



2007-2008

Annual Financial Statements

for the year ended

30 June 2008

IPSWICH CITY COUNCIL
Annual Financial Statements
For the Year Ended 30 June 2008
TABLE OF CONTENTS

Foreword to the Financial Statements	3
Income Statement.....	9
Balance Sheet.....	10
Statement of Cash Flows.....	11
Statement of Changes in Equity	12
Notes To and Forming Part of the Financial Statements:	
Note 1 Summary of Significant Accounting Policies.....	13
Note 2 Analysis of Results By Function	24
Note 3 Rates and Utility Charges	26
Note 4 Fees and Charges	26
Note 5 Government Grants, Contributions and Donations	27
Note 6 Interest Revenue	27
Note 7 Other Revenue	27
Note 8 Gain on Disposal and Revaluation of Assets.....	27
Note 9 Employee Expenses	28
Note 10 Depreciation	28
Note 11 Finance Costs	28
Note 12 Other Expenses	29
Note 13 Gain (loss) on the Disposal of Assets	29
Note 14 Cash and Cash Equivalents	30
Note 15 Investments	30
Note 16 Receivables.....	31
Note 17 Inventories	31
Note 18 Other Financial Assets	31
Note 19 Property, Plant and Equipment	32
Note 20 Capital Work in Progress	35
Note 21 Intangible Assets	35
Note 22 Payables	36
Note 23 Interest Bearing Liabilities	37
Note 24 Other Liabilities	38
Note 25 Asset Revaluation Reserve	39
Note 26 Other Reserves	40
Note 27 Accumulated Surplus	41
Note 28 Reconciliation of Result from Ordinary Activities to Net Cash Inflow from Operating Activities	41
Note 29 Commitments	42
Note 30 Superannuation	43
Note 31 External Trust Funds	44
Note 32 Financial Instruments	44
Note 33 National Competition Policy.....	49
Note 34 Contingent Liabilities	51
Note 35 Investments Accounted for using the Equity Method.....	53
Note 36 Events Subsequent to Balance Date	53
Management Certificate	54
Independent Audit Opinion	55

IPSWICH CITY COUNCIL

FOREWORD TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

Introduction:

Ipswich City Council is a local government authority incorporated in Australia under the *Local Government Act 1993*. It is a key regional centre of South East Queensland, surrounded by the Brisbane, Logan, Scenic Rim Regional, Lockyer Valley Regional and Somerset Regional Councils. At June 2008 Council had 60,362 rateable properties (June 2007: 58,839) and an estimated population of over 155,000.

Ipswich is experiencing significant growth with population projected to increase to 320,000 by 2026.

At 30 June 2008, Council's registered office and principal place of business was at 45 Roderick Street Ipswich in the midst of a local government precinct including the Hayden Centre, the Ipswich Global Information Centre, the W.G. Hayden Humanities Building and the Civic Hall. Ipswich City Council also has a customer contact centre and leases office space in the Ipswich CBD. Depots are also located at Goodna, Redbank Plains, Riverview, Booval, Ipswich, Queens Park, Flinders View, Yamanto, Harrisville, Marburg and Rosewood.

Principal activities undertaken by Council during the period included:

- the management of the City's development and growth
- the identification of places of cultural heritage significance within Ipswich and to encourage their conservation for present and future generations
- the provision of a waste regulation and rehabilitation service
- the protection, promotion and enhancement of the environment, health and well-being of present and future generations
- the fostering of the vitality of community and cultural services to enhance the well being of the Ipswich Community
- the treatment, storage and distribution of water
- the development of plans to ensure that roads, parking, traffic and stormwater drainage infrastructure matches the community's existing and future needs
- the minimisation of the effects of disasters or major emergencies in the Ipswich Region
- the protection and sustainable use of the natural environment and enhancement of parks and streetscapes
- the improvement of opportunities for community participation in sport and recreation
- the development of a strong economy by encouraging appropriate development, investment, partnerships and local employment
- the creation of a socially responsible and prosperous Ipswich region through the provision of opportunities for lifelong learning and community engagement, and to maximise opportunities through partnerships with public, private and community sectors.

IPSWICH CITY COUNCIL

FOREWORD TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

Significant Items

Local Government Reform – Council has disclosed the impact of the transferred areas, Peak Crossing and Harrisville, however the relative impact on Council's financial performance and position was minor (\$11m).

Water Reform – Council will not have to disclose the transfer of bulk water assets as per the industry reforms as it did not hold any assets of this type. However, it was compensated (\$40.4m) for its shareholding in SEQWater (\$20.3m) during the year and a gain was recognised.

Services Queensland – during the past year Council entered into an agreement whereby its customer services would be delivered via a shared services arrangement. Council manages its investment in this initiative via some wholly owned subsidiaries, Ipswich City Enterprises Pty Ltd (ICE) and Ipswich City Enterprises Investments Pty Ltd (ICEI). Council will recognise ICE and ICEI as controlled entities in its note disclosures however, the financial transactions will be not included as they were not material.

Intangibles – some significant activity in this arena this year due to the capitalisation of Enterprise Resource Planning (ERP) software. Movement since last year amounted to \$20.6m.

Asset Revaluations – asset revaluations performed during the year on land (\$42.3m) and infrastructure assets (\$153.0m) amounted to a \$195.3m increase in the Asset Revaluation Reserve. Revaluations were conducted on Land Improvements and Buildings but were not brought to account given their immaterial nature.

Landfill Rehabilitation – Council has identified a further three sites that will require rehabilitation under environmental law. These have been brought to account and resulted in an additional \$2.9m provision.

Fees and Charges – Previously waste disposal fees were recognised as utility charges and transferred internally from one department to another via different lines on the income statement (Materials and Services). This accounting treatment has ceased in 2007-2008. Fees and charges for waste disposal fees are commercial arrangements for waste disposal and recycling. Domestic waste income continues to be recognised as a Utility Charge.

IPSWICH CITY COUNCIL
FOREWORD TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

Interpretation of the Financial Statements:

A brief interpretation of each of the Financial Statements contained within this report follows:

Income Statement

The Income Statement discloses revenues received and expenses incurred by Council during the year. These revenues and expenses have been measured in accordance with the accrual accounting convention and are shown both in total and by type. Where indicated, the notes to the Financial Statements provide additional analysis of the component balances comprising the amounts included on the face of this Statement.

This Statement provides an indication of the financial performance of Council and its ability to deliver existing service levels to the community given the level of revenue raised. It also shows Council's ability to maintain its existing asset base.

For the twelve months ending 30 June 2008 Council has reported a Net Result of \$95.037m. This represents a decrease of 15.4% on the 30 June 2007 figure of \$112.301m. This has resulted from an increase in revenues of \$18.602m offset by an increase in expenses of \$35.866m. This is further detailed in the following analysis:

Revenue

1. Net Rates & Utility Charges have increased from the comparable period by 11.7% or \$15.250m. This is mainly attributable to increases in General Rates of \$6.565m and Utility Charges of \$9.205m (refer Note 3).
2. Fees and Charges have decreased by 14.8% or \$4.152m.
3. Sales contracts and recoverable works have decreased by 5.5% or \$0.224m.
4. Government grants have increased by 32.8% or \$6.702m mainly due to increases in grants for capital purposes (refer Note 5).
5. Cash Contributions have increased by 24.9% or \$8.659m (refer Note 5).
6. Income from donated assets has decreased by 25.6% or \$18.153m (refer Note 5).
7. Interest revenue decreased by 0.5% or \$0.044m (refer Note 6).
8. Other revenue decreased by 51.0% or \$10.487m mainly attributable to the first time recognition of assets last financial year (one-off) (\$12.385m) (refer Note 7).

IPSWICH CITY COUNCIL

FOREWORD TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

Interpretation of the Financial Statements (continued):

Income Statement (continued)

Expenses:

1. Employee expenses have increased by 0.1% or \$0.830m (refer Note 9).
2. Materials and services costs increased by 10.7% or \$6.640m mostly attributable to the increase in the cost and number of projects and maintenance work undertaken by Council in comparison to last year.
3. Depreciation and amortisation costs have increased by 38.9% or \$18.562m mainly due to increases in Land Improvements (\$0.525m), Water Supply Infrastructure (\$1.264m), Roads, Bridges & Footpaths (\$5.994m), Drainage assets (\$2.654m), Sewerage Infrastructure (\$2.998m), Buildings and Structures (\$1.444m), Plant and Equipment assets (\$1.449m) and increases in the amortisation of intangible assets (\$2.356m) (refer Notes 10 and 21).
4. Finance costs have decreased by 44.8% or \$2.828m (refer Note 11) due to the discounting of provisions offset against QTC financing costs.
5. Other expenses have increased by 31.5% or \$4.213m (refer Note 12) mainly as a result of an increase in Springfield credits cost increases and indexation. In accordance with the Springfield Infrastructure Agreement, headworks charges have been paid in advance by the Springfield Land Corporation and a register of credit is maintained by Council. These credits are indexed for price rises and relevant index movements annually.
6. Losses from disposal of assets have increased by 222.6% or \$9.197m due to the transfer of assets to the newly formed Scenic Rim Regional Council and increases to the asset recognition threshold (refer Note 13).

Balance Sheet

The Balance Sheet provides an overview of the overall financial state of the Council at year end. It contains information on the value of the total assets and liabilities controlled by Council at 30 June 2008.

Assets and liabilities are divided into current and non-current components, with current assets and liabilities being those expected to be held or settled within one year. Conversely, non-current assets and liabilities are those expected to be held or settled some time in the future but not within one year. Total liabilities are deducted from total assets to calculate the net community assets or net worth of the City. These net assets are represented by various components of community equity. The notes to the Financial Statements provide additional analysis of the component balances comprising the amounts included on the face of this Statement.

For the twelve months ending 30 June 2008, there was an increase of \$329.785m in total assets and an increase of \$39.384m in total liabilities resulting in a net increase in Council's Community Equity of \$290.401m.

Most of the movement in total assets is attributable to increased Property, Plant and Equipment (\$257.721m refer Note 19), Capital Work in Progress (\$46.251m refer Note 20) and Intangibles (\$20.669m refer Note 21) offset by decreased Equity Investment assets (\$20.291m refer Note 18).

The \$39.384m increase in total liabilities is mainly due to increases in Payables (\$17.726m refer Note 22) and Interest Bearing Liabilities (\$25.671m refer Note 23) offset by a decrease in Other Liabilities (\$4.013m refer Note 24).

IPSWICH CITY COUNCIL
FOREWORD TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

Interpretation of the Financial Statements (continued):

Statement of Cash Flows

The Statement of Cash Flows shows the actual cash inflows and outflows for the year for each of the major types of activities that Council undertakes, and the resulting movement in the cash balance as shown on the Balance Sheet arising from these cash flows.

For the year ended 30 June 2008, there was:

- a net inflow of \$103.569m from Operating Activities
- a net outflow of \$124.834m for Investing Activities, and
- a net inflow of \$26.774m for Financing Activities

resulting in a net increase in cash of \$5.509m for the year ended 30 June 2008.

While this Statement provides a broad level overview of the cash transactions incurred during the year, it does not provide information on non-cash transactions.

Statement of Changes in Equity

The Statement of Changes in Equity supplements the Balance Sheet by detailing the movements in each of the components of equity during the twelve months ending 30 June 2008. Both of these Statements show that the increase in total equity is comprised of:

- a net increase of \$80.393m in the Accumulated Surplus
- a net increase of \$194.894m in the Asset Revaluation Reserve
- a net increase of \$15.114m in Other Reserves

This Statement only shows these movements at a very broad level and additional information regarding these movements is available in Notes 25 – 27.

IPSWICH CITY COUNCIL
FOREWORD TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

Financial Ratios	2008	2007
(a) Change in Equity Ratio:		
This ratio provides an indication of the level of change in the net wealth of Council.		
<u>Change in Total Community Equity during the year</u> Total Community Equity at the beginning to the year	16.54%	44.72%
(b) Working Capital Ratio:		
This ratio provides an indication of the Council's ability to meet its short term obligations as they fall due.		
<u>Current Assets</u> Current Liabilities	2.27:1	3.02:1
(c) Debt Exposure Ratio:		
This ratio provides an indication of the Council's overall level of debt gearing and provides evidence of Council's ability to meet long term debt obligations.		
<u>Total Liabilities</u> Total Assets	9.43%	9.00%
(d) Debt to Equity Ratio:		
This ratio provides an indication of Council's overall level of debt gearing in proportion to total community equity.		
<u>Total Loan Borrowings</u> Total Community Equity	5.94%	5.46%
(e) Debt Repayment Ratio:		
This ratio provides an indication of Council's capacity to service its outstanding loan obligations.		
<u>Debt Servicing (Interest) plus Principal Redemption</u> Total Revenue	13.56%	2.44%
(f) Interest Cover Ratio:		
This ratio provides an indication of the extent to which Council's debt service costs (interest) are covered by the Net Result as shown in the Statement of Financial Performance.		
<u>Net Result plus Debt Servicing (Interest)</u> Debt Servicing (Interest)	17.4 times	20.82 times
(g) Rate Revenue Ratio:		
This ratio provides an indication of Council's dependence on rates and utility charges in proportion to total operating revenue from ordinary activities.		
<u>Net Rate Revenue and Utility Charges</u> Total Operating Revenue	64.52%	64.84%

IPSWICH CITY COUNCIL
INCOME STATEMENT
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
Revenue and Other Income:			
Net Rates and Utility Charges	3	145,500	130,250
Fees and charges	4	23,965	28,117
Sales contracts and recoverable works		3,851	4,075
Grants and contributions	5	129,723	132,197
Interest revenue	6	8,337	8,381
Other revenue	7	10,069	20,556
Gain on disposal of assets	8,13	20,737	4
		342,182	323,580
Expenses:			
Employee expenses	9	(77,739)	(77,656)
Materials and services		(68,758)	(62,118)
Depreciation	10,19	(63,098)	(46,892)
Amortisation		(3,141)	(785)
Finance costs	11	(3,485)	(6,313)
Other expenses	12	(17,590)	(13,377)
Loss on disposal of assets	13	(13,335)	(4,138)
		(247,145)	(211,279)
Net Result for the year		95,037	112,301

The above statement should be read in conjunction with the notes to and forming part of the Financial Statements set out on the attached pages.

IPSWICH CITY COUNCIL
BALANCE SHEET
As at 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
Current Assets			
Cash and Cash Equivalents	14	49,712	44,203
Investments	15	69,000	58,000
Receivables	16	19,889	11,501
Inventories	17	1,094	1,212
Other financial assets	18 (i)	1,728	1,072
		141,423	115,988
Non Current Assets			
Investments	18 (ii)	-	20,291
Property, plant and equipment	19	1,994,817	1,737,096
Capital work in progress	20	99,449	53,198
Intangibles	21	23,810	3,141
		2,118,076	1,813,726
TOTAL ASSETS		2,259,499	1,929,714
Current Liabilities			
Payables	22 (i)	38,792	21,350
Interest bearing liabilities	23 (i)	7,606	2,491
Other current liabilities	24 (i)	15,793	14,544
		62,191	38,385
Non Current Liabilities			
Payables	22 (ii)	16,500	16,216
Interest bearing liabilities	23 (ii)	113,959	93,403
Other non current liabilities	24 (ii)	20,479	25,741
		150,938	135,360
TOTAL LIABILITIES		213,129	173,745
NET COMMUNITY ASSETS		2,046,370	1,755,969
Community Equity			
Asset revaluation reserve	25	824,195	629,301
Other reserves	26	50,999	35,885
Accumulated surplus	27	1,171,176	1,090,783
TOTAL COMMUNITY EQUITY		2,046,370	1,755,969

The above statement should be read in conjunction with the notes to and forming part of the Financial Statements set out on the attached pages.

IPSWICH CITY COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
Cash Flows from Operating Activities:			
Receipts from customers		264,314	240,277
Payments to suppliers and employees		(161,143)	(165,152)
		103,171	75,125
Interest received		6,169	7,401
Borrowing costs		(5,771)	(5,687)
Net Cash Inflow (Outflow) from Operating Activities	28	103,569	76,839
Cash Flow from Investing Activities:			
Payments for property, plant and equipment		(132,906)	(113,806)
Payments for intangibles	21	(24,085)	(1,048)
Proceeds from redemption of (payments for) term deposits		(11,000)	13,000
Proceeds from sale of (payments for) equity investments		40,437	2,740
Proceeds from loan repayments		-	19
Proceeds from sale of property plant and equipment		2,720	3,704
Net Cash Inflow (Outflow) from Investing Activities		(124,834)	(95,391)
Cash Flow from Financing Activities:			
Proceeds from borrowings		68,500	-
Repayment of borrowings		(41,726)	(2,245)
Net Cash Inflow (Outflow) from Financing Activities		26,774	(2,245)
Net increase (decrease) in cash held		5,509	(20,797)
Cash at beginning of reporting period		44,203	65,000
Cash at end of reporting period	14	49,712	44,203

The above statement should be read in conjunction with the notes to and forming part of the Financial Statements set out on the attached pages.

IPSWICH CITY COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2008

	TOTAL		Accumulated Surplus Note 27		Asset Revaluation Reserve Note 25		Other Reserves Note 26	
	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Balances at beginning of period	1,755,969	1,213,354	1,090,783	961,830	629,301	201,084	35,885	50,440
Net result for the period	95,037	112,301	95,037	112,301	-	-	-	-
Transfers (to)/from reserves	-	-	(14,644)	16,652	(470)	(2,097)	15,114	(14,555)
Asset revaluations	195,364	430,314	-	-	195,364	430,314	-	-
Balance at end of period	2,046,370	1,755,969	1,171,176	1,090,783	824,195	629,301	50,999	35,885

The above statement should be read in conjunction with the notes to and forming part of the Financial Statements set out on the attached pages.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Ipswich City Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

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

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

This Financial report has been prepared as a general purpose financial report and complies with the requirements of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* and Australian Accounting Standards including AAS27. Australian Accounting Standards include IFRS. 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 IFRS, to the extent these inconsistencies are applied this Report does not comply with IFRS.

The Council uses the Australian Dollar as its functional currency and its presentation currency. Amounts presented in the financial statements have been rounded to the nearest \$1 000 or, where that amount is less than \$500, to zero.

These Financial Statements have been prepared on the basis of historical costs except for land, buildings and infrastructure assets.

The accrual basis of accounting has been used.

(b) Changes in Accounting Classifications and Estimates

(i) Value of Landfill Rehabilitation Provision

Ipswich City Council has re-estimated the costs of certain landfill provisions following more reliable estimates being available from environmental consultant reviews conducted during 2007-2008 (refer Note 24).

(ii) Accounting for Fees and Charges

Previously waste disposal fees were recognised as utility charges and transferred internally from one department to another via different lines on the income statement (Materials and Services). This accounting treatment has ceased in 2007-2008 and this has resulted in a decrease of \$7.325m. Fees and charges for waste disposal fees are commercial arrangements for waste disposal and recycling. Domestic waste income continues to be recognised as a Utility Charge.

(iii) Changes in Depreciation Methodology

During 2007-2008 useful lives were reviewed as part of the revaluation of Land Improvements, Water Infrastructure and Buildings. As a result the depreciation charge for these asset classes have changed but the exact movement is not easily quantifiable given the volume of and complex nature of these asset types.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(c) The Local Government Reporting Entity

Operating Fund:

All Council functions are operated through Council's Operating Fund.

Trust Fund:

Amounts controlled by Council and held within the Trust Fund conditionally upon the performance of a future Council objective have been brought to account within the Financial Statements as required by *Australian Accounting Standard AAS 27 'Financial Reporting by Local Governments'*.

Amounts held within the Trust Fund on behalf of outside parties (external Trust Fund monies) have not been brought to account within these Financial Statements. Council only performs a custodial role in relation to these funds and in doing so is unable to use them for its own purposes. External Trust Fund monies include security and bond deposits lodged to guarantee performance, contract and tender deposits, election nomination and sign fees, proceeds from the sale of land for arrears of rates and unclaimed monies resulting from unpresented cheques (the monies are disclosed in Note 31 for information purposes only).

(d) Controlled Entities

Ipswich City Enterprises Pty Ltd

Ipswich City Enterprises Pty Ltd (ICE) was formed on 29 December 2000 and Council acquired 100% ownership via purchase of ICE's 1 share for a consideration sum of \$1.

This company was formed to provide a business vehicle to support the commercial activities of Ipswich City Council to generate revenue additional to the traditional charge revenue or rates revenue.

Ipswich City Enterprises Investments Pty Ltd

Ipswich City Enterprises Investments Pty Ltd (ICEI) was formed on 8 October 2007 and ICE acquired 100% ownership via purchase of ICEI's 1 share for a consideration sum of \$1.

This company was formed to provide a business vehicle to support the commercial activities of Ipswich City Council to generate revenue additional to the traditional fees and charges and rates revenue. It presently has a 50% interest in the Services Queensland Joint Venture. Services Queensland is a shared services initiative for ICC's customer service functions.

The company's formation costs were borne by Ipswich City Council and the company has commenced business during the 2007-2008 financial year. However, the company has not been consolidated into these Financial Statements as the transactions are not considered material.

Ipswich Arts Foundation

The Ipswich City Council at its ordinary meeting held on 27 August 1997 formally adopted the constitution of the Ipswich Arts Foundation, thereby recognising the Foundation as a separate entity. The Ipswich Arts Foundation was established for the purpose of securing funds for the construction of Ipswich Art Gallery and associated ongoing program development, the enhancement of cultural relations between the Ipswich City Council and the community and the continued development of cultural facilities within the Ipswich region. The Ipswich Arts Foundation conducts its operations from the Ipswich Art Gallery located at 116 Brisbane Street, Ipswich.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(d) Controlled Entities (continued)

Ipswich Arts Foundation (continued)

The Ipswich City Council subsequently continues to exercise control through provisions contained in the constitution over the Foundation's operations in the pursuit of its culturally related objectives.

Transactions incurred by the Foundation in the 2007-2008 year are not material and, as a result, Council has not consolidated the operations of the Foundation within these Financial Statements. Separate Financial Statements for the Foundation have been prepared for the 2007-2008 financial year, with copies available on request.

Ipswich Arts Foundation Trust

The Ipswich Arts Foundation Trust was established on 27 February 2003 as:

- A fund established in Australia for public charitable purposes; and
- A public fund established and maintained solely for the purpose of providing money, property or benefits:
 - To a fund, authority or institution, gifts to which are deductible under Item I of the table in subsection 30-15(1) of the Income Tax Assessment Act 1997; and
 - For any purpose set out in the item of the table in Subdivision 30-B of the Income Tax Assessment Act 1997 that covers the fund, authority or institution; or
 - The establishment of such a fund, authority or institution.

The benefits in this case are accepted by the Ipswich Art Gallery, which is a part of Ipswich City Council. Tax-deductible cash donations to the Trust are accounted for in a separate bank account for the Gift Fund.

The place of business of the Trust is care of the Ipswich Arts Foundation, 116 Brisbane Street, Ipswich. A management deed between the Ipswich Arts Foundation and the Trust provides for the Foundation to administer the Trust.

Transactions incurred by the Trust during the 2007-2008 financial year are not material and, as a result, Council has not consolidated the operations of the Trust within these Financial Statements. Separate Financial Statements for the Trust have been prepared for the 2007-2008 year and are available on request.

(e) Taxation

Ipswich City Council has exemption from the payment of income tax subject to Section 50-25 of the *Income Tax Assessment Act 1997*. Council incurs and collects Goods and Services Tax (GST) relating to goods and services, which are utilised and supplied in the normal course of conducting business. Council is also liable to pay fringe benefits tax and payroll tax on applicable activities.

Ipswich Waste Services and Ipswich Water, commercialised business units of Council, pay income tax equivalents to the Council in accordance with the requirements of the *Local Government Act 1993* and as such is subjected to the National Tax Equivalents Regime.

The income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon compilation of Council's Financial Statements.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(f) National Competition Policy

The Council has reviewed its activities and has identified two (2) that are business activities. Details of these activities can be found at Note 33.

(g) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash includes cash on hand and highly liquid investments. These investments have short periods to maturity and are readily convertible to cash on hand at the discretion of Council. These items are used in the cash management function on a day-to-day basis.

As part of Council's investment portfolio strategy, Council currently maintains a cash fund with Queensland Treasury Corporation (QTC) that is highly liquid in nature and subject to cash conversion at Council's discretion without interest penalty. Consequently this has been classified as cash for purposes of the Statement of Cash Flows. This facility has a maximum limit equivalent to the QTC loan liability.

(h) Receivables

Trade Debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts were written-off at June 30.

(i) Provision for Doubtful Debts

Council's ability to collect amounts disclosed within Other Debtors Receivable has been assessed at year end and provision has been made for impairment where it is no longer considered probable that the amount owing will be collected. Generally, debts greater than 90 days outstanding are considered to be impaired, however these terms are adjusted in specific circumstances where it is still probable that the debt owing will be recovered. Council's maximum credit risk exposure for receivables owing to it as at 30 June 2008 is equal to the carrying amount of these assets as disclosed in Note 16 to the Financial Statements.

This exposure does not take into account Section 1040 of the *Local Government Act* which allows Council to recover rates and utility charges greater than 3 years overdue, by selling the land upon which the rates and utility charges were levied. Based on Council's ability to recover overdue rates and utility charges on freehold land, no provision for doubtful debts has been raised on these receivables.

(j) Inventories

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

Inventories held for distribution are:

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

These goods are valued at the lower of cost and replacement cost.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(k) Leased Plant and Equipment

Council presently leases a variety of assets for its general use under which the Council does not assume substantially all the risks and benefits incidental to the ownership of the asset. Payments made under these operating leases are expensed in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits received.

(l) Non Current Assets

In accordance with Section 45 of the *Local Government Finance Standard 2005*, each class of property, plant and equipment is stated at cost or fair value. Each class is recorded less any accumulated depreciation and accumulated impairment losses where applicable.

Non Current Assets Threshold

In accordance with Section 43 of the *Local Government Finance Standard 2005*, the Non Current Asset Statement of Accounting Policy provides for an asset recognition threshold of \$1,000 for all non-infrastructure assets and \$10,000 for all infrastructure assets. Expenditure below these thresholds is accordingly treated as an expense.

Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration such as cost of materials, direct labour and where relevant, the initial estimate of restoring the site on which the assets are located plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

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

Land with an area size less than or equal to 100 square metres, access restriction strips and underground land are excluded from valuation as their value is considered not material and the cost of valuing these items would exceed any benefits to be obtained from their valuation.

Capital and Operating Expenditure

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

Valuation

Land, Buildings & Structures, Artworks, Land Improvements and certain Infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the *Local Government Finance Standard 2005*.

The Council has determined that individual items of plant and equipment with a cost in excess of \$1m are of high value to the local government and should be carried at fair value. There are no items which meet this criterion. All other items of plant and equipment are measured on the cost basis. Plant and equipment, other than major plant and equipment, are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not differ materially from their fair value.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(I) Non-Current Assets (continued)

Valuation (continued)

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 19(b).

If any plant and equipment is to be treated as Major Plant and Equipment it will form part of a separate class and measured on the revaluation basis.

Depreciation and Amortisation

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

Assets are depreciated for the whole month when an asset has been purchased in, i.e. an asset is depreciated for the whole month even if it has been purchased on the last day of the month. In respect of internally constructed assets, these assets are depreciated 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.

Unfunded Depreciation

Ipswich City Council has elected not to fund depreciation expenses for assets that will not be replaced. Depreciation is funded to the extent necessary to meet future replacement capital works.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(l) Non-Current Assets (continued)

Depreciation (continued)

The residual value, if significant, the useful life and the depreciation method applied to an asset are assessed annually. For each class of depreciable asset the following depreciation rates were used:

<u>Straight Line Depreciation Method:</u>	<u>Periods (years)</u>	
	2008	2007
Plant and Equipment	2 to 40	2 to 36
Park/Street Furniture	10, 15, 20	10, 15, 20
Concrete Footpaths/Pathways	20 to 50	5, 20, 30, 50
Driveways, Carparks and Boatramps	20 to 50	20, 25, 30, 50
Basketball Court/Cricket Pitch/Skate Bowl/Velodrome	15 to 40	5, 15, 30
Sporting Grounds	40	40
Irrigation Systems, Fences, Retaining Walls	10 to 80	4, 10, 20, 30
Road – Seals	10	10
Roadways – Base	60	60
Traffic and Other Signage	10	10
Buildings	5 to 80	20, 25, 40, 50, 60
Buildings – Leasehold Improvements	4	4
Monuments, Minor Structures, Sheds and Shelters	10 to 100	5, 20, 25, 40, 90
Stormwater Drainage	80	80
Sewerage Mains	50 to 75	50 to 75
Sewerage Pump Stations and Wastewater Centres	15 to 80	20 to 80
Water – Reservoirs and Treatment Plants	20 to 80	20 to 80
Water – Pump Stations	23 to 50	20 to 45
Water – Water Mains	15, 50, 60	15, 50, 60
Bridges	30 to 80	30 to 80
Landfill Siteworks	5 to 50	50
Roadways – Formation	Not depreciated	Not depreciated
Land including Major Landscaping	Not depreciated	Not depreciated
Artworks	Not depreciated	Not depreciated

Portable and Attractive items represent low value assets (\$100 - \$4 999 acquisition cost) and are fully depreciated in the month of acquisition.

Certain disclosure of useful lives of Assets have been amended due to greater data integrity available from Council's new fixed asset register platform and does not reflect changes in the estimated useful lives of the assets.

(m) Investments

Council holds equity investments in several organisations. Some of these organisations pay dividends and these are recognised as revenue on receipt. Council has entered into these arrangements as long term investments. These investments are unquoted and there does not exist an active market. As a result the fair value of these investments cannot be reliably measured therefore they are measured at cost.

Medium-term investments in the form of term deposits are valued at cost and represent bank bills and term deposits lodged with financial institutions authorised pursuant to Section 48 of the *Statutory Bodies Financial Arrangements Act 1982*. Interest revenue earned on invested funds is recognised as it accrues.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)**(m) Investments (continued)**

Council policy limits the total amount of investments permitted to be lodged with any one financial institution to not more than 25% (except in the case of the QTC cash fund described earlier) of total investments with authorised financial institutions. This policy is part of Council's overall strategy to minimise exposure to interest rate and credit risk whilst pursuing higher investment returns.

(n) Intangible Assets

Intangible assets that have been acquired are stated and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful lives commencing from the date they are available for use. The estimated useful lives in the current and comparable periods are as follows:

<u>Intangible asset type:</u>	<u>2008</u>	<u>2007</u>
Software	2 – 7 years	3 – 7 years

(o) 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.

The balance of the Capital Works in Progress at balance date represents the expenditure incurred on uncompleted capital projects at that date. Ipswich City Council performs regular reviews of its Capital Works in Progress balances.

(p) Biological Assets

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

(q) Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

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

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

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(r) Deeds of Grant in Trust (DOGITs)

The Department of Natural Resources and Water controls certain parcels of land commonly known as a Deed of Grant in Trust (DOGIT), that are owned by the Crown but granted to other entities in terms of a deed pursuant to section 35 of the *Land Act 1994*. DOGIT land should be recognised as a controlled asset in the financial statements of the entity utilising the land as that entity has access to the economic benefits of the land.

(s) Accounts Payable

Trade creditors are recognised upon receipt of the goods or services ordered. The amount recognised for each creditor is based on the purchase or contract cost, net of applicable discounts. These amounts are unsecured and are normally settled within 30 days.

(t) Liabilities - Employee Benefits

Ipswich City Council has accrued employee benefits for such items 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 entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) Wages and Salaries

A liability for wages and salaries owing to employees at reporting date has been recognised within the Financial Statements at current pay rates. This liability is treated as a creditor of Council (i.e. payable) and not as an employee benefit provision.

(ii) Superannuation

For Council employees, the superannuation expense incurred during the reporting period is equal to the amount of the contribution Council has made to the Queensland Local Government Employees' Superannuation Fund on behalf of its employees. Details of these arrangements are set out in Note 30 to these Financial Statements.

(iii) Annual Leave

A liability for annual leave has been recognised based on the accrued entitlement owing to employees as a result of services rendered. The value of the liability as disclosed in Note 22 is calculated using relevant pay rates expected to be paid at the time leave is taken with an additional allowance being made for related employee on-costs. These expenses include workers compensation premiums, payroll tax and superannuation benefits. This liability is recognised as a payable rather than a provision.

(iv) Long Service Leave

A liability for long service leave is measured as the present value of the estimated future leave payments for which Council had an obligation to pay in respect of services provided by employees up to 30 June 2008. The interest rates attaching to Commonwealth Government guaranteed securities as at 30 June 2008 with similar terms to maturity were used to discount the estimated future cash outflows to their present value. The value of the liability disclosed in Note 22 was calculated using current pay rates and expected future increases in those rates with an additional allowance being made for related employee on-costs. These expenses include payroll tax, workers compensation premiums and superannuation benefits.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(u) Borrowings

Loans payable are measured at amortised cost. Interest is recognised as it accrues.

Financing costs are treated as an expense and are not capitalised.

(v) Provisions – Future Infrastructure Costs

Developer contributions due relating to the future development of infrastructure for any development application within the Springfield community may be waived under the Springfield Infrastructure Agreement (subject to the First Ancillary Deed to the Springfield Infrastructure Agreement and Variation No. 2 – see Note 34 (d) . Waived contributions through the issuance of credits are given to offset against applicable developer contributions. Generally credits can be achieved through the provision of a facility beyond that which is required by Council, or construction is undertaken by a developer in place of what would normally be considered the Councils duty to provide. The amount of future waived contributions are provided for in the annual accounts. The provision is increased for indexation annually (i.e. Non-Building Construction Index – Brisbane) and Council Planning Policy infrastructure contribution increases (when applicable).

(w) Provisions – Restoration Costs

The cost of an item of property, plant and equipment includes the estimated cost of dismantling and removing the asset and restoring the site on which it is located. Amounts have been provided for future restoration costs of certain Council sites. At least annually these costs are estimated by either a registered valuer or other reliable sources such as historical data and if material, restated in present values in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The amount of the provision for restoration costs is capitalised and amortised in accordance with the policy set out in Note 1 (l). The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(x) Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(y) Dividend

Dividend revenue is recognised on receipt.

(z) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenue as outlined below.

(i) Rates

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

(ii) Grants and Subsidies

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt or when Council has fulfilled all pre-conditions and has been notified that the grant has been awarded.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

1. Summary of Significant Accounting Policies (continued)

(z) Rates, Grants, Donations and Other Contributions (continued)

(iii) Donations and Contributions (continued)

Control over monetary donations and contributions is generally obtained upon their receipt, however they may be recognised earlier in circumstances where it is highly probable that the donation or contribution will be received and it can be reliably measured as at reporting date.

Control over donated and contributed physical non-current assets is obtained as follows subject to successful Council inspection and approval:

- (i) where the construction of contributed assets has been completed prior to the lodgement of a Plan of Survey, the date of registration of a Plan of Survey with the Department of Natural Resources and Water;
- (ii) where the construction of contributed assets has not been commenced or completed prior to the lodgement of a Plan of Survey, the date of the first day in the 'on maintenance' period; or
- (iii) in cases where no Plan of Survey is involved, the date of the first day in the 'on maintenance' period i.e. being when Council controls the asset and is responsible for the asset.

(aa) Components of Equity

(i) Asset Revaluation Reserve

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

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

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

(ii) Other Reserves

Constrained Works Reserve – represents developer contributions received by Council which have not yet been expended in accordance with the manner required by the contributors.

Capital Funding Reserve – represents a component of Community Equity specifically segregated to fund identified future capital works to minimise the financial impact of anticipated major infrastructure investments on future ratepayers.

Services Delivery Reserve – represents a component of Community Equity specifically segregated for the purpose of funding future maintenance works relating to the City's water and sewerage infrastructure.

Specific Operational Reserve – represents a component of Community Equity specifically segregated to fund specific operational activities anticipated to be undertaken by Council within future reporting periods and to minimise the impact of new and emerging operational initiatives on yearly operating budget funding requirements.

(iii) Accumulated Surplus

The Accumulated Surplus represents Council's net wealth in assets and liabilities which must be maintained if Council is to continue to maintain its existing asset base and its present operating capability.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 For the Year Ended 30 June 2008

2. (a) Analysis of Results by Function

The activities relating to Council's Functions reported on in Note 2(b) – Analysis by Function are as follows:

COUNCIL DEPARTMENTS

Comprised of the following Departments incorporating the various service delivery Programs and internal service Providers within Council which are primarily funded from general rate operations:

Department	Service Delivery Programs	Internal Service Providers
Planning and Development	Planning and Development; Heritage	
Health, Parks and Recreation	Waste Regulation & Rehabilitation; Health and Environmental Protection; Urban and Rural Greening; Sport and Recreation	Facilities
Engineering Services	Water, Sewerage and Waste Services; Roads and Drainage; Counter Disaster	Ipswich Fleet Services
Economic and Community Development	Economic Development; Information Services; Community and Cultural Services	
Finance and Corporate Services	Corporate Finance; Corporate Services	

IPSWICH WATER

Is comprised of the commercialised Type 1 water and sewerage business activities within Council. Primarily funded from Water and Sewerage Utility Charges, the overall objective is to provide commercially focused water supply and sewerage services to the community in accordance with the Charter and Establishment Agreement, the Customer Charter and the Annual Operating Agreement.

IPSWICH WASTE SERVICES

Is comprised of the commercialised Type 2 waste services business activity within Council. Primarily funded from Waste Management Utility Charge, the overall objective is to provide commercially focused waste services to the community in accordance with the Charter and Establishment Agreement, the Customer Charter and the Annual Operating Agreement.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

2 (b) Analysis of Results by Function

Revenues have been attributed to the following functions:

Functions	Revenue					
	Subsidies and Grants		Other Revenue		Total Revenue	
	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Council Departments	21,933	17,867	187,221	179,511	209,154	197,378
Ipswich Water	5,207	2,565	110,409	108,026	115,616	110,591
Ipswich Waste Services	8	13	17,404	15,598	17,412	15,611
TOTAL	27,148	20,445	315,034	303,135	342,182	323,580

Expenses, Net Result and Net Assets have been attributed to the following functions:

Functions	Expenses		Net Result		Net Assets	
	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Council Departments	148,453	118,687	60,701	78,691	1,667,840	1,309,064
Ipswich Water	83,812	80,180	31,804	30,411	568,471	596,642
Ipswich Waste Services	14,880	12,412	2,532	3,199	23,189	24,008
TOTAL	247,145	211,279	95,037	112,301	2,259,500	1,929,714

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
3 Rates and Utility Charges:			
General rates		71,904	65,339
Water sales & charges		34,967	28,847
Sewerage		29,008	26,731
Sewerage trade waste		2,740	2,738
Property related charges		3,246	3,352
Garbage charges		11,156	10,244
Total Rates and Utility Charges		153,021	137,251
Less: Discounts		(6,251)	(5,663)
Less: Pensioner remissions		(1,270)	(1,338)
Net Rates and Utility Charges		145,500	130,250
The State Government subsidised the pensioners' liability for rates to the value of:		1,466	1,494
Council has recognised the following amount as revenue in this financial year in accordance with paragraph 68 of AAS 27 representing rates paid in advance:		1,586	1,822
4 Fees and Charges			
Fees and charges were earned from:			
Town planning and development charges		11,408	9,044
Health regulation, animal control and cemeteries		2,734	2,825
Civic centre services		263	502
Change of ownership fees		467	304
Water and sewerage related services		2,229	2,206
Waste disposal fees and charges		5,000	12,325
Other administrative charges		1,864	911
Total Fees and Charges		23,965	28,117

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
5 Government Grants, Contributions and Donations			
Government grants, contributions and donations are analysed as follows:			
Cash Contributions – for operational purposes		163	255
Cash Contributions – constrained for capital purposes		43,210	34,459
Contributions of physical assets	19 (a)	52,802	70,955
Government grants and subsidies		7,528	3,966
Government grants and subsidies constrained for capital purposes		14,262	11,204
General purpose government grants		5,358	5,276
Waived Contributions in accordance with Springfield Infrastructure Agreement		6,400	6,082
Total Government Grants, Contributions and Donations		129,723	132,197
6 Interest Revenue			
Interest from investments		7,929	8,011
Penalty interest from overdue rates and utility charges		408	370
Total Interest Revenue		8,337	8,381
7 Other Revenue			
Rental of council facilities		1,390	1,104
Hire of council facilities		7	18
Vehicle lease fees		429	369
Sale of stock/merchandise		79	62
Commissions		210	183
Dividends received		-	518
Assets Not Previously Recognised		-	12,385
Other sundry receipts		7,954	5,917
Total Other Revenue		10,069	20,556
8 Gain on Disposal of Assets			
Gain on Disposal of Physical Assets		592	4
Gain on Sale of Equity Investment	18	20,145	-
Total Gain on Disposal and Revaluation of Assets		20,737	4

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
9 Employee Expenses			
Total wages and salaries		62,993	65,574
Superannuation		9,688	7,843
Workers compensation		1,765	1,527
Payroll tax		936	637
Fringe benefits tax		479	291
Other employee related expenses		1,878	1,784
Total Employee Expenses		77,739	77,656
10 Depreciation			
Road and bridge network		17,416	11,422
Water		8,031	6,767
Sewerage		10,811	7,823
Drainage		7,037	4,383
Total Infrastructure Depreciation		43,295	30,395
Land improvements		2,379	1,854
Buildings		5,214	3,770
Plant and equipment		11,966	10,517
Other assets		244	356
Total Non-infrastructure Depreciation		19,803	16,497
Total Depreciation		63,098	46,892
11 Finance Costs			
Bank charges		575	648
Finance costs charged by the Queensland Treasury Corporation		4,673	5,665
Unwinding of discount on provisions		(1,763)	-
Total Finance Costs		3,485	6,313

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
12 Other Expenses			
Water conservation rebates		3,937	4,604
Donations paid to community organisations		1,210	2,527
Councillors' remuneration (i)		1,422	1,672
Council's insurance premiums		994	1,037
Springfield infrastructure credits indexation increase		4,738	993
Operating leases rentals		1,386	1,056
Payments for flood mitigation		-	136
Audit services		218	135
General expenses		3,176	1,246
Bad and doubtful debts		509	(29)
Total Other Expenses		17,590	13,377

- (i) Councillor remuneration represents salary, superannuation contributions and other allowances paid in respect of carrying out their duties, together with the Administrative/Electorate support. Other consumable costs such as electorate office rental, electricity, security, printing, stationery and telephone charges have been disclosed in Materials and Services.

13 Loss on the Disposal of Assets

(i) Loss on Sale of Assets:

Land & Improvements			
Proceeds from sale		-	(15)
Less: Book value of assets sold		-	190
Loss on sale of Land & Improvements		-	175
Buildings			
Proceeds from sale		-	-
Less: Book value of assets sold		-	-
Loss on sale of Buildings		-	-
Plant & Equipment			
Proceeds from sale		(469)	(3,689)
Less: Book Value of assets sold		544	3,510
Loss on sale of Plant & Equipment		75	(179)
Intangible Assets			
Proceeds from sale		-	-
Less: Book value of assets sold		-	-
Loss on sale of Other Assets		-	-
Other Assets			
Proceeds from sale		-	-
Less: Book value of assets sold		-	-
Loss on sale of Other Assets		-	-
Net Loss on Sale		75	(4)

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
13 Loss on the Disposal of Assets			
(ii) Loss on Write Off of Assets			
Net book value of assets written off:			
Land & improvements		906	916
Buildings		595	1,620
Plant & equipment		451	132
Infrastructure		10,869	1,326
Other assets		438	47
Intangibles assets		1	97
Net Loss on Write Off of Assets		13,260	4,138
Total Loss on Disposal of Assets		13,335	4,134
14 Cash and Cash Equivalents			
Cash at bank and on hand		7,698	7,238
Deposits at call		42,014	36,965
Total Cash and Cash Equivalents		49,712	44,203
All cash assets are held in domestic currency denomination and are disclosed at fair value.			
Externally imposed expenditure restrictions at the reporting date relating to the following cash assets:			
Unspent developer contributions		38,551	25,769
		38,551	25,769
15 Investments			
Term deposits		69,000	58,000
Total Investments		69,000	58,000

Term deposits are held with various financial institutions with credit ratings ranging from AA to BBB+.

All cash assets are held in domestic currency denomination and are disclosed at current market value.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
16 Receivables			
Rates and utility charges		4,588	4,084
Interest on debts		378	310
Interest on investments		2,167	1,500
GST recoverable		2,672	1,405
Other debtors		10,848	4,743
Less: Provision for doubtful debts		(764)	(541)
Total Receivables		19,889	11,501

Interest was charged on outstanding rates and utility charges at a rate of 11% (June 2007: 11%) compounded on daily rests. No interest was charged on other sundry debtors balances.

There is no concentration of credit risk on rates and utility charges and interest receivable. However, in other sundry debtors receivable there is one receivable that makes up 25% of the total receivables balance. Payment for this receivable was received on the 11 July 2008.

The above amounts represent Council's maximum credit risk exposure on receivables at year end. In particular, the provision for doubtful debts represents the amount of other sundry debtors receivable for which recovery is not probable at year end (Refer Note 1 (h)).

17 Inventories			
Stores and raw materials		972	1,042
Treated water in mains		89	137
Other inventories		33	33
Total Inventories		1,094	1,212

18 Other Financial Assets			
(i) Current			
Prepayments		1,728	1,072
		1,728	1,072
(ii) Non Current			
Shares in SEQWCo (10.30% ownership)	8	-	20,291
		-	20,291
Total Other Financial Assets		1,728	21,363

The South East Queensland Water Corporation (SEQWCo) was incorporated in March 2000 and Council was issued shares with a fair value of \$20 291 000 representing a 10.3% equity interest in SEQWCo as at June 2007. This asset, held at cost, was disposed of during 2007-2008 under the Water Reform Agenda conducted by the State Government. Council was compensated for this during the year by way of debt retirement and recognised a \$20.145m gain on disposal.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

19. Property, Plant & Equipment

	Note	Total Property, Plant and Equipment		Land & Land Held for Sale		Land Improvements		Buildings & Structures		Plant & Equipment	
		2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Property, Plant and Equipment Value											
Opening Balance at Cost		99,390	90,362	-	-	-	-	-	-	95,377	86,557
Opening Balance at Valuation		2,669,935	1,783,219	88,458	78,513	58,623	43,406	175,492	144,258	-	-
Total Opening Asset Value		2,769,325	1,873,581	88,458	78,513	58,623	43,406	175,492	144,258	95,377	86,557
Acquisitions at cost		87,517	146,666	7,158	10,417	6,644	8,535	12,566	11,377	13,902	19,544
Contributed assets at valuation	5	52,802	70,955	3,175	17	0	98	-	35	-	160
Contributed assets at valuation - Springfield Infrastru	24	894	32	-	-	894	-	-	-	-	-
Assets disposed at valuation	13	-	(190)	-	(190)	-	-	-	-	-	-
Assets disposed at cost		(7,841)	(9,255)	-	-	-	-	-	-	(7,841)	(9,255)
Assets written off at valuation	13	(21,114)	(5,949)	(298)	(650)	(375)	(602)	(667)	(2,637)	-	-
Assets written off at cost	13	(5,404)	(1,244)	-	-	(931)	-	(688)	-	(2,357)	(1,073)
Data Validation		(2,281)	-	76	-	51	-	42	-	458	-
Transfers (to) from other classes		-	(615)	-	351	-	(332)	-	3	8	(556)
Revaluation increments (decrements)	25	294,721	695,345	42,322	-	-	7,519	-	22,456	-	-
Closing Balance at Cost		102,363	99,390	-	-	-	-	-	-	99,546	95,377
Closing Balance at Valuation		3,066,254	2,669,935	140,891	88,458	64,907	58,623	186,745	175,492	-	-
Total Closing Asset Value		3,168,617	2,769,325	140,891	88,458	64,907	58,623	186,745	175,492	99,546	95,377
Accumulated Depreciation/Amortisation											
Opening Accumulated Depreciation/Amortisation		1,032,229	729,651	-	-	19,649	13,628	67,224	54,361	46,087	42,735
Depreciation/Amortisation	10	63,098	46,924	-	-	2,380	1,854	5,214	3,770	11,965	10,517
Accum depreciation/amortisation on disposal		(4,942)	(5,745)	-	-	-	-	-	-	(4,942)	(5,745)
Accum depreciation/amortisation on write-off	13	(13,259)	(3,153)	-	-	(697)	(337)	(760)	(1,017)	(1,906)	(942)
Data Validation		(2,684)	-	-	-	(91)	-	(1)	-	327	-
Transfers (to) from other classes		-	(479)	-	-	-	-	-	-	-	(478)
Revaluation increments (decrements)		99,358	265,031	-	-	-	4,504	-	10,110	-	-
Total Closing Accumulated Depreciation/Amortisation		1,173,800	1,032,229	-	-	21,241	19,649	71,677	67,224	51,531	46,087
Opening Written Down Value		1,737,096	1,143,930	88,458	78,513	38,974	29,778	108,268	89,897	49,290	43,822
Closing Written Down Value		1,994,817	1,737,096	140,891	88,458	43,666	38,974	115,068	108,268	48,015	49,290

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

19. Property, Plant & Equipment (continued)

	Water Supply Infrastructure		Sewerage Infrastructure		Roads, Bridges and Footpaths		Flooding and Drainage Infrastructure		Other Non Current Assets	
	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Property, Plant and Equipment Value										
Opening Balance at Cost	-	-	-	-	-	-	-	-	4,013	3,805
Opening Balance at Valuation	361,230	325,731	576,925	372,575	855,675	517,894	553,532	300,842	-	-
Total Opening Asset Value	361,230	325,731	576,925	372,575	855,675	517,894	553,532	300,842	4,013	3,805
Acquisitions at cost	2,716	14,212	18,497	8,358	20,519	67,654	5,291	6,136	224	433
Contributed assets at valuation	9,664	6,553	3,399	8,227	30,313	42,881	6,243	12,989	8	27
Contributed assets at valuation - Springfield Infrastructure	-	-	-	-	-	-	-	-	-	-
Assets disposed at valuation	-	-	-	-	-	-	-	-	-	-
Assets disposed at cost	-	-	-	-	-	-	-	-	-	-
Assets written off at valuation	(4,972)	(774)	(115)	(524)	(12,477)	(711)	(2,210)	(51)	-	-
Assets written off at cost	-	-	-	-	-	-	-	-	(1,428)	(171)
Data Validation	301	-	3	-	(3,629)	-	408	-	8	-
Transfers (to) from other classes	-	(86)	-	86	-	(307)	-	307	(8)	(81)
Revaluation increments (decrements)	42,979	15,594	90,052	188,203	65,651	228,264	53,717	233,309	-	-
Closing Balance at Cost	-	-	-	-	-	-	-	-	2,817	4,013
Closing Balance at Valuation	411,917	361,230	688,761	576,925	956,052	855,675	616,981	553,532	-	-
Total Closing Asset Value	411,917	361,230	688,761	576,925	956,052	855,675	616,981	553,532	2,817	4,013
Accumulated Depreciation/Amortisation										
Opening Accumulated Depreciation/Amortisation	149,447	139,429	263,297	163,550	313,221	222,750	171,205	91,330	2,100	1,869
Depreciation/Amortisation	8,031	6,767	10,811	7,828	17,416	11,446	7,036	4,386	245	356
Accum depreciation/amortisation on disposal	-	-	-	-	-	-	-	-	-	-
Accum depreciation/amortisation on write-off	(2,178)	(149)	-	(65)	(5,982)	(501)	(746)	(18)	(990)	(124)
Accum depreciation/amortisation on adjustments to equity	-	-	-	-	-	-	-	-	-	-
Data Validation	237	-	96	-	(3,658)	-	408	-	(2)	-
Transfers (to) from other classes	-	-	-	-	-	-	-	-	-	(1)
Revaluation increments (decrements)	18,516	3,400	38,482	91,984	24,921	79,526	17,439	75,507	-	-
Total Closing Accumulated Depreciation/Amortisation	174,053	149,447	312,686	263,297	345,918	313,221	195,342	171,205	1,353	2,100
Opening Written Down Value	211,783	186,302	313,628	209,025	542,454	295,144	382,327	209,512	1,913	1,936
Closing Written Down Value	237,864	211,783	376,075	313,628	610,134	542,454	421,639	382,327	1,464	1,913

IPSWICH CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

19. (a) Property, Plant & Equipment (continued)

During the 2007-2008 financial year Council transitioned its asset data to a new fixed asset register platform and had some data reconciling differences. These differences are disclosed as Data Validation in the earlier table. Due to the amount being immaterial a prior year restatement was not performed.

19. (b) Valuation of Property, Plant and Equipment

Class of Asset	Date of Last Valuation	Valuation Type	Valuer
Land (i)	April 2008	Formal	Rushton Asset Val Pty Ltd
Land Improvements (i)	April 2008	Formal	Rushton Asset Val Pty Ltd
Buildings and Structures (ii)	April 2008	Formal	Rushton Asset Val Pty Ltd
Infrastructure (excluding Waste Water Centres) (iii),(v)	April 2008	Indexed	Rushton Asset Val Pty Ltd
Infrastructure – Waste Water Centres (iii),(v)	September 2007	Formal	GHD Pty Ltd
Artworks (iv)	June 2008	Indexed	Macaulay Partners

(i) Land for Sale, Land and Land Improvements

Land for Sale, Land and Land Improvements were revalued formally through physical inspection for the year ended 30 June 2008, as determined by Rushton Asset Val Pty Ltd valuers.

Land under roads and reserve land does not have a value for the purpose of the Ipswich City Council's financial statements.

(ii) Buildings and Structures

Buildings and structures were revalued formally through physical inspection for the year ended 30 June 2008, as determined by Rushton Asset Val Pty Ltd valuers.

(iii) Infrastructure

Infrastructure assets for roads, drainage, water and wastewater (sewerage) capitalised in the current financial year are recognised at cost. All other infrastructure assets, including donated and contributed infrastructure assets, are recorded at valuation. Council carried out an external valuation of passive assets based on current depreciated replacement cost as supplied by GHD Pty Ltd and Cardno (Qld) Pty Ltd in March 2007.

Council has also invoked AASB116, paragraph 33, because active infrastructure assets are specialised in nature and there is no market evidence to value them. In this case, Council has estimated fair value using the depreciated replacement cost approach.

Council carried out an external revaluation of infrastructure assets based on current depreciated replacement cost as supplied by GHD Pty Ltd for wastewater treatment centres and all other infrastructure assets were valued by Rushton Asset Val Pty Ltd valuers.

(iv) Artwork

A formal valuation of Council's Artworks collection was undertaken by Macaulay Partners in June 2008. It was determined that there was no significant changes to the values.

(v) Active Assets

Active assets are typically complex in nature and include functional units and facilities that contain significant mechanical and/or electrical components. Active infrastructure assets are revalued in accordance with the fair value requirements of AASB116 paragraph 6a whereby it states that Fair Value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

19. (b) Valuation of Property, Plant and Equipment (continued)

(v) Active Assets (continued)

Council has also invoked AASB 116 paragraph 33 because active infrastructure assets are specialised in nature and there is no market based evidence to value them. In this case, Council has estimated fair value using the depreciated replacement cost approach. Assets are revalued when there is a material difference in the fair value or on a tri-annual basis which ever is sooner. When such an interval is not practical or appropriate, the revaluation interval shall not exceed 5 years. The last formal valuation of active assets was undertaken in March 2007 by GHD Pty Ltd.

	Note	2008 \$'000s	2007 \$'000s
20 Capital Work in Progress			
Land and improvements		16,834	14,235
Buildings and structures		2,676	2,599
Plant and equipment		1,412	4,611
Infrastructure assets		78,398	31,753
Other non-current assets		129	-
Total Capital Work in Progress		99,449	53,198

Capital work in progress is recorded at the cost of construction. The cost of this work includes all materials used in construction, direct labour on the project, an appropriate proportion of variable and fixed overheads.

21 Intangibles**Intangibles**

Opening balance at cost	5,718	4,382
Acquisitions at cost	24,085	1,048
Data Validation	(288)	-
Transfers (to) from property, plant and equipment	-	615
Assets written off at cost	(6)	(327)
Closing balance at cost	29,509	5,718
Accumulated Amortisation		
Opening accumulated amortisation	2,577	1,543
Amortisation expense	3,141	785
Data Validation	(14)	-
Transfers (to) from property, plant and equipment	-	479
Assets written off at cost	(5)	(230)
Total Closing Accumulated Amortisation	5,699	2,577
Opening Written Down Value	3,141	2,839
Closing Written Down Value	23,810	3,141

(a) Intangible assets principally comprise Software and Licensing that has been acquired by Council. Intangible Assets are recorded at cost less accumulated amortisation and, if appropriate, accumulated impairment.

Amortisation is charged on a straight-line basis over the estimated useful lives which range from 2 to 7 years. The estimated useful life, amortisation and residual values are reviewed annually.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
22 Payables			
(i) Current			
Trade and sundry creditors		27,049	11,535
Accrued interest payable		1,129	1,068
Accrued wages and salaries		3,029	1,610
Annual leave		6,329	5,876
Long service leave		1,120	1,171
Time in lieu		70	74
Retention Allowances		66	16
		38,792	21,350
(ii) Non Current			
Annual leave		3,470	3,390
Long service leave		12,725	12,555
Retention allowances		305	271
		16,500	16,216
Total Payables		55,292	37,566

Employee benefit entitlements are calculated at current pay levels as adjusted for inflation and likely future changes in salary level.

These estimates are then 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.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
23 Interest Bearing Liabilities			
(i) Current loans		7,606	2,491
(ii) Non current loans		113,959	93,403
Total Interest Bearing Liabilities		121,565	95,894

Movements within QTC Loan Borrowings during the year were comprised of the following:

Opening QTC Loans at book value		95,894	98,122
New loans		68,500	-
Market value realisation charge		(1,103)	(5)
Correcting adjustment to loan balance		-	22
Principal loan debt redemption		(41,726)	(2,245)
Closing QTC Loans at year end		121,565	95,894

Council has a business card facility with a limit of \$4.0million (2007: \$4.0million)

As at year end Council maintained 6 and 15 year debt pools (2007: 3, 6, 9, 12 and 15 years and floating rate) with QTC.

The effective market interest rates on fixed rate borrowings as at balance date range from 5.14% to 6.92% with a weighted average of 6.24% (2007: 5.31% to 5.97%, weighted average of 5.78%).

The anticipated final repayment dates at year end range from 8 December 2011 to 31 March 2028 (2007: 13 April 2008 to 31 December 2021). All loans are in domestic currency denomination and are unsecured.

Market Value of QTC Borrowings as at 30 June 2008 is \$117 700 674 (2007: \$92 012 388). 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.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
24 Other Liabilities			
(i) Current			
Unearned revenue		1,087	2,017
Other Current Liabilities		1,411	-
Provision for future infrastructure costs		8,159	10,527
Deferred Payment Agreement - Sinnathamby Boulevard		5,000	2,000
Refunds		135	-
		15,793	14,544
(ii) Non Current			
Provision for restoration costs		2,513	1,053
Provision for future infrastructure costs		7,767	7,484
Deferred Payment Agreement - Sinnathamby Boulevard		10,200	17,204
		20,479	25,741
Total Other Liabilities		36,271	40,285

(a) Unearned revenue relates to grants received from state and federal governments to enable Council to undertake programs such as road maintenance and community services. These projects are expected to be completed in the 2008-2009 financial year.

(b) During the 2006-2007 financial year Council entered into a time payment arrangement with the Springfield Land Corporation (SLC) under which Council will pay to the SLC in instalments the full construction cost of the Sinnathamby Boulevard over five years under the terms and conditions of the Sinnathamby Boulevard Infrastructure Agreement 2005 agreed to by both parties.

Details of movements in provisions:

(a) Provision for Future Infrastructure Costs

Opening Balance	18,011	20,274
Increase in provision - indexation	4,738	993
Increase in provision - contributed assets	894	2,825
Decrease in provision - consumption	(6,400)	(4,739)
Decrease in provision - payments to developer under Clause 51	(1,317)	(1,343)
Balance at the end of period	15,926	18,011

(b) Provision for Restoration Costs

Opening Balance	1,053	956
Increase in provision - revaluation of restoration costs	-	97
Increase in provision - Re-estimate of rehabilitation costs	2,871	-
Balance at the end of period	3,924	1,053

This is the present value of the estimated cost of restoring the sites to a useable state at the end of their useful lives.
The projected costs are expected to be incurred in the next three financial years.

IPSWICH CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
25 Asset Revaluation Reserve			
Movements in the asset revaluation reserve were as follows:			
Opening balance		629,301	201,084
Net adjustment to non-current assets during the period to reflect a change in current fair value:			
Land held for sale		42,322	938
Land, Land improvements & Landfill		-	2,077
Buildings		-	12,346
Plant and equipment		-	-
Infrastructure		153,042	414,953
Net increment (decrement) on revaluation		195,364	430,314
Revaluation on sold assets transferred to Accumulated Surplus		(470)	(2,097)
Closing balance		824,195	629,301

Land, Land Improvements and Buildings were valued during the year but were not brought to account as the movement was not considered to be of a material nature.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
26 Other Reserves			
(i) Reserves for capital expenditure			
Constrained works reserve		38,551	25,768
Plant & equipment reserve		-	-
Capital funding reserve		9,871	7,075
		<u>48,422</u>	<u>32,843</u>
(ii) Reserves held for funding future recurrent expenditure:			
Infrastructure maintenance reserve		1,740	1,740
Specific operational reserve		837	1,302
		<u>2,577</u>	<u>3,042</u>
Total Reserves		<u>50,999</u>	<u>35,885</u>
Movements in Reserves are analysed as follows:			
Constrained Works Reserve			
Opening balance		25,768	15,999
Transfers from accumulated surplus		14,901	10,030
Transfers to accumulated surplus		(2,118)	(261)
Closing balance		<u>38,551</u>	<u>25,768</u>
Plant & Equipment Reserve			
Opening balance		-	1,616
Transfer from accumulated surplus		-	-
Transfers to accumulated surplus		-	(1,616)
Closing balance		<u>-</u>	<u>-</u>
Capital Funding Reserve			
Opening balance		7,075	29,377
Transfers from accumulated surplus		10,806	(1,775)
Transfers to accumulated surplus		(8,010)	(20,527)
Closing balance		<u>9,871</u>	<u>7,075</u>
Service Delivery Reserve			
Opening balance		1,740	1,910
Transfer from accumulated surplus		-	-
Transfers to accumulated surplus		-	(170)
Closing balance		<u>1,740</u>	<u>1,740</u>
Specific Operational Reserve			
Opening balance		1,302	1,538
Transfer from accumulated surplus		-	145
Transfers to accumulated surplus		(465)	(381)
Closing balance		<u>837</u>	<u>1,302</u>

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
27 Accumulated Surplus			
Movements in Accumulated Surplus were as follows:			
Opening balance		1,090,783	961,830
Net Result from Ordinary Activities:		95,037	112,301
Transfers from Asset Revaluation Reserve on disposal of assets		470	2,097
Net Transfers from Other Reserves:			
Constrained works reserve		(12,783)	(9,769)
Plant and equipment reserve		-	1,616
Capital funding reserve		(2,796)	22,302
Service delivery reserve		-	170
Specific operational reserve		465	236
Net transfers from Other Reserves		<u>(15,114)</u>	<u>14,555</u>
Closing balance		<u>1,171,176</u>	<u>1,090,783</u>
28 Reconciliation of Result from Ordinary Activities to Net Cash Inflow from Operating Activities			
Result from ordinary activities		95,037	112,301
Non-cash operating items:			
Depreciation	10	63,098	46,892
Amortisation		3,141	785
Non-cash donations subsidies and contributions		(59,202)	(76,076)
Provision for doubtful debts		223	(39)
Assets not previously recognised	7	-	(12,385)
		<u>7,260</u>	<u>(40,823)</u>
Investing and development activities :			
Net (profit) loss on disposal of non current assets	13	13,335	4,134
		<u>13,335</u>	<u>4,134</u>
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		(8,388)	(3,358)
(Increase) decrease in other operating assets		(19,753)	(1,221)
Increase (decrease) in payables		16,078	5,806
		<u>(12,063)</u>	<u>1,227</u>
Net cash inflow from operating activities		<u>103,569</u>	<u>76,839</u>

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
29 Commitments			
(i) Contractual commitments			
Significant contractual commitments for operating expenditure not recognised in the Financial Statements at year end are comprised of:			
Purchase and treatment of raw water		12,081	8,044
Collection, transport and reuse/disposal of biosolids.		1,171	0
		13,252	8,044
These commitments are payable as follows:			
Not later than one year		13,252	8,044
Later than one year but not later than five years		-	-
Later than five years		-	-
		13,252	8,044
(ii) Capital commitments			
Capital expenditure contracted for at year end but not recognised in the Financial Statements is comprised of:			
Ipswich Water - Infrastructure		1,021	7,446
Engineering Services - Infrastructure		22,693	134
Parks - Land improvements and buildings		2,795	375
Intangibles		-	9,524
		26,509	17,479
These commitments are payable as follows:			
Not later than one year		26,509	17,479
Later than one year but not later than five years		-	-
		26,509	17,479
Council has been able to provide a more thorough disclosure of purchasing commitments than in past years due to a change in methodology. However, due to the complex nature and volume of transactions is unable to provide comparable data for last year.			
(iii) Operating leases			
Lease rentals included within other expenses total:		1,386	1,037
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year		994	897
Later than one year but not later than five years		1,780	1,611
		2,774	2,508

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

30 Superannuation

The Ipswich City Council contributes to the local government superannuation scheme (the scheme). The scheme has both defined benefits and accumulation arrangements, provided for in accordance with statutory requirements. Assets accumulate in the fund to meet member's benefits as they accrue. If that portion of the assets of the plan, intended to support employees' defined benefits, is insufficient to satisfy such entitlements payable to scheme beneficiaries, then the level and form of such benefits would need to be revised. All persons becoming permanent employees as from 1 July 1998 contribute to the scheme for defined contribution entitlements; the defined benefit section of the scheme having been closed to new entrants from that date.

The Ipswich City Council's liability in respect of defined contribution superannuation arrangements is the amount of contribution that, under the terms of the Scheme, is payable to the fund as at the reporting date.

The audited general purpose financial report of the scheme as at 30 June 2007 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability for the Council has been recognised as at the reporting date in respect of superannuation benefits for its employees.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at the 30 June 2007. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

The 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.

	Note	2008 \$'000s	2007 \$'000s
The amount of superannuation contributions paid by Ipswich City Council to the Superannuation Fund in this period for the benefit of employees was:		<u>9,688</u>	<u>7,843</u>
The Ipswich City Council also contributes to the Local Government Superannuation Fund for the benefit of elected members and contractors. The amount of contributions paid for this benefit during the reporting period was:		<u>151</u>	<u>159</u>

IPSWICH CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

	Note	2008 \$'000s	2007 \$'000s
31 External Trust Funds			
Council performs only a custodial role in respect of External Trust Fund money. As such, the balances disclosed below have not been brought to account in the Financial Statements and are shown here for information purposes only:			
Bonds and refundable deposits		5,820	4,168
Other		68	63
		5,888	4,231

32 Financial Instruments

(a) Credit Risk Exposures

The credit risk on financial assets recognised on the Statement of Financial Position, other than investments in shares, is generally the carrying amount net of any provision for doubtful debts.

Council has a single concentration of credit risk to a single debtor with one particular debtor owing Council \$5.0million as at balance date. Payment for this receivable was received on the 11 July 2008.

(b) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of the Council approximates their carrying amounts.

Further detail on the net fair value of other monetary liabilities is set out in Notes 22 - 24.

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

32. Financial Instruments (Continued)

(c) Interest Rate Risk on Financial Assets and Liabilities

The following table summarises Council's exposure to interest rate risk on financial assets and liabilities recognised within the Financial Statements. There are no other unrecognised financial assets and liabilities controlled by Council. It must be noted that term deposits are fixed for periods of between 90 and 360 days.

Financial Assets and Liabilities	Note	Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Effective Interest Rate		Total as per the Statement of	
		2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 %	2007 %	2008 \$	2007 \$
Financial Assets:											
Cash at bank and on hand	14	7,698	7,238	-	-	-	-	0.00%	0.00%	7,698	7,238
Deposits at call	14	42,014	36,965	-	-	-	-	8.18%	6.64%	42,014	36,965
Term deposits	15	-	-	69,000	58,000	-	-	7.87%	6.64%	69,000	58,000
Receivables	16	-	-	4,588	4,084	15,301	7,417	11.00%	11.00%	19,889	11,501
Other financial assets	18	-	-	-	-	-	20,291	N/A	N/A	-	20,291
Total Financial Assets		49,712	44,203	73,588	62,084	15,301	27,708			138,601	133,995
Financial Liabilities:											
Payables	22	-	-	-	-	55,293	37,566	N/A	N/A	55,293	37,566
Interest bearing liabilities - floating	23	-	224	-	-	-	-	5.22%	5.22%	-	224
Interest bearing liabilities - fixed	23	-	-	121,564	95,670	-	-	6.24%	5.68%	121,564	95,670
Total Financial Liabilities		-	224	121,564	95,670	55,293	37,566			176,857	133,460
Net Financial Assets and Liabilities		49,712	43,979	(47,976)	(33,586)	(39,992)	(9,858)			(38,256)	535

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

32. Financial Instruments (Continued)

(d) Sensitivity Analysis on Financial Assets and Liabilities

	Balance		Effective Rate		Calculation @ Effective Rate		Calculation @ Effective Rate + 1%		Calculation @ Effective Rate - 1%	
	2008 \$'000s	2007 \$'000s	2008	2007	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s	2008	2007
Financial Liabilities										
Floating Rate										
QTC FRDP - Information Technology #2 A/c		98		5.22%	-	5	-	6	-	4
QTC FRDP - Waste A/c		126		5.22%	-	7	-	8	-	5
Fixed Rate *										
QTC 15Yr Debt Pool - Council Departments #1 A/c	41,594		6.24%							
QTC 12Yr Debt Pool - Council Departments #1 A/c		16,872		5.68%						
QTC 3Yr Debt Pool - Council Departments #2 A/c		129		5.68%						
QTC 12Yr Debt Pool - Roads & Drainage A/c		1,151		5.68%						
QTC 12Yr Debt Pool - Facilities #2 A/c		369		5.68%						
QTC 12Yr Debt Pool - Urban and Rural Greenig A/c		492		5.68%						
QTC 6Yr Debt Pool - Enviroplan A/c	1,524	2,835	6.24%	5.68%						
QTC 15Yr Debt Pool - Water & Sewerage A/c	74,306	74,307	6.24%	5.68%						
QTC 15Yr Debt Pool - Water #2 A/c	5,266		6.24%							
QTC 12Yr Debt Pool - Waste Services #1 A/c		337		5.68%						
QTC 9Yr Debt Pool - Waste Services #2 A/c		202		5.68%						
QTC 3Yr Debt Pool - Ipswich Waste Services A/c		45		5.68%						
* please note that fixed rate debt is not included in the sensitivity analysis										
Total for Calculated Values	122,690	96,961			-	12	-	14	-	9
Difference from Effective Rate Calculation								2		(2)
Financial Assets										
Variable Rate										
QTC Cash Fund - Council Departments	42,014	36,965	8.18%	6.64%	3,437	2,454	3,857	2,824	3,017	2,085
QTC Cash Fund - Trust Fund	5,887	5,100	8.18%	6.64%	482	339	540	390	423	288
QTC Cash Fund - Brookwater	68	63	8.18%	6.64%	6	4	6	5	5	4
Fixed Rate *										
Term Deposits	69,000	58,000	7.87%	6.64%						
* please note that fixed rate investments is not included in the sensitivity analysis										
Total for Calculated Values	116,969	100,128			3,924	2,797	4,404	3,219	3,444	2,376
Difference from Effective Rate Calculation							480	421	(480)	(421)

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

32. Financial Instruments (Continued)

(e) Sensitivity Analysis on Financial Assets and Liabilities

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

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

Ipswich City Council measures risk exposure using a variety of methods as follows:

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

(i) Credit Risk

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

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

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

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

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

Financial Assets	2008 \$'000	2007 \$'000
Cash and cash equivalents - QTC	42,014	36,965
Cash and cash equivalents – bank	7,698	7,238
Cash and cash equivalents – other ADI	69,000	58,000
Receivables - rates	4,588	4,084
Receivables - other	15,301	28,780
Total	138,601	135,067

Past due or impaired

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

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

Receivables	Fully Performing \$'000	Past due			Impaired \$'000	Total \$'000
		Less than 30 days \$'000	30-60 days \$'000	61+ days \$'000		
2008	19,125	16,022	404	2,699	764	19,889
2007	10,960	8,611	658	1,691	541	11,501

The following table represents the movements in the impairment provision:

Impairment Provision	Opening Balance \$'000	Movements		Closing Balance \$'000
		Write-Offs \$'000	Additions \$'000	
2008	541	286	509	764
2007	580	10	(29)	541

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

32. Financial Instruments (Continued)

(e) Sensitivity Analysis on Financial Assets and Liabilities

(ii) Liquidity Risk

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

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

Financial Liabilities

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
2008	12,280	38,026	163,863	214,169
2007	7,388	28,464	133,984	169,836

(iii) Interest Rate Risk

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

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed.

Interest Rate Sensitivity Analysis

The following sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% movement in market interest rates.

	Net carrying amount		Profit	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Financial Assets	0	0	480	421
Financial Liabilities	0	0	0	-2
Net	0	0	480	419

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

33. National Competition Policy

(i) Type 1 and Type 2 Activities

Definition of Activities:

Before the end of each financial year the Minister must decide, for the financial year, the expenditure amounts (the "threshold amounts") for identifying a "significant business activity" that should be a type 1 or 2 business activity. The Minister has set the threshold expenditure for the 2007-2008 year as follows:

Type 1 (a) for water and sewerage combined activities - \$37.8m (2007: \$36.4m)
(b) for other activities - \$22.7m (2007: \$21.8m)

Type 2 (a) for water and sewerage combined activities - \$11.3m (2007: \$10.9m)
(b) for other activities - \$7.6m (2007: \$7.3m)

Council has resolved to commercialise the following activities which fall into the expenditure guidelines above:

Ipswich Water
Ipswich Waste Services

(ii) Activities to which the Code of Competitive Conduct is applied

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

- (a) Roads Business Activity means
- the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement, or
 - submission of a competitive tender for construction or road maintenance on local government roads which the local government has put out to tender, or called for by another local government.
- (b) Other Business Activity, referred to as Type 3 activities, means the following:
- trading in goods and services to clients in competition with the private sector, or
 - the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are library services or an activity or part thereof prescribed by legislation.

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

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

33. National Competition Policy (continued)

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

	Roads and Drainage		Building Certification	
	2008 \$'000s	2007 \$'000s	2008 \$'000s	2007 \$'000s
Revenue earned within Council	6,219	-	-	-
Revenue earned externally	61,969	1,993	1,098	3,385
Community service obligations	-	-	150	20
Total Revenues	68,188	1,993	1,248	3,405
Less: Expenditure	55,744	1,671	697	2,444
Surplus (Deficit)	12,444	322	551	961

Community Service Obligations:

CSO amounts are determined by Council and represent an activity's cost(s) which would not be incurred if the activity's primary objective was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be a CSO by Council.

Activity	CSO Description	2008 \$'000s	2007 \$'000s
Ipswich Water (Type 1 Activity)	Water for fire fighting purposes	19	17
	Concessions to community groups (water)	257	181
	Water conservation rebate scheme	4,025	4,642
	Cleaning, repairing & replacing combined house drains	30	25
	Concessions to community groups (sewerage)	29	326
	Installation of blue catseyes for fire hydrant markers	19	30
	Maintenance of fire hydrants	145	118
	Water contributions - waived headworks	-	-
	Total CSOs for Ipswich Water	4,524	5,339
Ipswich Waste Services (Type 2 Activity)	Concession to domestic users for waste disposal charges at transfer stations	-	2,062
	Total CSOs for Ipswich Waste Services	-	2,062
TOTAL		4,524	7,401

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

34 Contingent Liabilities

(a) Site-specific Environmentally Relevant Activities

Council is responsible for a number of site-specific environmentally relevant activities as defined by the *Environmental Protection Act 1994*. These sites may be categorised into five major areas being extraction, workshops, waste disposal, water treatment and sewerage treatment. Council has identified twenty-two (22) potential waste disposal sites which it continues to monitor. As at balance date, Council has provided for the rehabilitation costs of 4 of these sites in its Balance Sheet.

If and when the land use of the remaining sites changes, Council may be liable to incur any necessary rehabilitation costs in accordance with Chapter 7, Part 8 of the *Environmental Protection Act 1994*. Assessments have taken place during 2007-2008 by environmental consultants that have provided Council with a schedule of prioritised sites with an estimated risk to the environment and the community. Council will continue to monitor and assess these sites annually with a view to bringing them to account as and when the proposed land use changes.

(b) Local Government Mutual Liability Self-Insurance

Ipswich 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 if 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 2007 the financial statements of LGM Queensland reported an accumulated surplus of \$8 309 114 (2006: \$5 409 423).

(c) Local Government Workcare Self-Insurance

Ipswich Council is a member of the local government workcare self insurance pool, LGW Queensland. In the event of the pool being wound up or if 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 2007 the financial statements of LGW Queensland reported an accumulated surplus of \$22 139 738 (2006: \$21 289 195).

IPSWICH CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2008

34 Contingent Liabilities (continued)

(d) First Ancillary Deed to the Springfield Infrastructure Agreement

The First Ancillary Deed to the Springfield Infrastructure Agreement contains provisions outlining Council's contingent position in the event that Council and Springfield Land Corporation Pty Ltd (the Developer) cause the Department of Main Roads (DMR) to agree to commence construction of a road upgrade at a time when the additional cost of funding the work does not exceed \$4 000 000.

If DMR does agree to commence construction earlier than their planned commencement date on the basis that Council pay the additional cost, then Council must enter into an agreement with DMR to pay those costs to a maximum extent of \$4 000 000.

If this does occur, this Deed also provides that the Developer pay the road headworks payable under the Springfield Infrastructure Agreement in cash, as opposed to utilising any accrued road headworks credit. These cash payments are to be made by the Developer upon lodgement of each plan of subdivision for allotments in the Springfield development until the payments equal half of the costs payable by Council under its agreement with DMR up to a maximum of \$2 000 000, plus an amount to reflect the net present value of those amounts. Until payment of the full amount is received by Council, the Developer must maintain a minimum accrued Roadworks Credit balance under the Springfield Infrastructure Agreement of at least \$2 000 000.

If, upon completion of the road work, all of the money payable by the Developer has not been received, then Council may reduce the accrued Roadworks Credit balance of the Developer by the amount of the shortfall. As at balance date the deed had not needed to be acted upon.

(e) Divisional Allocations and Other Entitlements

Council policy dictates that unspent Divisional Allocations and other entitlements may be carried over for up to one year. The amount of unspent allocations and entitlements at year end was \$5.2m (2007: \$2.4m).

(f) Legal Claims

The council is a defendant in a number of claims that arise as a result of the operations of the council and its ownership of public assets.

The council is of the opinion that the claims can be successfully defended. Information in respect of individual claims has not been disclosed in accordance with AASB137 "Provisions, Contingent Liabilities and Contingent Assets" on the basis that council considers such disclosures would seriously prejudice the outcome of the claim.

With the above exceptions, there were no other known outstanding contingencies as at year end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2008

35. Investments Accounted for using the Equity Method

During the 2007-2008 financial year Council has for the first time recognised an investment in a shared services initiative, Services Queensland. The ownership interest of 50% is held by Council's wholly owned subsidiaries Ipswich City Enterprises Pty Ltd and Ipswich City Enterprises Investments Pty Ltd.

36. Events Subsequent to Balance Date

Changes have been forecast in the local government arena in the past few months that will significantly alter the environment in which Council operates. These reforms will alter Council's financial performance and position in 2008 and subsequent years. It is difficult to forecast the quantum of these impacts at this time.

The reforms where change is expected to impact upon Council significantly are set out below.

(a) Water Reforms

The *Urban water supply arrangements in South East Queensland (SEQ)* report was released during May 2007 outlining an overhaul of existing institutional arrangements for SEQ's water supply. The new urban water supply arrangements will provide an industry model that streamlines the management of water delivery and ensures consistent water security for the region. The current 25 entities involved in water provision will be reduced to just nine.

It is envisaged that Council will relinquish control of major supply and bulk transport assets, such as treatment works, in return for forgiveness of debt associated with Ipswich Water, a commercialised business unit of Council. The consideration to be received in respect of these assets may be significantly different to the carrying value and has not yet been advised to Council. The written down value of Water assets is \$621.6m.

Additionally, there will be opportunities for Council to participate in joint ownership of the distribution network with appropriate returns payable based upon a regulated access pricing arrangement and retain an ownership position in one of the water retail businesses. Council will transfer these assets in July 2010. The consideration to be received in respect of these assets may be significantly different to the carrying value and has not yet been advised to Council.

IPSWICH CITY COUNCIL
MANAGEMENT CERTIFICATE
For the Year Ended 30 June 2008


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

In accordance with Section 48 of the Standard we certify -

- (a) the Ipswich City Council considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (b) the financial statements for the year ended 30 June 2008 and supporting notes present Ipswich City Council's income, equity, balance sheet and cash flows as required by the *Local Government Act 1993*.



Carl Wulff
(Chief Executive Officer)



Councillor Paul Pisasale
(Mayor)

Date: 13 October 2008

Date: 13 October 2008.

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Ipswich City Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Ipswich City Council for the financial year ended 30 June 2008 included on Ipswich City Council's web site. The Council is responsible for the integrity of the Ipswich City Council's web site. We have not been engaged to report on the integrity of the Ipswich City Council's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Ipswich City Council, to confirm the information included in the audited financial report presented on this web site.

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

Report on the Financial Report

I have audited the accompanying financial report of Ipswich City Council, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by management.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility 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. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of material misstatement.

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

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

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

In accordance with the *Local Government Act 1993* I have audited the Council's financial report, and -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the recording and reporting procedures required for the preparation of this financial report have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Ipswich City Council for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.



JB Richards, CA

(as Delegate of the Auditor-General of Queensland)

Brisbane

Date: 13 October 2008