Central Highlands Regional Council

Annual Report

March 15 2008 to June 30 2009
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Council Profile

The Central Highlands Regional Council was created on March 15 2008, following the amalgamation of the shires of Bauhinia, Duaringa, Emerald and Peak Downs.

The Council area extends over approximately 60,000 square kilometres, stretching from the Arcadia Valley in the south to the Peak Ranges in the north and east from Boolburra to Bogantungan in the west. Our region is characterized by vibrant townships, spectacular natural scenery, fertile farming country, highly improved livestock grazing land, operational coal mines and rich untapped resource reserves.

Our stunning natural features include the Gemfields, the largest sapphire producing fields in the Southern Hemisphere, Carnarvon Gorge, Blackdown Tablelands and the Peak Downs ranges.

Our Council has in excess of $800 million in assets, including eleven library branches, six aquatic centres, and seven customer service centres. We maintain almost 5,000 kilometres of roads, and numerous parks and gardens, including the glorious Botanical Gardens in Emerald, the new Linear Parkland in Capella and Mackenzie Park in Duaringa.

Other services provided by Council include youth services, art spaces, cultural and community development, animal rescue and management, seniors and youth housing, water and sewerage, waste collection, and, more recently, kerbside recycling.

A dedicated staff of almost 500 people have worked hard to deal with the changes that amalgamation has brought, whilst simultaneously delivering and maintaining our community assets for residents and visitors.
Council History

On December 10 2009, Queensland celebrates its 150th year. It is fitting that in our state’s 150th year, and Council’s first, we reflect on the journey to us becoming the Central Highlands Regional Council.

<table>
<thead>
<tr>
<th>Commenced</th>
<th>Bauhinia Division (1879-1903)</th>
<th>Duaringa Division (1881-1903)</th>
<th>Peak Downs Division (1884-1903) (part)</th>
<th>Peak Downs Division (1884-1903), losing part to Emerald Division (1902-1903)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changed To</td>
<td></td>
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<tr>
<td>March 15 2008</td>
<td>Central Highlands Regional Council</td>
<td>Central Highlands Regional Council</td>
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<td>Central Highlands Regional Council</td>
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</tbody>
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Source: Queensland Treasury 2009, Historical Tables, Historical Register of Local Government Names, Queensland, 1859 to 2008-09 (Q150 Release).

The original inhabitants of the area were the Kairi, Kanolu and Wadja Aboriginal people. European settlement dates back to the 1850s, and was mainly focused around grazing of cattle and sheep. The opening of the railway line from Rockhampton in the late 1870s led to the establishment of many of our communities. Significant development did not occur, however, until the 1960s, with growth through to the 1980s driven by coal mining and improved irrigation for farming activities. The population remained relatively stable during the 1990s, increasing again between 2001 and 2006, again due to expansion in the coal industry, and centred mainly in Blackwater and Emerald.

Community Profile Snapshot

Based on the Australian Bureau of Statistics Estimated Resident Population in 2008, 29,244 people called the Central Highlands home.

More information, including detailed information on towns and areas within the Regional Council can be found on our website at www.chrc.qld.gov.au under the Community Profile heading.
Message from the Mayor

This is my first Annual Report as Mayor of the new Regional Council which was formed following the amalgamation of the Councils of the former Shires of Bauhinia, Duaringa, Emerald and Peak Downs on 14th March 2008.

This report is for the period 15th March 2008 to 30th June 2009. Faced with a huge task, the new Council immediately adopted the interim structure put forward by the Local Transition Committee and appointed the Chief Executive Officer who was then able to ensure that staff appointments could be made and/or formalised quickly. The structure included area management so that the legacy areas would continue to receive at least the same service levels as previously experienced.

Community consultation is an important communication tool being utilised and this provides Council with the opportunity to meet with the citizens and listen to and discuss their needs.

The Council area is just under 60,000 sq kms with a Council road network of almost 5,000kms which has provided a real challenge.

After considerable community input, Council adopted a Corporate Plan which provides guidance and direction for the next five (5) years.

A snapshot of major achievements in the reporting period include:
- Almost 80kms of new bitumen road construction
- Resheeting to 117.5kms of gravel roads
- Over 235kms of existing bitumen roads resealed
- New Linear Park developed at Capella
- New play equipment in Vicki Peters Park, Emerald
- Q150 tree planting to the eastern approach to Blackwater
- Median strips redeveloped and replanted in Malvern Avenue, Tieri
- Work commenced on the new $1M water reservoir for Bluff
- Shepton Quarry crushed and supplied a record 440,000 tonnes of gravel
- Over 20 Art Exhibitions hosted
- Hosting of the Seniors Week Event with over 200 of our older residents attending from across the region
- Tenders awarded for the commencement of the redevelopment of the Blackwater Aquatic Centre and Hunter Street Sporting area.

The Council is committed to providing good leadership to tackle the enormous challenges ahead to improve lifestyle, services and the standard of living in the region.

I look forward to working with the community to achieve meaningful outcomes for everyone’s benefit.

To the Councillors and Staff, I wish to thank you for your efforts in the first 15 months of the new Regional Council and thanks to all our communities large and small for your support and understanding as we undertake the challenges ahead.

Councillor Peter Maguire
Mayor
Central Highlands Regional Council
Councillor Profiles

Mayor Peter Maguire

*Areas of Responsibilities*
Nogoa River Flood Plain Board
CHRC Local Disaster Management Group
CH Regional Roads Partnership Group
Local Govt / Interstate Govt Advisory Forum – Gemfields
Blackwater - International Coal Centre Board

Deputy Mayor Paul Bell

*Areas of Responsibilities*
Blackwater - Disaster Management Committee
Blackwater - International Coal Centre Board
Blackwater Area – Australia Day Committee
Duaringa - Capricorn Pest Management Group
Duaringa - Arts, Cultural & Entertainment Forum
Duaringa - Blackwater Sports Complex
Duaringa - Aged Care Planning & Health
Duaringa - Ghangalu Community Cultural Centre Working Group

Councillor Penny Bulger

*Areas of Responsibilities*
CH Natural Resource Management Group
Emerald / Peak downs Saleyards Advisory Committee
Gemfields Advisory Committee
Miners Common Advisory Committee
Local Govt / Interstate Govt Advisory Forum – Gemfields
CHRC Community Grants Committee
Councillor David Brimblecombe

Areas of Responsibilities

- Nogoa River Flood Plain Board
- CH Natural Resource Management Group
- Capella Disaster Management Committee
- CH Regional Roads Partnership Group
- Fitzroy Basin Association
- Capella - Peak Downs Bridgeman Park Sports & Steering Committee
- Capella - Peak Downs Community Hall Management Committee
- Capella - Retirement Homes Management Committee
- Capella – Tieri Middlemount Community Support Network
- Capella – Peak Downs Retirement Village Committee
- Capella – Peak Downs Art Development Committee
- Capella – Peak Downs Museum Advisory Committee

Councillor Kerry Hayes

Areas of Responsibilities

- Nogoa River Flood Plain Board
- Emerald - Disaster Management Committee
- Emerald / Peak Downs Saleyards Advisory Committee
- CH Regional Resource Use Planning Project

Councillor Peter Haylock

Areas of Responsibilities

- Regional Arts Development Fund
- Emerald – Showgrounds Executive
- Emerald – PCYC
- Emerald – Community Safety Committee
- Emerald – Community Grants Committee
- CHRC Community Grants Committee
Councillor Gail Nixon

**Areas of Responsibilities**

- CHRC Local Disaster Management Group
- Bauhinia - Disaster Management Committee
- Regional Arts Development Fund
- Capricorn Tourism
- Duaringa - Aged Care Planning & Health
- Bauhinia – Sports & Recreation Development Committee
- Bauhinia – WORC Community Advisory Committee
- Bauhinia – CQ Accommodation Advisory Association
- Bauhinia – Health Advisory Network Committee
- Rolleston – Coal Community Reference Group
- Rolleston – Coal Community Benefit Fund
- Duaringa – MPHS Community Advisory Network

Councillor Ross Rolfe

**Areas of Responsibilities**

- CH Natural Resource Management Group
- CH Isaac Regional Roads Partnership Group
- Emerald / Peak downs Saleyards Advisory Committee
- Bauhinia – Sports & Recreation Development Committee
- Bauhinia – Rural Services
- Bauhinia – WORC Advisory Committee

Councillor Patricia Schwarz

**Areas of Responsibilities**

- CH Natural Resource Management Group
- Emerald – Art Gallery Committee
Chief Executive Officer’s Report

This is my first report for the new Council. Amalgamating four (4) Councils into one incorporates change, planning, frustrations, and hard work. The first 15 months has certainly been challenging but with a supportive Council and staff, the tasks are easier to achieve.

With Council adopting the interim staff structure, appointments and confirmation of positions were carried out early. As at the date of the amalgamation (15th March 2008) there was a 17% vacancy rate in employees which has been reduced to the current rate of 3%. There was a need to bring employees’ wages and conditions to the same parity and an Enterprise Bargaining Agreement was negotiated early.

The telephones and internet were networked early and a common telephone number of 1300 242 686 introduced.

After due process, it was decided to install a new computer operating system as a sustainable solution for the future. There are still teething problems with the conversion from the four (4) operating systems.

After extensive community consultation, a new Corporate Plan was developed with the vision “Shaping the future by valuing People, Partnerships and Place”.

Due to different methods used by the former Councils in the structuring of their rates charges and levies, it will take several years before a total common solution is achieved.

The first budget was difficult to strike and had to take into consideration employee parity and EBA costs, price increases in fuel, electricity, road base materials, amalgamation costs (which are substantial) and growth pressures.

The Council needs to be financially sustainable and responsible and ended the 15 month reporting year with a reasonable financial position. Three important imperatives are productivity, performance and customer focus.

A successful envisioning program was conducted with the Senior and Middle Management teams to position, equip and prepare the management team to manage the required change. This program is developing other initiatives which will be rolled out to other staff.

I would like to express my sincere thanks to the Mayor and Councillors for their leadership and support, to the management teams and staff for their assistance and commitment, and to the community for its assistance, understanding and patience over a fairly difficult 15 month period.

Bryan Ottone
Chief Executive Officer
Central Highlands Regional Council
Performance Highlights

Council has worked hard to bring benefits to the region and our local communities over the past fifteen months. Major achievements include:

For Our Community
- Corporate Plan 2009-2014 developed with our communities and adopted by Council.
- Improved borrowing capacity and networking across our libraries.
- Seniors Week event hosted with over 200 of our older residents attending from across the region.
- Q 150 events, including visits by the Q150 train to Emerald and Blackwater.
- Consultation sessions held in more than 15 communities across the region and attended by residents, Councillors and Senior Managers.
- Sister City relationships strengthened with visits between representatives of the Central Highlands and Fujisawa Japan, and Altona Canada.
- Tenders awarded and work commenced on the redevelopment of the Blackwater Aquatic Centre and Hunter St redevelopment.
- Donation of land to the Friends of the Rural and Remote Families Assoc. Inc, for long term accommodation for young people with disabilities in the region.
- Over 20 art exhibitions hosted.
- Youth Week activities held in Emerald, Blackwater and Capella.
- Numerous local events sponsored and supported across the region.

Our Parks and Gardens
- New Linear Park developed in Capella.
- Upgraded the RSL memorials in the park at Springsure.
- New play equipment and shade sails installed in Vicki Peters Park Emerald.
- Malvern Ave Tieri median strips redeveloped and replanted.
- Q150 plantings at the eastern town approach, Blackwater.

Our Roads
- Almost 80 km of new bitumen roads constructed.
- Resheeting completed on 117.5 km of gravel roads.
- Over 235 km of existing bitumen roads resealed.

Our Planning and Environment Services
- Development applications processed.
- Building approvals processed.
- Three Animal Rescue vehicles purchased and operating across the region.

Our Commercial Services
- Shepton Quarry - record 440 000 tonnes of rock crushed for supply.
- Work on the $1million replacement of Bluff reservoir began.
- Successful tender awarded for the rollout of recycling across the region.
Community Financial Report

Community Financial Report
The Community Financial Report is designed to provide a simple overview of Council’s financial position at the end of the financial year and while it is consistent with the Financial Statements for the period 14th March 2008 to 30th June 2009, it focuses on explaining the content for general readers.

This year, as a result of the local government amalgamations, Central Highlands Regional Council commenced operation as at midnight on 14th March 2008. Therefore this reporting period is for 15 months to 30th June 2009.

Income Statement
The financial performance of Council is reflected in the Income Statement and shows how we take the money we receive in our day to day operations and spend it on providing services to the community.

Income Analysis
Total income for the reported period amounted to $701.5 Million and is made up of recurrent revenue of $108.6 Million, capital revenue of $14.1 Million and net value of restructure of local government $579 Million. Accounting standards require Council to bring the net equity (value) of the former Councils onto the consolidated books of the Regional Council as Income. This restructure amount is not available for expenditure.

As shown in the graph below, the major sources of revenue to fund operations for the reporting period (exclusive of the restructure amount previously identified) were predominately from ratepayers, Mining coal leases and rural industries, with 41% from Rates and Levy Charges including water and sewerage and 19% from Sales of Contract and Recoverable Works. Other significant revenue sources were from Grants and Subsidies which contributed 20% and Sale of Major Services (Quarry and Airports) bringing in 11% and interest received on investments providing 3%.
Council is endeavouring to ensure that the contribution to be made by ratepayers is maintained as low as possible and at a level that is going to maintain sustainability for the future. This involves sourcing other parties (Federal and State Governments, Companies, and Organisations) to contribute to the Region to ensure an appropriate level and standard of service is maintained for the Community during this difficult financial period.
Expenditure Analysis
Operating expenditure for the 15 month reporting period amounted to $105.4 Million and is made up of recurrent expenses of $105 Million and adjustment to capital expenses of $0.4 Million.

As shown in the above graph, the major components of recurrent expenditure were Material and Services 52%, Employee Benefits 32% and Depreciation 14%.

Balance Sheet
The Balance Sheet indicates how our community is situated, from a financial perspective, as we plan, develop and manage our community's needs for the future. The Balance Sheet also reflects all assets and liabilities that Council controls on behalf of the community. The net difference between these assets and liabilities is the community equity or wealth of the Region.

Overall, Council continues to maintain a strong financial position as the region’s total wealth has increased to $854.8 Million.

An important part of maintaining the wealth of the region is through the continuing replacement or upgrade of the Council's property, plant and equipment assets. Council has an extensive road network to maintain covering an area of appropriately 60,000 square kilometres (1182kms sealed roads, 3600kms gravel roads and 53 bridges). Some former Councils had been fortunate as in past years various community facilities were built by contributions from the Commercial sector, particularly the Mining Industry. However, the Regional Council is now required to maintain these facilities to an appropriate standard for the Community.
Funded Capital Expenditure
The funded capital expenditure for the period exceeded $48.7 Million including Work in progress while $7.7 Million was rolled forward so that projects could be completed in the 2009/2010 year for new and replacement works. As shown in the graph below, the major areas of expenditure on an approximate basis were Roads with 47%, Water and Sewerage with 13% and Plant/Equipment at 10%.

This capital expenditure was primarily funded by grants, subsidies and contributions of $10.8 Million, depreciation of $19.7 Million, external loans of $19.4 Million, Council reserves of $0.7 Million and the balance of $2.1 Million being funded from general revenue.

Total community equity for the reporting period was $854.8 Million. With respect to total assets, this variation primarily relates to a $258.6 Million increase in property, plant and equipment assets due to revaluations of property and infrastructure assets. Approximately $35.1 Million accounted for current year Work in Progress which is yet to be completed assets that are being constructed, purchased or donated during the year. This was offset by an increase in total liabilities which relates primarily to an increase in external borrowings that will be offset by land sales in the future year.
**Ratio Analysis**

The financial ratios included in the Financial Statements and summarized below provide a useful indication of Council’s performance and position over a period of time.

| Ratio                      | Significance                                                                 | Financial Description                                                                 | 2008/2009  
<table>
<thead>
<tr>
<th></th>
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<th>14 March 2008 to 30 June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital ratio</td>
<td>The ratio of unrestricted current assets available to meet current liabilities</td>
<td>Measures the ability to meet current commitments</td>
<td>4.3:1 very strong</td>
</tr>
<tr>
<td>Interest cover</td>
<td>The percentage of interest costs to total recurrent revenue</td>
<td>Interest cost in regard to revenue received</td>
<td>1.3% very strong</td>
</tr>
<tr>
<td>Debt servicing ratio</td>
<td>The percentage that the Council’s total recurrent revenue that is used to service loan interest and principal repayments</td>
<td>Total loan funding repayment capability versus total revenue</td>
<td>2.6% very strong</td>
</tr>
<tr>
<td>General rate revenue ratio</td>
<td>The Council’s dependence on general rate revenue as a percentage of total recurrent revenue</td>
<td>Councils dependence on general rate revenue</td>
<td>29.4% very strong</td>
</tr>
<tr>
<td>Revenue ratio</td>
<td>The Council’s dependence on net rates and utility charges as a percentage of total recurrent revenue</td>
<td>Identifies the dependence on rates and charges income</td>
<td>42.2% very strong</td>
</tr>
<tr>
<td>Debt exposure ratio</td>
<td>The percentage of Council’s capital debt to total community equity</td>
<td>Proportion of Council debt to total value of Council</td>
<td>3.7% very strong</td>
</tr>
<tr>
<td>Unfunded depreciation ratio</td>
<td>The percentage of unfunded depreciation to the total depreciation expense</td>
<td>Indicates that depreciation is being funded</td>
<td>0.0% very strong</td>
</tr>
<tr>
<td>Rate arrears ratio</td>
<td>The effectiveness of Council’s collection of rates and charges</td>
<td>Measures effectiveness of collecting rates income</td>
<td>6.7% strong</td>
</tr>
</tbody>
</table>

Ranking: poor, appropriate, strong, very strong

There are a number of key points to be drawn from these ratios. Firstly, the working capital ratio of 4.3:1 indicates that creditors and other current debts can be paid more than four times when they are due. The revenue ratio indicates Council’s level of dependence on rates and utility charges and, therefore, its ability to undertake additional development and increase services without increasing rates. The current 42.2% ratio is ‘very strong’ compared to other Councils as it indicates that Council is trying to fund activities from sources other than rates and charges. This decreases the rates and charges that are required to be paid by the ratepayer.

The increase in Council’s debt level is reflected by an increase in the debt servicing ratio to 2.6% which shows the level of income needed to meet interest and principle payments. This is very low for a region the size of Central Highlands. Finally, the percentage for rate arrears ratio of 6.7% reflects the shorter timeframe available to collect outstanding rates and charges due to changed computer systems. The percentage decreased to less than 4% during July 2009.
National Competition Policy
Council has continued to apply National Competition Policy initiatives during the year.

Corporate Plan
Council also adopted a Corporate Plan in 2009/2010 where the following areas were identified as the focus of improvement or development:

- Arts and Cultural Development
- Community Development and Human Services
- Disaster Management
- Economic Development
- Environmental and Public Health Management
- Housing Policy
- Road, Infrastructure Development, Maintenance and Replacement
- Population Change and Development
- Governance and Corporate

Retrospectively the capital expenditure in relation to these focus areas is as follows:

![2008/2009 - Capital Expenditure per Corporate Plan](chart)
At this stage the major portion of available capital funds is spent on developing and improving infrastructure. This is evident when over 78.40% is spent on Roads, Streets, Drainage, Buildings, Water, Sewerage and Waste Services infrastructure. The focus of this expenditure also aligns to the focus that was identified in the Community Survey undertaken by Council.

**Council Structure**

Council is also continually reviewing the structure of the Council to determine productivity and work process improvement methods. This structure presently has 497 full time equivalent employees (which includes trainees, apprentices, temporary and casual staff as at 30th June 2009. With work processes now mixing across previous borders a stronger focus is being placed on availability of employees region wide to provide assistance where required.

**Conclusion**

Council will now need to establish a Capital works programme which needs to be detailed for the initial five years and asset grouped for a further five years. Further QTC modelling will be undertaken based on these final figures for 2008/2009 rather than the estimated 2008/09 figures previously used. If possible they will be presented at the meeting.

Overall the financial position has strengthened during this 15 Month period with community equity increasing by $17.4 Million after allowing for an asset revaluation increase of $258.6 Million. The cash position prior to amalgamation was $67 Million and after 15 months it is $66.6 Million. As identified within the cash analysis statement, these funds are allocated or restrained by legislation towards particular activities or reserves as existed previously.
Change Management and Area Services

Council's First Steps
At its first meeting on 31 March 2008, the newly created Central Highlands Regional Council not only undertook its statutory business but began the journey towards building a united region.

Initial decisions included:
- Adopting many of the recommendations of the Local Transition Committee (LTC)*;
- Adopting an organisational structure
- Appointing the Chief Executive Officer
- Adopting the Council logo

* The LTC was the body responsible for overseeing the local level changes required to successfully transition the four former Councils to the new Central Highlands Regional Council prior to the local government elections held on March 15 2008. Membership included senior councillors (often the Mayor and Deputy Mayor) of each of the former Councils, many of whom were elected to the new Council.

The adoption of the organisational structure with functional management and a matrix structure was believed to provide the best solution for our large geographic and diverse area for the initial term of Council. The structure is premised upon the responsibility of five functional management areas, ie Civil Operations, Commercial Services, Corporate Services, Environment and Planning and Governance and Community Services; and a transitional department supporting the organisation through Change Management and Area Services. Area Managers are senior officers based in each of the former shire areas to act as principal community liaisons and principal staffing officers, to ensure the ongoing responsiveness of local government across the region at a local level.

A further important addition to the structure was the creation of a Community Development section, within the Governance and Community Services area, to manage community engagement and development.

Council appointed Bryan Ottone as Chief Executive Officer who was Acting Chief Executive Officer during the LTC period and brought significant change management and local government experience to the new organisation. Mr Ottone quickly commenced the process of calling required positions within the structure and directing management to follow suit.

The Council logo was developed by a graphic artist commissioned by the Local Transition Committee, with the brief to develop a design that reflected the diversity and beauty of the region.

This very abstract design lends a free spirit to the region. Both greens represent the diversity of our landscapes, with the peaks represented in the far left hand ‘C’.

The circles in the middle ‘C’ swirl indicate life and growth, with the black swirl representing the coal industry that is common across the region. Finally the sun is incorporated, again for climate and lifestyle.
Change Management
The amalgamation process presented the new Council with a number of operational, organisational and managerial challenges that could only be addressed through a commitment to collaboration.

A unique change management program (Envision 2008), was developed and facilitated by consultant Jan Archer to create opportunities for change based on team work and relationship building at all levels across the Central Highlands Regional Council.

The process addressed the highly complex challenges facing the organisation and identified pathways for identifying, exploring and addressing many of the problems brought about by amalgamation.

Challenges of Amalgamation
The new organisation found itself with over 480 staff, spread across seven offices, numerous depots, workshops, camps and other areas, including an airport and a quarry.

Some of the challenges that amalgamation presented, and required immediate addressing included:

- Building a new and effective management team quickly;
- Supporting managers and their teams to work through the impact of the changes and transition to a new, larger organisation while still delivering high standards of service at a local level;
- Developing an understanding amongst the new management team of a “whole of Council, whole of region” outlook;
- Building the capacity of managers to act as positive leaders of change while supporting their staff through the early stages of uncertainty, and
- Working collaboratively across and through the new organisation to communicate outcomes and results.

The aims of the Envision 2008 program, therefore, were to provide leadership and team building opportunities for the managers of the new organisation. This was achieved by working collaboratively on tasks that built the skills base of the Envision team and provided the organisation with realistic and practical projects to assist in moving forward.

The Envision process began with one on one interviews and surveys of managers, which were undertaken by the consultant in late March and early April 2008. The initial Envision team was comprised of the Middle and Senior Management Teams, including the Chief Executive Officer.

On May 20, 2008, the Envision team met as a group for the first time, and collectively identified the key change issues affecting the newly formed organisation. These were listed as the team’s priorities:

- How to attract, recruit and retain quality staff;
- Staff learning and development;
- Improving the image of CHRC;
- Developing emerging leaders;
- How to build an inclusive, united organisation; and
- How to enhance healthy, sustainable and engaged communities

Team members were assigned to smaller groups that explored and addressed these priority projects.
The Envision team continued to meet collectively about once a month, to report on their progress and to learn how to reflect, as well as begin some of the inner ‘mindfulness’ work needed to lead change. This work also included the completion of a Needs Summary and a Management Survey where managers had their staff complete an evaluation of their performance.

During this process, it was determined that the staff reference groups, initially established during the transition period of amalgamation, should be reformed to provide a similar opportunity to staff across the areas. This allowed staff to establish positive and collaborative working relationships, and to build team and organisational culture, while working on creating effective and consistent work practices across the organisation.

This was an important part of the change management process that resulted in improved working relationships and understanding of the region amongst staff, while providing real results in the implementation of new systems such as Civica, and improving other work practices. The staff reference groups include:

- Libraries
- Payroll
- Stores
- Debtors
- Creditors
- Records
- HR/Training
- IT
- Customer service
- Rates

Other reference groups established as a result of needs identified through the work of the Envision project groups include Website/Intranet and Signage.

On December 2, 2008 the Envision team presented their work to date to over sixty staff and Councillors from across the region. This gave the project teams the opportunity to show their work, and receive feedback from others in the organisation. The work of the staff reference groups was also highlighted.

The resulting Action plan for 2009/2010 established a platform for measuring results against real projects which will be sustainable.

**Major Projects**

The major projects identified for the next twelve months are:

- **Leadership development program.** Key areas of development, for example professional development in the new financial management system, Strategic planning, and communication have been identified as priorities. A budget has been allocated and quotes sought from training providers. We will also be providing some training in-house.

- **Supporting emerging leaders.** A program has been developed, and applications will soon be sought for this program.

- Implementation of Communications strategy

Civil Operations

The Civil Operations department has responsibility for construction and maintenance activities for a road network of nearly 5,000km, a substantial number of parks, gardens, sports fields and cemeteries and provision of urban stormwater drains. In addition the department operates several transfer stations together with the Lochlees landfill in Emerald.

Within each of these assets there are a great number of individual activities such as footpaths, kerb and channelling, signage on roads, shade structures, play equipment, irrigation systems for both passive and active reserves, lawns and gardens at cemeteries and parks as well as sumps, pits, pipes and channels that make up the stormwater system.

Following the amalgamation process there has been significant progress made in combining four previously quite separate workforces, and their plant and equipment, into an efficient and effective group across the considerable area that now comprises the Central Highlands Regional Council. There is however, still much to be done to implement the changes resulting from and necessitated by amalgamation and to develop appropriate methods and practices to carry out work in an area nearly the size of Tasmania.

Roading

The extremely dry conditions during the latter part of the 2008/09 year have created major difficulties for work such as maintenance grading with the result that grading of many roads has had to be deferred until rainfall provides adequate moisture to enable grading to be effective. Fortunately most of the re-sheeting of unsealed roads was able to be completed before the dry conditions became a real problem.

Grant funding from both the Federal and State governments has enabled continuing progress with extending the sealed road network which makes up only about 22% of the total Council wide road network. This work, which is done under the Roads to Recovery (R2R) and the Transport Infrastructure Development Scheme (TIDS) funding mechanisms, will, in the future, be more stringently assessed so that the funding providers are satisfied that the funds are being used to address the greatest needs. In other words there will be an increasing requirement for an analysis of benefits and costs which will provide further challenges for Council moving forward.
During the 2008/09 year the funding for R2R was just over $1.6M and for TIDS around $3M, which included a Council contribution of around $1.5M. Projects involved included Huntley Road, Buckland Road, Carnarvon Gorge Road, Duaringa – Baralaba Road, Oombabeer Road, Blackwater – Cooroorah Road, Lurline Road, Clermont – Rubyvale Road and Mulcahy’s Road. Examples of some of the work are in the following photographs.

In addition to grant funded work the Council also undertakes contracted work for the Department of Transport and Main Roads together with private works, both large and small.

During the year work began on the development of Nogoa Rise stage 3 which was undertaken by contractors. This work was still in progress at 30 June.

The size of the Central Highlands Regional Council creates opportunities that would otherwise not have been possible. Examples include the establishment of a stabilizing crew to undertake work throughout the Council area, increased utilization of mobile screening and crushing equipment to produce a better quality product from the many gravel pits that the Council uses and the acquisition of line marking equipment. All of these and any others that are identified will be subjected to detailed analysis and economic justification before any decision to proceed is made.

**Parks, Gardens, Sports Fields and Cemeteries**

An ongoing program of new play equipment and shade structures has continued during the year involving a number of playgrounds and parks. This work will continue to further enhance the playground and park facilities for the benefit of users.

A number of grassed areas have suffered in the dry conditions and if these continue there may need to be consideration of more efficient watering systems together with automated controllers to allow watering at night.
Two significant projects are currently in progress and will continue into the 2009/10 year. The Linear Parkland Project in Capella links the railway station, with the Pioneer Village, with a winding pathway between the Gregory Highway and the railway line. There are a number of landscape features along the walkway with the most prominent being the eye catching sculptures dedicated to the Australian Light Horse Brigade. Once completed this project will be a focal point for both locals and visitors. The Hunter Street Development in Blackwater comprises a new amenities building, together with earthworks, irrigation, new turf and lighting for refurbished playing surfaces for rugby union, league, touch and soccer. This development will greatly enhance the recreational facilities and opportunities within the community.

In Emerald, design work for the new BMX track, bicycle education and recreation facilities at the Rotary Sunrise Park is well advanced and construction work will be undertaken during the 2009/10 year.

**Stormwater System**

Although rural areas are reliant on roadside table drains and natural watercourses a more formal stormwater system is generally provided in urban areas. There have been improvements made to parts of Emerald where drainage has become inadequate as a result of extensive residential development. Improvements in other urban areas of the Council region will be undertaken as the need arises and funding is available. It should be noted however that the piped stormwater system is not designed to handle the flow from major rainfall events, so these events will still result in some overland flow.

**Emerald CBD Upgrade**

Design and consultation for this project has been underway for some time and construction work was begun in September 2008 with the first stage expected to be completed during the 2009/10 financial year. The majority of the work involves Egerton Street but includes work in both Borilla Street and Anakie Street. Future stages of the CBD upgrade will involve Clermont Street (Capricorn Highway) but funding is yet to be provided for further stages of the work.

The work done to date has made a significant difference to the streetscape and gives an indication of what the final end result will look like when completed.
Commercial Services

Water & Sewerage
The reporting period saw a wide variety of projects undertaken in relation to the water and sewerage facilities across the Council area. Included amongst these was the continuing focus on the water meter replacement program across all areas, as well as continuing the system of programmed routine maintenance at all Water Treatment Plants (WTP) and Sewerage Treatment Plants (STP). Individual areas within the water and sewerage networks were also targeted for attention subject to some budgetary and time constraints.

Blackwater
Improvements made to the switchboards and other electronic equipment, in conjunction with drainage and cleaning of storage facilities should allow greater confidence in the Blackwater water supply as we move forward. In addition the STP received attention with maintenance projects resulting in improved efficiencies within the system.

Capella
Attention was given to the upgrading of the water mains within the Capella township. The STP benefited from an inlet upgrade as well as the installation of an effluent metering system. Both projects will improve services to the community now and into the future.

Emerald
The Emerald area benefited from a variety of improvements to the water and sewerage assets. Telemetry systems in Comet and the Gemfields were upgraded, along with the pump station and associated odour control measures receiving improvement works. The Egerton Street stormwater network was also improved during the period.

Tieri
Improvements continue to be made through upgrades to both the clean water pump at the WTP and the STP inlet.

Capital Works

Bluff Reservoir
A major project relating to improvement of infrastructure was undertaken through the construction of a new reservoir in Bluff. On site work on the project began in April 2009 with completion expected to be late 2009. By the end of this reporting period the reservoir floor and walls are completed, inlet/outlet pipework is ready for connection to the Mains and other works are on schedule.

Reservoir Floor Slab  First Wall Pour
Power to the site will be through the use of solar technology and will power a newly designed chlorination system incorporating an inline analyser. This continually samples and measures the chlorine concentration and triggers an alarm if the concentration is outside set limits.

Reservoir and Chlorination Shed

**Rolleston Sewerage Scheme**
The close of the financial year saw the completion of the Rolleston Sewerage Scheme. The scheme incorporated the construction of a reticulated sewerage network connected to approximately eighty (80) homes, two (2) sewerage pumping stations and associated rising mains pumping to an activated sludge sewerage treatment plant.

The Treatment Plant is made up of an aeration chamber where waste is consumed by the biological mass population consuming Carbon, Nitrogen and Ammonia, this is then transferred into a settling tank where the solids are separated and the effluent is siphoned off and transferred into effluent polishing ponds.

Effluent is currently disposed of via high evaporation rates. It is envisaged that when flow rates increase to a point where discharge to a location other than the STP is required, Council will look at an effluent recycling / reuse program.
Blackwater Sewerage Treatment Plant Upgrade
The Blackwater sewerage treatment plant upgrades were designed to produce effluent to a standard that enables effluent reuse. Changes were made to the order of process within the plant, as well as the addition of a tertiary filter designed to remove fine particles from the effluent being discharged from the secondary clarifier.

Upgrades have included a reconfiguration of the return activated sludge process, where the return of solids back to the plant was achieved via discharge back to the primary clarifier, resulting in an overloading the clarifier. This process has been modified so that solids now discharge directly to the aeration tanks, where the anoxic return activated sludge has a greater impact on plant performance and solids handling capabilities. There has also been a change to the way solids are wasted, with modifications being adapted to the existing waste activated sludge pump well. This well has seen an increase in volume with the addition of VSD pumps controlling a set flow, this results in an even amount of solids wasting which enables the plant to produce a higher quality of treatment in terms of solids separation and nitrogen removal.

A large bio disk filter has been installed to produce a high quality effluent free of solids concentration. The disc filter accepts effluent from the secondary clarifier prior to chlorination, it operates a series of large disc filters designed to remove small solids partials. This then provides the chlorine detention tanks with solids free effluent for disinfection.
Emerald Airport
Despite an economic downturn in many regions of Queensland the Central Highlands is still experiencing a steady growth. Council has upgraded facilities at Emerald Airport to accommodate these changes. The Emerald Airport car park extension and automatic paid-parking system was completed and opened in April 2009. This increased the parking capacity from 198 to 401 carparks and will provide an estimated parking income of $450,000 per annum. The terminal building’s $6.3 million extensions are now under construction and are due for completion July 2010

- Airport passengers for 2008/09 totalled 120,150, a 12.4% growth on 2007/08 numbers.
- 104 car parks have been sold to rental car companies
- Revenue from casual/long term parking has been increasing steadily since commencing in April 2009.

![Passenger Numbers](image)

Fleet Services

<table>
<thead>
<tr>
<th>Replacements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 x Wood Chipper</td>
</tr>
<tr>
<td>2 x Wheel Loaders</td>
</tr>
<tr>
<td>4 x Graders</td>
</tr>
<tr>
<td>2 x Excavators</td>
</tr>
<tr>
<td>1 x Mini Excavator</td>
</tr>
<tr>
<td>3 x Caravans</td>
</tr>
<tr>
<td>3 x Slashers</td>
</tr>
<tr>
<td>3 x Tractors</td>
</tr>
<tr>
<td>6 x Front Mounted Mowers</td>
</tr>
<tr>
<td>2 x Rollers</td>
</tr>
<tr>
<td>1 x Fuel Trailer</td>
</tr>
<tr>
<td>53 x Light Vehicles</td>
</tr>
</tbody>
</table>

Amalgamation of CHRC wide plant systems and Fleet Accounts
The Emerald Saleyards had another successful year with sales throughput of 76,372 cattle. This compares favourably with throughput of 69,557 in 2007/08 and 63,087 in 2006/07.

A major project carried out in 2008/09 was the installation of a new double decker ramp and associated forcing yards. This state of the art ramp replaced the aging unit installed in 1980, and has significantly improved functionality and safety.

The Saleyards washdown bay was also upgraded last financial year. The facility now has a high-pressure high-volume hose to improve usability as well as the existing high-pressure low volume spray. To reduce operating costs, a large pit was built to reduce the amount of sediment going into the pump-tank. This pit now collects most of the sediment and can be easily extracted with a skid-steer loader.

Water-damaged, rotted and run-down sections of the dwelling/offices/canteen/toilets building were renovated in 2008/09. The building was also repainted.
Shepton Quarry
The 2008/09 year was a very rewarding one for the Quarry. It was successful in obtaining a contract to provide materials for a major mines upgrade, which resulted in an increase in sales from 158,769 tonnes in 2007/08 to a record 469,284 tonnes for 2008/09. Two contract mobile crushers were used to supplement production capacity to meet demand.

In addition, two major plant items were replaced to improve service and reliability. These were a Caterpillar 336DL with a 36 tonne capacity, and a Caterpillar 972H Loader.

SBS has arrived in Springsure
In July 2007 the Special Broadcasting Service (SBS) approved funding to the former Bauhinia Shire Council to install both radio broadcasting and television re-transmission services to the community of Springsure. This federal funding was made available through the SBS Self Help Subsidy Fund.

With funding secured the long process of finding a suitable site started. Eventually it was decided to broadcast from Roddas Lookout. The existing facilities could not house the new equipment so a new hut was needed. Resolution was also needed of issues with ownership of existing equipment, signal interference concerns and sharing agreements.

On July 2009 the site was commissioned and broadcasting commenced.
Corporate Services

The Corporate Services department delivers a wide range of services to both internal and external customers of Council. With a new organizational structure adopted and new position descriptions developed, the department is broken down into the following areas:

- Customer Services;
- Employee Services;
- Financial Services;
- Information Technology Services;
- Business Support Services;
- Records Management; and
- Workplace Health and Safety.

In the year under review, many gains and general improvements were made to the department. Some of the most notable occurrences within the Financial Services section were:

- Finalisation and sign-off of *End of Life Financial Statements* for each of the former Shire Councils that now form the Central Highlands Regional Council.
- Tender and selection process completed with recommendation made to Council for the selection of the new accounting software solution for Central Highlands Regional Council.
- Council appointed consultants to liaise with Civica Pty Ltd on the details of the contract to be entered into for the supply of the new accounting software.
- First amalgamated Budget was adopted for Central Highlands Regional Council, however, each office continued to use existing legacy systems for financial reporting.
- Contract signed with Civica Pty Ltd and work commenced on preparing to transfer data from legacy systems at the former Councils to the new Authority solution. This was a huge task which was only completed due to the dedication and hard work of staff. Go Live date was 25/5/09.
- During the reporting period all staff continued to work towards a uniform set of processes to be applied across the new Central Highlands Regional Council. These processes have ensured the smooth operation of day-to-day finance activities, the compilation of consolidated reporting formats and the preparation of auditable work papers for acquittals, claims and the annual financial statements.

As a result of the Local Government Reform, there were great difficulties with attracting and retaining staff. Although substantial support, advice and assistance were available to staff both during and following the Amalgamation process, there were still further losses to the private and mining sectors within the region.
Some of the significant highlights within Employee Services for 2008/2009 were:

- Performance Appraisal system was developed so that coverage will exist for all areas of Council.
- Continued support of cadetships, trainees and apprenticeships.
- Training programs are continuing and being further developed in accordance with identified skills shortages.
- Continued support of local schools through encouraging and supporting work experience, school based traineeships and partnerships.
- Continued support of Central Highlands TAFE and CQ University through encouraging and supporting staff undertaking TAFE and university courses.

Workplace Health and Safety Officers were established at each of the offices within the region. Some of the major tasks carried out over the last year were:

- Ensuring compliance with all safety related legislation, with emphasis placed on providing a safe working environment for all Council employees. This was achieved primarily through the adoption of the SafePlan 2 safety management system.
- Inductions are conducted for all new employees upon commencement of employment with Central Highlands Regional Council.
- The completion of a Safety Management System Audit which determined the level of compliance with the National OHS Self Insurer Audit Tool-User Guide & Workbook 2006 (NOHSSIAT).
- Below are the results from a staff consultation on the perception of Workplace Safety levels within Council:

![Staff’s View of Safety at the Workplace](image)
With technology continually changing and the recent amalgamation, the Information Technology department were extremely busy. Below is a brief outline of the main activities carried out during this reporting period:

- Continual upgrades of hardware technology such as servers, computers and other related peripherals in accordance with Council's commitment towards providing an up-to-date standard operating environment.
- The expansion of the network infrastructure to incorporate a wide area network (WAN) has enabled each of the local area networks (LAN) to communicate at each of the five administration buildings.
- Significant upgrades to telephony communication systems provide a consistent and manageable platform across the entire organization.
- Migration from legacy enterprise systems to a new single system was completed. Other core corporate systems such as Electronic Document Management System (EDMS) and Geographic Information System (GIS) has progress further with the planning and data requirements gathering phases completed.
- Consolidation of core library systems was completed thereby providing a single database for managing library assets.
- IT had the opportunity to provide two additional training positions through the CQ University Student Co-op Program and a TAFE traineeship.

Another section experiencing a notable workload increase due to amalgamation was the Records Management section. Some of the key points that have occurred are listed below:

- A former office building was established as an off-site storage facility for Council records and historical archives and an addition document storage facility was constructed at the Emerald office. Significant improvements were made to increase the document storage capacity and organisation and improvements are being made to comply with Archiving standards.
- A review of records management procedures commenced as part of the amalgamation processes. A dedicated team of Records Officers from each area (incorporating one IT Representative) formed a Reference Group. This group meets on a regular basis to consolidate existing procedures and develop a standardised approach to Records/Information Management.
- A Records Management Policy is being developed and will be reviewed by management and staff for adoption by Council.
- Council entered into a contract with TechnologyOne Pty Ltd to implement an organisational-wide Electronic Document Records Management System (EDRMS) called Enterprise Content Management System (otherwise known as DataWorks). This will enable council to effectively manage both manual and electronic records in a manner that is compliant with the Standards set out by Queensland State Archives.

Corporate Services staff responded admirably to the challenges posed by amalgamation and they continue to apply themselves in a professional manner which is to their credit and of significant benefit to Central Highlands Regional Council.
Council amalgamation for the Environment and Planning Department has brought about significant change to the structure, resources, policies, procedures and the focus of not only the department but Council as a whole. The last fifteen (15) months has seen new staff coming together to build a cohesive and productive department to assist engage and build relationship’s with the community, commerce and industry and government agencies. Legislative change during this period has not been conducive to an easy transition and it has resulted in Council acquiring additional responsibilities from government agencies.

The Department encompasses a diverse range of roles and responsibilities and these are reflected in the following sections.

**Development Services**
Development activity within the Central Highlands continued in the reporting period with some 325 applications being received during this time. Thirty-nine (39) requests to change existing approvals were also received during this period.

Of the applications decided in this period, a total of 213 applications were approved and six (6) applications were refused. Council also considered 105 requests for boundary dispensations. Some applications assessed during this time were received by the former Bauhinia, Duaringa, Emerald and Peak Downs Shire Councils.

The majority of activity in the Central Highlands emanated from the residential sector, with approximately 48% of all approved applications being residential in nature. Activity also remained strong in the rural sector with approximately 24% of all approved applications being for rural uses or rural land subdivisions. Approximately 16% of approvals issued during this period related to either commercial or industrial developments.

Of concern was the growth in application numbers that were considered to be “not properly made” as this significantly impacted upon administrative workloads. The major issue experienced in this regard related to owner’s consent and, where appropriate, resource entitlements from the State government, meaning that these applications could not be considered by Council.

![Planning Approvals by Zone](image-url)
Strategic Planning

Council Input into Significant Natural Resource Projects
The Council made submissions into the Draft Terms of Reference for the proposed Alpha Coal Project and nearby Galilee Coal Project that are located to our west within Barcaldine Regional Council. These projects are expected to have an economic and social impact on our communities. The Environmental Impact Statements are currently being prepared and Council will continue to be engaged with these projects.

In 2008 – 2009 the most significant natural resource project proposed was the Gladstone LNG project by Santos Pty Ltd that would to open up a coal gas seam field in Acadia Valley and construct a pipeline through Acadia Valley and the Bauhinia Downs areas. Council staff met representatives from the company over an extended period and made submissions into the Draft Terms of Reference and the Environmental Impact Statement.

Advancing Priority Infrastructure Plans
The Priority Infrastructure Plan (PIP) and associated Infrastructure Charges Scheme (ICS) being undertaken by Council in consultation with Integran Pty Ltd prepared the Section 8A report that outlined the planning assumptions and priority infrastructure area for the PIP. This PIP covers the area of the former Shire of Emerald, including Emerald town, Comet and The Gemfields (Anakie, Sapphire and Rubyvale).

Community Profile and Community Atlas
The Council has been developing an on-line demographic analysis tool in conjunction with consultants, Informed Decisions, and the Central Highlands Development Corporation. The purpose of these programs is to provide comprehensive social and demographic data for the Central Highlands region and its communities. This will enable government agencies, businesses and community groups to make better evidence based decisions.

Community Profile and Community Atlas are now available on Council's website. An example of the information captured is shown in the following table.

<table>
<thead>
<tr>
<th>Key statistics</th>
<th>Central Highlands Regional Council</th>
<th></th>
<th></th>
<th></th>
<th>Change 1996 to 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enumerated data</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enumerated population, including overseas visitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total population (a)</td>
<td>30,705</td>
<td>100</td>
<td>100</td>
<td>27,209</td>
<td>100</td>
</tr>
<tr>
<td>Males (a)</td>
<td>17,655</td>
<td>57.5</td>
<td>50.8</td>
<td>14,823</td>
<td>54.5</td>
</tr>
<tr>
<td>Females (a)</td>
<td>13,050</td>
<td>42.5</td>
<td>49.2</td>
<td>12,386</td>
<td>45.5</td>
</tr>
<tr>
<td>Overseas visitors</td>
<td>216</td>
<td>0.7</td>
<td>2.2</td>
<td>145</td>
<td>0.5</td>
</tr>
<tr>
<td>Population characteristics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous population</td>
<td>968</td>
<td>3.2</td>
<td>6.6</td>
<td>636</td>
<td>2.3</td>
</tr>
<tr>
<td>Australian born</td>
<td>24,746</td>
<td>81.2</td>
<td>81.4</td>
<td>23,732</td>
<td>87.7</td>
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<tr>
<td>Overseas born</td>
<td>2,739</td>
<td>9</td>
<td>10.9</td>
<td>2,423</td>
<td>9</td>
</tr>
<tr>
<td>Australian citizens</td>
<td>26,156</td>
<td>85.8</td>
<td>88.4</td>
<td>25,351</td>
<td>93.7</td>
</tr>
<tr>
<td>Australian citizens aged 18+</td>
<td>19,357</td>
<td>63.5</td>
<td>65.3</td>
<td>17,449</td>
<td>64.5</td>
</tr>
<tr>
<td>Institutional population</td>
<td>3,641</td>
<td>11.9</td>
<td>6.5</td>
<td>1,743</td>
<td>6.4</td>
</tr>
<tr>
<td>Age structure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infants 0 to 4 years</td>
<td>2,268</td>
<td>7.4</td>
<td>6.7</td>
<td>2,511</td>
<td>9.3</td>
</tr>
<tr>
<td>Children 5 to 17 years</td>
<td>5,328</td>
<td>17.5</td>
<td>18.9</td>
<td>5,730</td>
<td>21.2</td>
</tr>
<tr>
<td>Adults 18 to 64 years</td>
<td>20,723</td>
<td>68</td>
<td>61.3</td>
<td>17,380</td>
<td>64.2</td>
</tr>
<tr>
<td>Mature adults 65 to 84 years</td>
<td>2,095</td>
<td>6.9</td>
<td>11.8</td>
<td>1,416</td>
<td>5.2</td>
</tr>
<tr>
<td>Senior citizens 85 years and over</td>
<td>109</td>
<td>0.4</td>
<td>1.2</td>
<td>74</td>
<td>0.3</td>
</tr>
</tbody>
</table>


*Note – ABS data is indicative and based on the results of surveys conducted every five years.*

**Environmental Health**

The following are ongoing activities carried out by Environmental Health staff:
- Integrated mosquito control program
- Licensing Devolved Environmentally Relevant Activities
- Local Laws enforcement, including animal control
- Water testing
- Licensing and Registration
The number and type of licences issued during the period were:

<table>
<thead>
<tr>
<th>Licence Type</th>
<th>Number of Licences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>165</td>
</tr>
<tr>
<td>Caravan Park / Camping Ground</td>
<td>17</td>
</tr>
<tr>
<td>Storage of Flammable &amp; Combustible Liquids</td>
<td>48</td>
</tr>
<tr>
<td>Skin Penetration</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Number of Licences</strong></td>
<td><strong>232</strong></td>
</tr>
</tbody>
</table>

Below is the number and type of notifiable diseases recorded in this region during the period.

![Notifiable Diseases Chart]

**Clean Up Australia Day**
Council hosted two Clean Up Australia Days in Emerald in the last twelve months. These were held on October 19th 2008 & March 1st 2009. The Clean Up day in October was due to the floods in January 2008 causing a deferral in the planned Clean Up day. The Clean Up Days were held for the first time at the Emerald Botanic Gardens due to increased community interest and participation.

Council was very pleased with the number of people that participated in the events. In total there were close to 200 helpers who collected in excess of 400 bags of rubbish each day.
**Landfill Remediation Assessment Program**
The Environmental Health section applied for and obtained a subsidy to commence a 2-year program of groundwater monitoring for the East Nogoa and Morton Park closed landfills in November/December 2008. Council has a responsibility to undertake post-closure care of our landfills and the groundwater monitoring subsidy program assists council financially in this regard. GHD Pty Ltd have been engaged as approved consultants to undertake this monitoring.

**Quarterly Water Monitoring Reporting**
Council's drinking water sampling and reporting responsibilities have increased since January 2009 when additional monitoring became mandatory under changes to the Public Health Regulation 2005. Reports were submitted by Council to the Department of Environment and Resource Management (DERM) in February 2009 detailing Council’s drinking water monitoring schedule. Quarterly reports of all drinking water monitoring activities are being produced by the Environmental Health Section for all of Council’s water schemes.

**Natural Resources Management Expo**
Council participated in an exhibition coordinated by Central Highlands Regional Resources Use Planning Cooperative (CHRRUP) pertaining to natural resource management education for school-age students in the Central Highlands and surrounding regions. This year grade 9 and 10 students were the target audience. Council provided two displays for the Expo. Catrina Wolinski presented a display on weed management and Sam Millar and Kelly Warfe presented a display on mosquito control.

**Weedbuster Week**
A display was set up in the foyer of the Central Highlands Regional Council (CHRC) building in Emerald for Weedbuster Week in October 2008. The display had information about weeds, spray contractor details, weed specimens on display, information about chemicals for weed control and native weed seeds for the public to take home.

**Willows Cactus Eradication Program**
This project aims to control the declared weed, Willows Cactus (Cereus uruguay anus), in the Willows Gemfields township and surrounding grazing properties. If unchecked it could invade the surrounding catchment and eventually the greater Central Highlands area. Willows Cactus has the potential to form dense infestations that reduce the productivity of pastures by choking out other useful pasture species, interfering with stock management and threatening the habitats of our native plants and animals.

The local natural resource management group CHRRUP, in conjunction with council staff and with the support of as many residents from the Willows Gemfields town as possible, will be instituting a program to reduce the density and over time to eradicate the declared weed. Annual inspections and control measures will be taken to prevent the weed from re-establishing.

**Compliance**
Central Highlands Regional Council has started the transition process well, with Compliance Officers receiving training in investigation skills and changes in State law, increased access to computers and having specialised patrol vehicles. Apart from policing-type skills, Officers must have a good understanding of animals, especially dogs, which make up 60% of Council’s compliance workload.

This year saw the introduction of new State legislation, the Animal Management (Cats and Dogs) Act 2008 which has been a significant change from the traditional Local Laws. The new legislation covers registration of cats and dogs, implanting of PPID's (micro chips) and regulated dogs (i.e. menacing, dangerous and restricted dogs).
With the introduction of the new State law, Council joined four other Central Queensland councils to conduct a television advertising campaign to educate the public on the new laws and to remind them that animals were not just a possession but a living thing that requires care from a responsible person.

Compliance Officers today have a greater focus on enforcement with Infringement Notices continuing to be issued. Council has been successful with several prosecutions in the Magistrates Courts for serious matters. At this time Council's Compliance Unit has a staff of only four Officers who continually strive to respond to all complaints and conduct regular patrols of all towns within our area.

**Animal Control Statistics**

![Animal Control Statistics](image)

**Rural Lands Pest and Stock Route Management**

Due to the large rural area in the Central Highlands Regional Council, and the desire for a coordinated approach to Stock Route Network and Pest Management across the region, a Senior Rural Lands Officer position was created. This position was filled on a temporary basis, for three months from December 2008, by a Land Protection Officer seconded from the former Department of Primary Industries & Fisheries. A permanent officer was appointed to the position in March 2009. The Senior Rural Lands Officer oversees activities conducted by three full-time Rural Lands Officers based at Duaringa, Springsure and Emerald.

Activities in this area included:

- **Main Roads Declared Plant Control**
  This is an annual works programs for the Department of Main Roads for declared plant control on approximately 2,000 kilometres of main roads within the Central Highlands region. Some specific plants targeted for control include Parthenium, Harissia Cactus, Rubbervine, Prickly Acacia, Parkinsonia, Bellyache Bush, Salvinia and Lantana.

- **Stock Route Network**
  - Audits of water facility infrastructure, residual pasture and fire hazards;
  - General maintenance of stock route infrastructure;
  - Issuing of Water Agreements, Travelling Stock and Agistment Permits;
  - Capital works funding submissions for new water facility infrastructure and upgrades of existing facilities;
  - Completion of Capital Works facility infrastructure.
**Pest Management**
Wild dog and feral pig 1080 baiting services continue to be a major activity conducted at numerous sites across the CHRC area. Council also provided manufactured 1080 wild dog baits for sale to graziers who prefer these baits to the fresh meat baits. Council has also participated in several weed control projects during the year, with external funding sourced from a variety of industry bodies and State and Federal Government pest management initiatives.

**Agricultural Chemical Container Waste Management**
Council continues to encourage responsible waste management with participation in the national DrumMuster program by providing facilities at Rolleston, Springsure, Blackwater and Capella. In addition, Council supports a private recycling facility at Emerald for the collection and storage of used, approved agricultural chemical containers for recycling as well as providing trained officers to inspect and receive the containers.

**Stray Stock on Roads**
Council continues to attend to reports of stray livestock on both main and council roads within the CHRC area. Council owns no mustering or livestock transport equipment so stock-on-road hazards are usually resolved by either identifying livestock owners who collect their stock or through the use of contractors to muster the stock and impound it at the saleyards. Council acknowledges and appreciates the help and co-operation it often receives from neighbouring landholders with the identification and mustering process.

**Washdown Facilities**
The provision of weed hygiene washdown facilities remains a high priority for Council to reduce the risk of declared and noxious weeds both leaving and entering the region. Washdown bays are provided and maintained at Springsure, Emerald and Duaringa.

**Plumbing**
Backflow Prevention Devices protect the quality of water our potable water systems. Council has a Backflow Device Register and monitoring program in place to ensure that the ongoing maintenance of these devices within the Central Highlands Regional Council area is carried out in a timely fashion (every twelve months).

There are currently over 530 devices registered on private properties within the region and a further 180 devices registered on Council-owned properties. Since amalgamation, these figures are being updated to include information from databases of the four former shires.

An On-Site Sewerage System Register has been partially developed to record the installation, commissioning and maintenance program for such systems within the CHRC area.

The amalgamation process combined with the rapid growth of the area has resulted in a significantly greater workload for the Plumbing Section, with two Plumbing Inspectors responsible for the entire region. There have been many changes to the Plumbing Legislation, and it is an on-going commitment from the Plumbing Section to provide information sessions and literature to plumbers, business owners and the public to keep them up to date with relevant changes.
Building
An amnesty on building works during the period to encourage owners to seek compliance proved to be successful with numerous enquiries and a steady stream of applications covering building work for mainly dwelling additions and alterations, sheds and carports.

There has been considerably ongoing building activity in the region with 504 building applications worth $62.1 Million received during the reporting period. The following graphs provide a breakdown of activity for the number and value of applications.
Governance and Community Services

Governance

Emergency Management
Considerable efforts were directed to improving emergency management over the period. These included:

- Appointing a dedicated Emergency Management Coordinator
- Establishing Local Disaster Management sub-groups in the towns of Blackwater, Capella, Emerald and Springsure, and an overarching LDMG.
- Issued to all residences in Emerald and the Gemfields area a booklet on preparing and responding to disasters and putting this information on Council’s website.
- Commenced preparation of a new CHRC Disaster Management Plan
- Increased support and involvement with emergency groups including the SES, Rural Fire Brigades and Rolleston ESU.
- Supporting and chairing an Emerald Recovery group.
- Increased training for staff and councillors

Emergency Services Buildings
With the support of funding from the State Government building plans were prepared for a new Emergency Services Unit facility in Rolleston and planning commenced for a new State Emergency Services shed in Sapphire. Both these buildings are expected to be completed in 2010.

Native Title
The CHRC region has a significant number of native title claims over a substantial area. In addition, Council has a number of blocks of land on which it is seek native title clearance. These are taking time to resolve and are impacting on some planned developments. We continue to work through our solicitors to resolve these issues.

Corporate and Operational Plans
A very extensive exercise was undertaken in developing the CHRC Corporate Plan, involving consulting over a 6 month period with residents, businesses, councillors and staff in all areas of the region. This resulted in a Corporate Plan that truly reflects the interests, concerns and wishes of the community. The Corporate Plan then formed the basis for establishing the CHRC Operating Plan for the 2009/10 year.

Art and Culture

Regional Arts Development Fund (RADF)
Regional Arts Development Fund (RADF) is a funding partnership program with Arts Queensland, managed by regional local governments to develop quality art, arts practice and to support professional arts outcomes in regional Queensland.

There were three funding rounds during the period and 23 RADF applications were approved resulting in grant disbursements of $58,633. The variety of applications from all areas of the region confirms the interest in and strength of the arts and will greatly assist in building skills, art and history collections and cultural capacity.
Q150 Mosaic Tile Project
Work by local artist Erin Dunne (pictured), was selected in late January as Council’s contribution to the Q150 Mosaic Tile Project. Tile pieces from all Queensland areas will come together to form a 41 square metre public art piece in Brisbane that will represent all areas in the State.

Art Galleries
The Emerald Art Gallery was re-established with its opening in the new Council building. With the support from the CHRC, the Gallery Committee held a total of 15 exhibitions, with 9 of these from the local community which was important in order to regain local interest and participation after an absence of several years without a gallery.

The gallery in Springsure held 8 diverse exhibitions during the period and the Blackwater gallery, renamed the The Blackdown Gallery, held 2 exhibitions.

Public Art Management Plan for the Blackwater All Abilities Recreation Space
The first draft of the Public Art Management Plan for the Blackwater All Abilities Recreation Space has recently been submitted to Council. The document came about in response to significant community interest in using the space for public art, and using community-based cultural and artistic practices to gain a sense of collective identity, a sense of place, a sense of belonging and a sense of ownership.

April 2009 local residents from Rolleston and Springsure had the opportunity to give input into the proposed Bauhinia Shire Memorial Sculpture Project, a project which has received seed funding through Arts Queensland’s “art+place” Program.

Cultural Centre Entertainment
There were 16 entertainment events held at the Capella Cultural Centre over the period, continuing this centre’s important and successful role in the region. The facility continues to have a number of community groups & school functions along with business for either meetings or training.

Youth
Council continued to support youth in the Emerald and Blackwater areas with funding from the Queensland Department of Communities and BMA Coal in Blackwater. The youth officers collaborated with workers in other organisations in these and other towns in the region. Council also supported the Youth Council in Blackwater

National Youth Week
Council’s Youth officers at Blackwater and Emerald played a key role in hosting and coordinating the 2008 events in Capella, Emerald, Springsure and Blackwater. A major feature of the week long celebrations was the final round of the ‘Battle of the Bands’ competition.
Young Indigenous Leaders Forum & Inaugural Indigenous Youth Parliament
In May 2009, Council staff were involved in “The Young Indigenous Leaders’ Forum” which is an initiative of the Queensland Government's Reconciliation Action Plan. Participants took part in the first Indigenous Youth Parliament at Parliament House and also attended a reception given by the Governor of Queensland Her Excellency Ms Penelope Wensley.

Local Government Association Of Queensland Youth Development Conference
Council representatives attended the annual Youth Development and Local Government Conference held in Cherbourg in October 2008. This event aims to build the skills and capacity of Youth and Community Development Officers, Local Government Councillors, Youth Service Providers and key stakeholders to respond to issues affecting young people across Queensland.

Senior Citizens

Aged Accommodation
Central Highlands Regional Council has a total of 81 long-term community housing units for senior citizens in the towns of Capella, Emerald, Springsure and Duaringa. A number of improvements were made to these and councillors and staff continued to provide strong support and attention to the needs and activities of these residents.

Plans are being finalised for the construction of 5 new aged units in Sapphire. These will be completed in the 2009/10 year.

Blackwater Activities Centre
Council purchased (from the State Government) and upgraded a house at 31 Littlefield Street which is an important centre for providing community programs for elderly citizens.

Seniors Week
Almost 200 seniors from across the region participated in a very successful 2008 Seniors week event hosted in Emerald. The theme was “One Region: Our New Council”. The event provided the opportunity for seniors to meeting the mayor, councillors and staff of the new council while also having an enjoyable day out.

Events and Festivals
There are a wide range of events and festivals held across the council region to cater for all ages and interests. Events such as Australia Day and Anzac Day continue to be well supported; festivals such as Gemfest, the Emerald Multicultural festival and Ag-Grow provide important variety and economic benefit. Other events such as NAIDOC week, exchanges with sister cities Fujisawa (Japan) and Altona (Canada), student career day, womens expo, youth week, mardi gras, and competitions for Christmas lights, garden and artworks, and of course sporting events, ensure there is something for everyone.
Q150 Celebrations
The celebrations for Queensland’s 150 years as a state was particularly successful in all of the 4 main towns. In Emerald and Blackwater hundreds of people gathered at the railway stations to take a nostalgic trip to a bygone era and many enjoyed rides on the train. There were additional celebrations in Blackwater, Capella, Emerald and Springsure.

Facilities
Council has continued to maintain and, where provided in budgets, improve community facilities across the region.

Of particular note is the expenditure on developing sporting facilities using a combination of Federal, State and Council funds. Many of these projects have only just started and will be completed in the 2009/10 year. Below is information on the key projects commenced or completed during the period

Bridgeman Park, Capella
Bridgeman Park continues to be well utilised by 10 clubs and associations throughout the year including the Show Society, rugby league and union, and various horse-oriented clubs. Council upgraded the chutes and yards as an addition to the covered arena.
Blackwater Hunter Street Sporting Fields Complex
Clubhouse plans were finalised and construction commenced on a new building that will provide kitchens for 3 clubs, amenities and a commentary room. The building will also have a wide veranda to provide shade for spectators. This work, plus an upgrade of playing fields will be finalised in 2009/10. The Queensland Government provided $1.5M towards this project.

Blackwater Swimming Pool Building
Construction commenced (pictured) for a new building to house a kiosk, amenities and swimming clubroom. A substantial part of the total cost is to be met from $1M of Federal Government funds. This building is expected to be completed in December 2009.

Regional and Local Community Infrastructure Program (RLCIP)
Council was successful in obtaining $994,000 in grants from the Federal Government’s RLCIP program. This funding is provided for community facilities and will be applied as follows:

- McIndoe Park – complete function building $500,000
- Bauhinia Downs hall - repair external wall and upgrade kitchen & toilets $ 80,000
- Capella community hall - replace roof $100,000
- Duaringa library – repairs to walls and ceiling $ 40,000
- Sapphire Roy Day Park - upgrade sports fields and facilities $100,000
- Springsure town hall – install air-conditioning $100,000
- Bluff rugby league oval – install underground watering system $ 24,000
- Anakie transfer station – fence, bitumen, roof over bins $ 50,000

Planning, calling tenders and in some cases construction had commenced at year-end. For the McIndoe Park and Roy Day Park projects, council has budgeted to provide considerable additional funds to complete the projects.

Major Facilities Program: Sapphire Pool and Emerald Sunrise Rotary Park
Council was successful in having two applications approved for funding under the Queensland Government’s Major Facilities Program. This will result in the creation of 2 valuable new recreation facilities in 2010, namely:

- Emerald Sunrise Rotary Park with a budgeted cost of $617,000 of which $197,925 (GST exclusive) is from the Major Facilities Program grant and $200,000 from the Federal Government; and
- $1,05M for a swimming complex in Sapphire, or which $486,758 (GST exclusive) is from the Major Facilities program.
All Abilities Park
Following extensive community consultation, plans are being prepared to construct stage 1 of this project at an approx cost of $536,000. A majority of these funds came from the Queensland Government. When completed in 2010, this will provide an exciting new recreation facility for people in the Blackwater community.

Emerald Driver Training and Motorsport Complex
Planning has commenced to construct a driver training and motorsport complex on land owned by the Emerald Agricultural College, East of Emerald. The Queensland Government provided $2 Million of funds for this project.

Libraries
Council has 11 libraries spread across the region and they provide an invaluable community service, not just in providing books and internet access, although these remain the core activities, but they are increasingly a place for meetings, entertainment and active learning programs. This period has seen the State Library stop providing books to CHRC libraries, except for short-term loans of older materials (when available) and some audio visual resources. Councils, with funds provided by the State government, now have to purchase all their own resources. This imposed a considerable additional workload on library staff, who already had to contend with issues arising from amalgamation, and it is a testament to the dedication and quality of the staff that the libraries continued to function so well.

Some statistics indicate the level of activity and importance of libraries in the community.
- Number of visitors to libraries 150,000
- Number of loans 375,000
- Number of members 12,800
- Number of hours spent by users on the internet 16,000
- Number of new items purchased during the period 11,900

Tourism
Council has continued its support for tourism. As a result of mergers of various tourism groups, Capricorn Tourism took over the functions and operations previously done by the Central Highlands Tourism Organisation, including management of the Emerald Visitor Information Centre. This provides a stronger organisation that will provide a more focused and effective approach and should produce better results into the future.

A major new tourism program was introduced during the past year called *Dig the Tropic* which is a major new geo-trail crossing the outback and Capricorn regions. This was a $500,000 Federal Government-funded program with other in-kind funding from industry, State and local governments. This generated a lot of publicity and is expected to provide considerable long-term benefit to the region.

Council also received a Federal Government grant of $100,000 for a Feasibility Study to Expand Tourism in the CH Region. This study is underway and will be completed in December 2009.
Statutory Disclosures

Under Section 534 of the Local Government Act 1993 the Annual Report needs to contain various information of interest to the community. This information is detailed below.

S 534
(a)(i) Council levied the following special rates during the period. Further information can be found by examining Council’s “Mine Rates Policy” and “Schedule of Rates and Charges” found in the Appendices of this report:
• Moodewarra / Weemah Road Network
• Locharbor Road Roadworks
• Day Road Roadworks
• Gregory Mine (Yan Yan Road)
• Gregory Mine (Lilyvale Road)
• Kestrel Mine (Access Road)
• Kestrel Mine (Lilyvale Road)
• Capcoal (Annrcrouye & Bundoora Dam)
• Capcoal (Grasstree Road)
• Oaky Creek Mine (Connection Road)
• Oaky Creek Mine (Grasstree Road)
• Oaky Creek (Town of Tieri)
• Oaky Creek Mine (Crinum Road)
• Oaky Creek Mine (Oaky Creek Access Road)

(a)(ii) There were no activities that were supplied by another local government under arrangements entered into under section 59 of the Local Government Act 1993.

(b) Two actions were taken under the Local Government Act 1993 S488 (2) during the period. These related to the redevelopment of facilities in McIndoe Park and the Emerald Central Business District Revitalisation project.

(c) One resolution was made by Council under the Local Government Act 1993 S489 (1) during the period. Expressions of interest were sought for the redevelopment of the Emerald airport complex and a shortlist was then invited to tender for the project.

(d) The following List of Registers were kept by Council and were open for inspection throughout the year:
• Register of Electoral Gifts
• Register of Interests of Councillors and Relatives of Councillors
• Register of Delegation of Powers to the Mayor and Chief Executive Officer
• Register of Roads
• Delegations of Power by the Chief Executive Officer
• Register of Enterprises
• Register of Local Laws Policies
• Town Planning:
  i. Register of Existing Uses
  ii. Register of Subdivision Approvals
  iii. Register of Consent Approvals
  iv. Register of Rezoning Approvals
  v. Register of Permitted Developments
At a Special Budget Meeting on August 28th 2008 Council passed the following policies relating to rebates, concessions and discount allowances for the reporting period.

### 2008/2009 Pensioner and Exemption Rebate Policy

Pensioners who comply with stipulations as laid down by the State Government and living on their own premises are entitled to the 20% State Government rebate on General Rates, Sewerage, Water and Cleansing charges to a maximum amount of $180.00, or an amount as determined from time to time by the State Government.

Further, in accordance with Section 1033 of the Local Government Act (1993), Council adopts as policy the exercising of the power of remission of rates under Section 1031 in respect of assessments of rates and charges issued to owner/occupiers of land who are pensioners; in accordance with the following:

- The exclusions nominated hereunder be excepted.
- The remission level is set at 50% of eligible rates and charges.
- The applicant must occupy the property in respect of which remission is sought.
- The primary place of residence must not be part of a commercial enterprise
- Each applicant must apply in writing in a prescribed form and confirm his/her status as a Pensioner.
- The General Manager, Corporate Services is delegated authority to determine applications.
- Schedules of recommended remission amounts are tabled at General Council meetings from time to time for write-off authority.

#### Exclusions

Special rates and special levies including where such special rates are offset against specified costs. For example but not limited to Moodewarra/Weemah Roads Network special rate, the Locharbor Road special rate and the Day Road special rate.

Water consumption within the Central Highlands Regional Council is not subject to pensioner remission.

#### Exemption Rebate

The following categories will be subject to a rebate of rates with the cost reflected as community service cost.

#### Community Groups

Council allows a 50% remission on General Rates for certain community organisations, with land vested in their name. Concessions and exemptions provided by previous Council’s are to be maintained for the 2008/09 financial year. A report to Council incorporating all concessions and exemptions is to be provided to Council on an annual basis.

#### Churches

All lands within the Regional Council used for religious purposes are exempt from General Rates.

#### Other Community Organisations

The organisations subject to an exemption from General Rates because of their charitable/non-profit making charters are subject to application to Council with previous concessions provided by individual Council’s to organisations to be continued for 2008/2009. A report is to be provided to Council on an annual basis identifying these organisations and the amount of concession provided.
Sporting Clubs

Sporting clubs are exempt from General Rates where they are not licensed premises, but have land vested in their name.

Council recognises the value of various community entities operating in the Shire and may grant concessions in respect of rates and charges. Such applications will be considered in accordance with the principles adopted in the Revenue Policy.

Other

That, upon application, Council may consider a refund of the net general rate for a mining claim overlapping a residential tenure if:
1. The mining claim and the residential land are in the same ownership
2. 80% or more of the mining claim overlaps the residential land, and
3. The rates owing on both the mining claim and the residential land have been paid in full.
4. This refund only applies to levies applicable to the 2008/2009 financial year and does not apply to mining leases.

Discount Allowance Policy

Council in reviewing the discount applicable to the new amalgamated area, extended a 15% discount to all areas. That with the following exceptions the Council allows to any person liable to pay a rate or charge that pays the rate or charge within thirty (30) days after notice a 15% discount.

The following exemptions take into account Council’s direction that discount apply to all rates with the exception of the following:
- Comet water supply & refuse no discount
- Anakie water supply & refuse no discount
- Sapphire/Rubyvale water supply no discount
- Moodewarra/Weemah Road Network special rate no discount
- Locharbor special rate no discount
- Day Road special rate no discount
- Coal Mining Leases no discount
- Rates levied in conjunction with coal mining lease areas no discount
- Water consumption no discount
- Mining Special rates former Peak Downs Shire no discount
- Special Levies applicable to grids no discount
- Special Levies applicable to pipeline charges no discount
- Special Levies applicable to electricity loans no discount
- Any special Levies issues by the Regional Council no discount
- Fire Brigade Levy of former individual Shires no discount
- Cleansing Charges of former individual Shires where it did not apply previously no discount
- Sewerage Charges of former individual Shires where it did not apply previously no discount
- Special Charges of former individual Shires where it did not apply previously no discount
- Water Charges of former individual Shires where it did not apply previously no discount

The discount will apply to the same rates and charges as existed in former Shire areas with the exception that the discount will be at 15% rather than 10% as was the case in some former Shire areas.
(f) At the Statutory meeting of the newly elected CHRC councillors passed the following resolution relating to remuneration for the period.

Cr Hayes moved and Cr Brimblecombe seconded ‘That due to the size of the new Council area and the enormous capacity and workload required from a reduced number of Councillors, the remuneration for the Mayor, Deputy Mayor and Councillors be in accordance with the Tribunal’s recommendations based on the maximum range for a Category 4 Council plus the amalgamation loading, with the current remuneration per annum being:

<table>
<thead>
<tr>
<th>Role</th>
<th>Remuneration ($)</th>
<th>Amalgamation Loading ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNCILLORS</td>
<td>$60,120</td>
<td>$5,220</td>
</tr>
<tr>
<td>DEPUTY MAYOR</td>
<td>$69,610</td>
<td>$6,170</td>
</tr>
<tr>
<td>MAYOR</td>
<td>$101,250</td>
<td>$9,180</td>
</tr>
</tbody>
</table>

with an amalgamation loading (15 Mar 08 – 30 Jun 09)

<table>
<thead>
<tr>
<th>Role</th>
<th>Remuneration ($)</th>
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</tr>
</thead>
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</tr>
<tr>
<td>MAYOR</td>
<td>$9,180</td>
<td>$9,180</td>
</tr>
</tbody>
</table>

with the remuneration being paid fortnightly direct into a nominated bank account.’

(g) & (h) Councillors Remuneration, Superannuation and Meeting Attendance Records

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting Details: 30 General 3 Other</th>
<th>Remuneration ($)</th>
<th>Expenses ($)</th>
<th>Total ($) (1)</th>
<th>Superannuation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr P Bell (3)</td>
<td>General Other 27 3</td>
<td>91,567</td>
<td>969</td>
<td>92,536</td>
<td>10,988</td>
</tr>
<tr>
<td>Cr. D Brimblecombe</td>
<td>General Other 29 3</td>
<td>78,980</td>
<td>7,642</td>
<td>86,622</td>
<td>9,182</td>
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<tr>
<td>Cr. P Bulger</td>
<td>General Other 29 3</td>
<td>78,980</td>
<td>14,385</td>
<td>93,365</td>
<td>9,478</td>
</tr>
<tr>
<td>Cr. K Hayes</td>
<td>General Other 29 3</td>
<td>78,980</td>
<td>4,859</td>
<td>83,839</td>
<td>Nil</td>
</tr>
<tr>
<td>Cr. P Haylock</td>
<td>General Other 27 2</td>
<td>78,980</td>
<td>2,563</td>
<td>81,543</td>
<td>Nil</td>
</tr>
<tr>
<td>Cr. P Maguire (2)</td>
<td>General Other 27 3</td>
<td>134,278</td>
<td>16,647</td>
<td>150,925</td>
<td>Nil</td>
</tr>
<tr>
<td>Cr. G Nixon</td>
<td>General Other 29 2</td>
<td>78,980</td>
<td>8,180</td>
<td>87,160</td>
<td>8,885</td>
</tr>
<tr>
<td>Cr. R Rolfe</td>
<td>General Other 29 1</td>
<td>78,980</td>
<td>13,942</td>
<td>92,922</td>
<td>9,478</td>
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<tr>
<td>Cr. P Schwarz</td>
<td>General Other 30 3</td>
<td>78,980</td>
<td>3,918</td>
<td>82,898</td>
<td>9,478</td>
</tr>
</tbody>
</table>

(1) Total Remuneration includes an amalgamation loading payable for the period 15 March 2008 through to 30 June 2009 as described above.
(2) Includes Mayoral Allowance
(3) Includes Deputy Mayoral Allowance
The Central Highlands Regional Council aims to establish a quality work environment where equity, social justice and diversity are valued. The Council aims to provide efficient and effective services to the community. The principles of EEO (Equal Employment Opportunity) enhance the Council’s ability to meet goals of efficiency, effectiveness and equity. Where anti-discrimination laws are reactive and set a minimum standard of behaviour, EEO is a pro-active process which enhances the principle of fair play in an organisation’s culture.

Council will adopt an EEO Management Plan which will contribute to Council’s objectives by:

- Increasing staff efficiency and effectiveness, so that the range and quality of services provided to the community are of a high quality, while also ensuring that resources are used efficiently and effectively.

- Encouraging positive communication, co-operation and participation between the Community and the Council by developing a staff profile through EEO which is representative of the community.

Providing a working environment free from discrimination and harassment so that employees can provide the best possible service to the Community

There are no other issues outstanding which would make an impact on the assessment of the operations and performance of the organisation.

As required by the Local Government Finance Standards 2005 s24, information pertaining to Council expenses is as follows:

**Overseas Travel**

A delegation comprising the Mayor - Cr Peter Maguire, Deputy Mayor - Cr Paul Bell, CEO – Bryan Ottone, Area Executive Manager Blackwater – Dom Carroll and Community Development Officer Blackwater – Lynda Connell visited Fujisawa Council, Japan, to resign the Sister City relationship agreement between CHRC (Blackwater) and Fujisawa Council. This was necessary following the amalgamation of the former Duaringa Shire into the Central Highlands regional Council. The total cost of this trip was $18,308.27.

As part of the Sister City relationship Central Highlands Regional Council has with Fujisawa Council, Japan, an exchange is offered to local High School students of Blackwater. In June/July 2009, five students took part in an exchange chaperoned by two staff representatives, Dianne Lawrie Personal Assistant to the Area Manager Blackwater and Kaye Jones, Local Laws Officer. The total expenditure of this trip was $3,838.07.
(ii) **Consultancies & other fees**

Accounting Services $12,522.14  
Building Consultant Fees $79,670.13  
Consultants Other $1,244,712.92  
IT Consultants $83,580.38  
Planning Consultant Fees $46,946.91  
Professional Services $1,900,774.34  
Solicitors Fees $43,196.54  
Valuation Expenses $163,837.88  
TOTAL $3,575,241.24

(iii) **Official entertainment and hospitality**

Entertainment & Hospitality $29,811.09

(iv) **Advertising**

Job Vacancy advertising $138,558.41  
General advertising $37,059.06  
TOTAL $175,617.47

(v) **Grants to community organisations**

Grants to Community Organisations $147,800.26

(n) To comply with the requirements of the Public Sector Ethics Act 1994, Council adopted a new CHRC Code of Conduct for Employees on 5 May 2009. In addition a Code of Conduct for Councillor’s was adopted on 31 March 2008. There have been no breaches of the Code of Conduct for Councillor’s during the reporting period.

The Central Highlands Regional Council has control of 1299 kilometres of roads which it does not own. This land does not have a value in Council’s financial statements.

In addition the following policies were adopted by Council during the reporting period and are included to further facilitate an assessment of the organisation.
POLICY STATEMENT

NUMBER:

TITLE:  REVENUE

SECTION AND POSITION:  Corporate Services

RELEVANT LEGISLATION:
- Local Government Act (1993) Ch 14
- Local Government Finance Standard 2005

PURPOSE:  To set out the principles for raising rates, charges and fees revenue.

SCOPE:  This covers rates, special rates, charges and fees.

PREAMBLE:  Sections 513A of the Local Government Act 1993 requires Council to have a Revenue Policy and Section 8 of the Local Government Finance Standards specifies those matters to be included in the policy.

This new Revenue Policy sets out the principles applied by Council for:
- Making and levying rates and charges
- Exercising its powers to grant rebates and concessions
- Recovery of unpaid amounts of rates and charges

The Revenue Statement and associated Policy documents, which are separate documents from this policy, will include an outline and explanation of the revenue raising measures adopted, including an outline and explanation of:
- The rates and charges made and levied
- The rebates and concessions granted
- Whether there is any resolution limiting increases
- The extent to which physical and social infrastructure costs for new development are to be funded by charges for the development, and
- Whether depreciation and other non-cash expenses are to be fully funded

DEFINITIONS:  None

POLICY:  HOW RATES AND CHARGES ARE DECIDED

It is Council’s policy to expect consumers receiving the benefits of certain services or commodities to meet all or a significant part of the total cost of providing these services or commodities. This is based on the following:
The cost of providing the services will include the cost of acquiring the commodity or service, the cost of providing the infrastructure or organisation to process and/or deliver the commodity or service, and any overheads associated with these cost components.

There are also a wider range of cost impacts on Council and the community arising from some consumers' activities, particularly very large businesses. Some of these impacts may be of an indirect nature but nonetheless may significantly impact on costs and/or services. Examples of these could include higher housing costs, higher staff wages, increased staff turnover, and the need for additional facilities and services in areas such as health, environment and planning.

It is acknowledged, however, that individual consumers of a commodity or service cannot always be separately identified. For this reason there is a need for specific user charges to be supplemented by other general revenue sources.

Council’s Revenue Policy, in order to provide the most equitable and rational basis for raising revenue, is therefore based on a combination of specific user charges and a rate on the unimproved value of land and may consider other factors.

The basic requirement is that the income from rates and charges, for all funds, shall meet the difference between the estimated budgeted receipts and disbursements. Specific matters to be considered in relation to these rates and charges are:

- The objectives identified in previous Council’s Corporate and Operational Plans.
- Council’s obligations as prescribed by legislation.
- The needs and expectations of the general community.
- The expected increase or decrease in costs of wages, goods, services and infrastructure
- Impact on Council’s facilities and services, covering both the usage/deterioration of these and the need for additional services and facilities
- Impact on Council’s funding
- Impact on the community
- Equity and the ability of the community to pay.

When considering these matters, Council benchmarks any variations in charges from year to year against the general movement in prices that occur in other sectors of the community as measured by indexes such as Roadwork Input Cost Index, the Consumer Price Index, Local Government Association Cost Index and their components.

The levying of general rates, special rates, and water, sewerage, cleansing and other charges will usually be done half-yearly, from July to September and February, so as to provide some easing of the payment burden for ratepayers while providing certainty for the timing and amounts of council revenue with minimal administrative costs for all.
Supplementary rates notices may be issued in accordance with S.1026 of the Act throughout the year to raise and vary levies where there has been a change to land such as a change in unimproved value, or where the land becomes or ceases to be rateable, or the land is included in a new category.

**GENERAL RATES**

Council accepts that the basis for levying general rates in Queensland is land valuations however other factors can be considered. Ideally, the general rate would be determined by dividing the total income needed from general rates by the rateable valuation. However, there is considerable diversity in the Shire’s various urban and rural sectors, their varying access to and requirements for services and facilities and expenditure in the sectors. The desirability for an equitable distribution of rates, therefore, needs to take into account these factors and those mentioned in the above section How Rates and Charges are Decided, and warrants the use of a differential rating system.

Where differential general rating is applied, land categories rating are defined by first separating the urban and rural sectors of the Shire and then using Valuer General Land Use Codes to distinguish between sectors within these two areas. Land use codes are also relevant in determining differential categories that may apply within these sectors.

Capping may be used to reduce the variation in rate charges between consecutive years and limit increases to a reasonable level compatible with other sectors. Capping will not apply where there is a change in tenure, property description or Department of Natural Resources land use code. However, where land has been amalgamated for rating purposes and there has been no change to property description, rating category or overall area of land, the cap may be applied to the valuation of the amalgamated assessment based on the previous years’ levies from the assessments prior to the amalgamation. Capping shall not apply to the movement in the minimum rate.

Minimum rates are able to be set by Council for mining claims, mining leases and other rateable land under Sections 967 and 969 of the Local Government Act (1993). Any changes in these minimum rates will take into account the overall movement in general rates and movements in indexes and their components as mentioned above.

**SPECIAL RATE LEVY**

Where Council believes it is appropriate for a special rate to be levied in a defined area for a particular reason or benefit, such as for a special road development program, then as required by the Act, the Council will carry out the following before the service begins:

- Identify the service to be provided
- Detail the estimated cost of this service
- Define the benefited area and ratepayers included therein
- Identify any different categories or degrees of benefit to the properties if the special rate is to be levied differentially
- State the reasons why Council believes the service will enhance the value, utility or attractiveness of the properties to be rated and, if there are differences in benefit, state the basis on which the differences have been determined
WATER CHARGES
Within the Central Highlands Regional Council there exist a number of separate water schemes that were applicable to the previous Councils of Peak Downs Shire Council, Emerald Shire Council, Bauhinia Shire Council and Duaringa Shire Council. It is the intention to maintain this charging basis for these areas on the basis that they are individual schemes in accordance with the principle of users pays. A Water Charging policy has been amalgamated from the former Shires to identify charges that would be applicable.

Water charges are collected and used for the purpose of meeting operating and capital costs of the water supply systems and instituting improvements to those systems. Charges are calculated based on the known and expected costs of individual systems and taking into account the matters stated in the section How Rates and Charges are Decided. The quantum of the charge and the manner in which it is applied therefore varies across the different water supply systems.

Council’s general policy is to progressively move all water charges to a user-pays basis. Pricing arrangements are identified within the Water Charges policy.

Funds will be retained within Council’s Water Reserve for the purpose of smoothing out revenue over a number of financial years so as to provide reasonably stable access and kilolitre charges from year to year despite variations in the volume of water consumed.

SEWERAGE CHARGES
Within the Central Highlands Regional Council there exist a number of separate sewerage schemes that were applicable to the previous Councils of Peak Downs Shire Council, Emerald Shire Council, Bauhinia Shire Council and Duaringa Shire Council. It is the intention to maintain this charging basis for these areas on the basis that they are individual schemes in accordance with the principle of users pays. A Sewerage Charging policy has been amalgamated from the former Shires to identify charges that would be applicable.

Revenue from these charges is used to meet the sewerage system operating and capital costs, as well as the costs of developing the system. The level of charges takes into account known and expected costs, the matters stated in the section How Rates and Charges are Decided, and the expected impact of various premises on the sewerage system. Additionally, a charge is applied to all vacant land in the sewered area that is capable of being served by sewer mains to defray the fixed costs associated with making the service available. Premises within the declared sewered area whose owners elect not to connect to a sewer will be charged as if they were connected.

Residential properties will be billed on a per-tenement basis. All other properties within the sewerage scheme will be billed according to the number of pedestals and urinals on the premises.

CLEANSING CHARGES
Within the Central Highlands Regional Council there exist a number of separate cleansing schemes that were applicable to the previous Councils of Peak Downs Shire Council, Emerald Shire Council, Bauhinia Shire Council and Duaringa
Shire Council. It is the intention to maintain this charging basis for these areas on the basis that they are individual schemes in accordance with the principle of users pays. A Cleansing Charging policy has been amalgamated from the former Shires to identify charges that would be applicable.

Cleansing services and facilities for domestic and commercial waste are provided for a number of towns throughout the Central Highlands Regional Council area. The cost of maintaining the service and facilities varies between areas and consequently the quantum charged and the manner in which the charge is applied may vary between townships. Charges are levied to meet, firstly, the costs of collecting waste and, secondly, for managing, operating, maintaining and improving cleansing services and waste storage/dumping facilities. Each Council prior to the amalgamation has also identified various policies for Cleansing Charges which will continue to apply to the Amalgamated region for that portion of the amalgamated area that is identified in the individual policies.

Charges for the dumping of industrial and commercial waste are based on the classification and volumes of waste dumped at the respective sites and are charged separately.

Council believes that it is appropriate and equitable for all premises in the cleansing service area to contribute towards the fixed costs by way of the access charge. This includes commercial and industrial premises within the serviced area as these premises generate both domestic and commercial/industrial waste. The per-bin charges conforms with the user pays principle and contributes to the variable costs of providing a bin pick up service.

Where Council expands the defined cleansing service area during the year, charges will be applied on a pro-rata basis from the date the service is supplied after giving sufficient notice to enable all premises in the expanded area to avail themselves of the service.

Charges are increased as appropriate to cover costs and taking into account movements in costs indexes and their components. The charges are identified in the Cleansing Charge policy.

**SUPPLEMENTARY UTILITY CHARGES**
Supplementary utilities charges, for water, sewerage and cleansing, may be issued throughout the year in accordance with the Supplementary Utilities Charges Policy.

**MISCELLANEOUS FEES AND CHARGES**
A schedule of miscellaneous fees and charges is adopted by Council for each financial year after giving due consideration to the matters stipulated in the overview of how rates and charges are decided.

**FIRE LEVY**
As required, Council collects a fire levy on behalf of the State Government on all rateable properties. Council provides quarterly and annual returns to Queensland Fire Services and remits funds collected.
PENSIONERS REMISSION AND REBATES

PENSIONER REMISSIONS
A remission of rates is granted by Council to Pensioners who are legally liable to pay rates providing that an owner of the premises meet Council’s definition of a Pensioner and the premises for which they are claiming a rebate is their principle place of residence. Council has established a Pensioner Remission and other rebate policy in order to establish equity of application across the region.

An approved pensioner for remission is a pensioner who:
- Satisfies the criteria and is eligible for a State Government remission and
- Is the owner or life tenant, either solely or jointly, of the rated property which is his/her principal place of residence and the primary place of residence must not be part of a commercial enterprise
- Has, either solely or jointly with a co-owner, a legal responsibility for the payment of rates and charges which are levied in respect of the property in which they reside

In the case of joint ownership, only one owner, other than a financial institution which may hold joint title for debt security purposes, must meet the above pensioner criteria in order to qualify for this remission of rates.

The Council remission percentage is determined at the annual Budget meeting and is set out in the Pensioner Remission and other Rebates Policy. Those Council levies not attracting remission are specified at the Budget meeting. The State remission is currently 20% of the total rates and charges on the rates notice to a maximum of $180 per annum.

OTHER REBATES
Rebates are also provided for non-profit, charitable and church groups in accordance with the pensioner and other rebates policy.

Consideration may be given by Council to granting a class concession in the event all or part of the local government area is declared a natural disaster area by the State Government.

DISCOUNT ON RATES AND CHARGES
To encourage prompt payment of rates and utility charges, a discount may be granted where payments are made within 30 days of the issue of a rate notice. The discount rate and the rates and charges to which it applies are determined annually by Council and are set out in the Discount Policy.

Council will accept payments as received by the discount date where mail bears an Australia Post date stamp on or before the discount date or where there is other conclusive evidence that payment was made on time.

Council may, for owners of rural properties that are drought-declared or are in drought declared areas, and other specified ratepayers affected by a declared natural disaster, extend the period for paying rates without loss of discount to the end of the financial year upon written application by the ratepayers.
COLLECTION OF OUTSTANDING RATES, FEES AND CHARGES
Council requires payment of rates, fees and charges within the specified period and it is Council’s policy to pursue the collection of all outstanding rates and charges diligently but with due concern for financial hardship which may be faced by some members of the community.

For rates and utility charges, reminder notices are to be issued two weeks after the discount date. Council reserves the right to send the details of any ratepayers that still have not paid their rates and charges 60 days after the discount date to a Collection Agency to instigate recovery procedures unless an alternative arrangement have been made.

For miscellaneous fees and charges, unless alternative arrangements have been made, a final reminder notice is issued at 30 days. If payment is not received before 60 days, an attempt is made to contact the debtor by telephone. If this is unsuccessful and payment is not received within a 90 days of due date then Council reserves the right to forward the account to Council’s debt collector.

Where legal action is required to recover outstanding debts of less than $5000 then, in order to minimise costs, the debt collector will use the Small Claims Plaint and Summons. Recoverable costs for rates will be charged to the ratepayer, although not through the rates account.

If general rates are outstanding for three years or more Council may, in accordance with the provisions of the Local Government Act and Finance Amendment Standard, sell the properties on which rates are owed to recover outstanding amounts.

In cases of financial hardship, Council may approve rates and charges debt repayment arrangements for individual ratepayers or, in instances such as natural disasters, for classes of ratepayers.

INTEREST ON RATES AND CHARGES ON ARREARS
It is Council’s policy to ensure that the interests of ratepayers in general are protected by imposing interest on rates and utility charges that remain unpaid after the end of the discount period. The interest rate and applicability of the interest is identified in the Interest Rate Policy. The rate of interest charged is determined by Council at the Budget Meeting but shall not exceed that specified in the Act (which is currently 11% per annum). Interest is calculated, starting immediately after the end of the discount period.

The application of interest on arrears may be waived where a repayment arrangement is negotiated and all payments are made within the times defined on the schedule.

ADOPTED: 28 August 2008

AMENDED:

DUE FOR REVISION:
POLICY STATEMENT

NUMBER: 

TITLE: BORROWINGS

SECTION AND POSITION: Corporate Services

RELEVANT LEGISLATION: Local Government Act (1993) Sec.503 and the Local Government Finance Standard 2005 Sec.8 & Sec 23

PURPOSE: The Local Government Finance Standard requires Councils to have a Borrowing Policy, it specifies the minimum content of such a policy and requires a summary of the policy to be included in the Annual Report.

SCOPE: This policy will apply whenever Council is considering borrowing funds externally. It does not apply to leasing or hire purchase arrangements.

PREAMBLE: Central Highlands Regional Council is a Council which was created by an amalgamation of four Councils. The combined debt is at a very low level. This has put it in a position where redemption and interest payments do not impact in any significant way on rates decisions, thereby contributing to Council’s ability to minimise general rates increases yet be able to undertake substantial developments utilising debt whenever required. Council recognises the desirability of establishing reserves sufficient to fund future developments, particularly for water and sewerage, and to use these funds when appropriate to avoid external borrowings for relatively minor acquisitions and developments. Council may, however, determine to borrow funds not just on the basis of immediate need, but for strategic reasons and/or because it is economically advantageous to do so.

The level of debt in individual programs and in total for the Shire is a matter for Council to decide from time to time but due recognition will be given to:

- the type and extent of benefits to be obtained from the borrowing including the length of time the benefits will be received
- the beneficiaries of the acquisition or development
- the impact of interest and redemption payments on both current and forecast rates revenue
- the current and future capacity of the rate base to pay for borrowings and the rate of growth of the rate base
- likely movements in interest rates for variable rate borrowings
- other current and projected sources of funds such as headworks
- competing demands for funds
It is recognised that, as infrastructure such as water and sewerage are usually funded in advance of community requirements and borrowings are repaid by future users, it is appropriate to utilise debt to fund future infrastructure capacity. However, borrowings must be supported by both headworks contributions, as these are specifically provided for this purpose, and revenue in order to limit the level of debt and debt costs. The appropriate mix of these sources of funds will depend on the factors mentioned above.

Capital expenditure on general community facilities such as libraries and town halls are usually not undertaken in advance of community needs and do not attract headworks charges. Revenue sources are therefore limited to revenue and borrowings. Borrowings for these developments should be limited to what can be repaid by the existing rate base and, in general, should be over a shorter period so that current users substantially contribute to the debt servicing and redemption. Debt on existing facilities should not become a burden on future generations who may not receive benefits from these facilities. Again, the appropriate combination of debt and revenue will depend upon the type of development and the Shire’s circumstances at the time.

**DEFINITIONS:** None

**POLICY:**
Council will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

Council will only borrow funds for the purpose of acquiring assets, improving facilities or infrastructure and/or substantially extending their useful life. Council may borrow to meet strategic needs or to take advantage of opportunities for development providing there is a demonstrably good return in economic and/or social terms. Further assessment can be made during the year in regard to loan funding needs.

Redemption and interest charges on borrowings, excluding those relating to water and sewerage, will not exceed twenty-five percent of general rates revenue. Borrowings in programs/areas such as water, sewerage and the airport are to be repaid from revenue generated in those areas and the full costs are to be taken to account in these areas.

Where borrowings are to be repaid by special rates, the revenue and repayments will be matched as far as is practical. Borrowings will be repaid early should revenue exceed scheduled repayments. Borrowings will only be made in accordance with the adopted budget. Borrowings for the current year will be disclosed in the adopted budget.

Borrowings will only be from the Queensland Treasury Corporation (QTC) or, if from another organisation, with the approval of the QTC and Department of Local Government and Planning.
Borrowings will normally be for a maximum of ten years except for secure, long-life assets which will provide long-term service. Shorter borrowing periods and earlier repayments will be taken where possible and appropriate. If a longer term is appropriate, which may be the case for some assets such as buildings and water and sewerage infrastructure, the term will not exceed the life of the asset or twenty years whichever is the shorter period.

Projected borrowings for 2008/09 are:

Airport  $2.133M  20 years
Quarry   $1.100M  20 years

ADOPTED:  28th August 2008

AMENDED:

DUE FOR REVISION:
Financial Statements
&
Auditors Report
15th March 2008 – 30th June 2009
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Management Certificate
Independent Audit Report
## CENTRAL HIGHLANDS REGIONAL COUNCIL

### Income Statement

For the period 15 March 2008 to 30 June 2009

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recurrent Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 (a)</td>
<td>Rates and levies</td>
<td>45,846,017</td>
</tr>
<tr>
<td>3 (b)</td>
<td>Sales of major services</td>
<td>11,451,160</td>
</tr>
<tr>
<td>3 (c)</td>
<td>Fees and charges</td>
<td>3,940,275</td>
</tr>
<tr>
<td>3 (d)</td>
<td>Rental and levies</td>
<td>173,269</td>
</tr>
<tr>
<td>3 (e)</td>
<td>Interest received</td>
<td>3,397,235</td>
</tr>
<tr>
<td>3 (f)</td>
<td>Sales of contract and recoverable works</td>
<td>20,356,557</td>
</tr>
<tr>
<td>3 (g)</td>
<td>Other recurrent income</td>
<td>1,295,446</td>
</tr>
<tr>
<td>4 (i)</td>
<td>Grants, subsidies, contributions and donations</td>
<td>21,610,587</td>
</tr>
<tr>
<td>5</td>
<td>Total from sales of land developed for resale</td>
<td>586,550</td>
</tr>
<tr>
<td>10</td>
<td><strong>Total recurrent revenue</strong></td>
<td>108,657,096</td>
</tr>
<tr>
<td>4 (ii)</td>
<td>Grants, subsidies, contributions and donations</td>
<td>14,162,183</td>
</tr>
<tr>
<td>2</td>
<td><strong>Total revenue</strong></td>
<td>122,819,279</td>
</tr>
<tr>
<td>2</td>
<td><strong>Total income before gain on restructure of local government</strong></td>
<td>122,819,279</td>
</tr>
<tr>
<td>7</td>
<td><strong>Net gain on restructure of local government</strong></td>
<td>578,680,733</td>
</tr>
<tr>
<td>7</td>
<td><strong>Total income</strong></td>
<td>701,500,012</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recurrent expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Employee benefits</td>
<td>(34,102,730)</td>
</tr>
<tr>
<td>9</td>
<td>Materials and services</td>
<td>(53,864,253)</td>
</tr>
<tr>
<td>5</td>
<td>Current cost of developed land sold</td>
<td>(96,169)</td>
</tr>
<tr>
<td>10</td>
<td>Finance costs</td>
<td>(2,478,194)</td>
</tr>
<tr>
<td>11</td>
<td>Depreciation</td>
<td>(14,485,106)</td>
</tr>
<tr>
<td>12</td>
<td><strong>Total recurrent expenses</strong></td>
<td>(105,026,452)</td>
</tr>
<tr>
<td></td>
<td><strong>Capital expenses</strong></td>
<td>(381,236)</td>
</tr>
<tr>
<td>2</td>
<td><strong>Total expenses</strong></td>
<td>(105,407,688)</td>
</tr>
<tr>
<td>12</td>
<td><strong>Net result attributable to council</strong></td>
<td>596,092,324</td>
</tr>
</tbody>
</table>

*The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.*
CENTRAL HIGHLANDS REGIONAL COUNCIL

Balance Sheet
As at 30 June 2009

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets and cash equivalents</td>
<td>14</td>
<td>66,633,936</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>15 (a)</td>
<td>14,487,081</td>
</tr>
<tr>
<td>Inventories</td>
<td>16</td>
<td>4,273,584</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>18</td>
<td>792,077</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>86,186,678</td>
</tr>
<tr>
<td><strong>Non-current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>15 (b)</td>
<td>3,131</td>
</tr>
<tr>
<td>Equity investments</td>
<td>19</td>
<td>9,160</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>20 (a)</td>
<td>768,211,147</td>
</tr>
<tr>
<td>Capital works in progress</td>
<td>21</td>
<td>45,403,878</td>
</tr>
<tr>
<td><strong>Total Non-current Assets</strong></td>
<td></td>
<td>813,627,316</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>899,813,994</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>10,403,128</td>
</tr>
<tr>
<td>Provisions</td>
<td>23</td>
<td>2,043,864</td>
</tr>
<tr>
<td>Borrowings</td>
<td>24</td>
<td>1,595,074</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>56,964</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>14,099,030</td>
</tr>
<tr>
<td><strong>Non-current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>249,045</td>
</tr>
<tr>
<td>Provisions</td>
<td>23</td>
<td>485,486</td>
</tr>
<tr>
<td>Borrowings</td>
<td>24</td>
<td>30,208,300</td>
</tr>
<tr>
<td><strong>Total Non-current Liabilities</strong></td>
<td></td>
<td>30,942,831</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>45,041,861</td>
</tr>
<tr>
<td><strong>NET COMMUNITY ASSETS</strong></td>
<td></td>
<td><strong>854,772,133</strong></td>
</tr>
<tr>
<td><strong>Community Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shire Capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>26</td>
<td>530,152,056</td>
</tr>
<tr>
<td>Restricted capital cash funds</td>
<td>27</td>
<td>8,000,346</td>
</tr>
<tr>
<td>Asset revaluation reserve</td>
<td>28</td>
<td>258,679,809</td>
</tr>
<tr>
<td>Retained surplus (deficiency)</td>
<td>29</td>
<td>10,715,392</td>
</tr>
<tr>
<td>Other reserves</td>
<td>30</td>
<td>47,224,530</td>
</tr>
<tr>
<td><strong>Total Community Equity</strong></td>
<td></td>
<td><strong>854,772,133</strong></td>
</tr>
</tbody>
</table>

*The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.*
## CENTRAL HIGHLANDS REGIONAL COUNCIL

### Statement of Cash Flows

For the period 15 March 2008 to 30 June 2009

<table>
<thead>
<tr>
<th>Note</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

#### Cash flows from operating activities:

**Receipts**
- General rates and utility charges $43,770,737
- Sales of major services $11,451,160
- Rental and levies, fees and charges $5,268,531
- Grants, subsidies and contributions $21,723,103
- Interest received $3,390,704
- Proceeds from sales of land developed for resale $586,550
- Other income $15,502,559
- GST received $(10,695)

**Payments**
- Payments to suppliers $(50,911,063)
- Payment to employees $(32,457,608)
- Interest expense $(1,418,410)
- Costs incurred on inventory land held for sale $(2,254,338)
- GST paid -

**Net cash inflow (outflow) from operating activities** $14,641,229

#### Cash flows from investing activities:

- Grants, subsidies and contributions for capital acquisitions: $2,850,561
  - Commonwealth government grants $2,850,561
  - State Government subsidies & grants $9,930,531
  - Capital contributions $1,381,091
- Payments for property, plant and equipment $(47,367,734)
- Payments for equity investments $(3,159)
- Proceeds from sale of property plant and equipment $2,147,715
- Net movement in loans and advances $11,188

**Net cash inflow (outflow) from investing activities** $(31,049,806)

#### Cash flows from financing activities:

- Proceeds from borrowings $17,228,000
- Repayment of borrowings $(1,386,154)

**Net cash inflow (outflow) from financing activities** $15,841,846

#### Net increase (decrease) in cash held

<table>
<thead>
<tr>
<th>Note</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

- Cash transferred on the restructure of local government $67,200,667

**Cash at end of reporting period** $66,633,936

*The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.*
### CENTRAL HIGHLANDS REGIONAL COUNCIL

**Statement of Changes in Equity**

For the period 15 March 2008 to 30 June 2009

<table>
<thead>
<tr>
<th>Councils Capital Equity comprises</th>
<th>Total</th>
<th>Retained surplus</th>
<th>Other reserves</th>
<th>Restricted capital</th>
<th>Asset revaluation</th>
<th>Investment in capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of period</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Net income/loss recognised directly to equity: Revaluations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>258,679,809</td>
<td></td>
<td></td>
<td></td>
<td>258,679,809</td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss) recognised directly to the income statement:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating result in period</td>
<td>3,630,644</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital revenue from activities</td>
<td>14,162,183</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenses from activities</td>
<td>(381,236)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on restructure of local government</td>
<td>578,680,733</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net result for period</strong></td>
<td>596,092,324</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers of capital amounts arising from council activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital value contained in the gain from restructure of local government</td>
<td>-</td>
<td>(531,201,887)</td>
<td></td>
<td>15,564,819</td>
<td></td>
<td>515,637,068</td>
</tr>
<tr>
<td>Capital expenses</td>
<td>-</td>
<td>381,236</td>
<td></td>
<td></td>
<td>(381,236)</td>
<td></td>
</tr>
<tr>
<td>Unfunded depreciation</td>
<td>-</td>
<td>12,982</td>
<td></td>
<td></td>
<td>(12,982)</td>
<td></td>
</tr>
<tr>
<td>Capital revenue for asset funding transferred to general revenue</td>
<td>-</td>
<td>4,179,554</td>
<td></td>
<td></td>
<td>(4,179,554)</td>
<td></td>
</tr>
<tr>
<td>Reserves and capital funds expended on capital assets</td>
<td>-</td>
<td>(11,524,287)</td>
<td>(7,564,473)</td>
<td></td>
<td></td>
<td>19,088,760</td>
</tr>
<tr>
<td><strong>Change in capital capacity arising from council activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers between retained surplus and council reserves:</td>
<td>-</td>
<td>(526,628,115)</td>
<td>(11,524,287)</td>
<td></td>
<td>8,000,346</td>
<td></td>
</tr>
<tr>
<td>Capital revenue of cash</td>
<td>-</td>
<td>(14,162,183)</td>
<td></td>
<td>14,162,183</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General revenue funds available</td>
<td>-</td>
<td>(25,533,598)</td>
<td></td>
<td>25,533,598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from general reserves</td>
<td>-</td>
<td>(19,053,036)</td>
<td></td>
<td>19,053,036</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net transfers to (from) retained surplus</strong></td>
<td>-</td>
<td>(58,748,817)</td>
<td>58,748,817</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at end of period</strong></td>
<td>854,772,133</td>
<td>10,715,392</td>
<td>47,224,530</td>
<td>8,000,346</td>
<td>258,679,809</td>
<td>530,152,056</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.
1 Summary of Significant Accounting Policies

1. Basis of Preparation

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

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Emerald Shire, Peak Downs Shire, Duaringa Shire, Bauhinia Shire Councils’ and the Emerald Peak Downs Saleyards Board be amalgamated to form the Central Highlands Regional Council. Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Reform Implementation Regulation 2008, the Central Highlands Regional Council was formed on 15 March 2008.

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

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

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

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

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

1. Statement of Compliance

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

- the offsetting of revaluation and impairment gains and losses within a class of assets,
- the recognition of assets and liabilities of the former councils at the amounts at which they were recognised by the transferor local governments and Emerald Peak Downs Saleyards Board.
1. **Adoption of new Accounting Standards**

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

   - AASB 1004 Contributions (December 2007)
   - AASB 1051 Land Under Roads (December 2007)
   - AASB 1052 Disaggregated Disclosures (December 2007)
   - AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

   - AASB3 Business Combinations (March 2008)
   - AASB8 Operating Segments (Feb 2007)
   - AASB101 Presentation of Financial Statements (September 2007)
   - AASB123 Borrowing Costs (June 2007)
   - AASB127 Consolidated and Separate Financial Statements (March 2008)
   - AASB 1039 Concise Financial Reports (August 2008)
   - AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (February 2007)
   - AASB2007-6 Amendments to Australian Accounting Standards arising from AASB123 (June 2007)
   - AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (September 2007)
   - AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101
   - AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (February 2008)
   - AASB2008-2 Amendments to Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation (March 2008)
   - AASB2008-3 Amendments to Accounting Standards arising from AASB3 and AASB127 (March 2008)
   - AASB2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)
   - AASB2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

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

2. **Critical accounting estimates**

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

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

Notes to the Financial Statements
For the period 15 March 2008 to 30 June 2009

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

1.6 Constitution
The Central Highlands Regional Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

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

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

1.8 Changes to Accounting Policies, Estimates and Errors
Unless otherwise stated, accounting policies have been consistently applied throughout the reporting period.

1.9 Financial Assets and Financial Liabilities

Categorisation
Central Highlands Regional Council has categorised the financial assets and financial liabilities held at balance date as follows:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Categorisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Financial assets available for sale (at cost)</td>
</tr>
<tr>
<td>Shares</td>
<td>Loans and receivables (at amortised cost)</td>
</tr>
<tr>
<td>Receivables</td>
<td>As applicable</td>
</tr>
<tr>
<td>Other financial assets</td>
<td></td>
</tr>
</tbody>
</table>

Financial Liabilities

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th>Categorisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>Financial liability (at cost)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>Financial liability (at amortised cost)</td>
</tr>
<tr>
<td>Finance Lease liabilities</td>
<td>Financial liability (at amortised cost)</td>
</tr>
</tbody>
</table>

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

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in note 24 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

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

The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation.

Available for sale financial assets are measured at cost, as fair value cannot be reliably measured, therefore no fair value is disclosed.
1. **Rates, Grants and Other Revenue**

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

1. **(a) Rates**

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

1. **(b) Grants, Subsidies and Contributions**

Grants, subsidy and contribution revenues are recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

Where the Council has an obligation to use a grant, subsidy or contribution for a specified project, an equivalent amount is transferred to the constrained works reserve until the obligation is satisfied.

1. **(c) Non-Cash Contributions**

Non-cash contributions in excess of the recognition thresholds set out in note 1.17, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expense.

1. **(d) Other Revenue**

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

1. **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

1. **Receivables**

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

The collectability of receivables is assessed periodically and, if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced with provision being made for impairment. The loss is recognised in finance costs.

The amount of the provision is the difference between the asset’s carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the provision for impairment are based on all known bad debts were written-off against the provision for impairment at the end of the reporting period. Subsequent recoveries of amounts previously written off are credited against finance costs in the income statement.

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

1. **Other Financial Assets**

Other Financial Assets are recognised at cost.

1. **Inventories**

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

Inventories held for distribution are:

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

Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.
1. **Land Held for Resale**

   Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. Inventory land is treated as a current asset except where it is anticipated that a material portion of land value will not be sold within 12 months. Land held beyond 12 months is reported as non-current inventory.

   Profit arising upon sale of land is recognised in the Income Statement on the signing of a valid unconditional contract of sale.

1. **Investments**

   Financial institution deposits at call and term deposits maturing in less than twelve months, which can be immediately accessed without penalty, are treated as cash equivalents.

   Interest and dividend revenues are recognised on an accrual basis.

1. **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 $10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

   The classes of property plant and equipment recognised by the council and their respective carrying values are reported in note 20 (a).

   (a) **Major Plant**

   The Council has determined that plant which has an individual cost in excess of $1,000,000 is of high value to the Council. Plant which meets this criteria is classed as major plant which is prone to a high degree of price fluctuations or in danger of becoming obsolete. As a result, major plant is valued at fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. The council does not have any plant in

   (b) **Acquisition of Assets**

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

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

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

   (c) **Capital and operating expenditure**

   Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.
(d) Valuation

Land and improvements, buildings, infrastructure, parks and gardens, facilities and other assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets, principally items of plant and equipment and intangible assets, 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 comprehensively revaluing these assets at least once every five years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index.

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

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

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

Plant, equipment, furniture and fittings are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not differ materially from their depreciated replacement cost.

Details of valuers and methods of valuations are disclosed in Note 20 (b).

(e) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on property, plant and equipment is based on the pattern in which the asset's future economic benefits are expected to be consumed. This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the asset.

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

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 20 (a).

(f) Unfunded Depreciation

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

Notes to the Financial Statements
For the period 15 March 2008 to 30 June 2009

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

1. 18 Capital Work in Progress
The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

1. 19 Impairment of Non Current Assets
Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

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

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

1. 20 Leases
Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

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

1. 21 Payables
Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1. 22 Liabilities - Employee Benefits
Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(a) Salaries and Wages
A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees’ services up to that date. This liability represents an accrued expense and is included in note 22 as a payable.

(b) Annual Leave
A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 22 as a payable.
(c) **Sick Leave**

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

(d) **Superannuation**

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 34.

(e) **Long Service Leave**

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the Council being required to meet the liability. 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 represents an accrued expense and is reported in note 23 as a provision.

1. **Borrowings**

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are included in payables.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

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

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

1. **Council capital value**

The council's capital value represents the net carrying value of the capital assets less the amount of capital debt at the reporting date and includes the initial value of operating assets and liabilities recognised at its inception. Where the council has accumulated unspent cash arising from the funding of depreciation, this cash is restricted for the purpose of maintaining the council's capital capacity through future asset purchases and as such forms part of its capital value. Should the council have unspent QTC loan funds at the reporting date, this unspent cash is also regarded as a restricted capital asset. The asset revaluation reserve reflects the change in the capital value of the property, plant and equipment and therefore forms part of the council's total capital value.

The maintenance of the Council's capital capacity is fundamental to its long term sustainability to continue to deliver essential services to the community, it has therefore been separately identified and the change in value is reported in the Statement of Changes in Equity.

1. **Asset Revaluation Reserve**

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

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

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

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.
CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements
For the period 15 March 2008 to 30 June 2009

1. 26 Reserves held for future capital expenditure
These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future capital assets needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

1. 26 (a) Constrained Works Reserve
This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred from the reserve to the capital account. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor.

(b) Land and Improvements Reserve
This reserve is held for the purpose of funding unforeseen expenditure that may be required from time to time.

(c) Buildings Reserve
This reserve is held for the purpose of funding unforeseen expenditure that may be required from time to time.

(d) Plant and Equipment Reserve
This reserve is held for the purpose of funding expenditure on major items of plant or equipment that need to be purchased or replaced.

(e) Roads Reserve
This reserve holds funds to contribute to the replacement of Council's road network in the future.

(f) Water Reserve
This reserve holds funds to contribute to the funding of new water infrastructure and unforeseen water supply costs.

(g) Sewerage Reserve
This reserve holds funds to contribute to the funding of new sewerage infrastructure and unforeseen sewer infrastructure costs.

(h) Facilities Reserve
This reserve holds funds to provide a contingency amount to offset any major unforeseen developments.

(i) Carry Over Capital Projects Reserve
Funds are held in this reserve to provide funding for committed capital projects.

(j) Quarry Road Reserve
This reserve holds funds to contribute to the funding of roads damaged by quarry activity.

1. 27 Reserves held for funding future recurrent expenditure:
These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(a) Recurrent Projects Reserve
This reserve holds funds to provide funding for future operating projects.

1. 28 Retained surplus
The retained surplus represents that part of the Council’s equity, that is cash backed and not identified to meet specific future funding needs at the reporting date. The balance of this account represents the cumulative unrestricted surplus amount available to Council that may be used as a general funding source to be offset against expenditure in the following year or, if a deficit, the additional amount of revenue required to be raised to achieve a total overall balanced funding position. In accordance with the Queensland Local Government Finance Standards all Councils must demonstrate the ability to recover any retained deficits in future years through the budget process.
1. **National Competition Policy**
   The Council is reviewing the activities to which the code of competitive conduct will apply and these will included in the next reporting period.

1. **Rounding and Comparatives**
   Amounts included in the financial statements have been rounded to the nearest $1 or, where that amount is $0.50 or less, to zero.

   Comparative figures have not been provided as Central Highlands Regional Council commenced operation on 15 March 2008 and the financial statements cover the period 15 March 2008 to 30 June 2009.

1. **Financial Risk Management**
   The Council minimises its exposure to financial risk in the following ways:

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

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

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

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

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

   The monies are disclosed in the notes to the financial statements for information purposes only. For details see note 35.

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

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

   The council pays payroll tax to the Queensland Government on certain activities.
### Analysis of results by function

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

<table>
<thead>
<tr>
<th>Functions</th>
<th>Income Grants</th>
<th>Other</th>
<th>Total income</th>
<th>Total expenses</th>
<th>Net result for period</th>
<th>Assets 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Services &amp; Executive Management</td>
<td>9,935,936</td>
<td>32,962,157</td>
<td>42,898,093</td>
<td>9,037,698</td>
<td>33,860,395</td>
<td>84,151,006</td>
</tr>
<tr>
<td>Governance &amp; Community Services</td>
<td>3,733,002</td>
<td>2,431,734</td>
<td>6,164,736</td>
<td>13,113,556</td>
<td>(6,948,820)</td>
<td>145,014,473</td>
</tr>
<tr>
<td>Planning, Development &amp; Environment</td>
<td>111,213</td>
<td>2,096,086</td>
<td>2,207,299</td>
<td>4,449,811</td>
<td>(2,242,512)</td>
<td>1,183,693</td>
</tr>
<tr>
<td>Civil Operations</td>
<td>17,393,803</td>
<td>19,674,074</td>
<td>37,067,877</td>
<td>7,607,315</td>
<td>385,453,720</td>
<td>23,460,020</td>
</tr>
<tr>
<td>Road Network</td>
<td>646,656</td>
<td>1,325,721</td>
<td>1,972,377</td>
<td>7,607,315</td>
<td>(5,634,938)</td>
<td>385,453,720</td>
</tr>
<tr>
<td>Commercial Services</td>
<td>-</td>
<td>687,469</td>
<td>687,469</td>
<td>968,691</td>
<td>(281,222)</td>
<td>6,311,324</td>
</tr>
<tr>
<td>Fleet, Depot &amp; Workshop</td>
<td>285,414</td>
<td>58,608</td>
<td>344,022</td>
<td>1,132,260</td>
<td>(788,238)</td>
<td>32,443,450</td>
</tr>
<tr>
<td>Saleyards</td>
<td>-</td>
<td>448,743</td>
<td>448,743</td>
<td>353,562</td>
<td>95,181</td>
<td>7,128,176</td>
</tr>
<tr>
<td>Aerodrome</td>
<td>1,523,067</td>
<td>2,848,326</td>
<td>4,371,393</td>
<td>731,265</td>
<td>3,640,128</td>
<td>10,450,271</td>
</tr>
<tr>
<td>Quarries</td>
<td>-</td>
<td>8,162,863</td>
<td>8,162,863</td>
<td>6,557,826</td>
<td>1,605,037</td>
<td>829,511</td>
</tr>
<tr>
<td>Waste Management</td>
<td>53,937</td>
<td>3,795,985</td>
<td>3,849,922</td>
<td>4,322,440</td>
<td>(472,518)</td>
<td>2,476,613</td>
</tr>
<tr>
<td>Sewerage</td>
<td>280,428</td>
<td>5,027,239</td>
<td>5,307,667</td>
<td>4,115,513</td>
<td>1,192,154</td>
<td>91,124,245</td>
</tr>
<tr>
<td>Water</td>
<td>230,175</td>
<td>9,106,643</td>
<td>9,336,818</td>
<td>8,362,273</td>
<td>974,545</td>
<td>109,787,493</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34,193,631</td>
<td>88,625,648</td>
<td>122,819,279</td>
<td>105,407,688</td>
<td>17,411,591</td>
<td>899,813,994</td>
</tr>
</tbody>
</table>
2 (b) Components of council functions

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

**Corporate Services & Executive Management**

- The Corporate Services and Executive Management is responsible for the corporate planning, regional development, community liaison, economic development and oversight of Council.
- It is responsible also for information technology, records management, customer service, financial planning, revenue collection, stores operations and business support to all other areas of Council.

**Governance & Community Services**

- The Governance function is responsible for ensuring that Council follows due process in its deliberations and the Community Services function focuses on community needs and expectations to ensure that these are considered and met within Council's resource availability including library, civic halls, sporting facilities strategy, arts and culture, heritage, community development, youth development, event staging, aged care, swimming pools and public safety are also monitored.

**Planning, Development & Environment**

- The Planning, Development and Environment functions are responsible for ensuring community receptive development within policy guidelines including State and Federal legislation. Environmental health, stock route control, plant and animal control, rural services, strategic planning, building regulation, plumbing regulation, development regulation and town planning are all areas covered by this department.

**Civil Operations**

- The Civil Operations function provides technical support to the other major functions of Council in areas such as roads, bridges, cemeteries, parks, footpaths and bikeways, flood control, and other infrastructure.

**Road Network**

- The road network function is responsible for the maintenance of the existing network and constructing road infrastructure requirements for the needs of today and the future.

**Commercial Services**

- The Commercial Services function is responsible for the operation of Council's commercial businesses, including the following:-

**Fleet, Depot & Workshop**

- This function is responsible for the purchase, operation and maintenance of Council's plant and equipment fleet which is hired by other Council functions, as required.

**Saleyards**

- The sale yards function is responsible for the provision and maintenance of facilities for the local producers to sell their livestock.
2  (b) Components of council functions - continued

**Aerodrome**
This function is responsible for the operation and maintenance of Council's airport facilities across the region.

**Quarries**
This function provides quarry products for engineering projects such as road and building development.

**Waste Management**
This function is responsible for the provision of Council's waste collection, recycling service and refuse tip facilities.

**Sewerage**
This function is responsible for the provision of Council's sewerage connection, collection, disposal and treatment services.

**Water**
This function is responsible for the provision of Council's water supply including quality measurement, connection and treatment services.
### 3 Revenue analysis

#### (a) Rates and levies

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General rates</td>
<td>31,894,600</td>
</tr>
<tr>
<td>Separate rates</td>
<td>27,566</td>
</tr>
<tr>
<td>Special rates</td>
<td>105,049</td>
</tr>
<tr>
<td>Water</td>
<td>6,025,043</td>
</tr>
<tr>
<td>Water consumption, rental and sundries</td>
<td>3,176,314</td>
</tr>
<tr>
<td>Sewerage</td>
<td>4,353,588</td>
</tr>
<tr>
<td>Sewerage charges</td>
<td>685,840</td>
</tr>
<tr>
<td>Waste management</td>
<td>2,959,375</td>
</tr>
<tr>
<td>Garbage charges</td>
<td>905,834</td>
</tr>
<tr>
<td>Rates and utility charge revenue</td>
<td>50,133,209</td>
</tr>
<tr>
<td>Less: Discounts</td>
<td>(3,891,819)</td>
</tr>
<tr>
<td>Less: Pensioner remissions</td>
<td>(395,373)</td>
</tr>
<tr>
<td>Net rates and utility charges</td>
<td>45,846,017</td>
</tr>
</tbody>
</table>

#### (b) Sales of major services

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarry materials</td>
<td>8,612,189</td>
</tr>
<tr>
<td>Airport charges</td>
<td>2,401,923</td>
</tr>
<tr>
<td>Saleyard services</td>
<td>437,048</td>
</tr>
<tr>
<td></td>
<td>11,451,160</td>
</tr>
</tbody>
</table>

#### (c) Rental and levies

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and property rentals</td>
<td>87,418</td>
</tr>
<tr>
<td>Community housing rental income</td>
<td>10,713</td>
</tr>
<tr>
<td>Other property lease income</td>
<td>75,138</td>
</tr>
<tr>
<td></td>
<td>173,269</td>
</tr>
</tbody>
</table>

#### (d) Interest received

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>3,076,158</td>
</tr>
<tr>
<td>Other sources</td>
<td>1,490</td>
</tr>
<tr>
<td>Over due rates and utility charges</td>
<td>319,587</td>
</tr>
<tr>
<td></td>
<td>3,397,235</td>
</tr>
</tbody>
</table>

#### (e) Sales of contract and recoverable works

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>20,356,557</td>
</tr>
<tr>
<td></td>
<td>20,356,557</td>
</tr>
</tbody>
</table>

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

There are no contracts in progress at the period end.

The contract work carried out is not subject to retentions.
3 Revenue analysis - continued

(f) Other recurrent income

<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Income</td>
<td>1,295,446</td>
</tr>
</tbody>
</table>

4 Grants, subsidies, contributions and donations

(i) Recurrent - grants and subsidies, other contributions and donations are analysed as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>General purpose grants</td>
<td>12,690,199</td>
</tr>
<tr>
<td>State Government subsidies &amp; grants</td>
<td>8,722,340</td>
</tr>
<tr>
<td>Donations</td>
<td>1,000</td>
</tr>
<tr>
<td>Contributions</td>
<td>197,048</td>
</tr>
<tr>
<td>Total recurrent revenue</td>
<td>21,610,587</td>
</tr>
</tbody>
</table>

(ii) Capital - grants and subsidies, and other contributions are analysed as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary revenue constrained for capital purposes:</td>
<td></td>
</tr>
<tr>
<td>Commonwealth government grants</td>
<td>2,850,561</td>
</tr>
<tr>
<td>State Government subsidies &amp; grants</td>
<td>9,930,531</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,381,091</td>
</tr>
<tr>
<td>Total capital revenue</td>
<td>14,162,183</td>
</tr>
</tbody>
</table>

(iii) Conditions over contributions

Grants and contributions which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants for infrastructure</td>
<td>4,882,425</td>
</tr>
<tr>
<td>Contributions for infrastructure</td>
<td>1,754,224</td>
</tr>
<tr>
<td>Total</td>
<td>6,636,649</td>
</tr>
</tbody>
</table>

5 Gain (loss) on the disposal of inventory land developed for resale

<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales of land developed for resale</td>
<td>586,550</td>
</tr>
<tr>
<td>Current cost of developed land sold</td>
<td>(96,169)</td>
</tr>
<tr>
<td>Total</td>
<td>490,381</td>
</tr>
</tbody>
</table>
6 Gain (loss) on the disposal of capital assets

(a) Proceeds from the sale of property, plant and equipment 2,001,015
   Less: Book value of property, plant and equipment sold (2,211,873)
   .............................................................. (210,857)

(b) Proceeds from the sale of land and improvements 146,700
   Less: Book value of land and improvements sold (165,000)
   .............................................................. (18,300)

Total gain (loss) on the disposal of capital assets 12 (229,157)

7 Gain on restructure of local government

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

Net result attributable to Council 596,092,324
Less:
   Assets and liabilities transferred from abolished councils 7 (c) 569,793,717
   Adjustment for unrecognised assets 7 (b) 8,887,016
   Net gain on restructure of local government 7 (c) 578,680,733

Net result before gain on restructure of local government 17,411,591

(b) Adjustments due to accounting policy alignment

Property, Plant and Equipment 20 (1,495,079)

Central Highlands Regional Council adopted an asset recognition threshold for assets, other than land and plant and equipment, of $10,000. This resulted in the derecognition of assets transferred from the former Councils where the gross value fell below the asset recognition threshold.
(b) Adjustments due to accounting policy alignment - continued

Other Liabilities

In 2007, the former council, Peak Downs Shire Council, received a grant of $11,500,000 from Auslink which it treated as a grant in advance liability pending a share distribution to other participating neighbouring shires involved in upgrading a state government road. This amount was also recorded as a grant in advance as at 14/03/2008 by the council as neither distribution of the funds nor commencement of project had not occurred at that date. An audit ruling has determined that in accordance with AASB 1004 Contributions, the amount should have been recorded as revenue in the year it was received and not a grant in advance liability. This was an error in the financial statements of Peak downs Shire Council. After a distribution of funds to the Isaac Regional Council the the balance of funds are now recorded in the constrained works reserve pending commencement of the project.

Restoration Provision

During a review of the provisions transferred from the abolished councils it was found that the small future refuse rehabilitation provisions did not meet the new council's policy of certainty as to future cost and materiality. The provisions have been derecognised against the gain arising from abolished councils.
Net gain on assets transferred from abolished councils

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Emerald Shire, Peak Downs Shire, Duaringa Shire, Bauhinia Shire Councils’ and the Emerald Peak Downs Saleyards Board be amalgamated to form the Central Highlands Regional Council.

Pursuant to Part 1B of the Local Government Act 1993 and in accordance with the Local Government Reform Implementation Regulation 2008 the amalgamation was effective from the changeover date of 15 March 2008.

The Local Government Reform Implementation Regulation 2008 and the Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No. 1) 2008 transferred the assets and liabilities of the former Councils (referred to paragraph 1), to the Central Highlands Regional Council as at changeover date. The assets and liabilities of the former councils have been recognised at the amounts at which they were recognised by the transferor local governments as at the changeover day.

Central Highlands Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008.

Details are as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Emerald Shire Council</th>
<th>Peak Downs Shire Council</th>
<th>Duaringa Shire Council</th>
<th>Bauhinia Shire Council</th>
<th>Emerald Peak Downs Saleyards Board</th>
<th>Total gain recognised by council</th>
<th>Adjustments due to accounting restructure of local government</th>
<th>Net Gain on restructuring of local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$26,973,888</td>
<td>$28,526,063</td>
<td>$6,341,222</td>
<td>$5,013,125</td>
<td>$346,369</td>
<td>$67,200,667</td>
<td>$67,200,667</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,741,536</td>
<td>$2,356,980</td>
<td>$2,106,230</td>
<td>$1,314,034</td>
<td>$54,147</td>
<td>$9,572,927</td>
<td>$9,572,927</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>$619,167</td>
<td>$822,603</td>
<td>$98,506</td>
<td>$232,835</td>
<td>-</td>
<td>$1,773,111</td>
<td>$1,773,111</td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>$154,920</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$189,528</td>
<td>$189,528</td>
<td></td>
</tr>
<tr>
<td>Non-current assets held for resale</td>
<td>$839,859</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$839,859</td>
<td>$839,859</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current assets</th>
<th>Emerald Shire Council</th>
<th>Peak Downs Shire Council</th>
<th>Duaringa Shire Council</th>
<th>Bauhinia Shire Council</th>
<th>Emerald Peak Downs Saleyards Board</th>
<th>Total gain recognised by council</th>
<th>Adjustments due to accounting restructure of local government</th>
<th>Net Gain on restructuring of local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>$5,012</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$5,012</td>
<td>$5,012</td>
<td></td>
</tr>
<tr>
<td>Investment property</td>
<td>$183,603,105</td>
<td>$125,338,025</td>
<td>$117,315,859</td>
<td>$85,201,082</td>
<td>$4,364,163</td>
<td>$515,822,234</td>
<td>$514,327,155</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>$4,085,945</td>
<td>$1,547,450</td>
<td>$1,867,075</td>
<td>$2,753,914</td>
<td>-</td>
<td>$10,254,384</td>
<td>$10,254,384</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>$187,695,051</td>
<td>$126,890,487</td>
<td>$119,182,934</td>
<td>$87,954,996</td>
<td>$4,364,163</td>
<td>$526,087,631</td>
<td>$524,592,552</td>
<td></td>
</tr>
</tbody>
</table>

| Total assets | $219,029,642 | $158,751,053 | $127,728,892 | $95,389,457 | $4,764,679 | $605,663,723 | $604,168,644 | 

| Current liabilities | $3,670,481 | $926,543 | $1,428,202 | $1,045,496 | $52,496 | $7,123,218 | $7,123,218 | 

| Borrowings | $1,022,591 | - | $297,693 | $29,526 | $15,739 | $1,273,778 | $1,273,778 | 

| Provisions | $207,808 | $11,019,730 | $21,580 | $557,018 | $261,196 | $262,365 | $262,365 | 

| Other | $4,900,880 | $11,946,273 | $1,747,475 | $1,075,022 | $68,235 | $19,737,885 | $19,737,885 | 

| Total liabilities | $18,545,096 | $12,512,408 | $2,754,638 | $1,856,081 | $201,783 | $35,870,006 | $35,870,006 | 

| Net gain from assets transferred | $200,484,546 | $146,238,645 | $124,974,254 | $93,533,376 | $4,562,896 | $569,793,717 | $578,680,733 |
8 **Employee benefits**

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>$</td>
</tr>
<tr>
<td>Employee benefits</td>
<td></td>
</tr>
<tr>
<td>Operational staff wages and salaries</td>
<td>24,089,357</td>
</tr>
<tr>
<td>Councillors' remuneration</td>
<td>822,549</td>
</tr>
<tr>
<td>Annual, sick and long service leave entitlements</td>
<td>4,614,675</td>
</tr>
<tr>
<td>Superannuation</td>
<td>3,061,000</td>
</tr>
<tr>
<td>34</td>
<td></td>
</tr>
<tr>
<td>32,587,581</td>
<td></td>
</tr>
<tr>
<td>Other employee related expenses</td>
<td>1,515,149</td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>34,102,730</td>
<td></td>
</tr>
</tbody>
</table>

Wages and salaries exclude capitalised wages charged to the construction of capital assets.

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

Total Council employees at June 2009:

<table>
<thead>
<tr>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected members</td>
</tr>
<tr>
<td>Administration staff</td>
</tr>
<tr>
<td>Depot and outdoors staff</td>
</tr>
<tr>
<td>Total full time equivalent employees</td>
</tr>
</tbody>
</table>

9 **Materials and services**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit services</td>
<td>179,707</td>
</tr>
<tr>
<td>Administration, legal and insurance</td>
<td>1,112,890</td>
</tr>
<tr>
<td>Maintenance material and services</td>
<td>12,389,202</td>
</tr>
<tr>
<td>External Works material and services</td>
<td>9,829,781</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,028,816</td>
</tr>
<tr>
<td>Grants paid</td>
<td>1,081,931</td>
</tr>
<tr>
<td>Donations/precepts paid</td>
<td>65,239</td>
</tr>
<tr>
<td>Waste management and disposal</td>
<td>4,080,015</td>
</tr>
<tr>
<td>Asset operational materials and services</td>
<td>9,385,247</td>
</tr>
<tr>
<td>Rentals - Operating leases</td>
<td>107,792</td>
</tr>
<tr>
<td>Operational material and services</td>
<td>13,603,633</td>
</tr>
<tr>
<td>53,864,253</td>
<td></td>
</tr>
</tbody>
</table>

10 **Finance costs**

<table>
<thead>
<tr>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance costs charged by the Queensland Treasury Corporation</td>
</tr>
<tr>
<td>Bank charges</td>
</tr>
<tr>
<td>Impairment of receivables</td>
</tr>
<tr>
<td>2,478,194</td>
</tr>
</tbody>
</table>
### CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the period 15 March 2008 to 30 June 2009

<table>
<thead>
<tr>
<th>2009 Actual</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

#### 11 Depreciation

**Depreciation of non-current assets**

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>1,178,288</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>3,258,072</td>
</tr>
<tr>
<td>Office Furniture and Fittings</td>
<td>194,445</td>
</tr>
<tr>
<td>Road, drainage and bridge network</td>
<td>5,597,565</td>
</tr>
<tr>
<td>Water</td>
<td>1,874,066</td>
</tr>
<tr>
<td>Sewerage</td>
<td>1,456,828</td>
</tr>
<tr>
<td>Parks and gardens</td>
<td>173,968</td>
</tr>
<tr>
<td>Facilities</td>
<td>749,609</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,264</td>
</tr>
</tbody>
</table>

**Unfunded Depreciation**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12 Capital expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on the sale of capital assets</td>
</tr>
<tr>
<td>Loss on write-off of non-current assets</td>
</tr>
</tbody>
</table>

**Total capital expenses**

| 381,236 |

<table>
<thead>
<tr>
<th>13 Write off of capital assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road, drainage and bridge network</td>
</tr>
<tr>
<td>Water</td>
</tr>
<tr>
<td>Parks and gardens</td>
</tr>
</tbody>
</table>

**Total write off of capital assets**

| 152,078 |

#### 14 Cash assets and cash equivalents

| 1.11 |

| 13,071,688 |
| 8,330 |
| 53,553,918 |
| 66,633,936 |

**Externally imposed expenditure restrictions at the reporting date**

| 30 (i) |

| 16,603,169 |
| 9,389,631 |
| 25,992,800 |

Cash and deposits at call are held in the Westpac Bank in normal business cheque account and by investment with various institutions including QTC, Queensland Country Credit Union, Credit Union of Australia, National Australia Bank and the ANZ Bank.
15 Trade and other receivables

(a) Current

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rateable revenue and utility charges</td>
<td>3,073,194</td>
</tr>
<tr>
<td>Water charges yet to be levied</td>
<td>1,749,291</td>
</tr>
<tr>
<td>GST recoverable</td>
<td>237,953</td>
</tr>
<tr>
<td>Other debtors</td>
<td>9,780,538</td>
</tr>
<tr>
<td>Less: Impairment provision</td>
<td>(358,479)</td>
</tr>
<tr>
<td>Loans and advances to community organisations</td>
<td>4,583</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,482,498</strong></td>
</tr>
</tbody>
</table>

(b) Non-current

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to community organisations</td>
<td>3,131</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,131</strong></td>
</tr>
</tbody>
</table>

Interest is charged on outstanding rates at a rate of 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.

All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

16 Inventories

(a) Current

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories held for sale:</td>
<td></td>
</tr>
<tr>
<td>Capella Cultural Centre Stock</td>
<td>15,274</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,274</strong></td>
</tr>
</tbody>
</table>

Inventories for internal distribution:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and materials</td>
<td>627,846</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>627,846</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land purchased for development and sale</td>
<td>3,630,464</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,273,584</strong></td>
</tr>
</tbody>
</table>
17 Land purchased for development and sale

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>1.15</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value acquired from abolished councils</td>
<td>1,472,295</td>
</tr>
<tr>
<td>Land acquired in period</td>
<td>2,254,338</td>
</tr>
<tr>
<td>Less: Cost of developed land sold</td>
<td>(96,169)</td>
</tr>
<tr>
<td>Closing balance at period end</td>
<td>3,630,464</td>
</tr>
</tbody>
</table>

Land purchased for development and sale is valued at the lower of cost and net realisable value.

18 Other financial assets

19 Equity investments

19 Equity investments

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share investment in Emerald Co-operative Society Ltd</td>
<td>9,160</td>
</tr>
</tbody>
</table>

Reconciliation of the carrying amount at the beginning and end of the current and previous period is set out below:

**Share investment in Emerald Co-operative Society Ltd**

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value transferred from abolished council</td>
<td>6,001</td>
</tr>
<tr>
<td>Cash injected in investment during period.</td>
<td>3,159</td>
</tr>
<tr>
<td>Fair value at the period end</td>
<td>9,160</td>
</tr>
</tbody>
</table>

Fair value has been determined at cost. There is no open market trading in these shares.
### CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements
For the period 15 March 2008 to 30 June 2009

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

<table>
<thead>
<tr>
<th>Basis of measurement</th>
<th>Valuation</th>
<th>Valuation</th>
<th>Cost</th>
<th>Cost</th>
<th>Valuation</th>
<th>Valuation</th>
<th>Valuation</th>
<th>Valuation</th>
<th>Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Values</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of assets transferred from abolished councils</td>
<td>15,453,313</td>
<td>63,068,036</td>
<td>24,813,966</td>
<td>1,577,790</td>
<td>257,762,022</td>
<td>70,064,500</td>
<td>44,847,533</td>
<td>2,830,341</td>
<td>35,577,162</td>
</tr>
<tr>
<td>Adjustment for change in asset recognition threshold</td>
<td>(16,012)</td>
<td>-</td>
<td>(717,105)</td>
<td>(763,418)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>-</td>
<td>649,214</td>
<td>7,188,248</td>
<td>14,717</td>
<td>3,727,487</td>
<td>63,854</td>
<td>137,200</td>
<td>2,830,341</td>
<td>12,218</td>
</tr>
<tr>
<td>Disposals</td>
<td>(165,000)</td>
<td>-</td>
<td>(2,402,538)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Write-offs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(83,456)</td>
<td>(11,758)</td>
<td>-</td>
<td>(56,865)</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation adjustment to the ARR</td>
<td>35,209,199</td>
<td>28,959,250</td>
<td>-</td>
<td>-</td>
<td>158,789,927</td>
<td>63,450,985</td>
<td>58,519,141</td>
<td>4,975,201</td>
<td>26,302,618</td>
</tr>
<tr>
<td><strong>Closing gross value</strong></td>
<td>50,481,500</td>
<td>92,312,500</td>
<td>28,802,571</td>
<td>829,089</td>
<td>420,195,979</td>
<td>133,567,582</td>
<td>103,143,874</td>
<td>8,110,205</td>
<td>62,035,772</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated depreciation and impairment</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Correction to opening balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation provided in period</td>
<td>-</td>
<td>1,178,288</td>
<td>3,258,072</td>
<td>194,445</td>
<td>5,597,565</td>
<td>1,874,066</td>
<td>1,456,828</td>
<td>173,968</td>
<td>749,609</td>
<td>2,264</td>
<td>14,485,106</td>
</tr>
<tr>
<td>Depreciation on disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(190,666)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(190,666)</td>
</tr>
<tr>
<td>Revaluation adjustment to the ARR</td>
<td>-</td>
<td>11,331,668</td>
<td>-</td>
<td>-</td>
<td>55,199,261</td>
<td>25,084,665</td>
<td>18,608,961</td>
<td>1,124,593</td>
<td>5,813,364</td>
<td>-</td>
<td>117,162,512</td>
</tr>
<tr>
<td>Closing accumulated depreciation and impairment balance</td>
<td>-</td>
<td>12,509,956</td>
<td>3,067,407</td>
<td>194,445</td>
<td>60,796,826</td>
<td>26,958,731</td>
<td>20,065,789</td>
<td>1,298,561</td>
<td>6,562,973</td>
<td>2,264</td>
<td>131,456,953</td>
</tr>
</tbody>
</table>

| Net value at 30 June 2009 | 50,481,500 | 79,802,544 | 25,735,164 | 634,644 | 359,399,151 | 106,608,851 | 83,078,085 | 6,811,644 | 55,472,799 | 186,764 | 768,211,147 |
| Range of estimated useful life in years | Not depreciated | 30 - 100 | 3 - 20 | 3 - 20 | 10 - 100 | 20 - 80 | 12 - 100 | 10 - 50 | 30 - 100 | 7 - 100 |
20 (b) Property, plant and equipment valuations were determined by reference to the following:

Land and Improvements
Valuation of land, being the current fair value, was provided by Mr D. Atherton, BBus. (R.E. & Dev.) Registered Valuer # 2962 and Mr B. Kingsberry, BAppSci (Property Economics) Registered Valuer # 3042 from APV Valuers and Asset Management at 15 March 2008.

Buildings
Valuation of buildings being the current fair value, was provided by Mr D. Atherton, BBus. (R.E. & Dev.) Registered Valuer # 2962 and Mr B. Kingsberry, BAppSci (Property Economics) Registered Valuer # 3042 from APV Valuers and Asset Management at 15 March 2008.

Plant and Equipment
Other plant, equipment furniture and fittings is measured at original cost less accumulated depreciation. Plant and equipment under the value of $1,000,000 and mobile plant and equipment with an expected life of under five years is not revalued.

Infrastructure
Road, Drainage and Bridge Network
Valuation of this infrastructure, being the current fair value was provided by Mr J. Deac B.Eng. Plant & Machinery Valuer from APV Valuers and Asset Management at 15 March 2008.

Water and Sewerage Infrastructure -
Valuation of water and sewerage infrastructure, being the current fair value was provided by Mr J. Deac B.Eng. Plant & Machinery Valuer from APV Valuers and Asset Management at 15 March 2008.

Parks and Gardens
Valuation of this asset class, being the current fair value was provided by Mr D. Atherton, BBus. (R.E. & Dev.) Registered Valuer # 2962 and Mr B. Kingsberry, BAppSci (Property Economics) Registered Valuer # 3042 from APV Valuers and Asset Management at 15 March 2008.
20. Property, plant and equipment valuations were determined by reference to the following: - continued

Facilities and Other Assets
Valuation of these asset classes, being the current fair value was provided by Mr D. Atherton, BBus. (R.E. & Dev.)Registered Valuer # 2962 and Mr B. Kingsberry, BAppSci (Property Economics) Registered Valuer # 3042 from APV Valuers and Asset Management at 15 March 2008.

21. Capital work in progress

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>1.18</td>
<td>45,403,878</td>
</tr>
</tbody>
</table>

22. Trade and other payables

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>1.21</td>
<td></td>
</tr>
</tbody>
</table>

   Current
   - Accruals 1.289,068
   - Creditors 6,249,296
   - Annual leave 1.22(b) 2,864,764

   Non Current
   - Annual leave 1.22(b) 249,045

   Total 10,403,128


<table>
<thead>
<tr>
<th>Note</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>1.22(e)</td>
<td></td>
</tr>
</tbody>
</table>

   Current
   - Long service leave 1.22(e) 2,043,864

   Non-Current
   - Long service leave 1.22(e) 485,486

   Total 2,529,350

   Details of movements in provisions:
   - Long service leave
     - Balance transferred from abolished councils 2,302,691
     - Net movement during the reporting period 226,659
     - Balance at the end of period 2,529,350

24. Borrowings

   (a) Bank overdraft
The council has an approved overdraft facility with the Westpac Banking Corporation of: 1,000,000
The unexpired balance (excess) of the facility at the reporting date was: 1,000,000
This facility is available in the next reporting period.
Notes to the Financial Statements
For the period 15 March 2008 to 30 June 2009

(b) Unsecured borrowings
Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in $A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 16 March 2010 to 1 June 2029. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

(c) Secured borrowings
The council has no secured borrowings.

Details of borrowings at balance date are:

<table>
<thead>
<tr>
<th>Current</th>
<th>Non Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland Treasury Corporation</td>
<td>Queensland Treasury Corporation</td>
</tr>
<tr>
<td>1,595,074</td>
<td>30,208,300</td>
</tr>
</tbody>
</table>

Details of movements in borrowings:

<table>
<thead>
<tr>
<th>Queensland Treasury Corporation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans raised</td>
<td>17,228,000</td>
</tr>
<tr>
<td>Loans recognised on the restructure of local government</td>
<td>15,961,528</td>
</tr>
<tr>
<td>Principal repayments</td>
<td>(1,386,154)</td>
</tr>
<tr>
<td>Book value at period end</td>
<td>31,803,374</td>
</tr>
<tr>
<td>Classified as:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>1,595,074</td>
</tr>
<tr>
<td>Non-current</td>
<td>30,208,300</td>
</tr>
<tr>
<td></td>
<td>31,803,374</td>
</tr>
</tbody>
</table>

The loan market value at the reporting date was $32,263,313. This represents the value of the debt if the Council repaid it at that date. As it is the intention of the Council to hold the debt for its full term, no provision is required to be made in these accounts.

Borrowings are all in Australian dollars and are underwritten by the Queensland State Government.

25 Other liabilities

<table>
<thead>
<tr>
<th>Current</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and subsidies received in advance</td>
<td>56,964</td>
</tr>
<tr>
<td></td>
<td>56,964</td>
</tr>
</tbody>
</table>
26 Council Capital

(i) Calculation of capital value and retained surplus:

Cash and cash equivalents: 66,633,937
Less restricted cash:
- Reserves (excluding the asset revaluation): (47,224,530)
- Unspent depreciation capital fund reserve: (8,000,346)
- Revenue received in advance: (56,964)
- Working capital cash (including employee entitlements): (636,705)
Retained surplus (deficit) available for distribution: 29,101,715,392
Council capital: (ii) 530,152,056
Total capital and retained surplus at end of period: 540,867,448

(ii) Movement in council capital

Adjustments from (to) retained surplus:
- Transfer to retained surplus capital expenses in the period: (381,236)
- Unspent capital revenue transferred to retained surplus: (4,179,554)
- Transfer (to) retained surplus for unfunded depreciation: (12,982)
- Capital value gained on restructure of local government: 515,637,068
Total transfers (to) from retained surplus: 511,063,296
- Transfer from note 27 (i) Unspent depreciation expended in period: 5,307,489
- Transfer from note 27 (ii) Unspent loan cash expended in period: 2,256,984
- Transfers from the constrained works reserve: 10,810,419
- Transfers from the plant and equipment reserve: 497,868
- Transfers from the facilities reserve: 216,000
Total transfers (to) from reserves: 19,088,760
Balance at period end: 530,152,056

The amount by which the Council has increased (decreased) its capital capacity to deliver future services to the community before inflation adjustments: 530,152,056

27 Restricted capital cash funds

This cash forms part of shire capital and represent cash held at the reporting date restricted to the future funding of capital assets.

(i) Unspent depreciation cash

- Balance acquired on local government reform: 13,307,835
- Cash unspent (expended) in period: (5,307,489)
- Balance at end of period: 8,000,346
27 Restricted capital cash funds - continued

(ii) Unspent loan capital cash

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance acquired on local government reform</td>
<td>2,256,984</td>
</tr>
<tr>
<td>Cash unspent (expended) in period.</td>
<td>(2,256,984)</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>-</td>
</tr>
<tr>
<td>Total restricted capital cash funds</td>
<td>8,000,346</td>
</tr>
</tbody>
</table>

28 (i) Asset revaluation reserve

Movements in the asset revaluation reserve were as follows:

Balance at beginning of period: -

Net adjustment to non-current assets charged to the reserve:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Adjustment</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Improvements</td>
<td>35,209,199</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>17,263,582</td>
<td></td>
</tr>
<tr>
<td>Road, drainage and bridge network</td>
<td>103,590,665</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>38,366,320</td>
<td></td>
</tr>
<tr>
<td>Sewerage</td>
<td>39,910,180</td>
<td></td>
</tr>
<tr>
<td>Parks and gardens</td>
<td>3,850,608</td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td>20,489,254</td>
<td></td>
</tr>
</tbody>
</table>

Balance at end of the year: 258,679,809

(ii) Asset revaluation reserve analysis

The closing balance of the asset revaluation reserve is comprised of the following asset categories:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Improvements</td>
<td>35,209,199</td>
</tr>
<tr>
<td>Buildings</td>
<td>17,263,582</td>
</tr>
<tr>
<td>Road, drainage and bridge network</td>
<td>103,590,665</td>
</tr>
<tr>
<td>Water</td>
<td>38,366,320</td>
</tr>
<tr>
<td>Sewerage</td>
<td>39,910,180</td>
</tr>
<tr>
<td>Parks and gardens</td>
<td>3,850,608</td>
</tr>
<tr>
<td>Facilities</td>
<td>20,489,254</td>
</tr>
</tbody>
</table>

Closing balance: 258,679,809
## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the period 15 March 2008 to 30 June 2009

<table>
<thead>
<tr>
<th>2009 Actual</th>
<th>Note</th>
<th>$</th>
</tr>
</thead>
</table>

### 29 Retained surplus

#### Movement in retained surplus
- Net result attributable to council: 596,092,324
- Transfers (to) from capital account:
  - Transfer of capital expenses: 381,236
  - Unspent capital revenue transferred from capital: 4,179,554
  - Adjustment for unfunded depreciation: 12,982
  - Transfer the capital value arising from the local government reform: (531,201,887)
- Net capital account transfers: (526,628,115)
- Transfer from (to) the constrained works reserve: (36,803,219)
- Retained surplus (deficiency) available for transfer to reserves: 32,660,990
- Transfers (to) from reserves for future capital funding purposes:
  - Land and improvements reserve: (277,468)
  - Buildings reserve: (1,540,104)
  - Plant and equipment reserve: (1,960,262)
  - Roads reserve: (579,083)
  - Water reserve: (4,332,249)
  - Sewerage reserve: (3,240,821)
  - Facilities reserve: (1,657,641)
  - Carry Over Capital projects reserve: (7,716,000)
  - Quarry Road reserve: (588,000)
- Transfers (to) from reserves for future general funding purposes:
  - Recurrent Projects reserve: (53,970)

### 30 Other reserves

#### (a) Summary of reserves held for funding future capital expenditure:
- Constrained Works Reserve: 25,992,800
- Land and Improvements Reserve: 277,468
- Buildings Reserve: 1,540,104
- Plant and Equipment Reserve: 1,462,394
- Roads Reserve: 579,083
- Water Reserve: 4,332,249
- Sewerage Reserve: 3,240,821
- Facilities Reserve: 1,441,641
- Carry Over Capital Projects Reserve: 7,716,000
- Quarry Road Reserve: 588,000

#### (b) Summary of reserves held for funding future recurrent expenditure:
- Recurrent Projects Reserve: 53,970

Total reserves: 47,224,530
### Movements in capital reserves are analysed as follows:

#### (i) Constrained Works Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of period</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from retained earnings grants, subsidies and contributions received</td>
<td>14,162,183</td>
</tr>
<tr>
<td>in the period which restricted to specific capital projects</td>
<td></td>
</tr>
<tr>
<td>Transfers to the capital account funds expended in the period</td>
<td>(10,810,419)</td>
</tr>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>22,641,036</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>25,992,800</td>
</tr>
</tbody>
</table>

#### (ii) Land and Improvements Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>277,468</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>277,468</td>
</tr>
</tbody>
</table>

#### (iii) Buildings Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>2,540,104</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>1,540,104</td>
</tr>
</tbody>
</table>

#### (iv) Plant and Equipment Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>1,960,262</td>
</tr>
<tr>
<td>Transfer to the capital account funds expended in the period</td>
<td>(497,868)</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>1,462,394</td>
</tr>
</tbody>
</table>

#### (v) Roads Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>3,167,083</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td>(2,588,000)</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>579,083</td>
</tr>
</tbody>
</table>

#### (vi) Water Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>4,332,249</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>4,332,249</td>
</tr>
</tbody>
</table>

#### (vii) Sewerage Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>3,240,821</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>3,240,821</td>
</tr>
</tbody>
</table>

#### (viii) Facilities Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>1,657,641</td>
</tr>
<tr>
<td>Transfer to the capital account funds expended in the period</td>
<td>(216,000)</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>1,441,641</td>
</tr>
</tbody>
</table>

#### (ix) Carry Over Capital Projects Reserve

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from retained earnings for future expenditure</td>
<td>7,716,000</td>
</tr>
<tr>
<td>Balance at period end</td>
<td>7,716,000</td>
</tr>
</tbody>
</table>
 Movements in capital reserves are analysed as follows: - continued  

(s) Quarry Road Reserve  
Transfer from retained earnings for future expenditure  
Balance at period end  
__________________________________________________________________________  
<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>588,000</td>
</tr>
<tr>
<td></td>
<td>588,000</td>
</tr>
</tbody>
</table>

(d) Movements in recurrent reserves are analysed as follows: 

(i) Recurrent Projects Reserve  
Transfer from retained earnings for future expenditure  
Balance at period end  
__________________________________________________________________________  
<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53,970</td>
</tr>
<tr>
<td></td>
<td>53,970</td>
</tr>
</tbody>
</table>

31 Commitments for expenditure  
Contractual Commitments  
Contractual commitments at balance date but not recognised in the financial statements are as follows:  
Waste and recycling contracts over 5 years  
__________________________________________________________________________  
<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17,390,987</td>
</tr>
</tbody>
</table>

32 Events after balance date  
There were no material financial adjusting events after balance date.

33 Contingent liabilities  
Details and estimates of maximum amounts of contingent liabilities are as follows:  
The Central Highlands Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is:  
__________________________________________________________________________  
<table>
<thead>
<tr>
<th>Note</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>574,442</td>
</tr>
</tbody>
</table>

The Central Highlands Regional Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2009 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.
34 Superannuation

The Central Highlands Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits. The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act.

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

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

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

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

The audited general purpose financial report of the scheme as at 30 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

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

The next actuarial investigation will be made as at 1 July 2009.
34 Superannuation - continued

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

The amount of superannuation paid by Central Highlands Regional Council to the scheme in this period for the benefit of employees was: $3,061,000

35 Trust funds

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities
2,500,624
Security deposits
153,896

The Central Highlands Regional Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements. The cash is held with the QTC. The deposits are bearing floating interest rate.

36 Reconciliation of net result attributable to council to net cash flow from operating activities

Net result attributable to council
596,092,324

Non-cash operating items:

Depreciation and amortisation
11 14,485,106
Current cost of developed land sold
17 96,169

14,581,275

Investing and development activities:

Capital grants, subsidies and contributions
4 (14,162,183)
Capital expenses
12 381,236
Payment for land for sale and development costs in the period
(2,254,338)
Net gain on restructure of local government
(578,680,733)

(594,716,018)

Changes in operating assets and liabilities:

(Increase) decrease in receivables
(4,932,935)
(Increase) decrease in inventories (excluding land)
497,555
(Increase) decrease in other operating assets
(602,550)
Increase (decrease) in payables
2,264,651
Increase (decrease) in provisions
2,529,350
Increase (decrease) in other liabilities
(1,072,424)

(1,316,352)

Net cash inflow from operating activities
14,641,229
Financial risk management

Central Highlands Regional Council’s activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

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

Central Highlands Regional Council measures risk exposure using a variety of methods as follows:

<table>
<thead>
<tr>
<th>Risk exposure</th>
<th>Measurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate risk</td>
<td>Sensitivity analysis</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Maturity analysis</td>
</tr>
<tr>
<td>Credit risk</td>
<td>Ageing analysis</td>
</tr>
</tbody>
</table>

(i) Credit Risk

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

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

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

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural and mining, there is also a concentration in the agricultural and mining sector.

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

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

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

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents - bank</td>
<td>$13,080,018</td>
</tr>
<tr>
<td>Cash and cash equivalents - QTC</td>
<td>$53,553,918</td>
</tr>
<tr>
<td>Receivables - rates</td>
<td>$4,822,485</td>
</tr>
<tr>
<td>Receivables - other</td>
<td>$9,667,726</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$81,124,147</strong></td>
</tr>
</tbody>
</table>

Past due or impaired

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

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

<table>
<thead>
<tr>
<th>Fully Performing</th>
<th>Past due</th>
<th>Impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30 days</td>
<td>31 to 60 days</td>
<td>61 to 90 days</td>
<td>Over 90 days</td>
</tr>
<tr>
<td>Receivables</td>
<td>$2,776,863</td>
<td>$2,058,126</td>
<td>$9,296,743</td>
</tr>
</tbody>
</table>

Past due or impaired

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

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

<table>
<thead>
<tr>
<th>Fully Performing</th>
<th>Past due</th>
<th>Impaired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30 days</td>
<td>31 to 60 days</td>
<td>61 to 90 days</td>
<td>Over 90 days</td>
</tr>
<tr>
<td>Receivables</td>
<td>$2,776,863</td>
<td>$2,058,126</td>
<td>$9,296,743</td>
</tr>
</tbody>
</table>
(ii) Liquidity risk

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

The Corporation manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings note 23.

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

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th>0 to 1 year</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>27,119,748</td>
<td>13,620,971</td>
<td>36,653,914</td>
<td>77,394,633</td>
</tr>
</tbody>
</table>

Financing Arrangements

Unrestricted access was available at balance date to the lines of credit listed below:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTC unused loan facility</td>
<td>$</td>
</tr>
<tr>
<td>Bank overdraft facility</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

(iii) Interest rate risk

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

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

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

Interest Rate Sensitivity Analysis

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

<table>
<thead>
<tr>
<th>Net carrying amt</th>
<th>Profit</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2009</td>
<td>2009</td>
</tr>
<tr>
<td>Financial Assets</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>53,553,918</td>
<td>535,539</td>
<td>535,539</td>
</tr>
<tr>
<td>Financial Liabilities at variable interest rates</td>
<td>31,803,374</td>
<td>318,034</td>
</tr>
</tbody>
</table>


**38 National Competition Policy**

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

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

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

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

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

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

The following table summaries the financial results for these, including competitive neutrality adjustments if applicable.

Full information is available for inspection at the council offices.

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>2009 Revenue for services provided to the Council</th>
<th>2009 Revenue for services provided to external clients</th>
<th>* Community service obligations</th>
<th>2009 Less : Expenditure</th>
<th>2009 Surplus (deficiency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerodrome</td>
<td>$2,848,326</td>
<td>$8,162,863</td>
<td>$4,643,426</td>
<td>$8,766,265</td>
<td>$4,322,922</td>
</tr>
<tr>
<td>Quarry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewerage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saleyards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Community service obligations include all CSO.*

Aerodrome
Quarry
Sewerage
Water
Waste
Saleyards
CENTRAL HIGHLANDS REGIONAL COUNCIL

ANNUAL FINANCIAL STATEMENTS
For the period 15 March 2008 to 30 June 2009

MANAGEMENT CERTIFICATE
For the period 15 March 2008 to 30 June 2009

This general purpose financial report of the Central Highlands Regional Council has been prepared pursuant to Section 532 of the Local Government Act 1993, Section 35 of the Local Government Reform Implementation Regulation 2008, the Local Government Finance Standard 2005, (the standard) and other prescribed requirements.

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

(i) the relevant recording and reporting procedures have been complied with in the preparation of the final financial statements; and

(ii) the financial statements for the period ended 30 June 2009 and supporting notes present the council's income, equity, balance sheet and cash flows as required by the Local Government Act 1993.

Mayor
Date: 29/1/10

Chief Executive Officer
Date: 29/01/10
INDEPENDENT AUDITOR’S REPORT

To the Mayor of Central Highlands Regional Council


I have audited the accompanying financial report of Central Highlands Regional Council, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies other explanatory notes and certificates given by the Mayor and Chief Executive Office.

The Council’s Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993, Local Government Finance Standard 2005 and the Local Government Reform Implementation Regulation 2008 including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

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

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

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

Independence

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

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

Auditor's Opinion

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

(a) I have received all the information and explanations which I have required; and

(b) in my opinion -

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Central Highlands Regional Council for the financial period 15 March 2008 to 30 June 2009 and of the financial position as at the end of that period.

Derek Campbell
(as Delegate of the Auditor-General of Queensland)

Townsville

Date: 9/3/10.