



ANNUAL REPORT

2014 – 2015



Celebrating Our **Diverse & Unique** Community
Building A **Strong & Sustainable** Local Economy
Creating Environmental **Value & Balance**
Driving **Excellence In Governance**

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Livingstone at a Glance



16,900
rateable properties

More than **2,800**
registered businesses in the Shire

Assets

worth more than



\$1,095bn including

\$507.8m worth of roads
and bridges assets and

\$452.1m worth of water
and sewerage assets

68 suburbs
covering 11,776.3km²

31 new commercial
building works

482 new residential
lots approved

2.4% average annual
population
growth



25 sport and
recreational
facilities

3 public
swimming pools

Median age: 41

11% of residents were
born overseas

13 primary and

3 secondary schools

7 Council
maintained
cemeteries



2095.16 tonnes of recycling
collected from kerbside
collections

24,640 tonnes of waste to landfill

73km of
footpaths



Regional Profile

From beach to bush to burgeoning urban centres, Livingstone Shire is the enviable destination of choice for almost 36,000 residents. Situated approximately 600 kilometres from Brisbane along Central Queensland's Capricorn Coast, the Shire spans over 11,776km² and boasts a unique relaxed lifestyle, strong community values and diverse natural landscapes.

First established as a local government area in 1879, Livingstone Shire was amalgamated with three other councils to become

Rockhampton Regional Council in 2008. After a successful de-amalgamation election in 2013, Livingstone Shire Council was re-established on 1 January 2014.

Although one of 77 local governments in Queensland, Livingstone is presently the 20th most populated local government area in the State and has the 12th fastest population growth rate.

Mayor's Report

Council is understandably proud of what has been achieved for the community in a relatively short space of time since it came back into existence on 1 January 2014 following de-amalgamation from Rockhampton Regional Council. I applaud the Livingstone community for their courage to regain our Shire's independence and allow us to determine our own future for generations to come.



In its first six months, Council has firmly positioned itself as a proactive organisation committed to driving the economic potential of the Shire and focused on delivering a high level of essential services and social infrastructure to the community.

This new era for the Shire is both exciting and challenging. The formation of the new Livingstone Council has allowed us to create a local government authority, with a new culture that is singularly focused on the issues that are important to this region. With innovation and development as drivers, Council has committed to strong community engagement, business efficiency, accountability and good governance.

The needs and aspirations of our community, expressed through Council's inaugural round of community meetings in April 2014, informed our first corporate plan to support growth and prosperity of the Shire. In the first six months of operation, the inaugural budget and new organisational structure of Council were adopted. Primary focus in establishing the new Council has been on building long term financial sustainability and stimulating economic growth for the region.

It is particularly pleasing, that Council has been able to smooth the impact of de-amalgamation costs, with rates being kept at much lower levels than those predicted prior to deamalgamation, while at the same time implementing a number of new initiatives and benefits for ratepayers that have been well received by the community.

The new Council is vibrant, progressive and entrepreneurial in its approach to both delivering services and in building community and social infrastructure. Through a combination of proactive partnerships with both State and Federal Government, as well as corporate and community partners, successful funding agreements and models of operating have been established. These endeavours, combined with strategic acquisition and development of commercial and industrial land, has Council well positioned to maximise community outcomes and to be financially sustainable now and into the future.

Finally, I thank all Councillors and Council staff who worked so tirelessly and did such an extraordinary job with the de-amalgamation process and the establishment of the new Council. We have moved to the new Council environment seamlessly while maintaining a high standard of service to the community. Our committed and enthusiastic staff are to be congratulated for their significant and important contributions to the successful establishment of the new Council during its first six months of operation.

CEO's Report

The 2014-15 Annual Report is Livingstone Shire Council's report card to the community. It provides a comprehensive overview of our key achievements, the challenges met and services delivered over the last financial year.



Council's key focus has been a commitment to business improvement in line with our Corporate Plan 2014-2019.

Developed through extensive community consultation, the plan focusses on delivering core services, maintaining existing assets and planning for new infrastructure based on priorities identified over the four year period.

It hasn't been without its challenges and I am extremely proud to say a number of key outcomes identified in the plan have been achieved during this period including lowering the organisations operating costs.

Earlier this year, internal service reviews were introduced to identify further opportunities to increase operational efficiencies.

Through a comprehensive Council-wide evaluation we have managed to reduce surplus staff requirements from 393 full time equivalent employees (FTE) following de-amalgamation to 352 FTE as of 30 June 2015, all the while maintaining an asset base exceeding \$1 billion.

The Capricorn Coast has consistently rated as one of Queensland's fastest growing areas outside the Southeast corner, boasting an average annual growth rate (over most forecast period) of between 2.5% and 2.9%.

With this continued growth rate forecast to continue, it's an exciting time for senior management and our elected members to be leading this organisation forward, and helping to shape the future of the Livingstone Shire, particularly in the wake of Tropical Cyclone Marcia.

Following the immediate response to the cyclone, Council established four separate taskforces to further build community resilience focussing on:

- Human Social Needs
- Built Environment
- Economic Recovery
- Natural Environment

The implementation of the Livingstone Shire Council Recovery and Resilience Implementation Plan outlines short, medium and long term strategies for recovery within the Shire and Council has worked in close partnership with all levels of Government and the community to ensure an efficient and effective recovery process.

Funding claims for more than \$38 million to repair critical infrastructure are pending approval, following what was the worst natural disaster in living memory.

The entire Livingstone community has shown incredible resilience in the face of very challenging circumstances over the past 12 months, and I am delighted to say that we are not only moving forward, but progressing major infrastructure projects including the revitalisation of the Yeppoon and Emu Park Foreshores.

These achievements are testimony to the Councillors for their vision, the entire Council staff for their dedication and enthusiasm, and I look forward to leading the Livingstone Shire into an exciting future.

Councillor Graham Scott

Portfolios:

Planning & Strategic Infrastructure, including Economic Development & Tourism



The 2014-15 financial year certainly threw up some challenges and many great opportunities. 2015-16 will see our focus shift towards delivering on a range of initiatives conceived and developed during this year, and hopefully we can avoid any further natural disasters.

Some major projects have reached significant milestones during this year including:

- Stage 1 of the Centenary of Anzacs at Emu Park which is an amazing example of collaboration between community and all levels of government and has delivered a National Standard development.
- The Gateway Business and Industry Park has progressed with Stage 1 nearing completion and contracts of sale in place on most of the 9 lots. This project delivers on a number of economic levels including providing opportunities for local businesses to expand, and over time, will deliver a profit for our community.
- Panorama Drive has also commenced construction on the western approaches and the design documentation phase for the remainder of road corridor is nearing completion with construction to commence during 2016.
- A more recent exciting development is the Yeppoon Foreshore and Town Centre redevelopment. Courtesy of strong support from the State Government this will give us a great opportunity to uplift the social and economic outlook for our region which will go some way to offset the impacts of TC Marcia.

- The New Town Plan is also nearing completion after a massive effort from our Planning team and we look forward to this blueprint for future development proceeding through State interest checks and community engagement during the coming year.

These and many other projects have required an enormous effort from all staff and many members of our community, and a cyclone did not help either. This effort needs to be recognised. Nearly all the projects listed are at early stages of development. As many projects move into delivery phase it should allow the organisation to become more solidly grounded and gain some strength and a sense of pride as all the hard work starts to come out of the ground.

The establishment of strong relationships during the year has been one of the great successes not often recognised. From both levels of government to business groups and community organisations, our ability to work towards common goals and have open and honest discussions has seen many projects and initiatives advance much further than expected, and this is one area that should continue to grow and pay dividends for our entire community.

The external economic environment is relatively subdued with a substantial downturn in the resources sector and a significant loss of confidence in many areas of the economy. Council understands it needs to play a role in rebuilding confidence and sustainable growth.

The future will no doubt present challenges and opportunities in equal measure. Considering what we have overcome over the last 12 months, I am sure we will rise to overcome the challenges and make the best use of our opportunities.

Councillor Tom Wyatt

Portfolios:

Sport, Recreation, Parks & Community Facilities



Council has made giant strides in upgrading parks, playgrounds and the overall aesthetic appeal of streetscapes and parks.

For many of our Shire's children, there have been little or no playgrounds to challenge their skills. Council has embarked on a programme to install challenging playground equipment throughout the Shire, with major works that have been completed or under construction as follows:

1. Lions Park, The Caves - a challenging modular skate park has been installed and is proving most popular with the children. There are passive swing sets for children that are too young for skate parks.
2. Thwaite Park, located in the new residential area of Zilzie, has no suitable equipment for young children. Council has budgeted \$30,000, the Lions Club \$10,000, and the land development \$20,000. Planning is underway.
3. Dorey Park - due to the lack of a suitable playground, this suburban park did not get used to its full potential. Swing sets have been installed to the delight of the children.

4. Marlborough Park – this park had swing sets installed for young children and is proving popular.
5. Keppel Sands – this is presently being planned and installation is underway. The estimated cost is \$30,000.
6. Glenlee – community meetings have been held at Glenlee Park to determine what equipment is preferred. At present, planning is in the early stages and being considered is a skate park and swing sets for the smaller children. Estimated cost \$120,000.
7. Barmaryee Sports Complex – this is the most significant sporting complex to be designed by sports people and Livingstone Shire Council. This complex when completed will cater for the following sports:
 - Rugby League (senior and junior)
 - Touch Football – this sport is already experiencing greater participation from members of the community.
 - Presently under construction are twelve (12) synthetic netball courts. During local and state competitions, grass courts are available.
 - Future development to be considered are two ovals for Australian Rules Football.
8. St Christopher's Chapel – planning is underway to irrigate the desolate landscape. Estimated cost \$20,000.
9. Fig Tree Creek Park – to improve the aesthetic appeal of this major suburban park most popular for markets, an irrigation system for Stage 1 is being repaired A.
10. Public amenities – have been completed on the Esplanade at Zilzie Park for the benefit of beach users.
11. Mt Chalmers – Council acquired the Mt Chalmers School for the community. Presently very active is

the Mt Chalmers Historical Society. This organisation operates from the school house. The Progress Association is working towards a programme to restore the building.

12. Emu Park – the Hartley Street Sports Complex is presently being planned and it is anticipated some of the earthworks will be soon under construction.
13. Keppel Sands Caravan Park – a new organically controlled amenities system was installed and operates most efficiently. The switchboard is to be completely overhauled.

The significant achievement for the year are as follows:

1. Emu Park Pool disabled chair lift for access to the pool has been completed.
2. Upgrading of Marlborough Pool.
3. Cooee Bay Pool major compliance works completed.
4. Fitness programme sponsored by Council and the State Government to create existing programmes that the customer considers appropriate; Live Well, Get Active programme featured two 6 week activity programmes.

Capital Projects

- Emu Park Men's Shed was completed and provides activities for many senior citizens. Two open days were held in September. Numerous activities and therapeutic benefits are available to any who wish to participate.
- Barmaryee Sports Complex – netball courts and club house are under construction.
- Causeway Lake – playground installed and major landscape construction works underway.
- Medians in Emu Park and James Street have been landscaped with a variety of colourful plants creating a colourful tourist landscape.

Councillor Jan Kelly

Portfolios:

Community Development and Support



Waiving fees at the Community Centre has increased usage by community groups and visiting service providers including many Rockhampton based agencies. We enjoyed celebrating the 10 years of Strengthening Family Connections and the 25 year anniversary of the Community Centre.

In September 2014, the Livingstone Community Summit was a partnership between Livingstone Shire Council, Queensland Government, LiveWELL CQ and community groups. The summit identified key areas around health and disability services, seniors, housing and low income, indigenous and multicultural groups, children/youth and families. Planning for future service delivery to meet the current and future needs of our growing and changing community was a priority of the Summit.

The impact of Tropical Cyclone Marcia in February 2015 caused hardship for many of our residents and varying degrees of damage to properties in our Shire. However, the cyclone also brought out the best of our community spirit.

Our Community Centre had a disaster plan in place prior to the event, and in the weeks and months following TC Marcia, the Yeppoon Town Hall became the Hub for visiting services and a place where our residents could go for refuge, assistance and support. The visiting services were also made available to our hardest hit outlying communities through outreach programmes. The Livingstone Lend-A-Hand day was generated out of the Community Development Resilience Taskforce as a tool to assist those most vulnerable in our community with post event clean-up. A total of 90 volunteers registered for the day to assist identified vulnerable residents.

We have successfully obtained funding across the Community Partnerships Unit to support programmes and activities including Seniors Week, Beach Day Out, Domestic and Family Violence and Harmony Day, and our partnership with Keppel Bay Sailing Club provides \$100,000 each year to community groups and organisations via the Community Grants Scheme.

Did you know?



Livingstone Shire boasts **5** libraries catering for people of all ages

Councillor Adam Belot

Portfolios:

Water, Waste Management & the Environment



It is with great pleasure that I provide a report on the significant achievements, challenges and opportunities that have occurred within the Portfolio of Environment, Water and Waste and Local Law.

Achievements:

Livingstone Shire Council is building a positive reputation for its proactive and sustainable environmental policies and practices. I have been impressed with the strong links that have been made across all levels of government and the many wonderful community groups that collaborate and partner with LSC to ensure that every effort is made to sustain our beautiful environment. This was evident with LSC signing up to be a Reef Guardian Council and supporting a campaign to ban the use of 'single use plastic bags' that can damage our marine environment. Furthermore, numerous tree planting days involving Land Care, Capricorn Conservation Council and Capricornia Catchment saw significant revegetation of vulnerable areas.

Challenges:

Tropical Cyclone Marcia crossed the coast on February 20, 2015 and the destruction was particularly evident from Byfield to Nerimbera and many suburbs in between. The coastline was impacted severely with foreshore erosion causing extensive

damage to vital infrastructure and private homes. Statue Bay, Keppel Island and numerous beaches (Muskers, Fisherman's, Lammermoor) may need significant mitigation to prevent further damage into the future.

A challenging policy currently being developed in conjunction with extensive community consultation has been Livingstone Shire Council's Herbicide and Pesticide Policy in both rural and residential areas. All persons involved recognise public health is paramount and are aiming to develop a safe, efficient and effective policy.

Livingstone Shire Council's Local Law' Unit continues to develop a very positive relationship with animal carers to find new homes for dogs and cats who end up impounded. The Royal Society for the Prevention of Cruelty (RSPCA), Capricorn Animal Aid, and 4 Paws are involved and work tirelessly with LSC to increase the number of dogs and cats that are rehomed to ultimately reduce the number of animals euthanised.

This is only a snapshot of what has happened throughout 2014-15 and I am looking forward to engaging with you all, and representing your needs for the remainder of this term.

Did you know?

Our Shire maintains **71** vegetation rehabilitation sites and propagates **25,205** plants for vegetation rehabilitation



Councillor Glenda Mather

Portfolios:

Civil Operations - Roads



To look after the Infrastructure Portfolio, I've clocked up 43,000 kilometers in 18 months, meeting people with drainage issues, and inspecting the 1,300 km of shire road network from Ogmore in the far north, to Keppel Sands and Joskeleigh in the far south, and everything in between.

Due to the hilly terrain of both Yeppoon and Emu Park, the lack of inter-allotment drainage in most areas, and streets lacking kerb and channel, repeat flooding of urban properties is a key challenge. Major weather events have demanded the upgrade of strategic areas such as the Yeppoon CBD, Arthur Street and Tanby Road roundabouts. Continual upgrades will take place as money becomes available.

One of our three biggest shire assets (apart from water and sewerage) is our road network. More attention and money is desperately needed to upgrade our roads, especially in the rural areas where residents rely on culverts, concrete slipways, bridges and again, proper drainage, to give them access to town and work. Funding allocated to our road network falls far short of the upgrades needed to service the rural sector when looking at 1,000's of kilometres of gravel roads, and this will always be a challenge for a rural Council like ours.

Traffic issues such as danger spots, property accesses, speed signage, bus set-downs, pathways and visibility all fall under my umbrella. The pressing need for another all-tide boat ramp also continues to be discussed. The expansion of the Coorooman Creek ramp and parking facilities will alleviate some of the demands for boaties in the interim.

There is much basic work to be done in our Shire. If we address our needs first, and allocate adequate funding to address them, our Shire will continue to prosper.

Did you know?



Livingstone Shire has **550km** of sealed roads and **870km** of unsealed roads

Councillor Nigel Hutton

Portfolios:

Administration & Finance (including Regional Arts Development Fund), Sub-Portfolio of Youth Development & the Arts



This year has been one of growth, consolidation and success for the Administration, Finance, Youth Development and the Arts portfolio.

The administration and finance teams continue to support the everyday functioning of Council, with governance and risk management a key focus in our first full year. Withstanding the impact of Cyclone Marcia, we achieved 87% of our operational targets in 2014-15 and our customer service team took more than 36,000 customer service requests. Council's success in applying for grants sets the focus moving forward to ensure we get best value for money and complete these exciting projects on budget and in a timely manner.

Our youth development team has undertaken a substantial body of work with our youth needs analysis completed in 2014; this was supported by the 'what youth want' survey completed by local young people. Our team operate as a 'one-stop-shop' for young people seeking referrals and advice to access services primarily from the Community Centre with outreach to all high schools across our Shire.

Our philosophy has been to build partnerships across the sector to enhance services for our community. This is supported by Council's 40% increase in the youth development budget. Partnerships include the very successful Alternate Learning Place program in both Yeppoon and Emu Park, the Marlborough Kindy program, and our Youth and Schoolies week activities with PCYC and Qld Health.

Our Arts Unit has seen two rounds of RADF (regional arts development fund) distributed throughout the community, with community artists employed; a range of exhibitions held, and the financial sustainability of our galleries supported with the development of art skills workshop series.

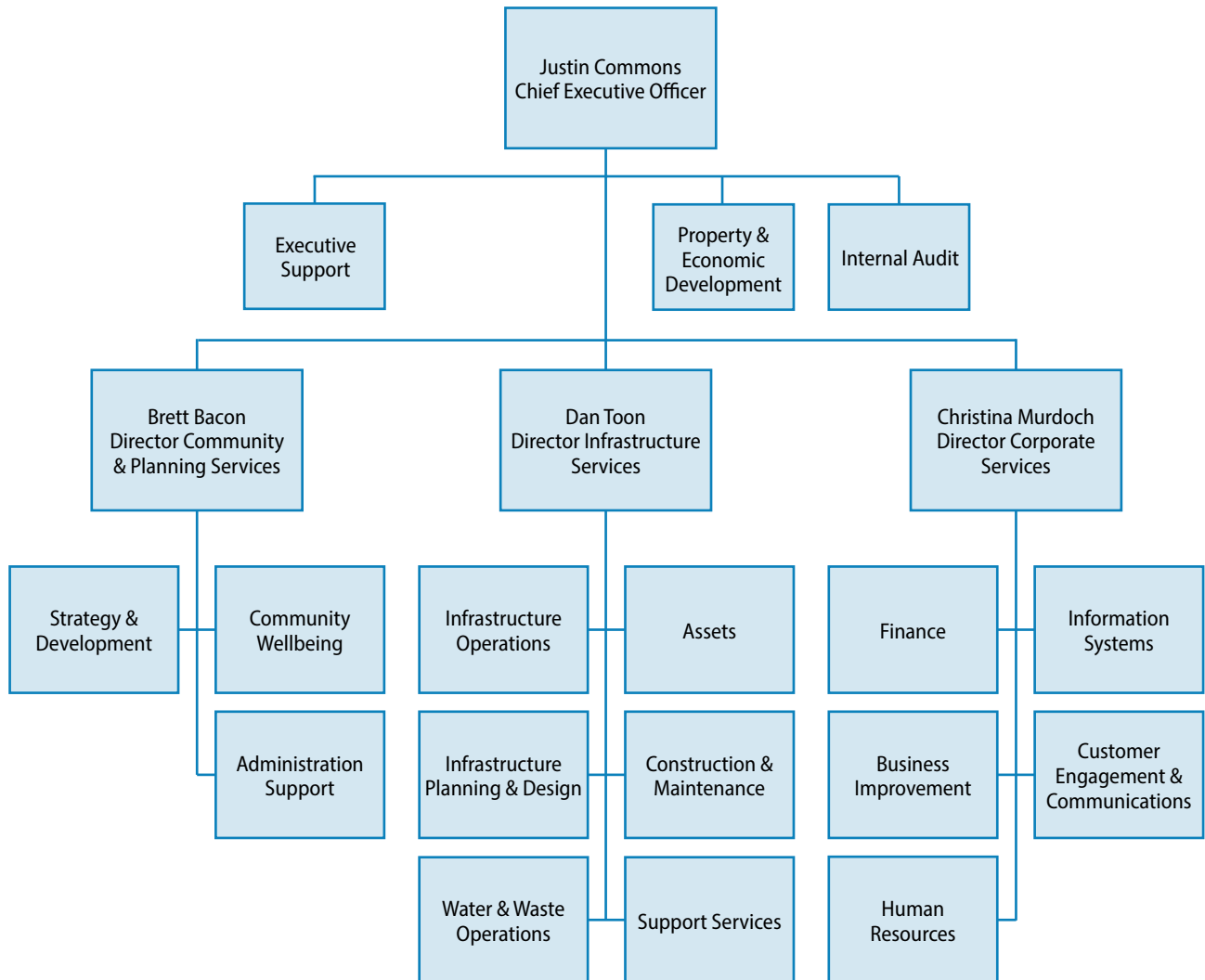
Did you know?

Council had an operational expenditure of **\$84.7m** and
a capital expenditure of **\$23.8m**



Organisational Structure

The following represents the management structure of Council as at 30 June 2014:



Executive Management Team



Justin Commons - Chief Executive Officer

Justin was appointed as Chief Executive Officer in 2014, following his previous appointment with Livingstone Shire Council as Director Corporate Services / Deputy Chief Executive Officer.

Prior to this appointment, Justin held executive leadership roles in South Australia at the City of Prospect and the public health sector. During his time at City of Prospect, Justin acquired extensive local government sector knowledge and experience across a number of portfolios including Corporate Services, Business and Economic Development, Infrastructure Services and Major Projects and also acted as the Chief Executive Officer when required.

Justin is a highly successful and motivated executive with excellent qualifications, extensive working experience and a contemporary management style, who provides corporate leadership to Livingstone Shire Council staff and executive support to the Mayor and Councillors.



Brett Bacon – Director Community and Planning Services

Brett's extensive career in town planning has taken him from South East Queensland to Tasmania and now Central Queensland. With multiple degrees in Urban and Regional Planning along with a Master in Business Administration, Brett brings significant experience to his role as Director of Community and Planning Services.

He will be responsible for a team of 79 staff from Community Partnerships, Construction Services, Development Assessment, Growth Management, Libraries and the Arts, Local Laws and Compliance, and Public Environments Units.

Brett worked for the former Livingstone Shire Council before taking up his role as Land Use Manager with Rockhampton Regional Council upon amalgamation in 2008. He has previously worked for the Tasmanian State Government and numerous local governments including Pine Rivers, West Tamar and the Whitsunday Shire Council.



Dan Toon – Director Infrastructure Services

After completing studies at the Capricornia Institute of Advanced Education and gaining a degree in Civil Engineering, Dan commenced his career in the Northern Territory before returning to Rockhampton to work for several engineering consultant companies.

He started at the previous Livingstone Shire Council in 1996 working in several different infrastructure roles. With amalgamation in 2008, he was appointed Manager Civil Operations with the Rockhampton Regional Council.

Dan brings many years' experience, both in the field and in management, to his role as Director Infrastructure Services. The Infrastructure Services Department comprises 210 staff members and incorporates the Infrastructure, Assets, Planning and Design, Construction and Maintenance, and Water and Waste Operations business units of Livingstone Shire Council.



Chris Murdoch – Director Corporate Services

Chris was appointed as Director Corporate Services on 27 October 2014. Chris has held executive leadership roles in the public health and higher education sectors for close to 20 years as well as roles as Chief Finance Officer in the private sector.

Chris is a highly experienced senior executive with skills in strategic development and planning, organisational development, and corporate transformation leading complex and varied functions throughout periods of growth and significant change.

Chris is a Chartered Accountant with a degree in commerce and post graduate qualifications in psychology, and is currently responsible for the Finance, Human Resources, Governance, Customer Service, Communications and Engagement, Information Services and Business Improvement Units.



Key Highlights

Cyclone Marcia

On 20 February 2015, Livingstone Shire suffered one of the worst natural disasters in living memory, when Severe Tropical Cyclone Marcia crossed the coast at Byfield, just north of Yeppoon.

The damage was catastrophic.

An estimated 37,000 people were impacted and the physical impacts could be seen right across the Shire, ranging from the environmental damage on our beaches and vegetation, to the 931 homes and buildings that were severely damaged or totally destroyed.

Almost every member of our community and business sector, from primary producers to tourist operators, were affected in some way.

The first days from 19-28 February were the toughest. Council received close to 4,000 calls for assistance and 6506 jobs were tasked to our emergency response teams.

The overall response from both the local communities immediately after the event as well as the SES, Rural Fire Brigade, Ergon Energy and various State agencies and volunteer groups who rallied to our aid, was nothing short of outstanding.

Insurance Council Australia figures released in April 2015 show 35,366 claims were lodged following TC Marcia, with an approximate value of \$446 million.

To date Council has spent more than \$11 million on repairs and has continued to lobby for additional assistance under the National Disaster Relief and Recovery Arrangements, including an estimated \$15 - \$18 million to repair the Scenic Highway at Statue Bay.

Council has also continued to work closely with all levels of government to rebuild with a shared vision for our region that will make us even stronger and more resilient to natural disasters in the future.

Quick Statistics 19 - 28 February 2015

- 4,000 telephone calls to Council for assistance
- 6506 jobs created for action
- 931 dwellings damaged

Tasks logged for action through the Local Disaster Coordination Centre

Australian Defence Force	78
Ambulance (QAS)	71
Ergon	299
Guardian (QIT Plus)	19
Qld Fire & Rescue (QFRS)	215
Qld Police (QPS)	170
SES	2356
Asbestos Assessment Team	282
Community/Recovery	517
Damage Assessment Team	416
Livingstone Shire Council/Operations	1747
Other LDCC members	402





Celebrating an inclusive community

While cyclone recovery and funding for major infrastructure projects took centre stage during the year, Council also celebrated a number of other milestones that have proved just as vital for the Livingstone community.

In January, Council's new Emu Park Customer Service Centre opened its doors to the community, giving residents greater access to Council services and highly-trained customer service staff. The existing library space was also refurbished to include more features including free Wi-Fi.

Work also started on \$175,000 worth of much needed safety improvements at Farnborough State School's pick up and drop off zone. The project was developed through a working partnership between Council, the State Government and Farnborough P&C.

The needs of Livingstone's outlying communities were also top priority with Council successfully lobbying for funding to build two new mobile towers at Mt Chalmers and Marlborough as part of the Federal Government's \$53.85 million Mobile Black Spot Program. The towers will help improve mobile phone access in these localities.

John Street in Yeppoon came alive in October as the Livingstone Community Centre celebrated its 25th birthday. The celebrations included live entertainment, display stalls and information sessions, as well as an inclusive community art project – Community Waves - which showcased the local lifestyle and active community.

Industry and economic growth

The Gateway, Capricorn Coast's first fully integrated business and industry precinct, was officially launched in October.

Seven of the nine lots offered in Stage 1 are now under contract and will service businesses requiring offices, showrooms, large format retail and light industry facilities.

The Gateway will also be home to a dedicated innovation hub – designed specifically to nurture start-up businesses.

Stages 2 and 3 will accommodate medium to general industry uses providing an overall seamless integration of business and industry uses, strategically located on one site.

The 56 hectare precinct, which will have the capacity to meet the Capricorn Coast's projected growth needs for the next 15 years, will have its own purpose built B-double accessible transport hub and high speed fibre optic broadband and town water connection.

In November Council hosted a series of Development Forums with key stakeholders in the development and real estate industry to share progress of the new Livingstone Shire Planning Scheme and facilitate stronger relationships with the local business community.

The forums proved very successful with Council committing to streamline the development assessment process, reduce red tape and foster a better understanding between Council and its customers.

Christmas came early for the region's sporting groups with Council successfully lobbying for \$870,000 in State funding for the Barmaryee Multi Sports Complex.



The funding – part of the State Government’s Get in the Game initiative – will go towards the \$1.8 million second stage of the project including 14 netball courts, a shared multi-purpose amenities facility, additional car parking and bus access.

The project is part of Council’s long term vision for sports tourism and will immediately expand the Shire’s potential for hosting regional, state and national events.

Tourism and Culture

Livingstone Shire Council received a major funding coup in January this year when the State Government announced Council’s submission for \$2.5million Royalties for Regions grant was successful.

The funding – matched dollar for dollar by Livingstone Shire Council – has been put toward the ‘octopus-themed’ zero-depth water play feature currently under construction as part of Stage 3 of the Yeppoon Foreshore and Town Centre Revitalisation Project, and stage and amphitheatre upgrade enhancements.

With a stunning island backdrop the water-play area, complete with sea creature centrepiece, water cannons, water curtains and a host of innovative interactive features, will be a massive drawcard for visitors and locals alike.

Perhaps the most memorable highlight from the last 12 months was the official opening of the spectacular ANZAC Memorial at Emu Park, in time for the Centenary celebrations held on Saturday, 25 April 2015.

The opening was the culmination of a 10-day event program to celebrate the region’s proud military history including the dedication of the commemorative plaques, memorials, and shade structures at the Yeppoon Cenotaph in Beaman Park.

The Emu Park ANZAC precinct started with one man’s vision, but finished with the entire community contributing in a multitude of ways, and would not have been possible without the major funding support from Livingstone Shire Council, State and Federal Governments, Emu Park and District RSL, Bendigo Community Bank, Homecorp, Emu Park Lions, Capricorn Sandstone Quarry and the many businesses and individuals who provided in-kind support.

The feature including the memorial wall, commemorative plaques, public art piece and boardwalk, have proven immensely popular since being commissioned on Anzac Day this year, and form part of the overarching Draft Emu Park Foreshore Revitalisation Plan.

Council Activities And Performance

Council Activities

The core business activities of Council are:

- Water and sewerage services;
- Waste and recycling services;
- Caravan parks; and
- Building certification.

Issues relevant to Council's Operation and Performance

The results presented in the 2014-15 audited general purpose financial statements have been significantly impacted by the response and recovery efforts associated with Tropical Cyclone Marcia with the current operating deficit for the period being \$9.35 million. Council has however presented claims to the Queensland Reconstruction Authority totalling approximately \$8.7 million for assessment. It is anticipated that between \$7 and \$8 million may be approved from these claims.

Council has also incurred damage to a small number of its infrastructure assets which will be restored with funding supplied by the Queensland Reconstruction Authority along with some internal funding. The major damage has occurred at Scenic Highway, Statue Bay. Assessment of the scope of works and associated funding applications are currently being progressed and it is expected that work will commence on the restoration in the new year. The amount of Council contribution to the project will depend on the scope of the project and the final agreed amount for betterment paid by the State and Commonwealth governments.



Audit, Risk and Business Improvement Committee Performance

Audit, Risk and Business Improvement Committee (ARaBIC) is an advisory committee to Council to assist in the discharge of Council's responsibilities under the *Local Government Act 2009*. The committee operates under terms of reference established according to best practice guidelines and has assisted in the development and review of:

- financial management and reporting including annual financial statement preparation, financial policy, processes and oversight;
- management response to audit reports on financial sustainability assessment;
- complex financial transactions and areas of management judgement and estimates in terms of their effect on the financial statements;
- risk management framework;
- corporate insurance coverage;
- audit plans and actions from audit reviews;
- business improvement strategies;
- compliance matters that have a material impact on the financial statements, strategies, operations and reputation;
- QAO performance audit reports relevant to local government and opportunities of improvement;
- ARaBIC terms of reference;
- an annual program of work for the committee;
- a broadened litigation and insurance reporting framework; and
- workplace health and safety (WHS) reporting.

The members of the Committee are:

- Cr Nigel Hutton (Chair);
- Cr Jan Kelly;
- Ms Carolyn Eagle (external representative); and
- Mr Ross Cook (external representative).

Standing invitees of the committee are:

- The Chief Executive Officer;
- Director Corporate Services;
- Internal Auditor;
- Chief Financial Officer;
- Manager Human Resources and Governance;
- Deloitte Touche Tomatsu; and
- Queensland Audit Office.

An annual programme of work has been put in place for ARaBIC to ensure the committee achieves its purpose. Additionally the ARaBIC Chair presents to Council following each meeting on key matters for the attention of Council.

Council has supported the appointment of two additional independent members to the ARaBIC and is in the process of making these appointments. Once appointed, ARaBIC will then comprise four independent members in addition to the two Councillors who represent the Council.

External auditors, Deloitte Touche Tomatsu, have completed their second annual financial statement audit at Livingstone Shire Council under their mandate from QAO and delivered an unqualified audit opinion on the financial statements for 2014-15. While some unadjusted differences were identified during the course of the audit, these are not material and there were no control or process issues that were identified as seriously deficient during the conduct of the audit.

The Committee has completed a significant review of its membership, role and work plan during the year and has successfully added value to management's internal and external reporting processes and internal controls. The Committee is enthusiastic about the opportunity to work alongside management, the external auditor and newly appointed internal auditor to continue to improve the reporting, internal control, risk management, business improvement, and overall accountability of Council.

Corporate Plan & Operational Plan Annual Progress

The Corporate Plan 2014-19 is Livingstone Shire Council's key long term planning document which guides Council in the allocation of resources and delivery of services to the community, and is the principal document from which Council's other plans and strategic documents are developed.

The Corporate Plan is implemented over its five year lifespan through annual Operational Plans and Budgets. Livingstone Shire Council's Operational Plan 2014-15 identified the programmes, activities and targets for Council to deliver within the financial year in order to progress implementation of the Corporate Plan's goals and strategies.

Council's first Operational Plan since de-amalgamation set a sound benchmark for future years' performance. Significant progress was made during each of the four quarters in the financial year, and contributed to a strong annual result with 84% of Operational Plan targets achieved.

The major impact on overall annual performance was due to TC Marcia which caused considerable delay, additional workload and redistribution of resources. Some ambitious targets and a lack of available benchmarking data due to de-amalgamation further hindered results.

It is anticipated that improvements to results will be made in 2015-16 as the organisation continues to mature, historical data becomes available and operational targets are ingrained in organisational culture and individual performance plans.

Corporate Plan & Operational Plan Scorecard

An annual review was conducted of the Operational Plan targets and their associated links to the 23 Corporate Plan strategies. Of the 1502 Operational Plan/Corporate Plan links, 1309 (87%) were on track, 3 (0%) were close to on track, 95 (6.5%) weren't measurable at that stage, and 95 (6.5%) were off track. As the Corporate Plan is a long term document, it is anticipated that substantial progress of off track links can be made in the coming four years.



Operational Plan/Corporate Plan Links by Theme

Assets				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
AM1: Develop an innovative and integrated framework for long term, cost effective asset management				
46	-	4	6	56
AM2: Identify infrastructure and asset requirements through community consultation and technical expertise				
34	-	5	6	45
AM3: Design and implement practical infrastructure solutions				
37	-	4	8	49
AM4: Operate, maintain and use Council assets to deliver efficient and cost effective services to the community				
118	1	7	12	138

Environment				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EN1: Apply environmentally responsible land use planning to balance environmental and development outcomes				
41	-	2	1	44
EN2: Recognise and understand the various eco-systems of the Shire to encourage their sustainable use and appreciation through appropriate accessibility				
26	-	2	1	29
EN3: Minimise impact on the natural environment through effective waste management and pollution control policies and programs				
49	-	2	2	53
EN4: Actively participate in conservation and enhancement programs to ensure the preservation of natural assets and identifiable built form				
43	1	2	3	49
EN5: Proactively advocate to government on matters which impact on the health, wellbeing and sustainability of our Shire's natural environment				
10	-	2	2	14

Economy				
On Track	Close to On Track	Not Applicable	Off Track	TOTAL
EC1: Identify and capitalise on economic opportunities for the benefit of the community				
22	-	2	1	25
EC2: Facilitate, encourage and enable the establishment of businesses and industries and the retention, growth and diversification of existing businesses and industries in suitable locations				
58	-	3	4	65
EC3: Promote Livingstone Shire as a desirable destination for investment, business, industry, tourism and living				
49	-	3	7	59
EC4: Establish initiatives including partnerships with both government and the private sector to create enterprises and undertake projects that generate jobs, wealth creation opportunities and sustainable economic growth				
4	-	3	1	8

Community

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
CO1: Facilitate, encourage and enable self-sustainable community associations and volunteer groups to pursue their diverse aspirations				
58	-	2	4	64
CO2: Facilitate programs and support local social, cultural, artistic and community building initiatives				
68	-	3	3	74
CO3: Provide community facilities and services to encourage and enable participation in active and healthy lifestyles				
80	1	2	4	87
CO4: Promote and encourage community health and wellbeing through programs addressing environmental health, community safety issues, social cohesion and inclusiveness				
99	-	3	1	103
CO5: Facilitate the provision of programmes activities, and facilities which create opportunities for the Shire's youth to develop skills and pursue endeavours to equip them for life and enable them to make a valued contribution to the community				
26	-	4	2	32

Governance

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
GO1: Inform and empower the community through ongoing engagement and communication				
89		4	3	96
GO2: Develop strategic plans and policies to address local and regional issues and guide service provision				
84		7	6	97
GO3: Pursue financial sustainability through effective use of Council's resources and assets and prudent management of risk				
68		7	4	79
GO4: Provide transparent and accountable decision making reflecting positive leadership to the community				
69		9	6	84
GO5: Deliver customer focused and responsive services efficiently and effectively				
131		13	8	152

Total of Corporate Plan / Operational Plan Links

On Track	Close to On Track	Not Applicable	Off Track	TOTAL
1309	3	95	95	1502
87%	0%	6.5%	6.5%	100%

Annual Business Plan 2014-15 Target Performance

Target	2014-15 Progress
(a) Achieve an Operating Surplus in six or more of the years within the 10 year planning period, with consistent 'moderate' rate rises and no disruptive service cuts from year to year	Deficit for 2014-15, in accordance with Long Term Financial Plan
(b) Robust analysis of services and activities prior to commencement (e.g. via Project Evaluation Methodology and periodically thereafter (e.g. via service level reviews)	Council continues to review its services to ensure they align with community needs and aspirations. As Council planning processes mature, businesses cases will be prepared for all new services and activities prior to commencement. These businesses cases will ensure that the most cost effective service delivery model is used to provide the service and that Council can afford to deliver the service without putting undue pressure on its financial sustainability
(c) Achieving performance measures listed in Council's Corporate Plan 2014-19 and Operational Plan 2014-15	As per 'Corporate Plan & Operational Plan Scorecard'
(d) Deliver services in line with defined service standards	Council is also developing services standards for each of the services it provides. This will not only enable Council to benchmark the delivery of the service to ensure value for money to ratepayers and residents, but also to provide clarity around the level of service to be provided and the cost implications of potential changes to service standards
(e) Asset Replacement Expenditure (on average) = Optimal level for such expenditure shown in asset management plans (or depreciation in the absence of asset management plans for some asset classes)	Asset Management Plan still to be finalised
(f) Asset Sustainability Ratio (Capital Expense on Replacement Assets/Depreciation Expenditure) above 90%	48.1% reported as per Financial Statements, does not meet benchmark
(g) % Spend on New vs Existing Assets (on average)	36% New Assets vs 64% Existing Assets
(h) Extent to which new assets are funded externally	\$5.6 million External Capital Funding, as per Financial Statements
(i) Percentage of General Rate change (excluding growth from new development revenue) for each land use category to be no more than +/- 2% from one year to the next (all other things being equal)	Not applicable within the first full year budget
(j) Percentage of User Charges change (excluding growth from development revenue) for each classification of user charges to be no more than +/- % from one year to the next (all other things being equal)	Not applicable within the first full year budget
(k) Net Financial Asset / Liabilities Ratio (Total Liabilities- Current Assets / Operating Revenue) of less than 60%	84.3% reported as per Financial Statements, does not meet benchmark
(l) Working Capital Ratio of at least 1:1	1:1.86, meets benchmark
(m) Interest Coverage Ratio (Net Interest Expense / Total Operating Revenue) between 0-10%	5.46%, meets benchmark
(n) Operating Surplus Ratio of between 0-15%	-12.4%, does not meet benchmark



Councillor Remuneration, Expenses And Attendance

Councillor Remuneration

In accordance with the *Local Government Regulation 2012*, the Local Government Remuneration and Discipline Tribunal determines the maximum remuneration payable to the Mayor, Deputy Mayor and Councillors. As determined in the 2014 Local Government Remuneration and Discipline Tribunal Report, remuneration paid to councillors between July 2014 and June 2015 is detailed below. The table also shows expenses incurred by and the facilities provided to each Councillor during the financial year under Council's expense reimbursement policy.

Councillor	Gross Salary \$	Superannuation \$	Total Remuneration \$	Travel/Expense Reimbursement \$
Mayor Bill Ludwig	117,523	14,102.76	131,625.76	42,233.10
Deputy Mayor Graham Scott	73,452	8,814.24	82,266.24	9,226.64
Cr Nigel Hutton	62,434	7,492.08	69,926.08	13,841.15
Cr Jan Kelly	62,434	7,492.08	69,926.08	11,713.42
Cr Tom Wyatt	62,434	7,492.08	69,926.08	13,093.60
Cr Glenda Mather	62,434	7,492.08	69,926.08	15,735.53
Cr Adam Belot	62,434	7,492.08	69,926.08	5,829.58
TOTAL	503,145	60,377.40	563,522.40	111,673.02

In accordance with section 249 of the *Local Government Regulation 2012*, Council must prepare and adopt by resolution an expenses reimbursement policy for elected representatives. Council adopted the Councillor Facilities and Expenses Policy at its Ordinary meeting on 18 February 2014 and a Travel Policy on 8 April 2014, and are due for review in early 2016.

The Councillor Facilities and Expenses Policy and the Travel Policy were formulated having regard to the nature and role of Councillors and community expectations of elected representatives. These policies make arrangements for reimbursing the following costs reasonably incurred by Councillors in the discharge of their civic duties:

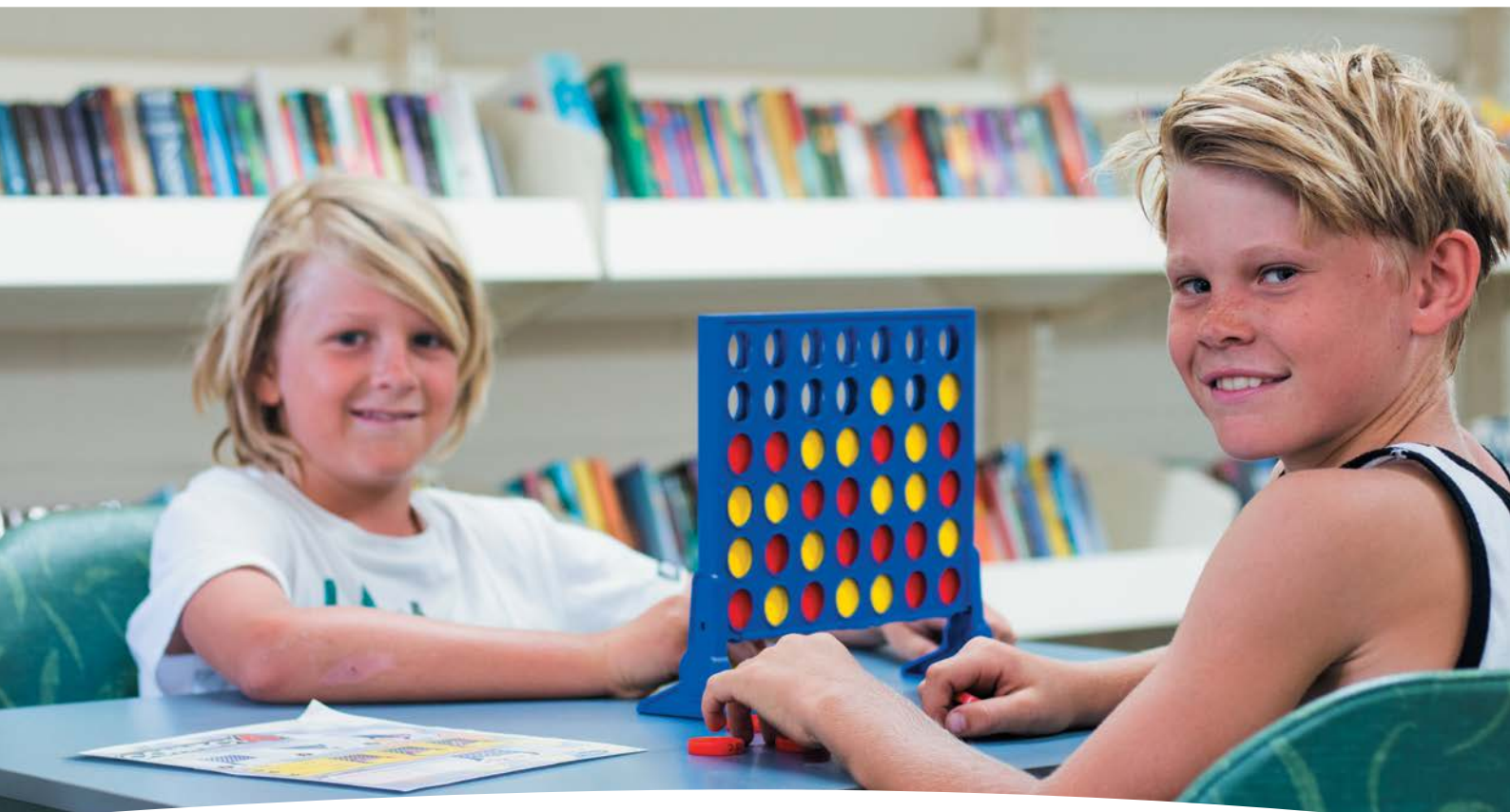
- Travel and accommodation
- Conferences, seminars, training and professional development
- Facilities including office accommodation, equipment, stationery and executive support
- Safety equipment and uniforms
- Home office expenses
- Access to Council motor vehicles including fuel and tolls
- Insurance cover and legal costs

Full copies of our Councillor Facilities and Expenses Policy and Travel Policy are available online at <http://www.livingstone.qld.gov.au>

Attendance at Council Meetings

There were 26 Council meetings held between 1 July 2014 and 30 June 2015. The following table indicates the number of meetings attended by each Councillor:

Councillor	Number of meetings attended in 2014-15 financial year
Mayor Bill Ludwig	25
Deputy Mayor Graham Scott	24
Cr Nigel Hutton	26
Cr Jan Kelly	20
Cr Tom Wyatt	25
Cr Glenda Mather	24
Cr Adam Belot	25



Code of Conduct for Councillors and Staff

Council is committed to the ethical principles and obligations contained in the *Local Government Act 2009* and *Public Sector Ethics Act 1994*.

During the twelve months to 30 June 2015 Council fulfilled its statutory obligations under section 23 of the *Public Sector Ethics Act 1994* by ensuring the adopted code of conduct was made available publicly online and internally through the intranet, and providing all new permanent staff with access to the code of conduct and training as part of their induction process. No external inspections of the code were requested during the 2014-15 financial year.

Council is required to disclose figures relating to the Councillor Conduct Complaints received and actioned in accordance with the *Local Government Act 2009*. The following table provides details of those disclosures:

Complaints about the conduct or performance of Councillors for which there was no further action taken under section 176C(2) of the Act	1
Complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act	2
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	1
Complaints referred to the department's Chief Executive under section 176C(4)(a) of the Act	0
Complaints assessed by the Chief Executive Officer as being about official misconduct and/or corrupt conduct	0
Complaints heard by a regional conduct review panel	0
Complaints heard by the tribunal	0
Complaints to which section 176C(6) of the Act applied	0
Orders and recommendations made under section 180(2) or (4) of the Act - orders by regional conduct review panel	0
Orders made under section 181 of the Act – in appropriate conduct	0

Description of the Order				
Complaint Against	Category	Nature of Allegation	Complaint Referred To	Outcome and Disciplinary Action Taken
Cr Adam Belot	Inappropriate Conduct	Failing to comply with Councillor Code of Conduct when writing letter to editor of Mirror newspaper criticising decision of Council	CEO Department of Local Government	Councillor requested to refrain from criticising Council's decisions publicly and to liaise with CEO regarding Councillor Code of Conduct requirements
Cr Bill Ludwig	Inappropriate conduct	Offensive remark at Councillor Workshop	CEO Department of Local Government	Dismissed as frivolous



Statutory Information

Senior Management Remuneration Packages

Under section 201 of the *Local Government Act 2009* Council is required to report the total number of remuneration packages that are payable to the senior management and the number of employees in senior management who are paid each band of remuneration (in increments of \$100,000). For the 2014-15 financial year, the total remuneration packages paid to Council's senior management amounted to \$1,154,524.64.

The following table provides details of the remuneration bands applicable.

Number of Senior Management Staff	Band of Remuneration \$ per annum
1	100,000-199,999
4	200,000-299,000

Administrative Action Complaints

Council is committed to providing a level of service which does not attract complaints, but recognises the rights and benefits of the community in providing feedback on its services. When this feedback is in a form of a complaint about a decision or other action, Council is committed to managing all complaints quickly and efficiently; ensuring the complaint management process is fair, objective, transparent and consistent, and facilitates the use of information obtained from the complaints management process to improve overall service delivery.

Complaints may be lodged by an affected person either in writing, by telephone or face to face. All complaints are recorded and tracked in Council's customer service management system with weekly status reports provided to all managers to ensure the complaint is being followed up and required actions are being addressed.

Administrative action complaints are initially managed as per Council's Administrative Action Complaint Management Policy. Complainants not satisfied with the outcome of the investigation undertaken by the department, may appeal the decision to the Chief Executive Officer for investigation under the Administrative Action Complaint Management Procedure.

A total of 11 complaints were received by Council under the Administrative Action Complaints Policy during the financial year. Nine of those complaints were able to be resolved by Council under the complaints management process.

Item	Number
Administrative action complaints made to the local government	11
Administrative action complaints resolved by the local government under the complaints management process	9
Administrative action complaints not resolved by the local government under the complaints management process	2
Number of administrative action complaints that were made and not resolved in a previous financial year	0

Financial Assistance to Community Organisations

During the financial year, Council supported a number of community organisations by granting financial assistance. Under section 189 of the *Local Government Regulation 2012*, Council must provide a summary of such contributions. During 2014-15, Livingstone Shire Council provided financial assistance totalling \$73,717.50 to community organisations.

Additionally, the following support was provided to community organisations and individuals from the Mayor's discretionary fund during the financial year:

Community Organisation	Purpose	Amount\$
4NAG	Hall Hire Fees for Battle of the Bands	137.50
Emu Park Veterans Golf Club	CQ Veterans Open Gold Championships Sponsorship	500.00
Capricorn Coast Community Access Group	Cake for Beach Day Out Event for Disability Action Week	75.00
Capricorn Adventist Retirement Village Social Club	Food, beverages and prizes for Senior's Day activities	200.00
Yeppoon State High School	Funding of two awards for Night of Excellence Annual Academic and Achievement Awards	200.00
Keppel Bay Sailing Club	Sponsorship of Queensland Youth Development Camp & Championships 2014	1,500.00
Anglican Parish of Keppel	Hall Hire Fees for Community Christmas Tree Festival	137.50
White Ribbon Day	Hall Hire Fees for White Ribbon Day Lunch	142.50
Capricorn Coast Community Access Group	Supply and engraving of trophy for outstanding service to a person with a disability in the Livingstone Shire	171.00
Yeppoon Men's Shed Ltd	Erection of direction signs	300.00
LSC Community Nursery	Purchase of meet for volunteer's Christmas barbeque lunch	60.20
Emu Park Bowls Club Inc. (Ladies Bowls Section)	Sponsor of the Masters Pairs Competition	100.00
Capricorn Tavern	Reunion Dinner at Capricorn Tavern	500.00
Woodbury Fire Brigade	Purchase of concrete for new shed entry	500.00
Rockhampton's Women's Health Centre	Purchase of banners to promote Domestic and Family Violence Month	140.00
Yeppoon Choral Society	Hall Hire Fees for Cats production	500.00
Reece Griffin, Warren Spreadborough and Ivan Western	Flights to Governor's Reception	1,344.00
Capricorn Coast International	Hall Hire Fees for Capricorn Coast Golf Invitational	285.00
Yeppoon Bowls Club Inc. (Ladies Section)	Prizes for the Yeppoon Fours Carnival	200.00
Marlborough Recreation Club	Water Truck Hire of Campdraft Arena	400.00
Yeppoon Senior Citizens	Hall Hire Fees for monthly meetings	500.00
St Vincent DePaul Society	Donation to Vinnies CEO Sleepout	50.00
Cr Graham Scott	2015 Gala Beef Ball Ticket	500.00
Cockscomb Veteran's Bush Retreat	Contribution towards crusher dust to repair paths and caravan pads	500.00
TOTAL		8,692.70

Concessions, Special Rates and Charges

Rebates and Remissions are provided to Approved Government Pensioners and Not-For-Profit/Charitable Organisations under the Rates Rebates and Remissions Policy. Further concessions are provided to water consumers under the Concealed Leak Rebate Policy and Rebate for Residential Water Consumption for Health Related Uses Policy.

Full details of these rebates and concessions are available on Council's website at www.livingstone.qld.gov.au

Tenders

Under section 228(4) or (6)(b) of the *Local Government Regulation 2012*, a local government may invite all tenderers to change their tenders to take account of a change in the tender specifications.

Within the 2014-15 financial year there were no invitations to change tenders under section 228(7) of the *Local Government Regulation 2012*.

Registers kept by Council

Section 190(1)(f) of the *Local Government Regulation 2012*, requires a local government to provide a list of registers maintained by Council in its annual report details of which are provided as follows:

- Register of Complaints about the Conduct or Performance of
- Register of Complaints about the Conduct or Performance of Councillors
- Register of Contact with Lobbyists
- Register of Interests of Councillors
- Register of Interests of a Person related to a Councillor
- Register of Interests of Senior Executive Employees and Persons related to a Senior Executive Employee
- Register of Interests of Chief Executive Officer and Persons related to Chief Executive Officer
- Council Fees and Charges (Cost-Recovery Fees) Register
- Register of Pre-Qualified Suppliers
- Register of Delegations
- Register of Authorised Persons (*Environmental Protection Act 1994*)
- Gift Register
- Hazardous Substances Register
- Asbestos Register
- Register of Administrative Action Complaints Received
- Cat and Dog Register
- Register of Impounded Animals
- Local Law Register
- Register of Thermostatic Mixing Valves
- Register of Development Applications
- Register of Subdivisions Approved under the repealed *Local Government (Planning and Environment) Act 1990*
- Register of Zonings, Re-zonings and Consents Approved under the repealed *Local Government (Planning and Environment) Act 1990*
- Adopted Infrastructure Charges Register
- Register of Testable Backflow Prevention Devices
- Register of Installed On-site Sewerage and Grey Water Use Facilities
- Register of Master Plan Applications
- Register of Resolutions about Land Liable to Flooding made under the Building Act
- Cemetery Register
- Asset Register
- Register of Roads and Road Maps

Internal audit

Internal Audit is an independent, objective assurance and internal consulting activity designed to add value and improve the organisation's operations. It assists Council to accomplish its objectives by bringing a systematic, disciplined third line of defence to evaluate and improve the effectiveness and efficiency of the risk, control and governance processes.

The Internal Auditor reports directly to the Chief Executive Officer and provides reports to the Audit, Risk and Business Improvement Committee (ARaBIC) on matters relating to internal audit. ARaBIC is an advisory committee to Council established under the *Local Government Act 2009* and is designed to assist Council enhance its governance ability. ARaBIC provides an independent perspective over Council's governance function.

The internal auditor position was vacated early in 2014 and despite Council's efforts, remained vacant for the 2014-15 financial year. No internal audits were performed during 2014-15. An internal auditor was appointed in July 2015 and has prepared the internal audit plan for the 2015-16 financial year.

The Queensland Plan

Council meets the reporting requirements of the Queensland Plan by reporting on the achievements of the Corporate Plan strategies which have clear linkages to many of the goals outlined in the plan. These include:

- Developing diverse and unique communities;
- Building a strong, innovative and sustainable economy;
- Maintaining reliable, durable and cost effective infrastructure;
- Sustaining a valued and balanced natural and built environment; and
- Ensuring sound decision making and leadership.

Legislative Requirements Not Applicable

The following list provides legislative requirements of a local government annual report in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012* that do not apply to Livingstone Shire Council for the 2014-15 financial year:

- Identifying beneficial enterprises (section 41 of the *Local Government Act 2009*);
- Identifying significant business activities (section 45 of the *Local Government Act 2009*);
- Resolutions made under section 250(1) or 206(2) (section 185 of the *Local Government Regulation 2012*);
- Overseas travel (section 188 of the *Local Government Regulation 2012*);
- Other contents (section 190 of the *Local Government Regulation 2012*)
 - (1)(c) An annual operations report for each commercial business unit
 - (1)(d) Details of any action taken for, and expenditure on, a service, facility or activity–
 - (i) Supplied by another local government under an agreement for conducting a joint government activity;
 - (ii) For which the local government levied special rates or charges for the financial year;
 - (1)(i) A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;
 - (1)(j) The local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3); and
 - (2) An annual operations report.



Community Financial Report

Interpreting formally presented financial statements prepared in accordance with relevant accounting standards can often be a difficult process for all stakeholders. The aim of the Community Financial Report is to assist readers to evaluate Council's financial performance and financial position without the need to interpret the financial statements. In this way the financial operations of Council can be clearly understood by members of our community and interested stakeholders.

Councils are driven by community service obligations rather than profit. It is Council's responsibility to provide residents with services such as road works, street lighting, stormwater drainage, water supply, sewerage and garbage collection and disposal. Therefore, ratepayers need to be satisfied that funds are being used wisely for the benefit of the community, now and for the future.

Council's General Purpose Financial Statements are a record of our financial performance for the year ended 30 June 2015 and is subject to independent audit to verify the accuracy of the reports, as well as the systems Council has in place to record financial transactions. The three primary reports are the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows.

The Livingstone Shire was severely affected by Tropical Cyclone Marcia in late February 2015. Council has incurred significant expenditure in playing its part in assisting the local community respond and recover from the effects of this natural disaster. Whilst great progress has been made, recovery efforts are ongoing and have directly impacted upon the financial performance and financial position of Council during the 2014-15 financial year.

Statement of Comprehensive Income

The Statement of Comprehensive Income details total income and expenses, and the net result attributable to Council as a result of Council's activities for the financial year.

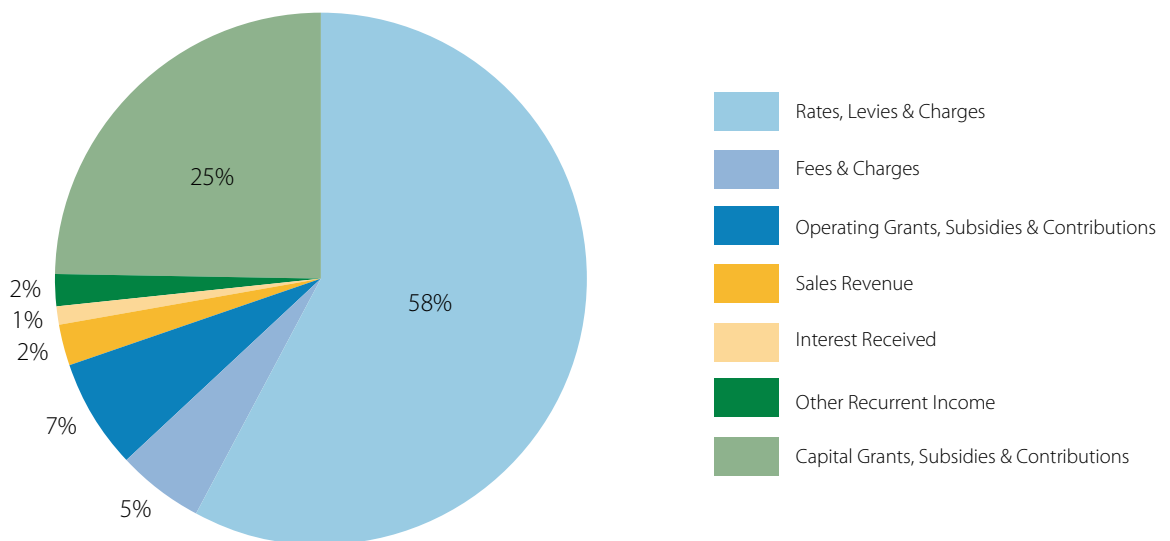


Sources of Income – Where our money comes from...

The majority of Council's income comes from rates & levies, fees & charges, interest, recoverable works and grants, subsidies & contributions. To provide services to the community, Council must collect revenue. Rates and utility charges are Council's principal source of revenue. Council also charges fees to developers, undertakes private and recoverable works and receives funding in the form of grants and subsidies from both State and Federal Government, to help construct and maintain our extensive infrastructure.

A total of approximately \$99.8 million was recognised as income during the financial year.

Total Income



Expenses – Where our money is spent...

The three largest items of Council's expenditure are employee benefits, materials and services, and depreciation and amortisation. The level of expenditure is constantly monitored via a rigorous budget process. Detailed estimates are prepared prior to the start of the financial year, and are then constantly monitored throughout the year to ensure that funds are utilised efficiently.

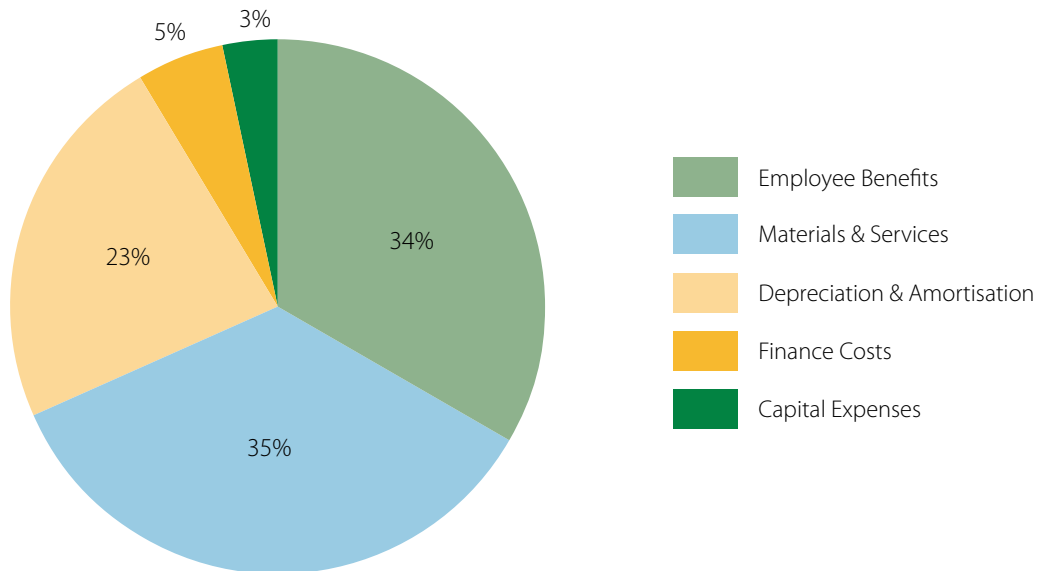
Council requires a large workforce to provide the many and diverse services to our community. We also need to plan and monitor the future of the shire in respect to developments, so that our existing lifestyle is maintained and improved.

Council spends considerable funds on materials and services to operate effectively. In accordance with Council's purchasing policy, we give some preference to local businesses when work is tendered to external suppliers. As well as being a large employer in the community, it makes sound economic sense to keep our money circulating in the region for the benefit of all who live here.

Depreciation and amortisation is a way of allocating the cost of an asset over the assets' estimated useful life. Through the accurate calculation and allocation of depreciation and amortisation, we are confident that we will have the necessary funds to renew our existing assets.

Capital expenses of approximately \$2.7 million are assets written off as part of our investment in renewing existing assets.

Total Expenditure



Total Comprehensive Income for the Period

The total comprehensive income for the year was approximately \$12.4 million which is the difference between total income and total expenses and measures the change in community wealth. Total comprehensive income also includes approximately \$24.5 million of capital revenue. Capital revenue fluctuates each reporting year and is dependent on the value of assets contributed by developers and government grants for capital works projects.

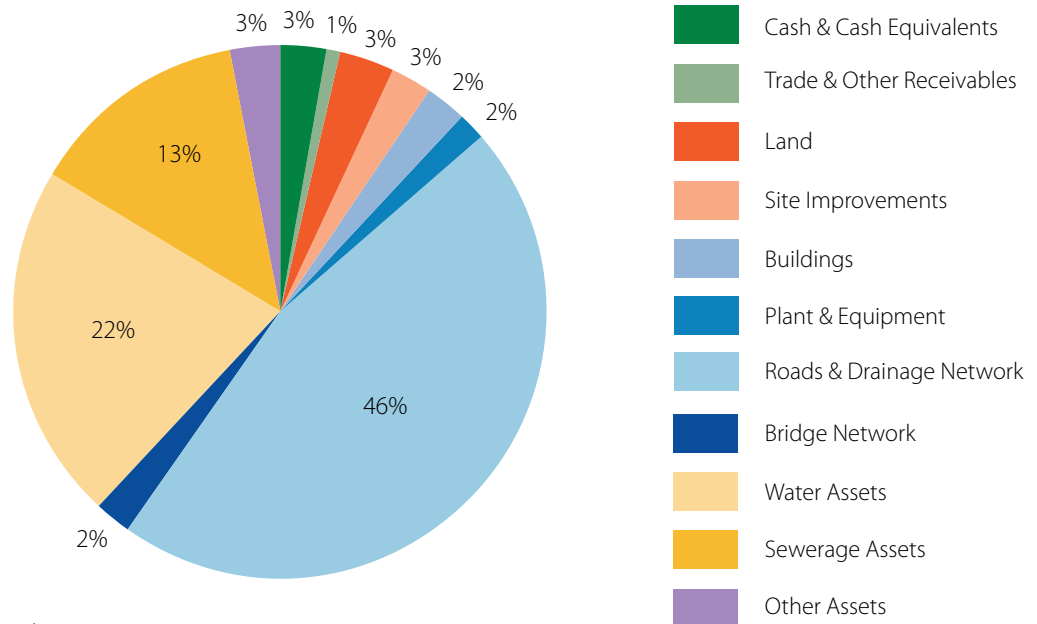
Statement of Financial Position

The Statement of Financial Position lists Council's assets and liabilities. The result of these two components determines the net worth of Council.

What Do We Own?

Council controls a variety of current and non-current assets of which approximately 95% is attributed to property, plant & equipment assets. This is a significant investment for the community and requires astute management to ensure the level of service provided by these assets is maintained.

Total Assets



Total assets are approximately \$857m as at 30 June 2015.

Capital Works

Capital works undertaken for the year totalled approximately \$24 million. These capital works were funded from depreciation, grants & subsidies, loans and cash holdings.

Significant projects undertaken in 2014-15 were:

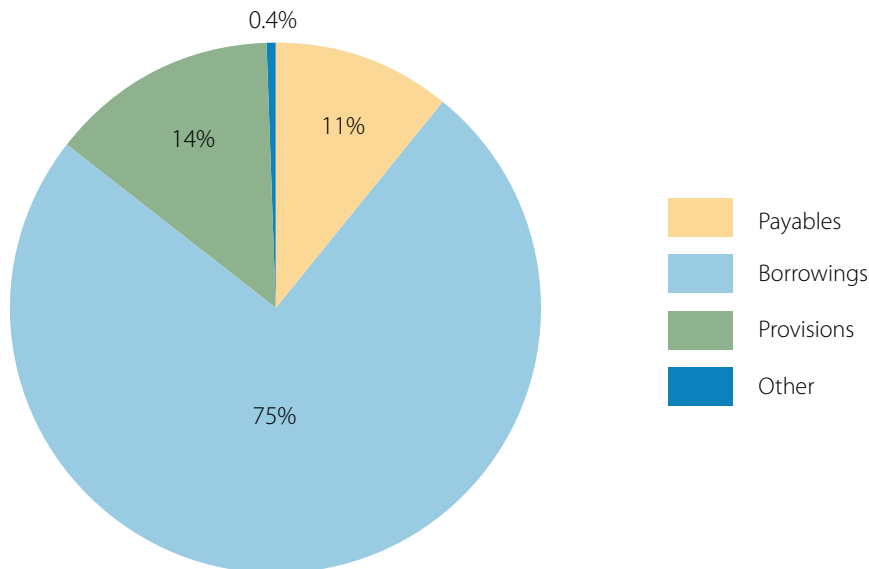
- Further acquisition of land and continuation of works on the Gateway Business and Industry Park development;
- Continuation of works on the Panorama Drive project;
- Works on the Centenary of Anzac Project at Emu Park;
- Works on the Arthur and Queen Street intersection in Yeppoon;
- Commencement of works on the Yeppoon Foreshore Wet Playground Feature; and
- Annual Asphalt road resurfacing and sewer relining works.

What Do We Owe?

Council's borrowings at the 30 June 2015 totalled approximately \$72.2 million. The level of Council's long-term debt is regularly reviewed as a component of the long term financial strategic plan.

Interest expense on all loans, totalled 5.4% of total operating income.

Total Liabilities



Total liabilities were approximately \$96.4 million at 30 June 2015 of which 75% are borrowings with the Queensland Treasury Corporation.

Financial Sustainability Ratios

An important indication in determining the financial health of Council is to calculate and review financial indicators or financial ratios. These ratios further assist in understanding the financial performance and position of Council, without reading through all of the details contained within the general purpose financial statements.

Three core ratios are the sustainability ratios. These have been calculated for the 2014-15 year and are listed below with a forecast for how the ratios will develop in Council's adopted Long Term Financial Plan.

Council's Long Term Financial Plan has been developed and adopted by Council and shows a continued high level of investment into assets. Whilst showing an operational deficit in the short term, the forecast shows that Council plans to move to a consistent operational surplus position by 2017-18.

Relevant Measures of Financial Sustainability

	Forecast									
Target	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024

1 Operating Surplus Ratio

Net Result (excluding capital items) / Total Operating Revenue (excluding capital items) (%)

Between 0% and 10%	(12.4)%	1.6%	(0.3)%	0.5%	4.2%	2.9%	5.5%	6.7%	5.5%	8.5%
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This ratio indicates the relationship between Council's operational result and total operating income, expressed as a percentage. It is an indication of Council's ability to fund its day-to-day operations. A result of up to 10% means that surplus income is available after Council has paid for the cost of delivering all its services to the community. Council's result of negative 12.4% indicates that Council had an operational deficit for the year. Council's long-term financial strategy indicates that Council will move back into operational surplus in 2017-18.

2 Asset Sustainability Ratio

(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense) (%)

Greater than 90%	47.0%	77.0%	76.0%	74.0%	92.0%	91.0%	91.0%	90.0%	90.0%	91.0%
------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

This ratio indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. Council is currently finalising asset management plans to develop strong, long-term plans for the management of its substantial asset base

3 Net Financial Liabilities Ratio

(Total Liabilities - Current Assets) / Total Operating Revenue (excluding capital items) (%)

Not Greater than 60%	84.3%	81.6%	84.2%	89.0%	81.9%	77.8%	70.6%	59.0%	53.7%	39.3%
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This ratio indicates the extent to which Council's debts can be met by its operating income, expressed as a percentage. A result of less than 60% indicates that Council has the capacity to fund its liabilities and has the capacity to increase its loan borrowings if required. Council's long-term financial strategy indicates that whilst this ratio is anticipated to remain greater than 60% through until 2020-21 it will decrease thereafter.

* Whilst the whole of the forecast period is not within the target ratio, it is managed and controlled within the forecast period.

Statement of Changes in Equity

This statement demonstrates the movements between the differing elements of equity which is the net wealth of the Community.

What Are We Worth?

Community equity is equal to assets less liabilities and is represented as retained surplus at 30 June 2015 of approximately \$760 million.

Over the long term Council is in a sound financial position. Council is holding an adequate reserve of cash, has substantial equity in its assets, and maintains debt at manageable levels.

The healthy financial position of Council combined with sound budgeting and forward planning, provides capacity for Council to meet its objectives as well as provide a large degree of flexibility if strategic directions change.

Statement of Cash Flows

The Statement of Cash Flows reports the cash flows in and out of Council for the financial year. The statement is useful in assisting readers to assess Council's sources and uses of cash and ensuring that Council has the capacity to meet all of its financial commitments. The cash flows are classified into operating, investing, and financing activities.

Council pools and invests funds throughout the year in low-risk short-term to medium term investments in accordance with Council's investment policy. The net movement in cash for the 2014-15 year was a net decrease of approximately \$360,000.

Looking to the Future

Council is well placed to provide the necessary financial resources to address the land use, natural resource, environmental, economic and social challenges associated with the developing growth across the shire.

Livingstone Shire Council will continue to build on its management of infrastructure assets. This will permit more informed decisions about renewal and replacement of assets and associated funding.

Livingstone Shire Council aims to continue to maintain its strong financial base through the prudent use of annual rates collection, grants and subsidies, developer's contributions, borrowings and the use of cash reserves. Ongoing long term cash flow planning, sound budgeting and extensive financial planning will assist Council greatly in achieving its objectives. This forward planning focus will put the Council in the best position possible to achieve the effective and efficient delivery of services to the community.





Livingstone Shire Council Financial Statements

for the period 1 July 2014 to 30 June 2015

Livingstone Shire Council

General Purpose Financial Statements for the year ended 30 June 2015

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Livingstone Shire Council.
 - (ii) All figures presented in these financial statements are presented in Australian Currency.
 - (iii) These financial statements were authorised for issue by the Council on 22 October 2015.
-



Livingstone Shire Council

General Purpose Financial Statements

for the year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across Queensland are required to present a set of audited Financial Statements to their Council & Community.

What you will find in the financial statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

The format of the Financial Statements complies with both the accounting & reporting requirements of Australian Accounting Standards.

About the management certificate

The Financial Statements must be certified by both the Mayor and the Chief Executive Officer as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the Financial Statements.

About the primary financial statements

The Financial Statements incorporate 4 "primary" financial statements:

1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income & expenses. The combined Other Comprehensive Income records items such as changes in the fair values of Council's Property, Plant & Equipment and Financial Instruments.

2. A Statement of Financial Position

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

3. A Statement of Changes in Equity

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

4. A Statement of Cash Flows

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

About the notes to the financial statements

The Notes to the Financial Statements provide greater detail and additional information on the 4 Primary Financial Statements.

About the auditor's reports

Council's Financial Statements are required to be audited by the Queensland Audit Office. The audit of many Queensland Councils is contracted to Audit firms that specialise in Local Government.

The Auditor provides an audit report which gives an opinion on whether the Financial Statements present fairly the Council's financial performance & position.

Who uses the financial statements?

The Financial Statements are publicly available documents & must be presented at a Council meeting after the date of the Audit Report.

Livingstone Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	57,872	28,083
Fees and charges	3b	5,151	2,595
Interest and investment revenue	3c	1,230	819
Sales revenue	3d	2,422	1,497
Other income	3e	1,944	892
Grants, subsidies and contributions	4a	6,682	931
Total recurrent revenue		75,301	34,817
Capital revenue			
Grants, subsidies and contributions	4b	23,752	10,136
Total revenue		99,053	44,953
Capital income	5	766	-
Total Income before gain on restructure of local government	2b	99,819	44,953
Net gain on the restructure of local government	11	-	744,470
Total Income		99,819	789,423
Expenses			
Recurrent expenses			
Employee benefits	6	29,240	15,898
Materials and services	7	30,545	12,141
Finance costs	8	4,707	2,508
Depreciation and amortisation	9	20,163	9,863
Total recurrent expenses		84,655	40,410
Capital expenses	10	2,758	1,108
Total expenses		87,413	41,518
Net result attributable to Council		12,406	747,905
Other Comprehensive Income			
Items that will not be classified to the net result			
Increase / (decrease) in asset revaluation surplus		-	-
Items that may be subsequently reclassified to net result			
Current year gains/ (losses) reclassification to net result		-	-
Total comprehensive income for the year		12,406	747,905

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

page 3

Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	24,037	15,399
Investments	12	-	9,000
Trade and other receivables	13	7,782	16,909
Inventories	14	1,134	960
Total current assets		32,953	42,268
Non-current assets			
Inventories	14	5,572	-
Property, plant and equipment	15	816,432	805,070
Intangible assets	17	1,769	1,910
Total non-current assets		823,773	806,980
TOTAL ASSETS		856,726	849,248
LIABILITIES			
Current liabilities			
Trade and other payables	18	10,447	10,007
Borrowings	19	3,366	11,873
Provisions	20	3,827	3,817
Other liabilities	21	97	185
Total current liabilities		17,737	25,882
Non-current liabilities			
Borrowings	19	68,897	66,105
Provisions	20	9,495	9,116
Other liabilities	21	286	240
Total non-current liabilities		78,678	75,461
TOTAL LIABILITIES		96,415	101,343
NET COMMUNITY ASSETS		760,311	747,905
COMMUNITY EQUITY			
Retained surplus	22	760,311	747,905
TOTAL COMMUNITY EQUITY		760,311	747,905

Livingstone Shire Council

Statement of Changes in Equity for the year ended 30 June 2015

	Notes	Retained Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2014		747,905	747,905
Net result attributable to Council	22	12,406	12,406
Total comprehensive income for the year		12,406	12,406
Balance as at 30 June 2015		760,311	760,311

	Notes	Retained Surplus \$'000	Total Equity \$'000
Balance as at 1 January 2014		-	-
Net result attributable to Council		747,905	747,905
Total comprehensive income for the period		747,905	747,905
Balance as at 30 June 2014		747,905	747,905

The 2013-14 comparatives have been re-presented to be consistent with disclosures in the current reporting period and Australian Accounting Standard Requirement.

Livingstone Shire Council

Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Cash flows from operating activities			
Receipts from customers		80,585	31,596
Payments to suppliers and employees		<u>(65,981)</u>	<u>(26,376)</u>
		14,604	5,220
Interest received		1,230	544
Non capital grants and contributions		6,827	931
Borrowing costs		<u>(4,259)</u>	<u>(2,156)</u>
Net cash inflow/(outflow) operating activities	27	<u>18,402</u>	<u>4,539</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		668	235
Grants, subsidies, contributions and donations		10,127	2,474
Net transfer (to)/from cash investments		9,000	(9,000)
Payments for property, plant and equipment		<u>(23,584)</u>	<u>(11,939)</u>
Payments for intangible assets		<u>(260)</u>	<u>(643)</u>
Net cash inflow/(outflow) from investing activities		<u>(4,049)</u>	<u>(18,873)</u>
Cash flows from financing activities			
Proceeds from borrowings		6,150	-
Repayment of borrowings		<u>(11,865)</u>	<u>(3,270)</u>
Net cash inflow/(outflow) from financing activities		<u>(5,715)</u>	<u>(3,270)</u>
Net increase/(decrease) in cash and cash equivalent held		<u>8,638</u>	<u>(17,604)</u>
Cash and cash equivalents - at the beginning of the financial year		15,399	33,003
Cash and cash equivalents - at the end of the financial year	12	<u><u>24,037</u></u>	<u><u>15,399</u></u>

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

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Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

Recurrent/Capital Classification

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

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

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- Disposal of non-current assets
- Discount rate adjustments to restoration provisions

Grants and contributions are to be classified as operating or capital depending on the purpose for which they are received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.

1.2 Statement of compliance

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

1.3 Constitution

Livingstone Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

1.4 Date of authorisation

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

1.5 Currency

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

1.6 Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Council applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on Council's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. As a result, Council will be required to measure its financial assets at fair value.

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

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

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that Council will disclose more information about related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some council staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

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

Effective for periods commencing 1 January 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]

- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014). Application of AASB 9 (December 2009) and AASB 9 (December 2010).

Effective for periods commencing 1 July 2015:

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality*

Effective for periods commencing 1 January 2016:

- AASB 2014-1 *Amendments to Australian Accounting Standards Part D*
- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*

Effective for periods commencing 1 July 2016:

- AASB 124 *Related Parties*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]*

Effective for periods commencing 1 January 2018:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 9 *Financial Instruments* (December 2009)
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2014-1 *Amendments to Australian Accounting Standards Part E*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014).

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

1.7 Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation of property, plant and equipment - Note 15
- Estimated useful lives of property, plant and equipment - Note 15
- Provisions - Note 20
- Contingent liabilities and assets - Note 24

1.8 Reporting entities

As at balance date Livingstone Shire Council has no reporting entities.

1.9 Revenue

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

(a) Rates and levies

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

(b) Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

(c) Non-cash contributions

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

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

(d) Cash contributions

Council receives cash contributions from property developers to construct assets such as roads, parks and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers*, these contributions are recognised as revenue when the related service obligations are fulfilled. Where agreements between Council and the developers relating to these contributions are determined not to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when received.

(e) Interest received

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

(f) Sales revenue

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

The Council generates revenues from a number of services including contracts for road and earthworks.

Notes to the Financial Statements
for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance, it is included in other liabilities and is recognised as revenue in the period when the service is performed.

(g) Fees and charges

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

(h) Other recurrent income

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

1.10 Financial assets and financial liabilities

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

Livingstone Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

- Cash and cash equivalents (Note 1.11)
- Investments (Note 1.12)
- Trade and other receivables - measured at amortised cost (Note 1.13)

Financial liabilities

- Payables - measured at amortised cost (Note 1.19)
- Borrowings and borrowing costs - measured at amortised cost (Note 1.21)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 29.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.12 Investments

Term deposits invested in excess of 90 days are classified as investments. Term deposits invested for less than 90 days are classified as cash equivalents. At 30 June 2015 Council did not have term deposits.

1.13 Trade and other receivables

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

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

All known bad debts were written-off at 30 June 2015. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council has the power to sell an owner's property under the *Local Government Act 2009* to recover outstanding rate debts, Council will only

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

impair rate receivables when outstanding debt exceeds unimproved capital values or when a state lease has been cancelled and it is likely that the debt cannot be received from the debtor.

1.14 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.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. Council undertakes an assessment each reporting period to determine the net realisable value of land classified as inventory and this inventory is valued at the lower of cost or net realisable value. As an inventory item, this land is recognised as a current asset once subdivision is complete, survey plans are registered and identified parcels of land are being advertised as ready for sale.

Council is currently developing and marketing The Gateway Business and Industry Park. Due to the inherent nature of this development, sale contracts have a number of considerable, specific conditions that allow the purchaser to withdraw at any stage prior to settlement date. On this basis Council has determined that the significant risks and rewards of ownership do not pass onto the purchaser until settlement date. Proceeds from the sale of land are recognised in the Statement of Comprehensive Income upon settlement of a contract of sale and the inventory sold recognised as cost of sales.

1.15 Property, Plant & 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 are:

Land
Site Improvements
Buildings
Plant and Equipment
Infrastructure Assets:
 Road and Drainage Assets
 Bridge Assets
 Water Infrastructure
 Sewerage Infrastructure
Heritage and Cultural Assets
Work in Progress

(a) Acquisition of assets

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

(b) Capital and operating expenditure

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

replacement of a major component of an asset to maintain its service potential is capitalised.

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

(c) Valuation

Land and site improvements, buildings, road & drainage, bridge network, sewerage and water assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses mostly internal resources to assess the condition and cost assumptions associated with all property, plant and equipment assets. The results of this assessment are considered in combination with the Australian Bureau of Statistics indices for Queensland, and other measures deemed suitable. Together these are used to form the basis of a management valuation for property, plant and equipment asset classes in each of the intervening years.

With respect to the valuation of the land and site improvements and building asset classes in the intervening years, Council uses mostly internal resources to assess the condition and cost assumptions associated with these asset classes,

assessing updated information regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The results are considered in combination with the Australian Bureau of Statistics indices. Together these are used to form the basis of management valuation for land and improvements and building asset classes. Plant and equipment, heritage and cultural and work in progress are measured at cost.

The Producer Price index for Queensland provided by Australian Bureau of Statistics that are used for property, plant and equipment assets are:

Buildings - Index Number ; 30 Building construction Queensland ;
Water and Sewerage - Index Number ; 3020 Non-residential building construction Queensland ;
Road and Drainage Network and Bridge Network - Index Number ; 3101 Road and bridge construction Queensland ; and
Site Improvements used the combination of indices above.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

(d) 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.

(e) Depreciation

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

Within the site improvements asset class, Council has recognised a landfill rehabilitation asset which represents the future economic benefits to be attained

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

from the use of the current waste cell at the Yeppoon landfill site. This asset is amortised progressively based on the annual consumption and estimated useful life of the current cell. A number of assumptions including projected waste taken at the landfill, estimated closure dates of the current cell and the estimated cost and timing of future capping outlays have been used in measuring this 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.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

The Australian Accounting Standards Board has issued an Agenda Decision in May 2015 that clarifies that amounts of cost savings from the re-use of parts of an asset do not meet the definition of a residual value. Recognition of these amounts as

residual values is a practice that has been prevalent in local authorities in Queensland and has been followed in Livingstone Shire Council.

The determination that residual value should reflect the consideration receivable for an asset at the end of the useful life contained in AASB Action Alert Issue No. 172 on 29 May 2015 requires a change to previous estimates. The current practice is for cost savings from the re-use of in-situ materials to be incorporated in the residual values. In line with the AASB's clarification, a full analysis will be undertaken in the following year (2015-16 financial year) to align Council's practices. It is Livingstone Shire Council's intention to remove the residuals from the calculation of its assets for the 2015-16 financial year. The current financial indications are that there is no material impact on depreciation or asset values for 2014-15 financial year.

1.16 Intangible assets

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

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

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

Amortisation methods and estimated useful lives are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 17.

1.17 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 recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

No impairments have been recognised in the 2014-2015 year.

1.18 Leases

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

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.

1.19 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 7 day or 30 day terms.

1.20 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next 12 months or that Council does not have an unconditional right to defer settlement of the liability for at least 12 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 reported in Note 18 as a payable.

(b) Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 18 as a payable.

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

(c) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 25.

(d) 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

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 20 as a provision.

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

1.21 Borrowings and borrowing costs

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

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times. Borrowing costs are normally expensed in the period in which they are incurred. No borrowing costs have been capitalised in 2014-15.

Under the provisions of the Local Government (De-amalgamation Implementation) Regulation 2013, a Working Capital Facility with the Queensland Treasury Corporation was transferred to Livingstone Shire Council. This facility has been used to fund the deamalgamation of Livingstone Shire Council from Rockhampton Regional Council as at 1 January 2014. This facility was repaid in full by 30 June 2015. All interest payable on this facility has been recognised as expenditure and capitalised against the balance of the facility.

Borrowings are classified as current liabilities except for the principal amount that is due and payable, under the contractual terms of the loan agreement, 12 months after the end of the reporting period. This amount is classified as a non-current amount. Further details are provided in Note 19.

1.22 Restoration provision

A provision is made for the cost of restoration in respect of landfill facilities and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. Further details can be found in Note 20.

(a) Landfill restoration

The provision represents the present value of the anticipated future costs associated with the closure of the landfill facilities and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill facilities is reviewed at least annually and updated based on the facts and circumstances available at the time.

The provision is measured at the expected cost of the work required, discounted to current day values using an appropriate rate. Commonwealth Government guaranteed securities, with a maturity date corresponding to the anticipated date of restoration, are considered an appropriate rate to use.

Changes in the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

(b) Quarry rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts

Notes to the Financial Statements

for the year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies (continued)

currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur on an ongoing basis.

The provision is measured at the expected cost of the work required, discounted to current day values using an appropriate rate. Commonwealth Government guaranteed securities, with a maturity date corresponding to the anticipated date of restoration, are considered an appropriate rate to use.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

1.23 Retained surplus

This represents the amount of Council's total community equity.

At 30 June 2014 Council had \$19,202,650 identified and accounted for as Reserves. As at 1 July 2014, in accordance with industry best practice, the disclosure of Reserves discontinued and all funds in Reserves at 30 June 2014 were transferred to Retained Surplus. The 2013-14 comparatives have been re-presented to be consistent with disclosures in the current reporting period and Australian Accounting Standard Requirements.

1.24 National competition policy

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 30.

1.25 Rounding and comparatives

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

Comparative information is for the period 1 January 2014 – 30 June 2014 and has been restated where necessary to be consistent with disclosures in the current reporting period.

1.26 Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The monies are disclosed in the notes to the financial statements for information purposes only in Note 26.

1.27 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.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2(a). Council functions - Component descriptions

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

RESOURCING

Includes recognition and allocation of general rates and grant revenue, interest revenue and expenses not allocated to Council's other functions below.

OFFICE OF THE CEO

The objective of the office of the CEO is to provide direction for Council to be open, accountable, transparent and deliver value for money community outcomes. Includes the offices of the Mayor, Councillors and the Chief Executive Officer, economic development and internal audit functions.

INFRASTRUCTURE SERVICES

The objective of Infrastructure Services is to ensure that the community is serviced by a high quality and effective road, parks and open space network. Includes council's construction and maintenance activities (roadwork maintenance, roadwork construction and parks & open space management), engineering activities, planning and design activities, asset management, fleet and facilities management activities and disaster management. Also includes Council's depot operations and recoverable works.

CORPORATE SERVICES

The goal of Corporate Services is to provide the organisation with a high level of support for their operations, to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements and provide a governance structure to support open, accountable, transparent delivery of value for money community outcomes. Includes Council's information technology, finance, human resources & governance, customer engagement & communications and business improvement activities.

COMMUNITY AND PLANNING SERVICES

The goals of Community and Planning Services are to ensure that Livingstone Shire is a healthy, vibrant, contemporary and connected community by providing well managed and maintained community facilities and ensuring delivery of cultural, health, welfare, environmental and recreational services.

The department is also responsible for the facilitation of the shires growth and prosperity through well planned and quality development. The objective of planning and development is to ensure that the Livingstone Shire is well designed, efficient and facilitates growth while preserving the character and natural environment of the Shire.

Includes Council's town planning activities including development assessment, development compliance & strategic planning. Also includes Council's local laws, libraries, community partnerships and natural resource management activities.

WASTE SERVICES

The goal of this function is to protect and support our community and natural environment by sustainably managing refuse. This includes waste collection and disposal, recycling collection, and management of Council's landfill facilities.

WATER AND SEWERAGE SERVICES

The goal of this function is to support a healthy and safe community through managing sustainable water and sewerage services. Council's water and sewerage business activity is responsible for the provision of water and sewerage activities to the residents of Livingstone Shire Council including operations of water treatment plants, reservoirs, water distribution network, water quality control, sewerage treatment plants, trunk sewers, sewerage pump stations, sewerage mains and services.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 2(b). Analysis of results by function

Functions	Gross Program Income		Total Income	Total Expenses	Net Result	Total Assets
	Grants	Other				
	\$'000	\$'000				
2015			\$'000	\$'000	\$'000	\$'000
Resourcing	3,784	35,404	39,188	(849)	38,339	58,368
Office of the CEO	-	12	12	(1,957)	(1,945)	-
Infrastructure Services	7,608	14,368	21,976	(35,710)	(13,734)	472,814
Corporate Services	6	1,685	1,691	(12,119)	(10,428)	4,131
Community and Planning Services	751	2,180	2,931	(7,970)	(5,039)	1,020
Waste Services	79	6,070	6,149	(6,815)	(666)	10,163
Water & Sewerage Services	-	27,872	27,872	(21,993)	5,879	310,230
Total	12,228	87,591	99,819	(87,413)	12,406	856,726
1 January 2014 - 30 June 2014			\$'000	\$'000	\$'000	\$'000
Resourcing	515	17,354	17,869	(2,623)	15,246	62,499
Office of the CEO	-	6	6	(827)	(821)	-
Infrastructure Services	752	7,514	8,266	(15,384)	(7,118)	456,793
Corporate Services	-	884	884	(5,499)	(4,615)	4,201
Community and Planning Services	357	1,153	1,510	(3,943)	(2,433)	811
Waste Services	-	2,763	2,763	(2,763)	-	10,799
Water & Sewerage Services	-	13,655	13,655	(10,479)	3,176	314,145
Total	1,624	43,329	44,953	(41,518)	3,435	849,248

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 3. Revenue analysis

	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Notes		
(a) Rates, levies and charges		
General rates	27,997	13,265
Separate rates	8,642	4,088
Special rates	467	235
Water	12,764	6,673
Sewerage	8,546	4,030
Garbage charges	5,233	2,446
Total rates and utility charge revenue	<u>63,649</u>	<u>30,737</u>
Less: Discounts	(5,120)	(2,385)
Less: Pensioner remissions	(657)	(269)
<u>TOTAL NET RATES, LEVIES AND CHARGES</u>	<u><u>57,872</u></u>	<u><u>28,083</u></u>
(b) Fees and charges		
Waste fees	1,250	551
Venues, events, tourism and cultural fees	1,238	677
Building, plumbing and development fees	1,590	981
Local laws and health licencing fees	453	66
Irrigator and commercial water fees	339	159
Other fees and charges	281	161
<u>TOTAL FEES AND CHARGES</u>	<u><u>5,151</u></u>	<u><u>2,595</u></u>
(c) Interest and investment revenue		
Interest received from investments	1,095	725
Interest from overdue rates and utility charges	135	94
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u><u>1,230</u></u>	<u><u>819</u></u>
(d) Sales revenue		
Recoverable and private works	2,422	1,497
<u>TOTAL SALES REVENUE</u>	<u><u>2,422</u></u>	<u><u>1,497</u></u>
<p>The amount recognised as revenue from contract works during the financial year is the amount receivable in respect of invoices issued during the period.</p> <p>The contract work carried out is not subject to retentions.</p>		
(e) Other recurrent income		
Other recurrent income	1,672	117
Rental / lease income	160	65
Commission and collection fees	59	7
Payroll recoveries	53	703
<u>TOTAL OTHER INCOME</u>	<u><u>1,944</u></u>	<u><u>892</u></u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 4. Grants, subsidies and contributions

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
(a) Recurrent - grants, subsidies and contributions are analysed as follows			
General purpose grants		3,784	515
Government subsidies and grants		2,836	414
Contributions		62	2
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, AND CONTRIBUTIONS</u>		<u>6,682</u>	<u>931</u>

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

(i) Monetary revenue designated for capital funding purposes:

Government subsidies and grants		5,608	695
Contributions		4,387	1,973

(ii) Non-monetary revenue received is analysed as follows:

Developer assets contributed by developers at fair value		13,757	7,468
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<u>TOTAL CAPITAL GRANTS, SUBSIDIES, AND CONTRIBUTIONS</u>		<u>23,752</u>	<u>10,136</u>
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Note 5. Capital income

Provision for restoration of quarries

Change from revision of future restoration expense		<u>35</u>	<u>-</u>
		35	-

Other

Gain from assets not previously recognised	15	<u>731</u>	<u>-</u>
		731	-

<u>TOTAL CAPITAL INCOME</u>		<u>766</u>	<u>-</u>
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Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 6. Employee benefits

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Total staff wages and salaries		27,331	14,438
Annual, sick and long service leave entitlements		288	515
Superannuation	25	2,929	1,422
Councillors' remuneration		668	307
		<u>31,216</u>	<u>16,682</u>
Other employee related expenses		1,193	370
		<u>32,409</u>	<u>17,052</u>
Less: Capitalised employee expenses		(3,169)	(1,154)
<u>TOTAL EMPLOYEE BENEFITS</u>		<u><u>29,240</u></u>	<u><u>15,898</u></u>
Additional information:			
Total employees at year end:			
Administration staff		No. 226	No. 204
Depot and outdoors staff		126	121
Total full time equivalent employees		<u>352</u>	<u>325</u>
Total elected members		<u>7</u>	<u>7</u>

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

Note 7. Materials and services

Advertising and marketing	432	132
Administration supplies and consumables	357	183
Audit of annual financial statements *	261	179
Bulk water purchases	3,504	1,782
Communications and information technology	1,549	558
Consultants	1,558	1,194
Contractors	4,979	2,031
Donations and subscriptions paid	1,024	345
Electricity	2,368	1,104
Insurance	673	375
Repairs and maintenance	12,891	3,426
Operating leases - Rentals	161	136
Other material and services	788	696
<u>TOTAL MATERIALS AND SERVICES</u>	<u><u>30,545</u></u>	<u><u>12,141</u></u>

* The amount above represents external audit fees paid to the Auditor-General of Queensland and includes \$62,988 relating to the 2013-14 financial period. The external auditor remuneration for the 2014-15 financial year is \$198,500 (PY: \$241,798). There were no non-audit fees incurred during the financial year or the prior period.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 8. Finance costs

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Finance costs charged by the Queensland Treasury Corporation		4,095	2,221
Bank charges		164	85
Impairment of receivables		155	45
Change to landfill provision due to a change in present value over time		286	153
Change to quarry provision due to a change in present value over time		7	4
<u>TOTAL FINANCE COSTS</u>		<u>4,707</u>	<u>2,508</u>

Note 9. Depreciation and amortisation

Depreciation and amortisation

Site improvements		1,198	570
Buildings		1,152	489
Plant and equipment		2,417	1,399
Road and drainage network		7,559	3,610
Bridge network		570	279
Water		4,392	2,144
Sewerage		2,474	1,197
Total depreciation of non current assets	15	<u>19,762</u>	<u>9,688</u>

Amortisation of intangible assets

Computer software		401	175
Total amortisation of intangible assets	17	<u>401</u>	<u>175</u>
<u>TOTAL DEPRECIATION AND AMORTISATION</u>		<u>20,163</u>	<u>9,863</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 10. Capital expenses

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
(a) Loss on disposal of non-current assets			
Proceeds from the disposal of property, plant and equipment		668	234
Less: Book value of property, plant and equipment disposed	15	(823)	(280)
Loss on disposal of non-current assets		155	46
(b) Quarry rehabilitation			
Change in discount rate		10	3
Change from revision of future restoration expense		-	33
		10	36
(c) Other capital expenses			
Loss on write-off of assets	15	2,593	580
Assets previously recognised incorrectly		-	69
Flood damage - 2014 events		-	377
		2,593	1,026
TOTAL CAPITAL EXPENSES		2,758	1,108

Note 11. Net gain on restructure of local government

1/1/2014
- 30/6/2014

Adjusted opening balance from Rockhampton Regional Council (RRC)

Assets	
Cash, cash equivalents and investments	33,003
Trade and other receivables	14,311
Inventories	1,044
Property, plant and equipment	796,374
Intangible assets	1,442
Total assets	846,174
Liabilities	
Trade and other payables	7,276
Provisions	12,684
Loans	81,183
Other liabilities	560
Total liabilities	101,703
Net assets and liabilities transferred	859,081
Adjustments to opening balances	(114,611)
Net gain on the restructure of local government	744,470

The de-amalgamation of the Livingstone Shire Council from Rockhampton Regional Council was effective from 1 January 2014 per the *Local Government (De-amalgamation Implementation) Regulation 2013* in accordance with *AASB 3 Business Combinations*. The net amount of all assets and liabilities transferred from Rockhampton Regional Council has been recognised as a gain on the restructure of Local Government.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 12. Cash, cash equivalents and investments

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Cash and cash equivalents			
Cash in operating bank account		681	2,912
Cash on hand		4	3
Investments with Queensland Treasury Corporation		23,352	12,484
Total cash and cash equivalents		<u>24,037</u>	<u>15,399</u>
<p>Council's operating funds are held with the Commonwealth Bank which has a Standard and Poor's short term credit rating of A-1+ and a long term credit rating of AA-. Deposits at call consist of funds held with the Queensland Treasury Corporation in a capital guaranteed cash fund. The Queensland Treasury Corporation has a Standard and Poor's short term credit rating of A-1+ and a long term credit rating of AA+. The capital guaranteed cash fund at reporting date had a floating interest rate of 2.83% p.a.</p>			
Investments			
Term deposits		-	9,000
Total current investment securities		<u>-</u>	<u>9,000</u>
TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS		<u>24,037</u>	<u>24,399</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		167	22
Total unspent government grants and subsidies		<u>167</u>	<u>22</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 13. Trade and other receivables

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Current			
Rateable revenue and utility charges		4,267	3,339
Other debtors		2,025	12,283
GST recoverable		573	664
Prepayments		1,003	681
Total		<u>7,868</u>	<u>16,967</u>
less: accumulated impairment			
Rateable revenue and utility charges		(52)	(58)
Other debtors		(34)	-
Total accumulated impairment - Receivables		<u>(86)</u>	<u>(58)</u>
<u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u>		<u><u>7,782</u></u>	<u><u>16,909</u></u>

Interest is charged on outstanding rates at a rate of 11% per annum (2014: 11%).

There is no concentration of credit risk for rates and utility charges, fees and other debtors.

The movement in accumulated impairment (trade and other receivables) is as follows:

Opening balance	58	13
Impairment adjustment in the period	28	45
Closing balance	<u>86</u>	<u>58</u>

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 14. Inventories

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Inventories			
Current Inventories			
(a) Inventories held for sale			
Other trading inventories		54	105
		<u>54</u>	<u>105</u>
(b) Inventories held for internal use			
Quarry and road materials		608	405
Stores and materials		472	450
		<u>1,080</u>	<u>855</u>
<u>TOTAL CURRENT INVENTORIES</u>		<u>1,134</u>	<u>960</u>
Non-current inventories			
Land purchased for development and sale		<u>5,572</u>	<u>-</u>
During the year ended 30 June 2015, no interest was capitalised to land purchased for development and sale.			
<u>TOTAL NON-CURRENT INVENTORIES</u>		<u>5,572</u>	<u>-</u>

Notes to the Financial Statements
for the year ended 30 June 2015

Note 15 Property, plant and equipment

30 June 2015	Notes	Land		Site improvements		Buildings		Plant and equipment		Road and drainage network		Bridge network		Water		Sewerage		Heritage and cultural assets		Work in progress		Total	
		\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Fair Value	\$'000	Cost	\$'000	Fair Value
Opening gross balance - at cost		-	-	-	-	-	22,211	-	-	-	-	-	-	-	-	-	-	-	-	5,651	-	27,862	
Opening gross balance - at fair value		32,307	29,860	36,675	36,675	-	-	-	465,085	29,924	298,824	298,824	147,460	147,460	329	329	5,651	-	-	-	-	1,040,464	
Opening gross balance		32,307	29,860	36,675	36,675	-	22,211	-	465,085	29,924	298,824	298,824	147,460	147,460	329	329	5,651	-	-	-	-	1,068,326	
Assets not previously recognised		-	580	-	-	-	-	-	-	-	-	-	151	-	-	-	-	-	-	-	-	731	
Additions*		-	672	1,092	-	2,616	2,616	4,147	4,147	42	583	1,588	1,448	3,093	47	-	13,053	-	-	-	-	23,793	
Contributed assets		-	28	-	-	-	(2,991)	9,141	9,141	-	-	-	-	-	-	-	-	-	-	-	-	13,757	
Disposals	10	-	(60)	-	-	(189)	-	(2,329)	(2,329)	(13)	(458)	(1,697)	-	-	-	-	-	-	-	-	-	(2,991)	
Write-offs	10	-	38	-	-	35	56	1,794	1,794	13	716	391	-	-	-	-	(3,053)	-	-	(260)	-	(4,746)	
Work in progress transfers		10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers from/(to) Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers to Inventory	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(260)	
Increase in Landfill rehabilitation asset due to change in discount rate		-	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	
Total gross value of Property, plant and equipment - at cost		-	-	-	-	-	21,892	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,330	
Total Gross Value of Property, Plant and Equipment - at Fair Value		28,785	31,170	37,613	37,613	-	-	477,837	477,837	29,966	301,264	301,264	150,835	150,835	329	329	-	-	-	-	-	1,057,799	
Total Gross Value of Property, Plant and Equipment		28,785	31,170	37,613	37,613	-	21,892	477,837	477,837	29,966	301,264	301,264	150,835	150,835	329	329	-	-	-	-	-	1,095,129	
Opening Accumulated Depreciation		-	8,409	15,426	15,426	8,284	8,284	74,927	74,927	10,973	110,587	110,587	34,650	34,650	-	-	-	-	-	-	-	263,256	
Depreciation expense	9	-	1,198	1,152	1,152	2,417	2,417	7,559	7,559	570	4,392	4,392	2,474	2,474	-	-	-	-	-	-	-	19,762	
Disposals	10	-	-	-	-	-	(2,168)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,168)	
Write-offs	10	-	(16)	(178)	(178)	-	-	(957)	(957)	(11)	(225)	(765)	-	-	-	-	-	-	-	-	-	(2,152)	
Total Accumulated Depreciation Property, Plant and Equipment		-	9,591	16,399	16,399	8,534	8,534	81,528	81,528	11,532	114,754	114,754	36,359	36,359	-	-	-	-	-	-	-	278,697	
Total Net Book Value of Property, Plant and Equipment		28,785	21,579	21,214	21,214	13,358	13,358	396,309	396,309	18,434	186,510	186,510	114,476	114,476	329	329	-	-	-	-	-	816,432	
Other information																							
Residual Value		-	-	-	-	3,673	3,673	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Range of Estimated Useful Life (years)		Not Depreciated	6 - 120	20 - 80	5 - 50	4 - 120	10 - 120	10 - 150	10 - 100	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated	Not Depreciated
*Asset Additions Comprise																							
Asset Renewals		-	73	635	2,489	3,031	42	421	1,069	-	-	-	-	-	-	-	-	-	-	-	-	3,066	
Other Additions		-	599	457	127	1,116	-	162	519	-	-	-	-	-	-	-	-	-	-	-	-	9,987	
Total Asset Additions		-	672	1,092	2,616	4,147	42	583	1,588	-	-	-	-	-	-	-	-	-	-	-	-	13,053	

Notes to the Financial Statements
for the year ended 30 June 2015

Note 15 Property, plant and equipment

30 June 2014	Land	Site improvements	Buildings	Plant and equipment	Road and drainage network	Bridge network	Water	Sewerage	Heritage and cultural assets	Work in progress	Total
Measurement Basis	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost
Notes											
Opening Gross Balance - at Cost	-	-	-	20,628	-	-	-	-	-	3,230	23,858
Opening Gross Balance - at Fair Value	28,515	29,458	36,568	-	460,357	29,924	296,592	145,412	329	-	1,027,155
Opening Gross Balance	28,515	29,458	36,568	20,628	460,357	29,924	296,592	145,412	329	3,230	1,051,013
Additions*	3,749	138	102	2,485	1,105	-	697	59	-	3,675	12,010
Contributed Assets	-	4	-	-	4,883	-	636	1,944	-	-	7,467
Disposals	-	-	-	(902)	-	-	-	-	-	-	(902)
Write-offs	-	-	-	-	(822)	-	(118)	-	-	-	(940)
Work in Progress Transfers	43	44	5	-	100	-	1,017	45	-	(1,254)	-
Write off of flood damage 2014	-	-	-	-	(538)	-	-	-	-	-	(538)
Increase in Landfill rehabilitation asset due to change in discount rate	-	216	-	-	-	-	-	-	-	-	216
Total Gross Value of Property, Plant and Equipment - at Cost	-	-	-	22,211	-	-	-	-	-	5,651	27,862
Total Gross Value of Property, Plant and Equipment - at Fair Value	32,307	29,860	36,675	-	465,085	29,924	298,824	147,460	329	-	1,040,464
Total Gross Value of Property, Plant and Equipment	32,307	29,860	36,675	22,211	465,085	29,924	298,824	147,460	329	5,651	1,068,326
Opening Accumulated Depreciation	-	7,839	14,937	7,506	71,701	10,694	108,511	33,453	-	-	254,641
Depreciation expense	-	570	489	1,399	3,610	279	2,144	1,197	-	-	9,688
Depreciation on disposals	-	-	-	(621)	-	-	-	-	-	-	(621)
Depreciation on write-offs	-	-	-	-	(223)	-	(68)	-	-	-	(291)
Write off of flood damage 2014	-	-	-	-	(161)	-	-	-	-	-	(161)
Total Accumulated Depreciation Property, Plant and Equipment	-	8,409	15,426	8,284	74,927	10,973	110,587	34,650	-	-	263,256
Total Net Book Value of Property, Plant and Equipment	32,307	21,451	21,249	13,927	390,158	18,951	188,237	112,810	329	5,651	805,070
Other information											
Residual Value	-	91	-	4,965	122,587	-	11	11,312	-	-	138,966
Range of Estimated Useful Life (years)	Not depreciated	14-120	20-80	5-40	4-120	10-120	15-150	10-80	Not depreciated	Not depreciated	
*Asset Additions Comprise											
Asset Renewals	-	115	73	2,075	701	-	213	6	-	1,367	4,550
Other Additions	3,749	23	29	410	404	-	484	53	-	2,308	7,460
Total Asset Additions	3,749	138	102	2,485	1,105	-	697	59	-	3,675	12,010

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements

(a) Recognised fair value measurements

AASB 13 requires fair value measurements are categorised on the following basis:

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

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

Property, plant and equipment

- Land
- Site improvements
- Buildings
- Road and drainage infrastructure
- Bridge infrastructure
- Water infrastructure
- Sewerage infrastructure
- Heritage and cultural assets

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 19 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

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

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

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:		Total
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2015				
Recurring Fair Value Measurements				
Property, Plant and Equipment				
Land	1/1/14	28,785	-	28,785
Site improvements	1/1/14	-	21,579	21,579
Buildings	1/1/14	-	21,214	21,214
Road and drainage infrastructure	1/1/14	-	396,309	396,309
Bridge infrastructure	1/1/14	-	18,434	18,434
Water infrastructure	1/1/14	-	186,510	186,510
Sewerage infrastructure	1/1/14	-	114,476	114,476
Heritage and cultural assets	30/6/13	-	329	329
Total Property, Plant and Equipment		28,785	758,851	787,636

The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:		Total
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2014				
Recurring Fair Value Measurements				
Property, Plant and Equipment				
Land	1/1/14	32,307	-	32,307
Site improvements	1/1/14	-	21,451	21,451
Buildings	1/1/14	-	21,249	21,249
Road and drainage infrastructure	1/1/14	-	390,158	390,158
Bridge infrastructure	1/1/14	-	18,951	18,951
Water infrastructure	1/1/14	-	188,237	188,237
Sewerage infrastructure	1/1/14	-	112,810	112,810
Heritage and cultural assets	30/6/13	-	329	329
Total Property, Plant and Equipment		32,307	753,185	785,492

During the year, there were no transfers between Level 1, Level 2 or Level 3 fair value hierarchy levels. Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

(b) Valuation techniques used to derive fair values for Level 2 and Level 3 valuations

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The fair valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Land (Level 2)

Land fair values were determined by independent valuer, Shepherd Services Pty Ltd via Herron Todd White Valuers. The last revaluation of land was undertaken effective 1 January 2014. Where there is a market for Council land assets, fair value has been derived from the sales prices of comparable properties. Where a depth in market can be identified we have assessed the fair value of an asset, as the best estimate of price reasonably obtained in the market at the date of valuation.

A review by Herron Todd White Valuers of market data between 1 January 2014 and 31 March 2015 outlined that there were no significant, material movements in fair value.

Buildings (Level 2 and 3)

The fair value of buildings was determined by independent valuer, Shepherd Services Pty Ltd via Herron Todd White Valuers. The last revaluation of buildings was undertaken effective 1 January 2014. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset of similar type and service. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified we have assessed the fair value of an asset, as the best estimate of price reasonably obtained in the market at the date of valuation. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Unit rates have been determined on a component basis and have been applied on a percentage basis of the entire building / structure.

In determining the level of accumulated depreciation, building assets have been disaggregated into significant components that exhibit different useful lives and by conducting condition assessments on each of the various components within each building.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

Sensitivity of valuation to unobservable inputs

The methods of valuation used a number of inputs that required judgement and therefore are classed as unobservable. These judgements were based on years of experience working in the industry and whilst every care has been taken to ensure these are accurate, variances in the below unobservable inputs could affect the values. This table summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Significant Unobservable Inputs	Range of Inputs	Relationship of Unobservable Inputs to Fair Value
Condition	1-5	The better the condition, the higher the fair value
Remaining Useful Life	1-80	The higher the remaining life, the higher the fair value

A review by Herron Todd White Valuers of market data between 1 January 2014 and 31 March 2015 outlined that there were no significant, material movements in fair value.

Roads Infrastructure (Level 3)

The fair value of roads infrastructure assets was determined by independent valuer Shepherd Services Pty Ltd at written down current replacement cost. The last valuation of roads infrastructure was undertaken effective 1 January 2014.

The valuation comprised the assets current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

Current Replacement Cost

Council categorises its road infrastructure into urban and rural roads and further sub-categorises these into sealed and unsealed roads. All road segments are componentised into formation, pavement and surface (where applicable).

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity or were redundant, an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks. The unit rates were developed using first principles methods taking into account current plant, labour and material costs as well as productivity considerations and current modern equivalent infrastructure.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

There were some assets where a service percentage is applied to the CRC to represent the proportion of asset that is providing the desired service level. Of particular note is the unsealed road asset category.

Accumulated Depreciation

In determining the level of accumulated depreciation roads infrastructure was disaggregated into significant components which exhibited different useful lives.

The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available. The age in days is then multiplied by its daily depreciation amount plus any residual amount to determine the accumulated depreciation amount.

Condition assessments used the following table to determine the remaining life of an asset.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Excellent (only normal maintenance required)	95%
2	Good (minor defects only/minor maintenance required up to 25%)	75%
3	Average (significant maintenance required 50%)	50%
4	Poor (requires replacement within next 1-2 years)	20%
5	Asset failure (requires immediate replacement)	5%

Remaining life (condition) = useful life x % asset remaining

Daily depreciation was determined by the CRC minus any residual value over the useful life in days of the asset component. The useful lives were determined for each asset component which reflected different periods of available use for council. The determination of these periods was completed by the sampling of the oldest assets in these groups to view physical wear and tear and also considered factors like expected usage and any technical or commercial obsolescence in setting these lives.

Residual values have been used for assets where the actual replacement treatment is different from the greenfields replacement cost. These are reported separately at asset component level.

Estimated useful lives are disclosed in Note 15.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

Sensitivity of valuation to unobservable inputs

The methods of valuation used a number of inputs that required judgement and therefore are classed as unobservable. These judgements were based on years of experience working in the industry and whilst every care has been taken to ensure these are accurate, variances in the below unobservable inputs could affect the values. This table summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Number of Plant and Labour Hours	Hrs / m2 or lineal metre	The higher the hours, the higher the fair value
Material Usage Quantities	Varies depending upon type of material	The higher the quantities, the higher the fair value
Condition	1 - 5	The better the condition, the higher the fair value
Remaining Useful Life	1 - 120	The higher the remaining life, the higher the fair value
Residual Values	20% to 100%	The higher the residual value, the higher the fair value

A review of Australian Bureau of Statistics indexes (Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia Table 17) for the period 1 January 2014 to 31 March 2015 shows no significant material increases and therefore the values are considered still at fair value.

Water Infrastructure and Sewerage Infrastructure (Level 3)

The fair value of water and sewerage Infrastructure assets were determined by independent valuer, Shepherd Services Pty Ltd at written down current replacement cost. The last revaluation of Water and Sewerage Infrastructure was undertaken effective 1 January 2014.

The valuation comprised the assets current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

Current Replacement Cost

Council categorises its water and sewer infrastructure into active and passive assets. Water assets are split across the region into five distinct areas, these being Capricorn Coast, The Caves, Marlborough, Ogmoo and Rockhampton (Nerimbera). Sewer assets are split across two distinct areas being Yeppoon and Emu Park. The water treatment plants are categorised by process with the pump stations categorised by civil, electrical, mechanical and chemical.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity or were redundant, an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks. The unit rates were developed using first principles methods taking in to account current plant, labour and material costs as well as productivity considerations and current modern equivalent infrastructure.

Accumulated Depreciation

In determining the level of accumulated depreciation, water and sewerage active infrastructure was disaggregated into significant components which exhibited different useful lives.

The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available. The age in days is then multiplied by its daily depreciation amount plus any residual amount to determine the accumulated depreciation amount.

Condition assessments used the following table to determine the remaining life of an asset.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Excellent (only normal maintenance required)	95%
2	Good (minor defects only/minor maintenance required up to 25%)	75%
3	Average (significant maintenance required 50%)	50%
4	Poor (requires replacement within next 1-2 years)	20%
5	Asset failure (requires immediate replacement)	5%

Remaining life (condition) = useful life x % asset remaining

Daily depreciation was determined by the CRC minus any residual values over the useful life in days of the asset component. The useful lives were determined for each asset component which reflected different periods of available use for council. The determination of these periods was completed by the sampling of the oldest assets in these groups to view physical wear and tear and also considered factors like expected usage and any technical or commercial obsolescence in setting these lives.

Residual values have been used for assets where the actual replacement treatment is different from the greenfields replacement cost. These are reported separately at asset component level.

Estimated useful lives and residual values are disclosed in Note 15.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

Sensitivity of valuation to unobservable inputs

The methods of valuation used a number of inputs that required judgement and therefore are classed as unobservable. These judgements were based on years of experience working in the industry and whilst every care has been taken to ensure these are accurate, variances in the below unobservable inputs could affect the values. This table summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Number of Plant and Labour Hours	Hrs / m2 or lineal metre	The higher the hours, the higher the fair value
Material Usage Quantities	Varies depending upon type of material	The higher the quantities, the higher the fair value
Condition	1 - 5	The better the condition, the higher the fair value
Remaining Useful Life	1 - 133	The higher the remaining life, the higher the fair value
Residual Values	5% to 59%	The higher the residual value, the higher the fair value

A review of the 1 January 2014 first principle calculations has been undertaken due to the variation in movement between the ABS indices for road and bridge construction and the non-residential building construction. This review outlined no significant, material movements and therefore the values are considered still at fair value.

Bridges (Level 2 and 3)

The fair values of bridges were determined by independent valuer Shepherd Services Pty Ltd via Ricor Infrastructure Support. The last revaluation of bridges was undertaken effective 1 January 2014.

Current Replacement Cost

The current replacement value for each structure was determined by componentising the bridges and major drainage structures into surface, substructure, superstructure and miscellaneous assets to reflect the different useful lives of each. From there unit rates and quantities were applied to determine the CRC of each asset component.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business.

Accumulated Depreciation

The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available. The age in days was then multiplied by its daily depreciation amount plus any residual amount to determine the accumulated depreciation amount.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

Daily depreciation was determined by the CRC minus any residual value over the useful life in days of the asset component. The useful lives were determined for each asset component which reflected different periods of available use for Council. The determination of these periods was completed by the sampling of the oldest assets in these groups to view physical wear and tear and also consider factors like expected usage and any technical or commercial obsolescence in setting these lives.

A review of Australian Bureau of Statistics indexes (Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia Table 17) for the period 1 January 2014 to 31 March 2015 show no significant material movements and therefore the values are considered still at fair value.

Site Improvements (Level 3)

The fair value of site improvements was determined by independent valuer, Shepherd Services Pty Ltd at written down current replacement cost. The last revaluation of site improvements was undertaken effective 1 January 2014.

The valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

Current Replacement Cost

Council categorises a portion of its site improvement assets into six distinct parks categories being fencing, sport, furniture, playgrounds, services and special. The balance of this class is made up of non-park assets which incorporate waste, waterway, beach, non-park fencing and cemetery assets.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity or were redundant, an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks.

Accumulated Depreciation

In determining the level of accumulated depreciation, site improvement assets were disaggregated into significant components which exhibited different useful lives.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

The accumulated depreciation cost was determined by an assessment of the age from either its construction date or by a condition assessment where an asset was close to the end of its life or where no reliable construction data information was available. The age in days is then multiplied by its daily depreciation amount plus any residual amount to determine the accumulated depreciation amount.

Condition assessments used the following table to determine the remaining life of an asset.

Condition Rating	Condition Description	% Asset remaining (based on delivery of future economic benefits)
1	Excellent (only normal maintenance required)	95%
2	Good (minor defects only minor maintenance required up to 25%)	75%
3	Average (significant maintenance required 50%)	50%
4	Poor (requires replacement within next 1-2 years)	20%
5	Asset failure (requires immediate replacement)	5%

Remaining life (condition) = useful life x % asset remaining

Daily depreciation was determined by the CRC minus any residual value over the useful life in days of the asset. The useful lives were determined for each asset which reflected different periods of available use for council. The determination of these periods was completed by the sampling of the oldest assets in these groups to view physical wear and tear and also considered factors like expected usage and any technical or commercial obsolescence in setting these lives.

Residual values have been used for assets where the actual replacement treatment is different from the greenfields replacement cost. These are reported separately.

Estimated useful lives and residual values are disclosed in Note 15.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 16. Fair value measurements (continued)

Sensitivity of valuation to unobservable inputs

The methods of valuation used a number of inputs that required judgement and therefore are classed as unobservable. These judgements were based on years of experience working in the industry and whilst every care has been taken to ensure these are accurate, variances in the below unobservable inputs could affect the values. This table summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Number of Plant and Labour Hours	Hrs / m2 or lineal metre	The higher the hours, the higher the fair value
Material Usage Quantities	Varies depending upon type of material	The higher the quantities, the higher the fair value
Condition	1 - 5	The better the condition, the higher the fair value
Remaining Useful Life	1 - 117	The longer the remaining life, the higher the fair value
Residual Values	28% to 100%	The higher the residual value, the higher the fair value

A review of Rawlinson's Australian Construction Handbook for the varied assets within the site improvements asset class for the period 1 January 2014 to 30 June 2015, outlines no significant, material movements and therefore the values are considered still at fair value.

Heritage and Cultural Assets (Level 3)

The fair value of heritage assets was determined by independent valuers, AssetVal and Byjoel. The last revaluation of heritage assets was undertaken effective 30 June 2013 under the auspices of Rockhampton Regional Council. As the value of these assets is immaterial and the valuations undertaken by AssetVal and Byjoel have been performed relatively recently, no re-assessment of the fair values has been undertaken as at reporting date.

As these assets relate to artworks and community monuments that are unlikely to be replaced in the event of loss or disposal, they are not depreciable assets.

(c) Valuation processes

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

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 17. Intangible assets

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Intangible assets are as follows:			
Computer software			
Opening gross carrying value		2,095	1,452
Opening accumulated amortisation		(185)	(10)
Net opening carrying value		<u>1,910</u>	<u>1,442</u>
Movements for the year			
- Transfers from/(to) property, plant and equipment	15	260	643
- Amortisation charges	9	(401)	(175)
Closing Values:			
Closing gross carrying value at end of financial year		2,355	2,095
Closing accumulated amortisation		(586)	(185)
<u>TOTAL INTANGIBLE ASSETS</u>		<u><u>1,769</u></u>	<u><u>1,910</u></u>

Estimated useful life in years: 6 -10 years.

Straight line amortisation has been used with no residual value.

Note 18. Trade and other payables

Current

Creditors and accruals	7,119	6,609
Annual leave	3,002	3,039
Other entitlements	326	359
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u><u>10,447</u></u>	<u><u>10,007</u></u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 19. Borrowings

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Current			
Loans - Queensland Treasury Corporation		3,366	11,873
<u>TOTAL CURRENT BORROWINGS</u>		<u>3,366</u>	<u>11,873</u>
Non-current			
Loans - Queensland Treasury Corporation		68,897	66,105
<u>TOTAL NON-CURRENT BORROWINGS</u>		<u>68,897</u>	<u>66,105</u>
Reconciliation of loan movements for the year			
Loans - Queensland Treasury Corporation			
Opening balance at beginning of financial year		77,978	76,265
De-amalgamation working capital facility		(5,108)	4,908
Capitalised interest working capital facility		125	10
Capitalised interest payments		-	65
Loans raised		6,150	-
Principal repayments		(6,882)	(3,270)
Book value at end of financial year		<u>72,263</u>	<u>77,978</u>

The QTC loan market value at the reporting date was \$79,929,729.32. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollar denominated amounts and carried at amortised cost. All interest on Council debt pool loans is expensed as it accrues. The expected final repayment dates vary with the final repayment date being 14 June 2030. There have been no defaults or breaches of the loan agreement during the period. Principal and interest repayments are made quarterly in arrears.

Council had a working capital facility with the Queensland Treasury Corporation which was used to fund part of the cost of the de-amalgamation from Rockhampton Regional Council. This facility was repaid in full on 26 June 2015. The interest expense charged by the Queensland Treasury Corporation on this facility was capitalised during the reporting period. The total value of the facility repaid was \$5,108,388.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 20. Provisions

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Current			
Long service leave		3,807	3,797
Quarry rehabilitation		20	20
TOTAL CURRENT PROVISIONS		3,827	3,817
Non-current			
Long service leave		701	642
Quarry rehabilitation		197	215
Landfill restoration		8,597	8,259
TOTAL NON-CURRENT PROVISIONS		9,495	9,116

Details of movements in provisions:

Class of provision	Opening	Additional	Decrease	Remeasure	Unused	Closing
	Balance as at 01/07/2014		Provision	due to Payments	-ment due to Discounting	Amounts Reversed
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long service leave	4,439	520	(451)	-	-	4,508
Quarry rehabilitation	235	(25)	-	7	-	217
Landfill restoration	8,259	52	-	286	-	8,597
TOTAL	12,933	547	(451)	293	-	13,322

Quarry rehabilitation

This is the present value of the estimated cost of restoring the quarry sites to a useable state at the end of their useful lives. The projected cost is \$287,001 (undiscounted) and this cost is expected to be incurred over the years 2016 to 2035.

Landfill restoration

This is the present value of the estimated future closure, maintenance and monitoring cost of the landfill site to the end of its useful life and regulated period. The projected cost is \$13,666,814 (undiscounted) and this cost is expected to be incurred over the period 2022 to 2054.

Livingstone Shire Council

Notes to the Financial Statements for the year ended 30 June 2015

Note 21. Other liabilities

	2015	1/1/2014
	\$'000	- 30/6/2014
Notes	\$'000	\$'000
Unearned revenue	67	110
Developer contributions	30	75
<u>TOTAL CURRENT OTHER LIABILITIES</u>	<u>97</u>	<u>185</u>
Non-current		
Developer contributions	286	240
<u>TOTAL NON-CURRENT OTHER LIABILITIES</u>	<u>286</u>	<u>240</u>

The developer contribution liability reflects cash contributions from developers for which the related service obligations have yet to be fulfilled by Council (Refer to Note 1.9 (d)).

Note 22. Retained surplus

Movements in the retained surplus:

Retained surplus at beginning of financial year	747,905	-
Net result attributable to Council	12,406	747,905
Retained surplus at end of financial year	<u>760,311</u>	<u>747,905</u>

At 30 June 2014 Council had \$19,202,650 identified and accounted for as reserves. At the commencement of 2014-15 in accordance with industry best practice the disclosure of reserves discontinued and accordingly this amount is included in retained surplus. The 2013-14 comparatives have been re-presented to be consistent with disclosures in the current reporting period and Australian Accounting Standard Requirements.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 23. Commitments for expenditure

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
(a) Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		63	68
One to five years		-	69
		<u>63</u>	<u>137</u>

(b) Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

Waste Services	2,110	4,289
Water and Sewerage Services	16,224	17,864
Other	2,874	142
	<u>21,208</u>	<u>22,295</u>

Note 24. Contingent liabilities and assets

Contingent liability Local Government Mutual

The Livingstone Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Contingent liability Local Government Workcare

The Livingstone Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$618,002.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 24. Contingent liabilities and assets (continued)

Contingent assets

In February 2015 Livingstone Shire Council was severely impacted by Tropical Cyclone Marcia. As a result, the council has incurred significant expenditures during the 2014-15 financial year responding to and recovering from the effects of this natural disaster. Council has forwarded natural disaster claims to the Queensland Reconstruction Authority for approval of Natural Disaster Relief and Recovery Arrangements (NDRRA) funding. The funding for Tropical Cyclone Marcia is expected to range between \$7 million to \$8 million. At the reporting date the Council is also in the process of finalising natural disaster claims for smaller, less significant natural disaster events which occurred prior to February 2015.

Note 25. Superannuation

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

The Scheme has three elements referred to as:

- The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
- The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution Scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional 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. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 25. Superannuation (continued)

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

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009*, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities.

Livingstone Shire Council made less than 4% of the total contributions to the plan in the 2014-15 financial year.

The next actuarial investigation will be made as at 1 July 2015.

		1/1/2014	
		- 30/6/2014	
	Notes	\$'000	
		\$'000	
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	<u>2,929</u>	<u>1,422</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 26. Trust funds

	2015	1/1/2014
	-	- 30/6/2014
Notes	\$'000	\$'000
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	725	889

Note 27. Reconciliation of net result for the year to net cash Inflow/(outflow) from operating activities

Net result from income statement	12,406	747,905
Adjust for non-cash items:		
Depreciation and amortisation	20,163	9,863
Capital grants and contributions	(10,127)	(10,136)
Capital expenses	2,748	1,108
Net gain on restructure of local government	-	(744,470)
Gain from assets not previously recognised	(731)	-
Contributed assets	(13,757)	-
	<u>(1,704)</u>	<u>(743,635)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	9,127	(2,597)
(Increase)/decrease in inventories	(2,214)	83
Increase/(decrease) in payables and accruals	510	2,727
Increase/(decrease) in other liabilities	(112)	58
Increase/(decrease) in other provisions	389	(2)
	<u>7,700</u>	<u>269</u>
Net cash provided from/(used in) operating activities from the statement of cash flows	<u>18,402</u>	<u>4,539</u>

Note 28. Events occurring after the reporting period

There were no material adjusting events after the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29. Financial instruments

Council has exposure to the following risks arising from financial instruments; (i) credit risk, (ii) liquidity risk, and (iii) market risk.

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's Audit, Risk and Business Improvement Committee / management (as appropriate) approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council does not enter into derivatives.

Credit risk exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar State/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies *Financial Arrangements Act 1982*.

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

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29. Financial instruments (continued)

	Notes	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial assets			
Cash and cash equivalents	12	24,037	15,399
Investments	12	-	9,000
Receivables - rates	13	4,215	3,281
Receivables - other	13	2,564	12,947
		<u>30,816</u>	<u>40,627</u>
Other credit exposures			
Guarantee	24	618	-
		<u>618</u>	<u>-</u>
Total		<u>31,434</u>	<u>40,627</u>

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC working capital facility. The QTC cash fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC cash fund are capital guaranteed. Working capital facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

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 defaults.

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.

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

	2015 \$'000	1/1/2014 - 30/6/2014 \$'000
Receivables		
Not past due	3,366	14,172
Past due:		
- 31 to 60 days overdue	146	50
- 61 to 90 days overdue	58	7
- Greater than 90 days overdue	3,295	2,057
- Impaired	(86)	(58)
Total	<u>6,779</u>	<u>16,228</u>

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29. Financial instruments (continued)

Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the borrowings Note 19.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	Notes	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2015						
Trade and other payables	18	7,119	-	-	7,119	7,119
Loans - QTC	19	7,023	28,095	68,177	103,295	72,263
		<u>14,142</u>	<u>28,095</u>	<u>68,177</u>	<u>110,414</u>	<u>79,382</u>
2014						
Trade and other payables	18	6,609	-	-	6,609	6,609
Loans - QTC	19	10,852	43,407	38,184	92,443	77,978
		<u>17,461</u>	<u>43,407</u>	<u>38,184</u>	<u>99,052</u>	<u>84,587</u>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 29. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury Corporation and/or other financial institutions.

The Council has access to a mix of variable and fixed rate funding options through Queensland Treasury Corporation so that interest rate risk exposure can be minimised.

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2015					
Financial assets	23,352	233	(233)	233	(233)
Financial liabilities	(72,263)	(723)	723	(723)	723
Net	(48,911)	(490)	490	(490)	490
2014					
Financial assets	21,484	214	(214)	214	(214)
Financial liabilities	(77,978)	(779)	779	(779)	779
Net	(56,494)	(565)	565	(565)	565

Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 30. National competition policy

Business activities to which the code of competitive conduct is applied

Livingstone Shire Council applies the competitive code of conduct to the following activities:

Water and Sewerage Services
Waste Services
Caravan Parks
Building Certification

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities 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.

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

	Water & Sewerage Services \$'000	Waste Services \$'000	Caravan Parks \$'000	Building Certification \$'000
Revenue for services provided to the Council	-	787	-	-
Revenue for services provided to external clients	21,202	6,152	1,295	154
Community service obligations	-	10	-	-
	<u>21,202</u>	<u>6,949</u>	<u>1,295</u>	<u>154</u>
Less : expenditure	(21,202)	(7,616)	(1,257)	(119)
Surplus/(deficit)	<u>-</u>	<u>(667)</u>	<u>38</u>	<u>35</u>

Description of CSO's provided to business activities:

Activities	CSO Description	Actual \$'000
Waste Services	Non-commercial community services	10



Livingstone Shire Council

Notes to the Financial Statements

for the year ended 30 June 2015

Note 31. Council information and contact details

Principal Place of Business:

70 Anzac Parade
YEPPOON QLD 4703

Contact Details**Mailing Address:**

PO Box 2292
YEPPOON QLD 4703

Opening Hours:

Monday to Friday
8:00am to 5:00pm

Telephone: 07 4913 5000

Facsimile: 07 4836 4776

Internet: www.livingstone.qld.gov.au

Email: enquiries@livingstone.qld.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

J.B Commons

Elected Members**MAYOR**

W.F Ludwig

AUDITORS

Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

COUNCILLORS

Glenda Mather
Tom Wyatt
Jan Kelly
Adam Belot
Nigel Hutton
Graham Scott

Other Information

ABN: 95 399 253 048

Livingstone Shire Council

General Purpose Financial Statements

for the year ended 30 June 2015

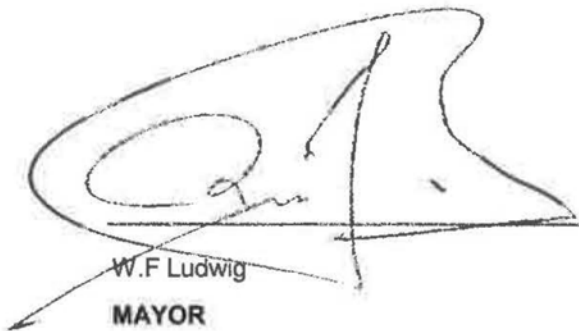
Management Certificate

for the year ended 30 June 2015

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 3 to 54, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



W.F Ludwig
MAYOR

22 October 2015



J.B Commons
CHIEF EXECUTIVE OFFICER

21 October 2015



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Livingstone Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Livingstone Shire Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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

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

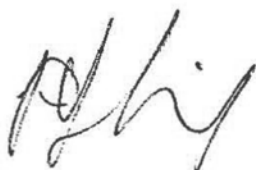
Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Livingstone Shire Council for the year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



Livingstone Shire Council

Sustainability Statements for the year ended 30 June 2015

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Livingstone Shire Council

Current Year Financial Sustainability Statement

for the year ended 30 June 2015

	Actual 2015	Target 2015
Measures of Financial Sustainability		
Council's performance at 30 June 2015 against key financial ratios and targets.		
Performance indicators		
1. Operating surplus ratio		
<u>Net result (excluding capital items) ⁽¹⁾</u>	-12.4%	0 - 10%
Total operating revenue (excluding capital items) ⁽²⁾		
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.		
2. Asset sustainability ratio		
<u>Capital expenditure on the replacement of assets (renewals) ⁽³⁾</u>	48.1%	more than 90%
Depreciation expense		
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.		
3. Net financial liabilities ratio		
<u>Total liabilities less current assets</u>	84.3%	less than 60%
Total operating revenue (excluding capital items) ⁽²⁾		
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.		

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions. Also excludes capital income items such as movements in provisions for restoration and rehabilitation and any capital expenditure such as loss on disposal and write-off of assets.
- (2) Includes only recurrent revenue disclosed in the income statement. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as movements in provisions for restoration and rehabilitation.
- (3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Excludes land, plant and equipment.

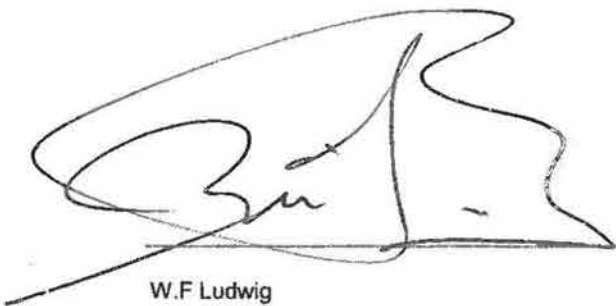
Livingstone Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2015

Certificate of Accuracy
for the year ended 30 June 2015

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

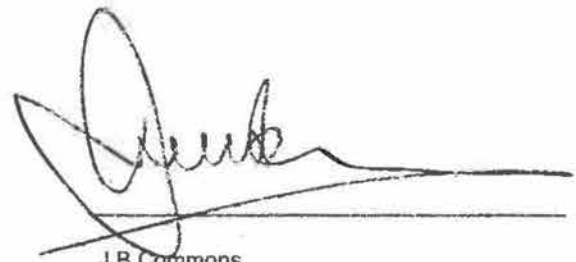
In accordance with Section 212(5) of the Regulation we certify that this Current-Year Financial Sustainability Statement has been accurately calculated.



W.F Ludwig

MAYOR

22 October 2015



J.B Commons

CHIEF EXECUTIVE OFFICER

21 October 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Livingstone Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Livingstone Shire Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificate given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Livingstone Shire Council, for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Livingstone Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

	Target	Actual	Forecast								
	2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024

Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾

Total Operating Revenue (excluding capital items) ⁽²⁾

0 - 10%	-12.4%	1.6%	-0.3%	0.5%	4.2%	2.9%	5.5%	6.7%	5.5%	8.5%	10.2%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals) ⁽³⁾

Depreciation Expense

> 90%	48.1%	61.4%	75.8%	66.3%	58.9%	53.1%	55.7%	53.2%	52.5%	51.5%	40.1%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items) ⁽²⁾

< 60%	84.3%	81.6%	84.2%	89.0%	81.9%	77.8%	70.6%	59.0%	53.7%	39.3%	24.7%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Livingstone Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

Livingstone Shire Council Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Notes

- (1) Includes only recurrent revenue and recurrent expenditure disclosed in the income statement. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as movements in provisions for restoration and rehabilitation and any capital expenditure such as loss on disposal and write-off of assets.
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Livingstone Shire Council

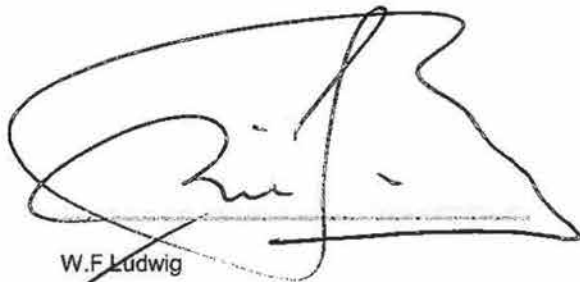
Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2015

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

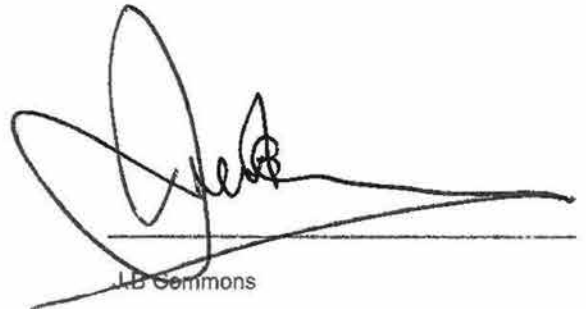
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



W.F Ludwig

MAYOR

22 October 2015



J.B Commons

CHIEF EXECUTIVE OFFICER

21 October 2015







Phone 07 4913 5000 or 1300 790 919
PO Box 2292 Yeppoon Qld 4703
enquiries@livingstone.qld.gov.au
www.livingstone.qld.gov.au