

CAIRNS REGIONAL COUNCIL



ANNUAL REPORT

26 June 2010 to 30 June 2011

STATUTORY REQUIREMENTS AT A GLANCE

About Cairns Regional Council's 2010/11 Annual Report

This report has been prepared in accordance with Chapter 3, Part 3 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

ANNUAL REPORT 2010/11

TABLE OF CONTENTS

1. ASSESSMENT OF PERFORMANCE IN IMPLEMENTING CORPORATE AND OPERATIONAL PLANS.....	3
2. COUNCILLORS' CODE OF CONDUCT	12
3. COMPLAINTS MANAGEMENT	14
4. REMUNERATION AND SUPERANNUATION PARTICULARS	17
5. COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS.....	21
6. COUNCILLOR EXPENSES REIMBURSEMENT POLICY	22
7. COMPETITIVE NEUTRALITY COMPLAINTS AND DECISIONS.....	26
8. EQUAL EMPLOYMENT OPPORTUNITY	27
9. COMMERCIAL BUSINESS UNITS.....	30
10. CAIRNS WORKS.....	30
11. CAIRNS WATER AND WASTE.....	37
12. LIST OF BUSINESS ACTIVITIES (CODE OF COMPETITIVE CONDUCT).....	48
13. SHAREHOLDER DELEGATES.....	48
14. COMMUNITY FINANCIAL REPORT	49
15. CAPITAL WORKS PROJECTS.....	59
16. SPECIAL EXPENDITURE REPORTING CATEGORIES.....	63
17. GRANTS TO COMMUNITY ORGANISATIONS	65
18. SPECIAL RATES AND CHARGES.....	77
19. SUMMARY OF RATES REBATES AND CONCESSIONS	78
20. INVITATIONS TO TENDERERS TO CHANGE THEIR TENDERS	81
21. REGISTERS	82
22. RESERVE LAND CONTROLLED BY COUNCIL.....	82
23. ROADS CONTROLLED BUT NOT OWNED BY COUNCIL.....	83
24. INTERNAL AUDIT REPORT	83
25. OTHER ISSUES RELEVANT TO MAKING AN INFORMED ASSESSMENT	83
CAIRNS REGIONAL COUNCIL FINANCIAL STATEMENTS	84

1. ASSESSMENT OF PERFORMANCE IN IMPLEMENTING CORPORATE AND OPERATIONAL PLANS

Local Government Act 2009 s.104 (7): ... A local government must annually conduct, and report on the results of, a review of the implementation of the local government's annual operational plan, 5-year corporate plan and long-term community plan.

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ... The annual report for a financial year must contain—

- (a) an assessment of the local government's performance in implementing its long-term community plan, 5-year corporate plan and annual operational plan

The *Local Government Act 2009* introduced a requirement for Council to have a long-term Community Plan adopted by the end of 2011. Therefore, this Annual Report does not report on Community Plan progress as it was not adopted before 30 June 2011.

The Corporate Plan 2009/14 was adopted at Councils' Special Meeting held on 29th June 2009. This document provides the strategic direction for all activities to be undertaken by Council and its commercial business units. Utilising the Corporate Plan 2009/14 as the principal planning document, the key services and projects to be delivered for the financial year were established in the 2010/11 Operational Plan. Specifically each Operational Plan activity is linked to a Corporate Plan objective.

Reports are presented to the monthly Committee meetings enabling Council to review and assess the progress of the Operational Plan. In addition, reviews of Capital and Operational Budgets are reported to Council and workshops conducted as required.

A consolidated review is presented to Council quarterly, which references implemented and completed activities for the preceding three month period against the Corporate Plan Goals and Objectives. This review also includes capital works that have been completed in that period.

NB: The Corporate Plan available on Council's website (www.cairns.qld.gov.au) is the 2011 revised edition. The revised plan was not adopted by Council until August 2011. Therefore, some Corporate Plan objectives listed in this Annual Report are slightly different to the revised edition as they are reflective of the previous Corporate Plan.

Objectives	Outcomes
1.1 Deliver improved management of the region's natural resources and biological diversity for sustainability and ecosystem health.	Green Choice work plans and training of participants is completed. Cattana Wetlands expansion continues.
1.2 Achieve greater recognition of the natural environment as an integral part of the region's identity and fundamental to quality of life.	Developed strategic partnerships with health sector and community groups to facilitate active use of public parks and spaces. Developed strategic internal and external partnerships to facilitate a range of cultural heritage and natural history interpretive walks.
1.3 Provide strong community leadership through the adoption, maintenance and promotion of coordinated environmental frameworks with stakeholders.	Reef Guardian Council Action Plan completed as part of memorandum of understanding with Great Barrier Reef Marine Park Authority. Continued involvement with energy wise schools. Establishment of a Feral Animal Management Program. Energy emissions audit and action plan completed.

Objectives	Outcomes
1.4 Further improve the treatment, recycling and disposal of household and commercial waste.	Implementation of the Waste Management Strategy. New waste collection contract commenced on 1 December 2010 with improved customer service standards.
1.5 Further improve the treatment of wastewater to minimise its impact on the environment.	Completed the preliminary design of the treatment and reticulation infrastructure for both the Marlin Coast and Northern Recycled Water Schemes. Mossman treatment plant upgrade.
1.6 Further improve the management of stormwater to reduce disruption and damage to the community and natural environment caused by polluted stormwater and flooding.	Chinaman Creek levee works completed. Moody Creek culvert upgrade works completed. MacDonnell Street and Jaye Street drainage works completed. Old Smithfield Road drainage works completed. Holloways Beach kerb & channel drainage upgrade completed.
1.7 Deliver more environmentally sustainable Council operations and facilities.	Embed sustainability considerations into the operating activities of Council and the Capital Works Program. Recycling to be implemented at Works Depots. Wash down bay to be constructed at Stratford Works Depot. Recycling implemented at libraries. Power Reduction - Solar Panel installation at Babinda Library
1.8 Actively reduce Council's greenhouse gas emissions.	Carbon reduction policy adopted. Energy emissions goal adopted – carbon neutral by 2020 with a 50% emissions reduction on 2007/08 levels by 2020. <u>Landfill Management</u> <ul style="list-style-type: none"> • Portsmouth Landfill gas pumping trial commenced. • Awarded the contract for Portsmouth Landfill closure.
1.9 Implement relevant legislation and local laws.	CRC Local laws – Adoption of Model Local Laws. Implementation of Cat registration requirements under the <i>Animal Management (Cats and Dogs) Act 2008</i> . Audit program development permits for Environmentally Relevant Activities compliance. Continued food safety accreditation programs for caterers, private hospitals and vulnerable populations under the <i>Food Act 2006</i> . Swimming pool fencing compliance inspection programme.

Objectives	Outcomes
<p>2.1 Implement a more comprehensive and coordinated approach to community health and safety.</p>	<p>CCTV installation and monitoring at libraries in progress.</p> <p>\$50,000 grant funding secured for the Cairns West community health programs.</p> <p>West Cairns Safety Patrol has expanded into new community initiatives including a walking bus and homework hub. The project is a finalist in the State Community Safety Awards 2010.</p> <p>Acquired the Cairns West (Manoora) Community Centre.</p> <p>Carrot on a Stick Programme is established in the Southern corridor and continues to attract funding.</p>
<p>2.2 Improve the quality and opportunities for use of public space across the region.</p>	<p>Develop and implement Council's Parks and Recreation Strategic Plan 2010 to 2015.</p> <p>Continue development of the Cairns City Centre Masterplan for revitalisation of the CBD.</p> <p>Continue implementation of the Port Douglas Waterfront Masterplan.</p> <p>Parks and Gardens Management Strategy Direction – commenced.</p> <p>Strategic partnerships with the health sector and community groups to facilitate active use of public parks and spaces.</p> <p>Expand Cairns Esplanade Fun Free Fitness program in partnership with community organisations to target at-risk groups.</p> <p>Strategic internal and external partnerships to facilitate a range of cultural heritage and natural history interpretive walks.</p> <p>Develop and initiate a strategy to allow for programmed replacement of significant trees.</p>
<p>2.3 Deliver equitable provision of a diverse range of sport and recreation opportunities.</p>	<p>Facilitated Challenge Cairns.</p> <p>Playground Design committee established comprising key internal stakeholders to oversee renewal programs of key facilities in relation to contemporary advances in playground design principles.</p> <p>Feasibility study completed for the Smithfield Sport and Recreation Precinct Master Plan, incorporating the Sporting Complex and Aquatic Centre.</p> <p>Develop and implement Council's Parks and Recreation Strategic Plan 2010 to 2015, with priority given to major sporting precinct master plans.</p>

Objectives	Outcomes
	<p>Completed the Regional Tennis Centre.</p> <p>Feasibility study into a major rectangular sports stadium for Cairns is in progress.</p> <p>Edmonton Indoor Sports Facility detailed design complete and construction funding being identified from local, state and federal sources.</p> <p>Commenced the upgrade of the Palm Cove Caravan Park.</p>
<p>2.4 Provide enhanced arts and cultural activities that add value to the life of residents and visitors alike.</p>	<p>Various Programs and events at: Tanks, Civic Theatre, City Place and the Esplanade.</p> <p>Establishment of Circa 1907 Contemporary Arts Gallery to foster new and upcoming artists.</p> <p>Esplanade Cooked in Cairns program developed to foster new and emerging local entertainers whilst providing free entertainment to the community and visitors.</p> <p>Completion of the Botanic Gardens Visitor Centre.</p> <p>Tanks Master Plan has been finalised with presentations and workshops completed.</p> <p>Commenced redevelopment of the Botanic Gardens, Tanks and Centenary Lakes in accordance with the Masterplan.</p> <p>Design options for the Cairns Entertainment Precinct drafted.</p> <p>Deliver a diverse Cairns Festival, with major new partnerships, a high level of community collaboration, over 80 unique events with an estimated audience of 100,000.</p> <p>Continue the bi-monthly Cairns Creative Crawl, in conjunction with over a dozen local arts organisations.</p> <p>Continue the bi-monthly Arts Leaders Lunch.</p> <p>Developed the second Opening Notes Project, a creative and cultural gift now provided to every baby born in the region on their day of birth.</p>
<p>2.5 Improve library services and facilities to build social capital, increase community capacity and literacy, encourage lifelong learning and support cultural diversity.</p>	<p>Port Douglas Library Kiosk annual review completed in January and evaluated in February 2011. Results indicated that the kiosk is sustainable for another 12 months.</p> <p>Approved 2011-2016 Libraries Strategic Plan.</p> <p>Developed an integrated Technology Plan, Children's Services and a Marketing & Partnerships Plan.</p>

Objectives	Outcomes
	<p>Application submitted to Telstra for Connected Seniors Grant for sustainable PC training for Seniors in Libraries across the region.</p> <p>Cairns Learning Community Project: Conducting Internal Learning Audit across Council for the assessment of Council's community training/ learning initiatives.</p>
<p>2.6 Improve the capacity and wellbeing of valued areas of the community that traditionally have difficulty being heard.</p>	<p>Youth week was delivered with activities including the Amazing Race and Sundown Concert, in partnership with schools and local youth groups.</p> <p>Reconciliation Action Plan (RAP) working group formed.</p> <p>Women of Douglas (International Womens Day 2011). Naming of the rooms at Port Douglas Community Hall.</p> <p>Establishment of a mobile playgroup program at Hambledon House.</p> <p>Memorandum of Understanding signed with Mission Australia and Yarrabah Shire Council.</p> <p>Joint Advisory Board for Benevolent Society's Early Years Centre at Bentley Park College.</p>
<p>3.1 Implement an integrated approach to planning by Council and stakeholders.</p>	<p>Commenced Port Douglas Waterfront Master Plan feasibility study.</p> <p>Development of draft Cairns City Centre Master Plan in consultation with stakeholder groups.</p> <p>Completion of Draft Community Plan and associated community consultation phase.</p> <p>Drafted the Community Development Strategy.</p>
<p>3.2 Deliver integrated provision of physical and social infrastructure in existing and future parts of the region.</p>	<p>Significant progress made with the Aeroglen to City Cycle Way Project.</p>
<p>3.3 Effectively plan and respond to significant changes in the demographic profile of the region.</p>	<p>Completion of the Corporate Plan 2009-2014 (2011 revised edition).</p> <p>Purchase of Informed Decision ID product that is available to the community on Council's website.</p>
<p>3.4 Protect and manage the heritage and culture of the region.</p>	<p>Extend Libraries' contribution to the Picture Queensland Project capturing the photographic heritage of the region.</p> <p>Local history "Picture Library" Heritage Project commenced.</p> <p>Funding application submitted to Community Heritage Grants for national significance assessment of the Jago Collection.</p> <p>Partnership established with Historical Society for Heritage Project 2011/12.</p>

Objectives	Outcomes
	<p>Conservation Management Plan completed for heritage listed Mossman Shire Hall.</p> <p>Daintree Shuttle - Mossman Link Bus Service evaluation.</p> <p>Continuation of Cairns and Douglas Heritage Studies</p>
3.5 Plan for the impacts of climate change, including mitigation and adaptation measures.	<p>Stage two of CBD Flood Mitigation Scheme operational.</p> <p>Holloways Beach sand nourishment program underway.</p>
3.6. Prepare integrated local area plans across the region using a place based planning approach.	<p>Planning continuing on the following Masterplans:</p> <ul style="list-style-type: none"> • City Centre • Port Douglas Waterfront • Daintree Gateway
3.7 Promote good urban design outcomes which are responsive to the region's tropical environment and unique character.	<p>Revised Cairns Style launched.</p>
4.1 Provide a robust, secure, high quality water supply to meet the growing needs of the community.	<p>Mulgrave River Aquifer Community Reference Panel has met and the Independent Review of the investigation work has commenced.</p>
4.2 Encourage wiser use of water by all members of the regional community.	<p>Contract awarded for Water Demand Management Communications and Education Campaign development for Port Douglas and Mossman.</p> <p>National Water Week Schools Competition.</p> <p>Promotion of permanent water consideration measures via television adverts.</p>
4.3 Deliver a transport network, including footpaths and cycle ways, that better matches service level expectations and future growth.	<p>CBD to Aeroglen cycleway construction underway.</p> <p>Footpath renewal and cleaning in the CBD programs ongoing.</p> <p>Cairns CBD Cycling & Walking Circuit Plan completed.</p> <p>Upgrade and replacement of bridges finished at Cooper Creek, Cape Tribulation, Alice River, Bramston Beach, Mason Creek and Switchback.</p> <p>Crystal Cascades, Hopers and Cooper Bridges being upgraded.</p> <p>Asphalt & reseal programs underway.</p>
4.4 Deliver effective long-term maintenance and renewal of existing infrastructure and community assets.	<p>Completed Asset Management Plans for all priority asset classes, Corporate Asset Management Plan and Long Term Asset Management Financial Plan.</p> <p>Established the Asset Management Group. The group's responsibility is to drive Asset Management practices within Council.</p>

Objectives	Outcomes
4.5 Effectively prepare for and respond to natural disasters.	<p>Constructed the Woree Disaster Coordination Centre at Woree.</p> <p>Evacuation Strategy developed.</p> <p>Cyclone Yasi recovery works completed.</p> <p>Business Continuity Planning project commenced.</p>
4.6 Ensure an efficient drainage network that minimises disruption and damage to infrastructure, the community and the environment.	<p>Stage one of CBD Flood Mitigation Scheme operational.</p> <p>Condition audit on Council's drainage network complete. This information will be used to better manage the asset class.</p>
5.1 Support more diverse urban and rural economies.	<p>Partnership work with Advance Cairns and Regional stakeholders to develop the Tropical North Queensland Regional Economic Plan complete.</p> <p>2011 Tropical Innovation Awards Complete.</p> <p>Digital economy partnership project confirmed with Far North Queensland Regional Organisation of Councils (FNQROC). Focus is on the NBN Co.</p> <p>New economic development and innovation Invest Cairns collateral produced including Tropical Expertise Profile, Six monthly economic snapshot, key facts card and promotional DVD.</p> <p>Partnership working group established with Babinda Chamber of Commerce, Babinda Taskforce, Council and Maryborough Sugar Factory for the redevelopment of the Babinda Sugar Mill Site.</p> <p>Management of Council's Economic Diversification Fund supporting new diversification focused projects throughout the region.</p> <p>Beautiful Art Spaces project – in partnership with Cairns Chamber of Commerce - placing artists in empty shops in the CBD to allow them to develop viable long term businesses. A similar program has been run in Port Douglas in partnership with Marina Mirage Centre Management.</p>
5.2 Consolidate and strengthen existing and emerging regional industries.	<p>Industry support strategies delivered by Advance Cairns, Tourism Tropical North Queensland (TTNQ) and Tourism Port Douglas Daintree (TPDD) through funded Resource Performance Agreements with Council.</p> <p>Sports Tourism Strategy Development – Capability and Capacity Assessment has been completed.</p>
5.3 Plan and make financial and capital decisions with the state of the local economy in mind.	<p>Cairns Economic Development Innovations Three Year Business Plan developed.</p>

Objectives	Outcomes
	New economic impact model completed to support Council decision making on investment and resource allocation
5.4 Encourage self containment of communities through the integration and co-location of employment opportunities with residential development and public transport.	Refer to Goal 3 Delivering Integrated Planning
6.1 Have excellent leadership throughout, all working together to create a great culture and to achieve our corporate goals.	<p>Governance report card adopted by Council.</p> <p>Libraries implementation of leadership development and mentoring program for supervisors and future leaders.</p> <p>Established and developed a cross organisation team which participated in the 2011 Local Government Managers Association (LGMA) Challenge and placed second in the State.</p> <p>Council undertook an Employee Opinion Survey during the period.</p> <p>Your Voice committees provided recommendations for improvement to senior management.</p>
6.2 Understand our business environment and effectively set strategy, deploy resources, monitor and report.	<p>Approval of an initiative to support Council employees getting more involved in Cairns Young Chamber of Commerce. The initiative is designed to educate employees about Council's involvement in the business community. Additionally, all employees attending events have a sound understanding of corporate initiatives as they are acting as an advocate when engaging with their peers.</p> <p>Structural change in the areas of Governance and Service Quality completed.</p>
6.3 Collect, interpret, manage and capture data and information to inform good decision making.	Corporate Information System (CIS) Project underway.
6.4 Operate effectively and efficiently with engaged and committed people who are safe, capable and motivated to work together to identify and implement ways of doing things better.	<p>Your Voice committees established.</p> <p>Employee Opinion Survey undertaken and results presented.</p>
6.5 Work to constantly improve knowledge of community needs and inform the community of what Council can provide and how decisions about this are made.	<p>Proactive media releases and advertisements regarding Council activities.</p> <p>Formulation of Your Say – online citizen's reference panel.</p> <p>Community Satisfaction Survey completed.</p> <p>Adoption by Council of Community Engagement Strategy including approval for the establishment</p>

Objectives	Outcomes
	<p>of a citizen's reference panel.</p> <p>Draft Community Plan consultation.</p> <p>Customer Service improved through the implementation of Connecting Teams.</p>
<p>6.6 Be innovative and work in collaboration with key stakeholders, suppliers, partners and in collaboration with Council Boards and Reference Groups.</p>	<p>Citizen's reference panel established to be consulted on community issues.</p>
<p>6.7 Consistently perform better, deliver on our objectives and operate sustainably.</p>	<p>Connecting Teams review Voice of our Customer results and develop action plans to improve highlighted service needs.</p>

2. COUNCILLORS' CODE OF CONDUCT

Local Government (Finance, Plans and Reporting) Regulation 2010 s.114(1)(f)(g)(h):.. The annual report for a financial year must contain particulars of-

Item	Result
Section 114 (1) (f) the total number of the following during the year-	
(i) Orders and recommendations made under section 180 (2) or (4) of the Act;	Nil
(ii) Orders made under section 181 of the Act	Nil
Section 114 (1) (g) each of the following during the year-	
(i) The name of each councillor in relation for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act.	Section 180 – Not applicable Section 181 – Not Applicable
(ii) A description of the misconduct or inappropriate conduct engaged in by each of the Councillors.	Nil
(iii) A summary of the order or recommendation made for each Councillor.	Nil
Section 114 (1) (h) the number of each of the following during the year-	
(i) Complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 177 (4) of the Act.	Two (2)
(ii) Complaints referred to the department's Chief Executive Officer under section 177 (5) (a) of the Act.	Nil
(iii) Complaints referred to the Mayor under section 177 (5) (b) of the Act.	Two (2)
(iv) Complaints referred to the department's Chief Executive Officer under section 177 (6) of the Act.	One (1)

Item	Result
(v) Complaints assessed by the Chief Executive Officer as being about official misconduct.	One (1)
(vi) Complaints heard by a conduct review panel.	Not applicable
(vii) Complaints heard by the tribunal.	Not applicable
(viii) Complaints dealt with by the Chief Executive Officer under section 177 (8) of the Act	Seven (7)

3. COMPLAINTS MANAGEMENT

Administrative Complaints

Local Government (Finance, Plans and Reporting) Regulation 2010 s.115 (1), (2) and (3): The annual report for a financial year must contain particulars of -

Item	Result
(1) (a) statement about the local government's commitment to dealing fairly with administrative complaints	Cairns Regional Council is committed to the principles of natural justice and fairness in all administrative complaint dealings.
(1) (b) a statement about how the local government has implemented its complaints management process, including an assessment of the local governments performance in resolving complaints under the process	Officers undertook a review of Council's Complaints Management General Policy to ensure compliance with all relevant legislation. During the year an Ethical Standards Unit was established to provide strategic oversight of Council's complaints management practices. The CEO also provided regular reports to Council's Audit Committee.
(2)(a)(i) the number of administrative action complaints made to the local government.	Three administrative action complaints were received and investigated.
(2)(a)(ii) the number of administrative action complaints resolved by the local government under the complaints management process	Three administrative action complaints were resolved through mediation. During this period the Ombudsman's Office formally received 50 complaints against Council. Of these, 39 were declined, no maladministration was established for 7 and the remaining 4 were deemed by the Ombudsman's office as no maladministration finding necessary.
(2)(a)(iii) the number of administrative action complaints not resolved by the local government under the complaints management process	Nil
(2)(b) the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year.	Nil

Public Sector Ethics Act 1994 s23 – for the period 1/7/10 to 31/12/10

Item	Result
Section 23	
Annual report includes an implementation statement giving details of actions taken to comply with:	
S15 - Preparation of codes of conduct	<p>Cairns Regional Council has the following Codes of Conduct:</p> <ul style="list-style-type: none"> • Councillors' Code of Conduct • Code of Conduct (staff) • Code of Conduct for Contracted Security Providers <p>During 2010/11 Council readopted the Councillors' Code of Conduct General Policy. Officers have also progressed a review of Council's Code of Conduct (staff).</p>
S19 – Access to ethics principles and values and codes of conduct	Council's General Policies are published to both Council's Internet and Intranet to ensure that the public and staff can easily access these key documents. In addition staff can access Administrative Instructions via Council's Intranet.
S20 – Inspection of codes of conduct	Copies of the Codes of Conduct are available for inspection at both the Spence and Front Street Council Administration Offices.
S21 – Education and training	People and Organisational Development Branch undertook a review of the suite of training programs available to staff to ensure that all staff can easily access appropriate training. In particular, Council's Induction Program details officer's obligations under the Code of Conduct.
S22 – Procedures and practices of public sector entities	All of Council's procedures and practices reflect Council's commitment to the ethical principles and obligations of the Public Sector Ethics Act.

Public Sector Ethics Act 1994 s23 – for the period 1/1/11 to 30/6/11

Item	Result
Section 23	
Annual report includes an implementation statement giving details of actions taken to comply with:	
S15 – Preparation of codes of conduct	<p>As indicated above, Council has three Codes of Conduct:</p> <ul style="list-style-type: none"> • Councillors Code of Conduct • Code of Conduct (staff) • Code of Conduct for Contracted Security Providers
<p>S21 – Education and training in relation to:</p> <ul style="list-style-type: none"> • Operation of this Act • Application of ethics principles and obligations • Contents of code of conduct • Rights and obligations in relation to contraventions of the Code 	People and Organisational Development Branch reviewed its suite of training programs to ensure compliance with the Act.

Item	Result
S22 – Administrative procedures and management practices have regard to Act's ethical principles and Council's Code of Conduct.	All of Council's procedures and practices reflect Council's commitment to the ethical principles and obligations of the Public Sector Ethics Act.

Whistleblowers Protection Act 1994

Item	Result
Section 30	
S30 (1) statistical information for the period 1/7/10 to 31/12/10 about (a) number of disclosures received or referred	Nil
(b) number of disclosures substantially verified (verified means prosecution or disciplinary action taken or recommended)	Nil

Public Interest Disclosure Act 2010 s.61 - ...

Public Interest Disclosures (PIDs) are reported to the Public Service Commission (PSC) – Council advised the PSC that there were no PIDs received by Council for the period 1/1/11 to 30/6/11.

Business Activity Complaints

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1) (k): ... the local government's decision in the year on-

Item	Result
(i) the referee's recommendation on any complaints under section 145(3) of the <i>Local Government (Beneficial Enterprises and Business Activities) Regulation 2010</i> ; and	Nil
(ii) the Queensland Competition Authority's recommendations under section 158(5) of the <i>Local Government (Beneficial Enterprises and Business Activities) Regulation 2010</i> .	Nil

4. REMUNERATION AND SUPERANNUATION PARTICULARS

Local Government (Finance, Plans and Reporting) Regulation 2010 s.114 (1): ...The annual report for a financial year must contain particulars of—

- (a) the total remuneration paid to each councillor during the year; and
- (b) the total superannuation contributions paid during the year for each councillor; and
- (c) the expenses incurred by, and the facilities provided to, each councillor during the year under the local government's expenses reimbursement policy.

Local Government (Finance, Plans and Reporting) Regulation 2010 s.113: ... The annual report for a financial year must contain—

- (a) a copy of the resolutions made during the year under sections 42(5) and 45(1) of the Operations Regulation.

Local Government (Operations) Regulation 2010: ...

s.42 (5) A local government must, by resolution, adopt the remuneration schedule within 90 days of the schedule being gazetted.

s.45 (1) A local government must adopt, by resolution, an expenses reimbursement policy or an amendment of the expenses reimbursement policy.

The following resolutions authorising payment to Councillors/Committee members were recorded:

Ordinary Meeting – 15 December 2010

21. Local Government Remuneration Tribunal Report Linda Kirchner : 1/3/87 #3005620

BLAKE / BONNEAU

1. That Cairns Regional Council note the findings of the Local Government Remuneration Tribunal 2010 and in particular the adjustment of remuneration levels by 2.5% from 1 January 2011.
2. That Council note that the Tribunal has not recommended any changes in categorisation of Cairns Regional Council which remains as a Category 6 Council.
3. That Cairns Regional Council resolve to adopt the table as listed on page 286 of Council's Agenda 15 December 2010, with the exception of the Mayor who has declined to accept the increase.
4. That Council note that the Tribunal has again determined that the reduced quantum of amalgamation loading with complete phase out in March 2012 stands. That Council therefore note the adjustment for the fourth round of amalgamation loading as per the Local Government Remuneration Tribunal Report.
5. That Council note that the Tribunal's recommendation with respect to recreational and sick leave provisions for Councillors and that a further work will now be undertaken in consultation with the Local Government Association of Queensland.
6. That Chief Executive Officer be given delegated authority to finalise a revised version of General Policy – Remuneration Level, Provision of Support and Payment to Elected Representatives in accordance with Sections 259 of the *Local Government Act 2009*.
7. That Council publish notice of the revised policy in the Cairns Post and the Mossman Port Douglas Gazette.

Carried with Councillors Leu, Forsyth, Lesina and Pyne voting against the motion.

COUNCILLORS REMUNERATION AND FBT PAYMENTS

The following table shows the total Councillors' remuneration payments for the 12 month period from 26 June 2010 to 30 June 2011.

Councillor	Total Remuneration Payment	Superannuation Contributions	Total
	\$	\$	\$
Cr Val Schier	145,747.62	16,706.30	162,453.92
Cr Paul Gregory	96,619.85	11,097.13	107,716.98
Cr Nancy Lanskey	96,619.85	11,097.13	107,716.98
Cr Robert Pyne	96,619.85	11,097.13	107,716.98
Cr Kirsten Lesina	96,619.85	11,097.13	107,716.98
Cr Alan Blake	96,619.85	11,097.13	107,716.98
Cr Linda Cooper	96,619.85	11,097.13	107,716.98
Cr Diane Forsyth	96,619.85	11,097.13	107,716.98
Cr Margaret Cochrane	107,000.48	12,286.07	119,286.55
Cr Sno Bonneau	96,619.85	11,097.13	107,716.98
Cr Julia Leu	96,619.85	11,097.13	107,716.98
	1,122,326.75	128,866.54	1,251,193.29

Councillors' Expenses Reimbursements and Facilities provided

In accordance with the Department of Infrastructure and Planning Guidelines for Councils, Councillors may use a vehicle provided by Council for official business.

If a Councillor uses a private vehicle to conduct the business of Council then reimbursement may be claimed based on log book substantiation of the relevance of the travel to Council business and paid in accordance with rates prescribed in the Queensland Local Government Officers Award (Federal).

If a Councillor uses a Council owned vehicle for private purposes then the Councillor must reimburse Council based on the vehicles log book record of use in accordance with rates prescribed in the Queensland Local Government Officers Award (Federal).

The following table shows the total Councillors' Fringe Benefits Tax (FBT) Expense for the 12 month period from 26 June 2010 to 30 June 2011.

Councillor	FBT Expense \$
Cr Val Schier	* 8,757
Cr Paul Gregory	5,997
Cr Nancy Lanskey	1,085
Cr Robert Pyne	-
Cr Kirsten Lesina	-
Cr Alan Blake	-
Cr Linda Cooper	-
Cr Diane Forsyth	-
Cr Margaret Cochrane	5,846
Cr Sno Bonneau	2,068
Cr Julia Leu	* 2,347
	26,100

*Councillor uses Council vehicle

In accordance with the Councillor Expenses Reimbursement Policy (1:02:04), Councillors are provided with expenditure reimbursements for their vehicles as well as incidental costs such as mobile phone costs, meals and taxi fares associated with Council business. The table below shows the total reimbursement costs to Councillors for the 12 month period from 26 June 2010 to 30 June 2011 under this policy.

Councillor	Vehicle Reimbursements/ Costs	Other Expense Reimbursements
	\$	\$
Cr Val Schier	* 13,358	-
Cr Paul Gregory	13,367	2,970
Cr Nancy Lanskey	1,091	-
Cr Robert Pyne	5,463	1,774
Cr Kirsten Lesina	-	-
Cr Alan Blake	-	461
Cr Linda Cooper	625	-
Cr Diane Forsyth	-	398
Cr Margaret Cochrane	12,108	385
Cr Sno Bonneau	5,708	177
Cr Julia Leu	* 12,574	688
	64,294	6,853

*Councillor uses Council vehicle

In accordance with the Councilor Expenses Reimbursement Policy (1:02:04), Councillors are also provided with specific facilities and support as per the following:

Mayor

- Separate office accommodation which includes ablution facilities
- Secretarial and Executive Assistant Support will be retained on contract for the term of the Council

Deputy Mayor

- Separate office accommodation
- Secretarial/administrative support in accordance with the established staff structure

Other Councillors

- Office accommodation
- Secretarial/administrative support in accordance with the established staff structure in the Cairns and Mossman office
- Fully maintained and serviced meeting/committee rooms, kitchen amenities and ablution facilities, which includes the supply and laundering of bath linen
- Meeting/committee room usage is on a Councillor priority basis

Other Facilities

- Each Councillor will be provided with a single standard laptop that can be used both at the Council work location and at the Councillor's home office which will be loaded with the Microsoft Office Suite and email software.
- Within the work location Councillors will be provided with internet access, a docking station, keyboard, mouse and computer screen along with access to a networked combination/printer/fax. With support and training provided if required.
- Council will provide to each Councillor the necessary stationery and personalised letterhead, including postage costs, for the undertaking of duties directly associated with their position.

Remuneration of Senior Contract Employees

Local Government Act 2009 s.201: ...

- (1) The annual report of a local government must state—
- (a) the total remuneration packages that are payable (in the year to which the annual report relates) to senior contract employees; and
 - (b) the number of senior contract employees who are being paid each of the total remuneration packages.
- (2) A **senior contract employee** is—
- (a) the chief executive officer; or
 - (b) any other local government employee who is employed—
 - (i) on a contractual basis; and
 - (ii) in a position that reports directly to the chief executive officer.

The following table shows the range of total remuneration packages for the 12 month period from 26 June 2010 to 30 June 2011 provided to Council's senior contract employees.

Package Range	Number of senior contract employees within package range
\$225,000 to \$299,999	5
\$300,000 to \$374,999	1

5. COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

Local Government (Finance, Plans and Reporting) Regulation s.114 (1)(e) ... The annual report for a financial year must contain particulars of—
 (e) the number of local government meetings that each councillor attended during the year

The following table displays the Councillors' attendance at Council meetings for the 12 month period from 1 July 2010 to 30 June 2011.

Councillor	Ordinary		Special		Planning and Environment		Sports, Arts, Culture and Community Services	
	held	attended	held	attended	held	attended	held	attended
Cr Val Schier	13	12	2	2	10	10	10	10
Cr Paul Gregory	13	11	2	2	10	10	10	10
Cr Nancy Lanskey	13	13	2	2	10	10	10	10
Cr Robert Pyne	13	13	2	2	10	10	10	10
Cr Kirsten Lesina	13	12	2	2	10	9	10	9
Cr Alan Blake	13	12	2	2	10	10	10	10
Cr Linda Cooper	13	13	2	2	10	10	10	10
Cr Diane Forsyth	13	13	2	2	10	8	10	8
Cr Margaret Cochrane	13	13	2	2	10	10	10	10
Cr Sno Bonneau	13	13	2	2	10	9	10	9
Cr Julia Leu	13	13	2	2	10	10	10	10

Councillor	Finance and Administration		Infrastructure Services		Water and Waste		Cairns Entertainment Precinct	
	held	attended	held	attended	held	attended	held	attended
Cr Val Schier	8	7	8	7	8	7	5	5
Cr Paul Gregory	8	7	8	7	8	7	5	4
Cr Nancy Lanskey	8	8	8	8	8	8	5	5
Cr Robert Pyne	8	8	8	8	8	8	5	5
Cr Kirsten Lesina	8	8	8	8	8	8	5	5
Cr Alan Blake	8	8	8	8	8	8	5	5
Cr Linda Cooper	8	8	8	8	8	8	5	5
Cr Diane Forsyth	8	8	8	8	8	8	5	5
Cr Margaret Cochrane	8	8	8	8	8	8	5	5
Cr Sno Bonneau	8	6	8	6	8	6	5	4
Cr Julia Leu	8	6	8	6	8	6	5	3

6. COUNCILLOR EXPENSES REIMBURSEMENT POLICY

Local Government (Finance, Plans and Reporting) Regulation 2010 s.114: ...The annual report for a financial year must contain particulars of—

- (d) a copy of the local government's expenses reimbursement policy.

Local Government (Operations) Regulation 2010 s.44 (2): ... The *expenses reimbursement policy* is a policy providing for the following—

- (a) payment of reasonable expenses incurred, or to be incurred, by councillors for discharging their duties and responsibilities as councillors;
- (b) provision of facilities to the councillors for that purpose.

CAIRNS REGIONAL COUNCIL

NO.1:02:04

General Policy

REMUNERATION, EXPENSES REIMBURSEMENT AND PROVISION OF FACILITIES AND SUPPORT FOR ELECTED REPRESENTATIVES

Intent To clarify the extent of remuneration, expense reimbursement and support provided to Cairns Regional Council Councillors.

Scope This policy applies to all duly elected representatives of Cairns Regional Council.

PROVISIONS

1. REMUNERATION

In accordance with Section 183 of the *Local Government Act 2009*, the Local Government Remuneration and Discipline Tribunal is responsible for:

- a. Establishing the categories of local governments; and
- b. Deciding which categories each local government belongs to; and
- c. Deciding the remuneration that is payable to the Councillors in each of those categories.

In accordance with Chapter 5 Administration, Part 1 Councillors, Division 1 Councillor Remuneration of the *Local Government (Operations) Regulation 2010*, the **Tribunal** must, on or before 1 December each year and for each category of local government, **decide** the remuneration that may be paid in the following year to a Mayor, Deputy Mayor or a Councillor of a local government in each category.

The remuneration may include, or may separately provide for, remuneration for the duties a Councillor may be required to perform if the Councillor is appointed to a committee, or as chairperson of a committee, of a local government.

The remuneration can not include-

- a. Any amount for expenses to be paid or facilities to be provided to a Councillor under its expenses reimbursement policy;
- b. Any contribution a local government makes for a Councillor to a voluntary superannuation scheme for Councillors established or taken part in by the local government.

Councillors are entitled to superannuation benefits on the same terms as Cairns Regional Council employees, subject to the provisions of the *Local Government Act 2009*. Where a Councillor is aged 75 years or greater the remuneration paid will be grossed up by 12%, being the equivalent employer superannuation contribution that would have been payable to the Queensland Superannuation Board if the Councillor was aged less than 75 years.

The Tribunal must prepare a remuneration schedule and within 14 days, provide a report about the remuneration schedule to the Minister. The Minister must then table a copy of the schedule in the Legislative Assembly.

The local government must, by resolution adopt the remuneration schedule within 90 days of the schedule being gazetted. In adopting this remuneration amount Council recognises that:

1. Councillors are called upon by the demands of their office to attend civic duties requiring a commitment on their time equivalent, or average, to at least standard working hours.
2. Council considers that the role of Councillors requires, by its very nature, extensive evening and weekend work to service the community's requirements.
3. Councillors are called upon by the demands of their office to attend to civic duties on up to a full-time basis.

2. REIMBURSEMENT OF EXPENSES

In accordance with Chapter 5 Administration, Part 1 Councillors, Division 2 Reimbursement of expenses and provision of facilities of the *Local Government (Operations) Regulation 2010*, Council must prepare and adopt by resolution, an Expenses Reimbursement policy. The Council meeting at which the policy is discussed must be in open session.

This policy must provide for:

- a. Payment of reasonable expenses incurred, or to be incurred, by Councillors discharging their duties and responsibilities as Councillors
- b. Provision of facilities to the Councillors for that purpose

As soon as practicable after Council adopts its Expenses Reimbursement policy (or any amendments) it must give public notice of the policy. The public notice must be published in a newspaper circulating generally in the local government area; and on the local government's website.

Councillors' reimbursement for expenses in relation to attendance at conferences and workshops shall also be in accordance with the General Policy Conference - Meeting Attendance (#814372).

Councillors may use vehicles provided by Council for official business but **NO** private use is allowed of a Council owned vehicle. If a Councillor uses a Council owned vehicle for private purposes, the Councillor must reimburse Council based on the vehicles log book record of use in accordance with rates prescribed in the Queensland Local Government Officers Award (Federal). If a Councillor uses a private vehicle to conduct the business of Council, reimbursement may be claimed based on log book substantiation of the relevance of the travel to Council business paid in accordance with these rates.

Reimbursement of other minor expenses incurred by Councillors in conducting of their duties and responsibilities is detailed in the attached schedule.

3. PROVISION OF FACILITIES AND SUPPORT

Where Council resolves that all Councillors are to attend training courses or workshops for skills development related to a Councillor's role, Council will reimburse the total costs of the course. In addition, where a Councillor identifies a need to attend a conference, workshop or training to improve skills relevant to their role as a Councillor, other than mandatory training as above, Council will allow for the expenses to be covered up to a limit of \$5,000 available to each Councillor during their current term in office.

In addition to the above remuneration benefits, support will be provided to all Councillors as detailed in the attached schedule.



Policy Requirements:

That this policy remains in force for a period of no longer than six (6) months after the next quadrennial election.

General Manager Responsible for Review: General Manager Corporate Services

**ORIGINALLY ADOPTED:13/11/2001
CURRENT ADOPTION: 15/12/2010
DUE FOR REVISION: 15/12/2012
REVOKED/SUPERSEDED:**

SCHEDULE 1

SECTION A: REMUNERATION

Councillors’ remuneration shall be in accordance with the determination of Local Government Remuneration Tribunal. As at the 1 December 2007 Cairns Regional Council was deemed by the Tribunal to be a Category 6 Council. This decision has been ratified each successive year by the Tribunal.

The remuneration payable to Councillors is a proportion of that payable to Members of the Queensland Legislative Assembly. In December 2010, the annual remuneration payable to Members of the Queensland Legislative Assembly was increased to \$133,800. The category 6 remuneration range for Cairns Regional Council is listed in the table below. The 2010 Tribunal report affirmed that Councils **must** resolve an amount within this range.

In accordance with Section 42 of the *Local Government (Operations) Regulation 2010*, Council considered the revised remuneration schedule at the Ordinary meeting on the 15 December 2010 and resolved that the base remuneration for Deputy Mayor and Councillors as of 1 January 2011 would be \$103,695 and \$93,660 respectively. Council resolved that the Mayor declined to accept the increase therefore the Mayor’s remuneration would remain at 2009 rate of \$139,220.

Position	% of MLA	Remuneration range	Remuneration amount effective 1 January 2011
Mayor	102.5 – 115	\$137,150 - \$153,870	\$139,220
Deputy Mayor	70 – 77.5	\$93,660 - \$103,700	\$103,695
Councillor	62.5 – 70	\$83,630 - \$93,660	\$93,600

The remuneration fixed above is all inclusive and no additional remuneration is payable for sick leave, annual leave, or any other benefits otherwise applicable to employees other than superannuation. Remuneration payments are made in fortnightly instalments.

In addition, each year the Tribunal has determined an “amalgamation allowance” payable to the Councillors in recognition of the additional impact on their roles and responsibilities arising from the 2008 amalgamation of the former Cairns City Council and Douglas Shire Council. The Tribunal has determined that this loading will cease at their end of the current term of office (ie 26 March 2012).

Position	1/7/2009 – 30/6/2010	1/7/2010 – 30/6/2011*
Mayor	\$6,490	\$3,240
Deputy Mayor	\$4,590	\$2,300
Councillor	\$4,120	\$2,060

SECTION B REIMBURSEMENT OF MINOR EXPENSES

Councillors are eligible for the following incidental expenses:

1. An allowance of \$20 will be paid to cover newspapers, magazines, snacks, tea and coffee, private phone calls, and personal items whilst travelling on approved Council business;
2. Cab charge facility or reimbursement for public transport will be paid for transport to official Council functions.

3. Council will reimburse 50% of the costs incurred by a Councillor for a home landline at the Councillor's residence, including connection cost, monthly rental and total local calls made. The cost of STD and international calls will be reimbursed on receipt of a declaration that the call related to Council business. 50% of home internet access including monthly access fee will be provided to Councillors. If a Councillor uses a personally owned mobile device, Council will reimburse 50% of the costs incurred.

SECTION C PROVISION OF FACILITIES AND SUPPORT

Councillors will be provided with the following facilities and support:

1. Mayor: Separate office accommodation which includes ablution facilities and private meeting room equipped with TV/Video facilities. Secretarial and Executive Assistant Support will be retained on contract for the term of the Council.
2. Deputy Mayor: Separate office accommodation and secretarial/administrative support in accordance with the established staff structure.*
3. Other Councillors: Office accommodation and secretarial/administrative support in accordance with the established staff structure in the Cairns and Mossman office.*

*The staff establishment allows for the employ of the one full time member of staff with the necessary skills to provide high level support in each of these offices and these staff report to the Manager Governance.

Councillors apart from the Mayor are provided with fully maintained and serviced meeting/committee rooms, kitchen amenities and ablution facilities, which includes the supply and laundering of bath linen. Meeting/committee room usage is on a Councillor priority basis.

Each Councillor will be provided with a single standard laptop as defined by Council's Information Services Branch that can be used both at the Council work location and at the Councillor's home office. A docking station, keyboard, mouse and computer screen along with access to a networked combination/printer/fax will be provided at the Councillor's Council work location. An individual combination printer/scanner/fax will be provided for home office use if required.

Each laptop will be loaded with the Microsoft Office Suite and email software. Internet access will be provided for at the Council work location. It is the responsibility of each Councillor to arrange internet access from their home office if required.

Council supplied laptops may only be used for Council related work and only the standard laptop as defined by the Information Services Branch will be provided. All Council supplied devices are provided under Council's policies relating to computer use, security and internet and email usage. Support and management of supplied devices will be in accordance with Information Services Branch's asset management policy.

Support for the Council supplied Laptop and peripheral devices will be provided through the Information Services call centre and within standard business hours. If rectification requires more than phone support the Council provided laptop or peripheral devices will be returned to Spence Street office by the Councillor during normal business hours for rectification work.

The Mayor will be provided full 24 hour 7 day a week on site support for all Council provided technology installed at their residence.

Where required, training in the use of the equipment/software that has been provided by Council will be available.

Council will provide to each Councillor the necessary stationery and personalised letterhead, including postage costs, for the undertaking of duties directly associated with their position.

7. COMPETITIVE NEUTRALITY COMPLAINTS AND DECISIONS

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ...The annual report for a financial year must contain—

- (j) a summary of investigation notices given in the year under section 137 of the Business Activities Regulation for competitive neutrality complaints;

Section 137 Notice of intention to investigate

(1) This section is about investigation notices.

(2) An **investigation notice** is a document that—

- (a) states a referee's intention to investigate a competitive neutrality complaint; and
- (b) states the subject matter of the complaint, or has a copy of the complaint attached; and
- (c) invites the complainant to make written submissions or, if the referee approves, oral submissions about the matter to the referee; and
- (d) states a reasonable period within which the submissions may be made; and
- (e) states the referee's address.

(3) The referee must give an investigation notice to—

- (a) the complainant; and
- (b) the local government; and
- (c) if a corporate entity is conducting the business activity—the corporate entity; and
- (d) another person, if the referee considers it is appropriate.

(4) A referee must give the investigation notice before the investigation starts.

Council received no complaints under s.119(1)(j) in 2010/11.

8. EQUAL EMPLOYMENT OPPORTUNITY

*Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ...*The annual report for a financial year must contain—

(h) a statement about the local government's activities during the year to implement its plan for equal opportunity in employment;

Local Government (Operations) Regulation 2010 s.125: ...

(1) A local government must develop an EEO management plan to ensure appropriate action is taken by it—

(a) to promote equal employment opportunity for members of the target groups in employment matters; and

(b) to eliminate unlawful discrimination by it against members of the target groups in employment matters.

(2) The EEO management plan must be—

(a) developed in time for implementation of the plan to begin when the local government's 5 year corporate plan is adopted; and

(b) published on the local government's website.

Council is committed to the philosophy of Equal Employment Opportunity (EEO) throughout its management and operations. Council is dedicated to identifying and removing barriers that unfairly discriminate against members of historically disadvantaged groups. Since 1995 Council has introduced the Cairns Cultural Diversity Policy, Equal Employment Opportunity (EEO) and Workforce Diversity Policy and EEO and Workforce Diversity Management Plan.

Please note that Cairns City and Douglas Shire Councils both ceased to exist on 15 March 2008 and that historical data used in the following tables prior to this date relates only to Cairns City Council.

STATISTICS FOR TARGET GROUPS

This data is based on self-reporting by full-time staff at point of initial recruitment and relates to employees covered by the Local Government Employees Award State and Queensland Local Government Officers Award only.

Equal Employment Opportunity (EEO)

EEO Target Groups	2007/08	2008/09	2009/10	2010/11
Trainees and Apprentices	89	130	90	137
Females	507	488	496	446
Non-English speaking background	101	104	122	128
Aboriginal and Torres Strait Islanders	40	37	43	96
People with a Disability	9	26	26	17
Total Number of Employees	1,472	1,449	1,472	1,451

Number of Federal Award staff appointed to Council by category and gender

Category	2007/08		2008/09		2009/10		2010/11	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	26	7	23	9	22	11	29	13
Level 7-8	50	17	51	26	54	30	56	32
Level 4-6	150	104	124	85	186	109	189	121
Level 1-3	73	235	68	210	99	293	87	247

Common Law Contracts – Employees

Category	2007/08		2008/09		2009/10		2010/11	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	26	7	-	-	19	9	19	13

Number of State Award staff appointed to Council by category and gender

Category	2007/08		2008/09		2009/10		2010/11	
	Male	Female	Male	Female	Male	Female	Male	Female
Level 8 - 9	19	-	108	-	17	-	17	-
Level 6 - 7	68	2	73	2	112	7	73	3
Level 4 - 5	156	10	148	13	203	25	153	12
Level 1 - 3	220	15	269	11	282	23	220	28

Note: Does not include Building Trades and Engineering Award

Age Analysis

Average

Category	2007/08	2008/09	2009/10	2010/11
Overall average age	42	42	43	43

Percentage

Category	2007/08	2008/09	2009/10	2010/11
Over age 45	41.61%	40.87%	41.46%	44.52%
Below age 45	58.39%	59.13%	58.54%	55.48%
Age 26 and below	11.10%	10.01%	11.18%	9.72%

CONSULTATION

To facilitate consultation between parties, a number of committees and consultative mechanisms have been introduced across Council including:

- Delivering a Council-wide diagnostic employee opinion survey to measure employee attitudes, measure employee engagement levels, and obtain views of different demographic groups within Council.
- Council's "Your Voice" Employee Consultative Committees which represent all areas of Council. The committees aim to achieve consultation in the workplace and workplace improvements. Key objectives of the committees include consideration of equity and diversity issues, maintaining a consultative process through which information can be shared and all employees have the opportunity to participate in workplace improvements, consulting with all employees on workplace improvement issues, guiding workplace reform and ensuring appropriate training is provided and making recommendations to the Executive Team sponsor or relevant General Manager and, where necessary, other consultative committees (LGEG, Risk Watch, Connecting) on workplace improvement issues.
- An Indigenous Employment Coordinator to facilitate consultation and move forward with goals and objectives set out within Council's Indigenous Employment Strategy 2009/14.
- A pool of Contact Officers who are volunteer staff that have been trained to respond to initial enquires by staff on a range of issues including EEO and harassment.
- Council's Local Government Employee Group (LGEG) that provides a forum for union and employee consultation on industrial agreements and workplace matters.

EEO AND WORKFORCE DIVERSITY MANAGEMENT PLAN

Council's EEO and Workforce Diversity Management Plan provides guidelines for identifying and removing discriminatory practices and barriers which these groups might have faced in seeking employment or advancement in the organisation. However, the benefits of EEO are not restricted to people in these designated target groups.

Council is committed to ensuring a workplace free of discrimination and harassment. This commitment is based on equality of employment opportunity that enhances the capacity of Council to achieve its objectives by –

- a) Improving organisational efficiency and productivity through the selection and employment of the best and talented people; and
- b) Fulfilling the social justice obligations of equity and fairness; and
- c) Increasing the effectiveness of service delivery and decision-making by adopting an employee profile that accurately reflects the community profile.

EEO is not just about social justice and a "fair go" for employees, the whole organisation benefits.

Additional to its Management Plan, Council conducts:

- Cultural awareness, EEO and Code of Conduct training;
- Learning and development based on the needs of indigenous staff or staff with a disability or non-English speaking background and adjustments required to respond to their needs;
- Support for indigenous staff networks and provides mentoring for staff;
- Active support for career pathways and personal development opportunities for staff;
- Training linked to employment outcomes for staff; and
- Evaluation of the impact of learning and development.

9. COMMERCIAL BUSINESS UNITS

Local Government (Beneficial Enterprises and Business Activities) Regulation 2010 s.32: ...

(1) A local government's annual report for a financial year must include an annual operations report for each commercial business unit.

(2) An *annual operations report*, for a commercial business unit, is a document that contains the following information for the previous financial year—

- (a) information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan;
- (b) particulars of any changes made to the unit's annual performance plan;
- (c) particulars of the impact the changes had on the unit's—
 - (i) financial position; and
 - (ii) operating surplus or deficit; and
 - (iii) prospects;
- (d) particulars of directions the local government gave the unit.

10. CAIRNS WORKS

Objective

The following performance details relate to the Business Unit Performance Plan prepared to support the eighth year of the Cairns Works Commercialised Business Unit.

Cairns Works was created as a commercialised business unit to apply commercial rigours to the branch's operations. The key drivers for the role are based on the core elements of:

- effective and efficient service provision achieved through transparency in the cost allocation process driving superior service outcomes
- continuous improvement in service provision based on comparison with private enterprise and customer feedback

Contiguous with that role is the underlying intent to:

- maximise the financial return to Council
- consolidate on the role to improve 'value for money' service provision
- ensure that opportunities to increase staff employment and tenure are fully evaluated and implemented as appropriate
- provide optimum opportunity for Cairns Works to retain and develop a skilled and experienced workforce commensurate with the needs of its primary role.

Nature and Scope of Activities

Cairns Works is a commercialised business unit of Cairns Regional Council with a charter for the provision of operational services to Council in the sub-programs of:

- Transport
- Drainage
- Parks and Foreshores
- Emergency response to declared natural disaster events.

The service scope provides for the construction, maintenance and operation of the asset classes within those sub-programs. Cairns Works is also a significant service provider in the refurbishment and renewal of assets under the Capital Works Program.

Cairns Works is granted custodianship of the assets for the purpose of undertaking the maintenance and operational roles. The result of this relationship is increased accountability for the assets, tailoring services to needs consistent with corporate objectives and enduring productivity gains which can be translated into improved services for the community.

A further and very significant advantage of Cairns Works as an internal business provider is its ability to react and support major events or directions that Council determines. In previous years this has manifested itself into the immediate and organised response and recovery to many major disaster events – specifically tropical cyclones and major flooding due to heavy rain events and high tides, which are prevalent in this region. A substantial effort in a rapid recovery from such events is very much due to the existence of this business unit.

The advantage of the commercialised business unit was highlighted this year with the Queensland Reconstruction Authority accepting Cairns Works as a separate entity from Cairns Regional Council for the purposes of Natural Disaster Relief and Recovery Arrangements (NDRRA) requirements. This acceptance allows Cairns Works to continue being the major contributor to natural disaster response and recovery for Cairns Regional Council. Without the acceptance, Council would either have had to cover significant labour costs of the NDRRA works from its own revenue or contract out NDRRA works, significantly increasing response times, administrative effort and likely overall cost.

Cairns Works is also engaged in the provision of civil projects to the private sector marketplace. This further enhances the opportunity to consolidate as a service provider business and provides additional revenue to Council. Council's commitment to ensuring that Cairns Works is a viable, efficient and effective client focussed business unit is exemplified by Council putting out to external public tender one major item of capital work per year for which Cairns Works must tender for and has no guarantee of winning.

Business Undertakings

Cairns Works operated as the internal provider of maintenance and construction services for roads, drains and parks. As an internal provider, Cairns Works undertook the following roles in accordance with Service Level Agreements:

- Roads, parks and drainage maintenance and operation
- Roads, parks and drainage refurbishment, renewal and construction
- Other minor infrastructure and facilities maintenance and construction
- All operational aspects for the total service provision associated with the assets and facilities
- Emergency response to declared natural disaster events

In carrying out the roles above, Cairns Works was a major resource and management provider for the continued recovery associated with a number of declared events in previous years e.g. Cyclone Charlotte in 2009, Cyclones Olga and Neville in 2010 and Cyclones Tasha, Antony and Yasi in 2011.

The further support to Council and community during this financial year in relation to cyclone recovery occurred through:

- Repairs to damaged roads, drains and other essential public infrastructure
- Road patching, barrier and sign erection

- Clearing blocked drains and debris removal
- Roadside green waste collection from private properties.

Given Council's geographical location, emergency responses to declared natural disaster events will always be a high priority.

Other major projects undertaken during the year include:

- Alice River bridge renewal
- Hoopers Access bridge renewal
- Cascades bridge renewal
- Old Smithfield Road drainage works
- NDRRA asphalt works
- CBD to Aeroglen Cycleway
- Clifton Beach/Trinity Beach and Cairns Esplanade sand nourishment works
- Four Mile Beach esplanade upgrade
- Jaye Street drainage improvement works
- Lake Morris Road stabilisation works
- MacDonnell Street car parking and drainage improvement works
- Moody Street stormwater culvert upgrade
- Poinciana, Cassia, Alamanda and Pandanus Streets improvement works.

Cairns Works continued to carry out an expanded program under the Road Maintenance Performance Contract (RMPC) and a number of large projects were also undertaken for the Queensland Department of Transport and Main Roads (QDTMR), service authorities and private requesters. Significant road upgrade works were carried out under contract for QDTMR including the asphalt resurfacing of Cairns Western Arterial Road, the Alfred/Koch Street intersection traffic signal upgrade and also significant emergent response works to Cyclones Tasha, Antony and Yasi on State-controlled roads throughout the region. Cairns Works has maintained a strong relationship with this client and now undertakes the majority of roadworks within the region and many under an alliance style contract.

Operating Initiatives

There were six operating initiatives covering all areas of Cairns Works. They included the following:

Branch Management

- Training & Personal Development – review and ensure that supervisory staff have, where possible, a nominated successor and required training has been carried out or planned.

Construction

- Project Management – improve the process of issuing all variations to project scopes
- Continuous improvement in delivery of Construction Services by reviewing the usage of internal and external providers.

Road Maintenance Performance Contract (RMPC)

- Data collection – review and implement improvements to the use of road maintenance work orders being used to collect the costs of works being carried out for QDTMR.

Maintenance

- Customer Service – Review and implement improvements in responding to customers in an efficient manner by fully utilising the Customer Response Management (CRM) and other systems available to Cairns Works in accordance with the Connectivity Program.
- Customer Service – Introduce the collection and actioning of defects as part of the maintenance management system.

Key Performance Indicators

Financial

Target: 2.0 per cent rate of return calculated on operational full cost for Cairns Works.

Result: 4.08 per cent rate of return

Note that this result has been achieved in a challenging financial climate.

Programmed Maintenance

Target: Cycle times completed to ensure 85 per cent compliance. There is a need to adjust cycles (run sheets etc) to take into account increasing demand and levels of service.

Result: The average cycle times across all three districts for the year were:

- Ground maintenance 85.6% with an average 8 week cycle
- Mowing 80% with an average 4 week cycle
- Suburban sweeping 85% with an average 15 week cycle

Construction Labour Productivity

Target: Minimum of \$250,000 generated per construction employee

Result: \$475,000 in construction per Full Time Equivalent (FTE) resource. This includes Council's casual and permanent employees.

Service Standards

In accordance with the Annual Performance Plan, Cairns Works applied the service standards as detailed in the respective corporate policies as follows:

Customer Service

Cairns Works achieved compliance with Council's adopted customer service standards and received positive feedback from the community during the clean up process from declared natural disaster events.

Cairns Works also does a significant amount of work for other external clients such as Main Roads, RoadTek and other government departments. The feedback received from these organisations has also been positive. Council continues to utilize the "Alliance" program with Queensland Department of Transport and Main Roads (QDTMR) which has proved successful and it is expected that this arrangement will continue in the future. Feedback from QDTMR has indicated that the level of service provided by Cairns Works meets their high expectations and compliance, especially regarding the asphalt resurfacing of Cairns Western Arterial Road which was completed ahead of schedule and below budget.

Corporate/Operational Plans and Strategies

Committed to ongoing pursuit of Corporate Plan requirements, Performance Plan reporting and active input into progressing corporate asset management strategies.

Quality Management

Retained full quality assurance certification for all activities (construction and maintenance). Continued use of work improvement notice process to add to the Corporate Business Excellence Program.

This year saw the business unit go through an extensive Triennial Recertification Audit conducted by an independent third party, SAI Global. As a result of the business unit's performance during this audit, Cairns Works was granted full third party QA certification under ISO 9001 (2008) for the period March 2011 to March 2014.

Workplace Health and Safety (WH&S)

Cairns Works maintained a high level of input into and use of WH&S systems to ensure staff, contractors and public safety. Any activities that indicated a possible compromise to safety were reviewed and modified. Cairns Works has been proactive in its approach to significantly improve WH&S practices. Completion rates for monthly action plans (including outstanding hazards, toolbox talks and induction programs) have significantly improved this year to 94.8%. The number of outstanding inductions has been significantly reduced from 76 to 8 and the number of outstanding hazards reduced from 100 to 20.

Council continues with Safeplan 2 which is an improved self imposed comprehensive WH&S system developed to ensure the safety of all staff. Regular toolbox talks with staff reinforce the various safety issues.

Environmental Management

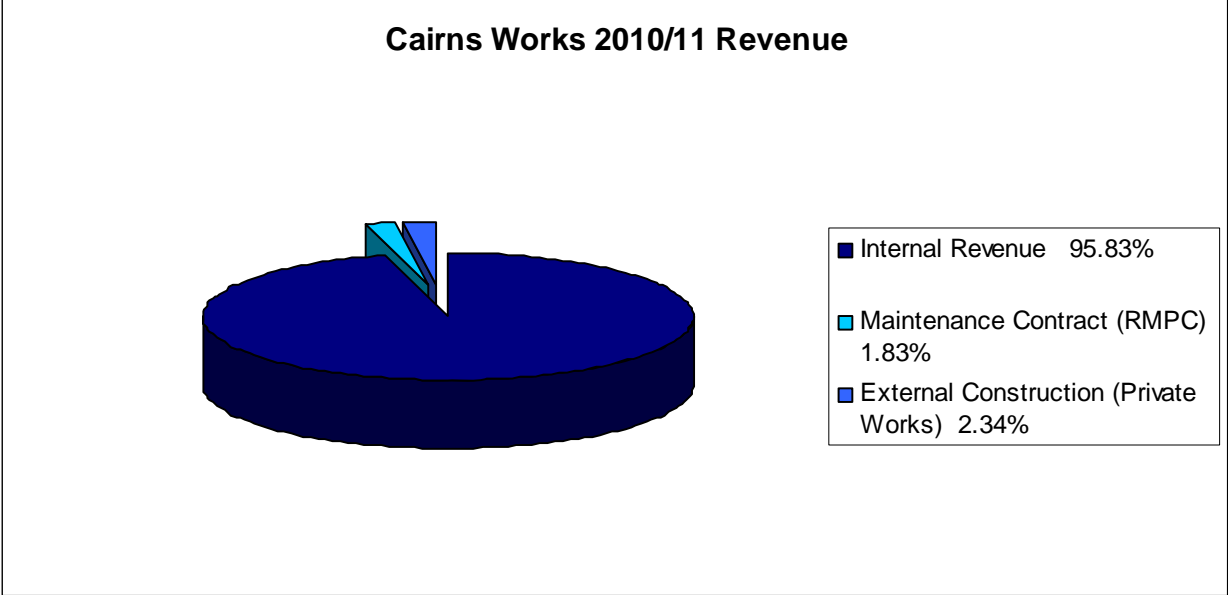
Along with quality and safety, staff worked to project management plans and work specifications to ensure the highest level of awareness and protection to environmentally sensitive sites. Cairns Regional Council is the first Council to introduce a Marine Plant Management Strategy. This innovative strategy showcases Council's exemplary best practice that will result in improvements to urban drainage systems.

Risk Management

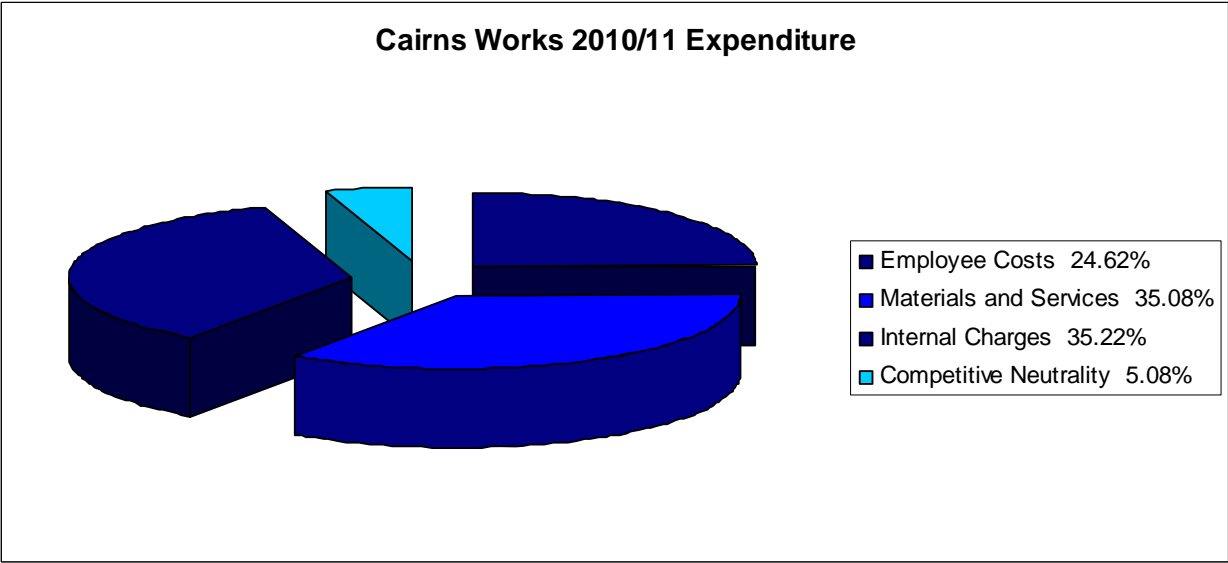
Continued to develop maintenance management systems which allow for programmed maintenance of assets which otherwise may be a potential public risk. Monitored requirements of the risk register and updated risk treatment worksheets to remove or minimise risks related to business continuity.

Cairns Works Financial Indicators

Cairns Works actual income was received from the following sources:



Cairns Works actual expenses were allocated the following way:



**Cairns Works
Operating Statement**

For the year ended 30 June 2011

	2010/11 Actual \$	2010/11 Budget \$
Operating Revenue		
Subsidies and Grants	0	0
External Construction (Private Works)	2,214,704	870,000
Maintenance Contract (RMPC)	1,730,215	1,000,000
Internal Revenue	90,736,688	82,835,012
Miscellaneous Revenue	0	0
Total Operating Revenue	94,681,607	84,705,012
Operating Expenditure		
Employee Costs	18,032,556	18,330,924
Overtime	2,163,363	1,328,000
Agency/Temp Staff Costs	2,160,797	2,246,000
Materials	9,892,722	10,605,300
External Services	21,590,786	13,301,184
Travelling Expenditure	14,510	10,300
Other Services	354,692	388,000
Internal Charges	31,988,893	30,687,458
Other Expenses	11,294	0
Competitive Neutrality Charges	4,613,084	4,602,795
Total Operating Expenses	90,822,697	81,499,961
Less Expenses Capitalised	(84)	0
Total Expenses	90,822,613	81,499,961
PROFIT AND LOSS BEFORE CAPITAL ITEMS AND INCOME TAX	3,858,994	3,205,051
Income Tax Expense	1,157,698	961,516
Dividend Expense	2,701,296	2,243,535
Operating Capabilities before Capital Items and after Income Tax	0	0
Capital Items		
Gain (Loss) on Disposal of Property Plant and Equipment	0	0
Contributions	0	0
Subsidies and Grants	0	0
	0	0
INCREASE/(DECREASE) IN OPERATING CAPABILITY	0	0

11. CAIRNS WATER AND WASTE

Overview

Cairns Water and Waste (hereafter referred to as Water and Waste) is a commercialised business unit of Cairns Regional Council with a charter for:

- Supplying safe, reliable drinking water to consumers
- Collection and treatment of domestic sewerage, commercial and industrial trade waste
- Collection, recycling and disposal of domestic, commercial and industrial solid waste
- Planning for and delivering water, wastewater and waste infrastructure
- Maintenance of the community's water, wastewater and waste infrastructure

Water and Waste has three service delivery areas comprising water supply, wastewater collection and treatment, and waste management. For reporting purposes under National Competition Policy, Water and Waste is classed as providing two significant business activities, these being water and wastewater (collectively) and waste management. Water and wastewater was considered a Type 1 business activity and waste management was considered a Type 2 business activity for 2010/11 under the *Local Government Act 1993*. Accordingly, these businesses have been commercialised under this legislation and report to Council as such.

For a breakdown of financial operations and dividend return to Council please see the attached Annual Statement of Operations and the corresponding Financial Statements.

Water Supply Operations

Water and Waste operates fifteen water supply schemes. The main water sources are the Copperlode Falls Dam and Behana Creek which supply the area from Gordonvale to Palm Cove and Rex Creek Intake which supplies Mossman and Port Douglas. The southern communities draw water from a number of smaller intakes on local streams while the Far North receives supply from the smaller Whyanbeel and Daintree intakes.

Principal assets include:

Major Water Sources	Copperlode Falls Dam (Lake Morris) Behana Creek Rex Creek
Major Treatment Plants	Freshwater Creek at Tunnel Hill Mossman Water Treatment Plant
Minor Treatment Plants	Behana Creek, Whyanbeel, Daintree
Minor Intakes	Twelve (12) minor (rural) intakes
Kilometres of Mains	2,334 kilometres
Bore Fields	Dagmar Close

Major Capital Work projects undertaken within the water supply system in 2010/11 were:

- Fluoridation of Cairns water supply at Mossman, Whyanbeel and Frenchmans Creek treatment plants;
- Moore Road Reservoir upgrade trunk water main;
- Construction of two reservoirs at Fishery Falls and Bartle Frere;
- Upgrade of trunk infrastructure assets; and
- Community consultation for the Mulgrave River Aquifer water supply – Stage 1.

Wastewater Operations

Water and Waste manages eight wastewater schemes. The distinct catchment areas within Cairns are serviced by eight plants as follows: Mossman, Port Douglas, Marlin Coast, Northern, Southern, Edmonton, Gordonvale and Babinda. The wastewater treatment plants are a combination of activated sludge and biological treatment processes, with the two larger plants also having membrane filtration processes. The smaller plants treat effluent to a secondary standard, while the larger plants treat to tertiary standards. The management of the systems is covered by a Development Approval issued by the Department of Environment and Resource Management.

Cleaner Seas

An alliance to deliver the upgrade of the four largest treatment plants under the Cleaner Seas Project was entered into in March 2007 and completed in late 2010.

Principal assets include:

Major Treatment Plants	8
Sewerage Pump Stations	230
Kilometres of Mains	1,310 kilometres

Major Capital Work projects undertaken within the wastewater system were:

- In situ inflow/infiltration works – relining of sewers;
- Mossman Wastewater Treatment Plant design and construction of dewatering plant;
- Manhole refurbishments;
- Upgrade of sewer pump station CB1 in Cairns; and
- Construction of the White Rock Sewerage Scheme.

Waste Operations

Water and Waste manages a range of solid waste operations, activities and services across the region including kerbside waste and recycling collection contracts, a regional waste management contract (through an Advanced Resource Recovery Facility), a material recovery facility, transfer stations, drop bin sites and landfills. The business focus is on waste minimisation and resource recovery primarily driven through the Waste Management Strategy. Principle assets include:

Materials Recovery Facility	Portsmith
Waste Transfer Stations	Babinda Gordonvale Portsmith Smithfield Killaloe Newell Beach Daintree Cow Bay
Buy Back Shop	Portsmith
Landfills	Portsmith (closed to public) Killaloe (Construction and Demolition waste) Newell Beach (Construction and Demolition waste)
Waste Treatment and Disposal	Contractual arrangement with a commercial entity Sita Environmental Solutions to accept, treat and dispose of all Council waste at an Advanced Resource Recovery Facility

Major capital works undertaken within Waste Management include:

- Portsmith landfill radio telemetry leachate upgrade;
- Materials Recovery Facility Conveyor Belt Replacement;
- Killaloe Landfill Improvement Project; and
- Installation of Public Place Recycling Bins.

Annual Statement of Operations

Water and Waste's 2010/11 Annual Performance Plan (the Plan) is the contract with Cairns Regional Council to deliver water, wastewater and solid waste services. The plan describes Water and Waste's scope of activities, responsibilities, service to customers, the environment, asset management and its financial policies.

Water and Waste's mission during 2010/11 was:

To deliver quality and reliable water, wastewater and waste services that meet the needs of our community

In all undertakings Water and Waste strives to achieve service provision to the Cairns community in a manner which maximises both Council and community ideals. This is achieved through economic, social and environmental objectives being assessed in all stages of Water and Waste operations from long term planning through to operational delivery.

Amendments to Annual Performance Plan

Water and Waste has reported on the plan on a monthly basis throughout the 2010/11 financial year. There were no structural amendments to the Annual Performance Plan.

Key Deliverables

Water and Waste's Annual Performance Plan meets the requirements for two (2) commercial business units of Council being:

- Water and Wastewater
- Waste Management

Operationally, the units are managed as a single entity, Water and Waste. Water and Waste is responsible for the provision of water and wastewater services to consumers throughout Cairns Region and the provision of municipal solid waste services to the community, including the following:

- Impounding, harvesting and treatment of raw water
- Reticulated treated water services
- Reticulated wastewater services including wastewater treatment and by-product disposal
- Treated effluent and biosolids for re-use purposes
- Planning, design, documentation and construction of water, wastewater and waste services infrastructure
- Collection, treatment and disposal and/or recycling of municipal solid wastes
- Trade waste services
- Review of plumbing applications

Water and Waste also provide the following services:

- Demand management services, including meter testing
- Hydraulic information
- As-constructed information
- Installation of new water services
- Miscellaneous maintenance services
- Recreational facilities at Copperlode Falls Dam
- Water laboratory

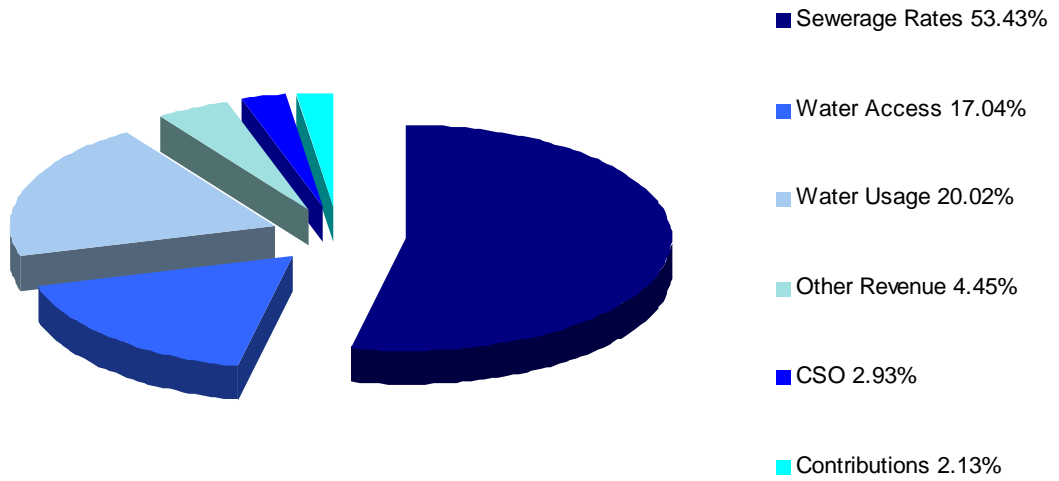
Community Service Obligations carried out by Water and Waste are as follows:

Activities	Community Service Obligation Description	2010/11
Type 1 Activities		
Water		
	Service locations - Telstra, etc	29,747
	Maintenance of fire hydrants	307,593
	Access Charges foregone	1,241,230
	Water charges foregone	<u>2,149,205</u>
	Total	<u>3,727,775</u>
Wastewater		
	Service locations - Telstra, etc	79,269
	Water charges	<u>(586,318)</u>
	Total	<u>(507,049)</u>
Type 2 Activities		
Solid Waste Management		
	Free dumping general waste	288,830
	Free disposal vouchers	4,500
	Free dumping vegetation	196,335
	Free transportation costs between transfer stations	284,832
	Rates based financial assistance	14,054
	Water charges - transfer stations	<u>(17,641)</u>
	Total	<u>770,910</u>

Financial Indicators – Water and Wastewater

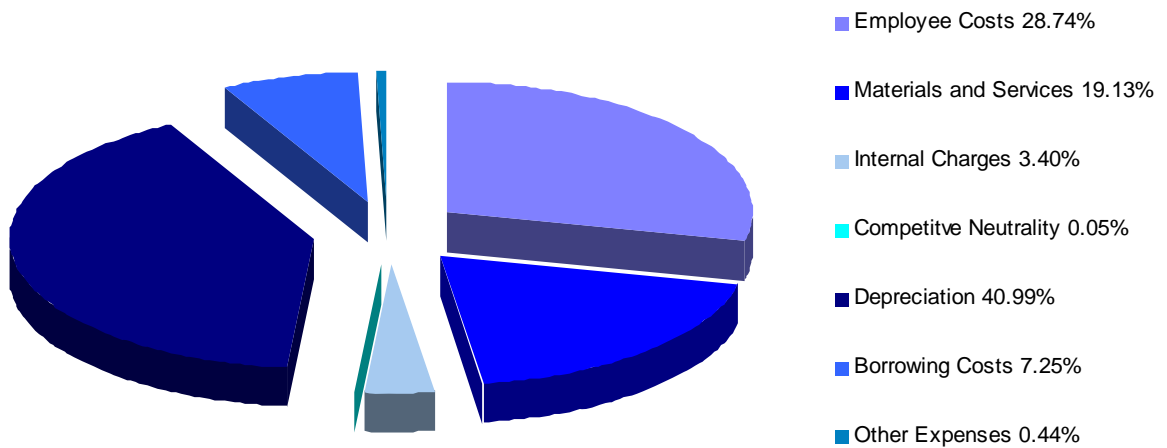
Water and Wastewater actual income was received from the following sources:

Water & Wastewater Revenue



Water and Wastewater actual resources were allocated the following way:

Water & Wastewater Resource Allocation



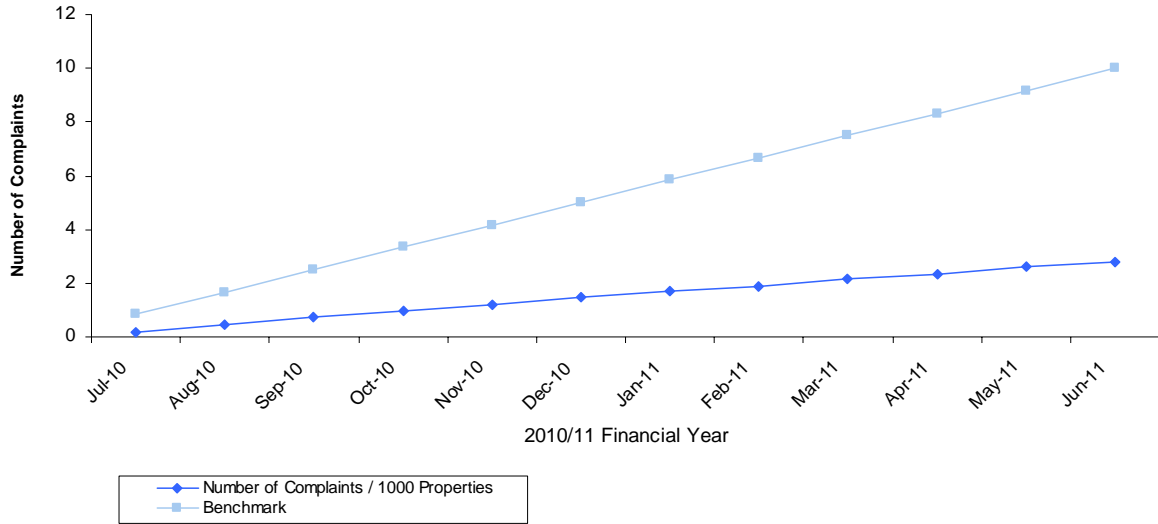
A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Water and Wastewater Services

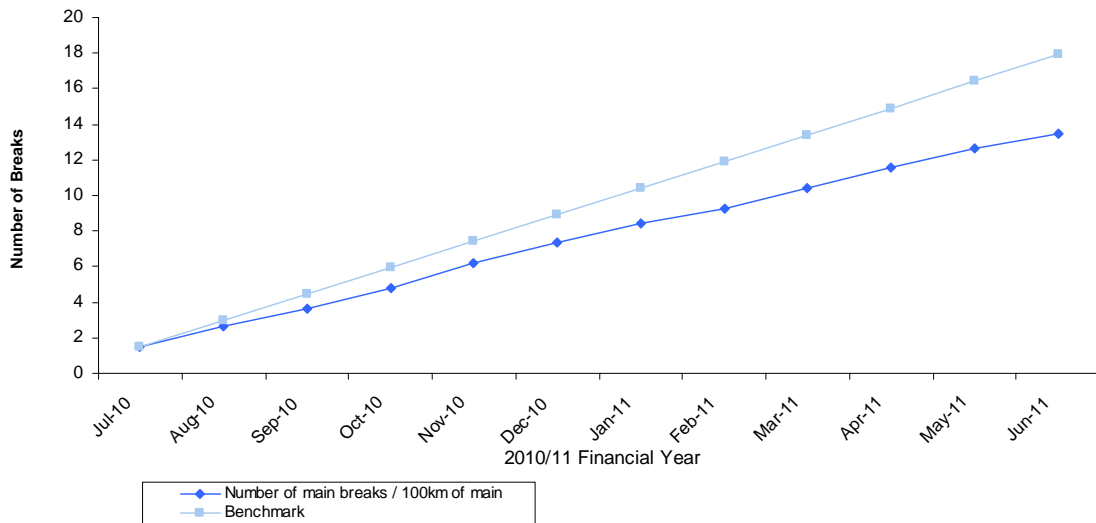
Water and Waste reports on the following service indicators as part of a benchmarking exercise. Listed below are some of the indicators reported on a monthly basis to Council.

Water

Drinking Water Quality Complaints per 1000 Properties

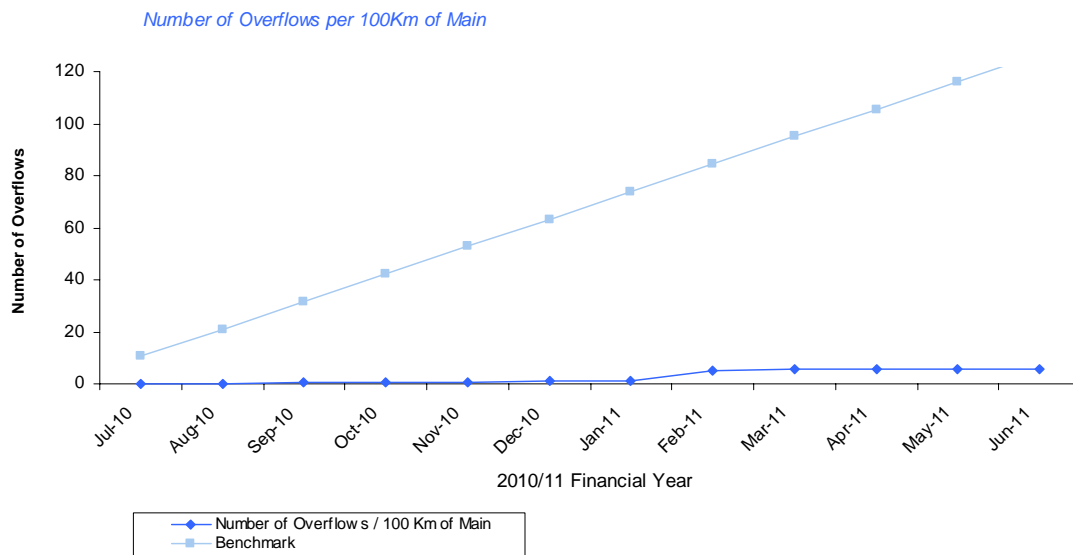
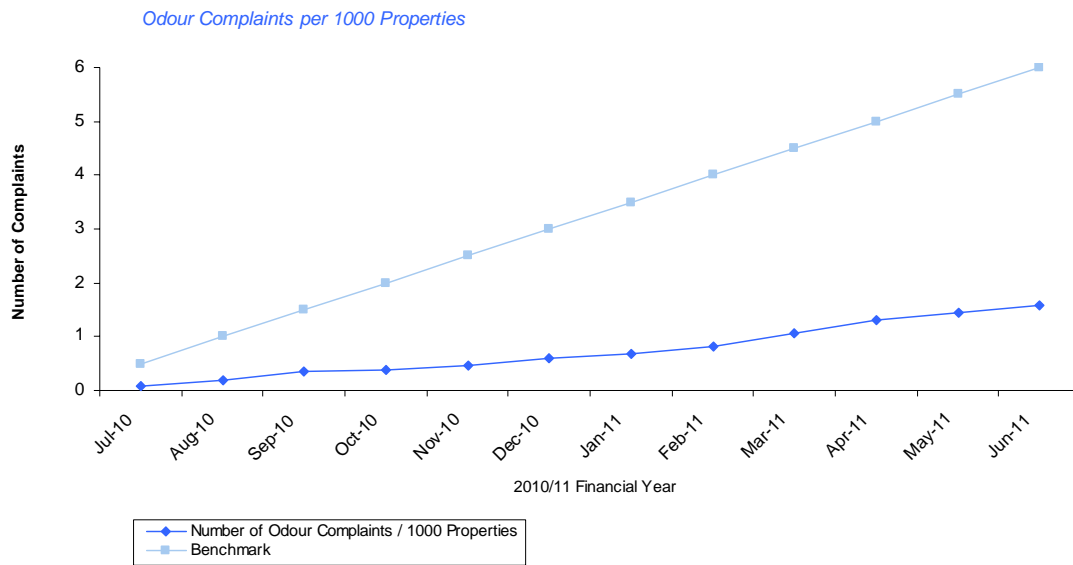


Number of Main Breaks per 100Km of Main



It is noted that the figures represented in the two graphs above are cumulative over the financial year.

Wastewater

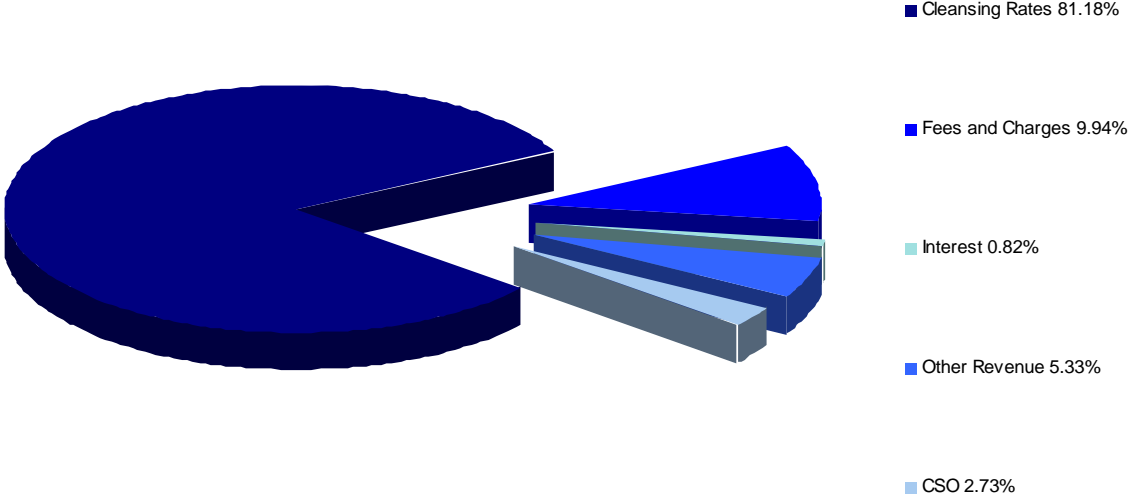


It is noted that the figures represented in the two graphs above are cumulative over the financial year.

Financial Indicators – Waste Service

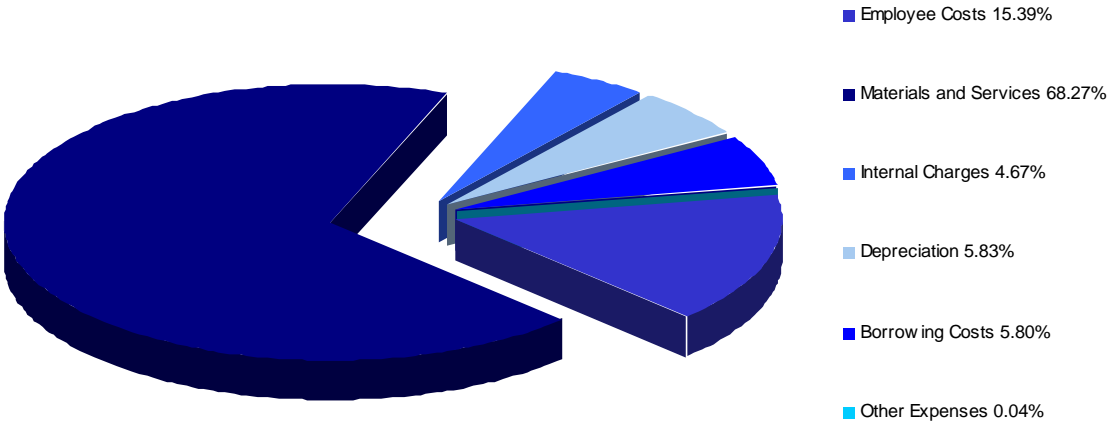
Waste’s actual income was received from the following sources:

Waste Revenue



Waste’s actual resources were allocated the following way:

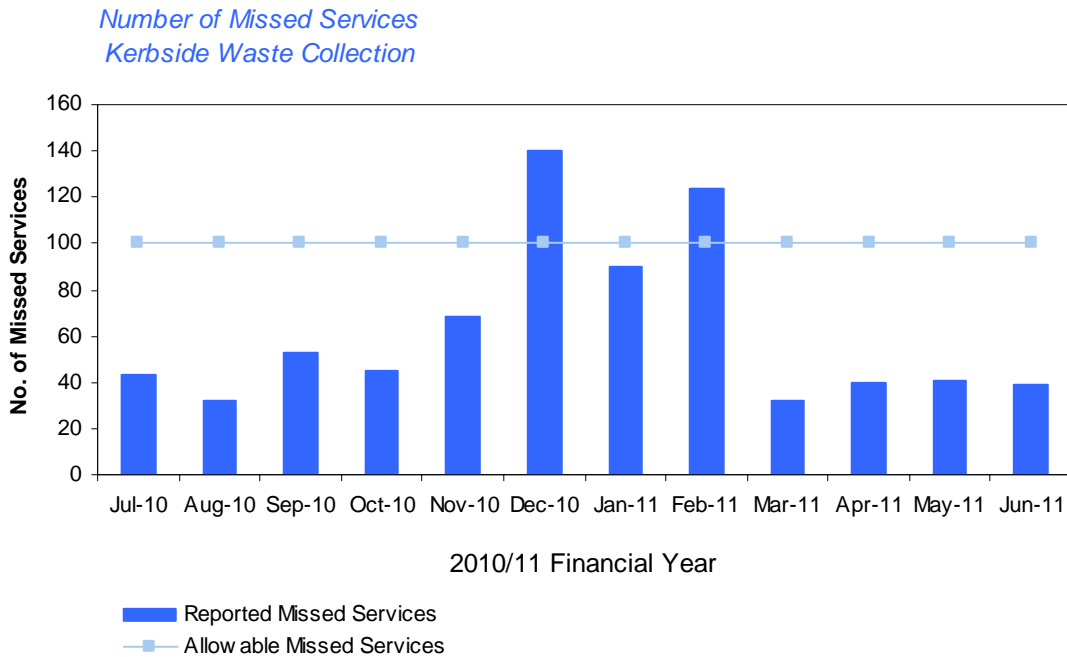
Waste Resource Allocation



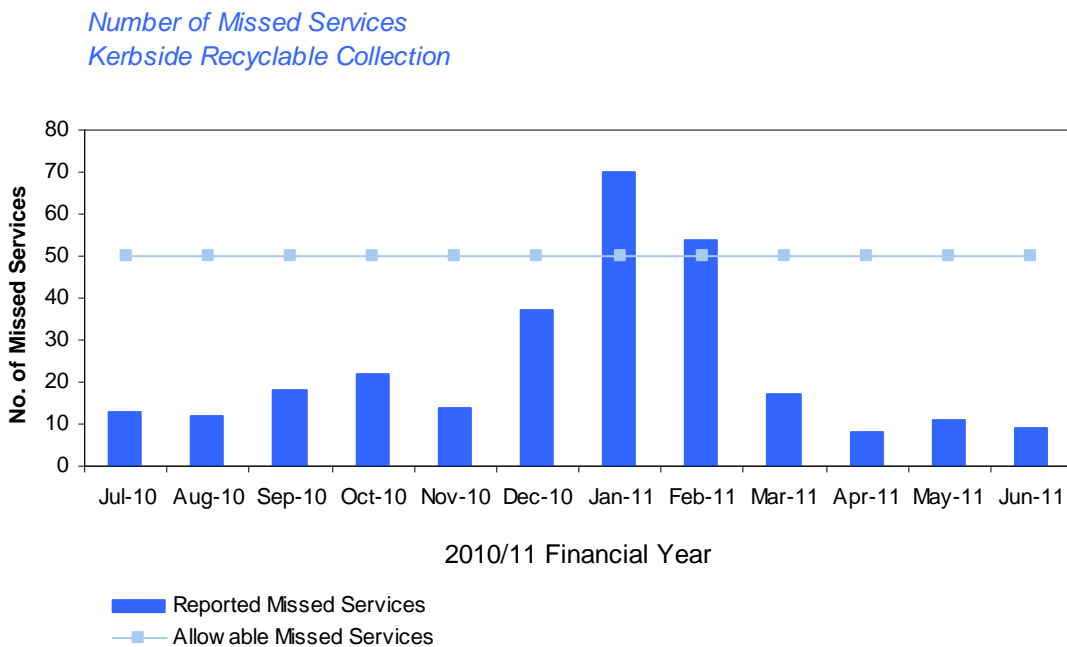
A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Waste Services

Water and Waste reports on the following service indicators as part of a benchmarking exercise:



There was an increase in missed services in December 2010 as a result of the commencement of the new Waste & Recycling Collection Contract and also difficulties experienced with the Customer Response Management System in February 2011.



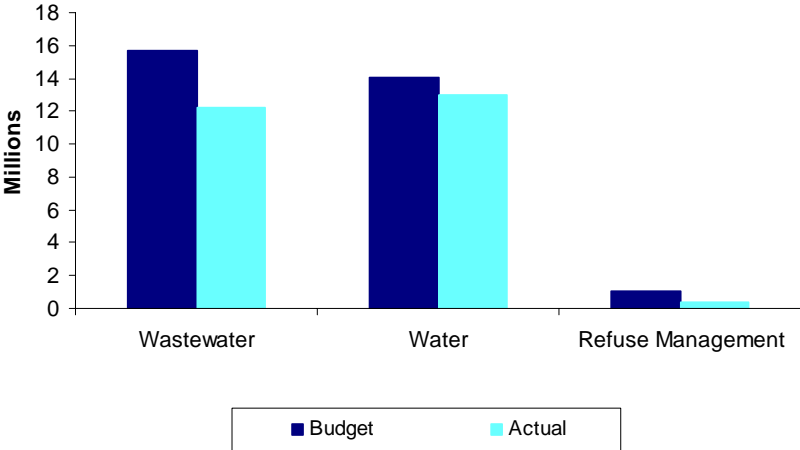
There was an increase in missed services in January 2011 as a result of the commencement of the new Waste & Recycling Collection Contract and also difficulties experienced with the Customer Response Management System in February 2011.

Capital Works

Capital Works delivered by Water and Waste for Water, Wastewater and Waste Management totalled \$25.5 million. This expenditure was under the budgeted amount of \$30.7 million due to delays associated with:

- Upgrading of the wastewater treatment plants;
- Construction of 1ML reservoir at Bellenden Ker;
- Mossman Wastewater treatment plant construction of dewatering plant;
- Water treatment plant, trunk and reticulation mains; and
- Pump station upgrades, reticulation and inflow infiltration.

Capital Expenditure by Program



**Cairns Water and Waste
Operating Statement**

For the year ended 30 June 2011

	2010/11 Actual	2010/11 Budget
	\$	\$
Operating Revenue		
Rates and Utility Charges	122,615,724	123,424,666
Less Discount and Pensioner Remissions	(42,812)	(34,158)
	<u>122,572,912</u>	<u>123,390,508</u>
Fees and Charges	5,951,835	6,456,626
Interest	1,107,561	798,507
Miscellaneous Revenue	1,985,256	1,895,663
Donations	0	9,085
Contributions	2,030,781	5,562,720
Subsidies and Grants	707,660	714,010
Internal Revenue	7,709,151	8,439,356
	<u>19,492,244</u>	<u>23,875,967</u>
Total Operating Revenue	142,065,156	147,266,475
Operating Expenditure		
Employee Costs	26,547,119	25,878,162
Agency/Temp Staff Costs	1,549,884	1,088,965
Materials and Services Costs	31,826,844	31,652,297
Internal Charges	11,675,484	12,494,380
Depreciation and Amortisation Expenses	36,437,144	37,537,981
Borrowing Costs	7,521,258	6,653,701
Bad and Doubtful debts	353,865	153,471
Other Expenses	142,175	64,750
Competitive Neutrality Charges	3,938,112	3,914,878
Total Operating Expenses	119,991,885	119,438,585
Less Expenses Capitalised	(1,924,394)	(2,094,115)
Total Expenses	118,067,491	117,344,470
PROFIT AND LOSS BEFORE CAPITAL ITEMS AND INCOME TAX	23,997,665	29,922,005
Income Tax Expense	6,153,948	10,356,199
Dividend Expense	16,313,635	19,551,097
Operating Capabilities before Capital Items and after Income	1,530,082	14,709
Capital Items		
Increase in Restoration Provision	(5,808,096)	0
Gain (Loss) on Disposal of Property Plant and Equipment	(1,608,274)	(2,190,823)
Contributions	1,203,654	2,754,156
Contributed Assets	5,559,240	3,455,508
Subsidies and Grants	2,728,308	4,035,292
	<u>2,074,832</u>	<u>8,054,133</u>
INCREASE/(DECREASE) IN OPERATING CAPABILITY	3,604,914	8,068,842

12. LIST OF BUSINESS ACTIVITIES (CODE OF COMPETITIVE CONDUCT)

Local Government Act 2009 s.45: ...A local government's annual report for each financial year must—

- (a) contain a list of all the business activities that the local government conducted during the financial year; and
- (b) identify the business activities that are significant business activities; and
- (c) state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied; and
- (d) state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.

A list of business activities is located in Note 34 to the Financial Statements.

13. SHAREHOLDER DELEGATES

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ... The annual report for the financial year must contain-

- (i) the names of the local government's shareholder delegates for its corporate entities.

Mayor Val Schier is Council's shareholder delegate for Advance Cairns Limited. Further information is contained in Note 32 to the Financial Statements.

14. COMMUNITY FINANCIAL REPORT

Local Government Act 2009 s.102: ...

(1) To ensure that local governments are financially sustainable, each local government must implement systems to meet the following financial sustainability criteria—

(a) financial risks are to be managed prudently;

(b) financial policies are to be formulated—

(i) to ensure a reasonable degree of equity, stability and predictability; and

(ii) so that current services, facilities and activities are financed by the current users of the services, facilities and activities; and

(iii) having regard to the effect of the policies on the future users of services, facilities and activities;

(c) full, accurate and timely information about the local government's finances and infrastructure (including a report mentioned in section 104(7), for example) is to be made available to the public on the local government's website.

(2) A local government is **financially sustainable** if the local government is able to maintain its financial capital and infrastructure capital over the long term.

Local Government (Finance, Plans and Reporting) Regulations 2010 s.111: ...

(1) A local government must prepare a community financial report for each financial year.

(2) The community financial report for a financial year must—

(a) contain a summary and an analysis of the local government's financial performance and position for the financial year; and

(b) be consistent with the general purpose financial statement for the financial year; and

(c) include the relevant measures of financial sustainability for the financial year; and

(d) be in a form that can be easily understood by the community.

Introduction

This community financial report shows a summary of the Financial Statements with the aim of providing understandable information to the members of our community. The use of graphs allows readers to easily evaluate Council's financial performance and financial position. In addition, this report includes key financial statistics and ratios that can also be useful indicators of Council's performance.

The Financial Statements in this report cover a 12 month period ending 30 June 2011. The Financial Statements contained in this report include:

- Statement of Comprehensive Income – displays Council's revenue and expenses with the resulting profit or loss amount known as the net result attributable to Council. This also displays Council's other comprehensive income.
- Statement of Financial Position – displays the assets (what we own), liabilities (what we owe) and community equity (total assets minus total liabilities). Community equity can be a reflection of how healthy the position of Council is at a given point in time.
- Statement of Cash Flows – reports how revenue received and expenses paid impact on Council's cash balances.
- Statement of Changes in Equity – presents a summary of transfers to and from equity accounts including retained deficit, capital and other reserves.
- Notes to the Financial Statements – provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.
- Statement of Appropriations – presents how the profit from the Statement of Comprehensive Income is distributed or constrained for future use. This statement is contained in the addendum to the Financial Statements.

- Statement of Capital Funding – shows how the spending on capital works for the year was funded. This statement is contained in the addendum to the Financial Statements.

Council has faced a number of challenges this reporting year, such as the ongoing economic difficulties across the local community and the increase in demand for services, maintenance and infrastructure requirements due to growth. Council remains committed to sound financial management, using strategies like the operational plan and regular budget reviews.

Under previous legislation, a local government's financial statements were able to be prepared with a reporting year end date up to two weeks prior to 30 June. Council has historically opted for a reporting year end date of the last Friday of June in each financial year. Due to a change in legislation and a resulting interpretation by the Queensland Audit Office (QAO), Council has been required to change its reporting year end date from 24 June 2011 to 30 June 2011. This has resulted in Council having to accrue additional employee costs and depreciation charges for the period 25 June 2011 to 30 June 2011.

END OF YEAR 2010/11 AT A GLANCE

Operating Revenue	\$286,094,606
Operating Expenses	(\$297,387,317)
Operating Position	(\$11,292,711)
Capital Revenue	\$33,561,473
Capital Expenses	(\$30,703,873)
Net Result	(\$8,435,111)
Current Assets	\$168,856,828
Non-Current Assets	\$3,006,702,963
Total Assets	\$3,175,559,791
Current Liabilities	\$70,213,759
Non-Current Liabilities	\$109,994,089
Total Liabilities	\$180,207,848
Net Assets	\$2,995,351,943

Background

Assumption and Principles

Under the requirements of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, Council is required to prepare general purpose Financial Statements for the period. This report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

Council controls and manages infrastructure assets that are largely unique to the public sector. These infrastructure assets include roads, bridges, footpaths, water reticulation and sewerage assets, which generally have very long useful lives and can only be used for providing local government services. The costs associated with the maintenance, depreciation and replacement of these assets form a material part of Council's annual expenditure. Due to the long lives of these assets the associated costs identified will be spread across different generations of ratepayers, hence effective management of these assets will help to ensure there is intergenerational equity among ratepayers with no generation unnecessarily subsidising or being subsidised by another.

Council continues to implement the Asset Management Development Program in order to facilitate sound strategic asset management decisions including the allocation of depreciation funding.

Council's Borrowing Policy aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works. Operating activities or recurrent expenditure cannot be funded by borrowings.

The business activities of Cairns Water, Cairns Refuse and Cairns Works return a dividend to Council in recognition that they have been established to further good governance. Dividends are then utilised to provide services and infrastructure to the community.

CORPORATE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

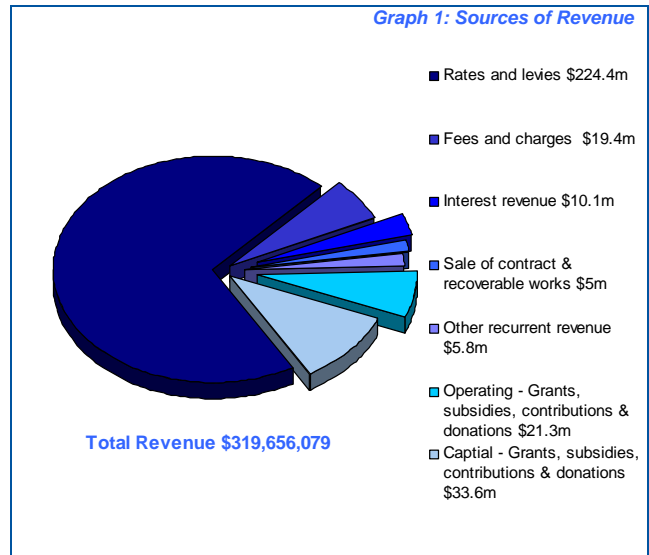
REVENUE:

Comment:

Revenue for the 2010/11 financial year is sourced from various items as shown in graph 1.

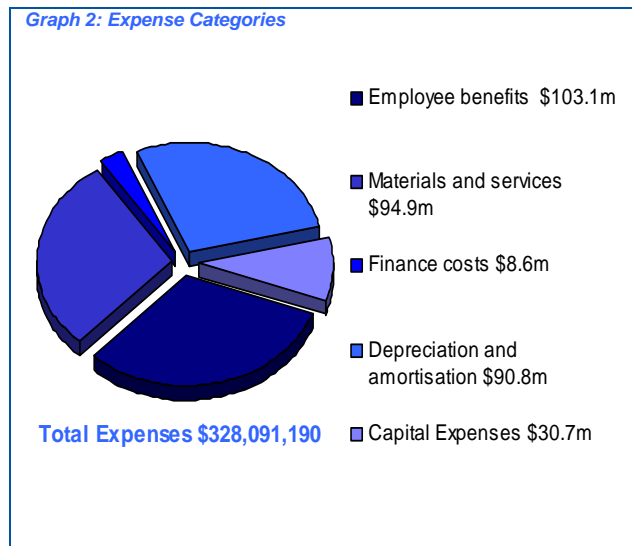
More than half of council's revenue (70.20%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations, which are received solely for the purpose of funding current and future capital works in order for Council to continue to supply important infrastructure to the community.

Council's contributions income is dependant upon development demand. Over the past two reporting periods this has suffered as a result of the recent economic downturn.



EXPENSES:

Graph 2: Expense Categories



Comment:

Materials and services and employee costs make up 60.35% of the total expenditure for Council. Council has a strong labour workforce to provide maintenance, water and waste services, planning, community, sport and cultural services and capital infrastructure for the community.

Materials and services include advertising, agency and temporary staff costs, audit fees, communications and IT, consultancy services, donations, entertainment and hospitality, electricity, external hire and services, garbage collection services, grants to community groups, repairs and maintenance, materials, rentals and travel. Refer to note 7 of the Financial Statements for further details.

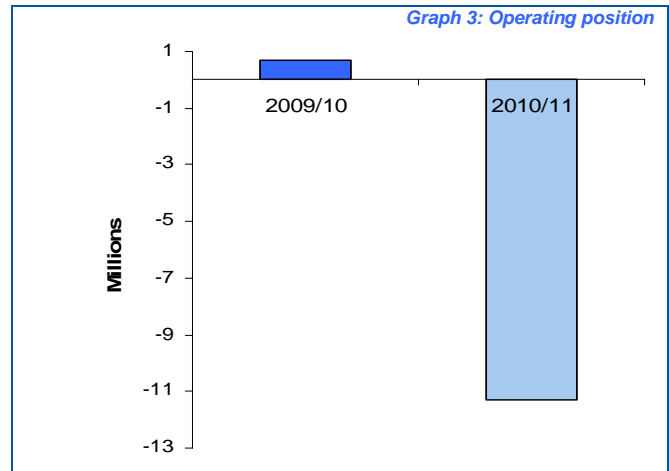
OPERATING POSITION:

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

Comment:

The operating position is calculated by taking total operating expenses (\$297,387,317) from total operating revenue (\$286,094,606) and does not include revenue or expenditure amounts for capital projects.

Council's operating position as at 30 June 2011 is a deficit of (\$11,292,711) which has moved from a \$710,114 surplus in the 2009/10 financial period.

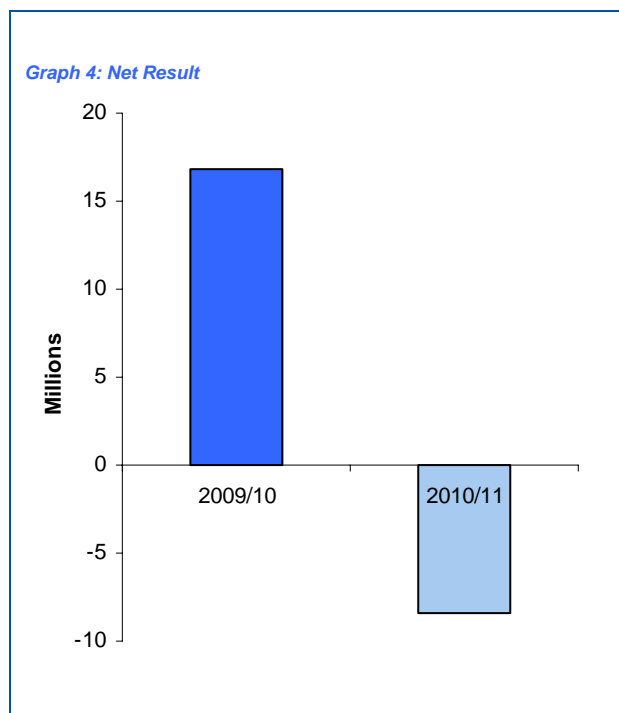


This year Council has continued to face a number of challenges from the ongoing downturn in the economy. Revenue received from operating developer contributions has dropped significantly as a result of the relatively low development activity throughout the year. Revenue from fees and charges has also been impacted.

Due to a change in legislation and a resulting interpretation by the Queensland Audit Office Council was required to change its reporting period year end date from 24th June to 30th June 2011. This resulted in Council having to accrue additional employee costs and depreciation charges for the period 25th June to 30th June 2011.

NET RESULT:

Council's net result reflects total revenue less total expenses. This includes capital revenue however does not include any adjustments for asset revaluations.



Comment:

This result does not necessarily represent surplus funds available for general use as some significant items of revenue are restricted as follows:

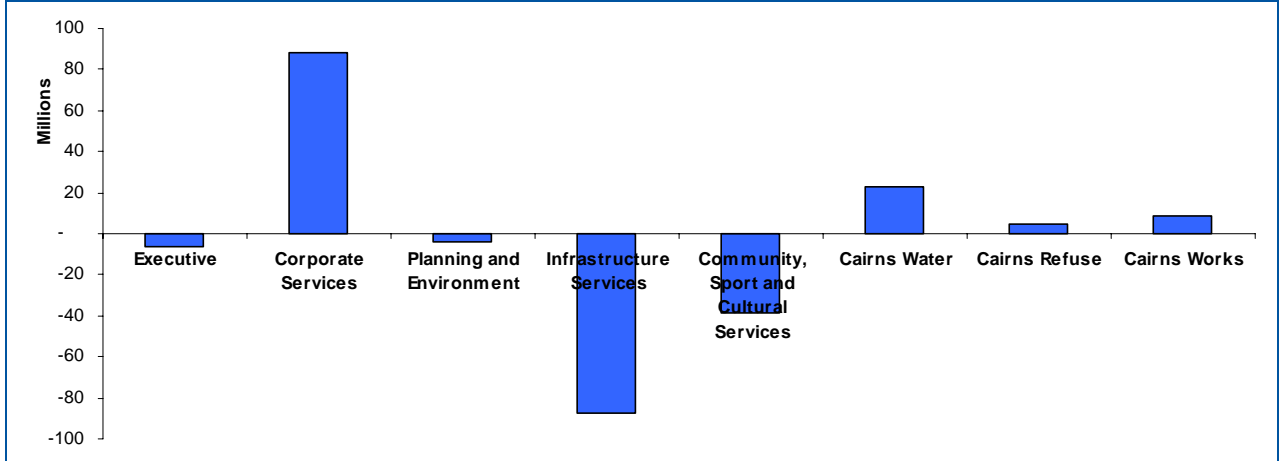
- Non-monetary revenue – infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue which is not available for Council operations or future capital expenditure.
- Developer contributions – cash contributions made by developers to fund future infrastructure assets have restrictions placed on their use and are constrained to capital reserves.
- Other constrained revenue – raised from other sources, including special levies constrained to reserves for specific purposes, for example Cleaner Seas levy and Blue Water special charge levy.

PERFORMANCE BY DEPARTMENT

Comment:

Graph 5 illustrates operating revenue and expenses for each of Council's departments and business units for the 2010/11 financial year. This demonstrates the contribution of each department to Council's overall operating performance.

Graph 5: Operating Revenue and Expenses for Departments and Business Units



STATEMENT OF FINANCIAL POSITION

ASSETS

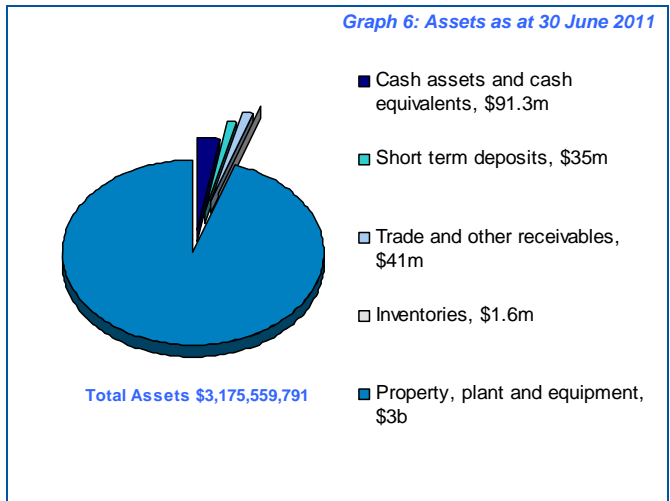
	2009/10	2010/11
Current Assets	\$178,717,349	\$168,856,828
Non Current Assets	\$2,892,989,028	\$3,006,702,963
Total Assets	\$3,071,706,377	\$3,175,559,791

Comment:

Council assets as at 30 June 2011 total \$3,175,559,791. This includes \$168,856,828 of current assets (liquid assets or amounts due to be received within twelve months) and \$3,006,702,963 of non-current assets. Property, plant and equipment makes up 95% of total assets.

As shown in graph 6, current assets consist of cash and cash equivalents, short term deposits, trade and other receivables and inventories. Non current assets consist of long term assets like property, plant and equipment (including capital work in progress).

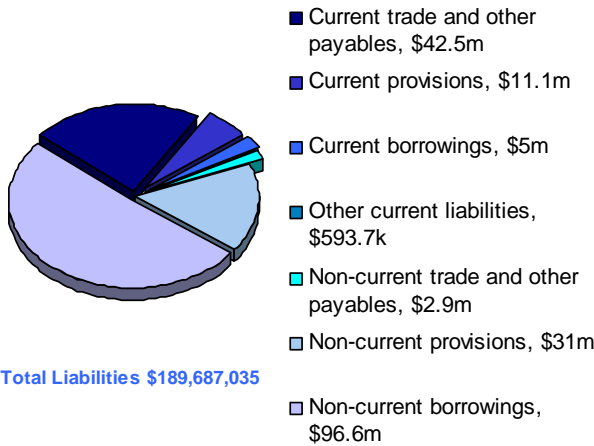
Graph 6: Assets as at 30 June 2011



LIABILITIES

	2009/10	2010/11
Current Liabilities	\$59,180,610	\$70,213,759
Non Current Liabilities	\$130,506,425	\$109,994,089
Total Liabilities	\$189,687,035	\$180,207,848

Graph 7: Liabilities as at 30 June 2011



Comment:

Total liabilities as at 30 June 2011 are \$180,207,848. This includes \$70,213,759 of current liabilities (due to be paid out within twelve months) and \$109,994,089 of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements.

Interest bearing liabilities represent the largest component within Council's liabilities and consist of loans from Queensland Treasury Corporation (QTC).

During the year Council did not take out any new loans, however made principal repayments of \$4,945,241 and interest payments of \$6,482,766. The loan balance at year end is \$96,622,927.

Council loan borrowings are discussed further in the Queensland Treasury Debt section.

COMMUNITY EQUITY

	2009/10	2010/11
Total Community Equity	\$2,882,019,342	\$2,995,351,943

Comment:

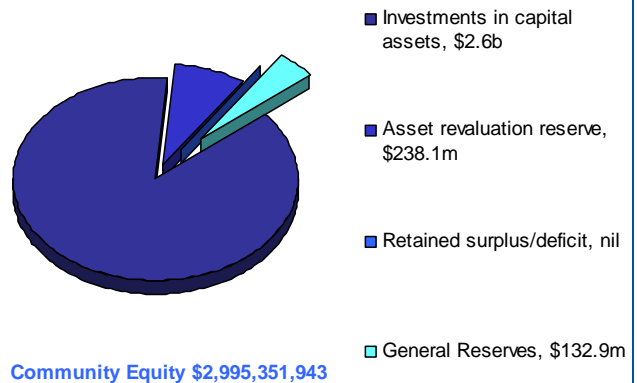
Council's total community equity as at 30 June 2011 is \$2,995,351,943. Community equity is equal to total assets (what we own) minus total liabilities (what we owe) and represents Council's investment in capital assets, general reserves, any accumulated retained surpluses or deficits and the asset revaluation reserve.

Restricted capital cash funds consist of Council's funded depreciation reserve as well as any unspent loan funds.

The asset revaluation reserve represents the increase in values of property, plant and equipment since amalgamation. Other reserves represent funds constrained for future use. The operation of these reserves is outlined in Council's General Reserves Policy.

Further details and a breakdown of the community equity can be found in the notes to the financial statements from note 22 to 25.

Graph 8: Community Equity as at 30 June 2011

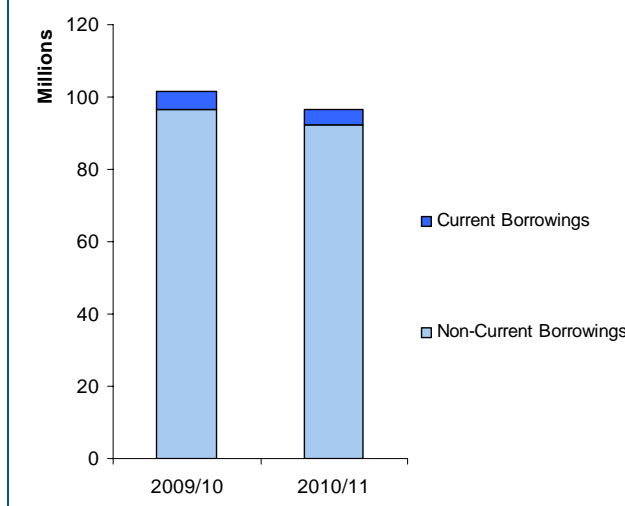


QUEENSLAND TREASURY DEBT

BORROWINGS

	2009/10	2010/11
Current Borrowings	\$4,939,187	\$4,285,175
Non Current Borrowings	\$96,628,981	\$92,337,752
Total QTC Borrowings	\$101,568,168	\$96,622,927

Graph 9: QTC Total Borrowings



Comment:

Council's current Borrowing Policy stipulates that:

- Long term debt will not be used to finance operating activities or recurrent expenditure
- Repayment for new and existing borrowings will be set at 10 years or less except in the case of borrowings for major long life infrastructure assets and for capital works which have been levied to ratepayers as a special charge, where a repayment period will be determined on a case by case basis.
- The interest coverage ratio (whole of Council) should remain less than 5% in keeping with the Department of Local Government and Planning benchmark.

DEBT SERVICE PAYMENTS

	2009/10	2010/11
Principal	\$10,059,273	\$4,945,241
Interest	\$6,199,492	\$6,482,766
Total Debt Service Payments	\$16,258,765	\$11,428,007

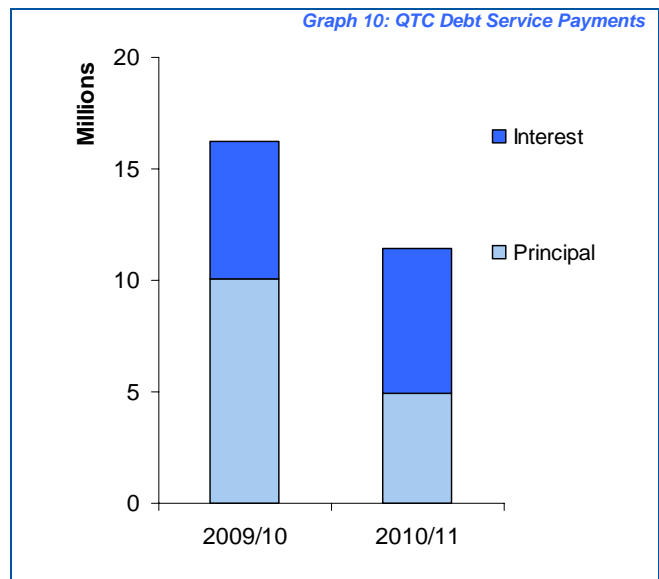
Comment:

Principal and interest repayments are made on borrowings on a monthly basis in accordance with the terms and conditions set by Queensland Treasury Corporation. The repayment terms are reviewed on a regular basis in order to ensure that the expected loan term aligns with market movements.

As at 30 June 2011 Council's debt per rateable property is \$1,214.

Graph 10 shows the debt service payments for the year split between principal and interest paid.

Graph 10: QTC Debt Service Payments



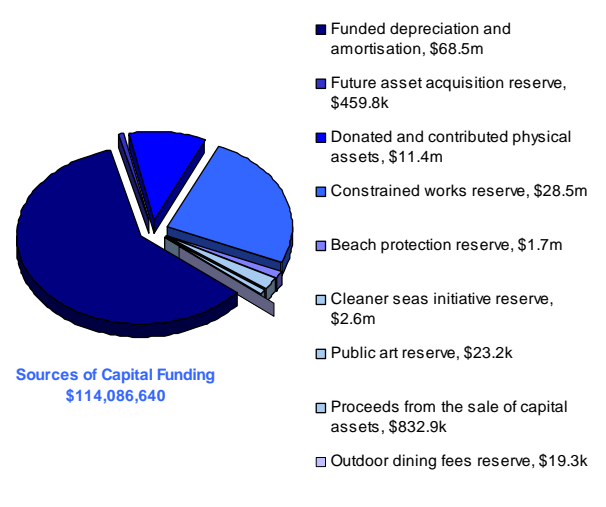
STATEMENT OF APPROPRIATIONS

The Statement of Appropriations displays how the net result attributable to Council is distributed. It shows transfers to and from the capital account, as well as transfers to reserves for future capital funding purposes and general funding purposes. The net result after all transfers becomes the retained surplus or deficit and forms part of Council's community equity.

The operating deficit has resulted in Council being unable to adequately fund its Capital Sustainability Reserve by \$13,224,937. The Capital Sustainability Reserve represents funds set aside to fund the future replacement and renewal of Council's infrastructure assets. The shortfall is due to operating revenue being insufficient to cover Council's cash and non cash operating expenses and transfers to reserves.

CAPITAL FUNDING

Graph 11: Sources of Capital Funding



Comment:

Capital expenditure as at 30 June 2011 is \$114.1m.

Graph 11 illustrates that the majority of capital expenditure was funded by utilising the funded depreciation reserve. Other major funding sources were funds from loan borrowings expended in the period, constrained grants, subsidies and developer contributions. The Capital Funding Statement represents the sources and application of capital funding throughout the year.

Council manages a very diverse range of infrastructure assets with a value in excess of \$3.0 billion and covering categories such as land, buildings, office furniture and equipment, plant and equipment, road and bridge network, drainage, water, sewerage and solid waste disposal.

Council is responsible for the construction, upgrade and renewal of the majority of these assets through its capital works program, with a smaller portion of these assets being contributed by developers via various developments throughout the region.

Council's capital funding requirements include the capital works program, principal loan repayments for loans acquired to fund capital works and contributed assets.

Graph 12: Capital Funding Application

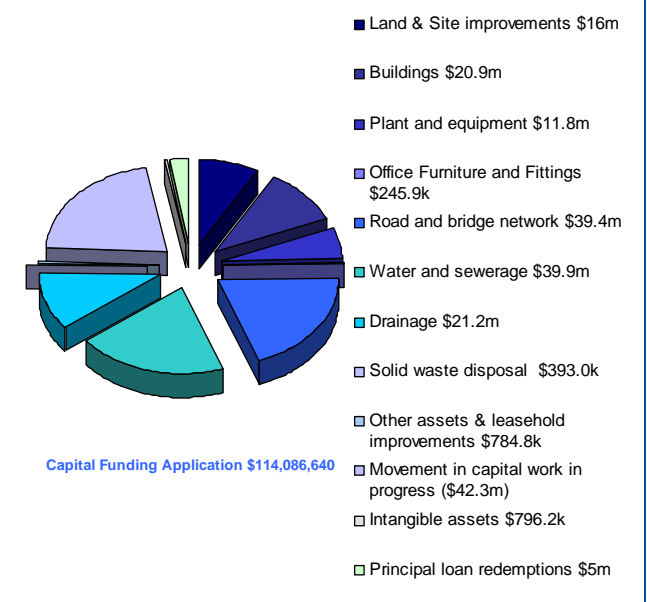


Table 1 shows the movement in Council's reserve balances during the year and the carried forward amount at the end of the year.

Table 1: Reserve movement

Reserve	Brought Forward \$	Becoming Available in Year \$	Utilised in Year \$	Carried Forward \$
Constrained Works Reserve - Government Grants/Subsidies	15,541,431	19,298,203	25,298,041	9,541,593
Constrained Works Reserve - Developer Contributions	42,076,010	2,780,470	5,657,985	39,198,495
Cairns Water Augmentation Reserve	949,038	-	-	949,038
Cleaner Seas Initiative Reserve	3,242,693	21,036	2,601,846	661,883
Natural Disaster Reserve	550,000	-	-	550,000
Outdoor Dining Fees Reserve	1,222,980	719,263	19,293	1,922,950
Public Art Reserve	138,691	124,850	23,212	240,329
Beach Protection Reserve	3,916,772	1,000,000	1,652,050	3,264,722
Future Asset Acquisition Reserve	11,080,000	-	459,754	10,620,246
Future Operational Expenditure Reserve	1,286,331	235,974	-	1,522,305
Blue Water Special Charge Reserve	283,948	483,350	526,521	240,777
Southern Corridor Reserve	2,903,417	110,269	395,086	2,618,600
Resources, Waste and Environment Reserve	1,208,461	-	-	1,208,461
Daintree Ferry Reserve	685,778	635,111	-	1,320,889
Depreciation Charges Funded Reserve	50,027,658	77,540,248	68,511,261	59,056,645

FINANCIAL RATIOS

The following ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which should be met to ensure the prudent management of financial risks in accordance with section 99(5) of *Local Government (Finance, Plans and Reporting) Regulation 2010*. The benchmarks used are within Department of Local Government and Planning (DLGP) guidelines.

Table 2: Financial Ratios

RATIO	DESCRIPTION	FORMULA	RESULT 09/10	RESULT 10/11
Asset Consumption Ratio	This ratio shows the written down current value of Council's depreciable assets relative to their 'as new' value in current prices. This ratio seeks to highlight the aged condition of a local government's stock of physical assets. Benchmark: 40-80%	$\frac{\text{Written down value of Infrastructure Assets}}{\text{Gross current replacement cost of Infrastructure Assets}}$	87.51%	80.78%
	<input checked="" type="checkbox"/>	Comment: the results of this ratio are within DLGP guidelines.		
Asset Sustainability Ratio	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. Benchmark: >90%	$\frac{\text{Capital expenditure on renewals}}{\text{Depreciation expense}}$	58.79%	44.82%
	<input type="checkbox"/>	Comment: The above ratio is calculated based on the capital expenditure on renewals. Council is satisfied this expenditure satisfies asset replacement and renewals for the period. It is intended that the balance of renewal funds not spent during this period be accumulated to meet future year's renewal requirements.		
Interest Coverage Ratio	This ratio indicates the extent to which Council's operating revenues are committed to interest expenses. Benchmark: 0-5%	$\frac{\text{Net interest expense on debt service}}{\text{Total operating revenue}}$	1.92%	2.03%
	<input checked="" type="checkbox"/>	Comment: the results of this ratio are within DLGP guidelines.		

RATIO	DESCRIPTION	FORMULA	RESULT 09/10	RESULT 10/11
Net Financial Liabilities Ratio	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues. Benchmark: <=60%	$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue}}$	3.40%	3.55%
	<input checked="" type="checkbox"/>	Comment: the results of this ratio are within DLGP guidelines.		
Operating Sustainability Ratio	This ratio is an indicator of the extent to which operating revenues raised cover operating expenses. A ratio greater than 0% indicates additional funds are available for capital funding purposes. Benchmark: 0-10%	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$	0.22%	-3.53%
	<input type="checkbox"/>	Comment: Due to Council's operating deficit for the 2010/11 financial year Council's Operating Sustainability Ratio is not within the DLGP guidelines.		
Working Capital Ratio	Measures the extent to which Council has liquid assets available to meet short term financial obligations. Benchmark: 1-4	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.02	2.40
	<input checked="" type="checkbox"/>	Comment: the results of this ratio are within DLGP guidelines.		

CONCLUSION

During the 2010/11 financial year Council has continued to address the challenges presented by the ongoing economic downturn and has remained committed to sound financial management, using strategies like the long term financial forecast, annual operational plan and regular budget reviews.

Further details and breakdowns of all of the above items can be found in the Financial Statements and the detailed notes to the Financial Statements.

15. CAPITAL WORKS PROJECTS

In the 12 months from 26 June 2010 to 30 June 2011 expenditure on capital works was \$109m. Some of the major projects undertaken during the year include:

Table 1: Major Capital Works

Major 2010/11 Capital Projects
Water and Waste Projects
<ul style="list-style-type: none">• Cleaner seas project \$4,697,232• Construction of fluoride plants at Mossman, Whyanbeel and Frenchman's Creek \$2,935,199• Reservoir constructions \$1,273,829• Upgrade trunk water main Moore Road reservoir \$1,175,792• Mossman Wastewater Treatment Plant design and construct dewatering plant \$1,147,344• White Rock sewerage scheme \$1,039,939
Major Roads Upgrades
<ul style="list-style-type: none">• Reseals 2010/11 program \$2,769,720• Pavement rehabilitation 2010/11 \$1,189,936• Asphalt overlays 2010/11 \$1,714,912• Lily Street (Tennis Centre) car parking improvements \$609,532• MacDonnell Street car parking improvements \$582,659
Major Drainage Works
<ul style="list-style-type: none">• MacDonnell Street \$673,376• Saltwater Creek \$622,541• Old Smithfield Road \$326,158• Jaye Street \$298,422
Other Major Projects
<ul style="list-style-type: none">• Botanic Gardens Visitors Centre \$4,318,246• Cairns Regional Tennis Facility \$1,666,837• Cairns Entertainment Precinct \$1,606,488• Woree Multi-purpose Community Care \$2,098,677• Sugarworld Waterslide \$1,068,354• Port Douglas Esplanade Upgrade (Four Mile Beach) \$657,082

Further details of the capital works and major projects conducted during the 2010/11 year have been included in the Capital Works Highlights section of this annual report.

Capital Works Highlights

Council completed the following works program during the period 26 June 2010 to 30 June 2011.

Infrastructure Services

Major Items	Amount \$
Transport and Mobility	
Bridges Infrastructure	3,781,854
CCTV	198,973
Depot Improvements	438,013
Fleet Replacement	5,281,434
Footpath/Cycleway Infrastructure	5,207,070
IM Street Lighting	371,711
Kerb and Channel Infrastructure	1,534,096
Local Area Traffic Management (Other than Gateway)	58,956
Minor Divisional Works - Road Infrastructure	397,217
Reseals and Overlays	4,509,007
Road Rehabilitation	1,296,825
Transport & Traffic Facilities	2,120,398
Road Infrastructure – LRRS	4,926,213
Road Infrastructure – Roads to Recovery	2,468,228
Road Infrastructure – TIDS/SafeST	72,925
Natural Resources & Conservation (Cattana)	182,197
	\$32,845,117

Major Items	Amount \$
Stormwater Management	
Flood Mitigation Infrastructure	367,496
Lined Drains	292,282
Underground Drainage	1,744,807
Unlined Drains	654,670
Water Quality Infrastructure	151,430
	\$3,210,685

Major Items	Amount \$
Health, Safety and Community Development	
Ablutions Upgrades	127,000
Barlow Park	316,000
Cairns Entertainment Precinct	1,606,488
Esplanade Upgrades	337,177
Other Park Infrastructure	3,480,157
Other Sport Facilities	5,526,000
Playground Equipment	704,309
SES Facilities	2,304,023
Swimming Pools	236,000
Botanic Reserves (incl. Sugarworld)	4,444,581
Miscellaneous Community and Cultural Development	780,140
	\$19,861,875

Planning and Environment

Major Items	Amount \$
Regulated Parking	40,224
Cemeteries	310,099
	\$350,323

Corporate Services

Major Items	Amount \$
Information Technology	
Desktop Replacement, Network Upgrade and Software	2,247,973
	\$2,247,973

Community, Sport and Cultural Services

Major Items	Amount \$
Library – Book Stock	700,112
Tanks Art Centre	712,964
Civic Theatre	276,557
	\$1,689,633

Water and Waste

Council completed the following works program during the period 26 June 2010 to 30 June 2011.

2010/11 Total Water and Waste capital works program		\$25,566,948
Major Items		Amount \$
Wastewater Infrastructure		
Cleaner Seas		4,697,232
Planning, Pump Station Upgrades, Reticulation and Inflow Infiltration		7,526,001
		\$12,223,233
Water Infrastructure		
Fluoride Project		2,935,199
Moore Rd Reservoir upgrade trunk water main		1,175,792
Water Treatment Plant, Trunk and Reticulation Mains, Reservoirs, Planning		8,854,470
		\$12,965,461
Refuse Management Infrastructure		
Portsmouth Landfill radio telemetry leachate upgrade		112,387
Planning, Leachate Systems, Buy Back Shop		265,867
		\$378,254

16. SPECIAL EXPENDITURE REPORTING CATEGORIES

Local Government (Finance, Plans and Reporting) Regulation 2010 s.116: ... The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year—

- (a) for a councillor—the name of the councillor;
- (b) for a local government employee—the name of, and position held by, the local government employee;
- (c) the destination of the overseas travel;
- (d) the purpose of the overseas travel;
- (e) the cost of the overseas travel; and
- (f) any other information about the overseas travel the local government considers relevant.

Overseas Travel

Name/Position	Destination	Purpose	Cost
Mayor Val Schier <i>Mayor</i>	China	Trade Mission to China 11-19 September 2010	\$3,506.82
	Japan	TTNQ Japan Mission – Vision Cairns 2015 and Sister Cities Oyama Visit 30 May – 4 June 2011	\$4,082.86
Krystyn James <i>Personal Assistant to the Mayor</i>	Japan	TTNQ Japan Mission – Vision Cairns 2015 and Sister Cities Oyama Visit 30 May – 4 June 2011	\$4,959.07
Robert Leeds <i>Executive Advisor to the Mayor</i>	China	Trade Mission to China 11-19 September 2010	\$3,225.48
	USA	International Leadership Symposium 11-29 July 2011	\$1,024.32 ¹
Alan Blake <i>Councillor</i>	China	Chinese Study Program 17-30 October 2010	\$2,822.07
Sarah Philpott <i>General Manager Corporate Services</i>	Port Vila	Commonwealth Local Government Forum (CLGF) 10-14 October 2010	\$0.00 ²
Steve Tyter <i>Manager Infrastructure Management</i>	New Zealand	IPWEA Asset Management Technical Tour 14-19 November 2010	\$3,468.24
Andrea Jeynes <i>Project Manager AMDP</i>	New Zealand	IPWEA Asset Management Technical Tour 14-19 November 2010	\$2,691.00 ³
			\$25,779.86

¹ Part of trip was paid within the 2010/11 financial year.

² This trip was paid for by the Commonwealth Local Government Forum.

³ This trip was partially funded by FNQROC.

Services Rendered by Consultants

Council defines a consultant as a person or entity who has a contract with Council to deliver a specific result. This is usually a one-off, non-repetitive task or is the provision of advice and recommendations about a new concept, process or other matter Council intends to implement. Consultants usually exercise their own skill and judgement without Council controlling the detail over the work being performed.

A list of services rendered by consultants per category is shown below:

Consultancy Category	Cost
Engineering	378,294
Managerial	228,313
Planning & Environment	348,128
Total Consultancy	\$954,735

Entertainment and Hospitality Services

Council has adopted an Entertainment and Hospitality Expenditure Policy which prescribes what is considered reasonable entertainment, why it is important to the role of Council and the relevant administrative processes that support such expenditure.

This policy defines entertainment as the provision of meals and beverages as part of Council's official business.

Entertainment and hospitality charges incurred during the year totalled \$227,622.

Advertising

Council has adopted an Advertising Policy which defines advertising as "promoting to the public an idea, goods or services by using a medium commonly used for promoting ideas, goods or services and for which a fee is paid".

Advertising costs incurred by Council during the year totalled \$1,185,436.

17. GRANTS TO COMMUNITY ORGANISATIONS

Local Government (Finance, Plans and Reporting) Regulation 2010 s.117: ... The annual report for a financial year must contain a summary of—

- (a) the local government's expenditure for the financial year on grants to community organisations; and
- (b) expenditure from each councillor's discretionary fund, including—
 - (i) the name of each community organisation to which an amount was allocated from the fund; and
 - (ii) the amount and purpose of the allocation.

Council has a commitment to facilitate the building of strong, vibrant, and robust communities. To assist in achieving this goal, Council's Grant Program provides financial and in kind assistance to community based groups, individuals and organisations that are providing programs, activities, events and projects that enrich the diversity of cultural, social, sport and economic development opportunities available to the residents of the Cairns Region.

The desired outcome is to support more creative, innovative and self reliant communities, where participation in community life is enabled and encouraged.

In the 2010/11 financial year, Council provided the following community grants:

- **Arts and Cultural Grant Streams**
 - Arts and Culture Grants
 - Community Partnership Grants
 - Regional Arts Development Fund (RADF)
- **Community Development Grant Streams**
 - Community Development Grants
 - Community Organisation Sustainability Grants
- **Sport and Recreational Grant Streams**
 - Young People in Sport Grants
 - Sport and Recreation Grants
 - Sport, Recreation, Community, Arts and Culture In-Kind Assistance
- **Event Grant Streams**
 - Local Community Festival and Event Grants
 - Developmental Event Grants
 - Major Event Grants
- **Economic Development Grant Streams**
 - Economic Diversification Fund
 - Tourism Development Fund
- **Mayor's Discretionary Fund**
- **Rates Based Financial Assistance**
- **Young Animals Protection Society (YAPS) Financial Assistance**

Details on these grants and recipients are set out below.

Arts and Cultural Grant Streams

Arts and Culture Grants

The Arts and Cultural grant stream aims to provide financial assistance to the Arts and Cultural community towards projects, events and activities. More generally, the stream aims to encourage the development of local community arts and cultural programs and activities and to foster opportunities for local arts and cultural activities that make a positive creative contribution to the region.

Applicant	Amount \$
ARC Disability Services Inc.	5,000
Arts Nexus	1,386
Brett Walsh	5,000
Cairns Bowls Club	5,000
Cairns Potters Club	3,000
Cairns Show Society	25,000
Cell Art Space	5,000
<i>Christine Dwyer</i>	-191
FNQ Floral Art Designers	5,000
Knock Knock Arts	750
L Burchill & M Norris	5,000
Marlin Coast Neighbourhood Centre	5,003
Mossman Christmas Party	3,000
Mulgarve Shire Historical Society	1,278
Port Douglas Carnival	50,000
Port Douglas New Years Eve Family Fireworks	7,500
Portfolio Productions	1,504
Tropical Writers Group	4,929
Total Arts and Culture Grants	\$133,159

Please note: Negative amounts represent unspent 2009/10 grant monies repaid back to Council

Community Partnership Grants

The Community Partnership stream aims to provide financial assistance to community groups for projects, events and activities to be undertaken in partnership with Council's Community Partnership Team. More generally, the stream aims to use community cultural development projects to respond to community issues and to assist in community development. It also aims to create a greater awareness across all communities of the local government area of the benefits of arts and cultural activities and to ensure greater sustainable community involvement.

It is the partnership requirement that primarily differentiates this grant stream from Council's Arts and Cultural grant stream.

Applicant	Amount \$
Bonemap	9,750
Ailan Tracks Limited	10,000
Theatre of Exchanges	10,000
Song Connection. Auspiced by FNQ Volunteers Inc.	10,000
Total Community Partnership Grants	\$39,750

Regional Arts Development Fund (RADF)

The Regional Arts Development Fund (RADF) is a funding partnership between the Queensland Government (through Arts Queensland) and Cairns Regional Council. The program supports professional artists and arts practitioners living in regional Queensland. The Program focuses on the development of quality innovative and energising art and arts projects for, by and with, regional communities.

The partnership between state and local government is important to ensure RADF grants are used in the best possible way to support professional arts and cultural development in regional Queensland.

Applicant	Amount \$
Annaliese Ciel Walker	7,117
Arts Nexus Inc	976
Astri Baker	11,555
Bela E Erbes	11,260
Cairns Concert Orchestra Inc.	2,000
Celia Berrell	2,716
Douglas Theatre Arts Group	12,000
DSCSA Inc Flexi Respite Service	1,545
Epic Media	8,900
Festivals Up North	1,000
FNQ Volunteers Inc	4,477
Gail Betts	5,993
Jill Chism	1,000
KickArts Contemporary Arts	19,294
Kim Hurley	12,476
Lenore Howard	10,500

Applicant	Amount \$
Melissa Edwards	6,900
Rebecca Scott	5,000
Ricky Beresford	1,900
Sacha Grbich	10,000
Sasi Victoire	6,300
<i>The Historical Society Cairns</i>	-180
Susan Reid	15,312
Suzanne Gibson Communications	6,000
Tania Heben	10,000
Tony Hillier (Snake Gully Band)	12,190
Violet Bromfield	5,000
Total Regional Arts Development Fund (RADF)	\$191,231

Please note: Negative amounts represent unspent 2009/10 grant monies repaid back to Council

Community Development Grant Streams

Community Development Grants

The Community Development grant stream aims to provide financial assistance to not-for-profit groups that wish to pursue projects and activities which respond to local community needs and issues.

The aim of the Community Development grant stream is to encourage groups offering social services to the wider community to develop programs, activities, exhibitions and events, which make a positive contribution to community life in the Cairns Region.

Applicant	Amount \$
Cairns & District Woodworkers Guild	6,000
Cairns Menshed	1,889
Conservation Volunteers	6,000
FNQ Cerebral Palsy Support	6,000
Lifeline Cairns Region	4,850
Mossman Community Playgroup	5,855
Qld Injectors Health Network	3,141
Sands Qld Inc	3,090
Synapse	6,000
Tourism Trinity Beach	6,000
Trinity Beach Community Kindergarten	2,720
Woree State School P&C Assoc	5,455
Young Animal Protection Society	3,000
Total Community Development Grants	\$60,000

Community Organisation Sustainability Grants

The Community Organisation Sustainability Grant stream is intended to assist community based not-for-profit organisations to become self sustaining in their initial development phase or to cope with significant external challenges.

Funding is available for up to three years at the maximum annual amount. Applications must state the annual amount required, the number of years required and the overall amount required.

Applicants are not expected to re-apply each year for the second or third year's funding however they are required to acquit the previous year's grant in order to receive the following year's. Following a successful application, grant recipients will not be eligible for further funding under this stream but will be eligible to apply for other grants and funding offered by Council.

Applicant	Amount \$
Bamanga Bubu Ngadimunku Inc.	5,000
<i>Bamanga Bubu Ngadimunku Inc.</i>	<i>-447</i>
Cairns & Far North Environment Centre	14,784
Douglas Arts Base	15,000
Positive Ageing Cairns	8,000
The Historical Society, Cairns, North Queensland Inc	15,000
U3A Cairns Inc.	7,000
Total Community Organisation Sustainability Grants	\$64,337

Please note: Negative amounts represent unspent 2009/10 grant monies repaid back to Council

Sport and Recreational Grant Streams

Young People in Sport Grants

The Young People in Sport (YPIS) stream aims to assist young athletes living in the Cairns Regional Council area by providing financial assistance with the cost of representing Queensland at National sporting competitions or representing Australia at International sporting competitions.

Grants are based on the location of the competition and are allocated as follows:

- Competing within Queensland - \$100 grant per athlete
- Competing Interstate - \$300 grant per athlete
- Competing Internationally - \$500 grant per athlete.

A maximum of \$500 per athlete per financial year is available.

Total Young People in Sport Grant	\$10,300
--	-----------------

Recipient	Sport
Chloe Botella	Athletics
Matthew Jellat	Basketball
Patrick Hawash	Basketball
Ashleigh Gunn	BMX
Mikayla Adams	Gymnastics
Tia See Kee	Gymnastics
Caitlyn Whipp	Hockey

Recipient	Sport
Alex De Roma	Karate
Alexis Head	Karate
Caelan Stemp	Karate
Chiara Webb	Karate
James Lindsay	Karate
Ray Sugimoto	Karate
Summer Norton	Karate
Tatsuya Shiihara	Karate
Yasmine Lindsay	Karate
Zacharie Webb	Karate
Jackson Richardson	Motocross
Mitchell Evans	Motocross
Richard Evans	Motocross
Brady Riesenweber	Soccer
Hayley Sheahan	Soccer
Josh Jennison	Soccer
Alex Liron	Tennis
Madeleine McGee	Tenpin Bowling
Benjamin Jackson	Wakeboard
Callum Seymour	Wakeboard
Cameron Bruce	Wakeboard
Ezmeralda Warnecke	Wakeboard
Nathan Turner	Wakeboard
Ori Bernstein	Wakeboard
Quinlee McAlister	Wakeboard
Sam Gunn	Wakeboard

Sport and Recreation Grants

The Sports and Recreation stream aims to provide financial assistance to sport and active recreation organisations to pursue opportunities to increase participation and to provide opportunities to increase a club's capacity to raise funds and therefore increase its viability.

Applicant	Amount \$
Australian Waterski & Wakeboard Federation	5,707
Barron Valley Gymnastics Club	6,000
Cairns Cyclone Swim Club	3,568
Cairns Mountain Bike Club	6,000
Centrals Trinity Beach Sporting Club	6,000
Douglas Netball Assoc.	5,323
Douglas United Football Club	6,000
Hekili Outrigger Canoe Club	5,500

Applicant	Amount \$
Holloway - Cairns Croquet Club Inc.	1,750
Ivanhoe Football & Recreation Club Inc.	5,690
Leichhardt Soccer Sports & Social Club Inc.	6,000
Mossman and District Gymnastics Club Inc.	6,000
Southside Swallows Gymnastics Club	5,462
YMCA of Cairns	6,000
Total Sport and Recreation Grants	\$75,000

Sport, Recreation, Community, Arts and Culture In-Kind Assistance

In Kind Assistance is available for sport and recreation, community, arts and cultural organisations to undertake projects and activities. In general, In-Kind Assistance means that Council provides materials or services within Council's core business at no charge to the applicant. In-Kind Assistance grants are split into two areas

a) Sport and Recreation In-Kind Assistance

Applicant	Amount \$
Babinda & District Pony Club	376
Barron Valley Gymnastic Club	521
Bears Juniors & Cubs Baseball Club	509
Cairns & District Softball Association	2,000
Cairns Athletics	1,994
Cairns Motorcycle Club	1,774
Cairns Mountain Bike Club	1,073
Cairns Speedway Riders Association	98
Cairns Surf Lifesaving Club	500
Cairns Touch Association	1,795
Cairns Volleyball	2,407
Croc Event Marketing Inc.	650
Edmonton Tennis Club	1,887
Gordonvale Golf Club	1,774
Gordonvale Pony Club	1,991
Half Moon Bay Golf Club	877
Holloway - Cairns Croquet Club Inc.	2,000
Its My Time Fitness for Women	2,000
Junior Tenpin Bowling Association	105
Leichhardt Soccer Sport & Social Club	1,267
Mossman Rifle Club	131
Mossman Sharkettes Women's Rugby League	252
Port Douglas Rugby Club	364

Applicant	Amount \$
Pyramid Polocrosse	1,063
Trinity Baseball League Inc.	439
Vikings Futsal Association Inc.	2,000
Total Sport and Recreation In-Kind Assistance	\$29,847

b) Community Development In-Kind Assistance

Applicant	Amount \$
Anglicare	1,251
Backpacking Cairns	460
C&K Holloway's Beach Community Kindy and Preschool	551
Cairns and District Chinese Association	2,000
Cairns District Guides	138
Cairns Family Church	74
Cairns NAIDOC Committee	2,000
Centre for Rural and Remote Mental Health Queensland	1,969
CPC Unions	2,000
Douglas Shire Community Services Association	223
Douglas Shire Meals on Wheels	458
Far North Qld Promotion Bureau	720
Flexi Respite and Family Support Service	539
FNQ Cerebral Palsy Fun Day	642
Gordonvale Girl Guides	399
Leukaemia Foundation	440
Lions Club of Edmonton	145
Ozcare Homeless Men's Hostel	1,388
Pacific Communities Council FNQ Inc	844
Port Douglas Community Kindergarten	1,035
Qld Association for Healthy Communities	2,000
QLD Fire and Rescue	1,709
Rotary Club of Cairns Mulgrave	1,517
Scout Association Freshwater	445
Study Cairns	961
The BB Girls	325
Variety Qld Inc.	391
Total Community Development In-Kind Applications	\$24,624

Event Grant Streams

Local Community Festival and Event Grants

To assist and support local organisations and individuals in the provision of traditional festivals or culturally significant events for their local community.

Local community events serve to enrich the lives of residents and celebrate important occasions for the community. These events do not usually attract visitors from outside of town specifically for the event.

Applicant	Amount \$
Babinda Harvest Festival Inc	9,500
Cairns & District Chinese Association Inc.	20,000
Total Local Community Festival and Event Grants	\$29,500

Developmental Event Grants

To nurture and grow a diverse portfolio of developing events that will create economic growth, promote TNQ nationally and internationally, generate positive social and cultural benefits and inspire the residents of Tropical North Queensland.

Developmental Events have the potential to develop into major events within three years. Typically this type of event attracts 500-1000 participants/overnight visitors and has strong local support.

Applicant	Amount \$
Tennis Queensland	12,927
Tennis Australia	30,000
Tennis Australia	50,000
Total Developmental Event Grants	\$92,927

Major Event Grants

To secure, nurture and grow a diverse portfolio of major events that will create economic growth, promote TNQ nationally and internationally, generate positive social and cultural benefits and inspire the residents of Tropical North Queensland.

These are events that will attract significant numbers of event visitors, participants or media from outside the region and result in substantial and measurable outcomes in the region in which they are held. Typically this type of event should attract 1000-2000 participants/overnight visitors staying in Cairns for 2-10 days.

Applicant	Amount \$
Cairns BMX Club Inc.	25,000
Vikings Futsal Association Inc.	10,000
Total Major Event Grants	\$35,000

Economic Development Grant Streams

Economic Diversification Fund

Grants will be available from Cairns Regional Council for the development and delivery of projects that will result in demonstrated economic benefit to the Cairns Region. Projects should assist in increasing and/or improving the diversity of local industry.

Applicant	Amount \$
Advance Cairns - Online Industry and Business Calendar	10,000
Advance Cairns - Cairns Mining Industry FIFO Worker Attraction	18,000
Babinda District Community Association Inc. - Babinda Business Expansion and Retention Project	13,000
Cairns Chamber of Commerce - Resource & Industrial Taskforce Support Project	20,000
Department of Employment Economic Development and Innovation - Gold Refinery Feasibility Study	20,000
Far North Queensland Amateur Turf Club - Amateurs Fashion Expo	15,000
James Cook University - Coral Reef Symposium	20,000
James Cook University - The Cairns Institute - Far North Queensland Innovation Hub Scoping Study	20,000
North Australian Research Group - Cummings Economics - Future Workforce Needs Analysis	19,800
Study Cairns Inc. - Australia New Zealand Agents Conference	11,190
Super Yacht Group - Great Barrier Reef Inc. - Export Development Project	20,000
Troplinks Inc. - Energy Opportunities Development Project	20,000
Total Economic Diversification Fund	\$206,990

Tourism Development Fund

Grants will be available from Cairns Regional Council for the development and delivery of projects that will result in demonstrated economic benefit to the Cairns Region.

Projects should assist in increasing and/or improving the local tourism industry.

Applicant	Amount \$
Australian Trust for Conservation Volunteers - Nature Wise Creating Eco-Volunteerism	20,000
Tourism Palm Cove - Continuing the Momentum	10,000
Tourism Port Douglas Daintree - Social Media Website	10,000
Tourism Port Douglas Daintree - Discover Paradise Marketing Campaign	40,000
Tropical Tourism North Queensland - Tropical Breaks for South-East Queensland	30,000
Tropical Tourism North Queensland - Wedding and Romance Market Project	40,000
Total Tourism Development Fund	\$150,000

Mayor's Discretionary Fund

The Mayoral Discretionary Fund is an annual allocation provided in each budget to enable the Mayor to respond to emergent requests for financial assistance from community organisations. Grants to community organisations must be in accordance with Council's Grant Program Policy.

Event or Organisation	Amount \$
Peter Underwood Golf Day - Donation	227
FNQ Youth Assistance - Donation	250
Cairns Amateurs - Emerging Designers Award - Sponsorship	5,000
Make Poverty History Forum - Sponsorship of Catering	909
Keely Pitchler - Sponsorship National Titles 12yrs & under Soccer Training Camp	300
Carpentaria Lodge No.202H - Donation 100th Anniversary Publication	250
Clinton Cave - Donation for Order of Australia Student Citizenship Award 2010	400
Port Douglas Surf Lifesaving Club - Donation	3,957
Ribbons Ladies Game Fishing Club Inc. - Donation Annual Tournament	500
Go Troppo Arts Festival - Advertising for Festival	2,000
Queensland Council of Social Service - Sponsorship QCOSS Regional Conference	2,000
Bentley Park College - Donation Annual Awards Presentation	100
Trinity Bay State High School - Donation Citizenship/Leadership Award	100
Black & White Taxis Ltd - Donation Annual Picnic	500
Smithfield State High School - Donation Annual Senior Citizens Concert	500
Lions Club Cairns Inc. - Donation World Festival of Music	455
Trinity Anglican School - Donation Speech Night Awards 2010	200
Woree State High - Donation Annual Awards Night Presentation	100
KIND - Kids in Need of Donations - Donation Fundraising Event 2010	900
Gordonvale State High School - Donation Annual Awards	100
Good Shepherd Anglican Church - Sponsorship Christian Carol Service	500
Cairns Mineral & Lapidary Club - Sponsorship 50th Anniversary Publication	1,600
Child Safety Award Ceremony - Sponsorship of Awards	136
Qld Countrywomen's Assoc - Donation QCWA 90th Year Publication	100
Port Douglas Surf Lifesaving Club - Donation	3,957
Child Safety Award Ceremony - Sponsorship of Catering	419
Association of Women Educators Inc. - Donation International Women's Day Dinner	600
Clare Richards - Donation 2011 Gourmand World Cookbook Awards	1,000
<i>Tahlia Burchill - Donation Volunteer SCO Students Abroad Program</i>	-500
Ribbons Ladies Gamefishing Club Inc. - Sponsorship	500
St Mary's College - Sponsorship Tickets International Women's Day Breakfast	55
Smithfield State High School - Sponsorship Tickets International Women's Day Breakfast	55
Redlynch State College - Sponsorship Tickets International Women's Day Breakfast	55

Event or Organisation	Amount \$
Cairns State High School - Sponsorship Tickets International Women's Day Breakfast	55
Trinity Anglican School - Sponsorship Tickets International Women's Day Breakfast	55
St Monica's College - Sponsorship Tickets International Women's Day Breakfast	55
Guide Dogs Queensland - Donation Purchase of Marquee	961
Chinese New Year - Sponsorship Banners	3,311
International Womens Day Breakfast - Donation of Tickets for Guest Speakers x 2, Mother of Guest Speaker, Senator Jan McLucas, Hanna Burrows and Pat Bailey (winners 2011)and Debra Kachel and Helga Biro (winners 2010)	218
International Womens Day Breakfast - Donation of Tickets for Guest Speakers x 2	55
Miallo State School P&C Assoc - Donation Centenary Celebration	500
Salvation Army - Donation Red Shield Appeal	2,500
Immune Deficiency - Donation Circus Quirkus	91
Mossman State High School - Donation Transport for Yalangri Rainforest Tour	325
Yorkeys Knob Activities Group - Donation Purchase of Two Recorders	360
Cairns Art Society - Donation 2011 Annual Exhibition	3,000
Cairns & District Junior Eisteddfod Assoc - Donation Trophy (Most Promising Award Dancer)	100
Tree Arrangements Pty Ltd - Sponsorship Chinese New Year Banners	1,120
Aden & Levi Tredwick - Registration for State Honours Ensemble Program	520
Woree State High School - Donation FNQ Sports & Athletics Carnival (Students with Disabilities)	500
Total Mayor's Discretionary Fund	\$40,951

Please note: Negative amounts represent unspent 2009/10 grant monies repaid back to Council

Rates Based Financial Assistance

	2009/10		2010/11	
Not for profit Community Groups	116 recipients	544,301	114 recipients	557,743
Not for profit Sporting Groups	76 recipients	149,233	67 recipients	150,603
Cairns Show Association		62,822		65,963
Gordonvale Turf Club		1,702		1,788
Gordonvale Golf Club		5,107		5,362
Total		\$763,165		\$781,459

YAPS Financial Assistance

Total Young Animals Protection Society	\$35,000
---	-----------------

18. SPECIAL RATES AND CHARGES

Local Government Finance Plans and Reporting Regulation 2010 s.119 (1): ...The annual report for a financial year must contain-

- (c) details of any action taken for, and expenditure on, a service, facility or activity-
 - i. supplied by another local government under an agreement for conducting a joint government activity; and
 - ii. for which the local government levied special rates or charges for the financial year.

Council has entered into an agreement with Cook Shire Council for the provision of waste disposal services for the ratepayers residing at Degarra and China Camp in the far north of the Cairns region.

It has been agreed that these residents can dispose of their household waste at Ayton Transfer Station and on this basis Council provides a financial contribution towards the expenses associated with the operation of the transfer station. For the 2010/11 financial year the contribution was \$22,694.

To assist in funding this expense Council levies a special charge each financial year.

19. SUMMARY OF RATES REBATES AND CONCESSIONS

Local Government Finance Plans and Reporting Regulation 2010 s.119 (1) (f): ... The annual report for a financial year must contain ...a summary of all concessions for rates and charges granted by the local government.

Rebates and Concessions

1 Council Pensioner Remission

- a) A rebate of 40 per cent of the General Rate up to a maximum of \$1350 per annum was granted to all pensioners whose applications met the eligibility criteria set down in Council's Pensioner Policy and were also submitted within the required time frames.
- b) The upper limit of total remission did not exceed 5 per cent of Council's total net general rates, therefore the 40 per cent remission was not required to be reduced on a pro rata basis in line with policy.

2. Retirement Village Remission

- a) A remission was extended to retirement villages (as classified under Land Use Code 21), where a legal entity separate to the residents was the owner and the pensioners were responsible for paying the rates, to the extent that residents of the village were pensioners.
- b) A remission was then applied based on the number of dwellings occupied by pensioners as a percentage of the total number of dwellings in the village.

3. Rates Based Financial Assistance

This policy allows Council to consider applications for remission of general rates and sewerage charges from not for profit community based organisations from recreation, sporting and community groups.

To qualify for assistance the constitution of the organisations must clearly state prohibitions on any member of the organisation making a private profit or gain, either from ongoing operations of the organisation or as a result of distribution of assets if the organisation is wound up.

4. Independent Rate Relief Tribunal

This policy has been adopted to provide a safety net for those ratepayers suffering genuine financial hardship.

The Tribunal is made up of a mixture of independent voluntary appointees selected by Council and four Councillors.

The main role of the Tribunal is to recommend, in certain circumstances, the most appropriate form of assistance to those ratepayers experiencing serious hardship and, as a result, are unable to pay their rates and charges. The policy only applies to the principal place of residence of the ratepayer and no commercial benefit can be derived from the property. Additionally, not for profit recreation, sporting and community groups that are already receiving rates based financial assistance, or would be eligible if they did not have rates outstanding, may also apply.

5. Land Management Refund

For properties within the boundaries of the former Cairns City Council

For the three properties identified below:

A proportional refund was provided to landowners who have been under Council's Land Management Agreement project i.e. where a landowner has entered into a Land Management Agreement with Council. The refund acts as a financial incentive for the protection of land which exhibits high conservation values.

Variations in the refunds were determined by the level of conservation values on the property.

Existing Land Management Agreements (LMA's) will stay in place for these properties until their expiry date:

Lot 4 RP 706067 expires 11 September 2012

Lot 2 RP711837 expires 11 September 2012

Lot 1 RP710767 expires 13 September 2012

Following their expiry no more LMA's will be issued.

Provisions

- I. Requirements for eligibility.
- II. The refund only operated in the presence of a Land Management Agreement with Council. A Land Management Agreement may be entered into where there is an existing Co-operative Management Agreement between the landowner and the Wet Tropics Management Authority or a Voluntary Conservation Agreement between the landowner and the Department of Environment.
- III. The land had to meet particular conservation criteria in order to be considered for the agreement. This criteria included:
 - Bio-diversity
 - Vegetation Type
 - Habitat Linkages
 - Wildlife
 - Scenic Quality
 - Landowner Leadership

Refund Considerations

- I. The rate refund was proportionately attributable to that area of land included in an agreement.
- II. The refund was payable within 2 weeks from receipt by the Council of a written request from the owner in respect of the period for which rates are levied.
- III. The two levels of refund were:
 - (a) 50% of the general rate, proportionately attributable to that area of land subject to a Land Management Agreement or a maximum of \$600 per annum (whichever is less).
 - (b) 35% of the general rate, proportionately attributable to that area of land subject to a regulatory mechanism or a maximum of \$300 per annum (whichever is less). There is also provision for this rate to be altered, but not before 5 years have expired from the date of the Land Management Agreement.
- IV. The area of land designated for the refund was determined with the use of cadastre, aerial photo interpretation and a site inspection.

- V. In the case where Land Management Agreement conditions have been dishonoured, repayment of the refund will be necessary.
- VI. The requirement for a rate refund was included in the Land Management Agreement at the discretion of Council.

6. Rates Incentive for Conservation Policy

Purpose

This policy establishes the process for affording rate incentives to landholders that enter into a Conservation Agreement for a Nature Refuge under the *Nature Conservation Act 1992*.

Scope

This policy applies to all land within the Cairns Regional Council boundaries.

Reference

Nature Conservation Act 1992

Where this policy is inconsistent with a previously published policy, procedure or requirement, this policy shall prevail.

Definitions

Critical habitat – as per the meaning under the *Nature Conservation Act 1992*.

Policy

- i. The owner enters into an agreement preserving/conserving flora and fauna on a rateable property within the boundaries of the Cairns Regional Council. This agreement must be bound to the property title, in perpetuity, by a Conservation Agreement for a Nature Refuge under the *Nature Conservation Act 1992*.
- ii. The rate incentive is proportionately attributed to that area of land included in an agreement.
- iii. The rate incentive will be credited to the recipient's rates notice prior to being issued.
- iv. Refund Rules;
 - Properties where more than 50% of the total area of the property is covered by a Nature Refuge Agreement under the *Nature Conservation Act 1992* are entitled to 50% of the general rate or a maximum of \$600p.a. (whichever is less).
 - Properties where less than 50% of the total area of the property is covered by a Nature Refuge Agreement under the *Nature Conservation Act 1992* are entitled to 35% of the general rate or a maximum of \$300p.a. (whichever is less).
- v. Any, and all, benefit provided to a landholder through the Rate Incentive for Conservation program has to be repaid to Council if the declaration of the Nature Refuge to which the benefits relate is revoked in accordance with Section 50 of the *Nature Conservation Act 1992*.
- vi. If rates are not paid in full prior to the end of a financial year, future rates incentives will not apply until all outstanding rates are paid.

7. Health

Financial assistance is available to offset water usage costs for users of Home Dialysis Equipment. Written applications must be submitted to Cairns Regional Council for approval.

20. INVITATIONS TO TENDERERS TO CHANGE THEIR TENDERS

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ...The annual report for a financial year must contain—

(d) the number of invitations to change tenders under *section 177(7)* during the year.

Local Government (Finance, Plans and Reporting) Regulation 2010 s.177(7): ...

(a) an invitation to tender under subsection (4) or (6)(b) states that the local government might later invite all tenderers to change their tenders to take account of a change in the tender specifications; and

(b) the local government does change the tender specifications;

(c) the local government may invite all the persons who submitted a tender to change their tender to take account of the change, before making a decision on the tenders.

There were three (3) instances during the 2010/11 financial year where persons who had submitted a tender to Council were invited to change their tenders.

21. REGISTERS

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1) (e): ... The annual report for a financial year must contain ... a list of the registers kept by the local government.

The following registers are held by Council:

- Register of Interests Councillors
- Register of Interests Councillors' Related Persons
- Conflict of Interest / Material Personal Interest Declarations Register
- Register of Code of Conduct Matters
- Mayoral Discretionary Fund Register
- Register of Election Gifts and Benefits
- Register of Interests Chief Executive Officer
- Register of Interests Chief Executive Officers' Related Persons
- Register of Interests Senior Contract Employees
- Register of Interests Senior Contract Employees Related Persons
- Register of Benefits (including Gifts)
- Register of Delegations (including financial)
- Register of Beneficial Enterprises
- Register of Cost Recovery Fees
- Register of Council Meetings Minutes
- Asset Register
- Road Register
- Corporate Risk Register
- Register of Resource and Performance Agreements
- Registers of each of Council's approved procurement arrangements, Approved Contractor lists, register of Pre-Qualified Suppliers and Preferred Supplier Arrangements
- Sustainability Scorecard Register
- Matman Equipment Register
- Council's Local Laws Register
- Keeping, Control and Impounding of Animals Local Law Register
- Esplanade Local Law Register
- Vegetation Protection Local Law Register
- Off-street Regulated Parking Register

22. RESERVE LAND CONTROLLED BY COUNCIL

Local Government (Finance, Plans and Reporting) Regulation 2010 s.118:

- (1) The annual report for a financial year must contain a note about each of the following that the local government controls at any time during the financial year:
 - (a) land that is a reserve under the Land Act.
- (2) A note about a reserve must state the area of the reserve that the local government controls, including land that the local government has leased to someone else.

Council has control of 8,212 ha of reserve land under the *Land Act 1994*.

23. ROADS CONTROLLED BUT NOT OWNED BY COUNCIL

Local Government (Finance, Plans and Reporting) Regulation 2010 s.118: ...

- (1) The annual report for a financial year must contain a note about each of the following that the local government controls at any time during the financial year:
 - (b) roads that the local government does not own.
- (3) A note about roads must state the total length of roads the local government controls and does not own.

Council has 1,623 km of roads that are not owned by Council. This land does not have a value in Council's Financial Statements.

24. INTERNAL AUDIT REPORT

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ... The annual report for the financial year must contain-

- (g) the report on the internal audit for the year.

Council's Internal Audit function provides independent, objective assurance activities in accordance with an approved strategic, risk-based internal audit plan. The role, scope and purpose of the Internal Audit function is understood and supported by the organisation. The Internal Audit function works collaboratively with management to recommend improvements to systems, processes, work practices, compliance and business effectiveness.

The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2011, Council's outsourced internal audit consultant was Pacifica Chartered Accountants. The independence and objectivity of the consultant is continuously monitored by the General Manager Corporate Services as the Internal Audit Sponsor.

The Internal Audit Plan is reviewed annually by management and the Audit Committee to ensure it remains relevant to the organisation's needs. Council's 2010/11 Internal Audit Plan covered all departments and included project reviews on procurement, information services, community services, human resources and various special project reviews requested by management and the Audit Committee. All designated projects were completed by 30 June 2011.

25. OTHER ISSUES RELEVANT TO MAKING AN INFORMED ASSESSMENT

*Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1) (b): ...*The annual report for a financial year must contain ... particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year.

Council is not aware of any other issues relevant to making an informed assessment of its operations and performance in the 2010/11 financial year.

CAIRNS REGIONAL COUNCIL

FINANCIAL STATEMENTS

For the period ended 30 June 2011



CAIRNS REGIONAL COUNCIL

Table of Contents

Financial Statements

For the period ended 30 June 2011

Note	Page Number
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Cash Flows	3
Statement of Changes in Equity	4
Notes to the Financial Statements.....	
1 SIGNIFICANT ACCOUNTING POLICIES	6
2 ANALYSIS OF RESULT BY FUNCTION.....	18
3 REVENUE ANALYSIS.....	20
4 GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS.....	21
5 GAIN/(LOSS) ON DISPOSAL OF CAPITAL ASSETS.....	21
6 EMPLOYEE BENEFITS	22
7 MATERIALS AND SERVICES.....	22
8 FINANCE COSTS.....	22
9 DEPRECIATION AND AMORTISATION.....	23
10 CAPITAL EXPENSES	23
11 WRITE-OFF OF CAPITAL ASSETS.....	23
12 CASH AND CASH EQUIVALENTS.....	24
13 SHORT TERM DEPOSITS.....	24
14 TRADE AND OTHER RECEIVABLES	24
15 INVENTORIES	25
16 PROPERTY, PLANT AND EQUIPMENT.....	26
17 INTANGIBLE ASSETS.....	31
18 TRADE AND OTHER PAYABLES.....	31
19 PROVISIONS.....	31
20 BORROWINGS.....	32
21 OTHER LIABILITIES.....	33
22 COUNCIL CAPITAL	34
23 ASSET REVALUATION SURPLUS.....	35
24 RETAINED SURPLUS/(DEFICIT).....	35
25 GENERAL RESERVES	36
26 COMMITMENTS FOR EXPENDITURE.....	38
27 EVENTS AFTER THE REPORTING DATE	38
28 CONTINGENT LIABILITIES.....	39
29 SUPERANNUATION.....	40
30 TRUST FUNDS	41
31 RECONCILIATION OF NET RESULT ATTRIBUTABLE TO COUNCIL TO NET CASH FLOW FROM OPERATING	

CAIRNS REGIONAL COUNCIL

Table of Contents

Financial Statements

For the period ended 30 June 2011

Note	Page Number
ACTIVITIES	41
32 CONTROLLED ENTITY AND INVESTMENTS IN ASSOCIATES.....	42
33 FINANCIAL INSTRUMENTS	43
34 NATIONAL COMPETITION POLICY	46
Management Certificate.....	50
Independent Auditor's Report.....	51

Addendum to the Financial Statements

Appendix A

The following unaudited statements and report are attached to provide additional information that Council considers will provide the reader with more useful information in the process of interpreting these financial statements. These additional reports are not required under the Australian Accounting Standards and therefore do not form part of the audited financial statements.

Statement of Operating Performance.....	1
Statement of Appropriations	2
Statement of Capital Funding	3

CAIRNS REGIONAL COUNCIL

Statement of Comprehensive Income

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
Income			
Revenue			
Recurrent Revenue			
Rates and levies	3(a)	224,389,940	213,735,132
Fees and charges	3(b)	19,372,599	21,109,540
Interest revenue	3(c)	10,135,910	8,040,751
Sale of contract and recoverable works	3(d)	5,037,007	8,859,156
Other recurrent revenue	3(e)	5,824,409	5,481,096
Grants, subsidies, contributions and donations	4(a)	21,334,741	20,135,862
Total recurrent revenue		286,094,606	277,361,537
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	33,561,473	55,106,199
Total Revenue	2(a)	319,656,079	322,467,736
Total Income		319,656,079	332,467,736
Expenses			
Recurrent Expenses			
Employee benefits	6	(103,106,748)	(93,426,988)
Materials and services	7	(94,897,572)	(94,233,921)
Finance costs	8	(8,617,812)	(7,381,312)
Depreciation and amortisation	9	(90,765,185)	(81,609,202)
Total recurrent expenses		(297,387,317)	(276,651,423)
Capital Expenses			
	10	(30,703,873)	(38,998,122)
Total Expenses	2(a)	(328,091,190)	(315,649,545)
Net result attributable to Council		(8,435,111)	16,818,191
Other Comprehensive Income			
Increase in asset revaluation surplus	23(a)	121,767,712	65,090,743
Total Other Comprehensive Income for the year		121,767,712	65,090,743
Total Comprehensive Income for the year		113,332,601	81,908,934

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

CAIRNS REGIONAL COUNCIL

Statement of Financial Position

As at 30 June 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash assets and cash equivalents	12	91,281,048	122,934,980
Short term deposits	13	35,000,000	15,000,000
Trade and other receivables	14(a)	41,006,269	39,415,545
Inventories	15	1,569,511	1,366,824
		<u>168,856,828</u>	<u>178,717,349</u>
Non-Current Assets			
Property, plant and equipment	16(a)	3,006,035,184	2,892,593,965
Intangible assets	17	667,779	395,063
		<u>3,006,702,963</u>	<u>2,892,989,028</u>
TOTAL ASSETS		<u>3,175,559,791</u>	<u>3,071,706,377</u>
Current Liabilities			
Trade and other payables	18	38,738,030	42,491,638
Provisions	19	26,689,135	11,142,034
Borrowings	20	4,285,175	4,953,213
Other	21	501,419	593,725
		<u>70,213,759</u>	<u>59,180,610</u>
Non-Current Liabilities			
Trade and other payables	18	3,275,803	2,916,034
Provisions	19	14,380,534	30,961,410
Borrowings	20	92,337,752	96,628,981
		<u>109,994,089</u>	<u>130,506,425</u>
TOTAL LIABILITIES		<u>180,207,848</u>	<u>189,687,035</u>
NET COMMUNITY ASSETS		<u>2,995,351,943</u>	<u>2,882,019,342</u>
Community Equity			
Council capital	22	2,624,384,616	2,632,599,963
Asset revaluation surplus	23	238,050,394	116,282,682
Retained surplus/(deficit)	24	-	(1,976,511)
General reserves	25	132,916,933	135,113,208
TOTAL COMMUNITY EQUITY		<u>2,995,351,943</u>	<u>2,882,019,342</u>

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

CAIRNS REGIONAL COUNCIL

Statement of Cash Flows

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities:			
Receipts			
General rates and utility charges		220,746,557	211,550,214
Rental and levies, fees and charges		15,360,268	21,109,540
Operating grants, subsidies and contributions		32,203,673	3,294,314
Interest received		10,015,102	7,384,083
Other revenue		7,287,497	11,666,482
Payments			
Payments to suppliers		(110,025,306)	(94,665,304)
Payments to employees		(99,011,620)	(92,067,218)
Interest expense		(6,485,595)	(6,203,637)
Net cash inflow from operating activities	31	70,090,576	62,068,474
Cash flows from investing activities:			
Grants, subsidies and contributions for capital acquisitions:			
Capital contributions		2,820,833	7,072,231
Government subsidies and grants		17,244,683	43,161,807
Payments for property, plant and equipment		(96,888,715)	(120,871,054)
Payment for intangible assets		(796,221)	(417,964)
Proceeds from disposal of capital assets	5	832,929	893,851
Net movement in loans and advances		1,250	1,831
Net movement in short term deposits	13	(20,000,000)	2,000,000
Net cash outflow from investing activities		(96,785,241)	(68,159,298)
Cash flows from financing activities:			
Proceeds from borrowings	20(i)	-	9,754,336
Repayments of borrowings	20(i)	(4,945,241)	(10,059,273)
Repayments made on finance lease	20(ii)	(14,026)	(42,078)
Net cash inflow (outflow) from financing activities		(4,959,267)	(347,015)
Net decrease in cash held		(31,653,932)	(6,437,839)
Cash at the beginning of the reporting period		122,934,980	129,372,819
Cash at the end of reporting period	12	91,281,048	122,934,980

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

CAIRNS REGIONAL COUNCIL

Statement of Changes in Equity

For the period ended 30 June 2011

	Council capital	Asset revaluation surplus	Retained deficit	General reserves	Total
	Note 22	Note 23	Note 24	Note 25	
	\$	\$	\$	\$	\$
2011					
Balance as at beginning of period	2,632,599,963	116,282,682	(1,976,511)	135,113,208	2,882,019,342
Net result	-	-	(8,435,111)	-	(8,435,111)
Other comprehensive income for the year					
Increase in asset revaluation surplus	-	121,767,712	-	-	121,767,712
Total comprehensive income for the year	-	121,767,712	(8,435,111)	-	113,332,601
Transfers of capital amounts arising from capital activities:					
Capital expenses	(30,703,873)	-	30,703,873	-	-
Contributed assets	11,442,437	-	(11,442,437)	-	-
Unfunded depreciation	(13,224,937)	-	13,224,937	-	-
Reserves and capital funds expended on capital assets	101,811,274	-	-	(101,811,274)	-
Capital cash funds set aside in period	(77,540,248)	-	-	77,540,248	-
Change in capital capacity arising from Council activities	(8,215,347)	-	32,486,373	(24,271,026)	-
Transfers between retained deficit and capital reserves:					
Restricted grants, subsidies and contributions received during the period	-	-	(22,119,036)	22,119,036	-
Transfers to reserves	-	-	(3,289,490)	3,289,490	-
Transfers from reserves	-	-	3,333,775	(3,333,775)	-
Net transfers to (from) retained deficit	-	-	(22,074,751)	22,074,751	-
Balance as at end of period	2,624,384,616	238,050,394	-	132,916,933	2,995,351,943

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

CAIRNS REGIONAL COUNCIL

Statement of Changes in Equity

For the period ended 30 June 2011

	Council capital	Asset revaluation surplus	Retained deficit	General reserves	Total
	Note 22	Note 23	Note 24	Note 25	
	\$	\$	\$	\$	\$
2010					
Balance as at beginning of period	2,630,491,349	51,191,939	(1,976,511)	120,403,631	2,800,110,408
Net result	-	-	16,818,191	-	16,818,191
Other comprehensive income for the year					
Increase in asset revaluation surplus	-	65,090,743	-	-	65,090,743
Total comprehensive income for the year	-	65,090,743	16,818,191	-	81,908,934
Transfers of capital amount arising from capital activities:					
Capital expenses	(38,998,122)	-	38,998,122	-	-
Contributed assets	5,889,840	-	(5,889,840)	-	-
Unfunded depreciation	(10,077,213)	-	10,077,213	-	-
Reserves and capital funds expended on capital assets	116,826,098	-	-	(116,826,098)	-
Capital cash funds set aside in period	(71,531,989)	-	-	71,531,989	-
Change in capital capacity arising from Council activities	2,108,614	-	43,185,495	(45,294,109)	-
Transfers between retained deficit and capital reserves:					
Restricted grants, subsidies and contributions received during the period	-	-	(49,216,359)	49,216,359	-
Transfers to reserves	-	-	(11,523,595)	11,523,595	-
Transfers from reserves	-	-	736,268	(736,268)	-
Net transfers to (from) retained deficit	-	-	(60,003,686)	60,003,686	-
Balance as at end of period	2,632,599,963	116,282,682	(1,976,511)	135,113,208	2,882,019,342

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements for the period ended 30 June 2011 have been prepared in accordance with all *Australian Accounting Standards*, *Australian Accounting Interpretations* and other pronouncements issued by the *Australian Accounting Standards Board*. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

The 2010/11 reporting period is for the period 26 June 2010 to 30 June 2011.

Council has previously opted for a financial period end date consistent with the last Friday of June each year. This was sanctioned under the former *Local Government Act 1993* and associated *Local Government Finance Standard 2005*. The new *Local Government Act 2009* now requires a local government's general purpose financial statements to be prepared in accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010*. The Regulation does not make specific statements regarding the period for which financial statements are to be prepared, as such, Council has moved to a financial period end of 30 June.

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

1.2 Statement of compliance

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

1.3 Basis of consolidation

The controlled entity of Cairns Regional Council during the reporting period was Cairns Regional Gallery Limited.

Cairns Regional Gallery Limited is a company limited by guarantee and does not have any share capital. Significant control is exercised by Cairns Regional Council over the operations of the gallery. Of the eleven directors, five are Cairns Regional Council elected representatives. Control is able to be exercised by Council by determining the composition of the board as well as the capacity to appoint and remove directors and approve grant funding.

The accounts of Cairns Regional Gallery Limited have not been consolidated with Council's accounts as at the reporting date due to immateriality. Information relating to the financial position of the Gallery is set out in note 32.

1.4 Adoption of new and revised Accounting Standards

In the current reporting period, Council adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised standards and interpretations has not resulted in any material changes to Council's accounting policies.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	<i>Effective for annual report periods beginning on or after:</i>
<i>AASB 9 Financial Instruments (December 2009)</i>	1 January 2013
<i>AASB 124 Related Party Disclosures (December 2009)</i>	1 January 2011
<i>AASB 1053 Application of Tiers of Australian Accounting Standards (June 2010)</i>	1 July 2013
<i>2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)</i>	1 January 2013
<i>2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14) (December 2009)</i>	1 January 2011
<i>AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011
<i>AASB 2010-5 Amendments to Australian Accounting Standards</i>	1 January 2011
<i>AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011
<i>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2013
<i>AASB 2010-10 Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>	1 January 2013

Management has yet to assess the impact that *AASB 9 Financial Instruments* and *2009-11 Amendments to Australian Accounting Standards arising from AASB 9* is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

The reported results and position of the Council will not change on adoption of the other pronouncements as they do not result in any changes to the Council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Council does not intend to adopt any of these pronouncements before their effective dates.

1.5 Currency

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

1.6 Constitution

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

1.7 Date of authorisation

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

Notes to the Financial Statements

For the period ended 30 June 2011

1.8 Critical judgements and key sources of estimation uncertainty

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

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

- Valuation of property, plant and equipment - note 1.15(d) and note 16(b)
- Impairment of property, plant and equipment - note 1.18 and note 16(a)
- Provisions - note 1.23 and note 19
- Contingent liabilities - note 28

1.9 Rates, levies, grants and other revenue

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

a) Rates

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

b) Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Unspent capital grants reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Council does not have any reciprocal grants.

c) Non-cash contributions

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

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

a) b) Cash contributions

Council receives cash contributions from property developers to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 Transfers of Assets from Customers these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies. (Headworks include pumping stations, treatment works, mains, sewers and water pollution control works). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

AASB Interpretation 18 has been applied prospectively from 1 July 2009. All cash contributions were recognised as revenue on receipt prior to 1 July 2009.

Notes to the Financial Statements

For the period ended 30 June 2011

c) Rental revenue

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

d) Interest revenue

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

e) Other revenue

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

1.10 Financial assets and financial liabilities

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

Council has categorised and measured the financial assets and financial liabilities held at year end as follows:

Financial assets	Categorisation
Cash and cash equivalents	
Short term deposits	
Receivables	Loans and receivables (at amortised cost)
Financial liabilities	
Payables	Financial liability (at amortised cost)
Borrowings	Financial liability (at amortised cost)
Finance lease borrowings	Financial liability (at amortised cost)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in note 20 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if Council repaid it in full at the reporting date. As it is the intention of Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in note 33.

1.11 Cash and cash equivalents

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

1.12 Receivables

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

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

Notes to the Financial Statements

For the period ended 30 June 2011

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

All known bad debts were written-off at 30 June 2011. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

As Council has the power to sell an owner's property to recover outstanding rate debts excluding water usage rates, Council does not impair any rate receivables.

1.13 Inventories

Stores and raw materials 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. Cost is determined using average price for stores and cost price for other items.

Inventories held for distribution (internal consumption) are:

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

Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.

1.14 Investments

Term deposits in excess of three months are reported as short term deposits, with deposits of less than three months being reported as cash equivalents.

The investment in an associate has not been accounted for using the equity method. Council believes that the impact of this investment is not significant, therefore cost has been used as the basis of measurement. Information relating to the investment on associate is set out in note 32.

Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the reporting date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Pursuant to revised accounting standard *AASB 140 Investment Property*, from 1 July 2009 property that is being constructed or developed for future use as investment property is now classified as investment property rather than as property, plant and equipment. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income for the period in which they arise. Investment property is not depreciated and is not tested for impairment. Council currently has no investment property under construction or being developed for future use.

1.15 Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. All items of plant and equipment have an asset capitalisation threshold of \$5,000 except for:

- Land and networked assets (as described below, other than computers and communications equipment) which have a capitalisation threshold of \$1; and
- Computers, communications equipment, office furniture and fittings which have a capitalisation threshold of \$1,000.

Networked assets are an aggregate of interrelated assets, which individually are likely to be below the capitalisation threshold levels, but collectively are material and perform a specific service. Networked assets comprise of road and road related assets, drainage, water and wastewater assets, computers and communication equipment, parking meters, office furniture and fittings and library books.

Notes to the Financial Statements

For the period ended 30 June 2011

a) Major plant

Council has determined that plant which has an individual cost in excess of \$150,000 is of high value to Council. Plant which meets these criteria is major plant if it is prone to a high degree of price fluctuations or is in danger of becoming obsolete.

b) Acquisition of assets

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

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

c) Capital and operating expenditure

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

d) Valuation

Land and improvements, buildings, and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB 116 Property, Plant and Equipment* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*. All other non-current assets, principally items of plant and equipment except for items classed as major plant and equipment, are measured at amortised cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the fair value.

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

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

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

Details of valuers and methods of valuations are disclosed in note 16(b).

e) Capital work in progress

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

f) Depreciation

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 remaining useful life to Council.

Assets are depreciated from the first day of the month following acquisition or, in respect of internally constructed assets, from the first day of the month following the date an asset is completed and commissioned ready for use. This is to counter any uncertainty in relation to commissioning dates.

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

Major spares purchased specifically for particular assets that are above the asset recognition threshold are

Notes to the Financial Statements

For the period ended 30 June 2011

capitalised and depreciated on the same basis as the asset to which they relate.

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 16(a).

g) Unfunded depreciation

Council has elected not to fund depreciation expenses for assets that will not be replaced or where external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet Council defined future service delivery levels to the community unless insufficient revenue sources are available to cover this depreciation amount. In this case the unfunded depreciation reflects a more serious decline to Council's capital value and sustained shortfalls may affect Council's ability to maintain this level of service into the future.

h) Land under roads

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

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

1.16 Intangible assets

Expenditure on internally generated intangible assets is recognised from the date of the approval by Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in *AASB138.57*.

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

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

At the reporting date intangible assets consist of software only.

1.17 Biological assets

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.

1.18 Impairment of non-current assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however, 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 reporting periods. 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 an asset revaluation surplus increase.

Notes to the Financial Statements

For the period ended 30 June 2011

1.19 Leases

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

f) a) Finance leases

Where Council enters into a finance lease, Council recognises an asset equal to the lower value of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred. Council has paid out all finance leases in the current year.

b) Operating leases

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

1.20 Payables

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

1.21 Liabilities – employee benefits

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

a) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in note 18 as a payable.

b) Annual leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non-current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 18 as a payable.

g)

c) Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation and reported in note 18 as a payable.

d) Superannuation

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

e) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in note 19 as a provision.

Notes to the Financial Statements

For the period ended 30 June 2011

f) RDO Liability

A liability for rostered days off (RDO) is recognised, and measured as the amount unpaid at reporting date, at current pay rates in respect of employees' services up to that date.

1.22 Borrowing costs

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

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

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

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

1.23 Restoration provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. Further details can be found in note 19.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current QTC lending rate is considered an appropriate rate.

a) Restoration on land not controlled by Council

Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the reporting period the provision is first recognised. Changes in the provision due to time, discount rate or expected future cost are treated as an expense or income in the reporting period in which they arise.

b) Restoration on land controlled by Council

Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and amortised over the expected useful life. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases if any.

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

1.24 Council capital

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

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

1.25 Asset revaluation surplus

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

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

Notes to the Financial Statements

For the period ended 30 June 2011

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

When an asset is disposed of the amount in the asset revaluation surplus in respect of that asset is retained in the asset revaluation surplus.

1.26 Reserves held for future capital expenditure

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

a) Constrained works reserve

State/Federal grants and developer contributions are constrained for the purpose of ensuring that funds are available for capital works projects such as roadways, drainage and parks etc. The funds held in this reserve will be utilised through infrastructure works exclusively in the precinct and for the identified purpose.

b) Beach protection reserve

The purpose of this reserve is to provide funds for the maintenance and capital works programs required on beachfront properties for the protection of personal assets. Reserve funds can be utilised to undertake sand nourishment programs, the construction of groins and the construction of infrastructure designed to protect existing capital infrastructure where works are required to protect personal property. Council will determine the proportion of costs that will be allowed to be funded from this reserve on a case by case basis with the decision being based on an assessment of the degree of public benefit to be gained from the works.

c) Future asset acquisition reserve

This capital reserve represents cash reserves set aside to provide for the acquisition of new assets and infrastructure in the future by Council. Funds from this reserve are used by Council to fund the purchase of new assets and infrastructure. Assets representing this reserve will be kept as part of Council's general pool of assets.

d) Outdoor dining fees reserve

This reserve was created for the accumulation of funds in the form of annual outdoor dining fees for the beautification of public areas. These funds are accumulated to provide for the beautification of public areas in accordance with existing management plans and operational works programs.

e) Cleaner seas initiative reserve

Cleaner seas initiative reserve represents cash reserves set aside to provide funding for wastewater treatment plant upgrades to support increases in wastewater treatment standards. The majority of the Cleaner seas project was finalised in the 2009/10 financial year however ongoing expenditure on the project is still expected to be funded from this reserve during 2011/12.

f) Natural disaster reserve

Natural disaster reserve represents cash reserves set aside to fund the rehabilitation of Cairns Water and other Council assets following a natural disaster.

g) Cairns Water augmentation reserve

Cairns Water augmentation reserve represents cash reserves set aside to fund Cairns Water asset augmentation or reduction in loan principal outstanding.

h) Public art reserve

Public art reserve represents cash reserves set aside to fund the acquisition of future public art assets.

h)

i) Daintree ferry reserve

The Daintree ferry reserve represents cash reserves set aside to fund ongoing capital and operational costs associated with the provision of ferry services on the Daintree river.

1.27 Reserves held for funding future recurrent expenditure

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

Notes to the Financial Statements

For the period ended 30 June 2011

a) Future operational expenditure reserve

Future operational expenditure reserve represents cash reserves set aside to fund future operational expenditure.

b) Blue Water special charge reserve

Blue Water special charge reserve represents cash reserves set aside to help manage the risk of major storms or other events that may impact on Blue Water Canal, Half Moon Creek and Access Channel.

c) Southern corridor reserve

Southern corridor reserve represents cash reserves set aside for the purposes of Cairns Southern Corridor Master Planning Taskforce operation, project management and Master Plan/Sub Plan development.

d) Resources, waste and environment reserve

The purpose of this reserve is to meet expenses of a recurrent nature. As the operational expenditure is incurred, the equivalent amounts are transferred to the accumulated surplus account. Cash representing this reserve will be held in Council's operating bank account or authorised investment.

1.28 Retained surplus/deficit

The retained surplus/deficit represents that part of Council's equity, which is cash backed and not identified to meet specific future funding needs at the reporting date. The balance of this account represents the cumulative unrestricted surplus amount available to Council that may be used as a general funding source to be offset against expenditure in the following reporting period or, if a deficit, the additional amount of revenue required to be raised to achieve a total overall balanced funding position. In accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010* all councils must demonstrate the ability to recover any retained deficits in future reporting periods through the budget process.

1.29 National competition policy

Council has reviewed its activities to identify its business activities. Details are disclosed in note 34.

1.30 Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest dollar.

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

1.31 Financial risk management

Council minimises its exposure to financial risk in the following ways:

a) Investments

Council is allocated Category 2 investment power under the *Statutory Bodies Financial Arrangements (SBFA) Regulation 2007*. All investments are denominated in Australian dollars and undertaken in Australia. The tone of Council's investments policy is risk adverse. Council does not invest in derivatives or other high risk investments.

The credit risk of the institution, measured by the Standard & Poor's rating, as well as the risk associated with the investment time horizon, the type of investment product and the liquidity needs of Council are considered before authorising an investment decision.

b) Financing

All loan funding is conducted through the Queensland Treasury Corporation. Borrowing by Council is constrained by the provisions of the *SBFA Act 1982*.

Details of financial instruments and the associated risks are shown at note 33.

1.32 Trust funds for outside parties

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

The monies are disclosed in the notes to the financial statements for information purposes at note 30.

1.33 Taxation

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

The Type 1 and 2 activities of Council pay an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 2009*.

Where a Type 1 or 2 activity is subject to the National Tax Equivalent Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

2 Analysis of result by function

- i)
j) **Income, expenses and assets have been attributed to the following functions:**

2011

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	2011	2011	2011	2011			2011	2011					
\$	\$	\$	\$	\$	\$	\$	\$						
Corporate Services	6,349,417	148,641,344	1,500,000	-	(36,743,171)	119,747,590	(36,157,050)	(20,112,138)	-	(56,269,188)	82,090,540	63,478,402	387,460,388
Planning and Environment	10,000	10,028,707	9,780	4,385	-	10,052,872	(15,395,021)	-	1,330,893	(14,064,128)	(4,025,421)	(4,011,256)	5,512,422
Infrastructure Services	11,007,924	3,002,880	13,265,205	7,455,628	-	34,731,637	(102,080,406)	(1,533,213)	901,481	(102,712,138)	(87,168,121)	(67,980,501)	1,530,703,920
Community, Sport and Cultural Services	952,479	4,911,107	1,794,910	40,363	(367,005)	7,331,854	(44,094,146)	(1,642,153)	-	(45,736,299)	(38,597,565)	(38,404,445)	156,658,612
Cairns Water	303,250	106,539,518	2,545,224	6,762,894	-	116,150,886	(106,821,732)	1,733,777	23,127,980	(81,959,975)	23,149,016	34,190,911	1,075,855,232
Cairns Refuse	404,410	27,108,827	183,084	-	-	27,696,321	(26,004,219)	(9,150,146)	3,277,744	(31,876,621)	4,786,762	(4,180,300)	19,602,554
Cairns Works	-	3,944,919	-	-	-	3,944,919	(3,944,919)	-	8,472,078	4,527,159	8,472,078	8,472,078	(233,337)
Total Council	19,027,480	304,177,302	19,298,203	14,263,270	(37,110,176)	319,656,079	(334,497,493)	(30,703,873)	37,110,176	(328,091,190)	(11,292,711)	(8,435,111)	3,175,559,791

2010

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	2010	2010	2010	2010			2010	2010					
\$	\$	\$	\$	\$	\$	\$	\$						
Corporate Services	7,375,151	137,374,409	9,777	-	(31,688,998)	113,070,339	(30,305,879)	(4,363)	-	(30,310,242)	82,754,683	82,760,097	418,385,898
Planning and Environment	15,000	10,626,184	-	381,850	-	11,023,034	(16,205,915)	-	1,274,358	(14,931,557)	(4,290,373)	(3,908,523)	7,055,083
Infrastructure Services	7,035,778	3,681,221	16,132,876	7,799,168	-	34,649,043	(91,284,579)	(938,072)	1,559,276	(90,663,375)	(79,008,304)	(56,014,332)	1,420,397,129
Community, Sport and Cultural Services	950,157	4,539,716	5,022,603	139,200	(44,618)	10,607,058	(41,425,869)	(203,611)	-	(41,629,480)	(35,980,614)	(31,022,422)	156,459,961
Cairns Water	148,800	103,367,260	21,996,551	3,624,174	-	129,136,785	(95,181,320)	(29,332,323)	17,701,380	(106,812,263)	26,036,120	22,324,522	1,045,624,900
Cairns Refuse	69,750	26,116,690	-	-	-	26,186,440	(26,186,440)	(8,519,753)	4,040,444	(30,665,749)	4,040,444	(4,479,309)	23,429,167
Cairns Works	2,000	7,793,037	-	-	-	7,795,037	(7,795,037)	-	7,158,158	(636,879)	7,158,158	7,158,158	354,239
Total Council	15,596,636	293,498,517	43,161,807	11,944,392	(31,733,616)	332,467,736	(308,385,039)	(38,998,122)	31,733,616	(315,649,545)	710,114	16,818,191	3,071,706,377

k) Components of Council Functions

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

Corporate Services

Corporate Services is responsible for the provision of efficient, effective and accountable financial and administrative services to Council and the community it serves. The core branches include Corporate Performance, Financial Services, Human Resources and Information Services.

Planning and Environment

Planning and Environment caters for Council's aim to achieve sustainability by maintaining a healthy economy, vibrant communities and a thriving biophysical environment. This includes Development Assessment, Environmental Assessment and Planning Strategies.

Infrastructure Services

Infrastructure Services is responsible for ensuring infrastructure assets and facilities are procured, maintained and operated in a framework of strategic planning and management consistent with corporate objectives and best value service delivery.

The program provides the strategic planning and the provision of essential transport, drainage and parks infrastructure, maintenance, construction and operational services to the community. It includes the responsibility for coordinating the delivery of capital projects.

Community, Sport and Cultural Services

Community, Sport and Cultural Services manages several of the region's facilities including the Botanical Gardens, Sugarworld, the Civic Theatre, Tanks Art Centre, Museums and Art Galleries and the region's libraries. This department also manages parks and gardens with barbeque and picnic facilities, public swimming pools, sports grounds and playgrounds.

Cairns Water

Cairns Water is responsible for the provision of water and wastewater services to consumers throughout the Cairns region, including supplying safe, reliable drinking water to consumers, collection and treatment of domestic sewerage and commercial and industrial trade waste, planning for and delivering water and wastewater infrastructure and maintenance of the community's water and wastewater infrastructure.

Cairns Refuse

Cairns Refuse is responsible for the provision of solid waste services to consumers throughout the Cairns region, including collection, recycling and disposal of domestic, commercial and industrial solid waste, planning for and delivering solid waste infrastructure and maintenance of the community's solid waste infrastructure.

Cairns Works

Cairns Works is the principal provider of operational services to Council in the sub-programs of transport, drainage, parks and foreshores and infrastructure management. Services delivered include construction of municipal civil engineering projects, programmed and reactive maintenance activities and operational tasks on Cairns Regional Council assets in accordance with agreed levels of service. External work will be undertaken when and where there is an overall benefit to Council and the community.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
3 Revenue analysis			
A) Rates and levies	1.9(a)		
General rates		103,151,471	98,693,670
Separate rates		567,153	522,806
Water		18,760,658	17,892,412
Water consumption		22,036,209	21,362,140
Sewerage		58,811,808	55,324,965
Garbage charges		22,961,311	21,675,907
Rates and utility charge revenue		226,288,610	215,471,900
Less: Discounts		(8,982)	(4,504)
Less: Pensioner remissions		(1,889,688)	(1,732,264)
Net rates and utility charges		224,389,940	213,735,132
B) Fees and charges			
Building and development fees		2,555,899	3,033,110
Daintree ferry		1,904,048	2,142,023
Infringements		692,546	830,468
Licences and registrations		1,984,025	2,138,486
Parking		3,272,299	3,346,939
Refuse fees		1,381,651	2,197,972
Trade waste fees		914,543	780,114
Other fees and charges		6,667,589	6,640,428
		19,372,599	21,109,540
C) Interest revenue			
Investments	1.9(f)	7,822,362	6,548,018
Overdue rates and utility charges		2,313,548	1,492,733
		10,135,910	8,040,751
D) Sales of contract and recoverable works			
Revenue		5,037,007	8,859,156
<p>The amount recognised as revenue for contract works during the period is the amount receivable in respect of invoices issued during the period.</p>			
E) Other recurrent revenue			
Rental and leases	1.9(e)	1,250,867	1,105,776
Commission income		742,135	581,238
Reimbursements		685,834	461,237
Other recurrent revenue	1.9(g)	3,145,573	3,332,844
		5,824,409	5,481,096

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
4 Grants, subsidies, contributions and donations	1.9(b)		
A) Recurrent – grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		19,027,480	15,596,636
Donations		276,480	915,964
Contributions		2,030,781	3,623,262
Total recurrent grants, subsidies, contributions and donations		<u>21,334,741</u>	<u>20,135,862</u>
B) Capital – grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		19,298,203	43,161,807
Contributions		2,820,833	6,054,552
		<u>22,119,036</u>	<u>49,216,359</u>
(ii) Non-monetary revenue received:	1.9(c)		
Developer assets contributed by developers at fair value		11,442,437	5,889,840
Total capital grants, subsidies, contributions and donations		<u>33,561,473</u>	<u>55,106,199</u>
5 Gain/(loss) on disposal of capital assets			
Proceeds from the sale of capital assets		832,929	893,851
Less: total book value of capital assets sold		(874,201)	(897,353)
Total loss on the disposal of capital assets	10	<u>(41,272)</u>	<u>(3,502)</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
6 Employee benefits			
Total staff wages and salaries		78,035,680	71,449,724
Councillors' remuneration		1,160,690	1,097,654
Annual, sick and long services leave entitlements		13,802,144	12,099,352
Superannuation	29	8,399,082	7,780,137
		<u>101,397,596</u>	<u>92,426,867</u>
Other employee related expenses		4,629,292	3,880,140
		<u>106,026,888</u>	<u>96,307,007</u>
Less: Capitalised employee expenses		(2,920,140)	(2,880,019)
		<u>103,106,748</u>	<u>93,426,988</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total council employees as at period end			
Elected members		11	11
Administration staff		649	668
Depot and outdoor staff		745	718
Total full time equivalent employees		<u>1,405</u>	<u>1,397</u>
7 Materials and services			
Advertising		1,185,436	839,437
Agency and temporary employment services		4,313,061	7,500,907
Audit fees - external		203,335	218,113
Audit fees - internal		65,622	126,299
Communication and IT		2,120,076	2,081,607
Consultancy services		954,735	2,398,785
Donations paid		3,103,882	2,471,930
Electricity		8,392,528	7,283,503
External hire		13,117,324	12,523,268
External services		28,980,597	21,059,922
Garbage collection services		12,978,817	12,890,382
Grants to community groups		1,390,137	1,383,611
Other materials and services		3,233,914	3,302,842
Rentals - operating leases		623,629	638,358
Repairs and maintenance – materials		13,731,856	19,128,071
Travel		502,623	386,886
		<u>94,897,572</u>	<u>94,233,921</u>
8 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		6,482,766	6,199,492
Interest on finance leases		2,494	3,352
Other borrowing costs		335	793
Bank charges		478,518	561,080
Impairment of receivables		564,869	268,465
Refuse sites – change in present value over time	19	1,088,830	348,130
		<u>8,617,812</u>	<u>7,381,312</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
9 Depreciation and amortisation	1.15(f)		
A) Depreciation of non-current assets			
Land and improvements		2,461,219	3,846,804
Buildings		10,855,294	8,372,021
Plant and equipment		6,460,698	4,724,303
Office furniture and fittings		456,074	446,425
Road and bridge networks		25,697,798	23,579,304
Water		15,080,548	14,846,021
Sewerage		19,336,152	16,101,271
Drainage		7,247,395	6,476,749
Solid waste disposal		1,310,109	59,441
Other assets and leasehold improvements		1,336,393	2,862,874
		<u>90,241,680</u>	<u>81,315,213</u>
B) Amortisations of intangible assets			
Computer software		523,505	293,989
Total amortisation of intangible assets		<u>523,505</u>	<u>293,989</u>
Total depreciation and amortisation		<u>90,765,185</u>	<u>81,609,202</u>
10 Capital expenses			
Loss on the sale of capital assets	5	41,272	3,502
Loss on write-off of non-current assets	11	7,156,661	30,606,612
Revaluation decrement of property, plant and equipment	16(a)	17,697,844	-
Increase in restoration provision	1.23(a)	5,808,096	8,388,008
Total capital expenses		<u>30,703,873</u>	<u>38,998,122</u>
11 Write-off of capital assets			
Land and site improvements		-	5,516
Buildings		1,439,392	480,005
Plant and equipment		74,802	5,473
Road and bridge network		1,035,416	610,366
Water		783,110	5,221,109
Sewerage		265,171	24,108,303
Drainage		216,720	44,095
Solid waste disposal		3,342,050	131,745
Other assets and leasehold improvements		-	-
		<u>7,156,661</u>	<u>30,606,612</u>

Solid waste disposal write-offs in 2011 relate to the capitalisation of remediation costs for closed landfill sites as part of an extensive review that took place in the financial year.

Sewerage asset write-offs in 2010 relate to the scrapping of old wastewater treatment assets after new cleaner seas project sewerage assets became operational.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
12 Cash and cash equivalents	1.11		
Cash in operating bank account		545,356	638,107
Cash in other banks and on hand		37,970	39,160
Term deposits		34,000,000	50,000,000
Deposits and investments held with QTC		56,697,722	72,257,713
Balance per Statement of Cash Flows		<u>91,281,048</u>	<u>122,934,980</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		9,541,593	15,541,431
Unspent developer contributions		39,198,495	42,076,010
Unspent loan monies	22(a)	987,000	987,000
Total unspent restricted cash for capital projects		<u>49,727,088</u>	<u>58,604,441</u>
<p>Cash, deposits and investments are held with the Commonwealth Bank of Australia in a normal business cheque account and through deposits with various institutions including Queensland Treasury Corporation, Bank of Queensland, Bendigo Bank, National Australia Bank, St George, Macquarie, Suncorp, Westpac, IMB Ltd, ANZ, Cairns Penny Savings and Loans and ECU Australia.</p>			
13 Short term deposits			
Current fixed short term investment:			
Unrestricted		35,000,000	15,000,000
		<u>35,000,000</u>	<u>15,000,000</u>
<p>All cash investments are in Australian dollars. Investments are held in ANZ, Westpac, Bankwest, Suncorp, Cairns Penny Savings and Loans, ECU Australia and Bendigo Bank and are considered to be low risk investments.</p>			
14 Trade and other receivables			
A) Current	1.12		
Rateable revenue and utility charges		15,302,701	12,425,541
Water charges yet to be levied		3,511,958	2,745,735
Fees and charges		4,012,331	3,140,641
Accrued interest on investments		827,045	706,238
Accrued capital contributions		2,053,520	-
Other debtors		15,216,250	20,202,677
Less: Impairment provision	14(b)	<u>(1,583,307)</u>	<u>(1,758,188)</u>
		39,340,498	37,462,644
Prepayments		1,664,521	1,950,401
Loans and advances to community organisations	14(c)	1,250	2,500
		<u>41,006,269</u>	<u>39,415,545</u>
<p>Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors received.</p>			
<p>Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.</p>			

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
B) Impairment provision			
Opening balance		1,758,188	2,178,328
Receivables written off in period		(357,500)	(496,500)
Provisions recognised		182,619	76,360
Balance at the end of period		<u>1,583,307</u>	<u>1,758,188</u>
C) Loans and advances to community organisations			
Balance at the end of the period		2,500	4,331
Less: Impairment provision		(1,250)	(1,831)
		<u>1,250</u>	<u>2,500</u>
Current portion		1,250	2,500
Non-current portion		-	-
		<u>1,250</u>	<u>2,500</u>
15 Inventories	1.13		
Current			
Inventories held for distribution			
Stores and materials		1,361,426	1,166,808
Work in progress		208,085	200,016
		<u>1,569,511</u>	<u>1,366,824</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements For the period ended 30 June 2011

16 Property, plant and equipment

l) a) Movements in property, plant and equipment

2011

Asset Class	Land and site improvements	Buildings	Plant and equipment	Office furniture and fittings	Road and bridge network	Water	Sewerage	Drainage	Solid waste disposal	Other assets and leasehold improvements	Work in progress	Total
Basis of measurement	(Valuation)	(Valuation)	(Cost)	(Cost)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Cost)	
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Asset Values

Balance at beginning of period	258,353,135	263,113,997	27,578,603	2,245,255	947,018,696	543,861,987	556,274,544	533,102,681	18,530,978	28,047,529	111,486,090	3,289,613,495
Correction to opening balance	-	-	-	-	-	-	-	-	-	79,586	-	79,586
Additions at cost	-	-	-	-	-	-	-	-	-	-	97,684,936	97,684,936
Contributed assets at valuation	-	-	-	-	2,860,911	2,373,961	3,185,278	3,022,287	-	-	-	11,442,437
Internal transfers from work in progress	15,989,568	20,922,327	11,836,928	245,972	36,565,285	9,220,697	25,148,950	18,130,647	393,001	784,857	(140,034,453)	(796,221)
Disposals	(354)	-	(1,567,093)	-	-	-	-	-	-	-	-	(1,567,447)
Write-offs	(1,074)	(2,153,150)	(335,563)	-	(1,517,625)	(1,687,229)	(722,090)	(247,205)	(3,982,619)	-	-	(10,646,555)
Revaluation adjustment to the asset revaluation surplus	-	(375,444)	-	-	205,961,370	36,873,303	38,866,502	52,984,643	2,271,427	-	-	336,581,801
Revaluation adjustment to income	(20,109,530)	-	-	-	-	2,411,686	-	-	-	-	-	(17,697,844)
Internal transfers	(5,067,531)	12,287,583	7,332,814	-	1,439,095	30,900	(149,292)	-	5,080,113	(20,953,682)	-	-
Balance at end of period	249,164,214	293,795,313	44,845,689	2,491,227	1,192,327,732	593,085,305	622,603,892	606,993,053	22,292,900	7,958,290	69,134,573	3,704,694,188

Accumulated depreciation and impairment

Balance at beginning of period	11,604,487	97,466,694	9,579,378	940,884	147,899,474	65,447,647	38,038,289	20,352,306	795,452	4,894,919	-	397,019,530
Correction to opening balance	-	-	-	-	-	-	-	-	-	79,586	-	79,586
Depreciation provided in period	2,461,219	10,855,294	6,460,698	456,074	25,697,798	15,080,548	19,336,152	7,247,395	1,310,109	1,336,393	-	90,241,680
Disposals	-	-	(693,246)	-	-	-	-	-	-	-	-	(693,246)
Write-offs	(1,074)	(713,758)	(260,761)	-	(482,209)	(904,119)	(456,919)	(30,485)	(640,569)	-	-	(3,489,894)
Revaluation adjustment to the asset revaluation surplus	-	-	-	-	103,493,328	24,436,904	20,725,901	64,573,788	2,271,427	-	-	215,501,348
Internal transfers	(2,041,200)	441,569	2,535,253	-	400,665	15,450	(13,088)	-	2,044,566	(3,383,215)	-	-
Balance at end of period	12,023,432	108,049,799	17,621,322	1,396,958	277,009,056	104,076,430	77,630,335	92,143,004	5,780,985	2,927,683	-	698,659,004

Net value at end of period	237,140,782	185,745,514	27,224,367	1,094,269	915,318,676	489,008,875	544,973,557	514,850,049	16,511,915	5,030,607	69,134,573	3,006,035,184
----------------------------	-------------	-------------	------------	-----------	-------------	-------------	-------------	-------------	------------	-----------	------------	---------------

Range of estimated useful life in years	7	30-100	3-20	2-10	10-100	20-80	12-100	10-50	10-100	7-100		
---	---	--------	------	------	--------	-------	--------	-------	--------	-------	--	--

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements For the period ended 30 June 2011

2010

Asset class	Land and site improvements	Buildings	Plant and equipment	Office furniture and fittings	Road and bridge network	Water	Sewerage	Drainage	Solid waste disposal	Other assets and leasehold improvements	Work in progress	Total
Basis of measurement	(Valuation)	(Valuation)	(Cost)	(Cost)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Valuation)	(Cost)	
	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Asset Values

Balance at beginning of the period	257,181,650	228,180,836	21,363,761	1,952,518	829,321,563	490,967,575	433,917,251	501,049,389	17,505,074	28,739,018	211,178,243	3,021,356,878
Additions at cost	-	-	-	-	-	-	-	-	-	-	121,289,018	121,289,018
Contributed assets at valuation	-	27,200	-	-	1,565,436	1,396,615	754,238	2,146,351	-	-	-	5,889,840
Internal transfers from work in progress	1,354,764	6,691,458	7,302,562	292,737	11,930,506	10,053,335	174,518,503	3,281,892	1,163,053	3,974,397	(220,981,171)	(417,964)
Disposals	-	-	(1,199,092)	-	-	-	-	-	-	(137,808)	-	(1,336,900)
Write-offs	(183,279)	(629,605)	(28,794)	-	(732,231)	(6,603,726)	(52,922,928)	(44,612)	(137,149)	(135,106)	-	(61,417,430)
Revaluation adjustment to the asset revaluation surplus	-	23,124,057	-	-	104,933,422	48,284,724	-	26,641,292	-	1,266,558	-	204,250,053
Revaluation adjustment to income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transfers	-	5,720,051	140,166	-	-	(236,536)	7,480	28,369	-	(5,659,530)	-	-
Balance at end of period	258,353,135	263,113,997	27,578,603	2,245,255	947,018,696	543,861,987	556,274,544	533,102,681	18,530,978	28,047,529	111,486,090	3,289,613,495

Accumulated depreciation and impairment

Balance at beginning of period	8,283,046	76,814,294	5,307,580	494,459	30,833,843	23,843,845	50,750,213	7,320,220	393,815	3,754,057	-	207,795,372
Depreciation provided in period	3,846,804	8,372,021	4,724,303	446,425	23,579,304	14,846,021	16,101,271	6,476,749	59,441	2,862,874	-	81,315,213
Disposals	-	-	(439,547)	-	-	-	-	-	-	-	-	(439,547)
Write-offs	(177,763)	(149,600)	(23,321)	-	(121,865)	(1,382,617)	(28,814,625)	(517)	(5,404)	(135,106)	-	(30,810,818)
Revaluation adjustment to the asset revaluation surplus	-	10,672,434	-	-	93,608,191	28,155,060	-	6,555,225	-	168,400	-	139,159,310
Revaluation adjustment to Income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transfers	(347,600)	1,757,545	10,363	-	-	(14,661)	1,430	629	347,600	(1,755,306)	-	-
Balance at end of period	11,604,487	97,466,694	9,579,378	940,884	147,899,473	65,447,647	38,038,289	20,352,306	795,452	4,894,919	-	397,019,530

Net value at 26 June 2010	246,748,648	165,647,303	17,999,225	1,304,371	799,119,223	478,414,340	518,236,255	512,750,375	17,735,526	23,152,610	111,486,090	2,892,593,965
---------------------------	-------------	-------------	------------	-----------	-------------	-------------	-------------	-------------	------------	------------	-------------	---------------

Range of estimated useful life in years	7	30-100	3-20	2-10	10-100	20-80	12-100	10-50	10-100	7-100		
---	---	--------	------	------	--------	-------	--------	-------	--------	-------	--	--

m) 1 n) b) Valuations of property, plant and equipment

6

Valuations were determined by reference to the following:

A review was performed as at 30 June 2011 of all assets measured at fair value and, where required, the assets have been revalued (as detailed below) to ensure the carrying amount of each class of assets does not materially differ from their fair value as at the reporting date.

Unless otherwise stated the following are the revaluation methods used by Council:

- A comprehensive revaluation refers to the estimation of the current replacement cost having regard to the assessed remaining useful life or service potential of the asset ascertained through a physical inspection.
- An indexed revaluation refers to the revaluation in intervening years between comprehensive revaluations which is applied when there has been material movement in the general production costs for the relevant asset categories, however this does not take into account changes in the remaining useful life or service potential of the asset outside those assumed in the calculation of depreciation.
- A stocktake and condition assessment refers to the assets condition, and hence accumulated depreciation and remaining useful life, determined through visual and/or physical testing/modelling of the assets.

Assets acquired during the period have been initially recorded at cost of acquisition or construction, other than contributed assets acquired in the current reporting period which have been recorded at fair value using the appropriate unit rate.

Land and site improvements

Cairns Regional Council does not have control over Land under infrastructure – 1,623km of roads (this is a reduction of 258km on previous year's figures which reflects the data capture and cleansing from the road stocktake by PureData) and 7021 ha of reserve land that is a reserve under the *Land Act 1994*.

No value is recorded for land under infrastructure and reserve land for the purpose of Cairns Regional Council's financial statements.

Freehold Land

Freehold land was comprehensively revalued at market value by an independent valuer, Rushton (Qld) Pty Ltd, as at 25 June 2010. Fair value was reassessed at 30 June 2011 which indicated a 9.9% reduction in total freehold land values as a reflection of the recent economic downturn. This has resulted in an overall decrement of \$20,109,530 in the total value of Council owned land. As there is no current balance in the Land Revaluation Reserve, this decrement has been taken to expenses as a revaluation decrement expense.

Land Improvements

Land improvements were comprehensively revalued at fair value by Rushton (Qld) Pty Ltd, as at 26 June 2009. The fair value was reassessed by Rushton as at 30 June 2011. No subsequent adjustment was made as a result of this review.

Buildings

Buildings were comprehensively revalued by Rushton (Qld) Pty Ltd, as at 26 June 2009. The fair value was reassessed by Rushton as at 30 June 2011. This resulted in a decrease in the fair values and a corresponding decrease in the asset revaluation reserve of \$375,444.

Lighting Structures

The fair values of lighting structures were internally assessed by Council's professionally qualified staff as at 30 June 2011. No subsequent adjustment was made as a result of this review.

Other Structures

Other structures were internally assessed as at 30 June 2011. There were no material changes in the fair values and hence no adjustment was made.

Plant and Equipment

Plant and equipment salvage values and useful lives were reviewed as at 30 June 2011 and no adjustment to the asset revaluation surplus was made. Plant and equipment is carried at their depreciated historical cost.

Other Assets and Leasehold improvements

Swimming Pools

Swimming pools were internally assessed as at 30 June 2011. There were no material change in the fair values

Notes to the Financial Statements

For the period ended 30 June 2011

and hence no adjustments were made.

Parkland and Playground Equipment

Parkland and playground equipment were internally assessed as at 30 June 2011. There were no material changes in the fair values and hence no adjustments were made.

Meters and Traffic Equipment

Meters and traffic equipment were internally reviewed to ensure they have been recognised at fair value as at 30 June 2011. No subsequent adjustments were made as a result of this review.

Infrastructure Assets

Road and Bridge Network

Roadway

Roadway assets (excluding other bridges) were comprehensively revalued internally based on a stocktake and condition assessment as at 30 June 2011. The stocktake was undertaken by Puredata Pty Ltd to provide an independently assessed condition of Council's roadway assets. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$61,906,023.

Footpaths

The fair value of footpaths was internally assessed as at 30 June 2011. There was no material change in the fair values of footpaths and hence no adjustment was made to the revaluation reserve.

Traffic Signals

The fair value of traffic signals was internally assessed as at 30 June 2011. There was no material change in the fair values of traffic signals and hence no adjustment was made to the revaluation reserve.

Bridges

The fair value of bridges was internally assessed as at 30 June 2011. There was no material change in the fair values of bridges and hence no adjustment was made to the revaluation reserve. A level two inspection of all bridges has been programmed for the 2011/12 year which will form the basis of its comprehensive revaluation.

Streetscapes

Streetscape assets were comprehensively revalued internally based on a stocktake and condition assessment as at 30 June 2011. The stocktake was undertaken by Puredata Pty Ltd to provide an independently assessed condition of Council's roadway assets including streetscapes. This resulted in a decrease in the fair values and a corresponding decrease in the asset revaluation reserve of \$2,260,467.

Traffic Control Devices

Traffic control devices comprising of medians, roundabouts, local authority traffic management devices (LATM) and thresholds were included in the stocktake undertaken by Puredata Pty Ltd. These assets were comprehensively revalued internally based on the results of the survey. This has resulted in an increase in their fair values and a corresponding increase in the revaluation reserve of \$35,020,417 as at 30 June 2011.

Street Lighting

The fair value of street lighting was assessed as at 30 June 2011. There was no material change in the fair values of street lighting and hence no adjustment was made to the revaluation reserve.

Road Drainage

Road drainage assets were included in the stocktake undertaken by Puredata Pty Ltd. These assets were comprehensively revalued internally based on the results of this survey. This has resulted in an increase in their fair values and a corresponding increase in the revaluation reserve of \$7,802,069 as at 30 June 2011

Drainage

Cardno (Qld) Ltd was contracted to undertake the condition assessment and comprehensive revaluation of Council's drainage assets, with the exception of above ground drainage, as at 30 June 2011. Due to number of assets involved, only a statistical sampling of drainage assets were inspected for the purposes of ascertaining the condition and deriving the consumption pattern of the assets applicable to the remainder of the assets at the subclass level. As at 30 June 2011 this resulted in a net decrease in the Drainage Revaluation Reserve of \$11,589,145. Details at the subclass level are listed below.

Stormwater Pipe and Channel Network

Stormwater pipes and associated underground drainage assets were assessed and revalued which has resulted in a net decrease in the fair value and corresponding decrease in the drainage revaluation reserve of

Notes to the Financial Statements

For the period ended 30 June 2011

\$26,451,587.

Other Drainage Assets

Other drainage assets were assessed and revalued which has resulted in a net increase in the fair value and corresponding increase in the drainage revaluation reserve of \$6,203,055.

Above Ground Drainage

Above ground drainage assets comprising of open lined and unlined channels were comprehensively revalued internally which has resulted in net increase in the fair value and corresponding increase in the drainage revaluation reserve of \$8,659,386.

Water

Pump Stations and Water Treatment Plants

Pump stations and water treatment plants were reviewed by Cardno (Qld) Ltd as at 30 June 2011. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No adjustments were made as a result of this review.

Water Reservoirs

Water reservoirs were comprehensively revalued by Cardno (Qld) Ltd, as at 30 June 2011. This resulted in an increase in the asset values of \$13,486,754, an increase in the asset revaluation surplus of \$11,075,068 and the reversal of a prior year decrement to the income statement of \$2,411,686.

Water Intake Structures

Water intake structures were comprehensively revalued by Cardno (Qld) Ltd, as at 30 June 2011. This resulted in an increase in the asset values and a corresponding increase in the asset revaluation surplus of \$1,361,331.

A review was also undertaken by Cardno (Qld) Ltd to ensure that the remaining above ground water assets were recorded at fair values as at the reporting date. No subsequent adjustments were made as a result of this review.

Dams

Copperlode Falls Dam (Council's only Dam) and its attenuating components were reviewed by Cardno (Qld) Ltd, as at 30 June 2011. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No adjustments were made as a result of this review.

Water Mains Pipe Network – including manholes, meters, valves and hydrants

Water mains pipe network was reviewed by Cardno (Qld) Ltd, as at 30 June 2011. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No adjustments were made as a result of this review.

Telemetry

Telemetry assets were reviewed by Cardno (Qld) Ltd, as at 30 June 2011. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No adjustments were made as a result of this review.

Sewerage Assets

Above Ground Sewerage Assets – including sewerage treatment plants and pump stations

Sewer Pump Stations were comprehensively revalued by Cardno (Qld) Ltd as at 30 June 2011. This resulted in an increase in the asset values and a corresponding increase in the asset revaluation surplus of \$18,140,601.

The remaining above ground wastewater assets were reviewed by Cardno (Qld) Ltd to ensure they have been recognised at fair value as at 30 June 2011. No adjustments were made as a result of this review.

Sewerage Mains Pipe Network – including manholes and valves

Wastewater mains pipe network were reviewed by Cardno (Qld) Ltd as at 30 June 2011. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No adjustments were made as a result of this review.

Solid Waste Disposal

Landfills and transfer station assets under the control of Waste Services were comprehensively revalued by Cardno (Qld) Ltd as at 30 June 2011. The provisions for restorations were also reassessed and revalued. No adjustments were made as a result of this review.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
17 Intangible assets			
Computer software	1.16	667,779	395,063
Computer software			
Opening gross carrying value		1,140,719	722,755
Additions at cost		796,221	417,964
		<u>1,936,940</u>	<u>1,140,719</u>
Accumulated amortisation			
Opening balance		745,656	451,667
Amortisation for the period		523,505	293,989
		<u>1,269,161</u>	<u>745,656</u>
Net carrying value at end of period		<u>667,779</u>	<u>395,063</u>
<p>The computer software has a useful life of three years. Straight line amortisation has been used with no estimated residual value.</p>			
18 Trade and other payables			
Current			
Creditors and accruals		28,936,330	33,513,393
Annual leave	1.21(b)	7,972,965	7,171,843
Sick leave	1.21(c)	1,572,059	1,408,980
Other entitlements		256,676	397,422
		<u>38,738,030</u>	<u>42,491,638</u>
Non-current			
Annual leave	1.21(b)	3,275,803	2,916,034
19 Provisions			
Current			
Developer contribution credits		3,696,789	7,024,882
Property restoration: Landfill sites	1.23	22,007,257	3,200,000
Long service leave	1.21(e)	985,089	917,152
		<u>26,689,135</u>	<u>11,142,034</u>
Non-current			
Developer contribution credits		-	2,941,136
Property restoration: Landfill sites	1.23	1,692,796	16,489,518
Long service leave	1.21(e)	12,687,738	11,530,756
		<u>14,380,534</u>	<u>30,961,410</u>
Detail of movements in provisions:			
Long service leave			
Balance at the beginning of the period		12,447,908	11,276,476
Provisions recognised		2,142,770	3,044,149
Leave paid		(917,851)	(1,872,717)
Balance at the end of the period		<u>13,672,827</u>	<u>12,447,908</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
Developer contribution credits			
Balance at the beginning of the period		9,966,018	12,501,122
Net movement during the reporting period		(6,269,229)	(2,535,104)
Balance at the end of the period		<u>3,696,789</u>	<u>9,966,018</u>
Current portion		3,696,789	7,024,882
Non-current portion		-	2,941,136
		<u>3,696,789</u>	<u>9,966,018</u>
Property restoration: Landfill sites			
	1.23		
Balance at the beginning of the period		19,689,518	13,514,076
Increase/(decrease) in provision – finance cost		1,088,830	348,130
Increase/(decrease) in provision – capital expense		(687,259)	-
Amount expended in the year		(2,199,132)	(2,560,696)
Increase/(decrease) in estimate of future cost		5,808,096	8,388,008
Balance at the end of the period		<u>23,700,053</u>	<u>19,689,518</u>
Current portion		22,007,257	3,200,000
Non-current portion		1,692,796	16,489,518
		<u>23,700,053</u>	<u>19,689,518</u>
Projected restoration cost		<u>26,001,651</u>	<u>22,730,000</u>

Council has four landfill sites located at Portsmith, Machans Beach, Newell Beach and Killaloe. The provision is stated at present value of the estimated cost of restoring the landfill sites to a standard required under licensing conditions.

The current portion of expenditure exceeds the non-current portion due to Portsmith, Machans Beach and Newell Beach sites expected to close within one year. Killaloe is not expected to close until 2041.

20 Borrowings

A) Bank overdraft

Council does not have a bank overdraft facility.

B) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollars and carried at amortised cost, interest being expensed as it accrues. Borrowings are underwritten by the Queensland State Government. No interest has been capitalised during the current reporting period. Expected final repayment dates vary from 15 July 2011 to 7 July 2028.

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

C) Secured borrowings

Council has had secured borrowings in the form of finance leases in previous years.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
Details of borrowings at the reporting date are:			
Current			
Queensland Treasury Corporation		4,285,175	4,939,187
Finance leases		-	14,026
		4,285,175	4,953,213
Non-current			
Queensland Treasury Corporation		92,337,752	96,628,981
		92,337,752	96,628,981
Details of movements in borrowings:			
Queensland Treasury Corporation			
Opening balance		101,568,168	101,873,105
Loans raised		-	9,754,336
Principal repayments		(4,945,241)	(10,059,273)
Book value at end of period		96,622,927	101,568,168
		4,285,175	4,939,187
Current portion		92,337,752	96,628,981
Non-current portion		96,622,927	101,568,168
		101,323,799	106,815,551
Loan market value at the reporting date			
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 full term, no provision has been made in these accounts.			
Finance lease			
Opening balance		14,026	56,104
Payments made in the period		(14,026)	(42,078)
Minimum lease payments		-	14,026
The above minimum lease payments are payable as follows:			
Not later than 1 year		-	14,026
Later than 1 year but not later than 5 years		-	-
Later than 5 years		-	-
		-	14,026
Lease liability recognised in the financial statements		-	14,026
		-	14,026
Current portion		-	14,026
Non-current portion		-	-
		-	14,026
The carrying value of the leased asset is as follows:			
Plant and equipment		-	66,262
		-	66,262
Council's only finance lease was finalised during the 2010/11 financial year.			
21 Other liabilities			
Current			
Unearned revenue		501,419	593,725

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
22 Council capital	1.24		
A) Calculation of capital value and retained deficit:			
Cash and cash equivalents and short term deposits		126,281,048	137,934,980
Less restricted cash:			
Future capital sustainability reserve	25(a)	(59,056,645)	(50,027,658)
Other reserves (excluding the asset revaluation)	25(b/c)	(73,860,288)	(85,085,550)
Unspent loan capital cash		(987,000)	(987,000)
Revenue received in advance	21	(501,419)	(593,725)
Cash funds allocated for future rehabilitation costs		(1,836,935)	(748,105)
Working capital cash (including employee entitlements)		9,961,239	(2,469,453)
Retained surplus/(deficit)	24	-	(1,976,511)
Council capital		2,624,384,616	2,632,599,963
Total capital and retained deficit at the end of period		2,624,384,616	2,630,623,452
B) Movement in Council capital			
Balance at beginning of period		2,632,599,963	2,630,491,349
Adjustments to retained deficit:			
Transfers to retained deficit capital expenses	10	(30,703,873)	(38,998,122)
Transfers from retained deficit contributed assets		11,442,437	5,889,840
Unspent capital revenue transferred to retained deficit		-	-
Transfer to retained deficit unfunded depreciation		(13,224,937)	(10,077,213)
Total transfers (to) from retained deficit		(32,486,373)	(43,185,495)
Transfer from other reserves:	25		
Future capital sustainability reserve	25(a)	(9,028,987)	(16,562,408)
Constrained works reserve		28,543,858	47,970,785
Beach protection reserve		1,652,050	526,161
Future asset acquisition reserve		459,754	-
Outdoor dining fees reserve		19,293	595,501
Cleaner seas initiative reserve		2,601,846	12,671,720
Public art reserve		23,212	30,000
Daintree ferry reserve		-	62,350
Total transfers from reserves		24,271,026	49,210,193
Balance at the end of the period		2,624,384,616	2,632,599,963

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
23 Asset revaluation surplus	1.25		
A) Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at the beginning of the period		116,282,682	51,191,939
Net adjustment to non-current assets charges to the reserve:			
To reflect changes in the fair value of:	16		
Buildings		(375,444)	12,451,623
Road and bridge network		102,468,042	11,325,231
Water		12,436,399	20,129,664
Sewerage		18,140,601	-
Drainage		(11,589,145)	20,086,067
Solid waste disposal		-	-
Other assets and leasehold improvements		-	1,098,158
Revaluation movements charged to the reserve		121,080,453	65,090,743
Increase in property restoration provision: landfill sites		687,259	-
Increase in asset revaluation surplus		121,767,712	65,090,743
Balance at the end of the period		238,050,394	116,282,682
B) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land and site improvements		687,259	-
Buildings		23,538,098	23,913,542
Road and bridge network		152,917,359	50,449,316
Water		32,566,062	20,129,664
Sewerage		18,349,954	209,353
Drainage		8,496,922	20,086,067
Solid waste disposal		-	-
Other assets and leasehold improvements		1,494,740	1,494,740
		238,050,394	116,282,682
24 Retained surplus/(deficit)	1.28		
Movement in retained deficit			
Retained deficit at the beginning of the period		(1,976,511)	(1,976,511)
Net result attributable to Council		(8,435,111)	16,818,191
		(10,411,622)	14,841,680
Transfers (to) from capital account:			
Transfer of capital expenditure	22(b)	30,703,873	38,998,122
Non monetary capital revenue	22(b)	(11,442,437)	(5,889,840)
Adjustment for unfunded depreciation	22(b)	13,224,937	10,077,213
Net capital account transfers		32,486,373	43,185,495
Transfer to the constrained works reserve	25(d)(i)	(19,666,505)	(49,216,359)
Retained surplus available for transfer to reserves		2,408,246	8,810,816
Transfers to reserves for future capital funding purposes:			
Beach protection reserve	25(d)(ii)	(1,000,000)	(954,521)
Outdoor dining reserve	25(d)(iv)	(719,263)	(326,303)
Cleaner seas reserve	25(d)(v)	(21,036)	(8,334,739)
Public art reserve	25(d)(viii)	(124,850)	(101,366)
Daintree ferry reserve	25(d)(ix)	(635,111)	(748,128)
Transfers (to) from reserves for future general funding purposes:			
Future operational expenditure reserve	25(e)(i)	(235,974)	(248,687)
Blue Water special charge reserve	25(e)(ii)	43,171	175,532
Southern corridor reserve	25(e)(iii)	284,817	(249,115)
		-	(1,976,511)

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
25 General reserves			
A) Future capital sustainability reserve			
This cash forms part of Council's capital value as the balance represents accumulated funded unspent depreciation cash which is held to maintain capital value under Council's long term asset management plans.			
Balance at the beginning of the period		50,027,658	33,465,250
Depreciation funded in the period		77,540,248	71,531,989
Less: funds utilised in the period		(68,511,261)	(54,969,581)
Balance at the end of the period		<u>59,056,645</u>	<u>50,027,658</u>
B) Summary of reserves held for funding future capital expenditure:			
(i) Constrained works reserve	1.26(a)	48,740,088	57,617,441
(ii) Beach protection reserve	1.26(b)	3,264,722	3,916,772
(iii) Future asset acquisition reserve	1.26(c)	10,620,246	11,080,000
(iv) Outdoor dining fees reserve	1.26(d)	1,922,950	1,222,980
(v) Cleaner seas initiative reserve	1.26(e)	661,883	3,242,693
(vi) Natural disaster reserve	1.26(f)	550,000	550,000
(vii) Cairns Water augmentation reserve	1.26(g)	949,038	949,038
(viii) Public art reserve	1.26(h)	240,329	138,691
(ix) Daintree ferry reserve	1.26(i)	1,320,889	685,778
		<u>68,270,145</u>	<u>79,403,393</u>
C) Summary of reserves held for funding future recurrent expenditure:			
(i) Future operational expenditure reserve	1.27(a)	1,522,305	1,286,331
(ii) Blue Water special charge reserve	1.27(b)	240,777	283,948
(iii) Southern corridor reserve	1.27(c)	2,618,600	2,903,417
(iv) Resources, waste and environmental reserve	1.27(d)	1,208,461	1,208,461
		<u>5,590,143</u>	<u>5,682,157</u>
Total reserves		<u>132,916,933</u>	<u>135,113,208</u>
D) Movements in capital reserves are analysed as follows:			
(i) Constrained works reserve			
Balance at the beginning of the period		57,617,441	56,371,867
Transfer from retained surplus, grants, subsidies and contributions received in the period which are restricted to specific capital projects		22,078,673	49,216,359
Transfers to the capital account funds expended		(28,543,858)	(47,970,785)
Transfer to retained earnings		(2,412,168)	-
Balance at the end of the period		<u>48,740,088</u>	<u>57,617,441</u>
(ii) Beach protection reserve			
Balance at the beginning of the period		3,916,772	3,488,412
Transfer from retained surplus for future expenditure		1,000,000	1,000,000
Transfer to the capital account funds expended		(1,652,050)	(526,161)
Transfer to retained earnings		-	(45,479)
Balance at the end of the period		<u>3,264,722</u>	<u>3,916,772</u>
(iii) Future asset acquisition reserve			
Balance at the beginning of the period		11,080,000	11,080,000
Transfer from retained surplus for future expenditure		-	-
Transfers to the capital account funds expended		(459,754)	-
Balance at the end of the period		<u>10,620,246</u>	<u>11,080,000</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
(iv) Outdoor dining fees reserve			
Balance at the beginning of the period		1,222,980	1,492,178
Transfer from retained surplus for future expenditure		719,263	326,303
Transfers to the capital account funds expended		(19,293)	(595,501)
Balance at the end of the period		<u>1,922,950</u>	<u>1,222,980</u>
(v) Cleaner seas initiative reserve			
Balance at the beginning of the period		3,242,693	7,579,674
Transfer from retained surplus for future expenditure		21,036	8,334,739
Transfers to the capital account funds expended		(2,601,846)	(12,671,720)
Balance at the end of the period		<u>661,883</u>	<u>3,242,693</u>
(vi) Natural disaster reserve			
Balance at the beginning of the period		550,000	550,000
Transfer from retained surplus for future expenditure		-	-
Balance at the end of the period		<u>550,000</u>	<u>550,000</u>
(vii) Cairns Water augmentation reserve			
Balance at the beginning of the period		949,038	949,038
Transfer from retained surplus for future expenditure		-	-
Balance at the end of the period		<u>949,038</u>	<u>949,038</u>
(viii) Public art reserve			
Balance at the beginning of the period		138,691	67,325
Transfer from retained surplus for future expenditure		124,850	101,366
Transfer to the capital account funds expended		(23,212)	(30,000)
Balance at the end of the period		<u>240,329</u>	<u>138,691</u>
(ix) Daintree ferry reserve			
Balance at the beginning of the period		685,778	-
Transfer from retained surplus		635,111	748,128
Transfers to the capital account funds expended		-	(62,350)
Balance at the end of the period		<u>1,320,889</u>	<u>685,778</u>
E) Movements in recurrent reserves are analysed as follows:			
(i) Future operational expenditure reserve			
Balance at the beginning of the period		1,286,331	1,037,644
Transfer from retained surplus for future expenditure		235,974	248,687
Net transfers to retained surplus		-	-
Balance at the end of the period		<u>1,522,305</u>	<u>1,286,331</u>
(ii) Blue Water special charge reserve			
Balance at the beginning of the period		283,948	459,480
Transfer from retained surplus for future expenditure		483,350	515,257
Net transfers to retained surplus		(526,521)	(690,789)
Balance at the end of the period		<u>240,777</u>	<u>283,948</u>
(iii) Southern corridor reserve			
Balance at the beginning of the period		2,903,417	2,654,302
Transfer from retained surplus for future expenditure		110,269	249,115
Net transfers to retained surplus		(395,086)	-
Balance at the end of the period		<u>2,618,600</u>	<u>2,903,417</u>
(iv) Resources, waste and environment reserve			
Balance at the beginning of the period		1,208,461	1,208,461
Transfer from retained surplus for future expenditure		-	-
Balance at the end of the period		<u>1,208,461</u>	<u>1,208,461</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
26 Commitments for expenditure			
A) Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Not later than 1 year		205,372	167,120
Later than 1 year but not later than 5 years		1,006,702	751,806
Later than 5 years		6,091,490	4,905,968
		7,303,564	5,824,894
Operating leases are entered into for motor vehicles. Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.			
B) Contractual commitments			
Contractual commitments at the reporting date but not recognised in the financial statements are as follows:			
Contract for Refuse Disposal Commitments:			
Not later than 1 year		8,495,426	8,980,443
Later than 1 year but not later than 5 years		33,031,967	26,616,174
Later than 5 years		2,821,552	12,893,298
		44,348,945	48,489,915
Contract for Regional Waste Management Facility:			
Not later than 1 year		9,042,401	6,871,680
Later than 1 year but not later than 5 years		50,935,623	36,068,571
Later than 5 years		121,083,285	137,073,969
		181,061,309	180,014,220
C) Capital commitments			
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:			
Other assets		9,041,125	19,126,569
		9,041,125	19,126,569
Not later than 1 year		8,962,955	18,912,089
Later than 1 year but not later than 5 years		78,170	214,480
Later than 5 years		-	-
		9,041,125	19,126,569
27 Events after the reporting date			
There were no material financial adjusting events after the reporting date.			

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
28 Contingent liabilities			
A) Contingent liabilities			
Details and estimates of maximum amounts of contingent liabilities are as follows:			
Various claims are pending against Council. In the opinion of Council's solicitor the potential loss on all claims as at 30 June 2011 should not exceed:		77,520	1,212,758
Additional claims may exist, however, these have not been quantified to date.			
Cairns Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is:		3,091,443	2,533,214
Cairns Regional Council is a member of the Local Government Mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2011, the financial statements of Local Government Mutual Queensland reported a members' equity balance of:		16,218,220	9,768,415
B) Loan guarantees			
Council has guaranteed a loan from Bendigo Bank to Cairns Basketball Incorporated. The loan balance outstanding at the reporting date was:		113,735	152,334
Council has guaranteed a loan from Commonwealth Bank of Australia to Cairns Roller Sports Association. The loan balance outstanding at the reporting date was:		192,241	206,952
Council has guaranteed a loan from ANZ Bank to Southside Swallows Gymnastics. The loan balance outstanding at the reporting date was:		50,754	57,224
Council has guaranteed a loan from Bendigo Bank to West Cairns Bowls Club. The loan balance outstanding at the reporting date was:		386,314	400,000
C) Native title			
There are a number of native title claim applications over land and sea in the Cairns Regional Council area. The only minor concerns to Council at the present time are over land for which Council is trustee. Council is in continued negotiations with these applicants.			

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

29 Superannuation

Cairns Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard *AASB119 Employee Benefits*.

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in *AASB 119*. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

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

The audited general purpose financial report of the scheme as at 5 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further."

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserves can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions.

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under amendments to the *Local Government Act 2009* passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:

8,281,312	7,657,349
-----------	-----------

Cairns Regional Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:

117,769	122,798
---------	---------

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
30 Trust funds	1.32		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		145,323	168,446
Security deposits		3,129,421	3,389,709
Unclaimed monies		32,297	9,447
		3,307,041	3,567,602
<p>Cairns Regional Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements. The cash is held with the Commonwealth Bank. The deposits are bearing floating interest rates.</p>			
31 Reconciliation of net result attributable to Council to net cash flow from operating activities			
Net result attributable to Council		(8,435,111)	16,818,191
Non-cash operating items:			
Depreciation and amortisation	9	90,765,185	81,609,202
Change in restoration provision – finance costs	8	1,088,830	348,130
		91,854,015	81,957,332
Investing and developing activities:			
Capital grants, subsidies and contributions	4(b)	(33,561,473)	(55,106,199)
Capital expenses	10	30,703,873	38,998,122
		(2,857,600)	(16,108,077)
Changes in operating assets and liabilities:			
Increase/(decrease) in receivables		461,546	(16,132,088)
Increase/(decrease) in inventories (excluding land)		(202,687)	363,222
Decrease in payables		(3,393,839)	(816,145)
Decrease in provisions		(7,243,442)	(3,924,368)
Decrease in other liabilities		(92,306)	(89,593)
		(10,470,728)	(20,598,972)
Net cash inflow from operating activities		70,090,576	62,068,474

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

32 Controlled entity and investments in associates

o) Controlled entity

Cairns Regional Gallery Limited

Cairns Regional Gallery Limited is a company limited by guarantee and does not have any share capital. Significant control is exercised by Cairns Regional Council over the operations of the gallery. Of the eleven directors, five are Cairns Regional Council elected representatives. Control is able to be exercised by Council by determining the composition of the Board as well as the capacity to appoint and remove directors and approve grant funding.

The financial statements of Cairns Regional Gallery Limited have not been consolidated with Council's financial statements as at the reporting date due to the Gallery's immateriality.

Information relating to the financial position of the Gallery is set out below.

Net assets at the reporting date	2,914,171	2,671,651
Contribution from Council for operating funding	841,444	1,041,805

p) Investment in associate

Advance Cairns Limited

The investment in an associate has not been accounted for using the equity method of accounting, as Council believes that cost is a better indicator of the carrying value of this investment as at 30 June 2011.

Information relating to the investment in associate is set out below.

Name	Principal Activity	Ownership %	Interest %	Carrying Value 2011 \$	Carrying Value 2010 \$
Advanced Cairns Limited (incorporated in Australia)	Regional Economic Development	50	50	1	1
Movement in carrying amounts of investment in associate					
Carrying amount at the beginning of the period				1	1
Carrying amount at the end of the period				1	1
Annual contribution in the period				429,486	320,154

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

33 Financial instruments

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

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

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

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

a) Credit risk

Credit risk exposure refers to the situation where 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, Council has the power to sell the property to recover any defaulted amounts. In effect this power protects Council against credit risk in the case of these debts.

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

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

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

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

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

		2011 \$	2010 \$
Financial assets			
Cash and cash equivalents – bank	12	545,356	638,107
Cash and cash equivalents – on hand	12	37,970	39,160
Cash and cash equivalents – QTC	12	56,697,722	72,257,713
Investments with approved deposit taking institutions	12/13	69,000,000	65,000,000
Receivables – rates	14	18,814,659	15,171,276
Receivables – other	14	20,525,839	22,291,368
Other credit exposure			
Guarantee	28	3,091,443	2,533,214
Total		168,712,989	177,930,838

Past due or impaired

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

Note	2011 \$	2010 \$
------	------------	------------

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

	2011 \$	2010 \$
Receivables		
Fully performing	15,518,241	6,702,154
Past due		
Less than 30 days	4,731,225	14,376,232
31 to 60 days	1,909,219	1,746,242
61 to 90 days	82,910	673,510
Over 90 days	17,180,117	14,086,005
Impaired	1,584,557	1,760,019
Total	41,006,269	39,344,162

b) Liquidity risk

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

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 21.

The following table sets out the liquidity risk of financial liabilities held by 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:

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
2011				
Trade and other payables	65,928,591	9,455,533	11,147,994	86,532,118
Loans – QTC	10,475,245	37,866,218	110,228,271	158,569,734
Finance lease	-	-	-	-
	76,403,836	47,321,751	121,376,265	245,101,852
2010				
Trade and other payables	54,469,959	21,801,159	15,548,775	91,819,893
Loans – QTC	11,428,008	38,888,057	119,073,121	169,389,186
Finance lease	16,520	-	-	16,520
	65,914,487	60,689,216	134,621,896	261,225,599

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

c) Interest rate risk

Council is exposed to interest rate risk through its borrowings from the QTC and investments held with financial institutions.

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

Council does not undertake any hedging of interest rate risk.

Interest rate sensitivity analysis

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

	Net carrying amount		Profit		Equity	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial assets	91,697,722	137,257,713	916,972	1,372,577	916,972	1,372,577
Financial liabilities	96,622,927	101,568,168	966,229	1,015,682	966,229	1,015,682
Net total	(4,925,205)	35,689,545	(49,257)	356,895	(49,257)	356,895

Net carrying amount

Financial assets are based on the current fixed short term investments and deposits and investments held with QTC at a variable interest rate.

Financial liabilities are made up of the QTC closing balance, less the total amount of loan borrowings held in a fixed interest rate debt pool.

Profit and Equity

Profit and Equity are 1% of net carrying amount for both financial assets and financial liabilities.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

34 National competition policy

Activities to which the code of competitive conduct is applied

Definition of Activities:

Section 43(4) of the *Local Government Act 2009* defines a significant business as a business activity of a local government that:

- a) is conducted in competition, or potential competition, with the private sector (including off-street parking, quarries, sporting facilities, for example); and
- b) meets the threshold prescribed under a regulation.
- q)

The significant business activity thresholds are required to be reviewed and gazetted each year by the Minister. The threshold for 2010/11 has not been gazetted as at budget adoption date therefore, based upon advice from the Department of Local Government and Planning, the Consumer Price Index, CPI (All Groups: Brisbane), for the March quarter has been applied to the base amounts outlined in Section 9 of the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*.

Type 1 Is a business activity where the threshold expenditure for 2011/12 adjusted by the consumer price index is expected to be set as follows:

- r) s)
- a) for water and sewerage combined activities - \$ 40.58 million
- b) for other activities - \$24.31 million

Type 2 a) for water and sewerage combined activities - \$12.15 million

- b) for other activities - \$8.14 million

t) **Type 3** Section 47 of the *Local Government Act 2009* requires that the Code of Competitive Conduct (CCC) be applied to the following activities:

- a) Roads activity means a business activity that involves:
 - u)
 - i) constructing or maintaining a State controlled road, that the State put out to competitive tender or
 - ii) submitting a competitive tender in relation to –
 - i. constructing or maintaining a road in the local government area, that the local government put out to competitive tender; or
 - ii. constructing or maintaining a road in another local government area that the local government put out to competitive tender.
- b) A building certifying activity is a business activity that:
 - i) involves performing building certifying functions (within the meaning of the Building Act, section 8); and
 - ii) is prescribed under a regulation.

Council may also apply the CCC to any other business activity. For CCC purposes, Council defines a business activity as:

- c) A business activity means:
 - i) trading in goods and services to clients in competition with the private sector; or
 - ii) 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.

A local government may elect to apply a Code of Competitive Conduct (CCC) to their identified type 3 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.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
--	------	------------	------------

The CSO represents an activity's costs, 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 CSO's by the Council.

Type 1 commercialised business units of Council include:

- Cairns Water which manages the water and wastewater activities.
- Cairns Works activities including road maintenance, drainage, minor works, parks, street litter and public toilet cleaning.

Type 2 commercialised business units of Council include:

- Cairns Refuse which manages the solid waste activities.

Details of Community Service Obligations for Type 1 activities for the period ended 30 June 2011 are:

Activities	CSO Description	2011 \$	2010 \$
Water	Service locations - Telstra, etc	29,747	31,270
	Maintenance of fire hydrants	307,593	390,082
	Access charges forgone	1,241,230	1,177,503
	Water charges forgone	2,149,205	2,160,344
	Total	3,727,775	3,759,199
Wastewater	Service locations - Telstra, etc	79,269	79,914
	Water charges	(586,318)	(431,218)
	Total	(507,049)	(351,304)
Cairns Works	Water charges	-	(14,711)

Details of Community Service Obligations for Type 2 activities for the period ended 30 June 2011 are:

Activities	CSO Description	2011 \$	2010 \$
Solid Waste Management	Free dumping general waste	288,830	103,576
	Free disposal vouchers	4,500	
	Free dumping vegetation	196,335	121,094
	Free transportation costs between transfer stations	284,832	123,180
	Rates based financial assistance	14,054	14,282
	Water Charges - Transfer stations	(17,641)	(13,784)
	Total	770,910	348,348

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

Note	2011 \$	2010 \$
------	------------	------------

The Type 3 activities listed below are those to which the Code of Competitive Conduct applies for the period ended 30 June 2011:

	Civic Theatre \$	Water Laboratory \$	Ticket Link \$	Sugar World \$	Swimming Pools \$
Revenue for services provided to Council	21,112	1,512,946	15,452	-	-
Revenue for services provided to external clients	1,088,743	816,193	510,641	178,453	32,761
Community service obligations net of charges	315,156	6,388	5,974	-	1,265,361
Sub total	1,425,011	2,335,527	532,067	178,453	1,298,122
Less: Expenditure	3,127,365	2,389,855	435,862	508,846	2,531,813
Surplus/(deficit)	(1,702,354)	(54,328)	96,205	(330,393)	(1,233,691)

	City Place \$	Car Parking \$	Tanks Arts Centre \$	Caravan Parks \$	Building Services \$
Revenue for services provided to Council	-	-	33,372	104	2,620
Revenue for services provided to external clients	71,654	1,078,773	926,837	527,240	696,708
Community service obligations net of charges	221,053	-	341,525	9,950	-
Sub total	292,707	1,078,773	1,301,734	537,294	699,328
Less: Expenditure	426,490	439,381	3,034,191	456,975	1,191,764
Surplus/(deficit)	(133,783)	639,392	(1,732,457)	80,319	(492,436)

	Fleet Services \$	Survey Services \$	Project Services \$	Facilities Maintenance \$	Design Services \$
Revenue for services provided to Council	33,850,609	677,871	1,448,594	5,837,648	2,318,337
Revenue for services provided to external clients	365,632	-	-	326	10,564
Community service obligations net of charges	-	-	-	2,000	-
Sub total	34,216,241	677,871	1,448,594	5,839,974	2,328,901
Less: Expenditure	32,805,196	710,445	2,477,509	6,058,867	2,177,860
Surplus/(deficit)	1,411,045	(32,574)	(1,028,915)	(218,893)	151,041

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period ended 30 June 2011

	Note	2011 \$	2010 \$
Activities	CSO Description		
Civic Theatre	Council funded shows	164,431	160,494
	Assistance to community hirers	150,725	148,345
	Water charges	(207)	(217)
		<u>314,949</u>	<u>308,622</u>
Water Laboratory	Response Advice for Chemical Emergencies(RACE)	6,388	4,989
	Water charges	(280)	(301)
		<u>6,108</u>	<u>4,688</u>
Ticket Link	Assistance to community hirers	<u>5,974</u>	<u>5,800</u>
Swimming Pools	Tender revenue forgone	1,265,361	1,091,291
	Water charges	(58,302)	(335,307)
		<u>1,207,059</u>	<u>755,984</u>
City Place	Provision of School of Arts lease space	221,053	215,661
	Water charges	(7,009)	(6,756)
		<u>214,044</u>	<u>208,905</u>
Car Parking	Water charges	<u>(1,803)</u>	<u>(1,803)</u>
Tanks Art Centre	Provision of below market price services to the community e.g. Market Day, Gallery, Community Exhibitions, Community Events	341,525	332,575
	Water charges	(3,222)	(2,890)
		<u>338,303</u>	<u>329,685</u>
Caravan Parks	Rental revenue forgone	9,950	9,707
	Water charges	(8,754)	(10,835)
		<u>1,196</u>	<u>(1,128)</u>
Facilities Maintenance	Equipment revenue forgone to state government agencies	<u>2,000</u>	<u>8,000</u>

Management Certificate

For the year ended 30 June 2011

These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

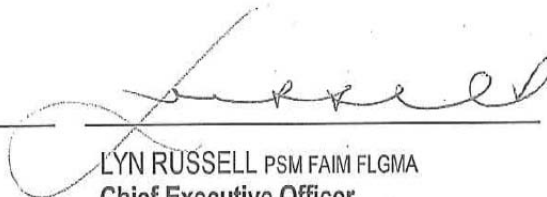
- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the *Local Government Act 2009* and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements have been prepared in accordance with *Australian Accounting Standards* (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2011 and of its financial performance and cash flows for the financial year ended on that date.



Cr VAL SCHIER
Mayor



LYN RUSSELL PSM FAIM FLGMA
Chief Executive Officer

Date: 13th September 2011

Date: 13th September 2011

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cairns Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Cairns Regional Council, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion


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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Cairns Regional Council for the financial year 26 June 2010 to 30 June 2011 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Cairns Regional Council for the year ended 30 June 2011. Where the financial report is included on Cairns Regional Council's website the Council is responsible for the integrity of Cairns Regional Council's website and I have not been engaged to report on the integrity of Cairns Regional Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



Graham Coonan
as Delegate of the Auditor-General of Queensland

Cairns
13 September 2011

CAIRNS REGIONAL COUNCIL

Appendix A

For the period ended 30 June 2011

THE FOLLOWING REPORTS DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS. THEY HAVE BEEN PROVIDED AS ADDITIONAL MANAGEMENT INFORMATION TO ASSIST THE READER IN THEIR ANALYSIS OF THE FINANCIAL STATEMENTS.

CAIRNS REGIONAL COUNCIL

Statement of Operating Performance

For the period ended 30 June 2011

	Note	2011	2010
		\$	\$
Operating Income			
Rates and utility charge revenue	3(a)	226,288,610	215,471,900
Less: Discounts	3(a)	(8,982)	(4,504)
Less: Pensioner remissions	3(a)	(1,889,688)	(1,732,264)
Net rates and utility charges	3(a)	224,389,940	213,735,132
Fees and charges	3(b)	19,372,599	21,109,540
Interest received	3(c)	10,135,910	8,040,751
Sales of contract and recoverable works	3(d)	5,037,007	8,859,156
Other recurrent income	3(e)	5,824,409	5,481,096
Grants, subsidies, contributions and donations	4(a)	21,334,741	20,135,862
Total recurrent revenue		286,094,606	277,361,537
Operating Expenses			
Employee benefits	6	(103,106,748)	(93,426,988)
Materials and services	7	(94,897,572)	(94,233,921)
Finance costs	8	(8,617,812)	(7,381,312)
Depreciation and amortisation	9	(90,765,185)	(81,609,202)
Total recurrent expenses		(297,387,317)	(276,651,423)
Operating surplus (deficit) for the period		(11,292,711)	710,114
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	33,561,473	55,106,199
Total capital revenue		33,561,473	55,106,199
Capital Expenses			
Loss on sale of capital assets	5	(41,272)	(3,502)
Loss on write-off of non-current assets	11	(7,156,661)	(30,606,612)
Revaluation of property, plant and equipment	16(a)	(17,697,844)	-
Increase in rehabilitation provision	10	(5,808,096)	(8,388,008)
Total capital expenses		(30,703,873)	(38,998,122)
Net result attributable to Council		(8,435,111)	16,818,191

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

CAIRNS REGIONAL COUNCIL

Statement of Appropriations

For the period ended 30 June 2011

	Note	2011	2010
		\$	\$
Retained deficit from prior years		(1,976,511)	(1,976,511)
Net result attributable to Council for the period		(8,435,111)	16,818,191
		<u>(10,411,622)</u>	<u>14,841,680</u>
Transfers (to) from capital account:			
Transfer of capital expenses	10	30,703,873	38,998,122
Non monetary capital revenue	4(b)(ii)	(11,442,437)	(5,889,840)
Unspent capital revenue transferred from capital	CFS/22(b)	-	-
Adjustment for unfunded depreciation	22(b)	13,224,937	10,077,213
Net capital account transfers		<u>32,486,373</u>	<u>43,185,495</u>
Transfers (to) from the constrained works reserve:	25(d)(i)	<u>(19,666,505)</u>	<u>(49,216,359)</u>
Retained surplus available for transfer to reserves		2,408,246	8,810,816
Transfers (to) from reserves for future capital funding purposes:			
Beach protection reserve	25(d)(ii)	(1,000,000)	(954,521)
Future asset acquisition reserve	25(d)(iii)	-	-
Outdoor dining fees reserve	25(d)(iv)	(719,263)	(326,303)
Cleaner seas initiative reserve	25(d)(v)	(21,036)	(8,334,739)
Public art reserve	25(d)(viii)	(124,850)	(101,366)
Daintree ferry reserve	25(d)(ix)	(635,111)	(748,128)
Transfers (to) from reserves for future general funding purposes:			
Future operational expenditure reserve	25(e)(i)	(235,974)	(248,687)
Blue water special charge reserve	25(e)(ii)	43,171	175,532
Southern corridor reserve	25(e)(iii)	284,817	(249,115)
Retained deficit at end of period		<u>-</u>	<u>(1,976,511)</u>

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

*CFS – Denotes Capital Funding Statement

CAIRNS REGIONAL COUNCIL

Statement of Capital Funding

For the period ended 30 June 2011

	Note	2011	2010
		\$	\$
Sources of capital funding			
General revenue used for capital purposes	22(b)	-	-
Other capital revenue sources:			
Loan monies expended		-	13,670,420
Funded depreciation and amortisation		68,511,261	54,969,581
Proceeds from the sale of capital assets	5	832,929	893,851
Donated and contributed physical assets		11,442,437	5,889,840
Constrained works reserve	25(d)(i)	28,543,858	47,970,785
Beach protection reserve	25(d)(ii)	1,652,050	526,161
Future asset acquisition reserve	25(d)(iii)	459,754	-
Outdoor dining fees reserve	25(d)(iv)	19,293	595,501
Cleaner seas initiative reserve	25(d)(v)	2,601,846	12,671,720
Public art reserve	25(d)(viii)	23,212	30,000
Daintree ferry reserve	25(d)(ix)	-	62,350
		<u>114,086,640</u>	<u>137,280,209</u>
Application of capital funding			
Non-current capital assets:			
Land and site improvements	16(a)	15,989,568	1,354,764
Buildings	16(a)	20,922,327	6,718,658
Plant and equipment	16(a)	11,836,928	7,302,562
Office furniture and fittings	16(a)	245,972	292,737
Road and bridge network	16(a)	39,426,196	13,495,942
Water	16(a)	11,594,658	11,449,950
Sewerage	16(a)	28,334,228	175,272,741
Drainage	16(a)	21,152,934	5,428,243
Solid waste disposal	16(a)	393,001	1,163,053
Other assets and leasehold improvements	16(a)	784,857	3,974,397
Movement in capital works in progress	16(a)	(42,349,517)	(99,692,153)
Intangible assets		796,221	417,964
		<u>109,127,373</u>	<u>127,178,858</u>
Principal loan redemption:			
Queensland Treasury Corporation	20(i)	4,945,241	10,059,273
Finance leases	20(ii)	14,026	42,078
		<u>4,959,267</u>	<u>10,101,351</u>
		<u>114,086,640</u>	<u>137,280,209</u>

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