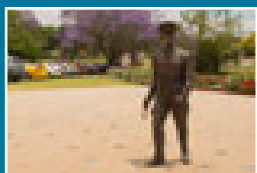
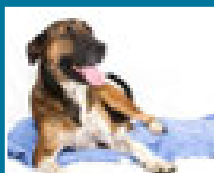


Annual Report

2015/16



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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 2015/16 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 the Mayor

The 2015/16 financial year was filled with major infrastructure projects and future planning for economic growth within our region.

Council made amendments to its Fraser Coast Planning Scheme to further encourage development such as low cost RV camping facilities, and extended its Infrastructure Charges Incentive Policy for another 12 months.

A new Fraser Coast Economic Development Strategy was also adopted, which highlighted priority projects to drive economic growth. The strategy identifies a number of key areas that focus on creating an environment conducive to business and industry development.

The Maryborough CBD received significant attention with a number of projects being delivered as part of the Imagine this City 2013-2018 Strategy including the \$3.2 million revitalisation works and the rollout of the Maryborough Story Trail.

Council continued its commitment to supporting local business in the 2015/16 financial year. \$78 million of Council's total budget was spent with local suppliers and contractors, which equates to more than \$312 million being injected back in the local economy.

Over \$55 million was allocated in the budget for capital works including the build and repair of sealed and unsealed roads, bridges, footpaths, kerb and channelling.

Key infrastructure projects that were carried out included Chapel Road, River Heads Road, Beaver Rock Road Stage Three and Nissen Street.

Following the local government elections in March, the "fresh" Councillors adjusted to their new roles and Council focused on strengthening our vision for the Fraser Coast.

Once again, each Councillor has a division which they represent and a portfolio that aligns with their interests and strengths.

Our local law review resulted in the mandatory desexing of cats and dogs when they are sold or given away, which came into effect in May.

Council's vision for our vibrant community was also reinforced in the Cultural Strategy 2015-2019 which helps staff and key stakeholders plan for future cultural services across the region.

Whilst the past 12 months have been filled with many challenges, I am confident that the projects and plans in the pipeline for the next year will continue to foster enthusiasm, inspiration and pride within our community.

We are committed to providing a family-friendly Fraser Coast that encourages people to come live, play, work and invest.

Cr Chris Loft



Message from the Chief Executive Officer

Delivering a massive capital budget was a major priority for Council over the past 12 months.

More than 14 road infrastructure projects were completed across the Fraser Coast from Yerra Road to the Link Mobility Corridor in Urangan. These projects have enhanced our regional road network by providing convenient access for residents and visitors to all areas of the community.

Another significant project that was completed in 2015/16 year was the Maryborough CBD Revitalisation Works which involved refurbishing sections of Kent and Adelaide Streets within the Maryborough CBD to increase visual amenity, continue a consistent streetscape scheme throughout the CBD and include points of interest which tell the story of Maryborough.

The success of this project demonstrated what can be achieved with the collaborative efforts of Council, contractors, businesses and the community.

Consultation with the community was a crucial element of Council's decision-making processes. Resident feedback was sought on a variety of topics including local laws, City Park Master Plan, Hervey Bay Esplanade Tourist Precinct, Hervey Bay Shoreline (Halcro Street to Dayman Park) Management Plan, Fraser Coast Planning Scheme amendments, and the Cultural Strategy.

The Fraser Coast is ideally situated to take advantage of the growing caravan and camping tourism market. Council recognised the economic value of this industry and began implementing a number of key recommendations from the Fraser Coast Camping Options Strategy in partnership with Tourism and Events Queensland, caravan park operators, the business community, peak bodies and industry groups.

Council strives to provide leadership for the Fraser Coast business and investment sectors and adopted the Economic Development Strategy 2015-2020 to help

create an environment where new sustainable business and investment is encouraged to our region.

The strategy enables Council to lay the foundations for building economic prosperity and provides specific direction that will assist to deliver key economic targets for the future.

The Council workforce is one of the largest employers in the region. Our workforce is made up of more than 600 employees with a diverse range of skills across a variety of departments.

They are an extremely talented and dedicated team of individuals and I am proud of our achievements during the past financial year.

Lisa Desmond

Councillors (1 July 2015 to 18 April, 2016)

The Mayor and Councillors represented all residents across the region until the local government election in March 2016. Each Councillor was responsible for their division and associated portfolio which aligned with their interests and strengths.

Councillors:

Cr Gerard O'Connell (former Mayor)

Cr James Hansen - Primary Production and Rural Infrastructure

Cr Phil Truscott - Cultural and Performing Arts

Cr Chris Loft - Small Business, Manufacturing and Service Industry

Cr Daniel Sanderson - City and Town Centre Development

Cr Rolf Light - Community Resilience

Cr Trevor McDonald - Infrastructure and Planning

Cr Robert Garland - Community Health, Education and Training

Cr Darren Everard - Events, Sport, Recreation and Open Spaces

Cr Stuart Taylor - Tourism, Marketing and Communication

Cr George Seymour - Community, Heritage and Family Services



Councillors (18 April to 30 June, 2016)

The local government elections were conducted on 13 March, 2016 and the new Council sworn in at the Post Election meeting on Wednesday, 18 April, 2016. Councillor George Seymour was elected as Deputy Mayor at the same meeting.

Each Councillor was allocated a portfolio at the Council Ordinary Meeting on Wednesday, 15 June, which provides a conduit between Council and the businesses, industries and sectors that they represent.



Cr James Hansen
Division 1
Agriculture and Rural Infrastructure



Cr Daniel Sanderson
Division 4
Youth and City Precinct Development



Cr Denis Chapman
Division 8
Planning and Infrastructure



Cr Anne Maddern
Division 2
Small Communities Development



Cr Rolf Light
Division 5
Finance and Disaster Management



Cr Stuart Taylor
Division 9
Tourism, Communication and Governance



Cr Paul Truscott
Division 3
Innovation and Aviation



Cr David Lewis
Division 6
Culture, Arts and Environment



Cr George Seymour
Division 10
Community, Heritage and Family Services



Cr Darren Everard
Division 7
Events and Recreation

Executive Team



Davendra Naidu
Director, Infrastructure Services

The Infrastructure Services Directorate is responsible for strategic planning, asset management, design, delivery and maintenance of public assets for the Fraser Coast region. We are committed to ensuring that community assets are well planned and constructed to benefit current and future demands.

The achievements of our directorate over the past year have been significant through the delivery of a number of large capital projects and critical maintenance/replacement works across the region.

The department has achieved around 90% of the capital works budget which represents about \$55 million being invested in infrastructure works; with the majority of that injected into the local economy.

Bitumen resealing and asphalt resurfacing, including rejuvenation works, were undertaken as an asset preservation strategy. We also responded to approximately 5,500 customer requests in the 2015/16 financial year for faults, minor works and maintenance.

Our Asset Management Plan was updated and the focus is to continue updating using the latest road condition data to assist in developing a sustainable budget and long term financial plan for our region.



Peter Smith
Director, Community and Development

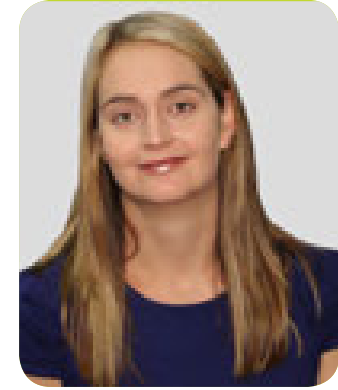
The Open Space and Environment section continues to provide quality recreational settings within Council's parks. The section also manages fire risk on Council land, a significant urban forest, and supports volunteers and external programs including Green Army and Work for the Dole.

A review of the local laws was finalised which included a range of amendments aimed at streamlining, simplifying and removing red tape. The Fraser Coast was the first local authority to introduce mandatory desexing for dogs when sold or given away.

The Fraser Coast Planning Scheme underwent a number of amendments during the year including the finalisation of the Urangan Harbour Master Plan.

Maryborough's historic precinct continues to be revitalised with the implementation of the Maryborough Story Trail which highlights the heritage and characters of the city.

A range of programs were also delivered that promote inclusiveness and support emerging technologies including the implementation of the Tech Savvy Seniors digital literacy workshops at the Fraser Coast Libraries.



Alexis Hill
Director, Organisational Services

The Organisational Services directorate is responsible for 641 employees, 689 computers, a \$127.4 million operational budget; as well as the management of multiple commercial units such as the four beachfront tourist caravan parks and the Hervey Bay and Maryborough airports. The Hervey Bay Airport continued to demonstrate its value as an economic driver for the Fraser Coast region during the 2015/16 year with a 5.98% increase in passenger numbers for the Sydney and Brisbane routes.

Community resilience and organisational improvement continues to be a focus for the Business Improvement area with the successful delivery of the Get Ready campaign, the development of an internal quality and improvement team and the changes within of fleet maintenance and capital replacements.

We are continually looking for ways to improve efficiency and this year major enhancements were made to our corporate systems which have increased functionality and reliability.



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.



Jane was very polite and professional.

My request was difficult and continued over a long period of time.

Jane sought advice and provided an easy solution to meet my needs in a very reasonable amount of time.

I really appreciated her being proactive and solutions focused.



I would like to recognise Dave Roberts for the work done on Cooper's Walk.

The walk is an amazing use of space in a very special part of the Fraser Coast.

I am particularly impressed how the entrance and interpretive signage integrates Cooper's memory into the walk, and the collaborative work with the Christensens and the Torquay Progress Association to deliver the project.



Robyn has a width and breadth of experience to provide advice on all areas of collection management and cataloguing.

She is currently taking on two roles in the absence of another librarian.

She is approachable despite her workload and provides advice happily and generously.



The Maryborough Works and Services Team have worked for several months on the laying of the cobblestones.

This project, including the associated concrete foundation slab required a new skill of the team as well as considerable investigation, trial mixes off-site and preparatory works.

Once the methodology and logic was perfected, a great amount of persistence, dedication and hard work in very challenging conditions was undertaken.



Ros, Caitlin and Dario have all demonstrated exceptional professionalism and dedication to assist in every way possible.

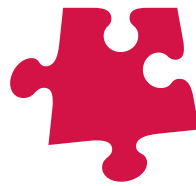
They have been exceptional to work with in helping implement the Work For the Dole program. The skills that jobseekers have developed from interaction with your staff are invaluable and I am sure will hold them well for future employment opportunities.

It is a pleasure to work alongside a great team of people.



In Term 4, 11 public schools visited the Aquatic Centre for school swimming lessons. This equated to 750 students per week in school swimming alone.

In week two of the term we lost two instructors from the team. Kylie, Kristy, Peter and Peter picked up these shifts and carried the team right through to the end of the term. Without their passion, support and team effort, many students would have been let down and missed out on the opportunity to learn how to swim.



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.

"Council has considerably improved the Maryborough CBD through the Revitalisation Program.

The aesthetic quality of our streetscapes, which includes the new footpaths, street furniture and art, has increased in the centre of town and our customers positively comment on the improvements.

We felt very included in the project and were continually kept up to date about the status of construction works through communication plans, information sessions, and regular e-updates."

Patrick Costigan, owner, Costigans Good Price Pharmacy Warehouse

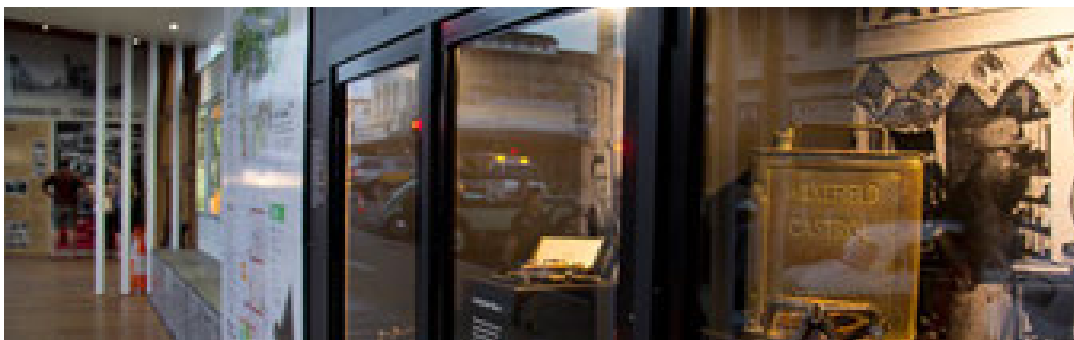


LOCAL LAW REVIEW

Council sought community feedback in October on proposed amendments to its Local Laws.

The amendments were proposed following community consultation through a series of public meetings over a six month period.

The amendments streamline, simplify and reduce red tape.



IMAGINE THIS CITY

The \$3.2 million Maryborough CBD revitalisation project was completed in October. It is the biggest project to be delivered under the Imagine this City 2013-2018 Strategy to date.

The Strategy is built on the principle that by strengthening our CBD and local community, the region will be regarded as one of Queensland's most desirable locations to live, work, invest and play. The revitalisation project included new footpaths, street furniture and the installation of street art as part of the Maryborough Story Trail.

ADDITIONAL STOP AND SHOP SITE

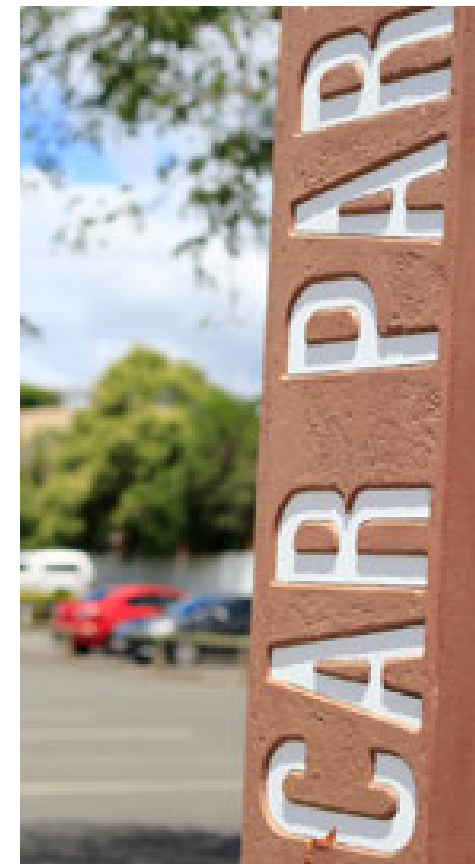
Council sought feedback in September on proposed locations for one additional 'Stop and Shop' site in Hervey Bay.

Proposed sites included: Zephyr Street, Beck Road, Doolong Road and Tavistock Street.

The 'Stop and Shop' concept encourages consumers to stop within CBD areas to explore and support local businesses.

The consumer must spend a minimum of \$10 at a local business and show their receipt at a Visitor Information Centre to obtain a voucher to stay for up to 20 hours in designated long parking areas.

As a result of the feedback eight parking sites were established at Beck Road in May.



REGULATED PARKING

In November, Council provided an extra 132 all day parking spaces in the Maryborough CBD following a review of regulated car parking.

Council reviewed occupancy rates in car parks across the CBD and took into account changes following the completion of roadworks for the CBD Revitalisation project.

The changes took the number of all-day car parking spaces in the Maryborough CBD to 482.

PLANNING AMENDMENTS ADOPTED

Council adopted amendments to the Fraser Coast Planning Scheme which took effect from March.

The amendments include the Urangan Harbour Master Plan, changes to the Home Based Business Code, Transport and Parking Code and inclusion of the bedroom definition.



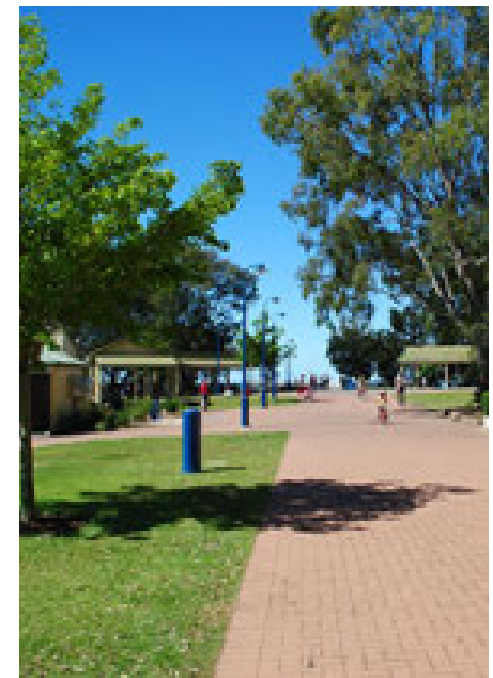
\$43,000 in 21 grants under the Streetscape Scheme, which assists building owners to refurbish their facades.

BAY ESPLANADE PRECINCTS

In October, Council endorsed the Hervey Bay Esplanade Tourist Master Plan.

The plan is a five-year vision for the Hervey Bay Esplanade which focuses on the four high profile Esplanade Precincts – Pialba, Scarness, Torquay and Urangan.

It considers the future look and feel of each precinct and is a result of a collaborative process between Council, precinct businesses and the community.



e-NOTICES

From November, ratepayers were able to receive their water and annual rates notices via email.

Council emailed ratepayers to see if they would like to receive their notices electronically rather than posted hard-copy notices.

This delivery preference is designed to reduce costs and environmental impact as well as provide a more efficient means of service.

LOW COST RV CAMPING OPTIONS

Council sought expressions of interest in April to provide commercial low cost camping options to cater for the growing RV market.

Council also asked the State Government to endorse amendments to the Fraser Coast Planning Scheme to encourage camping options to cater for this market.

Low cost camping options may include the provision of 100 camp sites or sites for 50 self-contained recreational vehicles on rural zoned land or in connection with an existing caravan park.

SISTER CITY VISIT

A delegation from the Japanese city, Kasukabe, visited the Fraser Coast in July. The group comprised of government, Council and business representatives. They toured parts of the region including tourist operations, whale watching, agriculture, fisheries and education facilities. An information display on Kasukabe was also set up in the Hervey Bay and Maryborough Visitor Information Centres.



July 29, 2015

10th anniversary of jet flights from Sydney to Hervey Bay and 10 years of Virgin flying into Hervey Bay.



PLANNING SCHEME AMENDMENTS TO ENCOURAGE RVs

Public information sessions on the proposed amendment to the Fraser Coast Planning Scheme were held in January.

The amendments covered:

- The introduction of provisions relating to the Fraser Coast Camping Options Strategy;
- Rezoning of land to reflect the reduction in the Aubinville Waste Water Treatment Plant buffer zone;
- Changes to the flood immunity provisions for Dual Occupancies and Dwelling Houses;
- Change to the levels of assessment for Community Uses;
- Correction of errors in the Vegetation Management Code;
- Inclusion of provision relating to site access to Dwelling Houses, and;
- Changes to the Advertising Devices Code.



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.

"I have been volunteering at the Hervey Bay Adoption Centre for the past two years and I'm impressed with the improvements that have been made since Council took over operations in September last year.

Working with Council has meant we get so much more exposure through all their communication and marketing channels which has helped a lot with rehoming the animals.

The cats and dogs are well taken care of and I love the environment that I share with the other volunteers. We are very passionate about finding the best owner to suit each individual animal.

It's important that we give them a second chance at finding their forever home."

Claudette Spencer - Hervey Bay Adoption Centre Volunteer



SCITECH EXHIBITION

The educational Scitech exhibition – Backyard Adventures was on display at Maryborough's City Hall from November to January.

The exhibition encouraged children to discover the hidden world of science in their own backyard through interactive displays such as the DIY science garden, a pollination skills test and the mechanical skipping rope.



VOLUNTEERS EXPO

More than 40 community groups and organisations were on display at the Fraser Coast Volunteers Expo in May.

They showcased themselves to potential volunteers, who attended to see what opportunities existed for volunteer work across the region.

Over 400 people attended on the day.

The Expo was a part of Volunteers Week 2016.



COMMUNITY AND REGIONAL GRANTS

Council provided \$101,844.20 in grants for community groups and organisations under the Community Grants and Regional Events Support Scheme. Some of the successful applicants included:

- Hervey Bay Surf Life Saving Club Inc. – Hot water system for club house
- Poona Community Progress Association Inc. – Synthetic golf putting green
- Maryborough Woodturners and Woodcraftsmen Guild – Purchase of equipment to support wood working activities
- Hervey Bay Historical Village and Museum – Construction of restored machinery shed
- Fraser Coast Agriculture Show Society Inc. – Erection of Storage Shed
- Hervey Bay Sea Scouts – Roof Restoration
- Friends of the Burrum River System Group – Paddling the Burrum River
- Hervey Bay Council for the Arts – Music in the Park
- Hervey Bay Triathlon Club – Hervey Bay 100
- Maryborough Family Heritage Institute – Immigration Celebration
- Maryborough Sailing Club – Australian Skiff Championships
- WindWanderers – Burrum Windfest
- Burrum Heads Amateur Fishing Club – Easter Fishing Classic
- Hervey Bay Boat Club Fishing and Social Club – Family Fishing Competition



AUSTRALIA DAY AWARDS

The Fraser Coast 2016 Australia Day award recipients were:

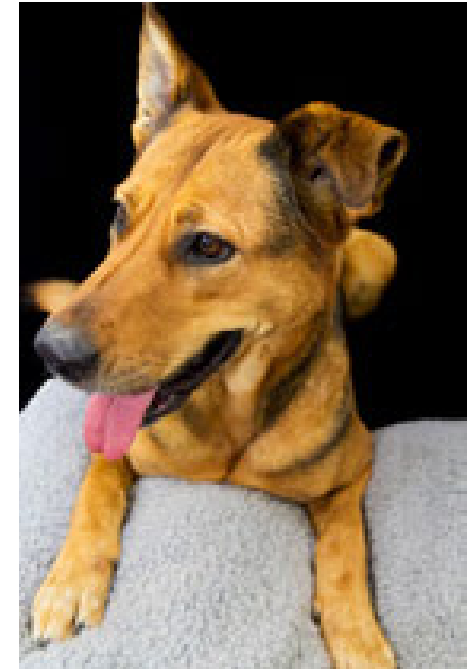
- Fraser Coast Citizen of the Year: Warren Persal
- Junior Citizen of the Year: Coen Ashton
- Sportsperson of the Year: Nick and Dawn Downes
- Junior Sportsperson of the Year: Lachlan Amodeo
- Cultural Award of the Year: Toni Robinson
- Junior Cultural Award: Chloe Wright
- Community Group of the Year: We Care 2
- Community Event of The Year: Fraser Coast Queensland Week Music and Arts Festival

HERVEY BAY ADOPTION CENTRE

In September, Council took over the management of the Hervey Bay Adoption Centre facility.

The Adoption Centre aims to rehouse suitable cats and dogs from the Pound. It currently has capacity to hold up to 16 cats and 23 dogs.

The Centre is manned by one full-time staff member and more than 10 volunteers. To date, 329 animals have been rehomed or given to rescue groups.



TIME CAPSULE OPENED

A small ceremony was held at the Hervey Bay Administration Centre in October to celebrate 25 years since the Council's Tavistock Street building was opened.

A time capsule which had been buried in 1990 was opened to mark the occasion.

The contents of the time capsule were handed over to the Hervey Bay Historical Society. Among the artefacts was a document containing the predictions of Mayor Kleinschmidt and town clerk Ray Becker.

Another time capsule to celebrate 50 years will be opened on October 20, 2040.

SCHOOL LEAVER'S GUIDE

Council launched the Fraser Coast School Leaver's Guide 2015/16 in October. The need for the guide was identified during the development of the Fraser Coast Youth Strategy.

It highlights key employment, education, youth and information support services available on the Fraser Coast. Council delivered free copies of the A5-sized booklet to all high schools for distribution to Year 12 students.

DEFIBRILLATORS FOR COMMUNITY GROUPS

In January, four defibrillators were purchased to improve safety in the region.

They were placed in the Burrum District Mens' Shed, Burrum Community Centre and Toogoom Community Hall and the Toogoom RSL.

A First Responders First Aid Kit was also placed in the Aldershot Community Hall.



\$4,500 raised from pet registrations to help the Maryborough and Hervey Bay branches of Riding for the Disabled Association Inc.



COMMUNITY CHAMPIONS

Council recognised the following Community Champions for their contribution and efforts within the community:

- Margaret Moller – Maryborough Sporting Car Club
- Ross Cotton – Urangan Pier Markets
- Lars Olsen, Mike Thomason, David Hinton, Chris McIntyre, Mark Armstrong and Shane Coster – Life-straws Support Program in Nepal
- Matthew Hauser – Sporting achievements
- Gayle and Jackie – Pipsqueak web design
- Kerrie Marshall – Hervey Bay Arts Society Inc
- Janet Revill – contribution to the arts
- Alice Ward – Burrum Heads Progress Association



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.

"From the coastal tourist havens of Hervey Bay, Burrum and Toogoom, coupled with the ecological giants of Fraser Island and the Great Sandy Strait, to the heritage of Maryborough and the small town experience of Tiaro, Torbanlea and Howard, the Fraser Coast region is an evolving area with so much to offer both potential investors and families.

The development of secure, liveable and socially inclusive communities has been a visible Council priority. Projects that improve transport corridors, build tourism infrastructure and support developing sectors of the economy, have all been a feature of Council planning to create a robust, strong and sustainable regional community."

Sandra Holebrook - President, Hervey Bay Chamber of Commerce



HOUSING AFFORDABILITY REBATES

Council awarded 123 grants as part of the Hervey Bay Housing Affordability Scheme during the 2015/16 financial year.

The \$12,000 grants are available until March 2017 for first home buyers who buy homes or house and land packages in key housing estates.

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



\$274 million -
Domestic overnight visitor expenditure
on the Fraser Coast.

ECONOMIC DEVELOPMENT STRATEGY

In July, Council adopted the new Fraser Coast Economic Development Strategy.

The strategy is based on six economic pillars that will grow and diversify the region's economic base.

The strategy will:

- focus on setting the framework for enhanced growth and development across a broad range of industry sectors within the Fraser Coast region;
- stimulate innovation, business and industry growth by fostering a knowledge based economy;
- create an environment that is conducive to business and industry development and attraction;
- support existing business and industry to build on the region's competitive advantage;
- encourage sustainable and innovative business practices;
- ensure infrastructure meets industry and community expectations, and;
- encourage partnerships, business networks and alliances to plan and facilitate economic development.

HMAS TOBRUK

In October, Council reallocated \$1 million of its budget to sink the HMAS Tobruk between Hervey Bay and Bundaberg. The dive site will be an added attraction to bring tourists to the region.

About 5,000 divers each year explore HMAS Adelaide off the NSW coast. At least 90% of the divers come from outside the region.

LOCAL SPEND

Council injected more than \$78 million into the local economy in the 2015/16 financial year.

Around 82% of Council's budget was spent with local suppliers and contractors.



FIRST JOBACTIVE PARTICIPANTS

In July, the first two participants started in the jobactive Work for the Dole program hosted by Council.

Council's Skills 4 Work program aims to provide 50,000 hours of work-like experiences for participants in the Australian Government Initiative.

Under the program, long-term unemployed persons aged 18 to 29 participate for 25 hours a week. People aged over 30 to 49 years of age participate for 15 hours a week in individual or group based projects for a 26 week period.

INFRASTRUCTURE INCENTIVE POLICY EXTENSION

In February, Council extended its infrastructure incentives to attract investment to the Fraser Coast for another twelve months. The incentives apply to development which meets one or more of the following:

- Category 1 – residential delayed payment; and/or
- Category 2 – 10% or 20% infill residential development; CBD development and Hervey Bay nodal development, employment generating businesses; rural industry; over 50's lifestyle village; tourist parks; and/or
- Category 3 – 30% of medical facilities; and/or
- Category 4 – Preservation of roll-in provisions; and/or
- Category 5 – Development considered to be of special or significant benefit.



LESHAN SISTER CITY DELEGATION

A delegation of six from the Chinese Sister City, Leshan, visited the Fraser Coast in May.

The delegation, headed by Vice Mayor Liao Lei, met the new Council and toured education and tourism facilities in the region.

The delegation also visited the Fraser Coast Cultural Centre, Fraser Island and Riverside Christian College.



BUDGET HIGHLIGHTS

Some of the highlights from the 2015/16 Budget included:

- \$46.62 million spent on building and repairing sealed and unsealed roads, unformed roads, road bridges, footpath and kerb and channelling;
- \$13.85 million spent on waste collection;
- \$13.93 million spent on maintaining and upgrading recreational facilities;
- \$505,000 spent on supporting community and welfare organisations, emergency services, sporting and recreational groups, and schools;
- \$1.8 million spent on health and compliance;
- \$1.1 million spent on coastal protection; and
- \$3.07 million spent on libraries.



STOP AND SHOP

Council launched the Stop and Shop campaign in July to attract RVs, caravans and grey nomads into Maryborough and Hervey Bay.

The Stop and Shop concept was one of the recommendations presented by the Camping Options Stakeholders Working Group.

RV travellers are required to spend a minimum of \$10 in a local business and show their receipt at the Maryborough or Hervey Bay Visitor Information Centre to obtain a 'Stop and Shop' voucher to stay for up to 20 hours in the designated long parking areas.

Three Stop and Shop sites were developed at the Hervey Bay Visitor Information Centre car park on the Maryborough/Hervey Bay Road.

Four sites were also opened in the Maryborough CBD in December at the rear of Alan and June Brown Car Park.

These are on top of the designated short-stay caravan and RV parks in the McDowell car park and along Lennox Street.

A dump point is available at both the Maryborough Showgrounds and Equestrian Park and the Maryborough Airport.





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.

"Our natural areas are not only rich in irreplaceable biodiversity – they also form an essential part of the balance of everything that sustains us.

Council's Community Environment Program supports our community with a number of projects that work to preserve the integrity of our natural areas and attempt to replace some of what has been lost.

Fay Smith Wetlands in Maryborough has received considerable attention this year. The Green Army joined regular volunteers in an extensive weeding and planting project at the site. The aim was to boost the integrity of the site and reduce mowing.

With the challenges of global warming upon us it is imperative that efforts and resources in maintaining and increasing a diverse and healthy natural environment be redoubled as we move into an uncertain future - we are all in this together."

Ruby Rosenfield - CEP Volunteer



SAND PUSH ON BAY BEACHES

In June, sand pushing and beach nourishment activities commenced on Hervey Bay beaches.

The work is on top of smaller sand pushes undertaken in May and included smoothing out beach access ways that were affected by high tides and strong winds.

The work was carried out along priority sections of the beach between the Seafront Oval and Dayman Park.



HERVEY BAY SHORELINE MANAGEMENT PLAN

In August, Council adopted the \$7 million Hervey Bay Shoreline (Halcro Street to Dayman Park) Management Plan. The plan includes using a combination of beach nourishment, sand-filled bags and rock to build revetment walls to protect the foreshore.

It was developed with reference to the Fraser Coast Shoreline Erosion Management Plan Options Assessment and marine engineering specialists. Council also began talks with the Department of Environment and Heritage Protection about the design of the revetment walls in the six priority areas of Hervey Bay stretching from Torquay to Shelly Beach.

SCHOOLS VISIT MRF

Council offered local state primary schools free transport to visit its Materials Recovery Facility (MRF) Education Centre in Hervey Bay between February and June.

Council received funding from a Keep Australia Beautiful, Beverage Container Recycling Community Grant. The grant helped to cover transport costs to and from the Education Centre so students could observe the recycling process onsite.

The visits included:

- paid bus transport for up to 50 students and 6 teachers/adults to and from the MRF Education Centre;
- a lesson on Council's waste management system, recycling rules, and an overview of the sorting process at the MRF;
- activities based around six interactive learning stations; and
- an information pack for each student.

12 local schools took up the offer.

NATIONAL TREE DAY

More than 1000 native seedlings were planted during National Tree Day in July. A variety of gums and other trees were planted in Pioneer Country Park, Maryborough to increase future food and habitat for local koalas. A smaller planting was carried out at the Hillyard Street Reserve in Hervey Bay. 128 volunteers lent a hand with planting and watering.



ESPLANADE FIG TREES

Coloured lights were installed in the figs along the Esplanade at the Seafront Oval in July.

The lights help to create atmosphere, especially during special events such as Christmas/New Year, charity days, as well as improve visibility along the adjacent foreshore shared walk/cycleway.

The 38 LED lights (two per tree) can be controlled remotely, highlight the trunks, branches and the aerial root system.

The figs were propagated from cuttings of a memorial fig located at the end of Martin Street in Point Vernon, and planted about 25 years ago.

RIVER HEADS WALKING TRACK

A 900-metre walking track between River Heads shops and the boat ramp was opened in February.

The track, which has views over the Susan River and passes through endangered vine forest, open eucalypt forest and overlooks the mangroves, was built by Council, the Green Army and River Heads Progress Association volunteers.

People can walk the track, which starts at the shopping centre and winds its way through bushland, to the boat ramp.



BUSHWACKYS GET STUCK INTO WEEDS

In July, weeds and rubbish were removed from bushland at the entrance to Kingfisher Lakes Estate in Hervey Bay.

As part of the project Council installed a shelter and bench seats for people to sit and enjoy the bushland.

A service road was also built to access a trash trap at the dam wall which regulates the water level in Kingfisher Lakes.

The trap collects litter that is blown and washed into Eli Creek.

The Community Environment Program volunteer group, which includes residents from Kingfisher Lakes Estate, continues to look after the bushland and assist in native bush regeneration.



11,000 tonnes

of recyclable material received at the Material Recovery Facility (MRF).



WATER AND WASTE WISE CHALLENGE

In April, Fraser Coast kindergartens, primary and secondary schools were invited to participate in the 2016 Water and Waste Wise Challenge.

The challenge, which was formerly known as the 'Annual School Spring Garden Competition', involves creating a project which influences the behaviours of others to reduce, reuse and recycle water and/or waste.

The theme of the competition is 'Be seen teaching blue and green' and entries will be judged during National Water Week and announced during National Recycling Week.

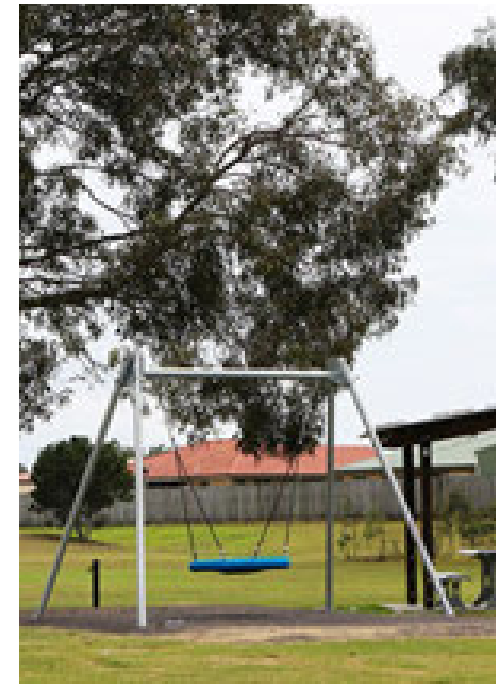


BUNYA COURT PLAYGROUND

A drainage reserve in Bunya Court, Hervey Bay, was transformed in December.

The project started with Council responding to residents' call for playground equipment in the Pialba Downs Estate.

Community Environment Program volunteers, local students, the Green Army, Job Skills teams and Council staff removed weeds and replanted, along the creek line.



LANDFILL POWERS MODERN FUTURE

In April, Ergon Energy successfully connected a 1MVA export generator to the grid, which uses gas from the Maryborough Landfill Site. The generator effectively extracts landfill gas resulting from the decaying organic compounds buried underground.

Energex has two landfill gas generation sites for Landfill Gas Industries feeding power into the grid in southeast Queensland, but this is the first connected into Ergon's network.

The operator Landfill Gas Industries is behind the Maryborough site, which features a single 1MVA gas generator with plans to add a second 1MVA generator in the future - enough to power 2,000 homes.

It's believed the site has enough gas to provide power for more than 20 years. The equivalent solar project would consist of in excess of 15,000 Photo Voltaic panels.



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.

"The Link Mobility Corridor is a wonderful asset for Hervey Bay. I have been dependent on my mobility scooter for the past 10 years.

Being able to transport myself from one end of town to the other gives me a sense of independence. I am able to visit my friends and family as well as go shopping and to medical appointments.

I also like to utilise the cycleway along the Esplanade foreshore. It is fantastic that the pathways are wide enough for me to enjoy the scenery along the beach.

If it wasn't for these networks that connect and link throughout town, I wouldn't be able to get out and about as much as I do."

Mavis Jenkins - Local resident



LINK MOBILITY CORRIDOR

Work was completed in May on the final section of the Link Mobility Corridor along Pier Street, Urangan. The corridor, built on the former rail line, offers walkers, joggers, cyclists and mobility scooter drivers a safe route through Hervey Bay from the Hervey Bay Hospital to the Urangan Pier. The corridor now connects with the foreshore shared walk/cycle path which links the Urangan Harbour to Gatakers Bay.



TOOGOOM DRAINAGE

Extra pipes were installed under Jeppesen Road in May to improve stormwater drainage along the Toogoom Esplanade.

The underground stormwater drainage links the Toogoom Esplanade with existing drains in Desmond Drive.



URRAWEEEN ROAD DRAINAGE

Work was completed in December on piping the stormwater drain beside Urraween Road between Pantlins Lane and the Maryborough/Hervey Bay Road.

The \$280,000 project consisted of laying two 825mm diameter drainage pipes side by side for 200 metres, installing stormwater pits and grates, headwalls, earthworks and embankment formation, turfing and landscaping.



NISSEN STREET UPGRADE

In July, work began on an \$800,000 upgrade of Nissen Street (between Boat Harbour Drive and Chancellor Drive). The works included pavement rehabilitation.

In May 2016, work started on an upgrade to the 380 metre section of Nissen Street (between Boat Harbour Drive and Old Maryborough Road). The work included repairs to broken kerb and channel as well as pavement reconstruction.



WALKING PATH SCHULTZ PARK

A new concrete walking path was constructed in Schultz Park, Tinana in June.

The path crosses Schultz Creek in Woongool Road and runs alongside the creek to finish behind the dog obedience area on Gympie Road.

Future stages will see the path connect with existing walking paths in Pioneer Park to create an exercise circuit starting at the Lamington Bridge and finishing on Woongool Road.

GUTCHY CREEK BRIDGE

Work began in May to replace the multi-span timber bridge over Gutchy Creek on Netherby Road, Gundiah, with a single span two-lane concrete bridge and footpath. The first stage of the project includes building a side track across the creek. Once it is operational, the old timber bridge will be demolished and replaced. The \$2.2 million project has been equally funded by the Department of Infrastructure and Regional Development Bridges Renewal Programme and Council. The new 24.6m bridge will include a 2m wide walk/cycle lane and improvements to the approaches.



RIVER HEADS ROAD RECONSTRUCTION

The reconstruction of River Heads Road was completed in May. The \$6.9 million project was split into two stages. The reconstruction works included formation and pavement widening, upgrading the vertical and horizontal geometry, stormwater drainage improvements and the provision of associated roadway furniture and signage.

A key element of the project was the pavement rehabilitation works at Cove Boulevard, between Seafarer Drive and Bengston Road.



OLEANDER AVENUE RECONSTRUCTION

Work to strengthen and rebuild an 800-metre section of Oleander Avenue, between Daydream Court and Kululu Crescent, began in May.

The \$1.6 million project includes deep excavation, pavement reconstruction, new bike-safe stormwater pits, sub-soil drainage, replacement of damaged kerb and channel, bitumen surfacing and asphalt overlay.

RURAL ROADS AND BRIDGES

Rural infrastructure was given a \$3.8 million boost across the Fraser Coast with the following projects:

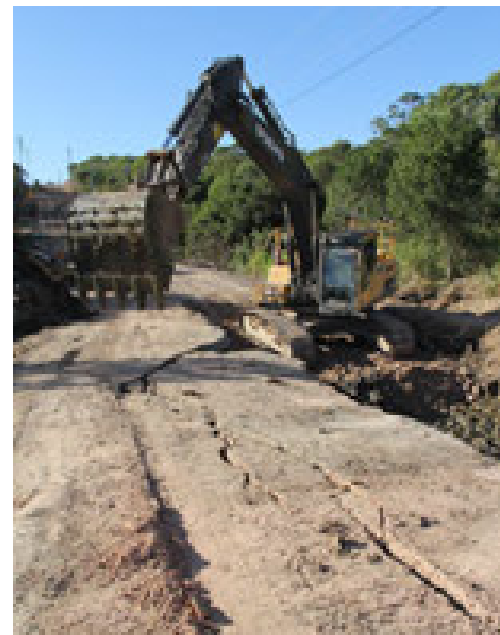
- Beaver Rock Road Stage 3: \$904,000 which included rebuilding 860 metres of Beaver Rock Road, culvert improvements, stabilising table drains with rock-filled Reno mattress, bitumen sealing, line marking, signage and restoration works.
- Maaroom Road Stage 1A: An existing 3.1km section of narrow pavement was widened to 7.9 metres and strengthened to accommodate predicted traffic volumes. The \$879,000 project was undertaken with Council and Transport Infrastructure Development Scheme funding from the State Government.
- Yerra Road, North of Pilerwa Road – Stage 2: Upgrading of the road to an 8.5m full width bitumen seal formation. The \$372,000 project included earthworks, pavement construction, minor drainage alterations, driveway reinstatement, bitumen seal, line marking, road furniture and restoration.
- Widening and sealing Bauple Drive at Crest 2 to 10m with 1.5metre shoulders. The \$255,000 project included earthworks, pavement widening, installing culverts, bitumen surfacing, pavement marking and signage.
- The \$286,000 Sykes Road project at Glenwood included pavement construction, drainage works, driveway alterations, bitumen seal, line marking, road signage and restoration.
- A \$406,000 project on Bradford Road, Glenwood, included the reconstruction and sealing the existing road between Arborten Road and Arborsixteen Road.
- A section of Templar Road, Glenwood, from Bradford Road to its end, was widened from 4 metres to 7 metres and sealed as part of a \$135,000 project.
- Work was also completed on Murray's Bridge (\$212,000) and Birts Bridge (\$345,000) extending their working life by 20 years.

CHAPEL ROAD REBUILD

A \$1.7 million project to rebuild 1.15 kilometres of Chapel Road at Nikenbah was completed in April.

The project included:

- Removing old pavement for re-use;
- Bulk earthworks;
- Drainage and kerb and channel installation;
- Renewing large existing damaged culvert;
- Placing new cement treated base for pavement base and sub-base layers;
- Resurfacing;
- Drainage and kerb and channel installation, and;
- Linemarking and signage.



MAIN STREET ROADWORKS

Stage 2 of the Main Street over Ghost Hill reconstruction began in May. The project includes rebuilding an 800 metre section of Main Street over Ghost Hill from Christensen Street to just past the bottom of Ghost Hill.

Main Street will be lowered by 700mm and the gully at the bottom of the hill raised by one metre. Retaining walls will also be built to protect the main power supply into the city.



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.

"Gatakers Artspace links Kent Street to the Portside Museum precinct and has opened up many opportunities for all Fraser Coast artists, residents and visitors to the region.

The professional galleries and forecourt cater for a variety of uses, allowing diversity to shine and encouraging all to participate.

Our monthly Gatakers by Night with live music and artist demonstrations are enthusiastically supported. In addition the flourishing workshop facilities, including printmaking, drawing and ceramics, encourage learning, social interaction and professional development.

This gem of culture is loved by its many dedicated volunteers and the community at large.

Gatakers Artspace is a wonderful community asset stimulating learning, diversity and imagination."

Sue McLean – local artist



EXPRESSION SWING

An expression swing was installed in Anzac Park, Maryborough in December.

A second swing was also installed in Brendan Hansen Park in Granville.

The swings let adults and children see each other's faces as they swing together, and is designed to improve the experience of play in an open space.



PIER IN THE PICTURE

A huge picture frame was installed in May at the Urangan Pier.

The frame, measuring 2.4metres by 1.8 meters is designed to help promote the region.

#visitfrasercoast has been painted on the frame to encourage tourism - for when residents and tourists take a picture of the pier through the frame and share on social media.

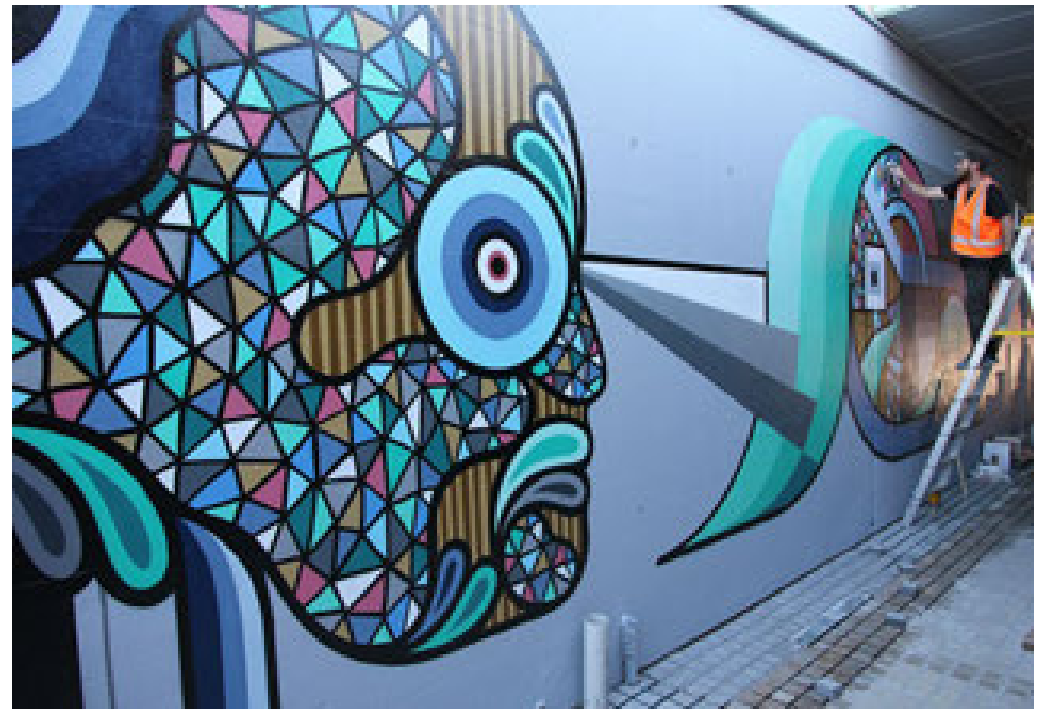


ARTIST CREATES MURAL IN KINGS ALLEYWAY

In September multidisciplinary artist Brad Eastman aka "Beastman" created a mural masterpiece in Kings Alleyway in Maryborough. Beastman is one of Australia's most distinctive and prolific emerging artists. He has exhibited extensively throughout Australia, as well as in the UK, USA, Germany, Hong Kong, Indonesia and New Zealand.

The artwork was a project implemented by Maryborough State High and funded by the Regional Arts Development Fund (RADF).

Beastman also presented a talk to local youth and the arts community during his visit. The Regional Arts Development Fund (RADF) is a partnership between the Queensland Government and Fraser Coast Regional Council.



CULTURAL STRATEGY

The Fraser Coast Cultural Strategy 2015-2019 was adopted in December.

The strategy sets out Council's vision for arts, heritage and cultural for the Fraser Coast. It also defines the goals and strategies that will guide this work over the next four years.

STORY BOXES ILLUMINATE CITY'S HISTORY

Interactive story boxes that feature stories of the Maryborough CBD were installed in February as part of the Maryborough CBD Revitalisation Project.

The screens display videos were created by local videographer Glen Wilson, with words by Maryborough-born writer Ian Brown and feature local community talent.

More stories will be incorporated as the Maryborough Story Trail project is rolled out.



COMPUTER CODING AND ROBOTS

Fraser Coast Libraries offered children an opportunity to learn about robots and coding during January. Ozobots are small robots that can be easily programmed.

They covered the basics of how the robots work and how they can be programmed. The sessions provided an interactive way to teach children about computer coding.



59 performances at the Brolga Theatre with a total attendance of 25,523.



PIER PARK SOUNDSHELL

In May, the installation of a soundshell at Urangan was completed.

The small stage area is located in the centre of the park at the intersection of Pilot and Hibiscus streets.

The project included a raised concrete slab, shade sail roof and brick rear wall with access ramp and stairs.

A group has been formed to hold regular concerts in the park.



MARYBOROUGH CBD STREET PARTIES

Residents were encouraged to come down and meet local businesses in the Maryborough CBD at the Street Party in March. It was the first of four parties to be held.

The street parties are organised by a committee comprising the Maryborough Chamber of Commerce, Maryborough Progress Association, CBD businesses, Council representatives and volunteers.

The events are designed to promote the CBD and local businesses, and showcase local talent within the community.

CUSTOMS HOUSE AND BOND STORE REFURBISHMENT

The Bond Store and the Customs House Interpretive Centre in Maryborough reopened in December after a major refurbishment.

The new displays use sound and video to engage visitors in the stories of the key people in the region's history and highlight the original use of the buildings.

In the Customs House the displays focus on immigration and the stories of new settlers, founding families and customs services.

In the Bond Store visitors can now take part in port and liqueur tastings and absorb the history of the city's customs service, wharves and industry.

The refurbishment project was a joint initiative of Council and the Queensland Government.



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	35
Section 45(a)(b)(c)(d)	Identifying significant business activities	35
Section 201(1)(a)(b)(2)(3)(4)	Senior management remuneration	35

Local Government Regulation 2012

Requirement	Title	Page/s
Section 183(a)	General purpose financial statement audited by the Auditor-General	53-125
Section 183(b)	Current-year financial sustainability statement audited by the Auditor-General	119
Section 183(c)	Long-term financial sustainability statement (refer Section 178)	123
Section 183(d)	Auditor-General's audit reports about the general purpose financial statement and the current-year financial sustainability statement	116-117 & 121-122
Section 184	Community financial report	45-52
Section 185(a)(b)	Particular resolutions made under s.250(1) and s.206(2)	35
Section 186 (a)(b)(c)(d)(i)(ii)(e)(i)(ii)(iii) (f)(i)(ii)(iii)(iv)(v)(vi)(vii)(viii)	Councillors	36-42
Section 187 (1)(a)(b)(2)(a)(i)(ii)(iii)(b)	Administrative Action Complaints	41
Section 188 (1)(a)(b)(c)(d)(e)(2)	Overseas Travel	41
Section 189 (a)(b)(i)(ii)	Expenditure on grants to community organisations	42
Section 190 (1)(a)(b)	Assessment of 5-year corporate plan and annual operational plan	10-33
Section 190(1)(c)	Annual operations report for each commercial business unit	42
Section 190(1)(d)(i)(ii)	Service facility or activity	42
Section 190(1)(e)	Tenders	42
Section 190(1)(f)	Registers	42
Section 190(1)(g)	Concessions	43
Section 190(1)(h)	Internal audit	43
Section 190(1)(i)	Investigation notices - competitive neutrality complaints	43
Section 190(1)(j)	Responses on QCA's recommendations on competitive neutrality complaints under s.52(3)	43
Section 190(2)(a)(b)(c)(d)	Annual operations report for a commercial business unit	42

Beneficial Enterprises

Pursuant to section 41 of the *Local Government Act 2009*, following is a list of beneficial enterprises conducted by Council during the 2015/16 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 2015/16 financial year:

- Caravan Parks
- Fraser Coast Airports
- Brolga Theatre
- Building Certification (this unit was wound up during the 2015/16 financial year)

Significant Business Activities

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

- 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 2015/16 financial year.

Senior Management Remuneration Packages

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 2015/16 financial year was \$1,163,600.

Pursuant to Section 201(1)(b)(2)(3)(4) of the *Local Government Act 2009*, following is the number of employees in senior management who were paid each band of remuneration:

No. of Senior Executives	Salary Range
2	\$105,000 to \$204,999
3	\$205,000 to 304,999

The above includes the salary of one retiring Director and replacement Director.

Senior Management Remuneration Package includes salary paid or payable and superannuation at 12%.

Particular resolutions made under section 250(1) and section 206(2)

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 the Post-Election Meeting held 18 April 2016.

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 2015/16 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, Superannuation and Expenses 1 July 2015 - 30 June 2016

Fraser Coast Mayor and Councillors were remunerated in accordance with the maximum remuneration rates published by the Local Government Remuneration and Discipline Tribunal. Superannuation Contributions were paid at a rate of 12% of a Councillor's base remuneration.

The table below sets out the remuneration paid to Fraser Coast Councillors for the period 1 July 2015 to 30 June 2016:

Councillor	Term	Gross Salary/Earnings (\$)	Council Superannuation Contribution Paid (\$)	Expenses (\$)
Cr Darren Everard	1/7/15 - 30/6/16	82,640	9,917	6,802
Cr Robert Garland*	1/7/15 - 6/4/16	73,319	8,798	5,709
Cr James Hansen	1/7/15 - 30/6/16	82,640	9,917	9,299
Cr Rolf Light	1/7/15 - 30/6/16	82,640	9,917	12,854
Cr Chris Loft	1/7/15 - 30/6/16	96,050	11,526	11,098
Cr Trevor McDonald	1/7/15 - 6/4/16	64,520	7,743	7,862
Cr Gerard O'Connell	1/7/15 - 6/4/16	111,445	13,374	17,582
Cr Daniel Sanderson	1/7/15 - 30/6/16	82,640	9,917	9,345
Cr George Seymour**	1/7/15 - 30/6/16	84,808	10,177	14,831
Cr Stuart Taylor	1/7/15 - 30/6/16	82,640	9,917	11,798
Cr Phil Truscott	1/7/15 - 6/4/16	64,520	7,743	14,553
Cr Denis Chapman	6/4/16 - 30/6/16	18,438	2,213	2,504
Cr David Lewis	6/4/16 - 30/6/16	18,438	2,213	1,173
Cr Anne Maddern	6/4/16 - 30/6/16	18,438	2,213	1,978
Cr Paul Truscott	6/4/16 - 30/6/16	18,438	2,213	1,913
Total		981,614	117,798	129,301

* Includes Deputy Mayor allowance 1/7/15 to 6/4/16

** Includes Deputy Mayor allowance 18/4/16 to 30/6/16

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/iPad Air 2, printer, modem and Smart Phone.

Expenses were incurred for vehicle usage, conference registrations, accommodation, meals, travel expenses, telecommunications and professional development totalling \$129,301 for the financial year. Details are in the above table.

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 2015 to April 2016:

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	12	0	12	0	0	12
Cr Darren Everard	11	0	11	0	1	12
Cr Robert Garland	12	0	12	0	0	12
Cr James Hansen	12	0	12	0	0	12
Cr Rolf Light	11	0	11	0	1	12
Cr Chris Loft	11	0	11	1	0	12
Cr Trevor McDonald	10	0	10	1	1	12
Cr Daniel Sanderson	12	0	12	0	0	12
Cr George Seymour	12	0	12	0	0	12
Cr Stuart Taylor	11	0	11	1	0	12
Cr Phil Truscott	11	0	11	1	0	12

Note: Meetings included: 12 x Ordinary Meetings
0 x Special Meetings

Councillors' Attendance at Meetings

The following table is meeting attendance by the Councillors for the period April 2016 to June 2016:

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 Chris Loft	3	2	5	0	0	5
Cr Darren Everard	3	2	5	0	0	5
Cr Denis Chapman	3	2	5	0	0	5
Cr James Hansen	3	2	5	0	0	5
Cr Rolf Light	3	2	5	0	0	5
Cr Anne Maddern	3	2	5	0	0	5
Cr David Lewis	3	2	5	0	0	5
Cr Daniel Sanderson	3	2	5	0	0	5
Cr George Seymour	3	2	5	0	0	5
Cr Stuart Taylor	3	2	5	0	0	5
Cr Paul Truscott	3	2	5	0	0	5

Note: Meetings included: 3 x Ordinary Meetings
2 x Special Meetings

Councillors' Attendance at Conferences and Industry Events

Councillors attended the following conferences/industry events during the 2015/16 financial year:

Conference / Industry Event	Number of Councillors
LGAQ Conference	2
Family Cruise Ship Visit	1
National General Assembly - 18-21 June 2016	2

Councillor Portfolios

Councillor Portfolios for the period July 2015 to April 2016 were as follows:

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 Gatakars 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 endorsed the following portfolios at its Council meeting held 15 June, 2016:

Portfolio	Councillor	Portfolio	Councillor
Community, Heritage and Family Services	Cr George Seymour	Agriculture and Rural Infrastructure	Cr James Hansen
Finance and Disaster Management	Cr Rolf Light	Youth and City Development	Cr Daniel Sanderson
Tourism, Communication and Governance	Cr Stuart Taylor	Culture, Arts and Environment	Cr David Lewis
Planning and Infrastructure	Cr Denis Chapman	Small Communities Development	Cr Anne Maddern
Events and Recreation	Cr Darren Everard	Innovation and Aviation	Cr Paul Truscott

Council Representation

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

Council Representation for the period July 2015 to April 2016 was as follows:

(a) Council Committees:

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

(b) Council Reference Groups:

Reference Group	Councillor Representative
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
FCO Event Advisory Group	Cr Darren Everard Cr Phil Truscott
FCO Investment Attraction Advisory Group	Cr Chris Loft Cr Daniel Sanderson Cr James Hansen
FCO Tourism Advisory Group	Cr Stuart Taylor Cr Robert Garland
Fraser Coast Education Alliance	Cr Robert Garland
Fraser Coast Opportunities Ltd (FCO)	Mayor
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)
Mary River Catchment Coordinating Committee	Cr James Hansen
Maryborough Chamber of Commerce	Cr Daniel Sanderson
Maryborough & District Committee on the Ageing Inc	Cr George Seymour
Maryborough Safety Network Committee	Cr Daniel Sanderson
Rural Fire Brigades	Cr James Hansen or Cr Rolf Light
Tiaro & District Landcare Group	Cr James Hansen
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

Council Representation

Council Representation for the period April 2016 to June 2016 was as follows:

(a) Council Committees:

Committee	Representation	Councillor
Audit Committee	2 Councillors	Mayor (observer) Cr Rolf Light Cr George Seymour

(b) Council Reference Groups:

Reference Group	Councillor Representative
Advancing Agriculture Advisory Group	Cr James Hansen Cr Chris Loft Cr Anne Maddern
Fraser Coast Inclusive Communities Action Team	Cr James Hansen Cr Denis Chapman (observer)
Fraser Coast Heritage Reference Group	Cr George Seymour Cr David Lewis Cr Paul Truscott (observer)
Ted and Maud Mungomery Vine Forest Management Committee	Cr George Seymour
Sister Cities Community Reference Committee	Cr Paul Truscott Cr James Hansen (observer)

(c) External Committees / Organisations:

Organisation	Portfolio / Councillor Representative
Fraser Coast Education Alliance	Cr Anne Maddern Cr Daniel Sanderson
Fraser Coast Opportunities Ltd (FCO)	No Councillor Representatives independent Board
FCO Tourism Advisory Group	Cr Darren Everard Cr Stuart Taylor
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 Cr Paul Truscott
Local Disaster Management Group	Cr Rolf Light (Chair) Cr Stuart Taylor (Deputy Chair)
Mary River Catchment Coordinating Committee	Cr James Hansen Cr Anne Maddern
Maryborough Chamber of Commerce	Cr Daniel Sanderson
Maryborough & District Committee on the Ageing Inc	Cr Paul Truscott
Maryborough Safety Network Committee	Cr Daniel Sanderson Cr Paul Truscott
Rural Fire Brigades	Cr James Hansen or Cr Rolf Light
Tiaro & District Landcare Group	Cr James Hansen Cr Anne Maddern
Wide Bay Burnett Regional Organisation of Councils (WBBROC)	Mayor (Proxy Deputy Mayor) and CEO Cr Darren Everard and Cr James Hansen (observers) (subject to WBBROC advice)
Wide Bay Burnett Regional Roads Group	Mayor Cr Denis Chapman
Wide Bay Regional Planning Advisory Committee (RPAC)	Cr Denis Chapman Cr David Lewis
Widelinx Pty Ltd	Cr Paul Truscott Cr Stuart Taylor
Wide Bay Water Corporation	Mayor

Code of Conduct for Councillors

Section of Local Government Act 2009	Type of orders/complaint	Number
176C(2)	Complaints about Councillor conduct or performance for which no action was taken	6
176C(3)(a)(i)	Complaints referred to the department's Chief Executive about inappropriate conduct by the Mayor or Deputy Mayor	0
176C(3)(a)(ii) or (b)(i)	Complaints referred to the Mayor about inappropriate conduct by a Councillor other than the Mayor or Deputy Mayor	1
176C(4)(a)	Complaints about misconduct referred to the department's chief executive	1
176C(4)(b)	Complaints about misconduct referred to the regional conduct review panel or the tribunal	1
176C(5)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct under the Crime and Corruption Act	0
176C(6)	Complaints about another matter	0
180(2) and (4)	Orders and recommendations made about misconduct	0
181	Orders made for inappropriate conduct	1

Councillors for whom an order was made under section 181 of the *Local Government Act 2009* were:

Councillor	Description of the inappropriate conduct	Summary of the order
Darren Everard	Failed to comply with the Local Government's procedures, namely the Council's Code of Conduct.	An order reprimanding the councillor for the inappropriate conduct.

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) of the *Local Government Regulation 2012*:

- (i) 328 Administrative Action Complaints were received by Council;
- (ii) 292 Administrative Action Complaints were resolved under the complaints management process;
- (iii) 36 Administrative Action Complaints were not resolved under the complaints management process.

Pursuant to Section 187(2)(b), 108 Administrative Action Complaints under Section 187(2)(a)(iii) were made in a previous financial year.

Councillors and Employees' Overseas Travel

Pursuant to Section 188(1) and (2) of the *Local Government Regulation 2012*, the following Councillors and Employees undertook overseas travel in an official capacity during the 2015/16 financial year:

- **Names of Councillors:** Cr Stuart Taylor and Cr Chris Loft
- **Name and position of Employee:** Lisa Desmond – Chief Executive Officer
- **Destination:** Leshan, China
- **Purpose:** Delegates promoted the Fraser Coast at the 2nd Sichuan International Travel Expo and made some School visits. They also renewed contacts with businesses and dignitaries that the 2014 delegation had met.
- **Cost:**
 - Flights and accommodation – China – Nil
 - Flights and accommodation – Australia \$2,162
 - Gifts and incidentals \$1,831.01
 - Meals and host dinner \$2,376.19

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 2015/16 financial year totalled \$413,921.78 (including GST).

Grant Scheme	Amount funded (including GST) (\$)
Festive Fraser Coast	10,570.00
Australia Day Grants	9,000.00
Community Events Support Scheme	61,500.00
Community Grants Scheme	40,344.20
Youth and Community Grants Scheme	28,430.00
Financial Assistance to Sportspersons	2,350.00
Sport and Recreation Capital Assistance	222,495.98
Ongoing Sponsorship	39,231.60
Total	413,921.78

Mayor's Community Benefit Fund - Donations received and donations out

- Donations Received - Nil
- Donations Granted - \$1,000

Councillors' Discretionary Fund Expenditure

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

- \$1,100,000 discretionary funding was approved for capital works for community purposes. Total expenditure for the reporting period was \$874,158. An amount of \$191,102 was approved to be carried forward into the next reporting period with the balance of \$34,740 in savings being redirected to Council's Asset Sustainability Reserve.
- There was no expenditure from Councillors' Discretionary Fund for community organisations during 2015/16.

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.

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 2015/16 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.

A special charge for the purposes of funding the costs to Council for a Kingfisher Parade, Toogoom revetment seawall aimed at protecting private properties and 20 metres of Esplanade on properties within the defined benefited area, charged at different levels according to the degree of benefit to which the owner of the land is deemed to derive.

Changes to Tenders

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

- **Contract No. :** IPL1-15/16
- **Contract title:** Torquay Coastal Protection Works - Torquay Boat Ramp to Ron Beaton Park
- **Date issued:** 2/6/16
- **Details of change:** Notice was issued advising of a compulsory pre-tender site meeting

List of Registers kept by Council

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

- 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
- Register of Local Laws
- Register of Roads
- Register of Assets

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 \$1,823,359 for the period 1 July 2015 to 30 June , 2016.

- (b) Other concessions including assistance to recreation, sporting and community groups – Council recognises 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. Conservation areas rates rebate, Council provides a concession to responsible land owners who are responding to the growing impacts of climate change by preserving, restoring and protecting the natural environment. Council has also committed to providing assistance for the preservation, restoration and maintenance of properties of local heritage significance. These properties receive a Local Heritage Register Rebate.

Total expenditure on other concessions was \$645,042 for the period 1 July 2015 to 30 June 2016.

- (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 \$11,733,701 (consolidated) for the period 1 July 2015 to 30 June 2016.

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 three year internal audit plan that consists of 8 audits for 2015/16, eight audits for 2016/17 and ten audits for the 2017/18 year. These audits are conducted by the Internal Auditor and the findings presented to the Audit Committee for approval and monitoring.

The 2015/16 year resulted in ten audits commenced or completed. The completed audits resulted in 64 recommended action items for completion by the organisation. The Internal Auditor, the Chief Executive Officer and the Audit Committee continue to monitor any unresolved issues.

Equal Opportunity in Employment

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

Staff are encouraged to complete the EEO form when they commence with Council and an option for anonymity is provided if they do not wish to disclose. The forms returned showed the following EEO identified groups:

- Women: 250
- Men: 370
- Aboriginal & Torres Strait Islander: 18
- People with a Disability: 8
- Non English speaking background: 18

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

Twenty (20) Right to Information applications and five (5) Information Privacy applications were received during the 2015/16 reporting period. Reviews undertaken: Internal two (2), External zero (0).

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 1/7/15 to 30/6/16 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, Learning Seat eLearning program, 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 2016.

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 2015/16 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 2016 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	253,355	187,058	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	(211,043)	(152,480)	
Net Result for year	42,312	34,578	
Other comprehensive income	139,051	132,570	
Total Comprehensive Income for year	181,363	167,148	
Statement of Changes in Equity	Consolidated \$'000	Council \$'000	Purpose
Opening Balance	2,144,239	1,710,436	Shows the movement in total community equity (what the Council is worth) as at 30 June 2016.
Net result for year	42,312	34,578	
Asset revaluations	139,051	132,570	
Total Community Equity at end of year	2,325,602	1,877,584	
Statement of Cash Flows	Consolidated \$'000	Council \$'000	Purpose
Operating activities	79,365	45,373	Shows the nature and amount of Council's cash inflows and outflows from all activities. Council's consolidated cash held at 30 June 2016 was \$195.51 million up from \$157.80 million at 30 June 2015.
Investing activities	(26,447)	(9,895)	
Financing activities	(15,210)	(8,767)	
Net increase in cash held	37,708	26,711	
Cash at beginning of the year	157,800	149,890	
Cash at end of the year	195,508	176,601	
Statement of Financial Position	Consolidated \$'000	Council \$'000	Purpose
Cash and investments	195,508	176,601	Shows the assets and liabilities which make up the community equity as at 30 June 2016.
Other current assets	40,406	112,544	
Non current assets	2,264,542	1,700,911	
Total Assets	2,500,456	1,990,056	
Current liabilities	36,962	48,773	
Non Current liabilities	137,892	63,699	
Total Liabilities	174,854	112,472	
Net Community Assets	2,325,602	1,877,584	
Asset revaluation surplus	544,765	315,707	
Capital and retained surplus	1,780,837	1,561,877	
Total Community Equity	2,325,602	1,877,584	

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.

2. An Overview of this year's financial result and financial position

Council's Statement of Comprehensive Income (Profit & Loss)

Revenue in less expenses out = Net result for the year

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 2016 \$'000	Consolidated 2015 \$'000	Council 2016 \$'000	Council 2015 \$'000
Operating revenue	204,006	195,744	144,605	141,868
Operating expenditure	186,509	181,274	132,623	128,575
Net result before capital revenue	17,497	14,470	11,982	13,293
Capital revenue	49,349	52,295	42,453	41,769
Capital expenses	24,534	13,121	19,857	7,548
Net result	42,312	53,644	34,578	47,514

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.

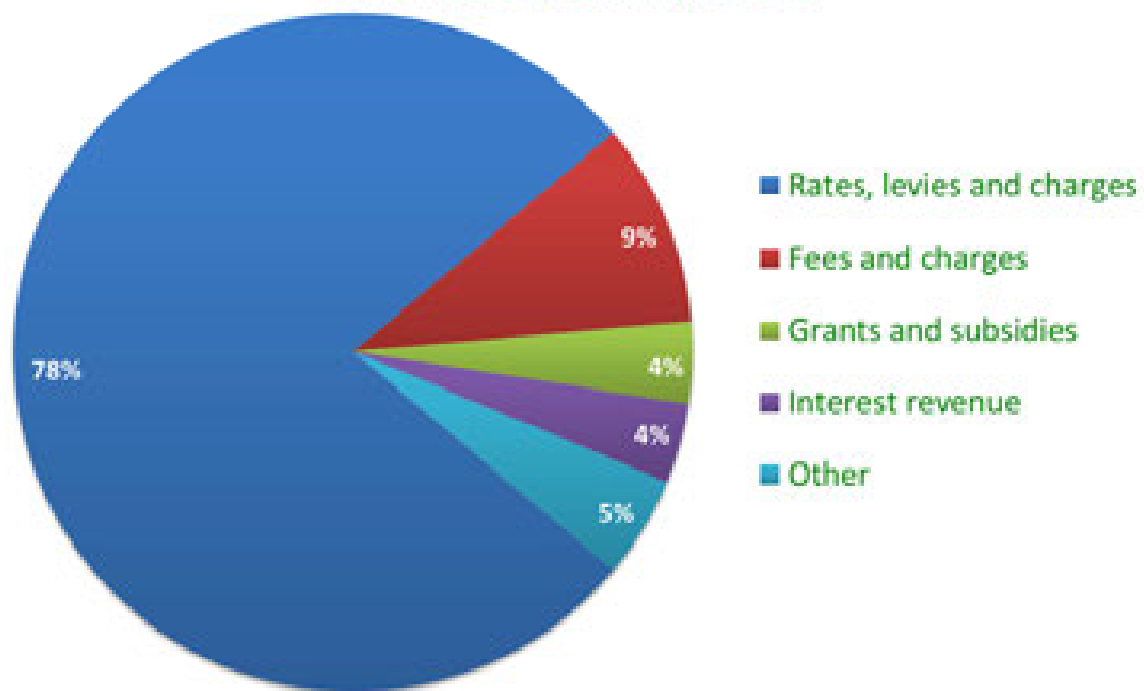
Council's operating position is a surplus of \$11.98 million, and the consolidated operating position as at 30 June 2016 is a surplus of \$17.50 million.

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 \$158.7 million or 78% 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 sewerage disposal charges.

Where did the money come from?
Consolidated operating revenue



Council's operating revenue at a glance

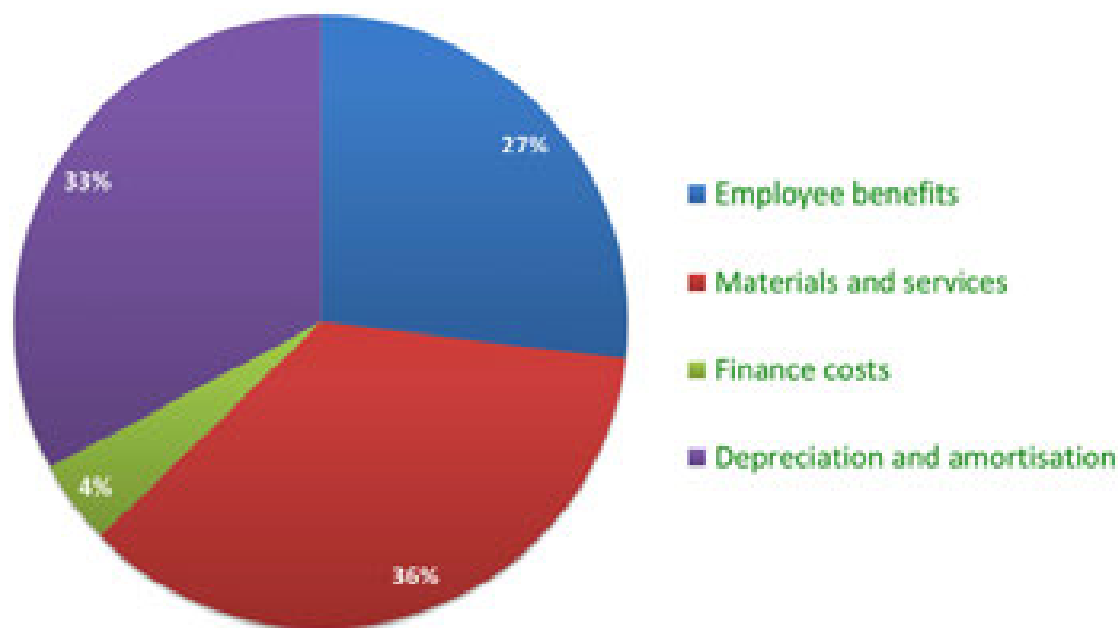
	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Council 2016 \$'000	Council 2015 \$'000
Rates, levies and charges	158,668	152,702	91,845	88,948
Fees and charges	19,712	18,839	18,893	18,134
Interest revenue	7,754	9,159	12,975	14,235
Operating grants and subsidies	8,004	8,522	7,983	8,506
Other income	9,868	6,522	12,909	12,045
Total operating revenue	204,006	195,744	144,605	141,868

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? Consolidated operating expenses



Council's operating expenditure at a glance

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Council 2016 \$'000	Council 2015 \$'000
Employee benefits	50,110	50,199	37,613	37,486
Materials and services	66,889	62,551	53,833	49,868
Finance costs	8,253	9,646	2,780	3,977
Depreciation and amortisation	61,257	58,878	38,397	37,244
Total operating expenses	186,509	181,274	132,623	128,575

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 2016 \$'000	Consolidated 2015 \$'000	Council 2016 \$'000	Council 2015 \$'000
Assets	2,500,456	2,336,094	1,990,056	1,839,239
Less liabilities	174,854	191,855	112,472	128,803
Equity	2,325,602	2,144,239	1,877,584	1,710,436
Represented by:				
Asset revaluation surplus	544,765	405,714	315,707	183,137
Retained surplus	1,780,837	1,738,525	1,561,877	1,527,299
Net community equity	2,325,602	2,144,239	1,877,584	1,710,436

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 sewerage infrastructure and parklands. The value of community assets has increased by about \$167.1 million (consolidated \$181.4 million) mainly due to the revaluation of Council's Land Improvements, Buildings, Roads, Drainage and Coastal Infrastructure assets - \$132.6 million (consolidated \$139.1 million).

In addition, Council holds other short term assets including cash assets held in bank accounts and investments of approximately \$176.6 million (consolidated \$195.5 million). These cash reserves are funds Council is required to put aside for future projects such as replacement of roads, stormwater drainage, water and sewerage systems.

LIABILITIES

Council's largest liability is its interest bearing loans with Queensland Treasury Corporation (QTC), which at 30 June 2016 stood at approximately \$57.9 million (consolidated \$139.1 million).

Council undertakes a loan borrowing program to fund new major facilities that are constructed to service community needs. In the current financial year, neither Council nor Wide Bay Water Corporation borrowed any money, but repaid \$8.8 million (consolidated \$15.2 million). Affordability indicators show that Council continues to be comfortably able to service its debt position.

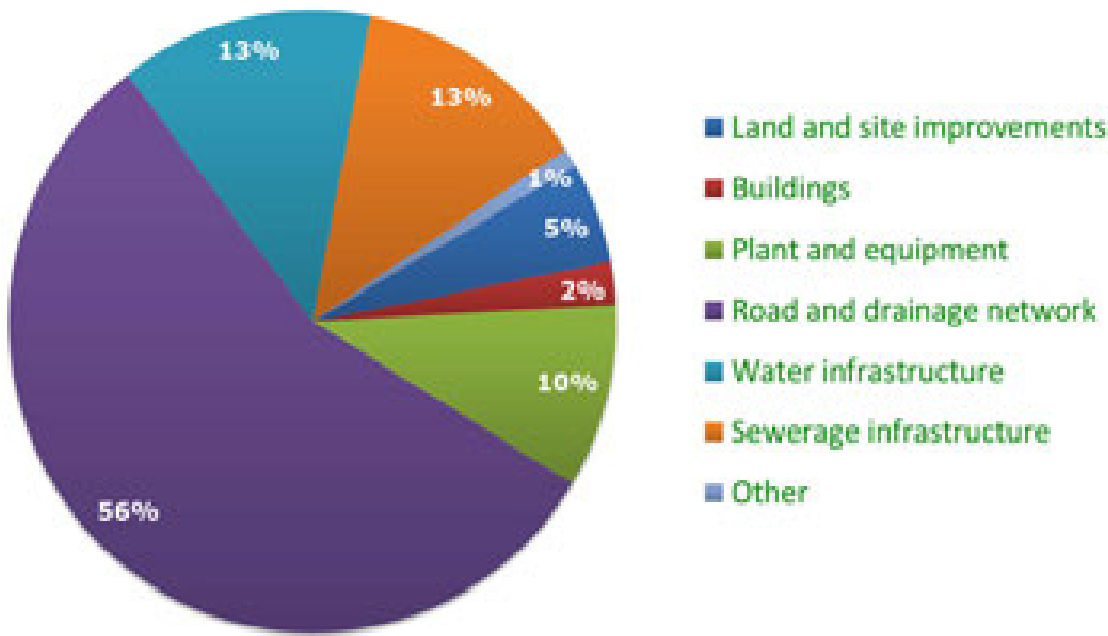
EQUITY

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).

CAPITAL WORKS (investment in community infrastructure)

Total capital additions to Council’s non-current assets during the period totalled \$65.7 million (consolidated \$93.1 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.

Consolidated 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* 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%	8.58%	8.29%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	73.37%	90.90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Less than 60%	(29.93%)	(122.18%)

4. Financial management strategy

Fraser Coast Regional Council is continuing its commitment to advance its forward financial planning processes. Council has developed a strategic Long Term Financial Plan which defines the high level financial policies, commitments and parameters that guide the development of service levels, rating and other income, expenditure and treasury management decisions. The strategic Long Term Financial Plan is a ten year rolling plan adopted each year with the annual budget. The key objective of the Strategic Long Term Financial Plan is:

“To ensure that Council is financially sustainable in the short, medium and long term”

Council is focused on delivering a Strategic Long Term Financial Plan that focuses on the long term financial sustainability of the region, as well as consideration of the needs of the community with regards to the delivery of services and facilities. All financial decisions are made in the context of long term financial sustainability, ensuring that the region remains prosperous into the future. They are guided by corporate policies, strategies and principles of effective financial management.

Funding decisions are made having regard to intergenerational equity, so that those enjoying the benefit of assets and services provided by Council contribute to the funding of those assets and services. Assets and services that are consumed in the short term should also not place a financial burden on future generations.

Further enhancement and integration of the Long Term Financial Plan and Asset Management Plans, will assist Council in meeting its strategic objectives through the delivery of efficient and effective essential community services and the provision of key infrastructure that meets community expectations.

To ensure the robustness of the Long Term Financial Plan, Council is focussed on addressing the following strategic issues:

- Asset Management Plans - further enhancement and refinement of Asset Management Plans for the replacement and renewal of infrastructure including asset condition assessments;
- Service levels - continued review of service levels for the provision of operational and capital works which are clearly articulated and communicated to the community; and
- Funding strategy - commitment to a forward funding strategy that underpins the strategic and operational objectives of Council.

Fraser Coast Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016



General purpose financial statements
for the year ended 30 June 2016

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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 21/10/16.
-

Statement of Comprehensive Income

for the year ended 30 June 2016

		Consolidated		Council	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3a	158,668	152,702	91,845	88,948
Fees and charges	3b	19,712	18,839	18,893	18,134
Rental income		427	411	388	369
Interest revenue	3c	7,754	9,159	12,975	14,235
Sales revenue		1,978	2,072	1,565	1,543
Other income	3d	7,463	4,039	10,956	10,133
Grants, subsidies, contributions and donations	4a	8,004	8,522	7,983	8,506
Total recurrent revenue		204,006	195,744	144,605	141,868
Capital revenue					
Grants, subsidies, contributions and donations	4b	39,304	40,328	31,680	29,900
Total revenue		243,310	236,072	176,285	171,768
Capital income	5	10,045	11,967	10,773	11,869
Total income		253,355	248,039	187,058	183,637
Expenses					
Recurrent expenses					
Employee benefits	6	50,110	50,199	37,613	37,486
Materials and services	7	66,889	62,551	53,833	49,868
Finance costs	8	8,253	9,646	2,780	3,977
Depreciation and amortisation	9	61,257	58,878	38,397	37,244
Total recurrent expenses		186,509	181,274	132,623	128,575
Capital expenses	10	24,534	13,121	19,857	7,548
Total expenses		211,043	194,395	152,480	136,123
Net result		42,312	53,644	34,578	47,514
Other comprehensive income					
<i>Items that will not be reclassified subsequently to net result</i>					
Increase in asset revaluation surplus	21	139,051	75,461	132,570	-
Total other comprehensive income		139,051	75,461	132,570	-
Total comprehensive income		181,363	129,105	167,148	47,514

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 2016

		Consolidated		Council	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	11(a)	195,508	157,800	176,601	149,890
Investments	11(b)	-	20,000	-	20,000
Trade and other receivables	12	39,427	43,868	112,147	43,246
Inventories		979	1,117	397	532
Total current assets		235,914	222,785	289,145	213,668
Non-current assets					
Trade and other receivables	12	-	-	-	73,500
Land held for development and resale	13	4,943	5,293	4,943	5,293
Investment in controlled entities	14	1,991	1,991	223,743	223,743
Property, plant and equipment	15	2,256,553	2,104,050	1,471,892	1,322,579
Intangible assets	17	394	562	333	456
Biological assets		661	1,413	-	-
Total non-current assets		2,264,542	2,113,309	1,700,911	1,625,571
Total assets		2,500,456	2,336,094	1,990,056	1,839,239
LIABILITIES					
Current liabilities					
Trade and other payables	18	14,016	17,775	34,955	44,463
Borrowings	19	15,852	15,006	8,834	8,518
Provisions	20	6,312	6,206	4,417	4,441
Other liabilities		782	875	567	707
Total current liabilities		36,962	39,862	48,773	58,129
Non-current liabilities					
Borrowings	19	123,228	139,278	49,081	58,158
Provisions	20	14,664	12,715	14,618	12,516
Total non-current liabilities		137,892	151,993	63,699	70,674
Total liabilities		174,854	191,855	112,472	128,803
NET COMMUNITY ASSETS		2,325,602	2,144,239	1,877,584	1,710,436
COMMUNITY EQUITY					
Asset revaluation surplus	21	544,765	405,714	315,707	183,137
Retained surplus		1,780,837	1,738,525	1,561,877	1,527,299
TOTAL COMMUNITY EQUITY		2,325,602	2,144,239	1,877,584	1,710,436

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 2016

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Total equity \$'000
Consolidated				
2016				
Balance as at 1 July 2015		405,714	1,738,525	2,144,239
Net result		-	42,312	42,312
Other comprehensive income				
Increase in asset revaluation surplus	21	139,051	-	139,051
Total comprehensive income		139,051	42,312	181,363
Balance as at 30 June 2016		544,765	1,780,837	2,325,602
2015				
Balance as at 1 July 2014		330,253	1,683,778	2,014,031
Correction of prior period errors (WBWC)		-	1,103	1,103
Net result		-	53,644	53,644
Other comprehensive income				
Increase in asset revaluation surplus	21	75,461	-	75,461
Total comprehensive income		75,461	53,644	129,105
Balance as at 30 June 2015		405,714	1,738,525	2,144,239
Council				
2016				
Balance as at 1 July 2015		183,137	1,527,299	1,710,436
Net result		-	34,578	34,578
Other comprehensive income				
Increase in asset revaluation surplus	24	132,570	-	132,570
Total comprehensive income		132,570	34,578	167,148
Balance as at 30 June 2016		315,707	1,561,877	1,877,584
2015				
Balance as at 1 July 2014		183,137	1,479,785	1,662,922
Net result		-	47,514	47,514
Total comprehensive income		-	47,514	47,514
Balance as at 30 June 2015		183,137	1,527,299	1,710,436

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

Statement of Cash Flows
for the year ended 30 June 2016

		Consolidated		Council	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities					
Receipts from customers		183,178	181,978	115,198	113,801
Payments to suppliers and employees		(121,641)	(118,169)	(102,406)	(87,287)
		61,537	63,809	12,792	26,514
Investment and interest revenue received		9,183	9,753	14,404	14,830
Rental income		429	413	391	371
Non-capital grants and contributions		8,050	8,567	8,044	8,552
Other income		8,305	6,704	7,865	11,819
Competitive neutrality adjustments		-	-	1,998	2,167
Corporate support charges		-	-	2,545	1,716
Borrowing costs		(8,139)	(9,532)	(2,666)	(3,864)
Net cash inflows from operating activities	27	<u>79,365</u>	<u>79,714</u>	<u>45,373</u>	<u>62,105</u>
Cash flows from investing activities					
Proceeds from sale of land held for resale		268	228	268	228
Proceeds from sale of property, plant and equipment		1,208	1,694	886	691
Capital grants, subsidies, contributions and donations		20,436	21,163	17,301	16,531
Net movement in cash investments		20,000	(20,000)	20,000	(20,000)
Purchase/construction of property, plant and equipment		(68,239)	(57,359)	(48,230)	(43,403)
Payments for intangible assets		(120)	(145)	(120)	(133)
Net cash outflows from investing activities		<u>(26,447)</u>	<u>(54,419)</u>	<u>(9,895)</u>	<u>(46,086)</u>
Cash flows from financing activities					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(15,210)	(14,423)	(8,767)	(8,161)
Net cash inflows (outflows) from financing activities		<u>(15,210)</u>	<u>(14,423)</u>	<u>(8,767)</u>	<u>(8,161)</u>
Net increase (decrease) for the year		<u>37,708</u>	<u>10,872</u>	<u>26,711</u>	<u>7,858</u>
Cash and cash equivalents at the beginning of the financial year		157,800	146,928	149,890	142,032
Total cash and cash equivalents at the end of the financial year	11(a)	<u>195,508</u>	<u>157,800</u>	<u>176,601</u>	<u>149,890</u>
Investments					
Term deposits > 3 months	11(b)	-	20,000	-	20,000
Total cash, cash equivalents and investments	11	<u>195,508</u>	<u>177,800</u>	<u>176,601</u>	<u>169,890</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 2016

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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 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

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

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

These financial statements have been prepared under the historical cost convention except for the following:

- Financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value; and
- Assets held for sale which are measured at fair value less cost of disposal.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

The following transactions are classified as either "capital income" or "capital expenses" depending

on whether they result in accounting gains or losses:

- Disposal of non-current assets;
- Discount rate adjustments to restoration provisions; and
- Revaluations of investment property and property, plant and equipment.

All other revenue and expenses have been classified as "recurrent".

(b) Statement of compliance

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 (the Corporation) and its results for the year ended 30 June 2016. Council and the Corporation together form the economic entity which is referred to as the Consolidated Entity. However, as Wide Bay Water Corporation has transitioned back as a Corporate Business Unit of Council on 1 July 2016, consolidated financial statements will not be required for the 2016/17 year.

In the process of reporting Council as a single economic entity, all transactions with the Corporation have been eliminated. In addition, the accounting policies of the Corporation have been adjusted, where necessary, on consolidation to ensure that the financial statements of the Consolidated Entity is prepared using accounting policies that are consistent with those of Council, with the exception of the impairment of the Corporation's waterpark assets in 2013, where Council reflected the impairment on consolidation.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

Information on controlled entities is included in Note 1(k) and Note 25.

The financial statements of the other controlled entities, Wideline Pty Ltd and Fraser Coast Opportunities Ltd are included in Note 25 but are not consolidated as they do not have a material effect on the results.

Council entered into a joint venture agreement on 14 April 2015 for a development being conducted by Fraser Coast Residential Airpark Pty Ltd. Works are scheduled to commence late 2016 with sales not anticipated until later in the 2016/17 year. As the impact of this joint venture is not expected to be material to Council's overall operations, no separate disclosures have been made in relation to this joint venture.

(d) 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.

Fraser Coast Regional Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial statements, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties. Councillors, the Chief Executive Officer and departmental Directors are considered key management personnel. In addition, Wide Bay Water Corporation (ceasing 30 June 2016), Fraser Coast Residential Airpark Pty Ltd, Wideline Pty Ltd and Fraser Coast Opportunities Ltd are considered related parties under AASB 124. As a result, Council will need to capture and report transactions with each of the listed entities. Council has adopted a Related Parties Disclosures policy, and processes have been put in place for the collecting and reporting of related party transactions for the upcoming financial year in order to comply with AASB 124.

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.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial statements, but have future commencement dates are not likely to have a material impact on the financial statements.

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

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

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

- Valuation and depreciation of property, plant and equipment - Note 1(l) and Note 15
- Impairment of property, plant and equipment - Note 1(n) and Note 10
- Employee benefits and provisions - Note 1(p) and Note 20
- Contingent liabilities - Note 23.

Following the transition of Wide Bay Water Corporation as a Corporate Business Unit on 1 July 2016, all relevant policies, procedures and critical

assumptions of the former entity will be aligned with Council's.

(f) Revenue

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

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 expensed as used.

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

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when the development plan is sealed.

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 (WBWC) is accrued daily, payable on 30 June and 31 December of each calendar year in arrears calculated up to that day.

Under the arrangements of WBWC's transition back to Council on 1 July 2016, this loan arrangement was effectively extinguished upon transition.

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.

(g) 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 and cash equivalents (Note 1(h))
- Investments (Note 1(k))
- Trade and other receivables - measured at amortised cost (Note 1(i))

Financial liabilities

- Trade and other payables - measured at amortised cost (Note 1(o))
- Borrowings - measured at amortised cost (Note 1(q))

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 30.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at year end, deposits held at call with financial institutions, and 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.

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 which is disclosed in Note 11.

(i) Trade and other receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase price/contract price. 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 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.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's

Notes to the financial statements

for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

property to recover outstanding rate debts, Council does not impair any rate receivables.

(j) 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.

(k) Investments

Term deposits in excess of three months are reported as cash investments and are disclosed in Note 11.

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

Under the arrangements of WBWC's transition back to Council on 1 July 2016, the investment in WBWC will be reduced to nil and recognising the assets and liabilities of WBWC (at either current carrying amounts or at fair value) with any difference recorded in equity.

(l) Property, plant and equipment

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

year of acquisition. All other items of property, plant and equipment are capitalised.

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

Category	Years
Land	not depreciated
Site improvements	20-100
Buildings	30-100
Plant and equipment	3-5
Infrastructure	
- Road & bridge network	15-150
- Water infrastructure	20-80
- Sewerage infrastructure	12-100
- Drainage	60-140
- Coastal infrastructure	30-90
Other assets	7-100
Work in progress	not depreciated

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

Direct labour and materials and an appropriate proportion of labour overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life 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.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset 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 will either engage independent, professionally qualified valuers to assess the movement in valuation indices or

perform a “desktop” valuation or use internal engineers and asset managers to assess the condition and cost assumptions in respect of Council’s infrastructure asset classes. The valuer’s methodologies in determining indexation percentages for the construction costs of infrastructure assets are derived using appropriate assumptions, professional experience and tools available to them. When a desktop valuation is performed, management provides updated information to the valuer regarding additions, deletions, impairments 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. Together these are used to form the basis of a 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 use relevant price indices or other reliable measures that can be used to estimate the current values of these 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 16.

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 2016

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.

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 (l).

(m) 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 intangible assets is shown in Note 17.

(n) 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

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

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.

(o) Trade and other payables

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

(p) Employee benefits

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 18 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 18 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

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 24.

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 20 as a provision.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

(q) 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 ten years. Council's current policy is to only borrow for capital projects and for a term no longer than the

Notes to the financial statements for the year ended 30 June 2016

Note 1. Summary of significant accounting policies continued

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.

(r) 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 2016.

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 2017 to 2063. Details can be found in Note 20.

(s) 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.

(t) National Competition Policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 31.

(u) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000, or where that amount is \$500 or less, to zero.

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

(v) 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 2016

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 26.

(w) 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.

Notes to the financial statements for the year ended 30 June 2016

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 opportunities for the region 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 galleries, 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 2016

Note 2(b) Council functions - analysis of results by function

2016 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	4,327	102,729	2,186	4,542	113,784	(30,513)	(4,278)	(34,791)	76,543	78,993	656,619
Economic development	-	4	78	10	92	(154)	-	(154)	(150)	(62)	-
Roads infrastructure and operations	2,487	1,643	9,347	14,866	28,343	(41,400)	(9,428)	(50,828)	(37,270)	(22,485)	813,348
Stormwater drainage	-	-	-	6,273	6,273	(9,592)	(570)	(10,162)	(9,592)	(3,889)	358,434
Commercial activities	-	6,872	-	-	6,872	(4,964)	-	(4,964)	1,908	1,908	37,495
Community and recreation	1,151	675	924	4,115	6,865	(23,076)	(3,371)	(26,447)	(21,250)	(19,582)	90,750
Development services	-	3,807	-	-	3,807	(2,850)	-	(2,850)	957	957	5
Environment and health	13	4,026	-	118	4,157	(6,832)	-	(6,832)	(2,793)	(2,675)	15,385
Solid waste management	5	16,866	-	(6)	16,865	(13,242)	(2,210)	(15,452)	3,629	1,413	18,020
Total Council	7,983	136,622	12,535	29,918	187,058	(132,623)	(19,857)	(152,480)	11,982	34,578	1,990,056
Controlled entity net of eliminations	21	59,380	-	6,896	66,297	(53,886)	(4,677)	(58,563)	5,515	7,734	510,400
Total Consolidated	8,004	196,002	12,535	36,814	253,355	(186,509)	(24,534)	(211,043)	17,497	42,312	2,500,456

2015 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							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government and administration	4,434	100,053	3,541	(344)	107,684	(29,138)	(17)	(29,155)	75,349	78,529	623,797
Economic development	-	5	20	-	25	(267)	-	(267)	(262)	(242)	-
Roads infrastructure and operations	3,090	1,603	3,943	26,497	35,133	(41,596)	(4,892)	(46,488)	(36,903)	(11,355)	740,822
Stormwater drainage - restated	-	-	-	5,915	5,915	(9,305)	-	(9,305)	(9,305)	(3,390)	334,349
Commercial activities	-	6,339	-	-	6,339	(4,994)	-	(4,994)	1,345	1,345	31,325
Community and recreation	972	896	694	1,489	4,051	(19,978)	(2,191)	(22,169)	(18,110)	(18,118)	78,465
Development services	-	3,513	-	-	3,513	(3,299)	-	(3,299)	214	214	16
Environment and health	10	4,127	6	10	4,153	(6,964)	-	(6,964)	(2,827)	(2,811)	16,417
Solid waste management	-	16,826	-	(2)	16,824	(13,034)	(448)	(13,482)	3,792	3,342	14,048
Total Council	8,506	133,362	8,204	33,565	183,637	(128,575)	(7,548)	(136,123)	13,293	47,514	1,839,239
Controlled entity net of eliminations	16	53,860	-	10,526	64,402	(52,699)	(5,573)	(58,272)	1,177	6,130	496,855
Total Consolidated	8,522	187,222	8,204	44,091	248,039	(181,274)	(13,121)	(194,395)	14,470	53,644	2,336,094

Notes to the financial statements

for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 3. Revenue analysis					
(a) Rates, levies and charges					
General rates		78,006	75,364	78,006	75,364
Rural fire levy		324	378	324	378
Disaster levy		542	515	542	515
Toogoom seawall revetment levy		128	597	128	597
Infrastructure levy		3,745	3,721	3,745	3,721
Water charges		23,243	22,022	-	-
Water consumption charges		12,972	12,211	-	-
Sewerage charges		34,529	33,233	-	-
Sewerage trade waste charges		504	460	-	-
Waste charges		18,876	17,793	18,876	17,793
		<u>172,869</u>	<u>166,294</u>	<u>101,621</u>	<u>98,368</u>
Less: discounts		(11,733)	(11,198)	(7,308)	(7,026)
Less: pensioner remissions and concessions		(2,468)	(2,394)	(2,468)	(2,394)
		<u>158,668</u>	<u>152,702</u>	<u>91,845</u>	<u>88,948</u>
(b) Fees and charges					
Change of ownership fees		343	304	343	304
Building and development fees		152	356	152	356
Caravan park fees		3,219	2,988	3,214	2,979
Wide Bay Water Corporation fees		814	696	-	-
Licences and registrations		1,329	1,358	1,329	1,358
Pool fees		1,208	1,305	1,208	1,305
Airport landing fees		137	108	137	108
Refuse tip fees		3,966	4,090	3,966	4,090
Plumbing and drainage fees		995	788	995	788
Search fees		664	528	664	528
Interment fees		557	529	557	529
Lodgement fees		484	433	484	433
Passenger head taxes		1,580	1,539	1,580	1,539
Planning fees		1,963	1,759	1,963	1,759
Security screening revenue		1,184	969	1,184	969
Other fees and charges		1,117	1,089	1,117	1,089
		<u>19,712</u>	<u>18,839</u>	<u>18,893</u>	<u>18,134</u>
(c) Interest revenue					
Interest received on investments		6,098	6,692	5,614	6,352
Interest on Wide Bay Water shareholder loan		-	-	6,328	6,328
Interest received on State Government fire levy		76	106	76	106
Interest from overdue rates and utility charges		1,580	2,361	957	1,449
		<u>7,754</u>	<u>9,159</u>	<u>12,975</u>	<u>14,235</u>

Notes to the financial statements

for the year ended 30 June 2016

Note	Consolidated		Council	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 3. Revenue analysis continued				
(d) Other income				
Competitive neutrality adjustments	-	-	1,998	2,167
Corporate support charges	-	-	2,545	1,716
Income tax equivalent	-	-	2,769	2,619
Airport income	404	425	404	425
Brolga theatre performance income	559	579	559	579
Commission income	168	165	168	165
Fuel tax credits	234	218	234	218
Insurance receipts	219	15	219	15
Lease income	442	378	442	378
Lenthalls Dam settlement	3,500	-	-	-
Backflow prevention income	177	149	177	149
Expense reimbursements	455	458	455	458
Vaccination income	112	86	112	86
Vector control income	103	165	103	165
Wide Bay Water corporation other income	327	408	-	-
Other income	763	993	771	993
	<u>7,463</u>	<u>4,039</u>	<u>10,956</u>	<u>10,133</u>

Note 4. Grants, subsidies, contributions and donations

(a) Recurrent

General purpose grants	6,693	7,442	6,672	7,426
Government grants and subsidies	1,311	1,080	1,311	1,080
	<u>8,004</u>	<u>8,522</u>	<u>7,983</u>	<u>8,506</u>

(b) Capital

(i) Monetary revenue designated for capital funding:

Government grants and subsidies	12,535	8,204	12,535	8,204
Contributions	7,901	12,959	4,766	8,327
	<u>20,436</u>	<u>21,163</u>	<u>17,301</u>	<u>16,531</u>

(ii) Non-monetary revenue:

Developer contributed assets	20,750	17,877	14,379	13,369
Wide Bay Water prior year non-monetary adjustment	28	(1,882)	-	-
	<u>18,868</u>	<u>19,165</u>	<u>14,379</u>	<u>13,369</u>
	<u>27</u>	<u>39,304</u>	<u>31,680</u>	<u>29,900</u>

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	1,394	1,499	1,394	1,499
Contributions	3,158	7,893	3,158	7,893
	<u>4,552</u>	<u>9,392</u>	<u>4,552</u>	<u>9,392</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	279	1,776	279	1,776
Contributions	1,404	1,625	1,404	1,625
	<u>1,683</u>	<u>3,401</u>	<u>1,683</u>	<u>3,401</u>

Notes to the financial statements

for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 5. Capital income

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

Proceeds from the sale of property, plant and equipment

1,2081,694886691

Less: carrying value of property, plant and equipment disposed of

15(1,119)(2,097)(821)(1,004)

89(403)65(313)

(b) Revaluations

Biological assets

27(752)188- -

(752)188- -

(c) Land held for resale

Proceeds from the disposal

268228268228

Less: carrying value of assets disposed

(393)(287)(393)(287)

(125)(59)(125)(59)

(d) Other

Previously unrecorded infrastructure assets #

15, 283,31312,2413,31312,241

Previously unrecorded building assets #

15, 284,527-4,527-

Previously unrecorded land improvement assets #

15, 282,993-2,993-

10,83312,24110,83312,241

Total capital income

10,04511,96710,77311,869

[#] The previously unrecorded assets includes the net impact of recording the initial recognition of discovered assets, and assets written off relating to prior periods for the road and bridge network assets, assets written off relating to prior periods for building assets. 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 6. Employee benefits

Wages and salaries		43,187	43,440	31,947	31,944
Annual, sick and long service leave entitlements		6,258	5,478	4,578	4,025
Superannuation	24	5,028	5,216	3,871	3,810
Councillors' remuneration		1,002	977	1,002	977
		55,475	55,111	41,398	40,756
Other employee related expenses		1,900	2,043	554	647
		57,375	57,154	41,952	41,403
Less: capitalised employee expenses		(7,265)	(6,955)	(4,339)	(3,917)
		50,110	50,199	37,613	37,486

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

Notes to the financial statements

for the year ended 30 June 2016

	Consolidated		Council	
Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 7. Materials and services				
Advertising and marketing	406	374	344	301
Audit fees - Queensland Audit Office *	271	289	200	207
Chemicals	1,711	1,672	189	177
Cleaning	558	652	542	636
Communication expenses	955	1,058	721	769
Consultants and contractors	6,964	6,902	6,033	5,987
Computer licences and maintenance	2,142	1,787	1,433	1,209
Contributions - Fraser Coast Opportunities	1,789	2,215	1,789	2,215
Directors' remuneration	70	70	-	-
Donations, sponsorships and contributions	934	951	917	928
Electricity and gas charges	6,337	6,690	3,125	3,512
Fuel and oil	1,406	1,799	1,133	1,432
Insurance	2,299	2,395	1,298	1,516
Government charges and licences	742	353	656	314
Memberships and subscriptions	423	503	359	435
Legal fees	720	574	589	358
Plant hire	2,296	2,441	2,144	2,280
Refuse charges	3,750	3,653	3,677	3,585
Repairs and maintenance	2,767	2,237	2,218	1,704
Rentals - operating leases	68	79	68	63
Services	6,354	4,952	4,662	3,477
Materials	4,021	3,958	3,328	3,321
Management fees	1,203	905	1,203	905
Work in progress expensed	10,716	4,342	10,716	4,342
Electrical and water infrastructure expensed	1,658	5,423	1,658	5,423
Workshop expenditure	1,211	1,281	797	900
Other materials and services	5,118	4,996	4,034	3,872
	66,889	62,551	53,833	49,868

*Queensland Audit Office fees in respect of the audit of the 2016 year are \$202,000 for Council, and \$275,000 for the consolidated entity (2015: \$197,000 and \$280,400).

Notes to the financial statements

for the year ended 30 June 2016

	Note	Consolidated		Council	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 8. Finance costs					
Finance costs - Queensland Treasury Corporation		7,839	9,299	2,382	3,655
Bank charges		292	234	276	221
Impairment of receivables		8	-	8	(12)
Refuse restoration		108	113	108	113
Fair value adjustment on loans (to Council)		6	-	6	-
		<u>8,253</u>	<u>9,646</u>	<u>2,780</u>	<u>3,977</u>

Note 9. Depreciation and amortisation

(a) Depreciation of non-current assets

Land and site improvements		1,778	1,962	1,778	1,962
Buildings		4,478	4,429	4,180	4,173
Plant and equipment		6,939	5,319	5,462	3,887
Road and bridge network		19,879	20,345	19,879	20,345
Water infrastructure		10,916	11,617	-	-
Sewerage infrastructure		10,129	8,247	-	-
Stormwater drainage		5,750	5,664	5,750	5,664
Coastal infrastructure		494	493	494	493
Other assets		611	529	611	529
	15	<u>60,974</u>	<u>58,605</u>	<u>38,154</u>	<u>37,053</u>

(b) Amortisation of intangible assets

Computer software	17	<u>283</u>	<u>273</u>	<u>243</u>	<u>191</u>
		<u>283</u>	<u>273</u>	<u>243</u>	<u>191</u>
Total depreciation and amortisation		<u>61,257</u>	<u>58,878</u>	<u>38,397</u>	<u>37,244</u>

Notes to the financial statements

for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 10. Capital expenses

(a) Provision for restoration of land

Discount rate adjustment - refuse restoration

20

2,210

425

2,210

425

(b) Revaluation decrement

Downwards revaluation of property, plant and equipment

15

2,096

-

2,096

-

(c) Other capital expenses

Loss on write-off of assets

20,222

12,329

15,551

6,866

Loss on impairment

15

-

80

-

Loss on write-off of intangible assets

6

30

-

-

Opening balance asset adjustment

-

257

-

257

Total capital expenses

24,534

13,121

19,857

7,548

Details of write-offs are as follows:

Buildings		174	8	174	8
Buildings (prior period adjustment) *	28	1,811	-	1,811	-
Land and site improvements		53	450	53	450
Land and site improvements *	28	3,266	-	3,266	-
Plant and equipment		376	438	235	10
Road and bridge network		9,429	3,886	9,429	3,886
Water		1,451	2,589	-	-
Sewerage		3,046	947	-	-
Drainage		570	747	570	747
Work in progress		33	1,499	-	-
Coastal infrastructure		13	1,765	13	1,765
		<u>20,222</u>	<u>12,329</u>	<u>15,551</u>	<u>6,866</u>

* The above listing of write-offs includes the net impact of recording assets written off relating to periods prior to the year ended 30 June 2015 for land and site improvement asset class carried out in the previous financial period. Management had not presented a restated prior period position for that period, as the net impact of the errors identified was 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 2016

	Consolidated		Council	
	2016	2015	2016	2015
Note	\$'000	\$'000	\$'000	\$'000

Note 11. Cash, cash equivalents and investments

(a) Cash and cash equivalents

Cash in operating bank account	3,873	1,375	3,521	804
Cash on hand	36	38	36	37
Investments with Queensland Treasury Corporation (QTC)	87,099	114,387	68,544	107,049
Term deposits	104,500	42,000	104,500	42,000
	<u>195,508</u>	<u>157,800</u>	<u>176,601</u>	<u>149,890</u>

(b) Investments

Term deposits > 3 months	-	20,000	-	20,000
	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	<u>195,508</u>	<u>177,800</u>	<u>176,601</u>	<u>169,890</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 and cash investments earn fixed interest over varying terms at interest rates of between 2.65% and 3.10% (2015: 2.60% and 3.50%).

All Wide Bay Water Corporation investments are held in the QTC cash management account bearing floating interest rates between 2.53% and 3.05% (2015: 2.77% and 3.85%).

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:

Cash from external sources internally restricted for specific use at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	9,302	9,707	9,302	9,707
Unspent developer contributions	18,930	16,055	18,930	16,055
Unspent loans and borrowings	8,531	11,142	8,531	11,142

Internally imposed expenditure restrictions as at the reporting date:

Funds restricted for aged housing	914	892	914	892
Funds restricted for waste	14,693	14,712	14,693	14,712
Future asset replacement	73,653	79,193	73,653	79,193
Funds restricted for Environmental Levy	1,115	2,543	1,115	2,543
Property sinking fund	5,327	4,796	5,327	4,796
Commercial and business activities fund	9,017	7,028	9,017	7,028
Development assessment funds	1,428	1,723	1,428	1,723
Future recurrent expenditure	1,200	1,000	1,200	1,000
Disaster management levy	267	141	267	141
Total unspent restricted cash	<u>144,377</u>	<u>148,932</u>	<u>144,377</u>	<u>148,932</u>

Notes to the financial statements

for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 12. Trade and other receivables

Current

Rateable revenue		26,471	31,164	26,471	31,164
Fees and charges		1,826	1,788	1,619	1,576
Deferred infrastructure charges		4,083	2,260	4,083	2,260
GST recoverable		1,289	1,337	937	932
Accrued interest		1,821	3,250	1,821	3,250
Prepayments		490	2,006	249	1,149
Wide Bay Water shareholder loan		-	-	73,500	-
Accrued income tax equivalents		-	-	211	829
Other debtors		3,452	2,073	3,261	2,088
		<u>39,432</u>	<u>43,878</u>	<u>112,152</u>	<u>43,248</u>
Impairment		<u>(5)</u>	<u>(10)</u>	<u>(5)</u>	<u>(2)</u>
		<u>39,427</u>	<u>43,868</u>	<u>112,147</u>	<u>43,246</u>

Movement in accumulated impairment losses

Balance as at 1 July		10	30	2	29
Impairment movements during the year		<u>(5)</u>	<u>(20)</u>	<u>3</u>	<u>(27)</u>
Balance as at 30 June		<u>5</u>	<u>10</u>	<u>5</u>	<u>2</u>

Non-current

Wide Bay Water shareholder loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>73,500</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>73,500</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 (the deed) was signed between Council and 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 was to pay annual fixed interest of \$6,328,350 (8.61% per annum). The term of the loan was 5 years which ended on 30 June 2016, however Council did not call upon WBWC to repay in part or in full any principal amount of the debt during the 2015/16 financial year. In addition, as WBWC transitioned back under Council on 1 July 2016, the shareholder loan was dealt with at that time as part of the transition process. Refer also Note 32.

Note 13. Land held for development and resale

Non-current

Land held for development and sale		<u>4,943</u>	<u>5,293</u>	<u>4,943</u>	<u>5,293</u>
		<u>4,943</u>	<u>5,293</u>	<u>4,943</u>	<u>5,293</u>

Movement in assets during the reporting period

Balance as at 1 July		5,293	4,824	5,293	4,824
Carrying value of land disposed		(350)	(10)	(350)	(10)
Transfers from other asset categories	15	-	479	-	479
Balance as at 30 June		<u>4,943</u>	<u>5,293</u>	<u>4,943</u>	<u>5,293</u>

Note 14. Investment in controlled entities

Interest in Wide Bay Water Corporation		-	-	221,752	221,752
Investment in Widelinx Pty Limited		<u>1,991</u>	<u>1,991</u>	<u>1,991</u>	<u>1,991</u>
		<u>1,991</u>	<u>1,991</u>	<u>223,743</u>	<u>223,743</u>

The shares in Widelinx Pty Ltd and Wide Bay Water Corporation are not traded on an active market and are shown at cost. In conjunction with the transition of Wide Bay Water Corporation on 1 July 2016, the transfer of the above investment in Wide Bay Water Corporation will be carried out at that time as part of the transition process.

Note 15. Property, plant and equipment

Consolidated - 30 June 2016											
	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Stormwater 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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening gross balance - at cost	-	-	57,655	-	-	-	-	-	6,340	26,974	90,969
Opening gross balance - at fair value	143,214	211,599	-	1,052,805	628,371	553,321	489,295	24,231	-	-	3,102,836
Opening gross balance	143,214	211,599	57,655	1,052,805	628,371	553,321	489,295	24,231	6,340	26,974	3,193,805
Work in progress transfers to property, plant and equipment	4,665	2,068	8,770	33,326	10,409	7,538	4,560	181	746	(72,263)	-
Contributed assets at valuation	238	-	-	9,612	2,169	4,202	4,529	-	-	-	20,750
Disposals	-	-	(4,599)	-	-	-	-	-	-	-	(4,599)
Write-offs	(62)	(628)	(1,387)	(16,637)	(3,874)	(6,587)	(822)	(65)	(52)	(33)	(30,147)
Write-offs (prior period adjustment)**	(5,844)	(4,344)	-	-	-	-	-	-	-	-	(10,188)
Revaluation decrements to income	-	-	-	-	-	-	-	(1,706)	-	-	(1,706)
Revaluation increments to other comprehensive income (asset revaluation surplus)	(2,179)	(20,391)	-	24,330	4,913	6,012	27,074	-	-	-	39,759
Work in progress additions *	-	-	-	-	-	-	-	-	-	68,239	68,239
Transfers between classes	(3,624)	-	3,624	-	-	-	-	-	-	-	-
Adjustments and transfers (change in landfill assets - note 20)	(75)	-	-	-	-	-	-	-	-	-	(75)
Aggregated prior year adjustments **	3,612	5,223	-	2,343	-	-	1,211	-	-	-	12,389
Adjustment for Wide Bay Water prior year error **	-	-	-	-	(3,448)	2,766	-	-	-	-	(682)
Total consolidated gross value of property, plant and equipment - at cost	-	-	64,063	-	-	-	-	-	7,034	22,917	94,014
Total consolidated gross value of property, plant and equipment - at fair value	139,945	193,527	-	1,105,779	638,540	567,252	525,847	22,641	-	-	3,193,531
Total consolidated gross value of property, plant and equipment	139,945	193,527	64,063	1,105,779	638,540	567,252	525,847	22,641	7,034	22,917	3,287,545
Opening accumulated depreciation & impairment	19,560	97,128	31,639	322,802	244,906	200,122	161,816	8,187	3,597	-	1,089,757
Depreciation provided in the period	1,778	4,478	6,939	19,879	10,916	10,129	5,750	494	611	-	60,974
Depreciation on disposals	-	-	(3,480)	-	-	-	-	-	-	-	(3,480)
Depreciation on write-offs	(9)	(454)	(1,011)	(7,208)	(2,423)	(3,541)	(252)	(52)	(52)	-	(15,002)
Depreciation on write-offs (prior period adjustment)**	(2,578)	(2,533)	-	-	-	-	-	-	-	-	(5,111)
Revaluation decrements to income	-	-	-	-	-	-	-	390	-	-	390
Revaluation increments to other comprehensive income (asset revaluation surplus)	(6,130)	(71,922)	-	(32,371)	2,090	2,354	6,687	-	-	-	(99,292)
Transfers between classes	(1,477)	-	1,477	-	-	-	-	-	-	-	-
Aggregated prior year adjustments **	619	696	-	34	-	-	207	-	-	-	1,556
Adjustment for Wide Bay Water prior year error **	-	-	-	-	(35)	1,235	-	-	-	-	1,200
Total consolidated accumulated depreciation and impairment of property, plant and equipment	11,763	27,393	35,564	303,136	255,454	210,299	174,208	9,019	4,156	-	1,030,992
Total consolidated net book value of property, plant and equipment	128,182	166,134	28,499	802,643	383,086	356,953	351,639	13,622	2,878	22,917	2,256,553
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	39,195	39,195
Other additions	-	-	-	-	-	-	-	-	-	29,044	29,044
Total asset additions	-	-	-	-	-	-	-	-	-	68,239	68,239

** The above table 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 15. Property, plant and equipment

Consolidated - 30 June 2015											
	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Stormwater 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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening gross balance - at cost	-	-	57,984	-	-	-	-	-	5,799	30,840	94,623
Opening gross balance - at fair value	139,124	210,694	-	1,014,185	623,003	450,986	481,559	23,853	-	-	2,943,404
Opening gross balance	139,124	210,694	57,984	1,014,185	623,003	450,986	481,559	23,853	5,799	30,840	3,038,027
Work in progress transfers to property, plant and equipment	5,464	592	6,532	21,423	13,507	3,229	3,950	4,488	541	(59,726)	-
Contributed assets at valuation	-	-	-	8,609	1,526	2,982	4,760	-	-	-	17,877
Disposals	(620)	(6)	(5,915)	-	-	-	-	-	-	-	(6,541)
Write-offs	(676)	(15)	(946)	(6,722)	(7,288)	(2,098)	(974)	(4,110)	-	(1,499)	(24,328)
Impairment loss (recognised income) (Note 10)	-	-	-	-	(80)	-	-	-	-	-	(80)
Revaluation increments to other comprehensive income (asset revaluation surplus)	413	334	-	-	(5,298)	103,826	-	-	-	-	99,275
Work in progress additions *	-	-	-	-	-	-	-	-	-	57,359	57,359
Adjustments and transfers (change in landfill assets - note 20)	33	-	-	-	-	-	-	-	-	-	33
Transfers from/(to) land held for development and resale (note 13)	(479)	-	-	-	-	-	-	-	-	-	(479)
Aggregated prior year adjustments **	-	-	-	15,310	-	-	-	-	-	-	15,310
Transfers from/(to) inventories	(45)	-	-	-	-	-	-	-	-	-	(45)
Adjustment for Wide Bay Water prior year error	-	-	-	-	3,001	(5,604)	-	-	-	-	(2,603)
Total consolidated gross value of property, plant and equipment - at cost	-	-	57,655	-	-	-	-	-	6,340	26,974	90,969
Total consolidated gross value of property, plant and equipment - at fair value - restated	143,214	211,599	-	1,052,805	628,371	553,321	489,295	24,231	-	-	3,102,836
Total consolidated gross value of property, plant and equipment - restated	143,214	211,599	57,655	1,052,805	628,371	553,321	489,295	24,231	6,340	26,974	3,193,805
Opening accumulated depreciation and impairment	17,573	93,054	31,271	302,239	248,881	162,967	156,365	10,029	3,068	-	1,025,447
Depreciation provided in the period	1,962	4,429	5,319	20,345	11,617	8,247	5,664	493	529	-	58,605
Depreciation on disposals	-	(2)	(4,442)	-	-	-	-	-	-	-	(4,444)
Depreciation on write-offs	(226)	(7)	(508)	(2,836)	(4,699)	(1,151)	(227)	(2,345)	-	-	(11,999)
Revaluation increments to other comprehensive income (asset revaluation surplus)	-	(346)	-	-	(13,172)	31,927	-	-	-	-	18,409
Adjustments and transfers	251	-	(1)	(16)	-	-	13	10	-	-	257
Aggregated prior year adjustments **	-	-	-	3,069	-	-	-	-	-	-	3,069
Adjustment for Wide Bay Water prior period error	-	-	-	-	2,279	(1,868)	-	-	-	-	411
Total consolidated accumulated depreciation and impairment of property, plant and equipment - restated	19,560	97,128	31,639	322,801	244,906	200,122	161,815	8,187	3,597	-	1,089,756
Total consolidated net book value of property, plant and equipment - restated	123,654	114,471	26,016	730,004	383,465	353,199	327,480	16,044	2,743	26,974	2,104,050
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	42,499	42,499
Other additions	-	-	-	-	-	-	-	-	-	14,860	14,860
Total asset additions	-	-	-	-	-	-	-	-	-	57,359	57,359

** The above table 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 15. Property, plant and equipment

Council - 30 June 2016											
	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Stormwater drainage	Coastal infrastructure	Other assets	Works in progress	Total
Measurement basis	Fair Value \$'000	Fair Value \$'000	Cost \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Cost \$'000	Cost/FV \$'000	
Opening gross balance - at cost	-	-	42,743	-	-	-	-	-	6,340	16,757	65,840
Opening gross balance - at fair value	122,590	202,863	-	1,052,805	-	-	489,295	24,231	-	-	1,891,784
Opening gross balance	122,590	202,863	42,743	1,052,805	-	-	489,295	24,231	6,340	16,757	1,957,624
Work in progress transfers to property, plant and equipment	4,630	813	6,967	33,326	-	-	4,560	181	746	(51,223)	-
Contributed assets at valuation	238	-	-	9,612	-	-	4,529	-	-	-	14,379
Disposals	-	-	(3,739)	-	-	-	-	-	-	-	(3,739)
Write-offs	(62)	(628)	(986)	(16,637)	-	-	(822)	(65)	(52)	-	(19,252)
Write-offs (prior period adjustment)**	(5,844)	(4,344)	-	-	-	-	-	-	-	-	(10,188)
Revaluation decrements to income	-	-	-	-	-	-	-	(1,706)	-	-	(1,706)
Revaluation increments to other comprehensive income (asset revaluation surplus)	(2,179)	(20,391)	-	24,330	-	-	27,074	-	-	-	28,834
Work in progress additions *	-	-	-	-	-	-	-	-	-	48,230	48,230
Transfers between classes	(3,624)	-	3,624	-	-	-	-	-	-	-	-
Adjustments and transfers (change in landfill assets - note 20)	(75)	-	-	-	-	-	-	-	-	-	(75)
Aggregated prior year adjustments **	3,612	5,223	-	2,343	-	-	1,211	-	-	-	12,389
	-	-	-	-	-	-	-	-	-	-	-
Total Council gross value of property, plant and equipment - at cost	-	-	48,609	-	-	-	-	-	7,034	13,764	69,407
Total Council gross value of property, plant and equipment - at fair value	119,286	183,536	-	1,105,779	-	-	525,847	22,641	-	-	1,957,089
Total Council gross value of property, plant and equipment	119,286	183,536	48,609	1,105,779	-	-	525,847	22,641	7,034	13,764	2,026,496
	-	-	-	-	-	-	-	-	-	-	-
Opening accumulated depreciation & impairment	19,560	94,663	24,422	322,802	-	-	161,816	8,187	3,597	-	635,047
Opening accumulated impairment	-	-	-	-	-	-	-	-	-	-	-
Opening accumulated depreciation & impairment	19,560	94,663	24,422	322,802	-	-	161,816	8,187	3,597	-	635,047
Depreciation provided in the period	1,778	4,180	5,462	19,879	-	-	5,750	494	611	-	38,154
Depreciation on disposals	-	-	(2,918)	-	-	-	-	-	-	-	(2,918)
Depreciation on write-offs	(9)	(454)	(751)	(7,208)	-	-	(252)	(52)	(52)	-	(8,778)
Depreciation on write-offs (prior period adjustment)**	(2,578)	(2,533)	-	-	-	-	-	-	-	-	(5,111)
Revaluation decrements to income	-	-	-	-	-	-	-	390	-	-	390
Revaluation increments to other comprehensive income (asset revaluation surplus)	(6,130)	(71,922)	-	(32,371)	-	-	6,687	-	-	-	(103,736)
Transfers between classes	(1,477)	-	1,477	-	-	-	-	-	-	-	-
Aggregated prior year adjustments **	619	696	-	34	-	-	207	-	-	-	1,556
Total Council accumulated depreciation of property, plant and equipment	11,763	24,630	27,692	303,136	-	-	174,208	9,019	4,156	-	554,604
Total consolidated accumulated depreciation and impairment of property, plant and equipment	11,763	24,630	27,692	303,136	-	-	174,208	9,019	4,156	-	554,604
Total Council net book value of property, plant and equipment	107,523	158,906	20,917	802,643	-	-	351,639	13,622	2,878	13,764	1,471,892
*Asset additions comprise	-	-	-	-	-	-	-	-	-	-	-
Asset renewals	-	-	-	-	-	-	-	-	-	29,163	29,163
Other additions	-	-	-	-	-	-	-	-	-	19,067	19,067
Total asset additions	-	-	-	-	-	-	-	-	-	48,230	48,230

** The above table 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 15. Property, plant and equipment

Council - 30 June 2015	Land and site improvements	Buildings	Plant and equipment	Road and bridge network	Water infrastructure	Sewerage infrastructure	Stormwater 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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening gross balance - at cost	-	-	42,766	-	-	-	-	-	5,799	14,298	62,863
Opening gross balance - at fair value	118,293	202,313	-	1,014,185	-	-	481,559	23,853	-	-	1,840,203
Opening gross balance	118,293	202,313	42,766	1,014,185	-	-	481,559	23,853	5,799	14,298	1,903,066
Work in progress transfers to property, plant and equipment	5,464	565	4,513	21,423	-	-	3,950	4,488	541	(40,944)	-
Contributed assets at valuation	-	-	-	8,609	-	-	4,760	-	-	-	13,369
Disposals	-	-	(4,520)	-	-	-	-	-	-	-	(4,520)
Write-offs	(676)	(15)	(16)	(6,722)	-	-	(974)	(4,110)	-	-	(12,513)
Work in progress additions *	-	-	-	-	-	-	-	-	-	43,403	43,403
Adjustments and transfers (change in landfill assets - note 20)	33	-	-	-	-	-	-	-	-	-	33
Transfers from/(to) land held for development and resale (note 13)	(479)	-	-	-	-	-	-	-	-	-	(479)
Aggregated prior year adjustments **	-	-	-	15,310	-	-	-	-	-	-	15,310
Transfers from/(to) inventories	(45)	-	-	-	-	-	-	-	-	-	(45)
Total Council gross value of property, plant and equipment - at cost	-	-	42,743	-	-	-	-	-	6,340	16,757	65,840
Total Council gross value of property, plant and equipment - at fair value - restated	122,590	202,863	-	1,052,805	-	-	489,295	24,231	-	-	1,891,784
Total Council gross value of property, plant and equipment - restated	122,590	202,863	42,743	1,052,805	-	-	489,295	24,231	6,340	16,757	1,957,624
Opening accumulated depreciation and impairment	17,573	90,497	24,058	302,239	-	-	156,365	10,029	3,068	-	603,829
Depreciation provided in the period	1,962	4,173	3,887	20,345	-	-	5,664	493	529	-	37,053
Depreciation on disposals	-	-	(3,516)	-	-	-	-	-	-	-	(3,516)
Depreciation on write-offs	(226)	(7)	(6)	(2,836)	-	-	(227)	(2,345)	-	-	(5,647)
Adjustments and transfers	251	-	(1)	(16)	-	-	13	10	-	-	257
Aggregated prior year adjustments **	-	-	-	3,069	-	-	-	-	-	-	3,069
Total Council accumulated depreciation of property, plant and equipment - restated	19,560	94,663	24,422	322,801	-	-	161,815	8,187	3,597	-	635,045
Total Council accumulated depreciation and impairment of property, plant and equipment - restated	19,560	94,663	24,422	322,801	-	-	161,815	8,187	3,597	-	635,045
Total Council net book value of property, plant and equipment - restated	103,030	108,200	18,321	730,004	-	-	327,480	16,044	2,743	16,757	1,322,579
*Asset additions comprise											
Asset renewals	-	-	-	-	-	-	-	-	-	34,439	34,439
Other additions	-	-	-	-	-	-	-	-	-	8,964	8,964
Total asset additions	-	-	-	-	-	-	-	-	-	43,403	43,403

** The above table 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.

Notes to the financial statements for the year ended 30 June 2016

Note 16. 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 site improvements
 - Buildings
 - Road and bridge network
 - Water infrastructure
 - Sewerage infrastructure
 - Stormwater drainage
 - 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 the statement of comprehensive income when incurred. The fair value of borrowings disclosed in Note 19 is provided by QTC and represents the contractual undiscounted cash flows at the reporting 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* assets or liabilities 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.

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

The table below presents Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

2016		Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated				
Recurring fair value measurements				
Land	15	89,608	-	89,608
Site improvements	15	-	38,574	38,574
Buildings	15	440	165,694	166,134
Road and bridge network	15	-	802,643	802,643
Water infrastructure	15	-	383,086	383,086
Sewerage infrastructure	15	-	356,953	356,953
Stormwater drainage	15	-	351,639	351,639
Coastal infrastructure	15	-	13,622	13,622
Biological assets		-	661	661
Total		89,608	2,112,872	2,202,480
Non-recurring fair value measurements				
Land held for development and resale	13	4,943	-	4,943
2016		Level 2 \$'000	Level 3 \$'000	Total \$'000

Council

Recurring fair value measurements

Land	15	68,984	-	68,984
Site improvements	15	-	38,539	38,539
Buildings	15	440	158,466	158,906
Road and bridge network	15	-	802,643	802,643
Stormwater drainage	15	-	351,639	351,639
Coastal infrastructure	15	-	13,622	13,622
Total		68,984	1,364,909	1,433,893
Non-recurring fair value measurements				
Land held for development and resale	13	4,943	-	4,943

During 2015/16, five residential buildings owned by FCRC were transferred from level 3 to level 2 based on the valuation report from independent valuer, APV Pty Ltd (APV).

2015		Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated				
Recurring fair value measurements				
Land	15	89,608	-	89,608
Site improvements	15	-	34,046	34,046
Buildings	15	-	114,471	114,471
Road and bridge network	15	-	730,004	730,004
Water infrastructure	15	-	383,465	383,465
Sewerage infrastructure	15	-	353,199	353,199
Stormwater drainage	15	-	327,480	327,480
Coastal infrastructure	15	-	16,044	16,044
Biological assets		-	1,413	1,413
Total - restated		89,608	1,960,122	2,049,730
Non-recurring fair value measurements				
Land held for development and resale	13	5,293	-	5,293

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

2015		Level 2 \$'000	Level 3 \$'000	Total \$'000
Council				
Recurring fair value measurements				
Land	15	68,984	-	68,984
Site improvements	15	-	34,046	34,046
Buildings	15	-	108,200	108,200
Road and bridge network	15	-	730,004	730,004
Stormwater drainage	15	-	327,480	327,480
Coastal infrastructure	15	-	16,044	16,044
Total - restated		68,984	1,215,774	1,284,758
Non-recurring fair value measurements				
Land held for development and resale	13	5,293	-	5,293

During 2014/15 the administration buildings from Wide Bay Water Corporation (WBWC) were transferred from level 2 to level 3 based on the valuation report from independent valuer, APV.

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

Specific valuation techniques used to value Council (FCRC) assets comprise:

Land (level 2) FCRC Only

Land fair values of FCRC 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.

As the land asset class last desktop valuation was 30 June 2014, the cumulative change in asset value needs to be measured for the previous two financial years. The Queensland Local Government Index was utilised by FCRC for this class at 30 June 2015 where the index (March 2014 to March 2015) was 2.4%. Indices were supplied by independent valuer, APV for the period 1 July 2015 to 30 June 2016 for the land asset class. Those indices suggested that there was nil change in non-residential land (commercial, industrial etc.). For residential land parcels (which account for around 60% of Council freehold land), the index was 2.5%. Therefore the cumulative change for these parcels would be 4.96% (2.4% for 2014/15 incremented by 2.5% for 2015/16).

As FCRC's threshold for accounting for the impact of revaluation is 5%, it has been determined that there has not been a material change in the fair value of land assets for the period 1 July 2014 to 30 June 2016, as the cumulative change was marginally below the 5% threshold.

Land classified as held for sale during the reporting period (FCRC) 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.

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

Land (level 2) WBWC

Land fair values of WBWC were determined by independent valuer, APV effective 30 June 2015. For the 2015/16 financial year, APV completed a desktop valuation with no increases in fair value of land. The portfolio is valued in accordance with AASB 116. Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the market approach has been adopted. For other types of land the cost approach was adopted.

Details of each approach are:

- Market (direct comparison) - This has been applied to land held in freehold title and has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonable be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics and was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as level 2.

- Cost (direct comparison) - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if WBWC need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics, and was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

Buildings and site improvements (level 2 and 3) FCRC Only

The fair value of buildings and land improvements of FCRC were determined by independent valuer, APV effective 30 June 2016. 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.

Level 2 valuation inputs - Market (direct comparison) was used to determine the fair value of a range of properties. This included residential where the relevant inputs were able to be observed from current market evidence. The residential properties fair value was derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

Level 3 valuation inputs - Cost (depreciated) - this includes specialised buildings as well as some residential properties that were located in isolated locations where there was no evidence to support a market approach. These buildings were valued using the cost approach using professionally qualified Registered Valuers.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence.

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. Various sources were utilised by APV in calculating replacement cost including actual construction or purchase prices for projects paid by FCRC, Rawlinson's Construction Guide or similar guides (such as Cordells), development of costs using first principles. APV have also developed a number of models for specific asset types, and benchmarking against other valuations as well as a database built up from research of building and site improvement costs.

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

All assets valued using the market approach were physically inspected to assess the physical condition and how they may impact the assets highest and best use to potential market participants and ultimately its market value. For assets valued using the cost approach, all were physically inspected, which included validation of physical dimensions and characteristics.

Buildings (level 3) WBWC

The fair value of buildings of WBWC were also determined by independent valuer, APV effective 30 June 2015. For the 2015/16 financial year, APV completed a desktop valuation with an average indexation of 3.4%. As this was deemed to be immaterial, there were no increases in the fair value of buildings. The valuation of buildings, structural improvements and site services includes those items that form a part of the building services installation (e.g. heating, cooling, fire alarms, and general lighting etc.).

Details of the approach are:

- Cost (depreciated) - This includes specialised buildings as well as some residential properties that were located in isolated locations where there was no evidence to support a market approach. Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and pattern of consumption of the future economic benefit.

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. As these are supported by observable evidence obtained via inspection and market evidence they have been classified as level 2 inputs. The unobservable inputs (such as estimates of residual value, pattern of consumption and (based on the asset consumption score) 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.

Road, and bridge network and stormwater drainage infrastructure assets (level 3)

All road and bridge network and stormwater drainage network infrastructure assets were valued by independent valuer APV as at 30 June 2016 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.

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

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. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments. Likewise, especially for stormwater network infrastructure, a large portion of the portfolio is located underground and may only be inspected on an irregular basis. The desktop valuation relies on the validation of the asset registers and physical inspections carried out by APV in 2014. Accuracy of the desktop valuation at 30 June 2016 is reliant on information provided by FCRC to APV in relation to acquisitions and disposals since the previous 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 (including the split between short-life and long-life parts of each component).

The consumption rating scales (below) were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, 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.

Consumption score	Description	% Remaining Service Potential of depreciable amount				
		Straight-line	Low	Mod	High	Extreme
0	New or very good condition – very high level of remaining service potential.	100%	100%	100%	100%	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%	92%	94%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%	85%	99%
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%	40%	54%	70%	90%
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%	20%	34%	45%	70%
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%	0%	0%	0%	0%

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

Estimated useful lives are disclosed in Note 1 (I).

Coastal infrastructure assets

A desktop valuation of coastal infrastructure assets was undertaken by independent valuers, APV, effective 30 June 2016. 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.

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:

		% Remaining Service Potential of depreciable amount
Consumption score	Description	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

Notes to the financial statements

for the year ended 30 June 2016

Note 16. Fair value measurements continued

Water and sewerage infrastructure assets (level 3)

Water and sewerage infrastructure fair values were determined by an independent valuer, APV as at 30 June 2015. Indexation to the network assets fair value of 0.9% was applied as at 30 June 2016. All water network infrastructure assets were valued 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 final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The WBWC region is split into 4 distinct areas based on geographic (rural/urban/high density urban/CBD) and environmental factors (sand/acid/sulphate soil/soft rock/hard rock). WBWC assumes that these factors are consistent across each of the 4 regions and that costs of labour are consistent within each of these regions, depending on the materials used.

APV cost models were derived from the following sources:

- APV database
- Development of costs models by APV
- Benchmarking against other valuations
- Rawlinson's rates for building and construction, and
- Suppliers' quotations and actual prices paid by WBWC

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).
- Depth factors - The depth of the trench (e.g. trenching above 1.5m requires shoring/trench cage which increases costs and slows production).

Valuation unit rates (replacement costs) allow for factoring in project overheads including survey, environmental and investigation costs, engineering design, engineering supervision and project management.

Notes to the financial statements

for the year ended 30 June 2016

Note 16. 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	Remaining useful life %
0H / 0M	New - new or very good condition	100% of useful life
1H / 1M	As new/excellent - asset "as new"	90-95% of useful life
2H / 2M	Good - aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	65-75% of useful life
3H / 3M	Fair - asset is reliable and operates as intended, but its appearance and structural integrity are questionable.	35-50% of useful life
4H / 4M	Poor - asset still operates, but does not meet intended duty or does not appear sound.	10-20% of useful life
5H / 5M	Unserviceable - asset is not functioning / needs immediate attention.	0% of useful life
6	End of life - theoretical end of life	Fully written off

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 sewer 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 value 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 2016

Note 16. Fair value measurements continued

(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 below. There has been transfers between Level 3 and 2 measurements during this financial year for Council's residential rental buildings. This was a result of the external revaluation by APV, determining these buildings to have level 2 valuation inputs (market value).

Changes in non specialised buildings (level 3)

	Note	Consolidated \$'000	Council \$'000
Opening gross value as at 1 July 2015		211,599	202,863
Additions		2,068	813
Disposals		-	-
Write offs		(4,972)	(4,972)
Aggregated prior year adjustments		5,223	5,223
Revaluation adjustment to other comprehensive income		(20,391)	(20,391)
Closing gross value before transfers	15	<u>193,527</u>	<u>183,536</u>
Transfers between level 2 and level 3		(440)	(440)
Closing gross value as at 30 June 2016 (a)		<u>193,087</u>	<u>183,096</u>
Opening accumulated depreciation as at 1 July 2015		97,128	94,663
Depreciation provided in the period		4,478	4,180
Depreciation on disposals		-	-
Depreciation on write offs		(2,987)	(2,987)
Aggregated prior year adjustments		696	696
Revaluation adjustment to other comprehensive income		(71,922)	(71,922)
Closing accumulated depreciation before transfers	15	<u>27,393</u>	<u>24,630</u>
Transfers between level 2 and level 3		-	-
Closing accumulated depreciation as at 30 June 2016 (b)		<u>27,393</u>	<u>24,630</u>
Fair value (level 3) as at 30 June 2016 (a-b)	16(i)	<u>165,694</u>	<u>158,466</u>

(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.

Notes to the financial statements
for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 17. Intangible assets

Intangible assets are as follows:

Intangible assets represent identifiable non-monetary asset without physical substance

Software

Gross carrying value

Opening gross carrying value as at 1 July		6,064	6,136	5,047	4,914
Additions		120	145	120	133
Write offs		(23)	(217)	-	-
Closing gross carrying value as at 30 June		6,161	6,064	5,167	5,047

Accumulated amortisation

Opening balance as at 1 July		(5,502)	(5,418)	(4,591)	(4,400)
Amortisation charges	9	(283)	(273)	(243)	(191)
Write offs		18	189	-	-
		(5,767)	(5,502)	(4,834)	(4,591)
Net carrying value as at 30 June		394	562	333	456

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

Note 18. Trade and other payables

Current

Creditors and accruals	8,260	11,678	30,807	39,968
Annual leave	5,044	5,077	3,540	3,733
Other employee entitlements	287	285	183	159
Employee related accruals	425	721	425	603
Short term performance payments	-	14	-	-
	14,016	17,775	34,955	44,463

Notes to the financial statements
for the year ended 30 June 2016

	Consolidated		Council	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Note 19. Borrowings				
Current				
Loans - QTC	15,852	15,006	8,834	8,518
	<u>15,852</u>	<u>15,006</u>	<u>8,834</u>	<u>8,518</u>
Non-current				
Loans - QTC	123,228	139,278	49,081	58,158
	<u>123,228</u>	<u>139,278</u>	<u>49,081</u>	<u>58,158</u>
Reconciliation of loan movements for the year				
Balance as at 1 July	154,284	168,707	66,676	74,837
Market value adjustment	6	-	6	-
Principal repayments	(15,210)	(14,423)	(8,767)	(8,161)
Balance as at 30 June	<u>139,080</u>	<u>154,284</u>	<u>57,915</u>	<u>66,676</u>

Unsecured borrowings are provided by QTC. All borrowings are denominated 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 15 September 2019 to 15 December 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 \$63,005,028 (2015: \$69,453,182), consolidated \$160,074,057 (2015: \$169,961,515). 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 statements.

Wide Bay Water Corporation has a working capital facility with QTC which was approved 11 July 2007 with a limit of \$4,000,000. No part of this facility had been drawn down during the reporting period (2015: \$nil). In conjunction with the transition of Wide Bay Water back under Council control on 1 July 2016, this facility was closed effective 30 June 2016.

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

Notes to the financial statements
for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 20. Provisions					
Current					
Long service leave		5,943	5,868	4,048	4,103
Refuse restoration		369	338	369	338
		<u>6,312</u>	<u>6,206</u>	<u>4,417</u>	<u>4,441</u>
Non-current					
Long service leave		352	615	306	416
Refuse restoration		14,312	12,100	14,312	12,100
		<u>14,664</u>	<u>12,715</u>	<u>14,618</u>	<u>12,516</u>
Details of movements in long service leave provision:					
Balance as at 1 July		6,483	6,401	4,519	4,351
Amount provided for in the period		982	904	632	755
Amount paid in the period		(1,170)	(822)	(797)	(587)
Balance as at 30 June		<u>6,295</u>	<u>6,483</u>	<u>4,354</u>	<u>4,519</u>
Details of movements in refuse restoration provision:					
Balance as at 1 July		12,438	11,867	12,438	11,867
Increase in provision due to unwinding of discount		108	113	108	113
Increase/(decrease) in provision due to change in discount rate	10(a)	2,210	425	2,210	425
Change in landfill assets	27	(75)	33	(75)	33
Balance as at 30 June		<u>14,681</u>	<u>12,438</u>	<u>14,681</u>	<u>12,438</u>

Refuse restoration

This is the present value of the estimated cost of restoring Council's landfill sites to a useable state 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 2017 to 2063.

Notes to the financial statements
for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 21. Asset revaluation surplus					
Movements in the asset revaluation surplus:					
Balance as at 1 July		405,714	330,253	183,137	183,137
Net adjustment to non-current assets at end of period to reflect a change in current fair value:					
Land and site improvements	15	3,951	413	3,951	-
Buildings	15	51,531	680	51,531	-
Road and bridge network	15	56,701	-	56,701	-
Water infrastructure	15	2,823	7,874	-	-
Sewerage infrastructure	15	3,658	71,899	-	-
Stormwater drainage	15	20,387	-	20,387	-
Duplicated sewerage infrastructure asset	28	-	(5,405)	-	-
		139,051	75,461	132,570	-
Balance as at 30 June		544,765	405,714	315,707	183,137

Asset revaluation surplus analysis

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

Land and site improvements	11,102	7,151	9,971	6,020
Buildings	59,143	7,612	57,887	6,356
Road and bridge network	172,933	116,232	172,933	116,232
Water infrastructure	118,529	115,706	-	-
Sewerage infrastructure	108,142	104,484	-	-
Drainage	74,916	54,529	74,916	54,529
Balance as at 30 June	<u>544,765</u>	<u>405,714</u>	<u>315,707</u>	<u>183,137</u>

Note 22. 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	16,528	15,274	7,439	10,354
Pest control	72	94	72	94
Garbage collection contract	26,233	30,240	26,233	30,240
Security services	179	282	179	282
Cleaning, landscaping and ranger services	1,305	1,710	502	851
Other	7	14	7	14
	<u>44,324</u>	<u>47,614</u>	<u>34,432</u>	<u>41,835</u>

These expenditures are payable as follows:

Within the next year	12,036	20,621	12,037	14,842
Later than one year and not later than 5 years	27,642	17,813	17,749	17,813
Later than 5 years	4,646	9,180	4,646	9,180
Total payable	<u>44,324</u>	<u>47,614</u>	<u>34,432</u>	<u>41,835</u>

(b) Operating leases (non-cancellable)

Minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year	55	58	55	58
One to five years	186	251	186	251
Later than five years	-	16	-	16
	<u>241</u>	<u>325</u>	<u>241</u>	<u>325</u>

The lease contract for land and buildings is for a period of 20 years, commencing 1 October 2000. The annual rent is indexed annually with a review every 5 years. The most recent review took place on 1 October 2015. Under the terms of the lease, Council has the option to purchase the land if offered by the lessor.

Note 23. Contingent liabilities

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

Legal claims

In the opinion of Council's and Wide Bay Water 's solicitors, there are no claims pending against either entity (2015: nil).

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 2015 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 \$925,518 (Consolidated \$1,236,676).

Note 24. 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.

Notes to the financial statements for the year ended 30 June 2016

Note 24. Superannuation continued

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 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2015 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 69 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 councils. Fraser Coast Regional Council made less than 4% of the total contributions to the plan for the 2015/16 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

	Consolidated		Council	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	5,028	5,216	3,871	3,810

Note 25. 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 was 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. The *Local Government Regulation 2012* was amended on 8 February 2013 to provide the mechanism for the transfer of Wide Bay Water Corporation back to 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.

Until an exemption for transfer duty could be obtained for the transfer of Wide Bay Water Corporation back to Council, and in order to explore opportunities for savings to ensure the best value for money outcome for ratepayers, Council implemented a number of shared service arrangements with Wide Bay Water Corporation which is expected to continue subsequent to the scheduled transition of Wide Bay Water Corporation to a commercial business unit of Council on 1 July 2016.

To assist Council in avoiding any possible impediments to the scheduled transition of 1 July 2016, Council engaged Clayton Utz to undertake a due diligence process in regard to the transition. A Public Ruling in relation to an extension of the corporate reconstruction exemptions available under the *Duties Act 2001* (Duties Act) to include statutory vestings was issued on 4 December 2015. Subsequently, Council made written submission to the Commissioner of State Revenue for corporate reconstruction relief of transfer duty for the transfer of Wide Bay Water Corporation to Council, and in April 2016, Clayton Utz advised Council that the exemption for transfer duty under s406 of the Duties Act had been granted.

The transition of Wide Bay Water became effective on 1 July 2016 as scheduled, the corporation was dissolved and members of the board ceased to hold office from that date. Subsequently, a Wide Bay Water and Waste Services Advisory Committee has been formed, consisting of three of the four members of the previous board plus two Councillors. Refer also Note 32.

Joint ventures

At the ordinary Council meeting held 25 March 2015, Council delegated to the CEO the authority to enter into a Joint Venture Agreement and Deed of Consent to Security for the development of a residential airpark at the Maryborough Airport. The joint venture agreement details that the relationship of the parties is that of a joint venture and is limited to carrying out of the development. The development is being conducted by the development entity Fraser Coast Residential Airpark Pty Ltd. The agreement is dated 14 April 2015. Works were initially scheduled to commence in November 2015 and sales were not anticipated until the 2015/16 year. However this was delayed due to the discovery of a boundary discrepancy which required minor zoning amendments to be made to the town planning scheme. An operational works application has been lodged, with works now scheduled to commence late 2016, with sales anticipated later in the 2016/17 year.

Council is responsible for providing the land on which the joint venture is going to be developed. The agreement states that land remains an asset of Council until sold. As the contractual arrangement dictates each parties share in the profit or loss relating to the activities, and that each party is liable to the arrangement only to the extent of their investments in the arrangement or their respective obligations to contribute to the arrangement, this is an indication of a joint venture rather than a joint operation.

Note 25. Controlled entities continued

Joint ventures continued

A maximum upper limit of Council's liability under the agreement is set at \$4,859,235 which represents the forfeiting of Council fees and nominal land value of the project. As the impact of this joint venture is not expected to be material to Council's overall operations, and as there have only been minor set-up transactions and development application fees incurred to the reporting date (\$154,217 to 30 June 2016), no separate disclosures are intended to be made in the 2015/16 financial statements in relation to this joint venture.

Unconsolidated controlled entities

Widelinx Pty Ltd

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 by the then Hervey Bay City Council in January 2005 to oversee the operations of a local communications venture and continues to actively trade. Fraser Coast Regional Council resolved at its ordinary meeting held on 3 December 2008, that it would continue to support Widelinx financially.

Hervey Bay City Council formed a business relationship (the business venture to trade under the name Widelinx) with a broadband internet provider (IP Systems) in February 2005 to address opportunities for network solutions in Hervey Bay and Wide Bay to provide householders and businesses with voice, data and other information and communications technology (ICT) services.

Following a number of changes to the ownership and corporate structure of IP systems between 2010 and 2016, which saw that entity taken over and merged to initially become part of Amcom Telecommunications followed by a takeover by Vocus Communications in addition to the expiry of a number of contracts that were entered into by Widelinx, it is anticipated that Vocus Communications will cease to be in a business relationship with Widelinx during the 2016/17 financial year. As a result, from that point, FCRC will be the only entity receiving fibre optic connection services from Widelinx. It is envisaged that subject to FCRC being able to acquire telecommunication services independent of Widelinx, that Widelinx will be wound up in due course.

Fraser Coast Opportunities Ltd

Fraser Coast Opportunities Ltd (FCO) 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. FCO 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.

Amendments were made to the Constitution on 8 July 2015, and the board now consists of five independent board members. Subsequent to the local government election on 19 March 2016, a report was tabled at the first ordinary meeting of the newly elected Council on 4 May 2016 regarding the direction of FCO as an independent entity, where it was resolved that Council retain FCO as a Registered Tourism Organisation for Tourism, Events and Marketing to maximise visitation and align with Tourism Events Queensland structure and funding. Investment attraction transferred back to Council and will integrate with economic development with a new 3 year agreement commencing 1 July 2016.

Notes to the financial statements
for the year ended 30 June 2016

Note 25. Controlled entities continued

Unconsolidated controlled entities continued

A summary of the above entities, their assets, liabilities and net results of operations for the year ended 30 June 2016 are summarised below:

	Fraser Coast Opportunities Ltd	Widelinx Pty Ltd
	2016 \$'000	2016 \$'000
Income and expenses		
Operating revenue	3,812	266
Operating expenses	(3,953)	(241)
Net result	(141)	25
Assets		
Current assets	436	1,278
Non-current assets	56	558
	492	1,836
Liabilities		
Current liabilities	290	44
Non-current liabilities	27	217
	317	261
Net assets	175	1,575

Note 26. Trust funds

Consolidated		Council	
2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

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

1,322	1,041	1,322	1,041
3,535	3,152	3,535	3,152
4,857	4,193	4,857	4,193

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.

Notes to the financial statements
for the year ended 30 June 2016

		Consolidated		Council	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 27. Reconciliation of net result for the year to net cash inflows from operating activities					
Net result		42,312	53,644	34,578	47,514
Adjust for non-cash and investing activities:					
Capital grants and contributions	4(b)	(39,304)	(40,328)	(31,680)	(29,900)
Net (gains)/losses on disposal of assets	5(a)&(c)	36	462	60	372
Revaluations (biological assets)	5(b)	752	(188)	-	-
Other capital items	5(d)	(10,833)	(12,241)	(10,833)	(12,241)
Depreciation and amortisation	9	61,257	58,878	38,397	37,244
Downwards valuation of property, plant and equipment	10(b)	2,096	-	2,096	-
Capital expenses	10(c)	20,228	12,696	15,551	7,123
Increase/(decrease) in provision for doubtful debts	12	(5)	(20)	3	(27)
Increase/(decrease) in inventories held for sale		(43)	(232)	(43)	(232)
Fair value adjustments to loans	19	6	-	6	-
Change in landfill assets	20	75	(33)	75	(33)
		<u>34,265</u>	<u>18,994</u>	<u>13,632</u>	<u>2,306</u>
Changes in operating assets and liabilities:					
(Increase)/decrease in trade and other receivables	12	4,446	9,104	4,596	8,821
(Increase)/decrease in inventories		138	301	135	200
Increase/(decrease) in trade and other payables	18	(3,759)	(3,212)	(9,508)	2,294
Increase/(decrease) in leave provisions	20	(188)	82	(165)	168
Increase/(decrease) in restoration provision	20	2,243	571	2,243	571
Increase/(decrease) in other liabilities		(92)	230	(138)	231
		<u>2,788</u>	<u>7,076</u>	<u>(2,837)</u>	<u>12,285</u>
Net cash inflows from operating activities		<u>79,365</u>	<u>79,714</u>	<u>45,373</u>	<u>62,105</u>

Note 28. Correction of errors

Correction of errors relating to a previous reporting period

(a) Initial recognition and derecognition of non-current assets (Building and Land Improvement assets)

The initial recognition and derecognition of non-current assets relates to certain building and land improvement assets that should have been included or excluded in previous years' financial statements but have only been identified and placed into (or removed from) the financial asset register during the current reporting period. During the comprehensive valuation of Council's building assets by APV Pty Ltd, a number of buildings and land improvement assets not previously listed were located and verified as being Council owned. In addition, a number of buildings and land improvement assets that had been listed were verified as not existing anymore, below Council capitalisation thresholds, or had been demolished or confirmed as not owned by Council. As the net impact of these errors identified is not considered material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, management have not presented a restated prior position. The value of this correction is detailed below:

		Council 2016 \$'000	Council 2015 \$'000
Note			
Initial recognition and derecognition of non-current assets			
Previously unrecorded building assets	5	4,527	-
Write-off of building assets derecognised	10	(1,811)	-
Previously unrecorded building assets (net)		2,716	-
Previously unrecorded land improvement assets	5	2,993	-
Write-off of land improvement assets derecognised	10	(3,266)	-
Write-off of land improvement assets derecognised (net)		(273)	-

(b) Initial recognition and derecognition of non-current assets (Road, Bridge and Drainage infrastructure assets)

In addition to the recognition and derecognition of building and land improvement infrastructure assets mentioned above, certain road, bridge and drainage infrastructure assets were identified that related to prior periods. Much of which was due to the verification of the existence of items that had been spatially recognised in the mapping systems prior to Council amalgamation, but not contained in asset registers. Further, assets that had been recognised in prior periods were found to be either duplicate entries or assets that were controlled by entities other than Council, and as such were derecognised during the financial year. As the net impact of these errors identified is not considered material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, management have not presented a restated prior position.

		Council 2016 \$'000	Council 2015 \$'000
Note			
Road, Bridge and Drainage assets			
Previously unrecorded assets		3,313	20,700
Write-off of assets derecognised		-	(8,459)
Previously unrecorded assets (net)	5	3,313	12,241

Notes to the financial statements for the year ended 30 June 2016

Note 28. Correction of errors continued

(c) Correction of duplicate assets (Wide Bay Water Corporation - WBWC)

In the process of valuing WBWC's assets at 30 June 2014, a duplication of infrastructure assets recognised in previous years was identified. The adjustments below were recognised in the 2014/15 financial year. Management did not present a restated prior period position as the net impact of errors identified was not considered material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Note	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Property, plant and equipment - Cost	-	(6,379)
Property, plant and equipment - Accumulated depreciation	-	2,077
Decrease in asset revaluation surplus	21	5,405
Retained earnings	-	1,103

(d) Corrections from annual asset reviews (WBWC)

As part of WBWC's ongoing annual review of infrastructure assets, engineers periodically identify components of assets not previously appropriately accounted for or recognised. These items predominantly relate to underground passive assets and data gathering equipment used in water meters. The correcting entries were recognised in the current financial year through profit or loss. Management have not presented a restated prior period position as the net impact of errors identified is not considered to be material in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Note	Consolidated 2016 \$'000	Consolidated 2015 \$'000
Property, plant and equipment - Cost	(682)	3,777
Property, plant and equipment - Accumulated depreciation	(1,200)	(2,489)
Profit or loss	4(b)(iii)	1,288
Aggregate adjustment on property, plant and equipment		
Property, plant and equipment - Cost	15	(2,603)
Property, plant and equipment - Accumulated depreciation	15	(411)

Note 29. Events after the reporting period

On 1 July 2016 Wide Bay Water Corporation (WBWC) transitioned to being a commercial business unit of Council. Council will be required to account for the transition by reducing its investment in WBWC to nil, and recognising the assets and liabilities of WBWC at current carrying amounts, with any difference being recorded as an adjustment through equity. Council note there will no longer be a requirement to present consolidated financial statements for the 2016/17 financial year onwards, as WBWC was the only controlled entity of Council which had a material effect on the results of the consolidated entity (although the comparative consolidated position will be disclosed for 2016/17).

Refer note 32 for further details relating to the transition of WBWC back to Council, and the anticipated financial impacts.

Notes to the financial statements for the year ended 30 June 2016

Note 30. 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 financial 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 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 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.

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	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets					
Cash and cash equivalents	11(a)	195,508	157,800	176,601	149,890
Term deposits > 3 months	11(b)	-	20,000	-	20,000
Receivables - rates	12	26,471	31,164	26,471	31,164
Receivables - other	12	12,466	10,698	85,427	10,933
		<u>234,445</u>	<u>219,662</u>	<u>288,499</u>	<u>211,987</u>
Other credit exposures					
Guarantee	23	1,237	1,367	926	1,031
		<u>1,237</u>	<u>1,367</u>	<u>926</u>	<u>1,031</u>
Total		<u>235,682</u>	<u>221,029</u>	<u>289,425</u>	<u>213,018</u>

Note 30. Financial instruments continued

Cash and cash equivalents and term deposits > 3 months

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.

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	Notes	Consolidated		Council	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Receivables					
Fully performing		21,816	18,834	94,811	19,089
Past due:					
- Less than 30 days overdue		1,319	1,742	1,319	1,742
- 30 to 60 days overdue		372	104	342	84
- 61 to 90 days overdue		2,474	2,443	2,470	2,442
- Over 90 days overdue		12,961	18,749	12,961	18,742
- Impaired		(5)	(10)	(5)	(2)
	12	<u>38,937</u>	<u>41,862</u>	<u>111,898</u>	<u>42,097</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 19. 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	-	-
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Notes to the financial statements for the year ended 30 June 2016

Note 30. Financial instruments continued

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 \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows	Carrying amount
Consolidated						
2016						
Trade and other payables	18	8,685	-	-	8,685	8,685
Loans - QTC	19	22,973	86,703	69,124	178,800	139,080
		<u>31,658</u>	<u>86,703</u>	<u>69,124</u>	<u>187,485</u>	<u>147,765</u>
2015						
Trade and other payables	18	12,399	-	-	12,399	12,399
Loans - QTC	19	22,737	89,181	87,380	199,298	154,284
		<u>35,136</u>	<u>89,181</u>	<u>87,380</u>	<u>211,697</u>	<u>166,683</u>
Council						
2016						
Trade and other payables	18	31,232	-	-	31,232	31,232
Loans - QTC	19	11,037	38,960	19,090	69,087	57,915
		<u>42,269</u>	<u>38,960</u>	<u>19,090</u>	<u>100,319</u>	<u>89,147</u>
2015						
Trade and other payables	18	40,571	-	-	40,571	40,571
Loans - QTC	19	10,837	41,581	27,268	79,686	66,676
		<u>51,408</u>	<u>41,581</u>	<u>27,268</u>	<u>120,257</u>	<u>107,247</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.

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 to the financial statements
for the year ended 30 June 2016

Note 30. Financial instruments continued

	Notes	Net carrying amount \$'000	Effect on net result		Effect on equity	
			1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
Consolidated						
2016						
Investments with QTC	11(a)	87,099	871	(871)	871	(871)
Other cash	11(a)	3,873	39	(39)	39	(39)
Loans - QTC*	19	(139,080)	-	-	-	-
Net		(48,108)	910	(910)	910	(910)
2015						
Investments with QTC	11(a)	114,387	1,144	(1,144)	1,144	(1,144)
Other cash	11(a)	1,375	14	(14)	14	(14)
Loans - QTC	19	(154,284)	(1,543)	1,543	(1,543)	1,543
Net		(38,522)	(385)	385	(385)	385
Council						
2016						
Investments with QTC	11(a)	68,544	685	(685)	685	(685)
Other cash	11(a)	3,521	35	(35)	35	(35)
Loans - QTC*	19	(57,915)	-	-	-	-
Net		14,150	720	(720)	720	(720)
2015						
Investments with QTC	11(a)	107,049	1,070	(1,070)	1,070	(1,070)
Other cash	11(a)	804	8	(8)	8	(8)
Loans - QTC	19	(66,676)	(667)	667	(667)	667
Net		41,177	411	(411)	411	(411)

In relation to the QTC loans held by Council, the following has been applied:

*QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity. Note all loans held by both Council and the consolidated entity were converted to fixed rate loans on 1 April 2016.

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.

Notes to the financial statements
for the year ended 30 June 2016

Note 30. Financial instruments continued

		Carrying value		Fair value	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Consolidated					
Financial assets					
Cash and cash equivalents	11(a)	108,409	43,413	108,409	43,413
Investments with QTC	11(a)	87,099	114,387	87,099	114,387
Term deposits > 3 months	11(b)	-	20,000	-	20,000
Trade and other receivables	12	38,937	41,862	38,937	41,862
Total financial assets		234,445	219,662	234,445	219,662
Financial liabilities					
Trade and other payables	18	8,685	12,399	8,685	12,399
Loans - QTC	19	139,080	154,284	139,080	154,284
Total financial liabilities		147,765	166,683	147,765	166,683
Council					
Financial assets					
Cash and cash equivalents	11(a)	108,057	42,841	108,057	42,841
Investments with QTC	11(a)	68,544	107,049	68,544	107,049
Term deposits > 3 months	11(b)	-	20,000	-	20,000
Trade and other receivables	12	111,898	115,597	111,898	115,597
Total financial assets		288,499	285,487	288,499	285,487
Financial Liabilities					
Trade and other payables	18	31,232	40,571	31,232	40,571
Loans - QTC	19	57,915	66,676	57,915	66,676
Total financial liabilities		89,147	107,247	89,147	107,247

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.

Notes to the financial statements
for the year ended 30 June 2016

Note 30. Financial instruments continued

According to the above hierarchy, the fair values of each class of asset recognised at fair value are as follows:

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated					
2016					
Financial assets					
Cash and cash equivalents	11(a)	108,409	-	-	108,409
Investments with QTC	11(a)	87,099	-	-	87,099
Total financial assets		195,508	-	-	195,508

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated					
2015					
Financial assets					
Cash and cash equivalents	11(a)	43,413	-	-	43,413
Investments with QTC	11(a)	114,387	-	-	114,387
Term deposits > 3 months	11(b)	20,000	-	-	20,000
Total financial assets		177,800	-	-	177,800

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Council					
2016					
Financial assets					
Cash and cash equivalents	11(a)	108,057	-	-	108,057
Investments with QTC	11(a)	68,544	-	-	68,544
Total financial assets		176,601	-	-	176,601

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Council					
2015					
Financial assets					
Cash and cash equivalents	11(a)	42,841	-	-	42,841
Investments with QTC	11(a)	107,049	-	-	107,049
Term deposits > 3 months	11(b)	20,000	-	-	20,000
Total financial assets		169,890	-	-	169,890

Note 31. 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
Fraser Coast Waste
Fraser Coast Airport
Brolga Theatre
Building certification *

* Note:- Council's building certification unit was wound up during the reporting period resulting in minimal activity for the financial year, as detailed in the results below.

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 2016

Note 31. National competition policy continued

The following activity statements are for activities subject to the competitive code of conduct:

	Brolga Theatre	Building certification	Caravan parks	Fraser Coast Waste	Fraser Coast Airport
	\$'000	\$'000	\$'000	\$'000	\$'000
2016					
Revenue for services provided to external clients	815	7	3,291	20,930	3,473
Community service obligations	513	-	-	339	1,148
	1,328	7	3,291	21,269	4,621
Less : expenditure	(2,263)	(42)	(1,733)	(16,176)	(3,512)
Surplus/(deficit)	(935)	(35)	1,558	5,093	1,109

Description of CSO's provided to business activities:

Activities	CSO description	\$'000
Fraser Coast Airport	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.	1,148
Fraser Coast Waste	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.	339
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 the Theatre's net operating loss excluding asset depreciation.	513

Note 32. Wide Bay Water Corporation transition

As set out in note 29 on 1 July 2016 Wide Bay Water Corporation (WBWC) transitioned to being a commercial business unit of Council.

The transition was performed in accordance with changes enacted in legislation as described in the note below.

Council has also considered the accounting treatment to be adopted on transition, in particular the requirement to account for the transition by reducing its investment in WBWC to nil, and recognising the assets and liabilities of WBWC at current carrying amounts, with any difference being recorded as an adjustment through equity. In addition on transition on 1 July 2016 all policies of WBWC were aligned with Council policies and all employees of the former entity transferred to Council with all rights of those employees (including remuneration, continuity of service and leave entitlements) to be preserved.

Compliance with legislative requirements

The transition of WBWC to FCRC is governed by the requirements of the *Local Government Regulation 2012* (the regulation). Amendments were made to the Local Government Regulation 18 December 2015, to provide the mechanism to enact the transition of WBWC to FCRC - Chapter 11, Part 3 (sections 317 to 328). The transition date of 1 July 2016 was gazetted in the Queensland Government Gazette on 24 June 2016.

Accounting requirements

In accordance with AASB 1004 *Contributions* and *Interpretation 1038*, the vesting of WBWC's assets to Council (being a local government parent) from WBWC (its wholly-owned subsidiary) is considered a distribution to owners. In the application of this standard, Council is required to account for the transfer by reducing its investment in WBWC to nil, and recognising the assets and liabilities of WBWC at their "adjusted current value", with any difference in the "adjusted carrying value" being recorded as an adjustment through equity.

General purpose financial statements
for the year ended 30 June 2016

Management certificate
for the year ended 30 June 2016

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, 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.



Chris Loft

MAYOR

21-10-16



Lisa Desmond

CHIEF EXECUTIVE OFFICER

21.10.16

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 the Fraser Coast Regional Council, which comprises the statements of financial position as at 30 June 2016, 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 *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 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that 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.

C G STRICKLAND CA
(as delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

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Current year financial sustainability statement for the year ended 30 June 2016

Measures of financial sustainability

Council's performance at 30 June 2016 against key financial ratios and targets

	2016 Consolidated	2016 Council	Target
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Performance indicators

1. Operating surplus ratio

Net result (excluding capital items)	8.58%	8.29%	0 - 10%
Total operating revenue (excluding capital items)			

An indicator of 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)	73.37%	90.90%	more than 90%
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	(29.93%)	(122.18%)	less than 60%
Total operating revenue (excluding capital items)			

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 2016.

Current year financial sustainability statement
for the year ended 30 June 2016

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.


Chris Loft
MAYOR
21-10-16


Lisa Desmond
CHIEF EXECUTIVE OFFICER
21.10.16

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 2016, comprising the statement and explanatory notes, 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 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 and consolidated entity'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 and the consolidated entity, for the year ended 30 June 2016, 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.

C. G. Strickland



C G STRICKLAND CA
(as delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Long-term financial sustainability statement

prepared as at 30 June 2016

Measures of financial sustainability

Council's performance at 30 June 2016 against key financial ratios and targets and projected forecast performance.

	Target	Actual 2016	2017	2018	2019	2020	Forecast					
							2021	2022	2023	2024	2025	2026

Performance indicators - consolidated

1. Operating surplus ratio

Net result (excluding capital items)												
Total operating revenue (excluding capital items)	0 - 10%	8.58%	0.96%	1.87%	2.89%	3.69%	4.60%	5.44%	6.82%	7.69%	8.46%	9.30%

An indicator of 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	more than											
Depreciation expense (infrastructure assets)	90%	73.37%	84.28%	81.53%	71.86%	64.01%	55.18%	64.18%	64.52%	65.65%	59.71%	51.16%

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											
Total operating revenue (excluding capital items)	60%	(29.93%)	(2.99%)	0.12%	0.15%	(1.86%)	(5.95%)	(3.19%)	(11.85%)	(21.54%)	(32.50%)	(44.30%)

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Long-term financial sustainability statement
prepared as at 30 June 2016

Measures of financial sustainability continued

Performance indicators - Council

	Target	Actual 2016	2017	2018	2019	2020	Forecast		2021	2022	2023	2024	2025	2026
1. Operating surplus ratio														
Net result (excluding capital items)														
Total operating revenue (excluding capital items)	0 - 10%	8.29%	3.62%	3.89%	3.64%	3.29%	3.40%	3.62%	3.74%	3.57%	3.38%	3.46%		
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	more than													
Depreciation expense (infrastructure assets)	90%	90.90%	101.68%	89.24%	93.60%	75.71%	66.81%	72.22%	76.12%	78.21%	71.88%	65.81%		
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													
Total operating revenue (excluding capital items)	60%	(122.18%)	(48.18%)	(37.93%)	(27.08%)	(22.24%)	(19.95%)	(16.09%)	(14.52%)	(11.78%)	(10.08%)	(8.20%)		

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 2016

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.



Chris Loft

MAYOR

21-10-16



Lisa Desmond

CHIEF EXECUTIVE OFFICER

21.10.16

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