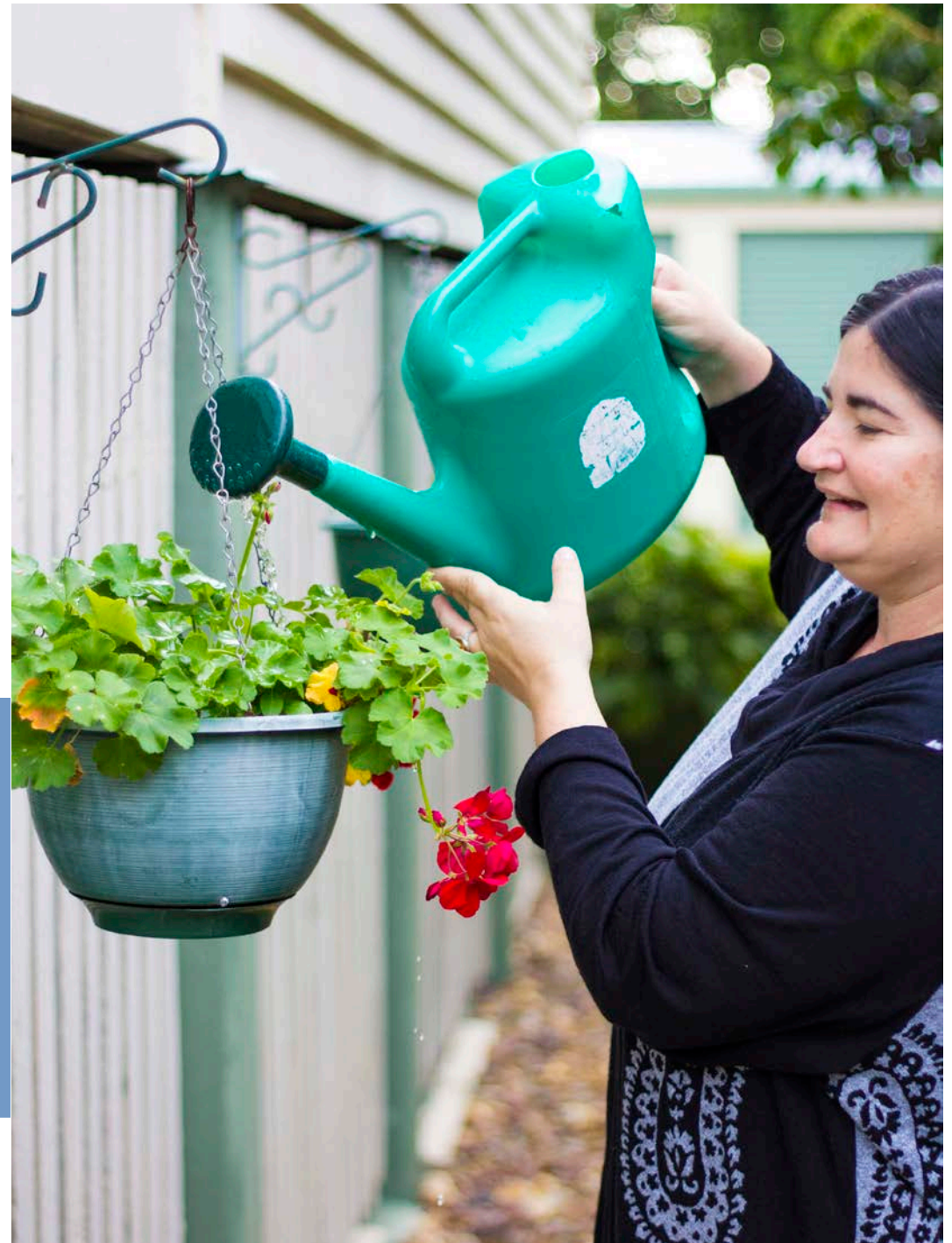
That important habitats for native animals and plants are preserved and developed to ensure that a healthy ecosystem is sustained by protecting, conserving, monitoring and improving the natural environment.

"The Fraser Coast is recognised as an area 'where nature comes alive'... and rightly so!

We are blessed to live in one of the world's most beautiful natural areas but it's vital that we work together and encourage green initiatives to sustain our delicate environment for generations to come.

Council's support of the Plastic Bag Free Campaign and community events including National Tree Day, Clean Up Australia Day and the Garage Sale Trail are important steps in the right direction."

Cecile Espigole - Owner, Eco Lodge



Bushcare's Major Day Out

More than 100 people attended and participated in activities including bushwalking, guided tours and birdwatching at the Arkarra Wetlands during Bushcare's Major Day Out in September.

Bushcare's Major Day Out is a national day designed to give residents the opportunity to learn more about native bushland, coinciding with Land Care Week.

Clean Up Australia Day

Approximately 80 people turned out to lend a hand on Clean Up Australia Day in March.

Council operated two sites: Organ Park in Hervey Bay and Anzac Park in Maryborough.

More than 500 kilograms of rubbish was removed.

Toogoom Seawall

In November Lanson Civil started work on the \$1.082 million contract to build a 370-metre-long seawall at

Toogoom to protect 16 properties in Kingfisher Parade.

The seawall was built parallel to the beach and 10 metres from property boundaries to maintain public access to the foreshore.

The project has been backed by the Department of Environment and Heritage Protection, Ports Corporation of Queensland, Department of Transport and Main Roads (Maritime Safety Queensland) and the Department of Agriculture, Fisheries and Forestry.

Work to tackle beach erosion

Council crews moved approximately 3,000 cubic metres of sand from Toogan Toogan Creek to Torquay beach to protect the Hervey Bay foreshore during king tides in January.

A single line of bulk sand bags was installed along the Torquay foreshore in front of the Surf Lifesaving Club, Torquay Caravan Park, Aquaview and Hervey Bay Sailing Club as priority areas.

The \$160,000 project required more than 300 truck movements over a seven day period.

Swap noxious for native

Visitors swapped noxious weeds for native plants at the Maryborough Heritage City Markets in September.

Council's Vector team offered a free seedling to anyone who brought along a bag of noxious pest plants.

More than 70 seedlings were given away in exchange for 18 bags of weeds.

Students protecting Fay Smith Wetlands

Students from the Maryborough Special School got their hands dirty picking up rubbish and clearing weeds and pest plants from the Fay Smith Wetlands in Maryborough during September.

The group of 10 students spent an hour every Friday with staff and volunteers from Council's Community Environment Program (CEP), where their jobs included removing lawn clippings and garden waste that had been illegally dumped.

Illegal dumping at Eli Creek

Council's Waste Crews cleaned up the old Eli Creek landfill site in February after one of the worst cases of illegal dumping ever seen on the Fraser Coast.

Tonnes of huge concrete slabs and old steel pipe were dumped at the site.

It costs Council approximately \$50,000 annually to clean up illegal dumping.



100

attendees at Bushcare Major Day Out

3,000_{m³}

sand moved from Toogan Toogan Creek

\$1.08_{million}

Toogoom Sea Wall

Howard water testing

Council started a 12-month sampling program of water in Mariah Creek, Howard, in March to determine if septic systems in the town were having an impact on environmental health.

A report to Council recommending the water-sampling program acknowledged that there was a wide variety of on-site disposal systems being used by Howard residents, some of which were up to 40 years old and may not be working to their optimal capacity.

In the past two years Council received 12 complaints about plumbing issues in Howard, which is similar to other Fraser Coast towns and villages using on-site waste-water disposal systems.

MRF Education Centre Opening

In February Council opened its much anticipated Material Reuse Facility (MRF) Education Centre to the public.

The \$80,000 recycling education facility was a joint project between Fraser Coast Waste and Cleanaway and is located at the Material Reuse Facility on Industrial Road, Dundowran.

The facility features interactive displays and activities and has hosted 10 school visits and three community group visits.

Environmental vandalism in Point Vernon

Council Compliance Officers started door knocking homes along the Hervey Bay Esplanade in Point Vernon in February after local residents discovered and reported evidence of illegal tree clearing along the foreshore.

More than 100 trees had been cut down – some of which were more than 20 years old.

Council launches Eco Friendly Campaign

In April Council launched an Eco Friendly Campaign to encourage Fraser Coast businesses to use alternatives to plastic bags.

A working committee was established and a 'Design a Logo' competition was held across local schools.

Ten-year-old Trinity Smith was judged with winner.

Fraser Coast Waste Strategy

In September Council adopted the Fraser Coast Waste Management and Resource Recovery Strategy 2013–2020 which aims to boost recycling and lower the amount of waste going to landfill by 50% by 2020.

Fraser Coast residents generate on average 0.99 tonne of waste (waste taken to landfill as well as recycled materials).

Council handles more than 103,000 tonnes of waste annually.

Conservation volunteers

Council partnered with Conservation Volunteers Australia and Landcare in March as part of a project to beautify some of the Fraser Coast's natural areas.

A group of 20 tourists from across Germany, Switzerland, Korea, Japan and the United Kingdom spent almost two weeks volunteering with Council's Park staff, weeding and planting seedlings throughout the Fay Smith Wetlands in Maryborough and Cook's Reserve in Point Vernon.



Key Theme



OUR MOVEMENT & ACCESS

HOW WE GET AROUND

The Fraser Coast region has effective transport networks connecting the region with surrounding city centres and convenient pedestrian pathways to accommodate an active, healthy lifestyle.

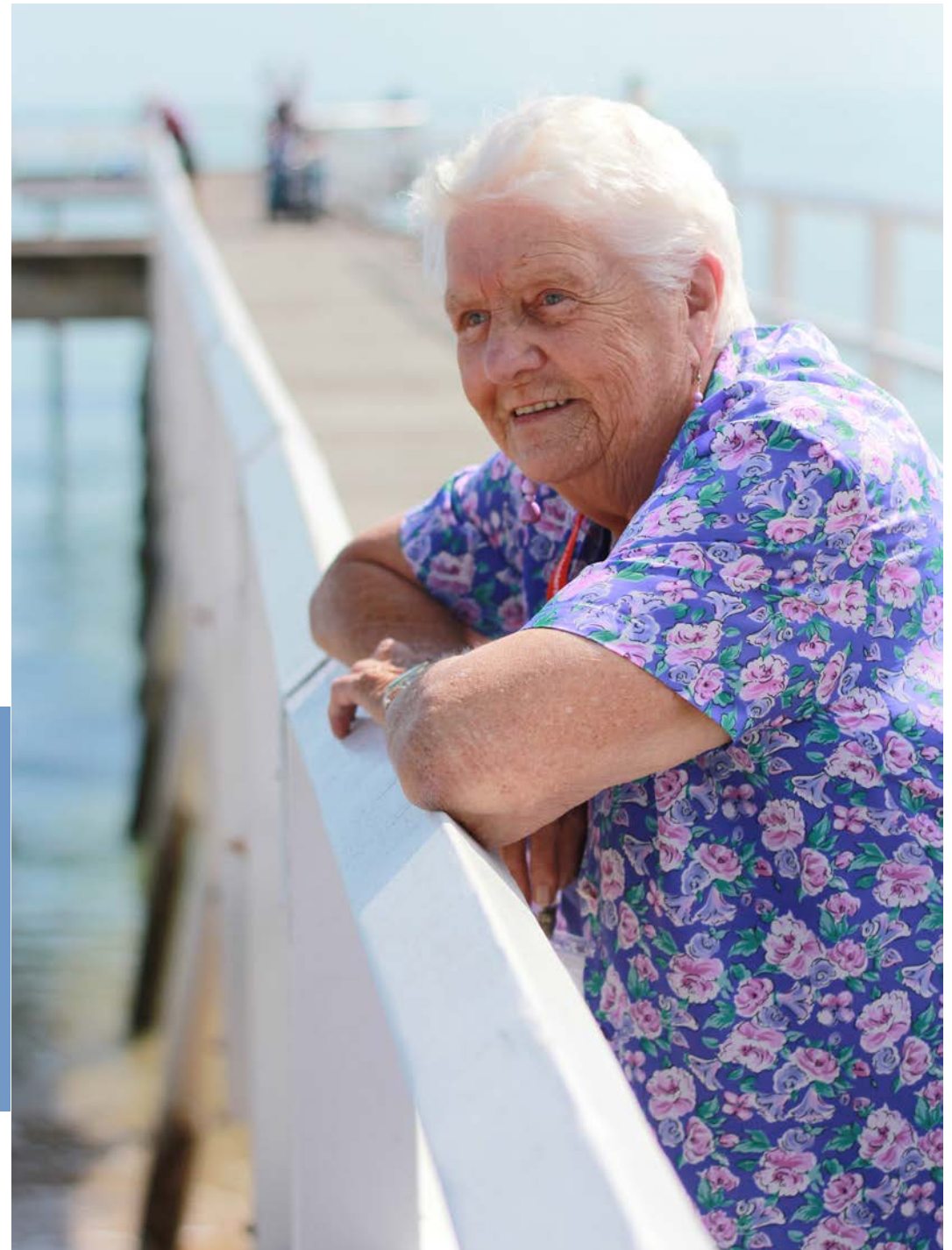
A variety of transport options and extensive networks provide linkages to all areas of the community in accordance with need.

"We have the best of beaches and bushland here on the Fraser Coast. Our diverse environment is what makes the area such a popular place to live and visit.

It's important that locals and tourists have access to appreciate it. The links mobility corridor and cycle ways allow people of all ages to enjoy our beautiful beaches which now include disabled access.

As a senior citizen I rely heavily on a mobility scooter – as a number of residents do - for transport and am very grateful that I still have safe access to our city centres, residential areas and popular tourist locations."

Mavis Jenkins - Scooter rider



Drainage works

Council approved \$1 million in drainage works across the region.

The work included:

- \$150,000 to stabilise the banks of a drain between Kathleen Crescent and Raward Road;
- \$150,000 to replace 130 metres of stormwater pipe and upgrade gully pits in Banana Street, Maryborough; and
- \$120,000 to replace stormwater outlet pipes at the end of Pandanus Place, Poona.

The largest project was \$400,000 to stop the Queens Road-Torquay Road intersection outside the Hervey Bay Police Station flooding by rebuilding sections of the downstream stormwater system.

The work stopped areas from flooding during heavy rain and improved access for residents.

62

submissions for the Burrum Heads boat ramp

230m

floodway on Poona Road

\$12million

extension of Urraween Road

Urraween Road Extension

Local firm Sunstate Group started work on the \$12 million extension of Urraween Road to Doolong Flats in July.

Four roundabouts were built along the new road to cater for future subdivisions as they develop across the Doolong Flats.

The project was one of five being jointly funded by Council and the Australian Government under the Building Better Regional Cities Program.

Betterment Fund flood works

In May Council received almost \$2.5 million from the State Government's Betterment Fund to go towards flood recovery projects across the region totalling \$3.9 million.

The projects included the replacement of a 230-metre bitumen floodway on Poona Road with a concrete floodway, replacing a bitumen floodway with a concrete floodway including batter protection on Cherry Tree Road and installing cement stabilised pavement along a section of Tribune Street in Maryborough.

Burrum boat ramp plans

In April Council endorsed plans to build a boat ramp at the western end of Lions Park at Burrum Heads.

The plan, developed after extensive community consultation involving State Government, Council and residents, was released for public comment after a public meeting in Burrum Heads in February.

Council received 62 written submissions on the proposal – 45 supporting it and 17 against.

The ramp will be built as a joint venture between Council and the Department of Local Government.

Road projects

Council completed millions of dollars worth of road and infrastructure projects across the Fraser Coast.

These included:

- Urraween Distributor - Construction of new road link between Main Street and Bay Drive;
- Urraween Road / Nissen Street / Madsen Road intersection upgrades;
- Boundary Road Reconstruction - Pavement reconstruction between Denmans Camp Road and Bideford Street;
- Urraween Road Extension & Kawungan Distributor - Construction of four roundabouts, one signalised intersection, four lanes on Urraween Road;
- Main Street - NDRRA funded road reinstatement on both sides of the Chapel Road / Main Street intersection;
- River Heads Road - Restoration works to stabilise the existing road embankment; and,
- Maryborough Sailing Club Car Park - Reconstruction of the existing car park, providing better car park facilities and sealed ground surface.



Scarness all abilities access ramp

Work on an all abilities beach access started at Scarness between Enzos Café and the caravan park in August.

Paved pathways now link the access to the existing foreshore shared walk/cycleway as well as the café, beach access stairs and beach shower. The project was completed in October.

Bitumen resealing

In December Council crews started pre-seal repairs for a \$2.8 million bitumen resealing project as part of the Capital Works Program across the entire region.

Bitumen resealing is designed to waterproof and prolong the life of the underlying pavement and to provide skid resistance for traffic.

New car park

QCivil was awarded an \$850,000 tender to construct a 118-space car park on the corner of Nissen Street and Urraween Road in Hervey Bay.

The car park was completed in March and services the surrounding medical precinct.

New culvert

Crews from JAC Civil completed a \$216,000 upgrade of the O'Regan Creek Road Culvert in Toogoom in March. The work has minimised the impact of flooding on the road.

Bus shelter upgrades

Council upgraded 10 bus shelters in December across Hervey Bay and Maryborough as part of a new funding agreement.

The upgrades were to ensure the shelters complied with the Disability Discrimination Act.

The old shelters were relocated to rural areas and donated to local sporting clubs.

Tinnanbar Road works

Council road crews completed the reconstruction of a 2.2 kilometre stretch of Tinnanbar Road in December including earthworks, drainage and pavement and bitumen sealing.

The \$1.1 million project took approximately five months to complete and was part of a joint project between Council and the Queensland Government's Transport Infrastructure Development Scheme.

Emery's Bridge repairs

Construction crews from Road Tek completed repair and rehabilitation works on Emery's Bridge at Gundiah in February.

The \$250,000 project took approximately five weeks to complete and included replacing some of the timber components to increase the strength and durability of the bridge.

Esplanade precincts

Work on the three Hervey Bay Esplanade Precinct Statements in Pialba, Scarness and Torquay started in July 2013.

The \$1 million project included installing pedestrian crossings, street lights and interpretative signage.

The project was completed in May 2014.

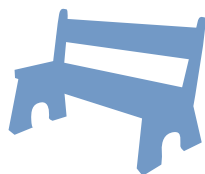
Beefed up security

In March thirty security cameras were installed at the All Abilities Playground and Scarness Park on the Hervey Bay foreshore and in Queens Park at Maryborough.

Council received an \$80,000 grant from the State Government towards the \$200,000 project.



Key Theme



OUR PLACES & SPACES

WHERE WE LIVE, WORK AND PLAY

City entrances are welcoming and the unique aspects of towns and villages are reflected in vibrant hubs that invite community to meet and interact.

Growth within the region is well planned, managed and environmentally responsive whilst public areas provide benefits for the varying needs of the whole community.

"Sport and recreation have always played an important role in my life and continue to do so.

We are lucky to live in a regional area that is home to some world class facilities including state of the art aquatic centres, sporting fields and cycle ways.

I am still an active member of the local triathlon club and while my prowess in the pool may not be quite what it used to be, we have access to facilities which cater to all abilities.

There really is no excuse for us not to get out and live life healthy on the Fraser Coast."

Ron Morgan - Triathlete



Burrum Heads revetment wall

The 140m interlocking revetment wall that protects popular Lions Park at Burrum Heads from erosion was rebuilt in June.

Under the project, the Terrafix block wall was removed, the foundations remade and the blocks replaced.

The wall design was changed following community consultation and took into account changes to river currents and improved access to the river and beach.

Urangan Pier refurbishment

Work to refurbish 660 metres of the iconic Urangan Pier started in July.

The \$5 million project was undertaken by Sydney Marina Contracting and involved replacing the old timber piles with steel and composite fibre, which will cut maintenance costs by \$50,000 a year.

140m

Burrum Heads revetment wall

43,000

members of Fraser Coast Libraries

\$5million

refurbishment of Urangan Pier

The old timber piles were salvaged by Council and used in projects around the region. The work is expected to be completed in 2015.

Libraries welcome 43,000th member

The Fraser Coast Libraries welcomed their 43,000th member at a special presentation at the Hervey Bay Library in September.

The five branches boast more than 226,000 book titles and a huge catalogue of music, from classics to contemporary and modern favourites, plus a large range of DVDs and documentaries.

Aquatic Centre refurbishment

Metcalfe Constructions completed refurbishments at the Hervey Bay Aquatic Centre in October.

The \$130,000 project included building new office areas, refitting the kiosk with new benches and remodelling the entry.

In the last financial year, Council's two aquatic centres in Hervey Bay and Maryborough recorded almost 200,000 visits.

Toogoom Community Park

Toogoom Community Park on Kingfisher Parade was given a \$160,000 upgrade in November.

The project included the construction of a new amenities block and the old playground was replaced with a more modern version with arc tunnel and motorcycle seesaw.

A sand screen was installed on the pathway leading to the beach and the old post and rail fencing was removed.

New Howard Library

Storytelling, poems, songs and a sausage sizzle marked the official opening of the new Howard Library in the Burrum Community Centre in October.

The move modernised the library which had been housed in the Tom and Minnie Young Memorial Hall on Steley Street.

The project was undertaken by Council's carpentry team.

Additions to the Maryborough Toy Library

The Maryborough Toy Library and Special Needs Resource Centre welcomed new equipment thanks to a \$42,000 grant from the State Government.

The funding paid for a new support swing, reading materials and activities for visually and hearing impaired children.



Butchulla language classes

‘ngali bana yaadhula’wu.’

‘We all will talk later on.’

In February Council introduced Butchulla language classes at the Hervey Bay Library.

A Butchulla dictionary has also been produced and more than 30 people have attended the classes.

Fixter Park improvements

Barbecues and shelter sheds under threat from erosion in Fixter Park at Toogoom were relocated in March.

The \$30,000 project was a partnership between Council, the Toogoom Beach Progress Association and the State Government.

The project included new paving, relocation of an electrical barbecue and a new shelter shed with gas barbecue.

Pines playground replacement

In January, Council crews replaced the small children’s playground at The Pines Park in Pialba.

The \$40,000 project took approximately two weeks to complete and included a multi-level playhouse, slippery slide, eye spy panel and circular see-saw.

Hervey Bay Library renovations

Director of Regional Access and Public Libraries for the State Library of Queensland, Jane Cowell made a flying visit to the Fraser Coast to officially unveil the new look Hervey Bay Library in January.

The \$254,000 project was a joint partnership between Council and the State Library of Queensland, which provided \$20,000 in funding.

The work included installing a new service desk, new carpet, painting and new computer desks along with new shelving and book ends.

Fraser Coast Libraries also launched the new Catalogue App to allow users to search for books and other resources, reserve copies and access almost anything in the Fraser Coast Libraries catalogue.

Torquay Viewing Deck

Work commenced on an 8-metre by 9-metre viewing platform atop the dunes at Bill Fraser Park in Torquay in November.

The \$142,000 project was part of a larger \$420,000 project to beautify the park and included:

- Disabled beach access;
- New pathways;
- A viewing deck;
- Recreational infrastructure including tables;
- Barbecues;
- Beach showers; and,
- Shaded areas and the relocation of existing coastal fencing.

The State Department of Local Government provided \$168,812 towards the project and it was completed in June.

Harbour Park playground

A new playground was built at Harbour Park in Urangan in February.

The \$66,000 project included new swings and play equipment, a picnic shelter, tables and seats.

Portside by Night Tour

Maryborough’s historic Portside Precinct came to life when the first fully guided Portside by Night walking tour was held in April.

More than 35 people attended the tour.

It is now held on the last Friday of every month.



Maryborough drainage project

Lanson Civil undertook a \$438,000 contract to refurbish a stormwater drain through Queens Park in Maryborough in October.

The work is continuation of the project to replace the storm-damaged drain that funnels water from the CBD to the Mary River under the Harland car park, behind Woolworths.

The project was undertaken in two stages; firstly replacing 200m of stormwater pipe through the park followed by work to replace the section under Sussex Street.

Work was completed in March.

Tiaro Interpretive Centre

Council received a \$60,000 grant from the State Government to the \$150,000 Tiaro Interpretive Centre help fund.

Work started in April and included a timber deck covered by a shade structure beside the Tiaro Visitor Information Centre, a sculpture of a Mary River turtle, and a pathway to an indoor interpretive centre under the Tiaro Medical Centre.

Hervey Bay Botanic Gardens

In May Council launched an interactive survey to gauge suggestions on how to improve the Hervey Bay Botanic Gardens.

Respondents were asked to answer 10 short questions about their experience in the Botanic Gardens including how they found out about the gardens and how they rated their experience.

More than 80 people responded and Council is now reviewing the results.

Live Life Healthy

Council's Live Life Healthy Team hosted a series of Aqua Aerobics and Learn to Swim programs at the Hervey Bay and Maryborough Aquatic Centres.

The classes ranged from low and high impact activities, aerobics, yoga, special needs, children's and mothers' classes.

More than 5,478 participants attended the classes over the course of the year, with an average of 15 people per class.

Sunday Riverside

The first Sunday Riverside was held in June and attracted more than 120 guests to the River Deck at the Brolga Theatre.

The event is now held on the first Sunday of the month and includes food and drinks, live music, and children's activities.



120

attended the first Sunday Riverside

200m

upgrade of stormwater pipe

\$150,000

Tiaro Interpretive Centre

Statutory Information

INDEX OF LEGISLATIVE REQUIREMENTS

State Government legislation requires Council to include specific information in its Annual Report. The table below provides an index for easy reference to the location of the legislative requirements disclosed within this Annual Report:

Local Government Act 2009

Requirement	Title	Page/s
Section 41	Identifying beneficial enterprises	33
Section 45(a)(b)(c)(d)	Identifying significant business activities	33
Section 201(1)(a)(b)	Senior management remuneration	33

Local Government Regulation 2012

Requirement	Title	Page/s
Section 183(a)	General purpose financial statement audited by the Auditor-General	48-117
Section 183(b)	Current-year financial sustainability statement audited by the Auditor-General	118-121
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Beneficial Enterprises

Pursuant to section 41 of the *Local Government Act 2009*, following is a list of beneficial enterprises conducted by Council during the 2013/14 financial year:

- Wideline Pty Ltd
- Fraser Coast Opportunities Ltd

Business Activities

Pursuant to Section 45(a) of the *Local Government Act 2009*, following is a list of business activities conducted during the 2013/14 financial year:

- Caravan Parks
- Airports
- Brolga Theatre
- Building Certification

Significant Business Activities

Pursuant to Section 45(b) of the *Local Government Act 2009*, following are business activities identified as Significant Business Activities:

Solid Waste Management – Fraser Coast Waste

Pursuant to Section 45(c) of the *Local Government Act 2009*, the competitive neutrality principle was applied to Fraser Coast Waste.

Pursuant to Section 45(d) of the *Local Government Act 2009*, there were no new significant business activities in 2013/14.

Senior Management Remuneration Package

Pursuant to Section 201(1)(a) of the *Local Government Act 2009*, the total of all remuneration packages payable to the senior management of Council, including the Chief Executive Officer, and employees whose position ordinarily would be considered to be a senior position in the local government's corporate structure, for the 2013/14 financial year was \$1,003,537.

Pursuant to Section 201(1)(b) of the *Local Government Act 2009*, following is the number of employees in senior management who were paid each band of remuneration:

- \$200,000 to \$300,000 - 4

Remuneration package includes salary and superannuation at 12%.

Expenses Reimbursement Policy

Council's *Expenses Reimbursement and Provision of Facilities for Mayor and Councillors Policy* authorises the payment of reasonable expenses incurred, or to be incurred, by Councillors; and provides facilities, including administrative support staff, to assist Councillors to discharge their duties and responsibilities, having regard to local circumstances.

Pursuant to Section 185(a) of the *Local Government Regulation 2012*, amendments to Council's Policy were adopted under Section 250(1) of the Regulation at Ordinary Meetings held 4 September 2013 and 6 November 2013 and a Special Meeting held 11 June 2014.

Resolutions made setting amounts for each different type of non-current physical asset

Pursuant to Section 185(b) of the *Local Government Regulation 2012*, during the 2013/14 year, there were no resolutions made under Section 206(2) of the Regulation, setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.

Councillors' Remuneration and Superannuation

Under Section 244 of the *Local Government Regulation 2012*, the effective date for the Queensland Independent Remuneration Tribunal's decision taken 1 December 2013 on the maximum amount of remuneration payable to the Mayor, Deputy Mayor and Councillors was set at 1 July 2014. Consequently, the Remuneration Rates and Superannuation Contributions resolved at Ordinary Meeting held 20 February 2013 (as follows) for payment to the Mayor, Deputy Mayor and Councillors for the period 1 January to 31 December 2013 remained current to 30 June 2014.

Remuneration Rates as a percentage of Reference Rate of \$140,578:

Mayor 95%, Deputy Mayor 62.5%, Councillors 55%.

Superannuation Contributions of 12% of a Councillor's base remuneration.

Pursuant to Section 186(a) of the *Local Government Regulation 2012*, totals of remuneration and superannuation contributions paid to each Councillor during the 2013/14 financial year appear in the following table.

Expenses incurred by and facilities provided to Councillors

Pursuant to Section 186(b) of the *Local Government Regulation 2012*, Councillors were provided with electronic equipment to enable them to perform their duties. Resources included a computer workstation/iPad3, printer, modem and Smart Phone.

Expenses were incurred for vehicle usage, conference registrations, accommodation, meals, travel expenses and telecommunications totalling \$150,952 for the financial year. Details are in the following table.

Councillors' Remuneration, Superannuation and Expenses 1 July 2013 - 30 June 2014

Councillor	Gross Salary/Earnings (\$)	Council Superannuation Contribution Paid (\$)	Expenses (\$)
Cr Darren Everard	77,318.00	9,278.00	15,494
Cr Robert Garland	77,318.00	9,278.00	11,155
Cr James Hansen	77,318.00	9,278.00	13,933
Cr Rolf Light	77,318.00	9,278.00	15,180
Cr Chris Loft	77,318.00	9,278.00	10,880
Cr Trevor McDonald	77,318.00	9,278.00	13,359
Cr Gerard O'Connell	133,549.00	16,026.00	19,302
Cr Daniel Sanderson	77,318.00	9,278.00	12,197
Cr George Seymour*	86,725.00	10,407.00	11,755
Cr Stuart Taylor **	78,453.00	9,414.00	13,303
Cr Phil Truscott	77,318.00	9,278.00	14,394

* Includes Deputy Mayor allowance 1/7/13 to 6/5/14

** Includes Deputy Mayor allowance 7/5/14 to 30/6/14

Councillors' Attendance at Meetings

Pursuant to Section 186(c) of the *Local Government Regulation 2012*, following is a table of Meeting Attendance by Councillors for the period July 2013 to June 2014:

Councillor	Ordinary Meetings Attended	Special Meetings Attended	Total Number of Meetings Attended	Absent on Official Council Business	Ill/Annual Leave/Special Leave	Total Number of Meetings Held
Cr Gerard O'Connell	20	2	22	0	0	22
Cr Darren Everard	20	2	22	0	0	22
Cr Robert Garland	19	2	21	0	1	22
Cr James Hansen	19	2	21	0	1	22
Cr Rolf Light	18	1	19	0	3	22
Cr Chris Loft	20	2	22	0	0	22
Cr Trevor McDonald	20	2	22	0	0	22
Cr Daniel Sanderson	20	2	22	0	0	22
Cr George Seymour	20	2	22	0	0	22
Cr Stuart Taylor	18	2	20	2	0	22
Cr Phil Truscott	18	2	20	0	2	22

Note: Meetings included: 20 x Ordinary Meetings
2 x Special Meetings

Councillors' Attendance at Conferences and Industry Events

Councillors attended the following conferences/industry events during the 2013/14 financial year:

Conference / Industry Event	Number of Councillors
Australian Local Government Association National General Assembly, Canberra	1
Australian Mayor's Aviation Council Annual Conference	1
Local Government Association of Queensland Conference, Brisbane	2
Museums Australia National Conference, Launceston, Tasmania	1

Councillor Portfolios

At Council's Ordinary Meeting held 7 May 2014, Council conducted a review of Councillors' appointment to Portfolios and adopted the following:

Portfolio	Areas or Priority	Councillor
Tourism, Marketing & Communications	<ul style="list-style-type: none"> Tourism Promotion Regional Marketing & Communications 	Cr Stuart Taylor
Sport, Recreation, Open Space & Events	<ul style="list-style-type: none"> Sporting facilities & capacity building Open space & recreation facilities Events & Sports Tourism 	Cr Darren Everard
Community, Heritage & Family Services	<ul style="list-style-type: none"> Youth Services Library Services Community Development Disability Services Heritage Seniors 	Cr George Seymour
Cultural & Performing Arts	<ul style="list-style-type: none"> Brolga Theatre - Performing Arts Gatakers Artspace & Hervey Bay Regional Art Gallery Community Theatres Cultural Services & Events 	Cr Phil Truscott
Infrastructure & Planning	<ul style="list-style-type: none"> Infrastructure Planning (eg Walk & Cycle, Carparking Strategy, Priority Infrastructure Plans, Structure Plans etc, Planning Scheme) Planning & Development matters including industry liaison & engagement Stormwater & Drainage Strategy Coastal Management Marine Infrastructure 	Cr Trevor McDonald
Primary Production & Rural Infrastructure	<ul style="list-style-type: none"> Liaison with primary production, agricultural and seafood industries Weed & Feral Animal Management River Streams & Waterways Rural Infrastructure 	Cr James Hansen
Community Health, Education & Training	<ul style="list-style-type: none"> Advocacy & Facilitation of Community Health, Education & Training Services Careers & Jobs Expo "Let's Get Fraser Coast Working" Group Animal Management Working Group Community Health Programs Waste Management Education Programs Fraser Coast Education Alliance - Education Precinct 	Cr Robert Garland
Small Business, Manufacturing & Service Industry	<ul style="list-style-type: none"> Small Business Manufacturing & Service Industries Resource sector supply chains 	Cr Chris Loft
City & Town Centre Development	<ul style="list-style-type: none"> Revitalisation strategies for CBD & Townships CBD Revitalisation / Maryborough City Heart Branding Esplanade Development / Foreshore Enhancement Nodes, Infrastructure & Precinct Creation Imagine this City / Imagine Fraser Coast / Community Plan Investment Attraction & Town Planning 	Cr Daniel Sanderson
Economic Development	<ul style="list-style-type: none"> Investment Attraction Economic Development Incentives Aviation 	Cr Gerard O'Connell
Community Resilience	<ul style="list-style-type: none"> Community Resilience Disaster & Preparedness Volunteering SES Rural Fire Warden Programs LDMG Volunteering Committee (promote volunteerism & participation) Disaster Levy Committee 	Cr Rolf Light

Council Representation

Fraser Coast Councillors represent the interests of the region on a number of Council Committees, Reference Groups and External Committees/Organisations including:

(a) Council Committees:

Committee	Representation	Councillor 2014
Audit Committee	2 Councillors	Mayor Cr Rolf Light Cr Chris Loft (Observer)

(b) Council Reference Groups:

Reference Group	Councillor Representative 2014
Advancing Agriculture Advisory Group	Cr James Hansen Cr Chris Loft
Fraser Coast Inclusive Communities Reference Group	Cr George Seymour
Fraser Coast Heritage Reference Group	Cr George Seymour
Mungomery Vine Forest Committee	Cr Trevor McDonald
Sister Cities Community Reference Committee	Cr George Seymour

(c) External Committees / Organisations:

Organisation	Portfolio / Councillor Representative 2014
Fraser Coast Education Alliance	Cr Robert Garland
Fraser Coast Opportunities Ltd (FCO)	Mayor
FCO Event Advisory Group	Cr Darren Everard Cr Phil Truscott
FCO Investment Attraction Advisory Group	Cr Christ Loft Cr Daniel Sanderson Cr James Hansen
FCO Tourism Advisory Group	Cr Stuart Taylor Cr Robert Garland
Fraser Island World Heritage Community Advisory Committee	Cr George Seymour
Hervey Bay Chamber of Commerce	Cr Daniel Sanderson
Hervey Bay Safety Network	Cr Daniel Sanderson
Local Disaster Management Group	Mayor (Proxy Deputy Mayor)
Maryborough Chamber of Commerce	Cr Daniel Sanderson
Maryborough & District Committee on the Ageing Inc	Cr George Seymour
Maryborough Safety Network Committee	Cr Daniel Sanderson
Maryborough Technology Challenge Advisory Committee	FCO Events Advisory Committee
Mary River Catchment Coordinating Committee	Cr James Hansen
Pub Fest Advisory Committee	FCO Events Advisory Committee
Rural Fire Brigades	Cr James Hansen or Cr Rolf Light
Tiaro & District Landcare Group	Cr James Hansen
Tourism Fraser Coast Ltd	Now Fraser Coast Opportunities
UDIA Fraser Coast Executive	Mayor
Water & Wastewater Advisory Committee	Mayor, Cr Robert Garland, Cr Stuart Taylor, Cr Trevor McDonald, Cr George Seymour
Wide Bay Burnett Regional Organisation of Councils (WBBROC)	Mayor (Proxy Deputy Mayor)
Wide Bay Burnett Regional Roads Group	Cr Trevor McDonald
Wide Bay Burnett Regional Water Supply Strategy - Strategy Management Committee	Part of WBBROC
Wide Bay Regional Planning Advisory Committee (RPAC)	Mayor (Proxy Cr Trevor McDonald)
Wide Bay Water Corporation	Mayor
Widelinx Pty Ltd	Cr Stuart Taylor Cr Trevor McDonald

Code of Conduct for Councillors

Section of Local Government Regulation 2012	Number of Complaints/ Orders	Recommendation Section of Local Government Act 2009
186(d)(i)	0	180(2) & (4)
186(d)(ii)	0	181
186(f)(i)	5	No further action taken under Section 176C(2)
186(f)(ii)	1	Complaint referred to Department's Chief Executive under Section 176C(3) (a)(i)
186(f)(iii)	0	176C(3)(a)(ii) or (b)(i)
186(f)(iv)	0	176C(4)(a)
186(f)(v)	0	n/a
186(f)(vi)	0	n/a
186(f)(vii)	0	n/a
186(f)(viii)	0	n/a

Administrative Action Complaints

Pursuant to Section 187(1)(a) and (b) of the *Local Government Regulation 2012*:

Council's Complaints Management Process ensures that, to the greatest practicable extent, any complaint is dealt with fairly, promptly, professionally, in confidence (subject to any legal requirements) and in a manner respectful to the complainant.

Council treats complaints seriously and has implemented a policy and procedure with Council's endorsement. As per the policy, a complainant may lodge a complaint via written, electronic and verbal means.

Pursuant to Section 187(2)(a) and (b) of the *Local Government Regulation 2012*, Council received 173 Administrative Action Complaints through this process.

There were no unresolved Administrative Action Complaints carried over from 2012/13 financial year.

Councillors and Employees' Overseas Travel

Pursuant to Section 188(1) of the *Local Government Regulation 2012*:

No overseas travel was undertaken by Councillors or employees in the 2013/14 financial year.

Council Expenditure on Grants to Community Organisations

Pursuant to Section 189(a) of the *Local Government Regulation 2012*, Council's expenditure on grants to community organisations for the 2013/14 financial year totalled \$94,542. \$30,628 was invested in community groups for upgrades to sporting and community facilities and \$63,914 was invested in supporting regional events.

Councillors' Discretionary Fund Expenditure

Pursuant to Section 189(b) of the *Local Government Regulation 2012*:

- \$1.1 million discretionary funding was approved for capital works for community purpose. Total expenditure for the reporting period was \$589,473. An amount of \$439,339 was approved to be carried forward into the next reporting period.
- There was no discretionary fund expenditure by Councillors for community organisations in the reporting period.

Commercial Business Units

Pursuant to Section 190(1)(c) and (2)(a) to (d) of the *Local Government Regulation 2012*, Council did not operate any commercial business units during the reporting period.

Service Facility or Activity

Pursuant to Section 190(1)(d)(i) of the *Local Government Regulation 2012*, there was no action taken for, and expenditure on, a service facility or activity supplied by another local government under an agreement for conducting a joint government activity.

No joint local government activities were entered into during the reporting period.

Special Rates and Charges

Pursuant to Section 190(1)(d)(ii) of the *Local Government Regulation 2012*, details of any action taken for, and expenditure on, a service facility or activity for which Council levied special rates or charges for the financial year are as follows:

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.

Changes to Tenders

Pursuant to Section 190(1)(e) of the *Local Government Regulation 2012*, one invitation was extended to change a tender under Section 228(7) of the Regulation during the reporting period.

List of Registers kept by Council

Pursuant to Section 190(1)(f) of the *Local Government Regulation 2012*, the following Fraser Coast Regional Council Registers are kept and are open to inspection:

- Register of Beneficial Enterprises
- Register of Business Activities to which Competitive Neutrality Principles Apply
- Register of Contracts
- Register of Cost-recovery Fees
- Register of Councillors' Interests
- Register of Delegations by CEO
- Register of Local Laws
- Register of Roads

Summary of Concessions for Rates and Charges granted by Council

In considering the application of concession under Section 190(1)(g) of the *Local Government Regulation 2012*, 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;
- 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 \$1,702,712 for the period 1 July 2013 to 30 June 2014.

(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 \$526,831 for the period 1 July 2013 to 30 June 2014.

(c) To encourage the prompt payment of rates and charges a 10% discount was allowed if all annual rates and charges were paid in 45 clear days after the issue of a rate notice and 7.5% discount was allowed if all water and sewerage charges were paid in 30 clear days after the issue of a water and sewerage notice.

Total discount allowed was \$10,660,046 (consolidated) for the period 1 July 2013 to 30 June 2014.



Internal Audit Report

Pursuant to Section 190(1)(h) of the *Local Government Regulation 2012*, following is the report on Internal Audits for the reporting period:

The Audit Committee approved a 3 year internal audit plan that consists of 7 audits for 2013/14, 8 audits for 2014/15 and 9 audits for the 2015/16 year. These audits are conducted by the Internal Auditor and the findings presented to the Audit Committee for approval and monitoring.

The 2013/14 year resulted in 5 audits completed and commenced. The completed audits resulted in 76 action items for completion by the organisation. The Internal Auditor, Chief Executive Officer and the Audit Committee continue to monitor any unresolved issues.

Competitive Neutrality Complaints

Pursuant to section 190(1)(i) and (j) of the *Local Government Regulation 2012*, no complaints in relation to competitive neutrality were received during the reporting period.

Right to Information

18 Right to Information applications and 13 Information Privacy applications were received during the 2013/14 reporting period. Reviews undertaken: Internal 6, External 5.

Employees' Code of Conduct

Pursuant to Section 23 of the *Public Sector Ethics Act 1994*:

Section 15 (Preparation of Code of Conduct): Fraser Coast Regional Council employees work under the principles and ethics of a Code of Conduct which outlines the four ethics values in accordance with the *Public Sector Ethics Act 1994*.

Section 21 (Education and training): During the period 1/7/13 to 30/6/14 Fraser Coast Regional Council employees were educated and trained on the Code of Conduct during induction of new employees and, for existing employees, refresher as required by one-on-one, intranet notification and intranet document portal.

Section 22 (Procedures and practices of public sector entities): Fraser Coast Regional Council administrative procedures and management practices have proper regard for the *Public Sector Ethics Act 1994* and the Code of Conduct through the development of best practice policies, procedures and guidelines which outline and support the ethics obligations of employees in the public sector.

General Purpose Financial Statement, Current-year Financial Sustainability Statement, Long term Financial Sustainability Statement, Auditor-General's Audit Reports and Community Financial Report

Pursuant to Sections 183(a)(b)(c)(d) and 184 of the *Local Government Regulation 2012*:

The Community Financial Report follows this section of Statutory Information. The Report is intended to simplify complex financial information, making it easier to understand Council's financial statements which are prepared in accordance with legislation.

Council's General Purpose Financial Statement, Current-year Financial Sustainability Statement, Long Term Financial Sustainability Statement and Auditor-General's Audit Reports appear following the Community Financial Report.

The Community Financial Report is a plain English summary of Council's financial statements prepared in accordance with Section 179 of the *Local Government Regulation 2012*.

1. About Council's end of year financial statements

What you will find in the financial statements

The audited financial statements of Council set out the financial performance, financial position, cash flows and the net wealth of Council for the financial year ended 30 June 2014.

About the management certificate

The financial statements must be certified by both the Mayor and the Chief Executive Officer as presenting fairly Council's financial results for the year, and are required to be adopted by Council, ensuring both responsibility for and ownership of the financial statements by management and elected representatives.

About the financial statements

The financial statements incorporate four primary financial statements and accompanying notes. The statements assist in providing a high level picture of Council finances for the 2013/14 year. In addition, there are three ratios which must be reported by all local governments, for both the current year and a forecast for the next ten financial years. These ratios are measures of financial sustainability and the calculations are required to be audited.

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing both regular income and expenses and other comprehensive income which records items such as changes in the fair values of Council's assets and investments.

2. A Statement of Financial Position

A 30 June 2014 snapshot of Council's financial position including its assets and liabilities.

3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's net wealth.

4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

5. Notes to the Financial Statements

Provides greater detail to the line numbers of the four primary financial statements.

6. Financial Sustainability Statements

Special purpose statements reporting three financial sustainability measures: operating surplus ratio, asset sustainability ratio and net financial liabilities ratio as required by the *Local Government Regulation 2012* and the *Financial Management Sustainability Guideline 2013*.

The purpose and relationship between the four key financial statements is set out in the diagram below.

Statement of Comprehensive Income	Consolidated \$'000	Council \$'000	Purpose
Total income	224,932	165,891	Shows the extent to which community equity has been increased or decreased, showing all revenue earned and expenses incurred for the financial year.
Total expenses	(196,398)	(140,913)	
Net Result for year	28,534	24,978	
Other comprehensive income	16,572	16,572	
Total Comprehensive Income for year	45,106	41,550	
Statement of Changes in Equity	Consolidated \$'000	Council \$'000	Purpose
Opening Balance	1,869,861	1,522,309	Shows the movement in total community equity (what the Council is worth) as at 30 June 2014.
Net result for year	28,534	24,979	
Asset revaluations and other movements	16,572	16,572	
Total Community Equity at end of year	1,914,967	1,563,860	
Statement of Cash Flows	Consolidated \$'000	Council \$'000	Purpose
Operating activities	55,850	33,241	Shows the nature and amount of Council's cash inflows and outflows from all activities. Council's consolidated cash held at 30 June 2014 was \$146.93 million down slightly from \$147.88 million at 30 June 2013.
Investing activities	(50,966)	(34,005)	
Financing activities	(5,836)	132	
Net increase in cash held	(952)	(632)	
Cash at beginning of the year	147,880	142,664	
Cash at end of the year	146,928	142,032	
Statement of Financial Position	Consolidated \$'000	Council \$'000	Purpose
Cash and investments	146,928	142,032	Shows the assets and liabilities which make up the community equity as at 30 June 2014.
Other current assets	54,370	52,771	
Non current assets	1,922,277	1,502,756	
Total Assets	2,123,575	1,697,559	
Current liabilities	40,432	53,363	
Non Current liabilities	168,176	80,336	
Total Liabilities	208,608	133,699	
Net Community Assets	1,914,967	1,563,860	
Capital and retained surplus	1,584,715	1,380,723	
Asset revaluation surplus	330,252	183,137	
Total Community Equity	1,914,967	1,563,860	

About the auditor's report

Council's financial statements are required to be audited by the Queensland Audit Office. The audits of many Queensland councils are contracted to audit firms that specialise in Local Government. The auditor provides an audit report which gives an opinion on whether the financial statements present fairly Council's financial performance and position.

The statement of comprehensive income includes ordinary revenues and expenses from the operating activities of Council 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 and 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 Council, such as wages, maintenance costs, materials, depreciation and finance costs. The statement of comprehensive income also shows other comprehensive income which includes increases to Council's asset revaluation surplus.

Council's result at a glance

	Consolidated 2014	Consolidated 2013	Council 2014	Council 2013
Operating revenue	179,743,741	172,375,603	127,000,495	122,910,709
Operating expenditure	175,653,347	171,935,066	122,821,180	118,867,976
Net result before capital revenue	4,090,394	440,537	4,179,315	4,042,733
Capital revenue	45,188,580	24,781,588	38,890,832	22,956,145
Capital expenses	20,744,908	34,330,303	18,091,378	21,551,480
Net result	28,534,066	(9,108,178)	24,978,769	5,447,398

Council's operating position reflects its ability to meet its day to day running costs from operating revenue. This includes the ability to fully fund the depreciation of assets.

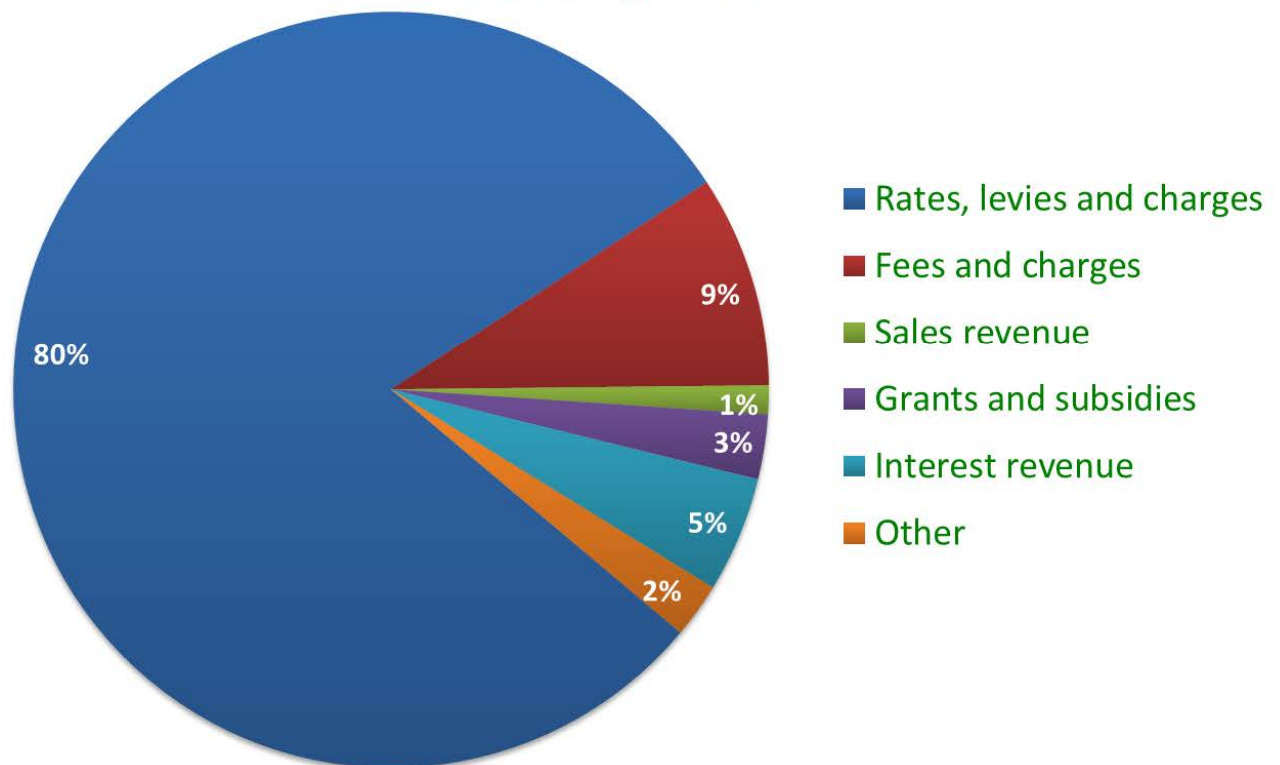
Council's operating position is a surplus of \$4.18 million, and the consolidated operating position as at 30 June 2014 is a surplus of \$4.09 million.

REVENUE

Fraser Coast Regional Council aims to raise money in order to maintain the delivery of services during the current and future years.

Council's main source of consolidated revenue is rates and charges, which totalled \$143 million or 80% of consolidated operating revenue for the financial year. The major sources of rates income include general rates, water access charges, water consumption charges and waste and wastewater disposal charges.

Where did the money come from? Operating revenue



Council's operating revenue at a glance

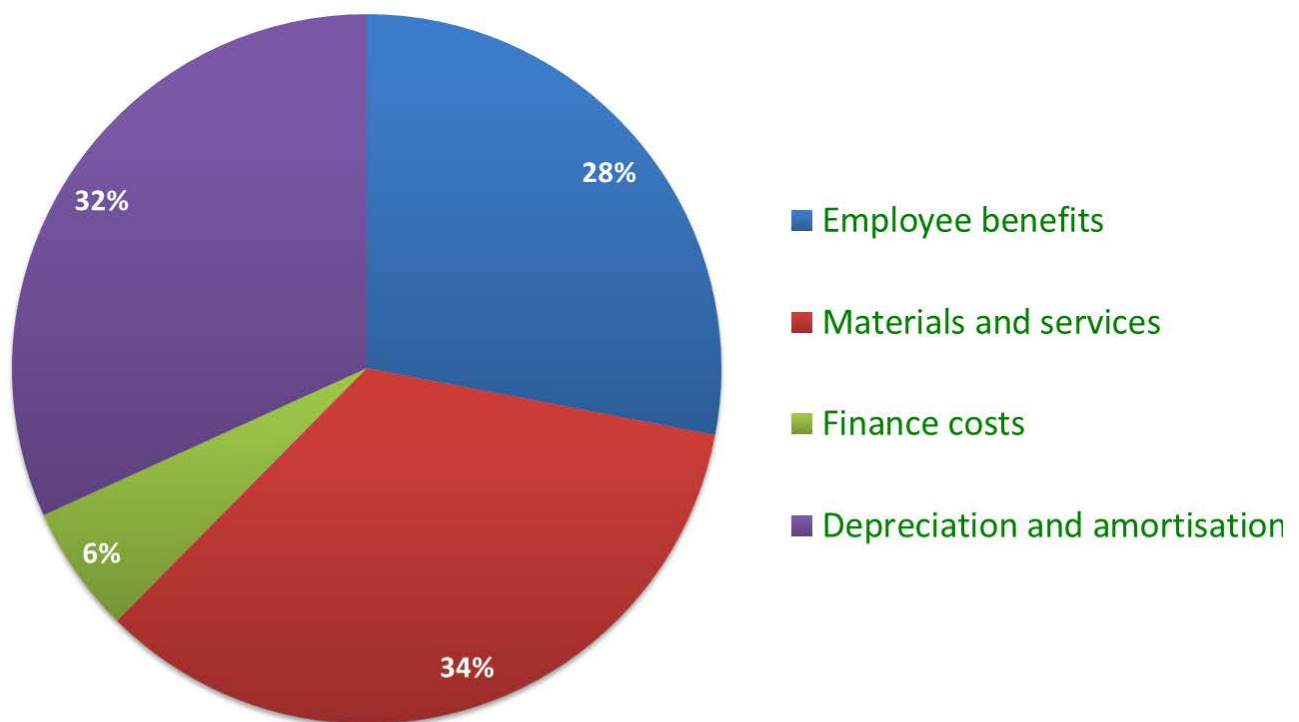
	Consolidated 2014	Consolidated 2013	Council 2014	Council 2013
Rates, levies and charges	143,124,309	133,879,874	81,595,904	75,997,899
Fees and charges	16,341,743	14,588,354	15,515,537	13,907,238
Interest revenue	8,901,734	8,654,023	14,048,550	14,569,182
Operating grants and subsidies	4,969,817	8,127,648	4,952,317	8,094,505
Other income	6,406,138	7,125,704	10,888,187	10,341,885
Total operating revenue	179,743,741	172,375,603	127,000,495	122,910,709

EXPENSES

What expenses did Council have to meet – How was the money spent?

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

How was the money spent? Operating expenses



Council's operating expenditure at a glance

	Consolidated 2014	Consolidated 2013	Council 2014	Council 2013
Employee benefits	49,205,834	49,600,432	36,129,896	35,462,357
Materials and services	60,465,210	55,122,890	47,862,563	43,606,167
Finance costs	10,167,888	9,931,410	4,158,186	4,030,084
Depreciation and amortisation	55,814,415	57,280,334	34,670,535	35,769,368
Total operating expenses	175,653,347	171,935,066	122,821,180	118,867,976

Council's net wealth

The Statement of Financial Position shows what we own (assets), what we owe others (liabilities) and our net community wealth (equity).

Council's net wealth

	Consolidated 2014	Consolidated 2013	Council 2014	Council 2013
Assets	2,123,575,720	2,084,238,399	1,697,559,165	1,655,394,480
Less liabilities	208,608,022	214,377,160	133,699,373	133,085,850
Equity	1,914,967,698	1,869,861,239	1,563,859,792	1,522,308,630
Represented by:				
Retained surplus	1,584,715,388	1,556,181,322	1,380,723,211	1,355,744,442
Asset revaluation surplus	330,252,310	313,679,917	183,136,581	166,564,188
Net community equity	1,914,967,698	1,869,861,239	1,563,859,792	1,522,308,630

ASSETS

New infrastructure is acquired through Council investment and contributions by developers. Council eventually takes ownership and responsibility for replacement of community assets built by developers. These include roads, drainage, water and waste water infrastructure and parklands. The value of community assets has increased by about \$40 million mainly due to the inclusion of a number of infrastructure assets in the asset registers that had not previously been recognised, following a comprehensive review of Council's asset databases.

In addition, Council holds other short term assets including cash assets held in bank accounts and investments of approximately \$142 million (consolidated \$146.9 million). These cash reserves are funds Council is required to put aside for future projects such as replacement of roads, stormwater drainage, water and wastewater systems.

LIABILITIES

Council's largest liability is its interest bearing loans with Queensland Treasury Corporation (QTC), which at 30 June 2014 stood at approximately \$74.8 million (consolidated \$168.7 million).

Council undertakes a loan borrowing program to fund new major facilities that are constructed to service community needs. In the current financial year, Council borrowed a further \$8.97 million and repaid \$8.83 million (consolidated – borrowed \$8.97 million, repaid \$14.80 million). Affordability indicators show that Council is comfortably able to service its debt position.

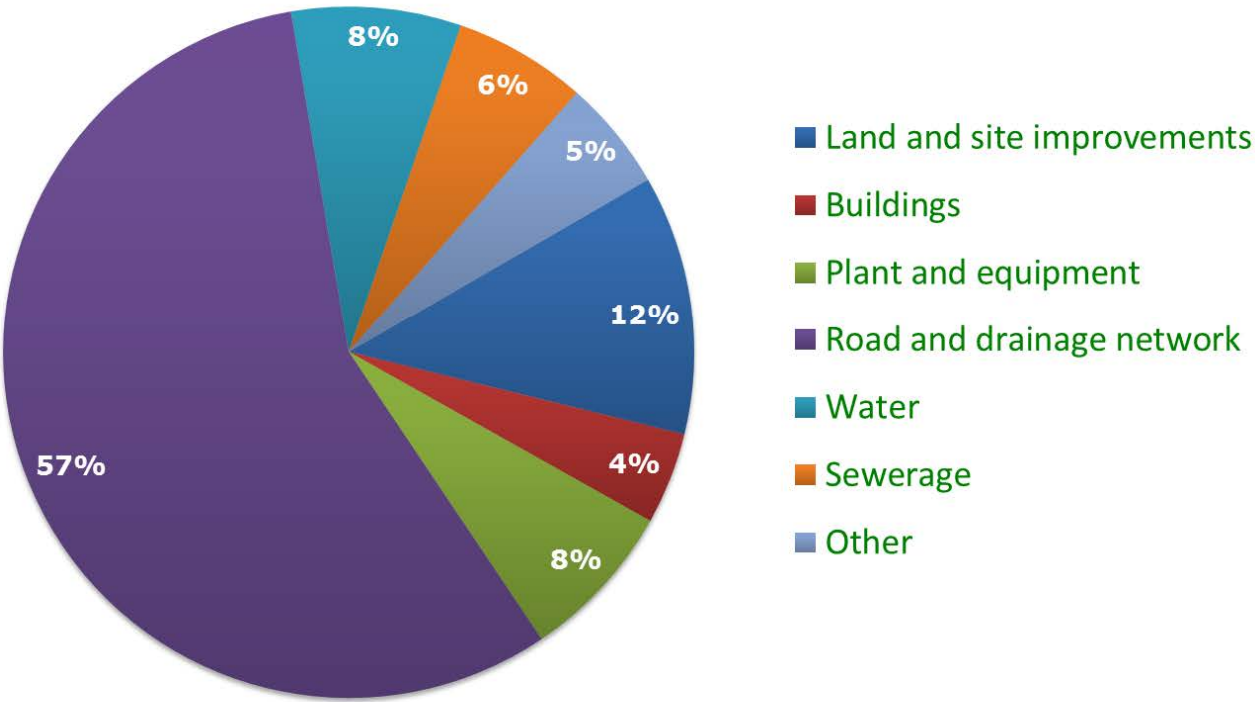
EQUITY

This represents the net value of total community assets, i.e. what our community owns. Part of equity includes the cash held by Council, of which there are internal restrictions on the majority of the cash it holds (e.g. for future capital works). This used to be represented by reserves, however during the previous financial year; Council closed all existing reserves and currently accounts for the restrictions on its cash using an internal management accounting system.

CAPITAL WORKS (investment in community infrastructure)

Total capital additions to Council’s non-current assets during the period totalled \$86.8 million. The majority of these were a result of the construction of new assets, funded from surplus funds, grants and subsidies, loans and cash reserves.

Capital Additions at Cost

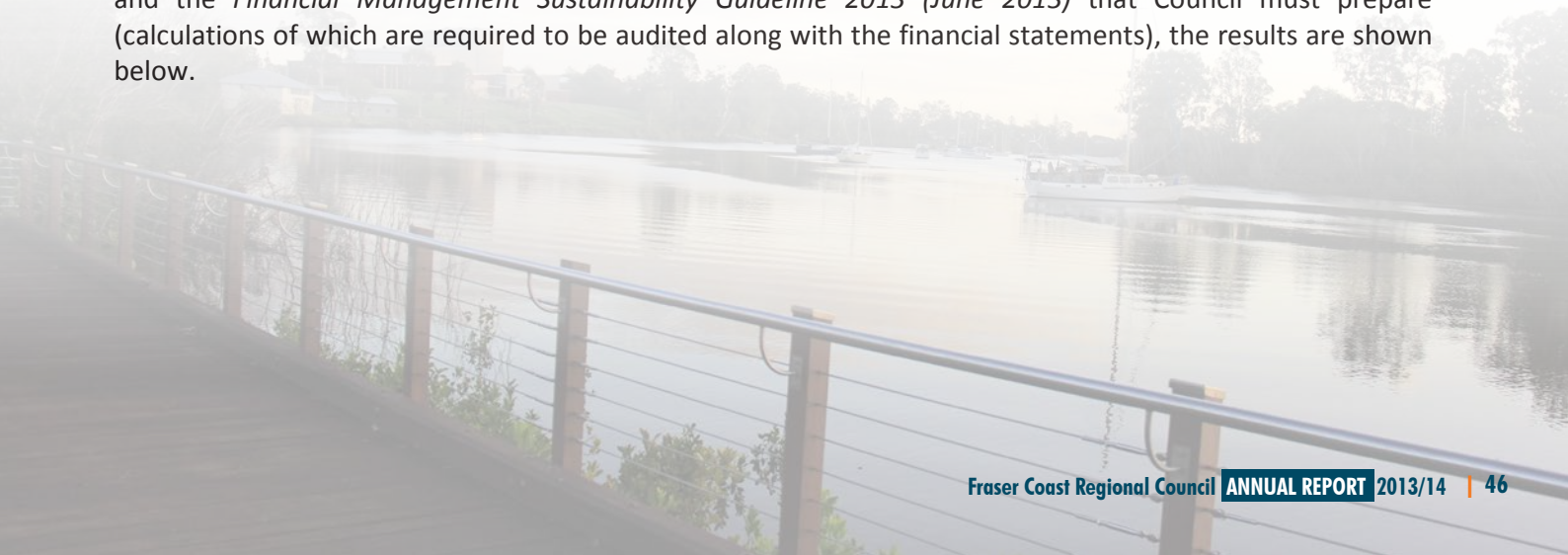


3. Financial sustainability measures

The financial sustainability of councils is now a cornerstone of the Local Government Act and a core responsibility of individual councils across Queensland.

Financial sustainability is defined as when a *"Local Government is able to maintain its financial capital and infrastructure capital over the long term"* [source: Financial Management (Sustainability) Guideline 2013].

There are three financial sustainability indicators (in accordance with the *Local Government Regulation 2012* and the *Financial Management Sustainability Guideline 2013 (June 2013)* that Council must prepare (calculations of which are required to be audited along with the financial statements), the results are shown below.



Financial sustainability indicator	How the measure is calculated	Target	Consolidated	Council
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	0% - 10%	2.28%	3.29%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	58.57%	75.64%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Less than 60%	4.07%	(48.11%)

4. Financial management strategy

Council is currently working to advance its forward financial planning. Currently work is continuing to consolidate changes in line with the *Local Government Act 2009*, including the better integration of asset management planning with the long term financial plan. Council's strategic long term financial plan details Council's current financial management strategy and is adopted in the revenue statement and budget. Fraser Coast Regional Council will continue its commitment to sound financial management through long term financial planning to ensure the success and stability of this region.

During the current financial year, a comprehensive review of Council's infrastructure asset databases was undertaken to improve consistency and quality of asset data. This review involved the rebuilding of asset databases, desk-top audits, matching of assets and their attributes to Council's GIS (Geographic Information System), and applying asset condition data. Council is further committed to maintaining high quality asset data to better assist in making decisions about maintaining and improving its \$1.9 billion of assets.

In addition, Council is undertaking continuous improvement reviews to find efficiencies in its processes. Work is also under way to conduct comprehensive service level reviews of key Council operations in order to ensure services are provided to the community at the appropriate level and full funding impacts are considered before service levels are changed.

Fraser Coast Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014



General purpose financial statements
for the year ended 30 June 2014

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Overview

- (i) These financial statements are general purpose financial statements and cover the consolidated operations for Fraser Coast Regional Council.
- (ii) All figures presented in these financial statements are presented in Australian currency.
- (iii) These financial statements were authorised for issue by Council on 15/10/14. Council has the power to amend and reissue the financial statements.

Statement of Comprehensive Income

for the year ended 30 June 2014

		Consolidated		Council	
	Notes	2014 \$	2013 \$	2014 \$	2013 \$
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3a	143,124,309	133,879,874	81,595,904	75,997,899
Fees and charges	3b	16,341,743	14,588,354	15,515,537	13,907,238
Rental income	3c	415,942	488,319	370,145	458,549
Interest revenue	3d	8,901,734	8,654,023	14,048,550	14,569,182
Sales revenue	3e	2,206,504	3,065,026	1,525,362	2,167,919
Other income	3f	3,783,692	3,572,359	8,992,680	7,715,417
Grants, subsidies, contributions and donations	4a	4,969,817	8,127,648	4,952,317	8,094,505
Total recurrent revenue		179,743,741	172,375,603	127,000,495	122,910,709
Capital revenue					
Grants, subsidies, contributions and donations	4b	31,218,375	23,396,437	25,091,564	22,070,739
Total revenue		210,962,116	195,772,040	152,092,059	144,981,448
Capital income	5	13,970,205	1,385,151	13,799,268	885,406
Total income		224,932,321	197,157,191	165,891,327	145,866,854
Expenses					
Recurrent expenses					
Employee benefits	6	49,205,834	49,600,432	36,129,896	35,462,357
Materials and services	7	60,465,210	55,122,890	47,862,563	43,606,167
Finance costs	8	10,167,888	9,931,410	4,158,186	4,030,084
Depreciation and amortisation	9	55,814,415	57,280,334	34,670,535	35,769,368
Total recurrent expenses		175,653,347	171,935,066	122,821,180	118,867,976
Capital expenses	10	20,744,908	34,330,303	18,091,378	21,551,480
Total expenses		196,398,255	206,265,369	140,912,558	140,419,456
Net result		28,534,066	(9,108,178)	24,978,769	5,447,398
Other comprehensive income					
<i>Items that will not be reclassified subsequently to net result</i>					
Increase/(decrease) asset revaluation surplus	24	16,572,393	(15,192,970)	16,572,393	(13,124,059)
Total other comprehensive income		16,572,393	(15,192,970)	16,572,393	(13,124,059)
Total comprehensive income		45,106,459	(24,301,148)	41,551,162	(7,676,661)

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

Statement of Financial Position

as at 30 June 2014

		Consolidated		Council	
	Notes	2014 \$	2013 \$	2014 \$	2013 \$
ASSETS					
Current assets					
Cash and cash equivalents	11	146,927,897	147,879,748	142,032,326	142,664,174
Trade and other receivables	12	52,952,318	50,189,204	52,039,900	47,366,723
Inventories	13	1,417,810	1,227,050	731,498	481,633
Total current assets		201,298,025	199,296,002	194,803,724	190,512,530
Non-current assets					
Trade and other receivables	12	-	-	73,500,000	73,500,000
Land held for development and resale	14	4,824,479	2,031,479	4,824,479	2,031,479
Investment in controlled entities	15	1,991,000	1,991,000	223,743,349	223,743,349
Property, plant and equipment	16	1,913,519,348	1,879,084,440	1,200,173,586	1,164,976,882
Intangible assets	18	718,114	811,867	514,027	630,240
Biological assets	19	1,224,754	1,023,611	-	-
Total non-current assets		1,922,277,695	1,884,942,397	1,502,755,441	1,464,881,950
Total assets		2,123,575,720	2,084,238,399	1,697,559,165	1,655,394,480
LIABILITIES					
Current liabilities					
Trade and other payables	20	20,987,403	22,162,578	42,169,166	43,010,950
Borrowings	21	12,351,142	15,776,765	6,084,148	9,352,955
Provisions	22	6,448,869	5,946,641	4,634,022	4,160,328
Other liabilities	23	644,300	1,053,210	475,793	728,526
Total current liabilities		40,431,714	44,939,194	53,363,129	57,252,759
Non-current liabilities					
Borrowings	21	156,356,279	158,773,479	68,752,648	65,358,509
Provisions	22	11,820,029	10,664,487	11,583,596	10,474,582
Total non-current liabilities		168,176,308	169,437,966	80,336,244	75,833,091
Total liabilities		208,608,022	214,377,160	133,699,373	133,085,850
NET COMMUNITY ASSETS		1,914,967,698	1,869,861,239	1,563,859,792	1,522,308,630
COMMUNITY EQUITY					
Asset revaluation surplus	24	330,252,310	313,679,917	183,136,581	166,564,188
Retained surplus	25	1,584,715,388	1,556,181,322	1,380,723,211	1,355,744,442
Reserves	26	-	-	-	-
TOTAL COMMUNITY EQUITY		1,914,967,698	1,869,861,239	1,563,859,792	1,522,308,630

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

Statement of Changes in Equity
for the year ended 30 June 2014

Consolidated	Notes	Asset revaluation surplus \$	Retained surplus \$	Reserves \$	Total equity \$
2014					
Balance as at 1 July 2013		313,679,917	1,556,181,322	-	1,869,861,239
Net result		-	28,534,066	-	28,534,066
Other comprehensive income					
Increase in asset revaluation surplus	24	16,572,393	-	-	16,572,393
Total comprehensive income		16,572,393	28,534,066	-	45,106,459
Balance as at 30 June 2014		330,252,310	1,584,715,388	-	1,914,967,698

Consolidated	Notes	Asset revaluation surplus \$	Retained surplus \$	Reserves \$	Total equity \$
2013					
Balance as at 1 July 2012		328,872,887	1,454,903,734	110,385,766	1,894,162,387
Net result		-	(9,108,178)	-	(9,108,178)
Other comprehensive income					
Decrease in asset revaluation surplus	24	(15,192,970)	-	-	(15,192,970)
Total comprehensive income		(15,192,970)	(9,108,178)	-	(24,301,148)
Transfers from reserves		-	110,385,766	(110,385,766)	-
Total transfers to and from reserves		-	110,385,766	(110,385,766)	-
Balance as at 30 June 2013		313,679,917	1,556,181,322	-	1,869,861,239

Statement of Changes in Equity
for the year ended 30 June 2014

Council	Notes	Asset revaluation surplus \$	Retained surplus \$	Reserves \$	Total equity \$
2014					
Balance as at 1 July 2013		166,564,188	1,355,744,442	-	1,522,308,630
Net result		-	24,978,769	-	24,978,769
Other comprehensive income					
Increase in asset revaluation surplus	24	16,572,393	-	-	16,572,393
Total comprehensive income		<u>16,572,393</u>	<u>24,978,769</u>	<u>-</u>	<u>41,551,162</u>
Balance as at 30 June 2014		<u>183,136,581</u>	<u>1,380,723,211</u>	<u>-</u>	<u>1,563,859,792</u>

Council	Notes	Asset revaluation surplus \$	Retained surplus \$	Reserves \$	Total equity \$
2013					
Balance as at 1 July 2012		179,688,247	1,239,911,278	110,385,766	1,529,985,291
Net result		-	5,447,398	-	5,447,398
Other comprehensive income					
Decrease in asset revaluation surplus	24	(13,124,059)	-	-	(13,124,059)
Total comprehensive income		<u>(13,124,059)</u>	<u>5,447,398</u>	<u>-</u>	<u>(7,676,661)</u>
Transfers from reserves		-	110,385,766	(110,385,766)	-
Total transfers to and from reserves		-	110,385,766	(110,385,766)	-
Balance as at 30 June 2013		<u>166,564,188</u>	<u>1,355,744,442</u>	<u>-</u>	<u>1,522,308,630</u>

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	Consolidated		Council	
		2014	2013	2014	2013
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		158,621,938	145,470,847	97,998,164	88,324,129
Payments to suppliers and employees		(113,708,064)	(106,084,379)	(87,653,705)	(79,621,423)
		44,913,874	39,386,468	10,344,459	8,702,706
Investment and interest revenue received		8,321,826	8,011,868	13,468,642	13,927,027
Rental income		415,942	488,319	370,145	458,549
Non-capital grants and contributions		5,750,856	8,052,983	5,733,356	8,019,840
Other income		6,463,261	7,936,492	4,025,373	8,634,590
Competitive neutrality adjustments		-	-	2,895,000	898,515
Corporate support charges		-	-	409,460	2,018,309
Borrowing costs		(10,015,653)	(9,766,867)	(4,005,951)	(3,865,541)
Net cash inflow from operating activities	32	<u>55,850,106</u>	<u>54,109,263</u>	<u>33,240,484</u>	<u>38,793,995</u>
Cash flows from investing activities					
Proceeds from sale of land held for resale		188,865	-	188,865	-
Proceeds from sale of property, plant and equipment		1,032,634	1,757,522	779,133	1,295,005
Capital grants, subsidies, contributions and donations		18,800,649	25,461,505	16,681,523	21,363,994
Purchase/construction of property, plant and equipment		(70,557,107)	(69,852,368)	(51,385,193)	(52,309,081)
Purchase of interest in associate		(113,098)	-	(113,098)	-
Payments for intangible assets		(317,983)	(121,876)	(155,800)	(121,876)
Payments for biological assets		-	(123,374)	-	-
Loans to related parties		-	-	-	10,000,000
Net cash outflow from investing activities		<u>(50,966,040)</u>	<u>(42,878,591)</u>	<u>(34,004,570)</u>	<u>(19,771,958)</u>
Cash flows from financing activities					
Proceeds from borrowings		8,965,668	20,297,200	8,965,668	10,237,200
Repayment of borrowings		(14,801,585)	(16,839,147)	(8,833,430)	(11,660,065)
Net cash inflow (outflow) from financing activities		<u>(5,835,917)</u>	<u>3,458,053</u>	<u>132,238</u>	<u>(1,422,865)</u>
Net increase (decrease) for the year		<u>(951,851)</u>	<u>14,688,725</u>	<u>(631,848)</u>	<u>17,599,172</u>
Cash and cash equivalents at the beginning of the financial year		147,879,748	133,191,023	142,664,174	125,065,002
Total cash and cash equivalents at the end of the financial year	11	<u>146,927,897</u>	<u>147,879,748</u>	<u>142,032,326</u>	<u>142,664,174</u>

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

Notes to the financial statements
for the year ended 30 June 2014

Contents of the notes accompanying the financial statements

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Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

(b) Statement of compliance

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

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of Wide Bay Water Corporation and its results for the year ended 30 June 2014. Council and Wide Bay Water Corporation together form the economic entity which is referred to as the consolidated entity. The financial statements of the other controlled entities, Wideline Pty Ltd and Fraser Coast Opportunities Ltd are included in Note 30 but are not consolidated as they do not have a material effect on the results.

In the process of reporting Council as a single economic entity, all transactions with Wide Bay Water Corporation have been eliminated. In addition, the accounting policies of Wide Bay Water Corporation have been adjusted, where necessary, on consolidation to ensure that the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of Council, with the exception of the impairment of Wide Bay Water Corporation's waterpark assets in 2013, where Council has reflected the impairment on consolidation. Information on controlled entities is included in Note 1(o) and Note 30.

(d) Constitution

Fraser Coast Regional Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

(e) Date of authorisation

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

(f) Currency

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

(g) Adoption of new and revised accounting standards

In the current year, Council adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised standards and interpretations has not resulted in any material changes to Council's accounting policies. However the application of AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

Council has adopted the changes in AASB 119 *Employee Benefits* during the 2013/14 year. This standard is effective for periods commencing on or

Notes to the financial statements

for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

after 1 January 2013. The transitional provisions of this standard require restatement of the earliest prior period. Council has assessed the impact of these changes on the prior financial year and adjusted the classification of leave provisions; but determined that as the changes are not material, no restatement to the total amounts will be made. Had the changes been applied in the 2012/13 year, the impact would have resulted in an additional \$17,991 of provision being recognised.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for periods commencing 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of interests in other entities*
- AASB 127 *Separate Financial Statements* (replaces the existing standard together with AASB 10)
- AASB 128 *Investments in Associates and Joint Ventures* (replaces the existing standard)
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]
- AASB 2013-3 Amendments to AASB136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12,

AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]

- AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 and AASB 1049]
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework (20 December 2013), Materiality(1 January 2014), Financial Instruments (1 January 2015)
- Interpretation 21 Levies

Effective for periods commencing 1 July 2014:

- AASB 1055 *Budgetary Reporting*
- AASB 2013-1 Amendments to AASB 1049 Relocation of Budgetary Reporting Requirements
- AASB 2014-1 Amendments to Australian Accounting Standards

Effective for periods commencing 1 January 2015:

- 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

Effective for periods commencing 1 January 2018:

- AASB 9 *Financial Instruments* (December 2009)

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

AASB 9 *Financial Instruments* (effective from 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets, including its investment in Wide Bay Water Corporation at fair value. There will be no financial impact on the consolidated financial statements.

Consolidation standards

The following accounting standards apply to Fraser Coast Regional Council for reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian

Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities

These standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off-balance sheet vehicles.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements. Council has reviewed all entities with which it has a relationship and has determined that Fraser Coast Opportunities Ltd, Widelix Pty Ltd and Wide Bay Water Corporation are controlled by Council. However Fraser Coast Opportunities and Widelix Pty Ltd would not have materially affected the position of the consolidated entity or the results for the year, had they been consolidated in this financial year. In each case, Council has assessed the changes and control would exist over each of these entities. There is no significant change anticipated in the financial statements.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.

AASB 12 contains the disclosure requirements for interests in other entities including unconsolidated structured entities. Council has reviewed the requirements of these new standards, however no significant changes are anticipated, based on those disclosures presently made.

(h) Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant. Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Valuation and depreciation of property, plant and equipment - Note 1(p) and Note 16
- Impairment of property, plant and equipment - Note 1(s) and Note 10
- Provisions - Note 1(x) and Note 22
- Contingent liabilities - Note 28
- Biological assets – Note 19

(i) Revenue

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

Rates and levies

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

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2012, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the capital grants and subsidies reserve. On 1 July 2012, all existing reserves were closed and Council now accounts for these restrictions using an internal management accounting system. Internal

restrictions that have been placed on Council's cash and cash equivalents are now disclosed in note 11.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

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

Physical assets contributed to Council by developers in the form of roadworks, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Cash contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when the development plan is sealed.

Rental income

Rental revenue from investment and other property is recognised as income when received.

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

Interest

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

Interest received from the shareholder loan with Wide Bay Water Corporation is accrued daily, payable on 30 June and 31 December of each calendar year in arrears calculated up to that day.

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

Council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees.

Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance, it is included in other liabilities and is recognised as revenue in the period when the service is performed.

Fees and charges

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

(j) Financial assets and financial liabilities

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

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

Financial assets

- Cash, cash equivalents and investments (Note 1(k))
- Receivables - measured at amortised cost (Note 1(l))

Financial liabilities

- Payables - measured at amortised cost (Note 1(u))
- Borrowings - measured at amortised cost (Note 1(w))

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 34.

(k) 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 and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase price/contract price. Settlement of these amounts is 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 for impairment. The loss is recognised in finance costs. The amount of the

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

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

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

(m) Inventories

Stores, raw materials and water 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.

(n) Land held for development and resale

Land acquired by Council with the intention of reselling it (with or without further development) is classified as land held for development and resale. This land is valued at the lower of cost or net realisable value. This land held for resale is treated as inventories except where it is anticipated that a material portion of land value will not be sold within 12 months. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

(o) Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. As at 30 June 2014, Council did not have any term deposits in excess of three months.

Council's investment in Wide Bay Water Corporation is accounted for at cost in Council's separate financial statements. This investment is eliminated in the financial statements of the economic entity upon consolidation. Fraser Coast Regional Council holds 100% of the shares in the controlled entity. The shares are currently measured at cost in the financial statements.

(p) 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 \$1,000, 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.

The classes and useful lives of property, plant and equipment recognised by Council are displayed in the following table:

Category	Years
Land	not depreciated
Land improvements	10-100
Buildings	10-80
Plant and equipment	3-10
Infrastructure	
- Road & bridge network	10-125
- Water	20-80
- Sewerage	12-100
- Drainage	30-100
- Coastal infrastructure	20-50
Other assets	7-100
Work in progress	not depreciated

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

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.

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 is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets is 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.

Valuation

Land and improvements, buildings and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative

sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the relevant index. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements and buildings asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 17.

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

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

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

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

Capital work in progress

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

Depreciation

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the 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 Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in the table in Note 1(p).

Land under roads

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

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

(q) Intangible assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, while items with a lesser value are expensed.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 18.

Notes to the financial statements
for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

(r) Biological assets

Wide Bay Water Corporation own a number of farms on which trees have been planted primarily for the purpose of beneficially reusing the recycled water from sewerage treatment plants. A number of the plantations have a commercial value due to a contract in place with Ergon Energy for the sale of the trees for timber poles. These plantations, due to their commercial nature are classed as biological assets. Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Fair value of the plantation classed as biological assets was determined using the net present value of the predicted net annual revenues discounted back to the current year using weighted average cost of capital. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Standing timber is transferred to inventories at its fair value less estimated costs to sell at the date of harvest.

(s) 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, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed

the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

(t) Leases

Leases of plant and equipment under which Council as lessee/lessor assumes/transfers 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.

Council did not have any finance leases as at the reporting date.

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.

(u) 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.

(v) Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months or that Council does not have an unconditional right to defer settlement of

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

the liability for at least 12 months, the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

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

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 20 as a payable.

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.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 29.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates

are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 22 as a provision.

(w) Borrowings and borrowing costs

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

In accordance with the *Local Government Regulation 2012*, Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also complies with the Queensland Treasury Corporation's borrowing guidelines and aims to ensure that sustainability indicators remain within acceptable levels at all times.

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

(x) Restoration provision

A provision is made for the cost of restoration in respect of landfill sites where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required; discounted to current day values using the average interest rate of Council's term investments at 30 June 2014.

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

The provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Changes in the provision are recognised as an expense. Estimated closure dates for Council's landfills are between 1991 and 2033 and expenditure is expected from 2014 to 2063. Details can be found in Note 22.

(y) Asset revaluation surplus

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

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

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

When an asset is disposed of, the amount reported in the asset revaluation surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

(z) Retained surplus

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside to meet specific future needs.

(aa) Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves.

As at 1 July 2012, Council closed all existing reserves and now accounts for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 11.

(ab) National Competition Policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 35.

(ac) Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(ad) 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, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by Council. 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.

Notes to the financial statements for the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

The monies are disclosed in the notes to the financial statements for information purposes only in Note 31.

(ae) Taxation

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

Wide Bay Water Corporation pays an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 2009*.

Where an activity of Wide Bay Water Corporation is subject to the 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.

Council pays payroll tax to the Queensland Government on certain activities.

(af) Carbon Pricing

In 2011, the Australian Government introduced a Clean Energy Legislation package. One aspect of this package, which has impacted on Council directly and indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy.

The pricing mechanism commenced on 1 July 2013 and set a fixed price path for the first three years (\$23 per tonne of CO₂-equivalent emissions adjusted in real terms by 2.5% per annum) before moving to a flexible price mechanism from 1 July 2015. It provided a framework for setting a cap on greenhouse gas emissions by capping the number of carbon units available once the flexible price period commences, which can be adjusted over time to

ensure that the government's reduction targets are met.

However, in September 2013 there was a change in the Australian Government. The incoming government made a commitment to repeal the "carbon tax". The carbon tax repeal legislation received Royal assent on Thursday 17 July 2014 and the bills as part of this package are now law, with effect from 1 July 2014.

Council's landfill at Saltwater Creek exceeded the 25,000 tonne threshold for waste generated in 2013/14. Council projections indicate that this facility will continue to exceed the relevant emissions thresholds into the foreseeable future.

Organic material within waste deposited at landfills takes time to begin decomposing. Waste deposited in 2013/14 will only begin to break down and generate emissions at the start of 2014/15. Although the waste deposited in landfills takes over twelve months to begin emitting carbon dioxide, it also continues to generate emissions for the following 40 years, so Council will have an ongoing liability for this "carbon tax" in respect of the past and future waste deposited.

However, as a result of gas flaring infrastructure that has been installed at this site, Council was not anticipated to have a liability until at least 2021/22 based on current modelling if the carbon tax had remained in place. This estimate is based on the quantity and types of refuse received, estimated future CO₂e type gas emissions (using the latest national Greenhouse Accounts Factors), estimates of likely timing of such emissions and the potential offsets by collection of emitted gases and other methods. The calculation has been based on the fixed price per tonne CO₂e currently set for the 2013/14 financial year.

Notes to the financial statements for the year ended 30 June 2014

Note 2(a) Council functions - component descriptions

Details relating to Council's functions/activities as reported in Note 2(b) are as follows:

Government and administration

The provision of information and advice to Council members, public relations, corporate development and covers the areas of financial services, human resources, administration, asset management, information systems, right to information, legal services and land development.

Economic development

To increase business activity and employment by promoting 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 and commercial waste.

Community and recreation

Covering a variety of community related areas including community development, community housing, parks and recreation facilities 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 health, cemeteries, pest control, swimming pools and environmental protection.

Solid waste management

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

Notes to the financial statements

for the year ended 30 June 2014

Note 2(b) analysis of results by function

2014 Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government and administration	1,585,734	92,575,507	4,787,746	198,640	99,147,627	(29,091,063)	(5,591,370)	(34,682,433)	65,070,178	64,465,194	609,172,678
Economic development	-	7,530	62,434	97,043	167,007	(266,073)	-	(266,073)	(258,543)	(99,066)	741,936
Roads infrastructure and operations	2,425,916	1,622,987	6,314,909	9,724,028	20,087,840	(38,695,933)	(10,966,564)	(49,662,497)	(34,647,030)	(29,574,657)	714,710,705
Stormwater drainage	-	12,367	-	14,487,679	14,500,046	(7,093,653)	(107,794)	(7,201,447)	(7,081,286)	7,298,599	232,895,750
Commercial activities	-	4,930,914	-	-	4,930,914	(4,091,869)	-	(4,091,869)	839,045	839,045	31,791,787
Community and recreation	919,908	619,972	614,063	2,604,290	4,758,233	(21,061,957)	(213,541)	(21,275,498)	(19,522,077)	(16,517,265)	80,117,438
Development services	-	2,581,128	-	-	2,581,128	(3,539,422)	-	(3,539,422)	(958,294)	(958,294)	4,151
Environment and health	20,758	3,722,061	-	-	3,742,819	(6,314,361)	-	(6,314,361)	(2,571,542)	(2,571,542)	15,562,196
Solid waste management	-	15,975,713	-	-	15,975,713	(12,666,849)	(1,212,109)	(13,878,958)	3,308,864	2,096,755	12,562,524
Total Council	4,952,316	122,048,179	11,779,152	27,111,680	165,891,327	(122,821,180)	(18,091,378)	(140,912,558)	4,179,315	24,978,769	1,697,559,165
Controlled entity net of eliminations	17,501	52,725,745	70,000	6,227,748	59,040,994	(52,832,167)	(2,653,530)	(55,485,697)	(88,921)	3,555,297	426,016,555
Total consolidated	4,969,817	174,773,924	11,849,152	33,339,428	224,932,321	(175,653,347)	(20,744,908)	(196,398,255)	4,090,394	28,534,066	2,123,575,720

2013 Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Total assets
	Recurring		Capital			Recurring	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government and administration	3,818,593	85,779,178	12,243,739	617,496	102,459,006	(28,381,788)	(4,005,611)	(32,387,399)	61,215,983	70,071,607	603,035,271
Economic development	40,000	9,288	-	10,500	59,788	(924,242)	-	(924,242)	(874,954)	(864,454)	780,291
Roads infrastructure and operations	3,053,715	2,264,900	5,496,134	1,863,943	12,678,692	(34,223,131)	(14,481,113)	(48,704,244)	(28,904,516)	(36,025,552)	699,505,205
Stormwater drainage	-	2,509	-	860,637	863,146	(6,861,721)	-	(6,861,721)	(6,859,212)	(5,998,575)	219,292,022
Commercial activities	-	4,634,436	-	-	4,634,436	(4,306,678)	-	(4,306,678)	327,758	327,758	28,738,990
Community and recreation	1,182,197	923,597	592,997	1,194,165	3,892,956	(20,964,964)	(2,940,710)	(23,905,674)	(18,859,170)	(20,012,718)	77,280,756
Development services	-	2,598,889	19,909	-	2,618,798	(4,374,221)	-	(4,374,221)	(1,775,332)	(1,755,423)	5,968
Environment and health	-	3,242,089	56,625	-	3,298,714	(5,772,217)	-	(5,772,217)	(2,530,128)	(2,473,503)	16,361,873
Solid waste management	-	15,361,318	-	-	15,361,318	(13,059,014)	(124,046)	(13,183,060)	2,302,304	2,178,258	10,394,104
Total Council	8,094,505	114,816,204	18,409,404	4,546,741	145,866,854	(118,867,976)	(21,551,480)	(140,419,456)	4,042,733	5,447,398	1,655,394,480
Controlled entity net of eliminations	33,143	49,431,751	(1,837,488)	3,662,931	51,290,337	(53,067,090)	(12,778,823)	(65,845,913)	(3,602,196)	(14,555,576)	428,843,919
Total consolidated	8,127,648	164,247,955	16,571,916	8,209,672	197,157,191	(171,935,066)	(34,330,303)	(206,265,369)	440,537	(9,108,178)	2,084,238,399

Notes to the financial statements

for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 3. Revenue analysis

(a) Rates, levies and charges

General rates	71,939,910	66,718,367	71,939,910	66,718,367
Rural fire levy	377,904	376,696	377,904	376,696
Environmental levy	735,494	1,342,326	735,494	1,342,326
Disaster levy	490,438	-	490,438	-
Water	20,846,950	19,898,316	-	-
Water consumption	12,821,628	11,435,553	-	-
Sewerage	31,486,553	29,881,401	-	-
Sewerage trade waste	436,590	426,411	-	-
Waste charges	16,878,431	15,963,275	16,878,431	15,963,275
	<u>156,013,898</u>	<u>146,042,345</u>	<u>90,422,177</u>	<u>84,400,664</u>
Less: discounts	(10,660,046)	(9,905,822)	(6,596,730)	(6,146,116)
Less: pensioner remissions and concessions	(2,229,543)	(2,256,649)	(2,229,543)	(2,256,649)
	<u>143,124,309</u>	<u>133,879,874</u>	<u>81,595,904</u>	<u>75,997,899</u>

(b) Fees and charges

Change of ownership fees	275,599	310,400	275,599	310,400
Building and development fees	444,463	255,722	444,463	255,722
Caravan park fees	2,880,313	2,586,013	2,873,782	2,581,635
Wide Bay Water Corporation fees	802,218	648,179	-	-
Licences and registrations	1,326,891	1,273,274	1,326,891	1,273,274
Pool fees	1,216,739	927,438	1,216,739	927,438
Airport landing fees	105,902	123,498	105,902	123,498
Refuse tip fees	4,000,832	3,603,770	4,000,832	3,603,770
Plumbing and drainage fees	785,628	600,691	785,628	600,691
Search fees	515,757	484,379	515,757	484,379
Interment fees	507,778	469,258	507,778	469,258
Lodgement fees	406,891	318,231	406,891	318,231
Passenger head taxes	1,301,061	1,293,545	1,301,061	1,293,545
Planning fees	684,896	960,157	684,896	960,157
Other fees and charges	1,086,775	733,799	1,069,318	705,240
	<u>16,341,743</u>	<u>14,588,354</u>	<u>15,515,537</u>	<u>13,907,238</u>

(c) Rental income

Community housing rental income	265,943	246,715	220,146	216,945
Other property rental income	149,999	241,604	149,999	241,604
	<u>415,942</u>	<u>488,319</u>	<u>370,145</u>	<u>458,549</u>

(d) Interest revenue

Interest received on investments	6,451,482	6,498,042	6,162,828	6,212,594
Interest on Wide Bay Water shareholder loan	-	-	6,328,350	6,328,350
Interest on Wide Bay Water working capital facility	-	-	-	660,575
Interest received on State Government fire levy	97,675	82,578	97,675	82,578
Interest from overdue rates and utility charges	2,352,577	2,073,403	1,459,697	1,285,085
	<u>8,901,734</u>	<u>8,654,023</u>	<u>14,048,550</u>	<u>14,569,182</u>

Notes to the financial statements

for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 3. Revenue analysis continued

(e) Sales revenue

Contract and recoverable works	2,206,504	3,065,026	1,525,362	2,167,919
	<u>2,206,504</u>	<u>3,065,026</u>	<u>1,525,362</u>	<u>2,167,919</u>

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. The contract work carried out is not subject to retentions.

(f) Other income

Competitive neutrality adjustments	-	-	2,825,972	2,775,190
Corporate support charges	-	-	409,460	1,941,719
Income tax equivalent	-	-	2,290,282	-
Airport income	332,875	273,159	332,875	273,159
Brolga theatre performance income	546,254	-	546,254	-
Commission income	182,295	166,946	182,295	166,946
Fuel tax credits	149,489	152,881	149,489	152,881
Insurance receipts	204,938	203,639	204,938	203,639
Lease income	407,606	318,762	407,606	318,762
Payroll tax refunds	255,228	36,689	255,228	36,689
Expense reimbursements	392,913	324,990	392,913	324,990
Vaccination income	160,103	124,453	160,103	124,453
Vector control income	116,973	131,019	116,973	131,019
Other income	1,035,018	1,839,821	718,292	1,265,970
	<u>3,783,692</u>	<u>3,572,359</u>	<u>8,992,680</u>	<u>7,715,417</u>

Note 4. Grants, subsidies, contributions and donations

(a) Recurrent

General purpose grants	3,931,484	6,689,697	3,913,984	6,656,554
Government grants and subsidies	1,038,333	1,437,951	1,038,333	1,437,951
	<u>4,969,817</u>	<u>8,127,648</u>	<u>4,952,317</u>	<u>8,094,505</u>

(b) Capital

(i) Monetary revenue designated for capital funding:

Government grants and subsidies	11,849,152	16,571,916	11,779,152	18,409,404
Contributions	6,951,497	5,094,589	4,902,371	2,954,590
	<u>18,800,649</u>	<u>21,666,505</u>	<u>16,681,523</u>	<u>21,363,994</u>

(ii) Non-monetary revenue:

Developer contributed assets	12,417,726	1,729,932	8,410,041	706,745
	<u>12,417,726</u>	<u>1,729,932</u>	<u>8,410,041</u>	<u>706,745</u>
	<u>31,218,375</u>	<u>23,396,437</u>	<u>25,091,564</u>	<u>22,070,739</u>

Contributions in kind

Notes to the financial statements

for the year ended 30 June 2014

Notes	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 4. Grants, subsidies, contributions and donations continued

Conditions over contributions

Non-reciprocal grants and contributions which were obtained on the condition that they be expended in a general specified manner by the contributor but had not been expended at the reporting date.

Grants	659,735	4,096,588	659,735	4,096,588
Contributions	13,816	2,483,056	13,816	2,483,056
	<u>673,551</u>	<u>6,579,644</u>	<u>673,551</u>	<u>6,579,644</u>

Non-reciprocal grants and contributions which were recognised as revenue during a previous reporting period and were expended during the current reporting period.

Grants	3,055,497	6,076,665	3,055,497	6,076,665
Contributions	2,933,412	2,270,765	2,933,412	2,270,765
	<u>5,988,909</u>	<u>8,347,430</u>	<u>5,988,909</u>	<u>8,347,430</u>

Note 5. Capital income

(a) Gain/loss on disposal of non-current assets

Proceeds from the sale of property, plant and equipment

	1,032,634	1,652,546	779,133	1,295,005
Less: book value of property, plant and equipment disposed of	<u>(1,047,720)</u>	<u>(1,388,735)</u>	<u>(764,013)</u>	<u>(1,103,599)</u>
	<u>(15,086)</u>	<u>263,811</u>	<u>15,120</u>	<u>191,406</u>

Proceeds from sale of land and buildings
Less: book value of land and buildings sold

16	-	104,976	-	-
	<u>-</u>	<u>(98,017)</u>	<u>-</u>	<u>-</u>
	-	<u>6,959</u>	-	-

(b) Revaluations

Biological assets	19	<u>201,143</u>	<u>309,311</u>	-	-
		<u>201,143</u>	<u>309,311</u>	-	-

(c) Land held for sale

Proceeds from the disposal	188,865	-	188,865	-
Less: Book value of assets disposed	<u>(144,000)</u>	<u>-</u>	<u>(144,000)</u>	<u>-</u>
	<u>44,865</u>	-	<u>44,865</u>	-

(d) Other

Previously unrecorded assets [#]	16	<u>13,739,283</u>	<u>694,000</u>	<u>13,739,283</u>	<u>694,000</u>
Wide Bay Water prior period adjustment *		<u>-</u>	<u>111,070</u>	<u>-</u>	<u>-</u>
		<u>13,739,283</u>	<u>805,070</u>	<u>13,739,283</u>	<u>694,000</u>
Total capital income		<u>13,970,205</u>	<u>1,385,151</u>	<u>13,799,268</u>	<u>885,406</u>

[#] The previously unrecorded assets for the year ended 30 June 2014 includes the net impact of recording the initial recognition of discovered assets, and assets written off relating to prior periods for the drainage and coastal infrastructure asset classes. Management have not presented a restated prior period position as the net impact of the errors identified is not considered material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

* Wide Bay Water Corporation (WBWC) carried out a series of prior period adjustments in 2012/13 which resulted in a number of adjustments which have been reflected as 2012/13 movements in the consolidated accounts. As a result of these movements, there was a net increase in WBWC's opening balance of retained earnings, this has been shown as 2012/13 capital income.

Notes to the financial statements for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 6. Employee benefits				
Wages and salaries	43,059,903	42,461,756	31,181,751	30,070,256
Annual, sick & long service leave entitlements	5,455,304	5,857,976	3,926,249	4,046,436
Superannuation	5,023,145	5,098,573	3,610,770	3,564,556
Councillors remuneration	940,144	955,126	940,144	955,126
	<u>54,478,496</u>	<u>54,373,431</u>	<u>39,658,914</u>	<u>38,636,374</u>
Other employee related expenses	2,117,108	2,280,072	621,154	663,261
	<u>56,595,604</u>	<u>56,653,503</u>	<u>40,280,068</u>	<u>39,299,635</u>
Less: capitalised employee expenses	(7,389,770)	(7,053,071)	(4,150,172)	(3,837,278)
	<u>49,205,834</u>	<u>49,600,432</u>	<u>36,129,896</u>	<u>35,462,357</u>

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

Note 7. Materials and services

Advertising and marketing	288,072	345,106	231,629	304,181
Audit fees - Queensland Audit Office *	391,333	279,432	313,333	214,682
Brolga Theatre contribution	-	448,378	-	448,378
Chemicals	1,593,073	1,676,350	129,560	129,669
Cleaning	668,601	657,126	647,454	635,424
Communication expenses	964,583	1,004,292	715,724	745,240
Consultants and contractors	6,593,465	7,642,128	5,541,088	6,190,049
Computer licences and maintenance	1,665,492	1,735,898	1,122,173	1,210,992
Contributions - Fraser Coast Opportunities	1,727,796	-	1,727,796	-
Directors remuneration	48,000	124,917	-	-
Donations, sponsorships and contributions	894,200	1,222,967	886,119	1,210,969
Electricity and gas charges	6,638,937	5,719,841	3,203,584	2,804,436
Fuel and oil	2,009,741	1,921,109	1,613,381	1,535,431
Insurance	2,607,020	2,213,094	1,710,316	1,438,953
Government charges and licences	363,673	891,012	309,495	839,883
Memberships and subscriptions	454,114	447,439	395,683	394,061
Legal fees	534,987	781,848	393,645	392,147
Plant hire	2,247,079	2,965,678	2,091,263	2,833,907
Refuse charges	3,620,668	3,538,316	3,554,622	3,410,288
Repairs and maintenance	1,879,515	1,972,042	1,403,061	1,354,057
Rentals - operating leases	97,334	104,033	70,082	75,914
Services	3,934,781	3,664,449	2,441,616	2,727,608
Materials	3,163,889	3,419,141	2,709,259	2,929,269
Management fees	1,059,054	1,101,601	1,059,054	1,101,601
Work in progress expensed	9,155,967	6,931,015	9,155,967	6,931,015
Electrical and water infrastructure expensed	2,912,518	-	2,912,518	-
Workshop expenditure	1,543,865	1,423,740	1,143,953	1,052,941
Other materials and services	3,407,453	2,891,938	2,380,188	2,695,072
	<u>60,465,210</u>	<u>55,122,890</u>	<u>47,862,563</u>	<u>43,606,167</u>

*Queensland Audit Office fees in respect of the audit of the 2014 year are \$198,000 for Council, and \$271,500 for the consolidated entity.

Notes to the financial statements

for the year ended 30 June 2014

	Notes	Consolidated		Council	
		2014	2013	2014	2013
		\$	\$	\$	\$
Note 8. Finance costs					
Finance costs - Queensland Treasury Corporation		9,773,201	9,681,486	3,780,310	3,793,744
Bank charges		221,306	189,838	205,783	177,398
Impairment of receivables		21,146	(104,457)	19,858	(105,601)
Refuse restoration		159,141	164,570	159,141	164,570
Fair value adjustment on loans (to Council)		(6,906)	(27)	(6,906)	(27)
		<u>10,167,888</u>	<u>9,931,410</u>	<u>4,158,186</u>	<u>4,030,084</u>
Note 9. Depreciation and amortisation					
Depreciation of non-current assets					
Land and site improvements		1,763,891	2,077,995	1,763,891	2,077,995
Buildings		4,708,524	4,687,772	4,460,931	4,466,421
Plant and equipment		4,980,776	5,402,043	3,573,653	4,035,885
Road and bridge network		19,363,989	19,485,348	19,363,989	19,485,348
Water		11,028,721	11,565,340	-	-
Sewerage		8,330,721	8,222,490	-	-
Drainage		4,071,304	3,990,971	4,071,304	3,990,971
Coastal infrastructure		624,138	926,587	624,138	926,587
Other assets		540,616	491,176	540,616	491,175
	16	<u>55,412,680</u>	<u>56,849,722</u>	<u>34,398,522</u>	<u>35,474,382</u>
Amortisation of intangible assets					
Computer software	18	401,735	430,612	272,013	294,986
		<u>401,735</u>	<u>430,612</u>	<u>272,013</u>	<u>294,986</u>
Total depreciation and amortisation		<u>55,814,415</u>	<u>57,280,334</u>	<u>34,670,535</u>	<u>35,769,368</u>

Notes to the financial statements

for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 10. Capital expenses

(a) Loss on impairment

Impairment of Wetside Water Park	-	7,726,231	-	-
	-	7,726,231	-	-

(b) Provision for restoration of land

Discount Rate Adjustment - Refuse Restoration	22	1,212,109	-	1,212,109	-
		1,212,109	-	1,212,109	-

(c) Revaluation decrement

Downwards revaluation of property, plant and equipment	16	1,481,368	772,034	1,481,368	772,034
		1,481,368	772,034	1,481,368	772,034

(d) Other capital expenses

Loss on write-off of assets		17,842,776	25,832,038	15,199,247	20,779,446
Loss on write-off of intangible assets		10,001	-	-	-
Loss on acquisition of interest in associate		113,098	-	113,098	-
Opening balance asset adjustment		85,556	-	85,556	-
		18,051,431	25,832,038	15,397,901	20,779,446
Total capital expenses		20,744,908	34,330,303	18,091,378	21,551,480

Details of write-offs are as follows:

Buildings		24,715	2,727,897	24,715	2,727,897
Buildings (prior period adjustment)*		3,489,746	-	3,489,746	-
Land and site improvements		93,338	3,468,878	93,338	3,468,878
Plant and equipment		429,889	34,308	396,131	2,183
Road and bridge network		4,303,849	7,569,121	4,303,849	7,569,121
Road and bridge network (prior period adjustment)*		6,577,157	-	6,577,157	-
Road and bridge network (flood damage)		-	6,096,466	-	6,096,466
Water		1,081,914	2,537,358	-	-
Sewerage		823,001	1,901,135	-	-
Drainage		107,794	56,861	107,794	56,861
Work in progress		704,856	581,974	-	-
Coastal infrastructure		33,922	858,040	33,922	858,040
Other assets		172,595	-	172,595	-
		17,842,776	25,832,038	15,199,247	20,779,446

* The above listing of write-offs for the year ended 30 June 2014 includes the net impact of recording the initial recognition of discovered assets, and assets written off relating to prior periods for the buildings and road and bridge network asset classes. Management have not presented a restated prior period position as the net impact of the errors identified is not considered material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Notes to the financial statements

for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 11. Cash and cash equivalents				
Cash in operating bank account	476,591	3,621,209	115,256	3,096,378
Cash on hand	33,007	29,621	31,807	27,421
Deposits at call	10,703,661	15,780,817	6,170,625	11,092,274
Term deposits	75,500,000	70,905,000	75,500,000	70,905,000
Investments with Queensland Treasury Corporation	60,214,638	57,543,101	60,214,638	57,543,101
	<u>146,927,897</u>	<u>147,879,748</u>	<u>142,032,326</u>	<u>142,664,174</u>

Cash and deposits at call are held in the Commonwealth Bank in a normal business cheque account. On call accounts are also held with QTC. Other deposits are held with various institutions. Term deposits earn fixed interest over varying terms at interest rates of between 3.45% and 3.71% (2013: 3.90% and 5.80%)

All Wide Bay Water Corporation investments are held in the QTC cash management account bearing floating interest rates between 3.22% and 4.01% (2013: 3.55% and 4.69%).

Restricted cash, cash equivalents and investments

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

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

Unspent government grants and subsidies	21,038,046	17,067,351	21,038,046	17,067,351
Unspent developer contributions	9,731,809	12,210,094	9,731,809	12,210,094
Unspent loans & borrowings	13,880,637	17,288,123	13,880,637	17,288,123

Internally imposed expenditure restrictions as at the reporting date:

Funds restricted for aged housing	867,639	867,639	867,639	867,639
Funds restricted for waste	12,269,698	9,978,913	12,269,698	9,978,913
Future asset replacement	53,956,742	54,694,037	53,956,742	54,694,037
Funds restricted for Environment Levy	2,716,808	2,606,102	2,716,808	2,606,102
Property sinking fund	3,594,473	3,273,969	3,594,473	3,273,969
Commercial and business activities fund	5,639,881	4,321,799	5,639,881	4,321,799
Development assessment funds	1,723,513	3,226,713	1,723,513	3,226,713
Future recurrent expenditure	800,000	600,000	800,000	600,000
Disaster management levy	149,516	-	149,516	-
Total unspent restricted cash	<u>126,368,762</u>	<u>126,134,740</u>	<u>126,368,762</u>	<u>126,134,740</u>

Notes to the financial statements for the year ended 30 June 2014

Notes	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 12. Trade and other receivables				
Current				
Rateable revenue	38,225,835	36,474,220	38,225,835	36,474,220
Fees and charges	5,299,369	3,140,623	1,627,658	1,368,286
GST recoverable	1,571,632	1,809,571	983,449	1,160,501
Accrued interest	3,844,335	3,264,427	3,844,335	3,264,427
Accrued grants and subsidies	-	781,039	-	781,039
Prepayments	2,084,004	1,909,111	1,198,571	1,077,309
Accrued income tax equivalents	-	-	2,290,282	-
Other debtors	1,957,315	2,839,291	3,898,654	3,253,460
	<u>52,982,490</u>	<u>50,218,282</u>	<u>52,068,784</u>	<u>47,379,242</u>
less: Impairment				
Other	(30,172)	(29,078)	(28,884)	(12,519)
	<u>(30,172)</u>	<u>(29,078)</u>	<u>(28,884)</u>	<u>(12,519)</u>
	<u><u>52,952,318</u></u>	<u><u>50,189,204</u></u>	<u><u>52,039,900</u></u>	<u><u>47,366,723</u></u>
Movement in accumulated impairment losses				
Balance as at 1 July	29,078	139,631	12,519	124,215
Impairment movements during the year	1,094	(110,553)	16,365	(111,696)
Balance as at 30 June	<u>30,172</u>	<u>29,078</u>	<u>28,884</u>	<u>12,519</u>
Non-current				
Wide Bay Water shareholder loan *	-	-	73,500,000	73,500,000
	<u>-</u>	<u>-</u>	<u>73,500,000</u>	<u>73,500,000</u>

Interest is charged on outstanding rates at 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

* A deed of acknowledgement of debt was signed between Council and the Wide Bay Water Corporation (WBWC) on 29 July 2011. The deed converted part of Council's shareholding into debt to the amount of \$73,500,000. WBWC is to pay annual fixed interest of \$6,328,350 (8.61% per annum). The term of the loan is 5 years, and the principal is due to be repaid on 30 June 2016.

Notes to the financial statements for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 13. Inventories				
Current				
(a) Inventories held for sale				
Land held for resale (refer below)	275,000	-	275,000	-
	<u>275,000</u>	<u>-</u>	<u>275,000</u>	<u>-</u>
(b) Inventories held for distribution				
Stores and materials	1,136,999	1,198,105	450,687	452,688
Other	5,811	28,945	5,811	28,945
	<u>1,142,810</u>	<u>1,227,050</u>	<u>456,498</u>	<u>481,633</u>
Total current inventories	<u><u>1,417,810</u></u>	<u><u>1,227,050</u></u>	<u><u>731,498</u></u>	<u><u>481,633</u></u>
Other disclosures (current)				
Details for land held for resale				
Freehold land - book value	275,000	-	275,000	-
Total current land for resale	<u>275,000</u>	<u>-</u>	<u>275,000</u>	<u>-</u>
Movements:				
Land held for resale assets at beginning of the year	-	-	-	-
- Written down value of sales	(144,000)	-	(144,000)	-
- Transfer between current/non current	419,000	-	419,000	-
Total current land held for resale	<u><u>275,000</u></u>	<u><u>-</u></u>	<u><u>275,000</u></u>	<u><u>-</u></u>
Note 14. Land held for development and resale				
Non-current				
Land held for development and sale	4,824,479	2,031,479	4,824,479	2,031,479
	<u>4,824,479</u>	<u>2,031,479</u>	<u>4,824,479</u>	<u>2,031,479</u>
Movement in assets during the reporting period				
Balance as at 1 July	2,031,479	2,037,979	2,031,479	2,037,979
Transfers from other asset categories	3,212,000	(6,500)	3,212,000	(6,500)
Transfers to Inventories held for sale	(419,000)	-	(419,000)	-
Balance as at 30 June	<u><u>4,824,479</u></u>	<u><u>2,031,479</u></u>	<u><u>4,824,479</u></u>	<u><u>2,031,479</u></u>
Note 15. Investment in controlled entities				
Interest in Wide Bay Water Corporation	-	-	221,752,349	221,752,349
Investment in Widelinx Pty Limited	1,991,000	1,991,000	1,991,000	1,991,000
	<u>1,991,000</u>	<u>1,991,000</u>	<u>223,743,349</u>	<u>223,743,349</u>

The shares in Widelinx Pty Ltd and Wide Bay Water Corporation are not traded on an active market and are shown at cost.

Note 16. Property, plant and equipment

Consolidated - 30 June 2014											
	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Works in progress	Total
Measurement Basis	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost/FV	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross balance - at cost	-	-	57,182,595	-	-	-	-	-	5,756,502	36,291,805	99,230,902
Opening gross balance - at fair value	131,171,255	212,717,386	-	976,847,470	618,421,422	447,276,590	281,211,713	20,483,555	-	-	2,688,129,391
Opening gross balance	131,171,255	212,717,386	57,182,595	976,847,470	618,421,422	447,276,590	281,211,713	20,483,555	5,756,502	36,291,805	2,787,360,293
Work in progress transfers to property, plant and equipment and intangibles	10,541,033	3,769,810	6,545,343	33,686,655	5,395,226	3,207,013	7,918,842	3,673,190	566,790	(75,303,902)	-
Contributed assets at valuation	150,306	-	-	6,014,995	1,582,125	2,253,802	2,244,740	-	-	-	12,245,968
Disposals	-	-	(3,092,882)	-	-	-	-	-	-	-	(3,092,882)
Write-offs	(240,916)	(100,000)	(2,650,774)	(9,896,817)	(2,220,253)	(1,862,718)	(131,477)	(370,000)	(524,536)	(704,856)	(18,702,347)
Revaluation decrements to income	-	-	-	-	-	-	-	(1,767,128)	-	-	(1,767,128)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	-	-	-	-	-	-	41,710,693	-	-	-	41,710,693
Revaluation increments to other comprehensive income (asset revaluation surplus)	145,700	688,891	-	12,360,805	-	-	-	-	-	-	13,195,396
Work in progress additions *	-	-	-	-	-	-	-	-	-	70,557,107	70,557,107
Adjustments and transfers	539,836	-	-	444,664	(174,347)	111,846	15,000	(769,000)	-	-	167,999
Transfers from/(to) land held for sale category (Note 14)	(3,212,000)	-	-	-	-	-	-	-	-	-	(3,212,000)
Aggregated prior year adjustments **	29,000	(6,381,911)	-	(5,272,822)	-	-	48,830,966	2,601,913	-	-	39,807,146
Total consolidated gross value of property, plant and equipment - at cost	-	-	57,984,282	-	-	-	-	-	5,798,756	30,840,154	94,623,192
Total consolidated gross value of property, plant and equipment - at fair value	139,124,214	210,694,176	-	1,014,184,950	623,004,173	450,986,533	381,800,477	23,852,530	-	-	2,843,647,053
Total consolidated gross value of property, plant and equipment	139,124,214	210,694,176	57,984,282	1,014,184,950	623,004,173	450,986,533	381,800,477	23,852,530	5,798,756	30,840,154	2,938,270,245
Opening accumulated depreciation	15,630,799	89,764,373	30,542,253	295,954,424	238,909,495	155,991,861	68,822,717	9,751,178	2,908,753	-	908,275,853
Opening accumulated depreciation & impairment	15,630,799	89,764,373	30,542,253	295,954,424	238,909,495	155,991,861	68,822,717	9,751,178	2,908,753	-	908,275,853
Depreciation provided in the period	1,763,891	4,708,524	4,980,776	19,363,989	11,028,721	8,330,721	4,071,304	624,138	540,616	-	55,412,680
Depreciation on disposals	-	-	(2,045,162)	-	-	-	-	-	-	-	(2,045,162)
Depreciation on write-offs	(147,578)	(75,285)	(2,220,885)	(5,592,968)	(1,138,339)	(1,039,717)	(23,683)	(336,078)	(351,941)	-	(10,926,474)
Revaluation decrements to income	-	-	-	-	-	-	-	(285,760)	-	-	(285,760)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	-	-	-	-	-	-	45,640,079	-	-	-	45,640,079
Revaluation increments to other comprehensive income (asset revaluation surplus)	155,128	1,547,843	-	(9,009,354)	-	-	-	-	-	-	(7,306,383)
Adjustments and transfers	175,763	-	-	105,255	81,372	(315,630)	2,969	(283,987)	-	-	(234,258)
Aggregated prior year adjustments **	5,800	(2,892,165)	-	1,304,335	-	-	37,154,749	562,047	-	-	36,134,766
Other movements	(10,402)	226	13,858	113,637	-	-	77	(2,549)	(29,291)	-	85,556
Total consolidated accumulated depreciation and impairment of property, plant and equipment	17,573,401	93,053,516	31,270,840	302,239,318	248,881,249	162,967,235	155,668,212	10,028,989	3,068,137	-	1,024,750,897
Total consolidated net book value of property, plant and equipment	121,550,813	117,640,660	26,713,442	711,945,632	374,122,924	288,019,298	226,132,265	13,823,541	2,730,619	30,840,154	1,913,519,348
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	32,456,383	32,456,383
Other additions	-	-	-	-	-	-	-	-	-	38,100,724	38,100,724
Total asset additions	-	-	-	-	-	-	-	-	-	70,557,107	70,557,107

** The above table for the year ended 30 June 2014 includes the net impact of recording the initial recognition of discovered assets, and assets written off relating to prior periods. Management have not presented a restated prior period position as the net impact of the errors identified is not considered material in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Note 16. Property, plant and equipment

Consolidated - 30 June 2013	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Works in progress	Total
Measurement Basis	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost/FV	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross balance - at cost	-	-	55,873,217	-	-	-	-	-	4,482,629	-	60,355,846
Opening gross balance - at fair value	143,225,318	199,708,340	-	978,062,380	612,862,473	446,533,465	278,359,874	30,515,749	-	37,202,987	2,726,470,586
Opening gross balance	143,225,318	199,708,340	55,873,217	978,062,380	612,862,473	446,533,465	278,359,874	30,515,749	4,482,629	37,202,987	2,786,826,432
Work in progress transfers to property, plant and equipment and intangibles	3,713,622	12,241,542	6,910,591	22,054,590	12,745,752	7,510,573	2,834,117	5,150	1,273,873	(69,289,810)	-
Contributed assets at valuation	-	-	-	625,867	209,522	813,665	80,878	-	-	-	1,729,932
Disposals	-	(121,325)	(5,250,729)	-	-	-	-	-	-	-	(5,372,054)
Write-offs	(5,041,434)	(5,201,090)	(398,702)	(16,200,675)	(6,513,689)	(5,981,279)	(63,156)	(2,394,222)	-	(581,974)	(42,376,221)
Write-offs (flood damage)	-	-	-	(7,798,271)	-	-	-	-	-	-	(7,798,271)
Revaluation decrements to income	-	-	-	-	-	-	-	(772,034)	-	-	(772,034)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	(10,565,982)	-	-	-	(1,355,765)	-	-	(7,021,304)	-	(891,774)	(19,834,825)
Revaluation increments to other comprehensive income (asset revaluation surplus)	-	5,163,163	-	-	122,653	374	-	-	-	-	5,286,190
Work in progress additions *	-	-	-	-	-	-	-	-	-	69,852,368	69,852,368
Adjustments and transfers	(1,029,769)	926,756	48,218	28,579	-	-	-	26,216	-	8	8
Transfers from/(to) land held for sale category (Note 14)	6,500	-	-	-	-	-	-	-	-	-	6,500
Found/discovered assets	863,000	-	-	75,000	-	-	-	124,000	-	-	1,062,000
Adjustments for Wide Bay Water prior year error	-	-	-	-	350,476	(1,600,208)	-	-	-	-	(1,249,732)
Total consolidated gross value of property, plant and equipment - at cost	-	-	57,182,595	-	-	-	-	-	5,756,502	-	62,939,097
Total consolidated gross value of property, plant and equipment - at fair value	131,171,255	212,717,386	-	976,847,470	618,421,422	447,276,590	281,211,713	20,483,555	-	36,291,805	2,724,421,196
Total consolidated accumulated depreciation and impairment of property, plant and equipment	131,171,255	212,717,386	57,182,595	976,847,470	618,421,422	447,276,590	281,211,713	20,483,555	5,756,502	36,291,805	2,787,360,293
Opening accumulated depreciation	17,172,239	82,533,447	29,358,251	286,780,215	219,750,300	153,314,874	64,838,041	12,316,180	2,417,577	-	868,481,124
Opening accumulated depreciation & impairment	17,172,239	82,533,447	29,358,251	286,780,215	219,750,300	153,314,874	64,838,041	12,316,180	2,417,577	-	868,481,124
Depreciation provided in the period	2,077,995	4,687,772	5,402,043	19,485,348	11,565,340	8,222,490	3,990,971	926,587	491,176	-	56,849,722
Depreciation on disposals	-	(23,308)	(3,861,994)	-	-	-	-	-	-	-	(3,885,302)
Depreciation on write-offs	(1,572,556)	(2,473,193)	(364,394)	(8,631,554)	(3,976,331)	(4,080,144)	(6,295)	(1,536,182)	-	-	(22,640,649)
Depreciation on write-offs (flood damage)	-	-	-	(1,701,805)	-	-	-	-	-	-	(1,701,805)
Impairment adjustment to income	-	-	-	-	11,521,231	-	-	-	-	-	11,521,231
Revaluation decrements to other comprehensive income (asset revaluation surplus)	(2,282,196)	-	-	-	(55,611)	-	-	(2,013,127)	-	-	(4,350,934)
Revaluation increments to other comprehensive income (asset revaluation surplus)	-	4,995,259	-	-	-	10	-	-	-	-	4,995,269
Adjustments and transfers	(66,683)	44,396	8,347	5,220	-	-	-	8,720	-	-	-
Found/discovered assets	302,000	-	-	17,000	-	-	-	49,000	-	-	368,000
Adjustment for Wide Bay Water prior year error	-	-	-	-	104,566	(1,465,369)	-	-	-	-	(1,360,803)
Total consolidated accumulated depreciation and impairment of property, plant and equipment	15,630,799	89,764,373	30,542,253	295,954,424	238,909,495	155,991,861	68,822,717	9,751,178	2,908,753	-	908,275,853
Total consolidated net book value of property, plant and equipment	115,540,456	122,953,013	26,640,342	680,893,046	379,511,927	291,284,729	212,388,996	10,732,377	2,847,749	36,291,805	1,879,084,440
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	49,351,254	49,351,254
Other additions	-	-	-	-	-	-	-	-	-	20,501,114	20,501,114
Total asset additions	-	-	-	-	-	-	-	-	-	69,852,368	69,852,368

Note 16. Property, plant and equipment

Council - 30 June 2014	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Works in progress	Total
Measurement Basis	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost/FV	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross balance - at cost	-	-	41,748,143	-	-	-	-	-	5,756,502	24,061,358	71,566,003
Opening gross balance - at fair value	113,713,172	205,128,027	-	976,847,470	-	-	281,211,713	20,483,555	-	-	1,597,383,937
Opening gross balance	113,713,172	205,128,027	41,748,143	976,847,470	-	-	281,211,713	20,483,555	5,756,502	24,061,358	1,668,949,940
Work in progress transfers to property, plant and equipment and intangibles	7,168,215	2,977,543	5,156,839	33,686,655	-	-	7,918,842	3,673,190	566,790	(61,148,074)	-
Contributed assets at valuation	150,306	-	-	6,014,995	-	-	2,244,740	-	-	-	8,410,041
Disposals	-	-	(2,383,584)	-	-	-	-	-	-	-	(2,383,584)
Write-offs	(240,916)	(100,000)	(1,754,980)	(9,896,817)	-	-	(131,477)	(370,000)	(524,536)	-	(13,018,726)
Revaluation decrements to income	-	-	-	-	-	-	-	(1,767,128)	-	-	(1,767,128)
Revaluation decrements to asset revaluation surplus	-	-	-	-	-	-	41,710,693	-	-	-	41,710,693
Revaluation increments to asset revaluation surplus	145,700	688,891	-	12,360,805	-	-	-	-	-	-	13,195,396
Work in progress additions *	-	-	-	-	-	-	-	-	-	51,385,193	51,385,193
Adjustments and transfers	539,836	-	-	444,664	-	-	15,000	(769,000)	-	-	230,500
Transfers from/(to) land held for sale category (Note 14)	(3,212,000)	-	-	-	-	-	-	-	-	-	(3,212,000)
Aggregated prior year adjustments **	29,000	(6,381,911)	-	(5,272,822)	-	-	48,830,966	2,601,913	-	-	39,807,146
Total Council gross value of property, plant and equipment - at cost	-	-	42,766,418	-	-	-	-	-	5,798,756	14,298,477	62,863,651
Total Council gross value of property, plant and equipment - at fair value	118,293,313	202,312,550	-	1,014,184,950	-	-	381,800,477	23,852,530	-	-	1,740,443,820
Total consolidated accumulated depreciation and impairment of property, plant and equipment	118,293,313	202,312,550	42,766,418	1,014,184,950	-	-	381,800,477	23,852,530	5,798,756	14,298,477	1,803,307,471
Opening accumulated depreciation	15,630,799	87,455,818	23,449,370	295,954,424	-	-	68,822,717	9,751,178	2,908,752	-	503,973,058
Opening accumulated impairment	-	-	-	-	-	-	-	-	-	-	-
Opening accumulated depreciation & impairment	15,630,799	87,455,818	23,449,370	295,954,424	-	-	68,822,717	9,751,178	2,908,752	-	503,973,058
Depreciation provided in the period	1,763,891	4,460,931	3,573,653	19,363,989	-	-	4,071,304	624,138	540,616	-	34,398,522
Depreciation on disposals	-	-	(1,619,571)	-	-	-	-	-	-	-	(1,619,571)
Depreciation on write-offs	(147,578)	(75,285)	(1,358,849)	(5,592,968)	-	-	(23,683)	(336,078)	(351,941)	-	(7,886,382)
Revaluation decrements to income	-	-	-	-	-	-	-	(285,760)	-	-	(285,760)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	-	-	-	-	-	-	45,640,079	-	-	-	45,640,079
Revaluation increments to other comprehensive income (asset revaluation surplus)	155,128	1,547,843	-	(9,009,354)	-	-	-	-	-	-	(7,306,383)
Adjustments and transfers	175,763	-	-	105,255	-	-	2,969	(283,987)	-	-	-
Aggregated prior year adjustments **	5,800	(2,892,165)	-	1,304,335	-	-	37,154,749	562,047	-	-	36,134,766
Other movements	(10,402)	226	13,858	113,637	-	-	77	(2,549)	(29,291)	-	85,556
Total Council accumulated depreciation of property, plant and equipment	17,573,401	90,497,368	24,058,461	302,239,318	-	-	155,668,212	10,028,989	3,068,136	-	603,133,885
Total consolidated accumulated depreciation and impairment of property, plant and equipment	17,573,401	90,497,368	24,058,461	302,239,318	-	-	155,668,212	10,028,989	3,068,136	-	603,133,885
Total Council net book value of property, plant and equipment	100,719,912	111,815,182	18,707,957	711,945,632	-	-	226,132,265	13,823,541	2,730,620	14,298,477	1,200,173,586
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	26,020,545	26,020,545
Other additions	-	-	-	-	-	-	-	-	-	25,364,648	25,364,648
Total asset additions	-	-	-	-	-	-	-	-	-	51,385,193	51,385,193

** The above table for the year ended 30 June 2014 includes the net impact of recording the initial recognition of discovered assets, and assets written off relating to prior periods. Management have not presented a restated prior period position as the net impact of the errors identified is not considered material in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Note 16. Property, plant and equipment

Council - 30 June 2013											
Measurement Basis	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water	Sewerage	Drainage	Coastal infrastructure	Other assets	Works in progress	Total
	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost/FV	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross balance - at cost	-	-	41,318,180	-	-	-	-	-	4,482,629	18,552,381	64,353,190
Opening gross balance - at fair value	125,821,629	192,190,409	-	978,062,380	-	-	278,359,874	30,515,749	-	-	1,604,950,041
Opening gross balance	125,821,629	192,190,409	41,318,180	978,062,380	-	-	278,359,874	30,515,749	4,482,629	18,552,381	1,669,303,231
Work in progress transfers to property, plant and equipment and intangibles	3,659,228	12,048,789	4,924,358	22,054,590	-	-	2,834,117	5,150	1,273,873	(46,800,105)	-
Contributed assets at valuation	-	-	-	625,867	-	-	80,878	-	-	-	706,745
Disposals	-	-	(4,260,764)	-	-	-	-	-	-	-	(4,260,764)
Write-offs	(5,041,434)	(5,201,090)	(281,849)	(16,200,675)	-	-	(63,156)	(2,394,222)	-	-	(29,182,426)
Write-offs (flood damage)	-	-	-	(7,798,271)	-	-	-	-	-	-	(7,798,271)
Revaluation decrements to income	-	-	-	-	-	-	-	(772,034)	-	-	(772,034)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	(10,565,982)	-	-	-	-	-	-	(7,021,304)	-	-	(17,587,286)
Revaluation increments to other comprehensive income (asset revaluation surplus)	-	5,163,163	-	-	-	-	-	-	-	-	5,163,163
Work in progress additions	-	-	-	-	-	-	-	-	-	52,309,082	52,309,082
Adjustments and transfers	(1,029,769)	926,756	48,218	28,579	-	-	-	26,216	-	-	-
Transfers from/(to) held for sale category (Note 14)	6,500	-	-	-	-	-	-	-	-	-	6,500
Found/discovered assets	863,000	-	-	75,000	-	-	-	124,000	-	-	1,062,000
Total Council gross value of property, plant and equipment - at cost	-	-	41,748,143	-	-	-	-	-	5,756,502	24,061,358	71,566,003
Total Council gross value of property, plant and equipment - at fair value	113,713,172	205,128,027	-	976,847,470	-	-	281,211,713	20,483,555	-	-	1,597,383,937
Total Council accumulated depreciation and impairment of property, plant and equipment	113,713,172	205,128,027	41,748,143	976,847,470	-	-	281,211,713	20,483,555	5,756,502	24,061,358	1,668,949,940
Opening accumulated depreciation	17,172,239	80,422,935	22,841,969	286,780,215	-	-	64,838,041	12,316,180	2,417,577	-	486,789,156
Opening accumulated depreciation & impairment	17,172,239	80,422,935	22,841,969	286,780,215	-	-	64,838,041	12,316,180	2,417,577	-	486,789,156
Depreciation provided in the period	2,077,995	4,466,421	4,035,885	19,485,348	-	-	3,990,971	926,587	491,175	-	35,474,382
Depreciation on disposals	-	-	(3,157,165)	-	-	-	-	-	-	-	(3,157,165)
Depreciation on write-offs	(1,572,556)	(2,473,193)	(279,666)	(8,631,554)	-	-	(6,295)	(1,536,182)	-	-	(14,499,446)
Depreciation on write-offs (flood damage)	-	-	-	(1,701,805)	-	-	-	-	-	-	(1,701,805)
Revaluation decrements to other comprehensive income (asset revaluation surplus)	(2,282,196)	-	-	-	-	-	-	(2,013,127)	-	-	(4,295,323)
Revaluation increments to other comprehensive income (asset revaluation surplus)	-	4,995,259	-	-	-	-	-	-	-	-	4,995,259
Adjustments and transfers	(66,683)	44,396	8,347	5,220	-	-	-	8,720	-	-	-
Found/discovered assets	302,000	-	-	17,000	-	-	-	49,000	-	-	368,000
Total Council accumulated depreciation of property, plant and equipment	15,630,799	87,455,818	23,449,370	295,954,424	-	-	68,822,717	9,751,178	2,908,752	-	503,973,058
Total Council accumulated depreciation and impairment of property, plant and equipment	15,630,799	87,455,818	23,449,370	295,954,424	-	-	68,822,717	9,751,178	2,908,752	-	503,973,058
Total Council net book value of property, plant and equipment	98,082,373	117,672,209	18,298,773	680,893,046	-	-	212,388,996	10,732,377	2,847,750	24,061,358	1,164,976,882
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	36,672,336	36,672,336
Other additions	-	-	-	-	-	-	-	-	-	15,636,746	15,636,746
Total asset additions	-	-	-	-	-	-	-	-	-	52,309,082	52,309,082

Note 17. Fair value measurements

(i) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Property, plant and equipment
 - Land and land improvements
 - Buildings
 - Road and bridge network
 - Stormwater drainage
 - Water infrastructure
 - Sewerage infrastructure
 - Coastal infrastructure assets

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 21 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading Land (level 2).

In accordance with *AASB 13 Fair Value Measurement* are categorised on the following basis:

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued

		Level 2 \$	Level 3 \$	Total \$
Consolidated				
Recurring fair value measurements				
Land	16	86,927,002	-	86,927,002
Land improvements	16	-	34,623,811	34,623,811
Buildings	16	4,642,469	112,998,191	117,640,660
Road and bridge network	16	-	711,945,632	711,945,632
Water infrastructure	16	-	374,122,924	374,122,924
Sewerage infrastructure	16	-	288,019,298	288,019,298
Stormwater drainage	16	-	226,132,265	226,132,265
Coastal infrastructure	16	-	13,823,541	13,823,541
Biological assets	19	-	1,224,754	1,224,754
		<u>86,927,002</u>	<u>1,762,890,416</u>	<u>1,849,817,418</u>
Non-recurring fair value measurements				
Land held for development and resale	14	<u>4,824,479</u>	<u>-</u>	<u>4,824,479</u>
		Level 2 \$	Level 3 \$	Total \$
Council				
Recurring fair value measurements				
Land	16	66,096,100	-	66,096,100
Land improvements	16	-	34,623,812	34,623,812
Buildings	16	-	111,815,182	111,815,182
Road and bridge network	16	-	711,945,632	711,945,632
Stormwater drainage	16	-	226,132,265	226,132,265
Coastal infrastructure	16	-	13,823,541	13,823,541
		<u>66,096,100</u>	<u>1,098,340,432</u>	<u>1,164,436,532</u>
Non-recurring fair value measurements				
Land held for development and resale	14	<u>4,824,479</u>	<u>-</u>	<u>4,824,479</u>

There were no transfers between levels 2 and 3 during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council adopted *AASB 13 Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

Land (level 2)

Land fair values were determined by independent valuer, AssetVal Pty Ltd effective 30 June 2014. The land fair values have been measured by the Market Approach by direct comparison, an accepted valuation methodology under AASB 13. Level 2 valuation inputs were utilised, being sales transactions of other properties within the region, and adjusted for differences between key attributes of the properties. The main input is the price per square metre or price per hectare of land area. The Market Approach is deemed a level 2 input.

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

Buildings and land improvements (level 3)

The fair value of buildings and land improvements were also determined by independent valuer, AssetVal Pty Ltd effective 30 June 2014. Where there is an active and liquid market as evidenced by sales transactions of similar property types, the Market Approach by direct comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB 13. If a Market Approach is adopted, the building valuation is deemed to be a level 2 input.

Due to the predominantly specialised nature of local government buildings, the valuations have been undertaken on a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. The cost approach is deemed to be a level 3 input. As a benchmark, the valuations have been prepared on an abbreviated bill of quantity methodology, and have relied upon costing references contained within Rawlinsons Australia Construction Handbook 2013 and 2014 encompassing civil works and building costs. AssetVal also has a database built up from research of building and site improvement costs. Actual costs of improvements identified during valuation exercises and also through research and contact with suppliers and builders were utilised.

In determining the level of accumulated depreciation, a condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted during inspection, economic and/or functional obsolescence. This condition assessment directly translates to the level of depreciation and remaining life applied.

In determining the level of accumulated depreciation for major assets, the asset has been disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis. While the replacement cost of assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value and useful life) were also required (level 3).

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and as little reliance as possible is placed on possible entity specific attributes. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values. Where the unobservable inputs are significant to the valuation of the overall valuation has been classified as level 3.

The valuation's sensitivity to the unobservable inputs is summarised below:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Condition rating(useful life)	0 to 10 (100%-0%)	The higher the condition rating, the lower the fair value
Residual value	0% to 10%	The higher the residual value the higher the fair value

Note 17. Fair value measurements continued

Infrastructure assets (level 3)

All road and stormwater network infrastructure assets were valued by independent valuer (APV) using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2, given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 the valuers have adopted a policy that all road and stormwater network infrastructure assets are deemed to be valued at level 3.

The main level 3 inputs used were derived and evaluated as follows:

Asset condition - The nature of road network and stormwater network infrastructure is that there is a very large number of assets which comprise the networks and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls.

To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections, the valuation relies upon a sampling approach (5% to 10% of each asset type) where the data held in the system is verified by a physical inspection. While the sampling approach, combined with internal controls associated with the asset management system, provides a high level of comfort over the condition data held in the asset management system it does not provide a guarantee that all the data is correct and the condition as recorded is valid as at the date of valuation.

Relationship between asset consumption rating scale and the level of consumed service potential - Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

1(a) Road, drainage and bridge network - calculation of current replacement cost

Roads, bridge and drainage network

Current replacement cost

Council utilises additional sub-categories in its Road and Bridge Network, which include Footpath, Kerb and Channel, Carparks, Traffic Signals, Electrical Conduit and Bus Shelters. Council assumes that pavements are constructed to depths of between 200mm and 300mm. Unit rates for components are based on contractor rates for similar recent projects, verified by APV in the valuations.

Council also utilises sub-categories in its stormwater drainage network, which includes Stormwater Pipes, Stormwater Pits, Open Drains, Gross Pollution Traps and Stormwater Detention Basins.

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued*Accumulated depreciation*

In determining the level of accumulated depreciation, roads and stormwater drainage were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Condition score	Description	Valuation profile (straight line)
0H / 0M	Very high level of remaining service potential	100.00% / 92.50%
1H / 1M	High level of remaining service potential	85.00% / 67.50%
2H / 2M	Adequate level of remaining service potential	50.00% / 37.50%
3H / 3M	Adequate level of remaining service potential but with some issues indicating the need for action in the short to medium term	25.00% / 17.50%
4H / 4M	Barely adequate level of remaining service potential requiring action to be taken in the short term	10.00% / 5.00%
5H / 5M	Asset is now unacceptable and must be closed or renewed	0.00%
6H / 6M	End of life	0.00%

These consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take account of the experience and understanding of Council's asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

Estimated useful lives are disclosed in note 1 (p).

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued**1(b) Roads, drainage and bridge network – sensitivity of valuation to unobservable inputs**

As detailed above, Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Asset	Unobservable inputs	Sensitivity to unobservable market inputs (%)		Amount of potential impact	
		Lower	Upper	Lower	Upper
Infrastructure (cost approach)					
Road and stormwater drainage network	Condition of the asset where based on condition as supplied by client	(7.50%)	2.50%	(64,955,579)	64,955,579
Road and stormwater drainage network	Relationship between asset consumption rating scale and the level of consumed service potential	(7.50%)	2.50%	(64,955,579)	64,955,579

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements *continued*

2(a) Water and sewerage infrastructure – calculation of written down current replacement cost

Water and sewerage

Current replacement cost

Water and sewerage infrastructure fair values were determined by independent valuers, Cardno (Qld) Pty Ltd effective 30 June 2012. The current replacement cost or cost approach valuation technique was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

The Wide Bay Water Corporation region is split into four distinct areas based on geographic (rural/urban/high density urban/CBD) and environmental factors (sand/acid/sulphate soil/soft rock/hard rock). Wide Bay Water Corporation assumes that these factors are consistent across each of the four regions and that costs of labour are consistent within each of these regions, depending on the materials used.

Cardno's cost models were derived from the following sources:	
•	Cardno database
•	Schedule rates for construction of asset or similar assets
•	Cost curves derived by Cardno
•	Building Price Index tables
•	Rawlinson's rates for building and construction, and
•	Suppliers' quotations

Factors taken into account in determining replacement costs included:

- Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).
- Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

Valuation unit rates (replacement costs) were increased by 20% to allow for project overheads including survey, environmental and investigation costs (6%), engineering design (5%), planning (3%) and project management (6%).

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued

Accumulated depreciation

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition Rating	Condition description	Description explanation	Remaining useful life %
1	As new/ excellent	Asset "as new"	95% of useful life
2	Good	Asset is reliable, asset operates as intended and its appearance and structural integrity is up to the standard expected of an operating asset.	75% of useful life
3	Fair	Asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	50% of useful life
4	Poor	Asset still operates, but does not meet intended duty or does not appear sound.	25% of useful life
5	Unserviceable	Asset is not functioning/ needs immediate attention.	5% of useful life

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

For wastewater gravity mains the assumption that the pipes will be relined was adopted. The fair value for sewer gravity mains was determined as follows:

- For all pipes, replacement cost was determined based on replacement by trench excavation, useful life was determined as the pipe useful life plus the reline useful life, and the pipe fair value was based on age.
- Where pipes have been relined, the total pipe useful life was determined as the pipe age when the reline occurred plus the reline life.
- The relining of pipes was valued at reline unit rates and depreciated over the reline life (50 years). The reline fair value was based on age.

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements *continued*

2(b) Water and sewerage infrastructure – sensitivity of valuation to unobservable inputs

The method used to value Wide Bay Water Corporation's water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of labour hours	Varied	The higher the labour hours, the higher the gross costs.
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the gross costs.
Condition rating (useful life)	1 - 5 as specified above	The higher the condition rating, the lower the fair value.
Remaining useful life	Varied	The longer the remaining useful life, the higher the fair value.

3(a) Coastal infrastructure assets – calculation of written down current replacement cost

A full valuation of coastal infrastructure assets was undertaken by independent valuers, APV, effective 30 June 2014. Each asset is assessed individually, with the valuation varying according to the material type used for construction, condition and size.

The coastal infrastructure asset class is wholly comprised of specialised assets. These specialised assets were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each asset by componentising the asset into significant parts with different useful lives and taking into account a range of factors. These include the average cost of construction and consumption score for each component. As these are supported by observable market evidence they have been classified as level 2 inputs. The unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Notes to the financial statements

for the year ended 30 June 2014

Note 17. Fair value measurements continued

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are as follows:

Consumption Score	Description	%RSP of depreciable amount
		Straight line
0	New or very good condition – very high level of remaining service potential	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential	85%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence	50%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term	25%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short term. Very low level of remaining service potential	10%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned	0%
6	Theoretical end of life	Fully written off

3(b) Coastal infrastructure assets – sensitivity of valuation to unobservable inputs

Asset	Unobservable inputs	Sensitivity to unobservable market inputs (%)		Amount of potential impact	
		Lower	Upper	Lower	Upper
Other structures					
Coastal infrastructure assets	Relationship between asset consumption rating scale and the level of consumed service potential.	(2.50%)	2.50%	(250,345)	250,345

Note 17. Fair value measurements continued

4(a) Biological assets

The biological assets are Wide Bay Water Corporation tree plantations with a commercial value. The fair value of biological assets were determined by independent valuers Alan Cole and Bob Newman effective 30 June 2012.

Income approach

The valuation has been derived based on the following;

- Current cost to WBWC for the plantation to date,
- Discounted net present value based on the costs to date,
- Rate of growth of the trees (age).

4(b) Biological assets – sensitivity of valuation to unobservable inputs

The resulting estimate of fair value therefore has been included in level 3. The table below describes the significant unobservable inputs used in this valuation together with a description of the valuation's sensitivity to changes in those inputs.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Discount rate	3.00% - 9.00%	The higher the discount rate, the lower the fair value.
Age	0 - 30 years	The higher the age, the higher the fair value.

(iii) Changes in fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 16. There have been no transfers between level 2 or 3 measurements during the year.

(iv) Valuation processes

Council engages external, independent and qualified valuers to determine the fair value of the entities land, buildings, and infrastructure on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and reports provided to the Director of Organisational Services, Executive Manager Financial Services, Chief Executive Officer, valuation team and Audit Committee. As part of this process the team presents a report that explains the reasons for the fair value movements.

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 18. Intangible assets

Intangible assets are as follows:

Intangible assets represent identifiable non-monetary asset without physical substance

Software

Opening gross carrying value as at 1 July	5,853,781	5,731,905	4,757,897	4,636,022
Additions	317,983	121,876	155,800	121,876
Write offs	(35,760)	-	-	-
Closing gross carrying value as at 30 June	6,136,004	5,853,781	4,913,697	4,757,897
Accumulated amortisation				
Opening balance as at 1 July	(5,041,914)	(4,611,302)	(4,127,657)	(3,832,671)
Amortisation charges	(401,735)	(430,612)	(272,013)	(294,986)
Write offs	25,759	-	-	-
	(5,417,890)	(5,041,914)	(4,399,670)	(4,127,657)
Net carrying value as at 30 June	718,114	811,867	514,027	630,240

Software assets have a finite life estimated between 2.5 and 10 years. Straight line amortisation has been used with no residual value.

Note 19. Biological assets

Biological assets are as follows:

Standing timber

Balance as at 1 July	1,023,611	590,926	-	-
Purchases	-	123,374	-	-
Change in fair value less estimated costs to sell	201,143	309,311	-	-
Balance as at 30 June	1,224,754	1,023,611	-	-

Note 20. Trade and other payables**Current**

Creditors and accruals	15,014,029	16,008,581	38,077,547	38,922,285
Annual leave	4,930,409	4,950,214	3,611,098	3,619,468
Other employee entitlements	330,707	839,701	175,677	214,558
Employee related accruals	702,417	254,639	304,844	254,639
Short term performance payments	9,841	109,443	-	-
	20,987,403	22,162,578	42,169,166	43,010,950

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 21. Borrowings**Current**

Loans - Queensland Treasury Corporation	12,351,142	15,776,765	6,084,148	9,352,955
	<u>12,351,142</u>	<u>15,776,765</u>	<u>6,084,148</u>	<u>9,352,955</u>

Non-current

Loans - Queensland Treasury Corporation	156,356,279	158,773,479	68,752,648	65,358,509
	<u>156,356,279</u>	<u>158,773,479</u>	<u>68,752,648</u>	<u>65,358,509</u>

Reconciliation of loan movements for the year**Loans - Queensland Treasury Corporation**

Balance as at 1 July	174,550,244	171,092,218	74,711,464	76,134,356
Loans raised	8,965,668	20,297,200	8,965,668	10,237,200
Market value adjustment	(6,906)	(27)	(6,906)	(27)
Principal repayments	(14,801,585)	(16,839,147)	(8,833,430)	(11,660,065)
Balance as at 30 June	<u>168,707,421</u>	<u>174,550,244</u>	<u>74,836,796</u>	<u>74,711,464</u>

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollars and are 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 6 January 2015 to 14 October 2030.

There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

The QTC loan market value at the reporting date was \$77,288,507 (consolidated \$182,915,397). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for the term, no provision is required to be made in these accounts.

Wide Bay Water Corporation has a working capital facility with QTC which was approved 11 July 2007 with a limit of \$4,000,000. As at 30 June 2014, no part of this facility was drawn down (2013 \$0). There is no limit on the frequency or number of draw downs and repayments that Wide Bay Water Corporation may make during the currency of this facility, however it is subject to an annual review each July.

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

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 22. Provisions				
Current				
Long service leave	5,654,494	5,747,278	3,839,647	3,960,965
Refuse restoration	794,375	199,363	794,375	199,363
	<u>6,448,869</u>	<u>5,946,641</u>	<u>4,634,022</u>	<u>4,160,328</u>
Non-current				
Long service leave	747,197	598,393	510,764	408,488
Refuse restoration	11,072,832	10,066,094	11,072,832	10,066,094
	<u>11,820,029</u>	<u>10,664,487</u>	<u>11,583,596</u>	<u>10,474,582</u>
Details of movements in long service leave provision:				
Balance as at 1 July	6,345,671	6,590,379	4,369,453	4,588,212
Amount provided for in the period	1,072,161	781,166	673,368	481,128
Amount paid in the period	(1,016,141)	(1,025,874)	(692,410)	(699,887)
Balance as at 30 June	<u>6,401,691</u>	<u>6,345,671</u>	<u>4,350,411</u>	<u>4,369,453</u>
Details of movements in refuse restoration provision:				
Balance as at 1 July	10,265,457	10,100,887	10,265,457	10,100,887
Increase in provision due to unwinding of discount	159,141	164,570	159,141	164,570
Increase/(decrease) in provision due to change in discount rate	1,212,109	-	1,212,109	-
Change in landfill assets	230,500	-	230,500	-
Balance as at 30 June	<u>11,867,207</u>	<u>10,265,457</u>	<u>11,867,207</u>	<u>10,265,457</u>

Refuse restoration

This is the present value of the estimated cost of restoring Council's landfill sites to useable states at the end of their useful lives. The projected cost is the present value of the estimated cost of restoring the landfill sites after closure and allowing a period for settlement.

Expected closure dates of the sites range from 1991 to 2033 and expenditure is expected from 2014 to 2063.

Note 23. Other liabilities**Current**

Unearned revenue	121,006	230,161	14,320	13,275
Construction retentions	523,294	823,049	461,473	715,251
	<u>644,300</u>	<u>1,053,210</u>	<u>475,793</u>	<u>728,526</u>

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 24. Asset revaluation surplus

Movements in the asset revaluation surplus:

Balance as at 1 July		313,679,917	328,872,887	166,564,188	179,688,247
Net adjustment to non-current assets at end of period to reflect a change in current fair value:					
Land and site improvements	16	(9,428)	(8,283,786)	(9,428)	(8,283,786)
Buildings	16	(858,952)	167,904	(858,952)	167,904
Road and bridge network	16	21,370,159	-	21,370,159	-
Water	16	-	(2,069,275)	-	-
Sewerage	16	-	364	-	-
Drainage	16	(3,929,386)	-	(3,929,386)	-
Coastal infrastructure	16	-	(5,008,177)	-	(5,008,177)
	16	16,572,393	(15,192,970)	16,572,393	(13,124,059)
Balance as at 30 June		<u>330,252,310</u>	<u>313,679,917</u>	<u>183,136,581</u>	<u>166,564,188</u>

Asset revaluation surplus analysis

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

Land and site improvements	6,737,586	6,747,014	6,019,482	6,028,910
Buildings	6,931,187	7,790,139	6,355,831	7,214,783
Road and bridge network	116,232,399	94,862,240	116,232,399	94,862,240
Water	107,832,260	107,832,260	-	-
Sewerage	37,990,009	37,990,009	-	-
Drainage	54,528,869	58,458,255	54,528,869	58,458,255
Balance as at 30 June	<u>330,252,310</u>	<u>313,679,917</u>	<u>183,136,581</u>	<u>166,564,188</u>

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Note 25. Retained surplus				
Movements in the retained surplus:				
Retained surplus as at 1 July	1,556,181,322	1,454,903,734	1,355,744,442	1,239,911,278
Net result	28,534,066	(9,108,178)	24,978,769	5,447,398
Transfers (to)/from capital reserves for future capital project funding, or from reserve funds that have been expended or closed:	26			
Capital grants and subsidies reserve	-	14,963,096	-	14,963,096
Loans reserve	-	22,560,391	-	22,560,391
Developer contribution reserve	-	12,079,793	-	12,079,793
Plant, fleet and housing reserves	-	867,639	-	867,639
Waste reserve	-	7,658,995	-	7,658,995
Future asset sustainability reserve	-	43,226,753	-	43,226,753
Environmental levy reserve	-	2,388,655	-	2,388,655
Transfers (to)/from recurrent reserves for future project funding, or from reserve funds that have been expended or closed:	26			
Operating grants reserve	-	4,675,254	-	4,675,254
Development assessment reserve	-	1,565,190	-	1,565,190
Other recurrent reserves	-	400,000	-	400,000
Retained surplus as at 30 June	<u>1,584,715,388</u>	<u>1,556,181,322</u>	<u>1,380,723,211</u>	<u>1,355,744,442</u>

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 26. Reserves

Council's cash, cash equivalents and investments are subject to a number of external and internal restrictions that limit the amount that is available for discretionary or future use. In prior years, Council accounted for these restrictions using a system of reserves.

As at 1 July 2012, all existing reserves were closed and are accounted for using an internal management accounting system.

The reserves that have been transferred to Council's cash, cash equivalents and investment restrictions are disclosed in Note 11.

Movements in capital reserves**Capital grants & subsidies reserve**

Balance as at 1 July	-	14,963,096	-	14,963,096
Transfer to retained surplus due to closure of the reserve in 2013	-	(14,963,096)	-	(14,963,096)
Balance as at 30 June	-	-	-	-

Loans reserve

Balance as at 1 July	-	22,560,391	-	22,560,391
Transfer to retained surplus due to closure of the reserve in 2013	-	(22,560,391)	-	(22,560,391)
Balance as at 30 June	-	-	-	-

Developer contribution reserve

Balance as at 1 July	-	12,079,793	-	12,079,793
Transfer to retained surplus due to closure of the reserve in 2013	-	(12,079,793)	-	(12,079,793)
Balance as at 30 June	-	-	-	-

Plant, fleet and housing reserves

Balance as at 1 July	-	867,639	-	867,639
Transfer to retained surplus due to closure of the reserve in 2013	-	(867,639)	-	(867,639)
Balance as at 30 June	-	-	-	-

Waste reserve

Balance as at 1 July	-	7,658,995	-	7,658,995
Transfer to retained surplus due to closure of the reserve in 2013	-	(7,658,995)	-	(7,658,995)
Balance as at 30 June	-	-	-	-

Future asset sustainability reserve

Balance as at 1 July	-	43,226,753	-	43,226,753
Transfer to retained surplus due to closure of the reserve in 2013	-	(43,226,753)	-	(43,226,753)
Balance as at 30 June	-	-	-	-

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 26. Reserves continued**Environmental levy reserve**

Balance as at 1 July	-	2,388,655	-	2,388,655
Transfer to retained surplus due to closure of the reserve in 2013	-	(2,388,655)	-	(2,388,655)
Balance as at 30 June	-	-	-	-

Movements in recurrent reserves**Operating grants reserve**

Balance as at 1 July	-	4,675,254	-	4,675,254
Transfer to retained surplus due to closure of the reserve in 2013	-	(4,675,254)	-	(4,675,254)
Balance as at 30 June	-	-	-	-

Development assessment reserve

Balance as at 1 July	-	1,565,190	-	1,565,190
Transfer to retained surplus due to closure of the reserve in 2013	-	(1,565,190)	-	(1,565,190)
Balance as at 30 June	-	-	-	-

Other recurrent reserves

Balance as at 1 July	-	400,000	-	400,000
Transfer to retained surplus due to closure of the reserve in 2013	-	(400,000)	-	(400,000)
Balance as at 30 June	-	-	-	-

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 27. Commitments for expenditure**(a) Contractual commitments (exclusive of GST)**

Contractual expenditure committed for as at 30 June but not recognised in the financial statements as liabilities:

Infrastructure contracts	12,719,155	19,791,928	11,330,448	18,364,680
Pest control	116,080	-	116,080	-
Garbage collection contract	34,148,491	37,962,039	34,148,491	37,962,039
Security services	383,759	484,240	383,759	484,240
Cleaning, landscaping and ranger services	192,458	830,684	-	144,590
Other	21,525	-	21,525	-
	<u>47,581,468</u>	<u>59,068,891</u>	<u>46,000,303</u>	<u>56,955,549</u>

These expenditures are payable as follows:

Within the next year	16,965,213	22,423,300	15,384,048	22,423,300
Later than one year and not later than 5 years	17,014,159	18,728,815	17,014,159	16,615,473
Later than 5 years	13,602,096	17,916,776	13,602,096	17,916,776
Total payable	<u>47,581,468</u>	<u>59,068,891</u>	<u>46,000,303</u>	<u>56,955,549</u>

(b) Operating leases (non-cancellable)

Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	69,068	65,034	55,592	51,337
One to five years	301,404	294,393	243,336	235,370
Later than five years	81,950	145,507	81,950	145,507
	<u>452,422</u>	<u>504,934</u>	<u>380,878</u>	<u>432,214</u>

Note 28. Contingent liabilities

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

Legal claims

In the opinion of Wide Bay Water Corporation's (WBWC) solicitors, there are no claims pending against WBWC (2013: potential loss on all claims not expected to exceed \$1,798,749).

Local Government Mutual

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 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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. Council's maximum exposure to the bank guarantee is \$1,313,975 (consolidated \$1,718,022).

Note 29. Superannuation

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

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

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund;
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF).

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

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB 119. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account to Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

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

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

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

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

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Fraser Coast Regional Council made less than 4% of the total contributions to the plan for the 2013/14 financial year.

The next actuarial investigation will be made as at 1 July 2015.

Notes to the financial statements for the year ended 30 June 2014

Consolidated		Council	
2014	2013	2014	2013
\$	\$	\$	\$

Note 29. Superannuation continued

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

5,023,145	5,098,573	3,610,770	3,564,556
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Note 30. Controlled entities

Subsidiaries

These consolidated financial statements incorporate the assets, liabilities and results of Wide Bay Water Corporation in accordance with AASB 127 and the accounting policy described in Note 1(c).

Wide Bay Water Corporation is a Local Government Owned Corporation wholly owned by Fraser Coast Regional Council. Wide Bay Water Corporation became a corporatised entity on 1 January 2002 in the State of Queensland under section 630 of the *Local Government Act 1993*, to administer the water and wastewater functions of Council. Wide Bay Water Corporation carries on its business at its registered address at 29-31 Ellengowan Street Urangan.

Council undertook a public benefit assessment (PBA) in 2012 to determine the most effective and efficient corporate structure to deliver water and sewerage services to the Fraser Coast region. The PBA identified in excess of \$4 million in annual savings through the removal of duplicated costs by undertaking delivery of these services by a commercial business unit rather than the present local government owned corporation. Council resolved in November 2012, to commence processes to transition Wide Bay Water Corporation to a commercial business unit of Council. Just prior to the scheduled transition date of 1 March 2013, an issue arose regarding the potential payment of \$65 million in transfer duty.

As Wide Bay Water Corporation is responsible for the provision of water and wastewater functions to the community, Council is committed to working with the Corporation towards achieving the transition. In the interim consideration of other opportunities for savings will be considered to ensure the best value for money outcome for ratepayers. Council is currently implementing a number of shared services arrangements with WBWC and will work through these over the coming financial year.

Council has confirmed its ongoing support of the Corporation in respect of financing activities between the two entities. Further it is anticipated, notwithstanding the initiatives described above, that the Corporation will continue to operate as a separate entity for a period of at least 12 months from the date of these statements.

Note 30. Controlled entities continued**Controlled entities that have not been consolidated**

Fraser Coast Regional Council has two controlled entities that are not consolidated, because their size and nature means that they are not material to Council operations.

Widelinx Pty Ltd was established in January 2005 to oversee the operations of a local communications venture and continues to actively trade. Council resolved at its ordinary meeting held on 3 December 2008, that it will continue to support Widelinx financially.

Fraser Coast Opportunities Ltd is a controlled entity of Council formed to undertake the functions of Investment Attraction, Marketing, Events and Tourism Services on behalf of Council for the direct benefit of the Fraser Coast Region. Fraser Coast Opportunities is a not-for-profit company limited by guarantee constituted under the Corporations Act 2001. The entity commenced operations on 1 July 2013 with transfer of Tourism Fraser Coast to the entity on 1 September 2013. An interim board was appointed, with the permanent board appointed in February 2014.

A summary of the above entities, their assets, liabilities and net results of operations for the year ended 30 June 2014 are summarised below:

	Fraser Coast Opportunities 2014 \$	Widelinx Pty Ltd 2014 \$
Income and expenses		
Operating revenue	3,681,091	306,619
Operating expenses	(3,418,000)	(266,854)
Profit/loss	<u>263,091</u>	<u>39,765</u>
Assets		
Current assets	771,976	1,017,368
Non-current assets	45,210	816,185
	<u>817,186</u>	<u>1,833,553</u>
Liabilities		
Current liabilities	519,772	44,197
Non-current liabilities	34,323	283,334
	<u>554,095</u>	<u>327,531</u>
Net assets	<u>263,091</u>	<u>1,506,022</u>

Notes to the financial statements
for the year ended 30 June 2014

	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$

Note 31. Trust funds

Trust funds held for outside parties

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

1,085,696	853,578	1,085,696	853,578
3,186,675	3,339,267	3,186,675	3,339,267
<u>4,272,371</u>	<u>4,192,845</u>	<u>4,272,371</u>	<u>4,192,845</u>

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

**Note 32. Reconciliation of net result for
the year to net cash inflow from operating
activities**

Net result		28,534,066	(9,108,178)	24,978,769	5,447,398
Adjust for non-cash and investing activities:					
Depreciation and amortisation	9	55,814,415	57,280,334	34,670,535	35,769,368
Impairment losses of property, plant and equipment	10	-	7,726,231	-	-
Downwards revaluation of property, plant and equipment	10	1,481,368	772,034	1,481,368	772,034
Fair value adjustments to loans	21	(6,906)	(27)	(6,906)	(27)
Net gains on disposal of assets	5	(29,779)	(270,770)	(59,985)	(191,406)
Capital grants and contributions	4	(31,218,375)	(23,396,437)	(25,091,564)	(22,070,739)
Net transfer of land to inventories	13	275,000	-	275,000	-
Change in landfill assets	22	(230,500)	-	(230,500)	-
Capital expenses	10	18,051,431	25,832,036	15,397,901	20,779,446
Other capital items	5	(13,940,426)	(1,114,381)	(13,739,283)	(694,000)
		<u>30,196,228</u>	<u>66,829,020</u>	<u>12,696,566</u>	<u>34,364,676</u>

Changes in operating assets and liabilities:

(Increase)/decrease in receivables	12	(2,764,207)	(6,457,468)	(4,689,542)	(4,506,342)
Increase/(decrease) in provision for doubtful debts	12	1,094	(110,553)	16,365	(111,696)
(Increase)/decrease in inventories	13	(190,760)	(52,208)	(249,865)	(123,113)
Increase/(decrease) in payables and accruals	20	(1,175,175)	3,347,500	(841,784)	3,554,781
Increase/(decrease) in other liabilities	23	(408,910)	(258,712)	(252,733)	222,480
Increase/(decrease) in leave provisions	22	56,020	(244,708)	(19,042)	(218,759)
Increase/(decrease) in restoration provision	22	1,601,750	164,570	1,601,750	164,570
		<u>(2,880,188)</u>	<u>(3,611,579)</u>	<u>(4,434,851)</u>	<u>(1,018,079)</u>

Net cash inflow from operating activities

<u>55,850,106</u>	<u>54,109,263</u>	<u>33,240,484</u>	<u>38,793,995</u>
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Note 33. Events after the reporting period

There were no material adjusting events after reporting date.

Note 34. Financial instruments

Fraser Coast Regional Council has exposure to the following risks arising from financial instruments:

Credit risk
Liquidity risk
Market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on Council's financial position and financial performance, including the nature and extent of risks and how Council manages these exposures.

Financial risk management

Fraser Coast Regional Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

Fraser Coast Regional Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council does not enter into derivatives.

Credit risk exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/ commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

Note 34. Financial instruments continued

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

		Consolidated		Council	
		2014	2013	2014	2013
	Notes	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	11	146,927,897	147,879,748	142,032,326	142,664,174
Receivables - rates	12	38,225,835	36,474,220	38,225,835	36,474,220
Receivables - other	12	12,642,479	11,805,873	86,115,494	83,315,194
		<u>197,796,211</u>	<u>196,159,841</u>	<u>266,373,655</u>	<u>262,453,588</u>
Other credit exposures					
Guarantee	28	1,718,022	1,725,138	1,313,975	1,334,536
		<u>1,718,022</u>	<u>1,725,138</u>	<u>1,313,975</u>	<u>1,334,536</u>
Total		<u>199,514,233</u>	<u>197,884,979</u>	<u>267,687,630</u>	<u>263,788,124</u>

Cash and cash equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Other financial assets

Other investments are held with financial institutions, which are rated A1⁺ to A2 based on rating agency Standard and Poor's and Moody ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Trade and other receivables

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

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

By the nature of Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely tourism, there is also a concentration in the tourism sector.

Notes to the financial statements for the year ended 30 June 2014

Note 34. Financial instruments continued

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

Notes	Consolidated		Council	
	2014	2013	2014	2013
	\$	\$	\$	\$
Receivables				
Fully performing	23,544,123	19,850,107	21,574,512	19,850,107
Past due:				
- Less than 30 days overdue	1,617,079	4,483,313	1,684,611	2,597,449
- 30 to 60 days overdue	392,762	412,017	474,297	402,414
- 61 to 90 days overdue	2,760,228	2,825,913	2,755,408	2,821,625
- Over 90 days overdue	22,584,294	20,737,821	24,381,385	20,630,338
- Impaired	(30,172)	(29,078)	(28,884)	(12,519)
12	<u>50,868,314</u>	<u>48,280,093</u>	<u>50,841,329</u>	<u>46,289,414</u>

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Fraser Coast Regional Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 21. The following lines of credit were available to Wide Bay Water Corporation at the end of the reporting period:

QTC working capital facility	-	4,000,000	-	-
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The following table sets out the liquidity risk of financial liabilities held by Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	Notes	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total contractual cash flows	Carrying amount
Consolidated						
2014						
Trade and other payables	20	15,716,446	-	-	15,716,446	15,716,446
Loans - QTC	21	21,695,960	84,540,320	120,765,517	227,001,797	168,707,421
		<u>37,412,406</u>	<u>84,540,320</u>	<u>120,765,517</u>	<u>242,718,243</u>	<u>184,423,867</u>
2013						
Trade and other payables	20	16,263,220	-	-	16,263,220	16,263,220
Loans - QTC	21	25,523,626	93,680,443	113,396,423	232,600,492	174,550,244
		<u>41,786,846</u>	<u>93,680,443</u>	<u>113,396,423</u>	<u>248,863,712</u>	<u>190,813,464</u>
Council						
2014						
Trade and other payables	20	38,382,391	-	-	38,382,391	38,382,391
Loans - QTC	21	9,795,998	36,940,471	49,313,794	96,050,263	74,836,796
		<u>48,178,389</u>	<u>36,940,471</u>	<u>49,313,794</u>	<u>134,432,654</u>	<u>113,219,187</u>
2013						
Trade and other payables	20	39,176,924	-	-	39,176,924	39,176,924
Loans - QTC	21	13,127,046	44,423,258	36,411,851	93,962,155	74,711,464
		<u>52,303,970</u>	<u>44,423,258</u>	<u>36,411,851</u>	<u>133,139,079</u>	<u>113,888,388</u>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Note 34. Financial instruments continued**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect Council's income or the value of its holdings of financial instruments.

Interest rate risk

Council is exposed to interest rate risk through its investments and borrowings with QTC and other financial institutions.

Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount as at the reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Notes	Net carrying amount \$	Profit/(Loss)		Equity	
			1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
Consolidated						
2014						
QTC cash fund	11	60,214,638	602,146	(602,146)	602,146	(602,146)
Other cash	11	11,180,252	111,803	(111,803)	111,803	(111,803)
Loans - QTC	21	(168,707,421)	(1,687,074)	1,687,074	(1,687,074)	1,687,074
Net		(97,312,531)	(973,125)	973,125	(973,125)	973,125
2013						
QTC cash fund	11	57,543,101	575,431	(575,431)	575,431	(575,431)
Other cash	11	19,402,026	194,020	(194,020)	194,020	(194,020)
Loans - QTC	21	(174,550,244)	(1,745,502)	1,745,502	(1,745,502)	1,745,502
Net		(97,605,117)	(976,051)	976,051	(976,051)	976,051
Council						
2014						
QTC cash fund	11	60,214,638	602,146	(602,146)	602,146	(602,146)
Other cash	11	6,285,881	62,859	(62,859)	62,859	(62,859)
Loans - QTC	21	(74,836,796)	(748,368)	748,368	(748,368)	748,368
Net		(8,336,277)	(83,363)	83,363	(83,363)	83,363
2013						
QTC cash fund	11	57,543,101	575,431	(575,431)	575,431	(575,431)
Other cash	11	14,188,652	141,887	(141,887)	141,887	(141,887)
Loans - QTC	21	(74,711,464)	(747,115)	747,115	(747,115)	747,115
Net		(2,979,711)	(29,797)	29,797	(29,797)	29,797

Notes to the financial statements for the year ended 30 June 2014

Note 34. Financial instruments continued

In relation to the QTC loans held by Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

QTC Client Specific Pool - client specific pool products are often rebalanced to a target benchmark duration.

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at the reporting date. The market value of debt is provided by QTC and is discussed below.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

		Carrying value		Fair value	
		2014	2013	2014	2013
	Notes	\$	\$	\$	\$
Consolidated					
Financial assets					
Cash and cash equivalents	11	86,713,259	90,336,647	86,713,259	90,336,647
QTC cash fund	11	60,214,638	57,543,101	60,214,638	57,543,101
Receivables	12	50,868,314	48,280,093	50,868,314	48,280,093
Total financial assets		197,796,211	196,159,841	197,796,211	196,159,841
Financial liabilities					
Payables	20	15,716,446	16,263,220	15,716,446	16,263,220
Loans - QTC	21	168,707,421	174,550,244	168,707,421	185,221,650
Total financial liabilities		184,423,867	190,813,464	184,423,867	201,484,870
Council					
Financial assets					
Cash and cash equivalents	11	81,817,688	85,121,073	81,817,688	85,121,073
QTC cash fund	11	60,214,638	57,543,101	60,214,638	57,543,101
Receivables	12	50,841,329	46,289,414	50,841,329	46,289,414
Total financial assets		192,873,655	188,953,588	192,873,655	188,953,588
Financial Liabilities					
Payables	20	38,382,391	39,176,924	38,382,391	39,176,924
Loans - QTC	21	74,836,796	74,711,464	74,836,796	76,572,785
Total financial liabilities		113,219,187	113,888,388	113,219,187	115,749,709

Notes to the financial statements
for the year ended 30 June 2014

Note 34. Financial instruments continued

Fair value hierarchy

The recognised fair values of financial assets and liabilities are classified based on the lowest level of input significant to the overall fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical instruments

Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3 - valuation techniques for which any significant input is not based on observable market data

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated				
2014				
Financial assets				
QTC cash fund	60,214,638	-	-	60,214,638
Other	137,581,573	-	-	137,581,573
Total financial assets	197,796,211	-	-	197,796,211
Financial liabilities				
Loans - QTC	168,707,421	-	-	168,707,421
Payables	15,716,446	-	-	15,716,446
Total financial liabilities	184,423,867	-	-	184,423,867
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$

Consolidated

2013

Financial assets

QTC cash fund	57,543,101	-	-	57,543,101
Other	138,616,740	-	-	138,616,740
Total financial assets	196,159,841	-	-	196,159,841

Financial liabilities

Loans - QTC	174,550,244	-	-	174,550,244
Payables	16,263,220	-	-	16,263,220
Total financial liabilities	190,813,464	-	-	190,813,464

Notes to the financial statements
for the year ended 30 June 2014

Note 34. Financial instruments continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Council				
2014				
Financial assets				
QTC cash fund	60,214,638	-	-	60,214,638
Other	132,659,017	-	-	132,659,017
Total financial assets	192,873,655	-	-	192,873,655
Financial liabilities				
Loans - QTC	74,836,796	-	-	74,836,796
Payables	38,382,391	-	-	38,382,391
Total financial liabilities	113,219,187	-	-	113,219,187
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Council				
2013				
Financial assets				
QTC cash fund	57,543,101	-	-	57,543,101
Other	131,410,487	-	-	131,410,487
Total financial assets	188,953,588	-	-	188,953,588
Financial liabilities				
Loans - QTC	74,711,464	-	-	74,711,464
Payables	39,176,924	-	-	39,176,924
Total financial liabilities	113,888,388	-	-	113,888,388

Note 35. National competition policy

Business activities to which the code of competitive conduct is applied

A "business activity" of a local government is any activity that involves trading in goods or services.

The code of competitive conduct (CCC) must be applied to the following business activities:

(a) A building certifying activity that:

- (i) involves performing building certifying functions within the meaning of the Building Act, section 8; and
- (ii) is prescribed under a regulation*.

* Section 38 of the *Local Government Regulation 2012* lists the local government's whose activities are prescribed building certification activities.

(b) A roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement, that involves:

- (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.
- (ii) construction or road maintenance on another local government's roads which the local government has put out to tender.

Each local government may elect to apply a Code of Competitive Conduct (CCC) to any other identified business activities. However, for any with current expenditure of \$300,000 or more, the local government must decide, by resolution each year, whether to apply the CCC to that activity.

Under the competitive neutrality principle, an entity that is conducting a business activity in competition with the private sector should not enjoy a net advantage over competitors only because the entity is in the public sector.

The competitive neutrality principle may be applied by commercialisation or full cost pricing. This includes removing any competitive advantage or disadvantage, where possible, and charging for goods and services at full cost.

In addition, the cost of performing community service obligations, less any revenue received from carrying out those obligations, must be treated as revenue for the business activity.

A community service obligation is an obligation the local government imposes on a business activity that is not in its commercial interest, for example, giving a concession to pensioners. A local government's financial statements must contain an activity statement for each business activity to which the CCC applies.

Fraser Coast Regional Council applies the competitive code of conduct to the following activities:

Caravan parks
Solid waste management
Airports
Brolga Theatre
Building certification

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

Notes to the financial statements
for the year ended 30 June 2014**Note 35. National competition policy** continued

The following activity statements are for activities subject to the competitive code of conduct:

	Caravan parks \$	Solid waste management \$	Airports \$
2014			
Revenue for services provided to external clients	2,944,841	19,321,540	1,857,621
Community service obligations	-	324,000	1,088,000
	<u>2,944,841</u>	<u>19,645,540</u>	<u>2,945,621</u>
Less : expenditure	(1,584,707)	(14,533,805)	(2,645,947)
Surplus	<u><u>1,360,134</u></u>	<u><u>5,111,735</u></u>	<u><u>299,674</u></u>

	Brolga Theatre \$	Building certification \$
2014		
Revenue for services provided to external clients	996,749	330,318
Community service obligations	430,107	-
	<u>1,426,856</u>	<u>330,318</u>
Less : expenditure	(2,414,665)	(194,994)
Surplus / (deficit)	<u><u>(987,809)</u></u>	<u><u>135,324</u></u>

Description of CSO's provided to business activities:

Activities	CSO Description	\$
Airports	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 and economic development in the local authority area. This objective is consistent with the adopted Corporate Plan. The pricing structure for airport landing fees is not currently 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 region.	1,088,000
Solid waste management	Council has identified a number of CSO's in relation to the provision of waste services throughout the region. Council provides and services street litter bins throughout the region. Public recycling services are also provided in high profile, high use areas. These services are recognised as a CSO. In addition, Council provides vouchers to charitable organisations and schools allowing those organisations to dispose of a certain amount of waste for free. This service is also recognised as a CSO.	324,000
Brolga Theatre	Council has identified a CSO in relation to the Brolga Theatre. Council requires the Brolga Theatre to operate first class facilities and to provide a range of high quality cultural performances to residents in the region at a cost equivalent to prices in major cities. Council requires all trading areas, other than live theatre performances to operate on a commercial basis and produce profitable results. Council recognises a CSO to cover all of the Theatre's net operating loss excluding asset depreciation.	430,107

General purpose financial statements
for the year ended 30 June 2014

Management certificate
for the year ended 30 June 2014

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

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

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



Gerard O'Connell

MAYOR

15/10/2014



Lisa Desmond

CHIEF EXECUTIVE OFFICER

15/10/2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Fraser Coast Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Fraser Coast Regional Council, which comprises the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Fraser Coast Regional Council and the consolidated entity for the financial year 1 July 2013 to 30 June 2014 and of their financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Current year financial sustainability statement for the year ended 30 June 2014

Measures of financial sustainability

Council's performance at 30 June 2014 against key financial ratios and targets

	2014 Consolidated \$	2014 Council \$	Target \$
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Performance indicators

1. Operating surplus ratio

Net result (excluding capital items)

Total operating revenue (excluding capital items)

2.28% 3.29% 0 - 10%

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals)

Depreciation expense

58.57% 75.64% more than
90%

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net financial liabilities ratio

Total liabilities less current assets

Total operating revenue (excluding capital items)

4.07% (48.11%) less than
60%

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Note 1 - Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013.

The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's audited general purpose financial statements for the year ended 30 June 2014.

Current year financial sustainability statement
for the year ended 30 June 2014

Certificate of accuracy

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

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



Gerard O'Connell

MAYOR

15/10/2014



Lisa Desmond

CHIEF EXECUTIVE OFFICER

15/10/2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Fraser Coast Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Fraser Coast Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Fraser Coast Regional Council, for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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



P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Measures of financial sustainability

Council's performance at 30 June 2014 against key financial ratios and targets and projected forecast performance.

	Target	Actual 2014	2015	2016	2017	2018	Forecast		2019	2020	2021	2022	2023	2024
Performance indicators - consolidated														
1. Operating surplus ratio														
Net result (excluding capital items)	0 - 10%	2.28%	2.25%	1.38%	2.64%	4.65%	6.10%	7.02%	8.05%	9.35%	10.54%	11.99%		
Total operating revenue (excluding capital items)														
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.														
2. Asset sustainability ratio														
Capital expenditure on the replacement of assets (renewals)	more than 90%	58.57%	74.15%	65.25%	72.12%	67.49%	80.50%	68.37%	67.23%	78.94%	74.20%	74.98%		
Depreciation expense														
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.														
3. Net financial liabilities ratio														
Total liabilities less current assets	less than 60%	4.07%	40.30%	40.27%	33.87%	28.61%	27.00%	24.15%	20.98%	10.85%	(1.86%)	(13.22%)		
Total operating revenue (excluding capital items)														

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Measures of financial sustainability continued

Performance indicators - Council

	Target	Actual 2014	2015	2016	2017	2018	Forecast					
							2019	2020	2021	2022	2023	2024
1. Operating surplus ratio												
Net result (excluding capital items)												
Total operating revenue (excluding capital items)	0 - 10%	3.29%	3.86%	1.78%	2.13%	2.62%	3.59%	3.78%	4.01%	4.37%	4.30%	4.93%
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.												
2. Asset sustainability ratio												
Capital expenditure on the replacement of assets (renewals)	more than 90%	75.64%	88.19%	83.63%	89.33%	84.27%	106.98%	87.49%	84.54%	92.21%	86.05%	87.07%
Depreciation expense												
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.												
3. Net financial liabilities ratio												
Total liabilities less current assets	less than 60%	(48.11%)	(6.54%)	(4.10%)	(1.05%)	(1.55%)	1.52%	0.41%	(2.05%)	(2.83%)	(6.02%)	(9.54%)
Total operating revenue (excluding capital items)												
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.												

Certificate of accuracy

for the long-term financial sustainability statement prepared as at 30 June 2014

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

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



Gerard O'Connell

MAYOR

15/10/2014



Lisa Desmond

CHIEF EXECUTIVE OFFICER

15/10/2014





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