ANNUAL REPORT
2014 - 2015

Cairns Regional COUNCIL

Providing for today, preparing for tomorrow

Cairns Regional COUNCIL

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1. About this Report

Each year Cairns Regional Council produces an Annual Report as required in accordance with Division 3 of the *Local Government Regulation 2012*.

To request a copy of this report please contact Council or alternatively you can download a copy from our website www.cairns.qld.gov.au.

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2. Region at a Glance

The Cairns Region encompasses 1,662 km2 of land on a narrow coastal strip between the Great Dividing Range and the Coral Sea. The region is part of Australia's Wet Tropics and is framed by the lush World Heritage listed Wet Tropics rainforest to the west and north of the Coral Sea and World Heritage listed Great Barrier Reef Marine Park to the east. These attributes make the region a world renowned destination.

Population	157,102
Area	1,662 km2
World Heritage listed sites	• Wet Tropics Rainforest • Great Barrier Reef
Divisions	An elected Mayor and 9 Councillors
Council Employees	1,240
Total Revenue	$338,700,064
Assets on Balance Sheet	$3,648,412,567

3. ASSESSMENT OF PERFORMANCE IN IMPLEMENTING CORPORATE AND OPERATIONAL PLANS

Local Government Act 2009 s.104 (7): … A local government must carry out a review of the implementation of the annual operational plan annually.

Local Government Regulation 2012 s.190 (1): … The annual report for a financial year must contain the following information –

(a) The chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan

The Corporate Plan 2013 – 2018 was adopted by Council on 25 June 2013.

This document provides strategic direction of all activities to be undertaken by Council over the next five (5) financial years. Based on this Corporate Plan, Council will ensure that key services and projects will be delivered in current and future financial years through the annual Operational Plan. Specifically each Operational Plan activity is linked to Corporate Plan Strategic goals.

2014/2015 Corporate Performance

1.0 COMMUNITY

A vibrant, inclusive and healthy community with access to services and facilities which reflect its unique character, role and needs.

Outcomes

- Practical completion of Lake Street completed on the 6 September 2014.
- Design and development commenced in September 2014 for Shields Street.
- The Strategic Cemeteries Plan provides future infrastructure upgrade requirements identified in the 3 year Capital Works Program. A number of operational improvement projects were completed in the final quarter.
- Between June and September workshops were run with core LDMG members to undertake the 2015 revision of the Cairns Local Disaster Management Plan. The revised plan will be submitted for adoption by Council at the Ordinary meeting in October.
- 2015 training schedule commencing with QDMA training on July 23 2015 with QFES. The next round of recruitment for Incident Management Team (IMT) members and

casual Disaster Management support staff due to commence in August/September 2015. Storm Tide Cyclone Shelter training scheduled for October 22 2015. Guardian training to be conducted for the IMT and Disaster Management Officers through August/September 2015. The annual Disaster Management exercise to be run in the last week in November 2014/15.

- Ongoing program delivered in conjunction with Get Ready Queensland Week Activities Plan. DM Disaster Resilience Officer conducting Cairns Resilience Survey workshops to integrate with social mapping project to better understand the resilience landscape of Cairns.
- Letters and information Flyers have been finalised and mailed to the community as part of the community consultation process in accordance with the *Referable Dam Guidelines and Water Supply (Safety and Reliability) Act 2008*. Water and Waste are prepared for questions from the public regarding this information.
- Collection HQ software (part of the library software system) has been successfully implemented to enhance collection performance analysis to ensure evidence based purchase of library stock.
- Wi-Fi was implemented in July 2014 to 6 Library branches and monthly usage statistic indicates strong patronage. This project has received financial assistance from the Queensland Government through State Library of Queensland.
- Installation in Norman Park for a commemorative war service memorial was completed and a soft community launch was completed in December 2014.
- Sister Cities Day and Cairns Sister Cities Youth Ambassadors Program completed as part of delivering the outcomes from the Community Development Strategic Plan 2011-2016. New Sister Cities banner installed at the International Airport. Cairns Cultural Diversity Week completed.
- Commission Cairns Regional Gallery Conservation Management Plan.
- Themes and opportunities for the Edmonton Leisure Centre have been completed. A Project Launch Approval for the commissioning of works has been approved.
- The Punjabi Association was established at Kendrick Park
- The outcomes of the findings of the School speed zone review have been implemented.
- Drinking Water Quality Management Plan was submitted to the state regulator and approved on 28 July 2014.
- The Dengue Fever Memorandum of Understanding, in conjunction with the Queensland Dengue Management Plan, is operational with Queensland Tropical Public Health Services.

2.0 ECONOMY

A strong, diversified and sustainable regional economy that supports the growth of new and existing industry and business activities whilst enhancing local lifestyle and providing long term employment opportunities.

Outcomes

- The Get Lucky on Lake Campaign culminated in the grand prize draw and Lake Street Opening Celebration on the 06 September 2014. The competition attracted nearly 150,000 entries over a five-month period. Approximately 4,000-5,000 people attended the opening event.
- Council has committed funding of $2 million for the 2014/2015 financial year to support Tourism Tropical North Queensland (TTNQ).
- 12 students visited from 6 cities as part of the Sister Cities Youth Ambassador Program over a ten day period.
- The TNQ20 Business Excellence and Tropical Innovation Awards were delivered on the 11 July 2014.
- Condition assessments were undertaken on all transport asset classes and revaluation was completed.
- Saltwater Creek Drainage Management Plan was finalised in July 2015.
- Cultural Resource Mapping is finalised with approximately 900 regional cultural resources geographically identified and uploaded in Council's GIS system.
- Engagement complete & process agreed with Education Queensland stakeholders to develop a shared facilities usage agreement.
- Currently council has 3 trainees employed and 2 trainees position be recruited. Council has 21 apprenticeships and further 41 exiting workers apprenticeships.
- G20 Finance Meeting was held on the weekend of the 20-21 September 2014 and the Future of Tropical Economies Conference was delivered and completed 18-19 September 2014.

3.0 ENVIRONMENT

A sustainable, well managed and healthy environment that provides a balance between built infrastructure and the conservation of our world heritage features and natural and cultural resources.

Outcomes

- Core Asset Management Plans for Transport, Drainage and Marine Infrastructure have been updated in 2014. Corporate Asset Plan adopted by Council at the October 2014 Ordinary Meeting. Core AMPs updated for 2015 financial year.
- Participate in joint Cairns Regional Council / Transport and Main Roads transport planning initiatives such as the Northern Access Corridors Study and Smithfield Bypass projects.
- Energy Audits delivered through the Regional Development Australia “Kill-a-Watt” program with a focus on CS&CS facilities.
- Copperlode Dam Emergency Action Plan was completed in July 2014.
- Council endorsed its Pest Management Plan on the 25 March 2015.
- Green Thumb resources transferred to Council’s main website as part of the Green Thumb program.
- Inaugural Cairns ECOfiesta (formally Sustainable Living Expo) delivered 31 May 2015.
- Grant recipients for the Community Sustainability Grants were announced at the Cairns ECOfiesta.
- State of Environment report 2013/14 was delivered and the next State of Environment report for 2013/14 will be delivered in September 2015.

4.0 GOVERNANCE

An efficient organisation providing best practice service delivery through leadership and policy making and the effective management of people, assets and finances.

Outcomes

- A comprehensive 3 year Capital Works plan was developed as part of the 2014/15 Annual Budget process and has recently been updated as part of the 2015/16 Budget process. Performance against this plan is monitored through the new Capital Works Approval and Reporting process. An overarching 10 year financial plan has also been developed as part of the budget process and is incorporated into Council's long term financial planning.
- A Capital Works approval and Reporting Process has been developed and implemented.
- Compliance with Department of Local Government ratios to maintain financial sustainability is an ongoing process. Ratios benchmarks were achieved throughout the forecast period of the long term financial model. Benchmarks have also been achieved in relation to year to date actuals for the 2014/15 year.
- 2013/14 Financial Year Financial Statements and audit are complete and an unmodified opinion issued.
- A balanced budget has been adopted for the 2015/16 financial year and is forecast throughout the duration of Council's long term financial model.
- The QTC Credit Review process completed. Council's rating improved from a Sound (Negative Outlook) to a Sound (Neutral Outlook) which is consistent with or better than other similar sized Councils in the State.
- A quarterly forecast of proposed tendering activities has been generated and placed on Council's website in a new subpage under Current Tenders.
- Community Annual Report for the year ended 30 June 2014 approved by Council at the September 2014 Ordinary Meeting.
- The implementation of the Cairns Shared Services model is complete with all identified staff and operations transitioning by 31 March 2015 as planned.
- On-line applications and short-listing process for E-recruitment has been successfully implemented.
- An independent Workplace Health & Safety Audit was conducted in May 2015.
- Bi-annual Employee Opinion Survey conducted via combination of employee Focus Groups and Voice of Employee Focus Group conducted in February / March 2015.

- Delivery of Cairns Regional Council Annual Training Awards on the 26 November 2014.
- Monthly training sessions conducted on Leadership training for Managers and Coordinators.
- Performance Review and Development Plans completed with minimal overdue
- Implementation of the OHS plan has been adopted and reported to the Corporate Safety Committee.
- Completion of Yearly Action Plan including Toolbox Talks, Hazard Inspections, Internal Audits.
- Employee turnover below 10% 2014/15 target.
- Reduction in sick leave / carers leave compared to 3 year average
- Monitor reduction in Lost Time Injury Frequency Rate and Lost Time Injury Duration Rate compared to the 3 year average

4. COUNCILLOR'S CODE OF CONDUCT

Local Government Regulation 2012 s.186 (d)(e)(f): … The annual report for a financial year must contain particulars of -

ITEM		RESULT
Section 186 (d) 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 186 (e) each of the following during the year -		
(i)	The name of each councillor 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 – Nil Section 181 – Nil
(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 186 (f) the number of each of the following during the year -		
(i)	Complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act;	Nil
(ii)	Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	Nil
(iii)	Complaints referred to the mayor under section 176(3)(a)(ii) or (b)(i) of the Act;	Four (4)
(iv)	Complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	Nil
(v)	Complaints assessed by the chief executive officer as being about official misconduct;	Nil
(vi)	Complaints heard by a regional conduct review panel;	Nil
(vii)	Complaints heard by the tribunal;	Nil
(viii)	Complaints to which section 176C(6) of the Act applies;	Nil

5. COMPLAINTS MANAGEMENT

Administrative Complaints

Local Government Regulation 2012 s.187 (1) and (2): The annual report for a financial year must contain the 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 government's performance in resolving complaints under the process	A centralised complaints management process was introduced to allow for better KPI management, cause tracking and reporting through to resolution. Complaints General Policy and Administration Instruction has been reviewed and updated to ensure compliance with the *Local Government Regulation 2012*. All administrative complaints are reviewed by the Executive Team each month.
(2)(a)(i)	the number of administrative action complaints made to the local government	One hundred and eighty six administrative complaints were received and addressed under the centralised system*.
(2)(a)(ii)	the number of administrative action complaints resolved by the local government under the complaints management process	One hundred and eighty five administrative complaints were resolved through the centralised system.
(2)(a)(iii)	the number of administrative action complaints not resolved by the local government under the complaints management process	One.
(2)(b)	the number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year	Nil.

*Council's General Complaints Management Policy was endorsed on 14 April 2014, with the inclusion of Employee Complaints and Internal Reviews now falling under the definition.

Public Sector Ethics Act 1994

ITEM	RESULT
Section 23 The chief executive officer of the public sector entity must ensure that each annual report of the entity includes an implementation statement giving details of the action taken during the reporting period to comply with the following sections -	
S15 – Preparation of codes of conduct	Cairns Regional Council has the following Codes of Conduct: • Code of Conduct for Councillors • Code of Conduct (staff) • Code of Conduct for Contracted Security Providers
S21 – Education and training	Council's Corporate Induction Program ensures all staff appointed to Council are aware of and understand their rights and obligations under the Code of Conduct.
S22 – Procedures and practices of public sector entities	All of Council's procedure and practices reflect Council's commitment to the ethical principles and obligations of the *Public Sector Ethics Act 1994.*

Business Activity Complaints

Local Government Regulation 2012 s.190 (1) (j): The annual report for the financial year must contain …

ITEM		RESULT
(j)	the local government's response in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3)	Nil

6. REMUNERATION AND SUPERANNUATION PARTICULARS

Local Government Regulation 2012 s.185: … The annual report for a financial year must contain –

(a) A copy of the resolutions made during the financial year under section 250 (1)

(b) A list of any resolutions made during the financial year under section 206 (2).

The Local Government Act 2009 (section 183) provides the Local Government Remuneration Tribunal (the Tribunal) with jurisdiction for local government remuneration matters for all Queensland local governments, except the Brisbane City Council.

Every year the tribunal must also decide the maximum remuneration payable to councillors, mayors or deputy mayors in each category of local government (section 244, Local Government Regulation 2012). This decision must be made before 1 December.

Local governments must, within two (2) months of the tribunal's determination, resolve to pay their councillors an amount no more than the maximum determined by the tribunal.

If the local government does not set an amount, they receive the maximum amount by default. This is payable to councillors from 1 July each year.

Councils do not need to pass a resolution to adopt the levels prescribed by the Tribunal as they will apply automatically in the absence of a resolution adopting a lesser amount.

Councillors' Remuneration and FBT Payments

Local Government Regulation 2012 s.186: … The annual report for a financial year must contain particulars of –

(c) For each councillor, the total remuneration, including superannuation contributions, paid to the councillor during the financial year; and

(d) The expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy

The following table shows the total Councillors' remuneration payments for the 12 months period from 1 July 2014 to 30 June 2015.

Div	Elected Member	Total Remuneration Payment $	* Super Contributions $	Total $
M	Bob Manning	161,433	17,880	179,313
1	Steve Brain	95,393	11,447	106,840
2	John Schilling	95,393	11,447	106,840
3	Rob Pyne**	52,775	6,290	59,065
	Cathy Zeiger***	24,606	2,442	27,048
4	Terry James	110,069	13,208	123,277
5	Richie Bates	95,393	11,447	106,840
6	Linda Cooper	95,393	9,062	104,455
7	Max O'Halloran	95,393	11,447	106,840
8	Jessie Richardson	95,393	11,447	106,840
9&10	Greg Fennell	95,393	11,447	106,840

* Differences in super contributions are due to Elected Member's contribution preferences.

** Rob Pyne resigned on 2 February 2015 payments only include 1 July 2014 till this date.

*** Cathy Zeiger was sworn in as on the 11 March 2015 payments only include from this date till end of financial year.

Councillor's Expenses Reimbursements and Facilities provided

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy, Councillors may use a vehicle provided by Council for official business.

If a Councillor uses a Council owned vehicle for private purposes, the Councillor must reimburse Council based on the vehicles log book record for 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 1 July 2014 to 30 June 2015.

Div	Elected Member	FBT Expense $
M	Bob Manning	6,446
1	Steve Brain	311
2	John Schilling	1,824
3	Rob Pyne	
	Cathy Zeiger	1,909
4	Terry James	
5	Richie Bates	646
6	Linda Cooper	
7	Max O'Halloran	2,177
8	Jessie Richardson	4,307
9	Greg Fennell	
		17,620

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy, 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 shows the total reimbursement costs to Councillors for the 12 month period from 1 July 2014 to 30 June 2015 under this policy.

Div	Elected Member	Vehicle Reimbursement $	Vehicle Cost $	Other Expense Reimbursement $
M	Bob Manning		10,725	
1	Steve Brain	8,678		
2	John Schilling	3,812		
3	Rob Pyne	331		
	Cathy Zeiger	1,171		
4	Terry James	2,721		
5	Richie Bates			
6	Linda Cooper	2,278		
7	Max O'Halloran			
8	Jessie Richardson	7,865		
9	Greg Fennell	5,852		
		32,708	**10,725**	

Councillors are also provided with specific facilities and support as per the following:

Mayor

- Separate office accommodation with Secretarial and Executive Assistant Support.

Deputy Mayor

- Separate office accommodation and secretarial / administrative support in accordance with the established staff structure.

Other Councillors

- Office accommodation and secretarial / administrative support in accordance with the established staff structure

Other Facilities

- Council will provide to each Councillor the necessary stationary and personalised letterhead including postage costs, for the undertaking of duties directly associated to their positions.
- Councillors 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 and an iPad, 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. Each laptop will be provided with appropriate hardware and software applicable to enable Councillors to perform their role. Council supplied laptops, iPads and mobile telephones may only be used for Council related work. Support for the Council supplied laptops, iPads and peripheral devices will be provided through Information Services Call Centre (within standard business services). If rectification requires more than phone support the Council provided laptop or peripheral devices will be returned to Spence Street Office by the Councillor.
- Upon receipt of a claim with relevant receipts, a maximum amount of $600, per annum, will be reimbursed to Councillors for home communication expenditure.

Remuneration of Senior Contract Employees

Local Government Act 2009 s.201:

(1) The annual report of a local government must state –

(a) The total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government; and

(b) The number of employees in senior management who are being paid each band of remuneration.

(2) The **senior management**, of a local government, consists of the chief executive officer and all senior executive employees of the local government.

(3) Each **band of remuneration** is an increment of $100,000.

(4) To remove any doubt, it is declared that nothing in this section requires the exact salary of any employee management to be separately stated in the annual report.

The following table shows the range of total remuneration packages for the 12 month period from 1 July 2014 to 30 June 2015 provided to Council's senior contract employees.

Package Range	Number of senior contract employees within package range
$200,000 to $299,999	6
$300,000 to $399,999	1

7. COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

Local Government Regulation 2012 s.185: … The annual report for a financial year must contain –

(a) A copy of the resolutions made during the financial year under section 250 (1)

(b) A list of any resolutions made during the financial year under section 206 (2).

The following table displays the Councillors' attendance at Council meetings for the period of 1 July 2014 to 30 June 2015.

Councillor	Ordinary		Special		Planning & Economic		Community Services		Governance		Infrastructure		Water & Waste	
	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended	held	Attended
Bob Manning	13	13	3	3	10	7	10	9	10	8	8	7	6	5
Steve Brain	13	11	3	2	10	5	10	4	10	5	8	3	6	3
John Schilling	13	13	3	3	10	10	10	10	10	10	8	8	6	6
Rob Pyne*	8	6	1	1	7	5	5	5	5	5	4	4	5	5
Cathy Zeiger*	5	4	2	2	3	3	4	4	4	4	3	3	1	0
Terry James	13	13	3	3	10	10	10	6	10	8	8	6	6	5
Richie Bates	13	12	3	3	10	8	10	10	10	10	8	8	6	6
Linda Cooper	13	12	3	3	10	10	10	9	10	9	8	7	6	6
Max O'Halloran	13	13	3	3	10	10	10	10	10	10	8	8	6	6
Jessie Richardson	13	13	3	3	10	9	10	10	10	10	8	8	6	6
Greg Fennell	13	12	3	3	10	10	10	10	10	9	8	8	6	6

Members of Committees have their attendance highlighted in yellow.

* Rob Pyne resigned on 2 February 2015. Cathy Zeiger was sworn in as on the 11 March 2015.

8. COMPETITIVE NEUTRALITY COMPLAINTS AND DECISIONS

Local Government Regulation 2012 s.190 (1): … The annual report for a financial year must contain –

(i) A summary of investigation notices given in the financial year under section 49 for competitive neutrality complaints;

(j) The local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under section 52(3).

Council received no complaints under s.190 (1)(i)(j) in 2014/15.

9. COMMERCIAL BUSINESS UNITS

Local Government Regulation 2012 s.190

(1) The annual report for a financial year must contain –

(c) 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, means 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 for the previous financial year;

(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.

Cairns Works

Objective

The following performance details relate to the Business Unit Performance Plan prepared to support 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

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 manifest 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.

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 is committed to ensuring that Cairns Works is a viable, efficient and effective client focussed business unit.

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 Yasi in 2011 and the Flooding Event in March 2012.

Further support to Council and the community during this financial year, in relation to natural disaster 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.

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:

- Aumuller Street upgrade
- Cairns Northern Cycleway
- City Centre Alive Lake Street Project
- Moody Creek detention basin
- Suburban Enhancement Program
- CBD streetscape upgrades
- Fitzroy Island erosion protection works
- Annual road improvement project (asphalt, reseal, kerb renewal and rehabilitation)
- Annual drainage infrastructure renewal and improvement projects

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).

Significant road upgrade works were carried out under contract for QDTMR including:

- James Cook University Premium Bus Stop and Extension to Panguna Street

Cairns Works has maintained a strong relationship with QDTMR and continues to undertake a large proportion of the road works within the region.

Key Performance Indicators

(a) Cairns Works Maintenance

Customer Requests (CRM) coordination results within % targets.

Target: No more than 10% not completed within target

Result: 7,795 Customer Requests received

6,645 Customer Requests completed on target

1,150 Customer Requests completed over target

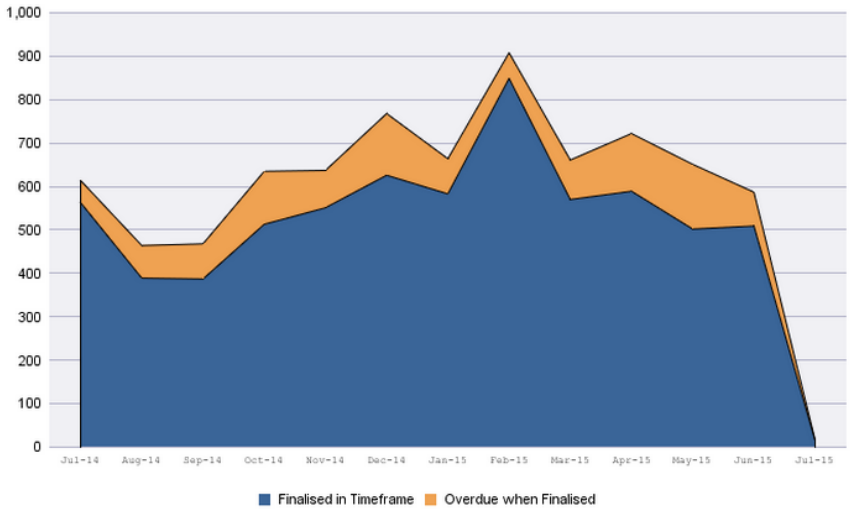
83% completed on target and 17% not completed within target

Cairns Regional COUNCIL

Finalised Customer Requests by Branch (Red = > 20% of CRMs overdue when Finalised)

Cns Works Maintenance

	On Time	Overdue
Jul-14	563	51
Aug-14	389	75
Sep-14	387	81
Oct-14	513	122
Nov-14	551	86
Dec-14	626	142
Jan-15	583	81
Feb-15	849	59
Mar-15	570	91
Apr-15	589	133
May-15	502	149
Jun-15	509	78
Jul-15	14	2
Total	6,645	1,150



Finalised Customer Requests by Branch (Red = > 20% of CRMs overdue when Finalised)

	Maintenance Central		Maintenance North		Maintenance South		Total	
	On Time	Overdue	On Time	Overdue	On Time	Overdue	On Time	Overdue
Jul-14	314	43	152	6	97	2	563	51
Aug-14	207	53	103	20	79	2	389	75
Sep-14	184	60	107	20	96	1	387	81
Oct-14	310	91	73	26	130	5	513	122
Nov-14	244	52	163	31	144	3	551	86
Dec-14	353	121	131	19	142	2	626	142
Jan-15	332	50	114	30	137	1	583	81
Feb-15	442	41	217	16	190	2	849	59
Mar-15	315	71	132	17	123	3	570	91
Apr-15	345	108	132	25	112	0	589	133
May-15	316	115	101	32	85	2	502	149
Jun-15	331	61	98	17	80	0	509	78
Jul-15	14	2					14	2
	3,707	868	1,523	259	1,415	23	6,645	1,150

(b) Customer Service

Cairns Works experienced a growth in Customer Requests and changes to internal processes that impacted delivery on targets. Outstanding Customer Requests defects have been maintained at an average level of 18% for the period of July 2014 to June 2015.

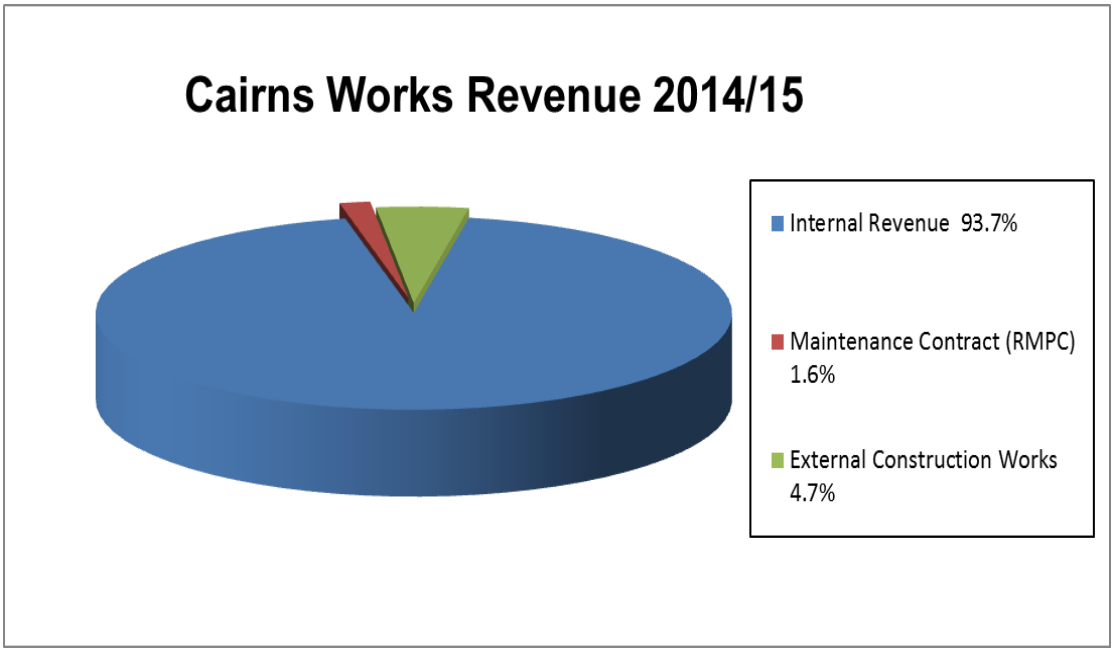
(c) Workplace Health and Safety (WH&S)

Cairns Works maintained a high level of input into, and use of, WH&S systems to ensure staff, contractor 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 been acceptable.

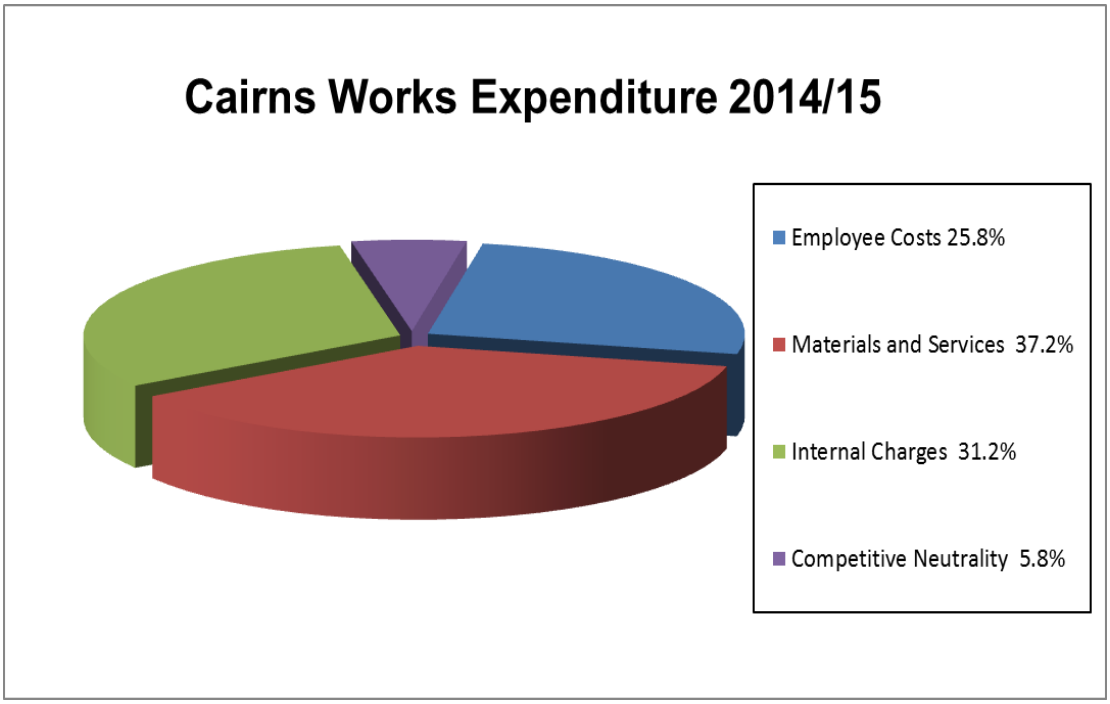
Council continues with Safeplan 3 which is an improved self-imposed comprehensive WH&S system developed to ensure the safety of all staff. Regular toolbox talks with staff reinforce the various safety issues.

Cairns Works Financial Indicators

Cairns Works actual income was received from the following sources:



Cairns Works actual expenses were allocated the following way:



Cairns Regional COUNCIL

Cairns Works
Operating Statement
For the year ended 30 June 2015

	2014/15 Actual $	2014/15 Budget $
Operating Revenue		
Miscellaneous Revenue	4,636	3,495
Internal Revenue	69,636	72,085
Total Operating Revenue	**74,272**	**75,580**
Operating Expenditure		
Employee Benefits	18,990	18,193
Materials and Services	54,607	55,876
	73,598	74,069
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**675**	**1,511**
Capital Items		
Contributions	-	-
Other Capital Contributions	-	-
Subsidies and Grants	-	-
INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX	**675**	**1,511**
Income Tax Benefit / (Expense)	(202)	(453)
Dividend Income / (Expense)	(472)	(1,058)
INCREASE / (DECREASE) IN OPERATING CAPACITY AFTER INCOME TAX	**-**	**-**

Cairns Water & 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 wastewater, commercial and industrial trade waste
- Collection, recycling and disposal of municipal solid waste
- Planning for and delivering water, wastewater and waste infrastructure
- Maintenance of the community's water, wastewater and waste infrastructure
- Environmental management of water and waste infrastructure and facilities

Water and Waste has three service delivery areas comprising water supply, wastewater collection and treatment, and waste services. 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 services. Both the Water and Waste businesses are considered Type 1 business activities under the Local Government Act 2009. 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 12 water supply schemes. The main water sources are the Copperlode Falls Dam and Behana Creek which supply the area from Gordonvale to Palm Cove. The small southern communities draw water from a number of intakes on local streams.

Principal assets include:

Major Water Sources	Copperlode Falls Dam (Lake Morris) Behana Creek
Major Treatment Plants	Freshwater Creek at Tunnel Hill
Minor Intakes	Ten (10) minor (rural) intakes
Kilometres of Mains	2,131 kilometres

Major Capital Work projects undertaken within the water supply system in 2014/15 were;

- Northern Beaches design and construction of 225mm and 450mm trunk water main from Palm Cove reservoir to Clifton beach
- Behana Creek to Edmonton West Pump Station upgrade trunk main connection
- Redlynch Reservoir design and construction of dedicated inlet main DN225 x 4,280
- Meter replacement program

Wastewater Operations

Water and Waste manages six wastewater schemes. The distinct catchment areas within Cairns are serviced by six plants as follows: 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 Energy and Water Supply.

Principal assets include:

Major Treatment Plants	6
Wastewater Pump Stations	181
Kilometres of Mains	1,251 kilometres

Major Capital Work projects undertaken within the wastewater system in 2014/15 were;

- Managing Contract – Pumps and Pipes (CRC SPS Program)
- Construction of pressure mains from Freshwater Creek to Sewer Pump Station RL1
- Southern WWTP design of Dewatering System Upgrade
- Sewer Main and Manhole Rehabilitation Program 14/15

Cairns Resource Recovery

Water and Waste manages a range of solid waste operations, activities and services across the region. These include kerbside waste and recycling collection contracts, a regional waste management contract for the treatment and disposal of wastes through an Advanced Resource Recovery Facility, a material recovery facility, transfer stations, a buy back shop for the resale of recovered materials and the environmental monitoring of Council's closed landfills. The business focus is on waste minimisation and resource recovery primarily driven through the Waste Management Strategy.

Principal assets Include:

Materials Recovery Facility	Portsmith
Waste Transfer Stations	Babinda Gordonvale Portsmith Smithfield
Buy Back Shop	Portsmith
Landfills (closed to the public)	Portsmith Babinda Gordonvale Whiterock Machans Beach Yorkeys Knob
Waste Treatment and Disposal	Contractual arrangement with a commercial entity SUEZ Environment to accept, treat and dispose of Council waste at an Advanced Resource Recovery Facility

Major capital works undertaken within Waste Services in 2014/15 were:

- Materials Recovery Facility (MRF) Upgrade
- Portsmith Transfer Station purchase Hooklift Bins

Annual Statement of Operations

Water and Waste's 2014/15 Annual Performance Plan (the Plan) is the agreement 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 2014/15 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 deliver services to the Cairns community in a manner which as a minimum, meets both Council and community expectations. 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.

(a) Amendments to Annual Performance Plan

Water and Waste has reported against the Plan on a monthly basis throughout the 2014/15 financial year, during which time there were no structural amendments to the Plan.

(b) Key Deliverables

The Plan meets the requirements for the two commercial business units of Council being:

- Water and Wastewater
- Waste Services (Cairns Resource Recovery)

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 the 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 collection 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, plumbing approvals

Water and Waste also provides the following services:

- Water demand management services, including meter testing
- Hydraulic information to allow design of water network infrastructure
- As-constructed information for Water & Wastewater
- Installation of new water supply & wastewater services
- Miscellaneous maintenance services for water & wastewater
- Recreational facilities at Copperlode Falls Dam
- Water laboratory

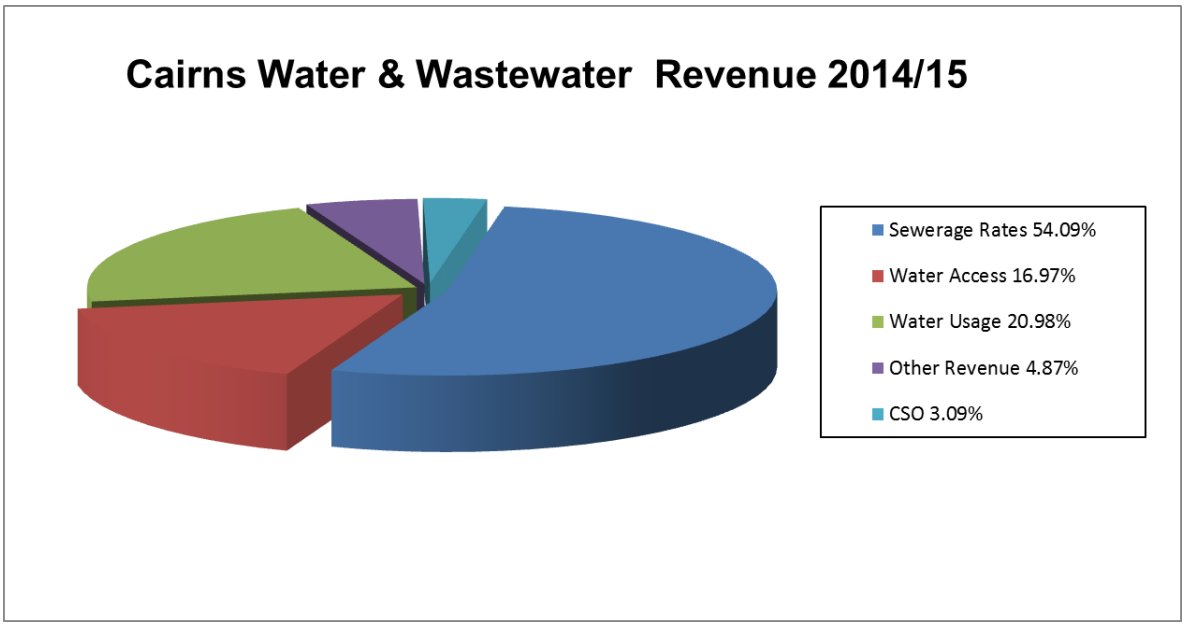
Community Service Obligations carried out by Water and Waste are as follows:

Activities	Community Service Obligation Description	2014/15
Type 1 Activities		
Water		
	Service Locations	84,306
	Fire Hydrants Maintenance	540,276
	Access Charges forgone	429,381
	Water Charges forgone	1,592,057
	Total	**2,646,020**
Wastewater		
	Service Locations	90,685
	Access Charges forgone	1,021,046
	Total	**1,111,731**
Solid Waste Management		
	Free dumping general waste	560,584
	Free disposal vouchers	11,500
	Free dumping vegetation	307,869
	Free mulch	43,601
	Free transportation costs between transfer stations	68,653
	Rates based financial assistance	43,812
	Schools recycling	29,921
	In kind waste & recycling collections	4,712
	Total	**1,070,652**

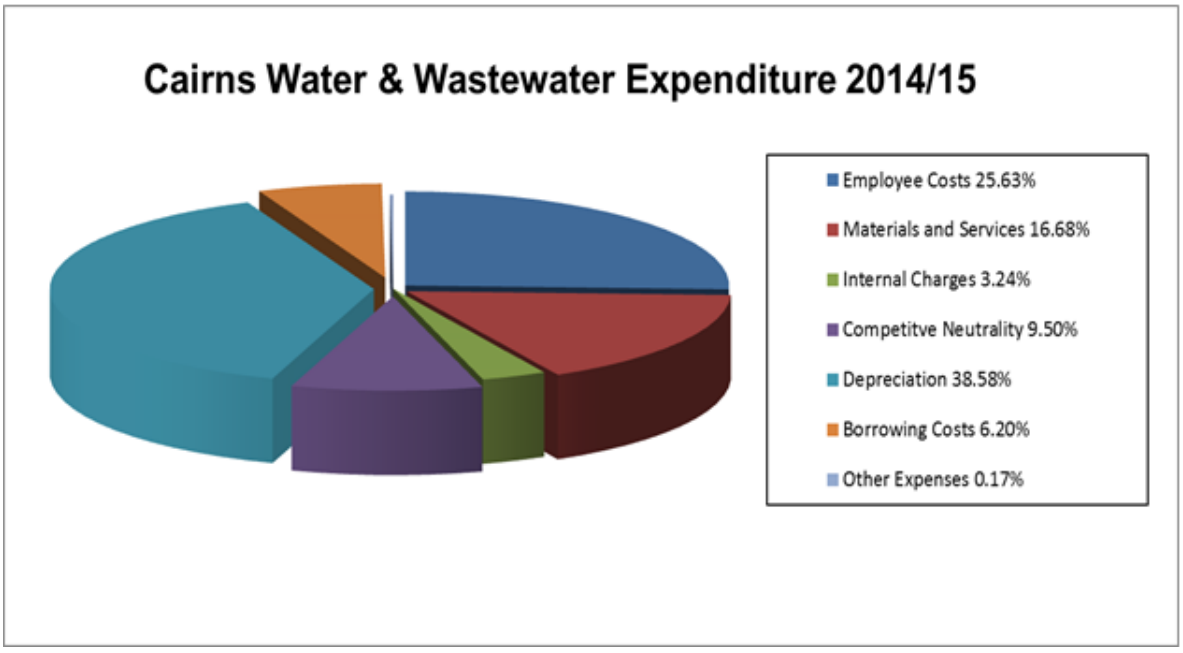
A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake.

Financial Indicators – Water and Wastewater

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



Water and Wastewater actual resources were allocated the following way:

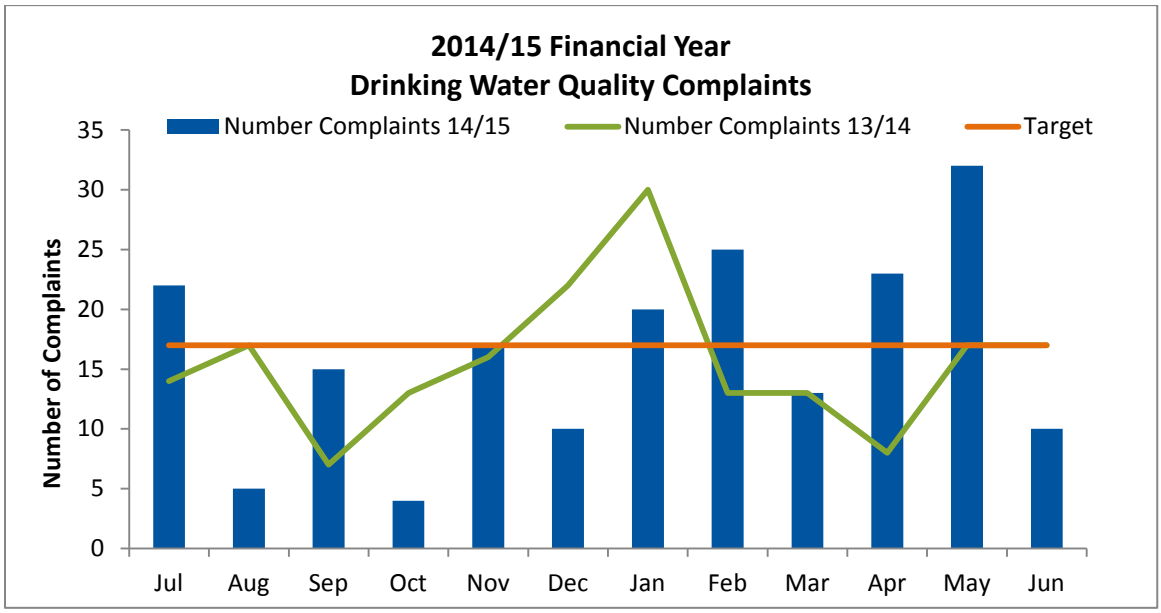


A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

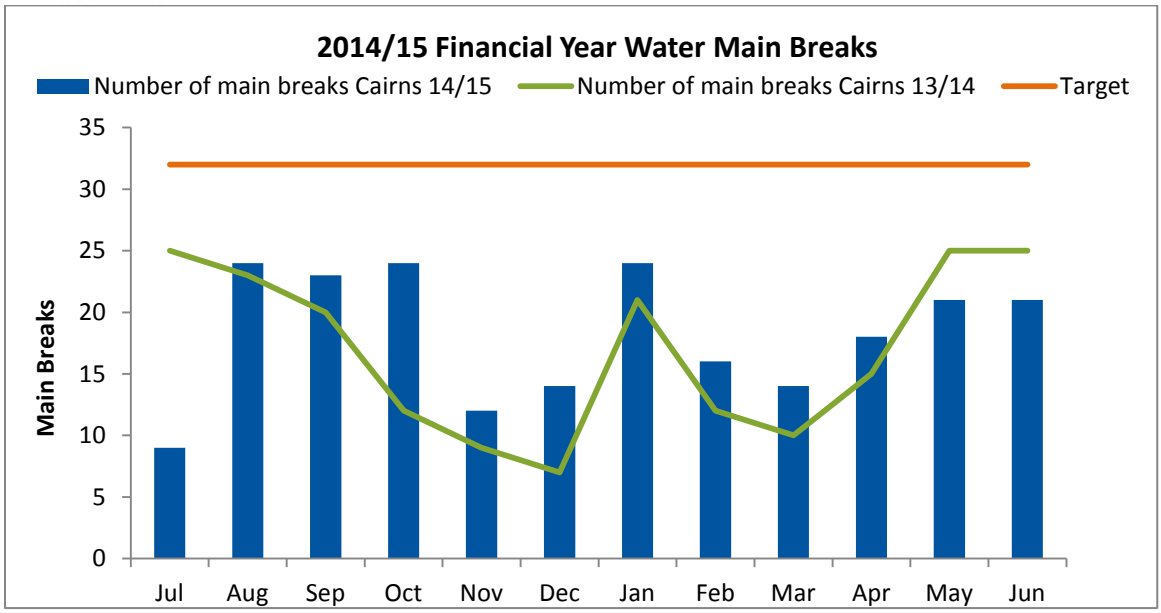
Service Indicators – Water and Wastewater Services

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

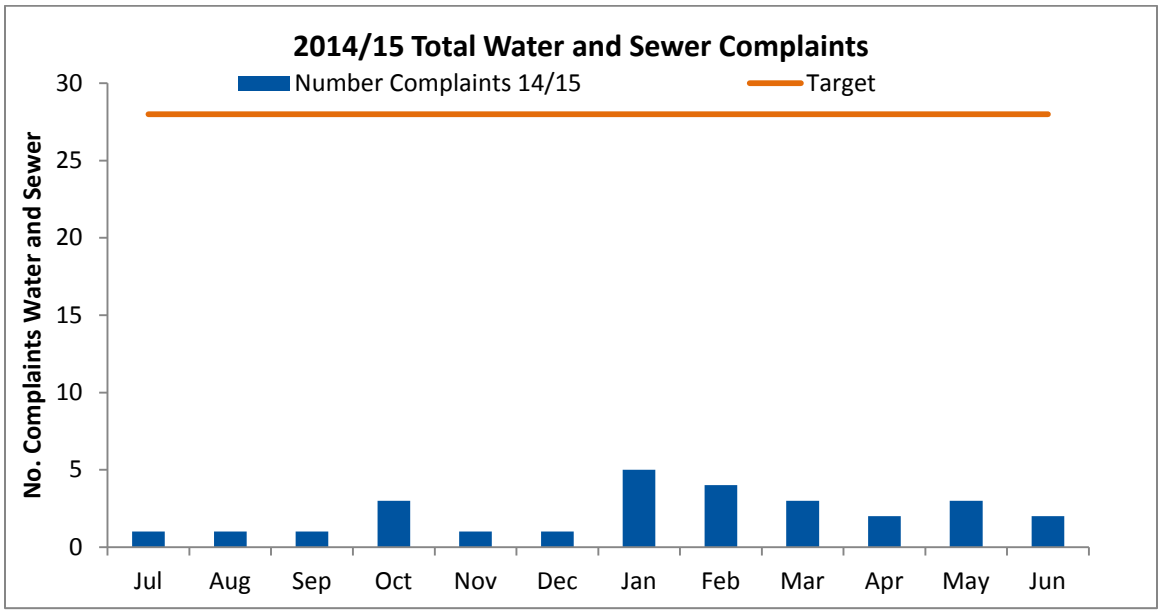


Drinking water complaints for 14/15 were slightly above 13/14 with 196 in total as compared to 187 in 13/14. Complaints focused on quality areas such as taste, odour and colour often followed works being conducted in the area.



Main breaks for 14/15 were slightly higher than 13/14 with 220 in total as compared to 2014 in 13/14. The result is still meeting the expected operational target.

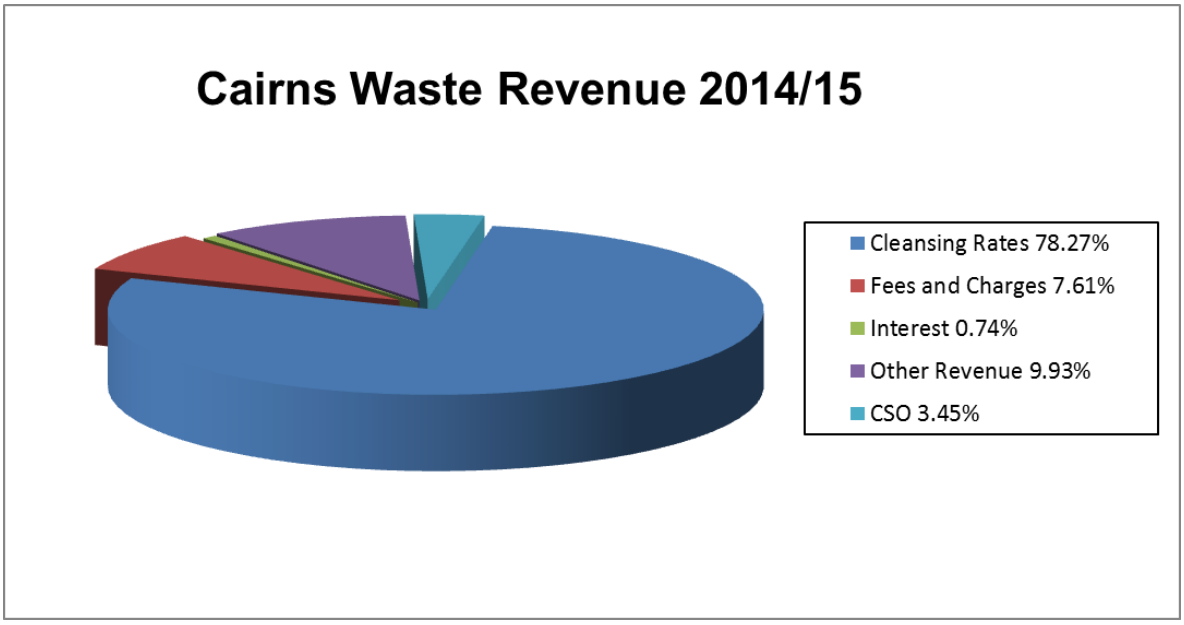
Wastewater



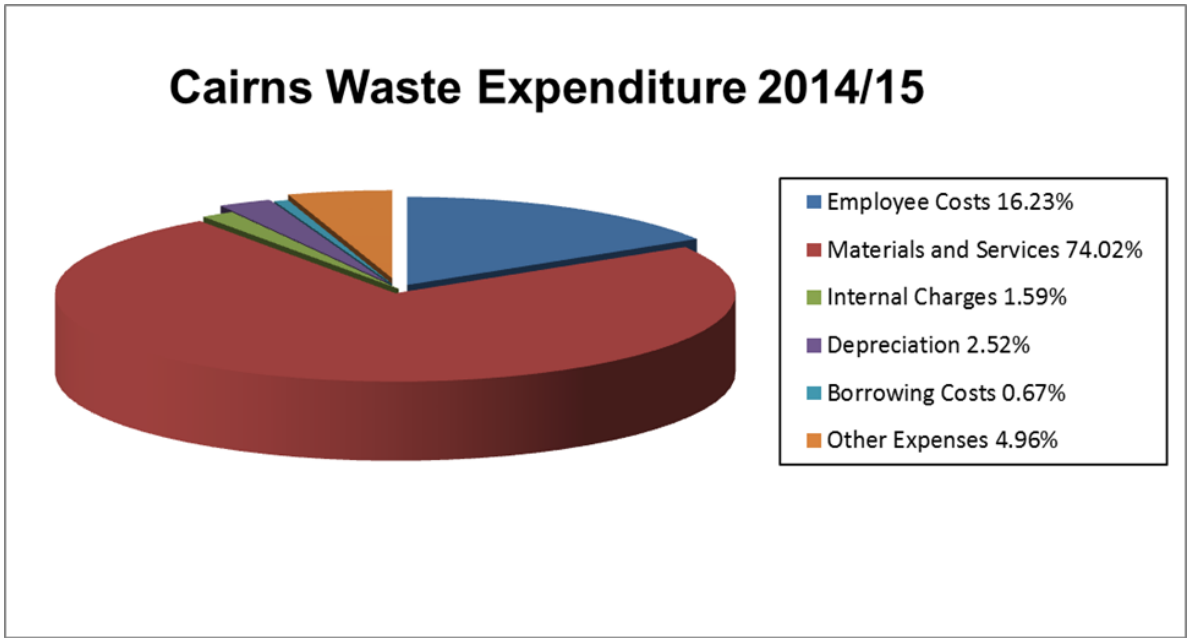
Complaints process for 14/15 was amended to reflect the Queensland Ombudsman and Department Energy & Water Supply definition, as such; previous financial year comparison data is unavailable. Overall, 27 complaints were received for the year, well under the proposed target.

Financial Indicators – Waste Service

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

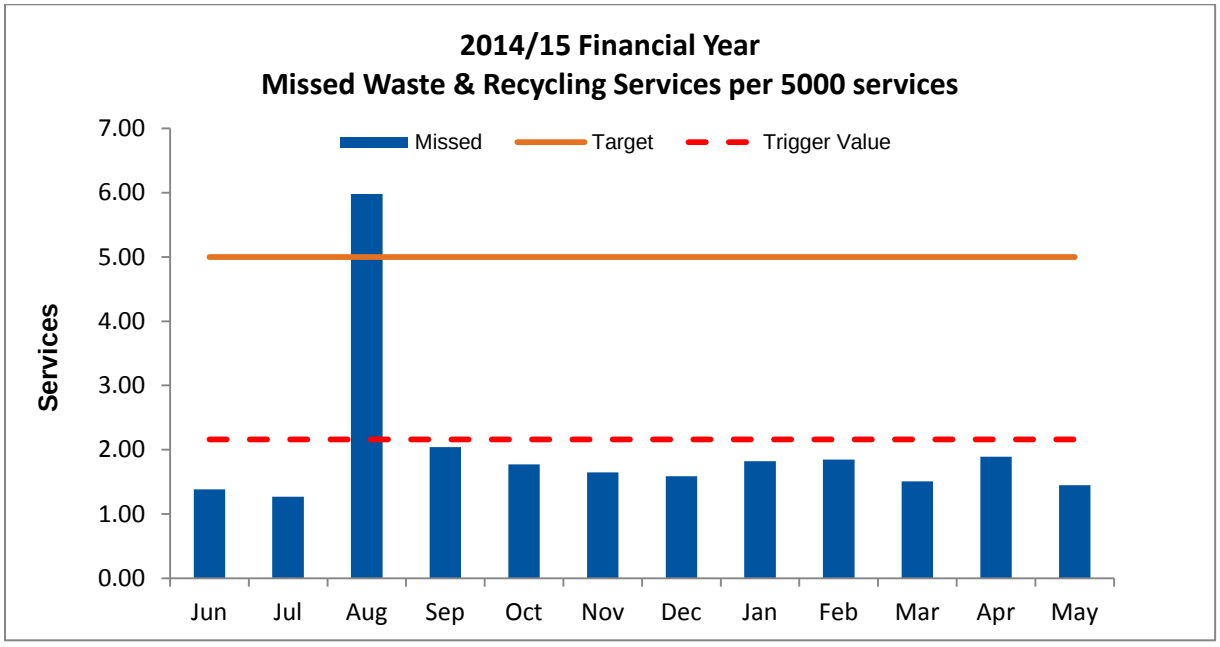


Waste's actual resources were allocated the following way:

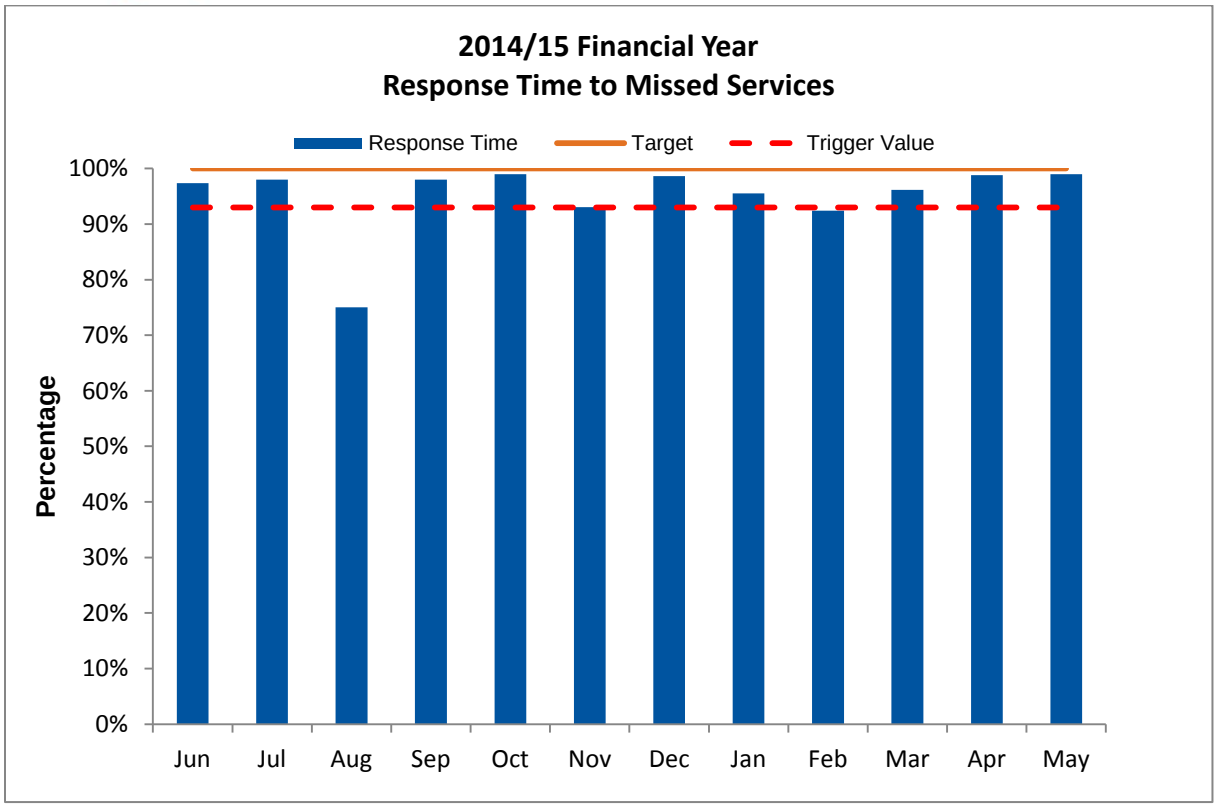


A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Waste Services



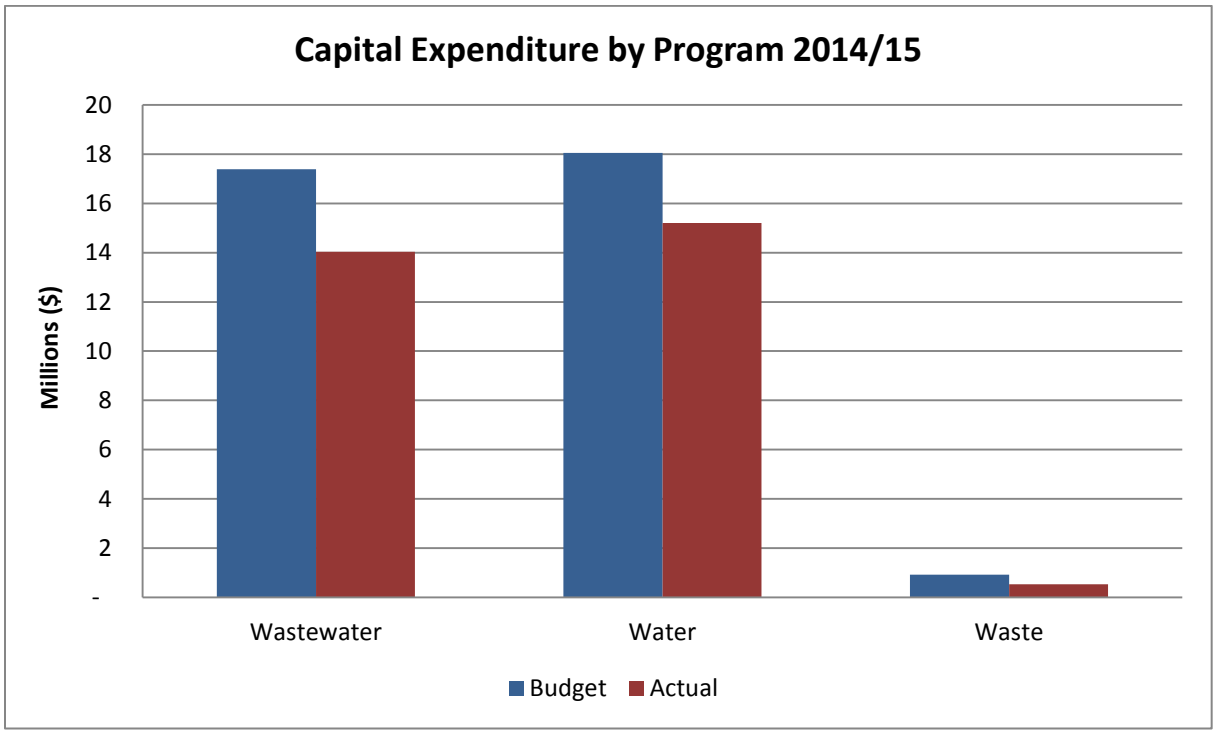
Service collection by the contractor has met the obligations for 14/15. The spike in August 2014 relates to a service disruption to kerbside collection from 20-29 August due to the contractor taking its entire national fleet off the road for safety tests following involvement in a fatal accident in South Australia.



Missed service response by the contractor averaged 95% for the 14/15 reporting period which is below the target of 100%, but, above the trigger value of 93%. The drop in August 2014 relates to a service disruption to kerbside collection from 20-29 August due to the contractor taking its entire national fleet for the road safety tests following involvement in fatal accident in South Australia.

Capital Works

Capital Works delivered by Water and Waste for Water, Wastewater and Waste Management totalled $29.77 million. This expenditure was 82% of the budgeted amount of $36.36 million.



Cairns Water and Waste

Operating Statement

	2014/15 Actual '$000	2014/15 Budget '$000
Operating Revenue		
Net rates and utility charges	134,435	131,774
Fees and charges	7,188	6,210
Interest	1,223	1,154
Miscellaneous revenue	3,879	3,127
Total Operating Revenue	**1,46,724**	**142,264**
Operating Expenditure		
Employee benefits	25,779	25,323
Materials and services	40,802	40,621
Depreciation and amortisation expenses	33,128	34,123
Finance Costs	5,546	5,484
Total Expenses	**105,255**	**105,551**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS AND INCOME TEST	**41,470**	**36,713**
Capital Items		
Gain / (Loss) on disposal of property, plant & equipment	(3,651)	(4,246)
Contributions	6,365	2,742
Contributed assets	10,224	2,798
Other Capital Contributions	85	-
Subsidies and Grants	4	-
Total Capital Items	**13,028**	**1,294**
INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX	**54,498**	**38,007**
Income tax benefit / (expense)	(13,282)	(10,486)
Dividend income / (expense)	(24,622)	(25,971)
INCREASE / (DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX	**16,593**	**1,550**

10. 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 35 to the Financial Statements.

11. COMMUNITY FINANCIAL REPORT

Local Government Act 2009 s.104: …

(1) To ensure that local governments are financial 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 the 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.

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.

END OF YEAR FINANCIAL STATEMENTS FOR 2014/15 AT A GLANCE:

Cairns Regional Council has performed well throughout the 2014/15 financial year, finishing the year with an $8.7 Million operating surplus and continuing to invest heavily in community infrastructure by delivering a capital works program in excess of $110 Million. Council was able to achieve these results with a record low rates rise and without compromising its exceptional service to the community.

	$ Million
Operating Revenue	285.6
Operating Expenses	276.9
Operating Position	**8.7**
Capital Income	30.6
Net Result	**39.3**
Total Assets	**3,648.4**
Total Liabilities	**135.0**
Net Community Assets	**3,513.4**
Total Capital Works Expenditure	**111.5**

The Financial Statements in this report cover a 12 month period ending 30 June 2015. 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.
- Long-Term Measures of Financial Sustainability – presents three sustainability indicators which have been set by the Department of Local Government, Infrastructure and Planning to help monitor the long-term sustainability of all councils across Queensland.

BACKGROUND

ASSUMPTIONS AND PRINCIPLES

Under the requirements of the Local Government Regulation 2012, 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 Regulation 2012.

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.

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 Debt 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 Resource Recovery (Cairns Waste) 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

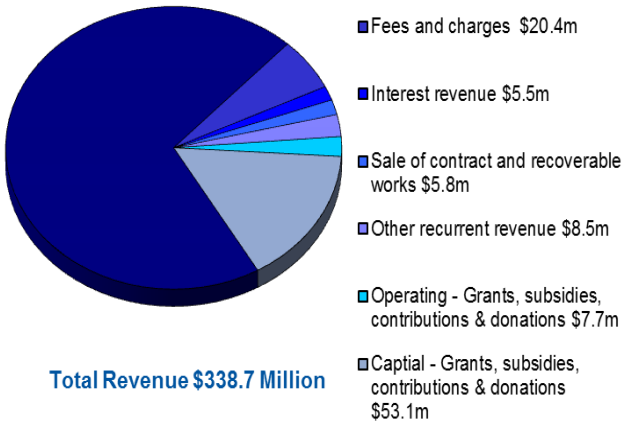
REVENUE

Comment:

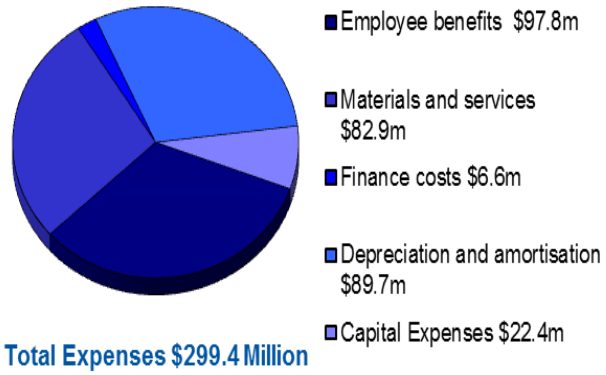
Revenue for the 2014/15 financial year is sourced from various items as shown in the following graph.

More than half of Council's revenue (70.2%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations (15.7%), 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 dependent upon development demand.



EXPENSES



Comment:

Materials and services and employee costs make up 60.3% 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, communication and IT, grants to community groups, electricity, external services and hire, garbage collection services, rentals and repairs and maintenance. Refer to note 6 of the Financial Statements for further details.

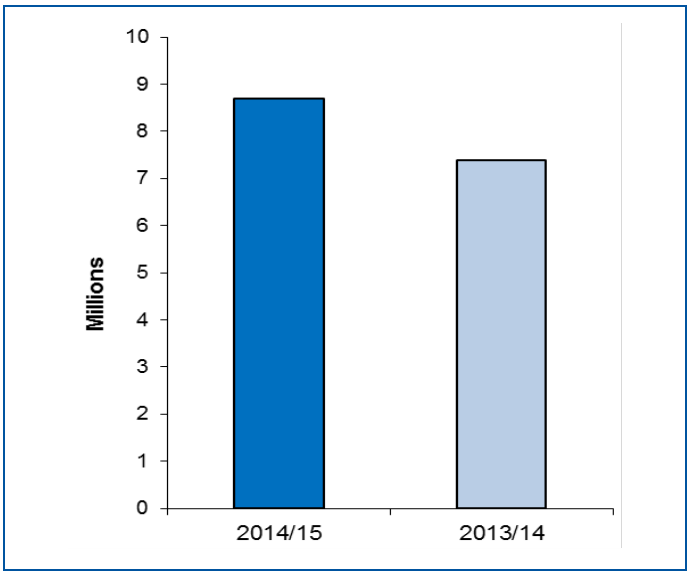
OPERATING POSITION

Council's operating position reflects the organisation's ability to meet its day-to-day running costs from operating revenue.

Comment:

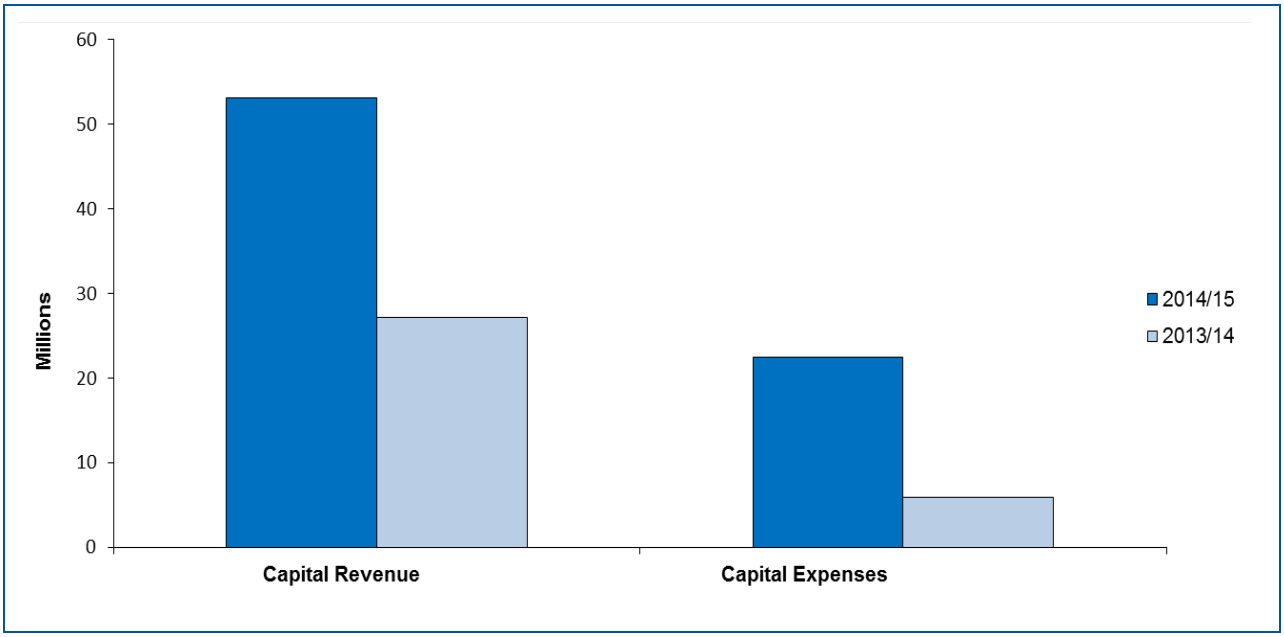
The operating position is calculated by taking total operating expenses ($276.9M) from total operating revenue ($285.6M) and does not include revenue or expenditure amounts for capital projects. This graph shows the operating revenue and expenses for 2014/15 compared to the 2013/14 financial period.

Council's operating position as at 30 June 2015 is a surplus of $8.7M which has increased from a surplus of $7.4M in the 2013/14 financial period.



NET RESULT

Council's net result reflects the operating position above plus capital revenue and expenses.



Capital revenue represents the following income streams:

- Donated assets – 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. Revenue from donated assets has increased significantly from 2013/14 due to a number of new developments coming online.

- Developer contributions – cash contributions made by developers to fund future infrastructure assets have restrictions placed on their use and are constrained to capital reserves. Revenue from developer contributions has increased significantly from 2013/14 due to an increase in development activity.

- Government subsidies and grants – this represents income received for the sole purpose of funding capital works projects.

Capital expenses predominantly represent the value of assets replaced or disposed of throughout the year.

Further details on capital revenue and expenses are contained in note 4(a) and 8 of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

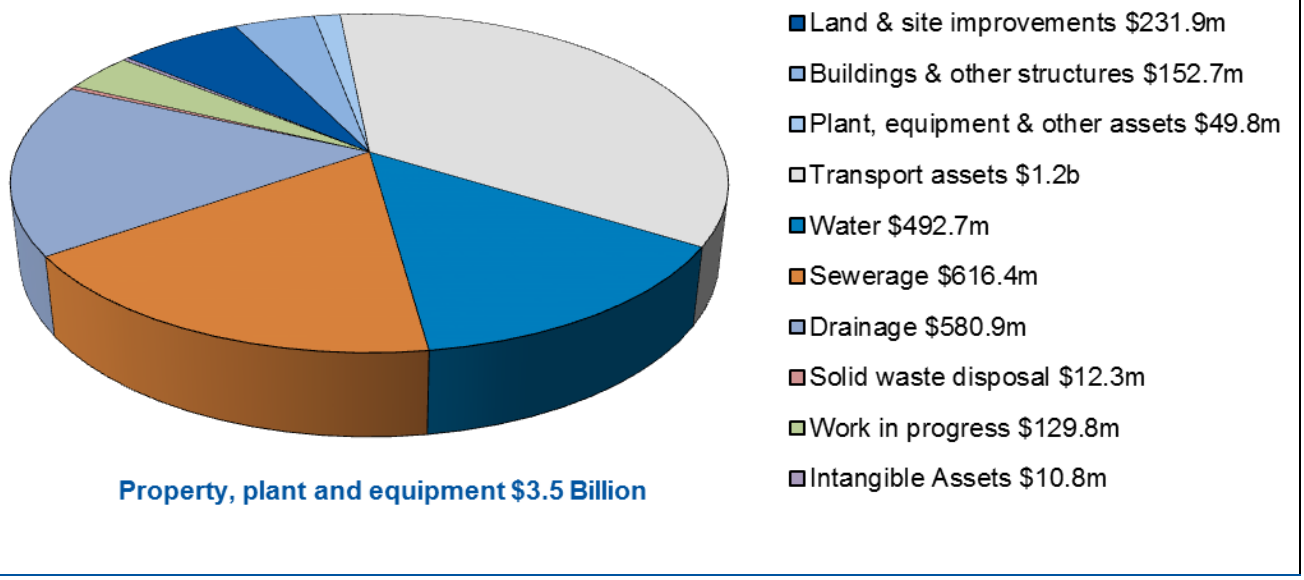
ASSETS

	2014/15 $ Million	2013/14 $ Million
Current Assets	123.9	118.9
Non-Current Assets	3,524.6	3,499.7
Total Assets	**3,648.4**	**3,618.6**

Comment:

Council assets as at 30 June 2015 total $3.6 Billion. This includes $123.9 Million of current assets (liquid assets or amounts due to be received within twelve months) and $3.5 Billion of non-current assets. Property, plant and equipment makes up 96.5% of total assets.

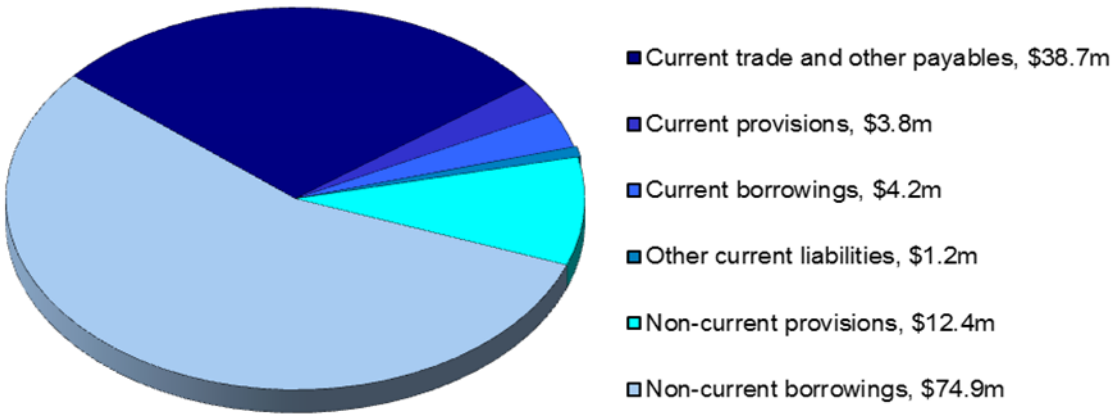
The following graph shows a breakdown of property, plant and equipment by asset category.



Property, plant and equipment $3.5 Billion

LIABILTIES

	2014/15 $ Million	2013/14 Million
Current Liabilities	47.8	57.6
Non-Current Liabilities	87.2	91.1
Total Liabilities	**135.0**	**148.7**



Total Liabilities $135 Million

Comment:

Total liabilities as at 30 June 2015 are $135 Million. This includes $47.8 Million of current liabilities (due to be paid out within twelve months) and $87.2 Million 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). Council loan borrowings are discussed further in the Queensland Treasury Debt section.

BORROWINGS

During the year Council did not take out any new loans, however made principal repayments of $3.9 Million and interest payments of $5.4 Million. The loan balance at year end is just over $79 Million.

The following table outlines the current (due within 12 months), non-current (due after 12 months) allocation of outstanding loan borrowings.

	2014/15 $ Million	2013/14 $ Million
Current Borrowings	4.2	3.8
Non-Current Borrowings	74.9	79.1
Total QTC Borrowings	**79.1**	**82.9**

Principal and interest repayments are made on these 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.

The following table shows the split of Council's debt service payments between principal and interest.

	2014/15 $ Million	2013/14 $ Million
Principal	3.9	3.6
Interest	5.4	5.8
Total Debt Service Payments	**9.3**	**9.4**

As at 30 June 2015 Council's debt per rateable property is $1,100.

SUSTAINABILITY RATIOS

Ratio	Description	Formula	Bench mark	2014/15	2013/14	Within limits
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.	Capital expenditure on renewals / Depreciation expense	>90%	**89.25%**	**103.82%**	☑
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.	Total Liabilities less Current Assets / Total Operating Revenue	<=60%	**3.91%**	**10.91%**	☑
Operating surplus ratio	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	Net Operating Surplus / Total Operating Revenue	0-10%	**3.04%**	**0.90%**	☑

CONCLUSION

Council has achieved a solid operating surplus of $8.7 Million for the 2014/15 financial year and continued its strong investment in community infrastructure through the delivery of a capital works program in excess of $110 Million.

Another great result for the year was the Sound (Neutral outlook) rating received as part of the credit review completed by Queensland Treasury Corporation. The rating is an improvement on Council's rating of Sound (Negative outlook) received in 2011. The Sound rating category indicates that Council has adequate capacity to meet its financial commitments in the short, medium and long-term and is expected to regularly report operating surpluses. A benchmarking exercise on the sector wide results of the credit reviews highlight Council's strong credit position with Brisbane City Council and Moreton Bay Regional Council the only councils to receive a better rating and our rating being consistent with that of Townsville City Council and Mackay Regional Council.

The above results leave Council well placed for the future with long term modelling indicating Council's ability to maintain outstanding levels of service, continue investment in infrastructure with an annual capital works program averaging $139 Million per annum whilst maintaining an average rates rise of only 2.95% over the 10 year period.

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.

12. CAPITAL WORKS PROJECTS

During the 2014/15 financial year expenditure on capital works was

Capital Works Highlights

Council completed the following works program during the period 1 July 2014 to 30 June 2015.

Infrastructure Services

Major Items	$
Transport and Mobility	
Bridge Infrastructure	$342,212
Depot Improvements	$139,354
Fleet Replacement	$5,829,475
Footpath / Cycleway Infrastructure	$4,936,242
Street Lighting	$228,453
Kerb and Channel Infrastructure	$2,233,463
Minor Road Infrastructure	$14,785,179
Reseals and Overlay	$3,277,337
Road and Pavement Rehabilitation	$1,281,462
Transport and Traffic Facilities	$1,014,214
Road Infrastructure – Local Roads and Regional Significance	$36,420
Road Infrastructure – Roads to Recovery	$3,131,362
Road Infrastructure – National Disaster Relief & Recovery Arrangements	$368,463
	$37,603,635

Major Items	$
Stormwater Management	$7,298,306
	$7,298,306

Major Items	$
Health, Safety and Community Development	
CCTV	$531,695
Barlow Park Sporting Precinct	$252,247
Buildings – General	$77,260
Inner City – Esplanade Upgrades	$2,149,790
Local Parks	$1,776,968
Caravan Parks	$32,976
Other Parks and Foreshore Infrastructure	$11,932,803
Cemeteries	$89,123
Other Sporting Facilities	$2,695,311
Playground Equipment	$388,638
Swimming Pools	$9,465,848
Botanic Reserves (inc. Sugarworld Gardens)	$1,063,257
Memorials and Public Arts	$761,415
Miscellaneous Community & Cultural Development	$532,680
	$31,750,009

Water and Waste

Major Items	$
Wastewater Infrastructure	
Managing Contract – Pump stations, Pumps & Pipes (CRC SPS Program)	$11,150,868
Construction of pressure mains from Freshwater Creek to Sewer Pump Station	$521,746
Southern WWTP design of Dewatering System Upgrade	$387,752
	$12,060,365

Major Items	$
Water Infrastructure	
Northern Beaches design and construction of Trunk Water Main from Palm Cove Reservoir to Clifton Beach	$3,593,091
Behana Creek to Edmonton West Pump Station Upgrade Trunk Main Connection	$2,636,199
Red Hill Installation of Dedicated Outlet Main	$1,597,456
Redlynch Reservoir design and construction of dedicated inlet main	$451,830
Cairns Water Security Strategy	$437,604
Meter Replacement Program	$603,514
	$9,319,694

Major Items	$
Solid Waste Infrastructure	
Materials Recovery Facility – Plant Upgrades – Installing Glass Crusher, Sealing & Expanding Storage / Traffic Areas	$268,670
Transfer Stations	$138,537
Buyback shop upgrades	$90,960
Landfills	$10,963
	$509,129

Planning and Environment

Major Items	$
Planning & Environment	
Regulated Parking	$327,366
	$327,366

Corporate Services

Major Items	$
Information Technology	
Desktop replacement, network upgrades and software	$3,452,438
	$3,452,438

Community, Sport & Cultural Services

Major Items	$
Community, Sport & Cultural Services	
Library	$679,280
Tanks Art Centre	$285,166
	$964,446

13. SPECIAL EXPENDITURE REPORTING CATEGORIES

Local Government Regulation 2012 s.188: … The annual report for a financial year must contain the following information about any overseas travel made by a councillor or a 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;

Overseas Travel

Name / Position	Destination	Purpose	Amount $
Bob Manning – Mayor	Hong Kong / China / Singapore	Mission to China and Singapore	15,823
Bob Manning – Mayor	Japan	Mission to Japan	7,686
Total Overseas Travel for Councillors & Employees			**$23,508**

14. GRANTS TO COMMUNITY ORGANISATIONS

Local Government Regulation 2012 s.189: … The annual report for a financial year must contain –

(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 2014/15 financial year, Council provided the following community grants:

- **Arts and Cultural Grant Streams**
    - Regional Arts Development Fund (RADF)
    - Cultural Infrastructure Grant
- **Community Development Grant Streams**
    - Community Development Grants
- **Sport and Recreational Grant Streams**
    - Young People in Sport Grants
    - Go Clubs Grants
    - Sports Events Tourism Grants
- **General Grant Streams**
    - Arts and Culture, Community and Go Clubs In-Kind Assistance
    - Mayor's Discretionary Fund

- **Event Grant Streams**
    - Local Community Festival and Event Grants
    - Developmental Event Grants
    - Major Event Grants
    - Major Community Infrastructure Grants
    - Major Local Community Facility Development Activity
- **Economic Development Grant Streams**
    - Economic Diversification Fund
    - Industry Development Fund
- **Environmental Sustainability**
    - Community Sustainability Grant
- **Rates Based Financial Assistance**
- **Young Animals Protection Society (YAPS) Financial Assistance**

Details on these grants and recipients are set out below.

Arts & Culture Grant Streams

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	Description	Amount $
Cairns Regional Gallery	Regional Partnerships	11,900
Gondwana Choirs	Building Community Cultural Capacity	10,000
Mulong Films	Cultural Tourism	10,000

Applicant	Description	Amount $
Nerelle Nicol	Contemporary Collections / Stories	10,000
Anthony Ring	Regional Partnerships	9,904
Rick Beresford	Regional Partnerships	9,753
Rose Rigley	Regional Partnerships	9,500
The Red Shoes Collective	Concept Development	9,447
Aerial Dynamics	Regional Partnerships	9,182
Binda Warren	Cultural Tourism	8,500
Carol Libke	Contemporary Collections and Stories	7,928
Mary Anne Runciman	Cultural Tourism	6,400
Ruby Boussard	Cultural Tourism	6,370
ARC Disability Services Inc.	Building Community Cultural Capacity	5,920
Tropical Arts Association Inc.	Building Community Cultural Capacity	5,000
Australian Sewing Guild	Building Community Cultural Capacity	4,200
Clare Meere	Cultural Tourism	4,160
Tanya Volentras	Cultural Tourism	2,681
Tropical Writers Festival	Cultural Tourism	2,484
Brisbane Writers Festival	Cultural Tourism	1,980
Fibre Crafters FNQ Inc.	Building Community Cultural Capacity	1,302
Total Regional Arts Development Fund (RADF)		**$146,611**

Cultural Infrastructure Grant

Applicant	Description	Amount $
Cairns Junior Choral Society	Upgrade to Facility	50,000
Cairns Little Theatre	Upgrade to Facility	41,382

Applicant	Description	Amount $
Cairns Potters Club Inc	Extension of Facility	38,000
Cairns & District Junior Eisteddfod Association Inc	Refurbishment of Facility	37,190
Cairns Brass Inc	Building / Parking Improvements	35,503
Cairns Cultural Co-Ordinating Assoc Inc	Fencing the Frontage of Facility	22,500
Cairns & District Woodworkers Guild Inc	Replacement of Woodworking Machinery	12,000
Total Cultural Infrastructure Grants		**$236,575**

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	Project	Amount $
Positive Aging Cairns Inc	R&P Agreement	10,000
End Credits Film Club	Sugarworld starry night cinema	4,310
St Johns Community Care Ltd	Seniors Week celebration	4,310
Cairns Choral Society Inc.	Upgrade of the sound facilities at the Choral Society Hall	4,310
Dawul Wuru Aboriginal Corporation	Regional Indigenous Fashion Show	4,250
Ellis Beach Surf Life Saving Club Inc.	Water filtration upgrade and fire pump	4,110

Applicant	Project	Amount $
Cerebral Palsy League of Queensland (on behalf of its Cairns CPL service)	Assess and Access Project	3,950
Crime Stoppers Queensland Limited	Suburban Promotional Project	3,910
Milboe Ltd	Cairns to Karumba Bike Ride	3,880
Cairns Surf Life Saving Club	Build capacity of first aid training and IRB rescue services	3,060
Cairns Potters Club	Biennial National Ceramics Exhibition - 2014 Event Melting Pot	3,000
PNG and Wantoks Association Cairns Inc.	PNG 40th Independence Anniversary	2,610
Playgroups Freshwater Masonic Lodge Hall	Upgrade outdoor area	1,300
Total Community Development Grants		**$53,000**

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	**$9,700**

Recipient	Sport
Boys Team	World Rafting Championships
Girls Team	World Rafting Championships
Cairns Basketball	Boys Australian Club Championships 2014
FNQ Oztag Sports Association	QLD OZTAG Junior State Titles
Cairns BMX Club Inc	Cairns BMX Club Inc
Jack Goodwin	Nagasaki International Futsal Tournament
Auna Fujitana	National Championships
Caitlyn Whipp	National Secondary Schools Girls Hockey Championships
Maddie Fox	Cairns & District Softball Association Inc.
Courtney Low	Bears Junior & Cubs Baseball
Keely Henderson	Youth Women's National Basketball Championships
Moe Kurihara	Australian Women's Softball Championships
Alex Liron	School Sport Australia National Championships - Tennis
L Mills	Australian Championships - Basketball
K Stattman	Australian Championships - Basketball
Ayana Aoyagi	National Youth Championships
Tatsua Shiihara	AKF National Championships
Kody Stattmann	Australian Championship - Basketball
Riley Clarke	Australian Championship - Basketball
Ronan Weber	QLD State Championships BMX
Teneille Nesbit	2014 DK & LKI QLD State Championships BMX
Wlisha Nesbit	2014 DK & LKI QLD State Championships BMX
Franco Aceto	FAA National Youth Championships

Recipient	Sport
Joshua Flower	State Cricket Titles
T Curmi	State Cricket Titles

Go Club Grants

(a) Go Clubs – Get into Sport

The Go on Get in to Sports grant 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	Project	Amount $
Tennis Australia	Cairns Bronze Level Junior Tennis Tournament	1,500
Tennis Australia	Cairns White Level Tennis Tournament	1,500
Cairns Cricket Association	T20 Blast	750
Cairns Rowing Club	Rowing Club Open Day	377
Total Go Club Grants – Get into Sport		**$4,127**

(b) Go Clubs – Get into Sun Smart

The Go on Get into Sun Smart grant stream aims to assist clubs with the development of areas that provide shade to improve sun smart practices for players, spectators, officials and volunteers.

Applicant	Project	Amount $
Rovers Cricket Club	Endeavour Park shade clubhouse	5,000
Cairns Cricket Association	Endeavour Park shade clubhouse	5,000
Mulgrave Combined Cricket Association	Portable covered grandstand	5,000
Cairns Stingrays Swimming Club	Woree Pool shade areas	5,000
Kangaroos Junior Rugby League Club	Shade cover	5,000

Applicant	Project	Amount $
Kangaroos Rugby League Club	Shade cover	5,000
Kangaroos Boxing & Fitness	Shade cover	5,000
Barrier Coast Archery Inc	Spectator/competitor shade	4,125
Total Go Clubs – Get Into Sun Smart		**$39,125**

(c) Go Clubs – Greener Building Initiative

The Go on Greener Building Initiative grant stream aims to deliver initiatives that reduce clubs overall energy consumption, operating costs and overall environmental impact.

Applicant	Project	Amount $
Kangaroos Boxing & Fitness	Audit and implementation funding	2,000
Kangaroos Rugby League Club	Audit and implementation funding	2,000
Kangaroos Junior Rugby League Club	Audit and implementation funding	2,000
Cairns City Lions Junior AFL Club Inc	Audit and implementation funding	2,000
Ellis Beach SLSC Inc	Audit and implementation funding	2,000
Cairns Cricket Association	Griffiths Park greener buildings initiative	1,000
Mulgrave Combined Cricket Association	Solar hot water	1,000
Total Go Clubs Grants – Greener Building Initiative		**$12,000**

Sports Events Tourism Grants

Applicant	Project	In-Kind	Amount $
Cairns Athletics Inc	Oceania Athletics Championships	10,869	10,000
AFL Queensland	2015 AFL National Kickstart Championship (Indigenous) & All Nations Cup (Multi-Cultural)		5,000
BMX Cairns Club Inc.	BMX National Series 2015		2,200
Total Sports Events Tourism Grants		**$10,869**	**$17,200**

General Grant Streams

Arts and Culture, Community, Go Clubs 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 three areas.

(a) Arts & Culture In-Kind Assistance

Applicant	Project	Amount $
Inkmasters Cairns Inc.	Inkmasters 2014 Print Exhibition	3,000
Tropical Pride	Tropic Pride Fair Day	3,000
KnockKnock (Auspiced by Kickarts Contemporary Arts)	Exhibition	3,000
Peninsula Art Educators Association	Energy Art Ex	3,000
Cairns Underwater Film Festival Inc	Cairns Underwater Film Festival	3,000
Cairns Photographic Society	Cactus and Coral Exhibition	3,000
Cairns & District Junior Eisteddfod Association	Gala Benefit Concert	3,000

Applicant	Project	Amount $
Japanese Society of Cairns	Cairns Dance Event 2014	3,000
Pyramid Highleigh Lodge	Private Ginger Mick at Gallipoli	3,000
Tourism Palm Cove	Reef Feast	2,675
UMI Arts Ltd	UMI Arts Indigenous Markets 2014	1,785
Palm Cove Foundation	Jazz on the Green	880
PNG Wantoks Assoc	Family Picnic Day	455
End Credits Film Club	Hire of Equipment	275

(b) Community Development In-Kind Assistance

Applicant	Project	Amount $
Relay for Life	Relay for Life	20,299
Cairns & Region Multicultural Association	Tropic Wave Festival	3,000
Positive Aging Cairns Inc	Positive Aging Fair 2014	3,000
Pacific Communities Council FNQ Inc	Pacific Communities of Cairns Council	2,727
Bese Association Inc	Cairns Hiri Moale Festival	2,364
Association of Tropical Biology	Conference	2,296
World Wide Sports Agency Pty Ltd	Crocodile Trophy 2014	2,189
Friends of Himalayan Children	Nepal Earthquake Benefit Concert	2,134
Edmonton Carols by Candlelight Committee	Edmonton Carols by Candlelight	2,111
Barrier Coast Archery Incorporated	Grounds Vegetation	2,097
QLD AIDS Council	LGBTI Over 50s Expo	1,743
Cairns Branch Queensland Council of Unions	May Day Community Picnic - 2015	1,664

Applicant	Project	Amount $
Worldom Pty Ltd	Australia Classic Car Show	1,630
Melanoma Institute Australia	Melanoma March	1,426
Wuchopperen Health Services	Outreach Service (CAISO) - Parking	1,298
Youth Service Providers	Transport Providers	1,298
Youth Service Providers	Transport Clients 2015/16	1,298
Sister Cities National Day	Sister Cities National Day	1,239
Leukaemia Foundation	Light the Night 2014	1,183
QLD Positive People	Worlds AIDS Day Ceremony	1,120
Cairns Indigenous Arts Fair	Parking Permit	1,081
AFL Cairns	Equipment Hire	940
Rock Impact Inc	Pets in the Park 2014	670
Ronald MacDonald Family Retreat	Teddy Bear Picnic	649
Rare Friends FNQ	Rare Friends Day	533
Cairns Couch Ltd	Superheros & Villains Fun Run 2015	408
Yorkeys Knob Residents Association Inc	Carols by Candlelight	360
Probus Club	Breakfast on the Esplanade	349
Rotary Club of Cairns Sunrise	Rotary Cairns and Avanti Plus Cairns Family Bike Ride	335
RSPCA Cairns	RSPCA Million Paws Walk	332
Royal Australian Air Force Assoc Cairns Branch	Memorial Service C47 Crash 1944	317
Relay for Life	Morning Melodies Tickets	285
Lions Club of Trinity Beach	Dedication Seats of Honour	278
Rock Impact Inc	Child Protection Week	144

Applicant	Project	Amount $
Yorkey's Knob Residents Association	Festival of the Knob 2014	107
Scout Association of Australia, QLD Branch	Blue blade signs "Scout Den"	105
Gordonvale District Chamber of Commerce	Carols by Candlelight	76

(c) Go Club In-Kind Assistance

Applicant	Project	Amount $
Cairns Cricket Association	Endeavour Park shed	15,000
Southside Comets Football Club	Storage compound	3,787
Cairns BMX Club Inc	Maintenance	3,550
Northern Beaches Mudcrabs Rugby League	Water connected to Wattle Street Football ground	3,000
FNQ Oztag Sports Association	Maintenance	2,793
FNQ Football Association	Maintenance	1,958
Cairns Cycling Club Inc.	Maintenance	1,907
Stratford Dolphins F.C.	Maintenance	1,755
Cairns Old Crocs Rugby Union Club Inc	Maintenance	1,586
Cairns Cricket Association	Maintenance	1,413
Northern Beaches Mudcrabs Rugby League	Maintenance	1,235
Ivanhoes Junior Rugby League	Maintenance	1,086
Cairns Bowls Club Inc	Maintenance	608
Ellis Beach Surf Life Saving Club	Supply and Install Showers	572
Babinda & District Pony Club	Weekend Sports Event	491
Cairns Basketball	Maintenance	472

Applicant	Project	Amount $
Gordonvale Golf Club	Backhoe Hire	471
Barron River Cricket Association Inc	Club Sign	513
Earlville Pony Club	Waste & Recycling Collection	268
Trinity Beach Tennis Club Inc	The official launch of the Mini Hotshots Tennis	248
Cairns Kart Racing Club Inc	Line marking	111
Total for all In-Kind Assistance		**$138,978**

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.

Applicant	Purpose	Amount $
Dr Edward Koch Foundation	Suicide and self-harm prevention conference	3,000
Friends of Cairns Botanic Gardens	25th Anniversary of Friends of the Botanic Gardens	2,000
Creche & Kindergarten Association	IPAD purchase - White Rock Community Kindy	1,704
Creche & Kindergarten Association	Props for Literacy and Numeracy Skills	1,543
Cairns Art Society Incorporated	Annual Exhibition (Prize)	1,500
Flickerfest	Donation	1,500
Northern Beaches Scouts	World Jamboree	1,000
Cairns Bridge Club	Purchase of Equipment	908
FNQ Youth Assistance Fund	**Brazil World Rafting Championships**	**750**

Applicant	Purpose	Amount $
Rare Disease Fun Run	Donation	605
Jawiyaba Warra Aboriginal Corporation	Community Comedy and Music Night	500
Cairns Municipal Band Inc	Smithfield High Jazz Academy Tour	500
Cootharinga North Queensland	Walk with Me Event	500
Ribbons Ladies Gamefishing Club Inc	Fishing Tournament (Junior Trophy)	500
IFYS Limited	Children's Christmas Party	500
Marlin Coast Bowls Club	State Fours Championships	500
Yorkeys Knob Residents Association	Yorkeys Knob Christmas Carols	500
Immune Deficiencies	Donation	500
China Inc - Welcome & Official Conference Opening	Donation	500
Koori Kids	Naidoc Week School Initiative Information Packs	450
Freshwater Tennis Club	Gazebo and Sandbag Kit for Presentation	449
Total Mayor's Discretionary Fund		**$19,909**

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	Project	In-Kind $	Amount $
Cairns Show Association	Cairns Show	20,109	54,506

Applicant	Project	In-Kind $	Amount $
Cairns & District Chinese Association	Chinese New Year Festival	1,305	20,000
Babinda Harvest Festival	Babinda Harvest Festival	2,206	15,000
Great Pyramid Race and Country Fair Association	Great Pyramid Race and Country Fair Association	4,315	14,390
Cairns & Region Multicultural Association	Tropic Wave Festival 2014		5,000
Pacific Communities Council FNQ Inc.	Pacific Communities Festival 2014		4,400
Positive Aging Cairns Inc	Positive Aging Fair 2014		4,000
Cairns BMX Club Inc	BMX Australia National Series		4,000
Cairns Buthanese Community Inc.	Dashain and Deepawali Festivals 2014		3,200
Far North Qld African Community Association	Africa Day 2015		3,200
Papua New Guinea & Wontoks Association Cairns Inc.	PNG 39th Independence Anniversary and Community Picnic Day		3,200
Rock Impact Inc.	Pets in the Park 2014		3,000
Tourism Palm Cover	New Years Eve 2014		3,000
End Credits Film Club Inc.	End Credits Unseen Cinema		2,000
Tourism Trinity Beach	Flickerfest 2013		2,000
Smithfield Mountain Bike Park	Maintenance	50,472	
Far North Queensland FC	Use of Barlow Park	32,007	
Northern Pride	Use of Barlow Park	27,655	
Cairns & District Junior Eisteddfod Association	Cairns & District Junior Eisteddfod Theatre Hire	25,000	
FNQ Rugby Inc	Rugby Union QRU Pre-season Trial Match	13,956	
NRL	NRL Preseason Trial Match	10,814	

Applicant	Project	In-Kind $	Amount $
Edmonton Storm Senior Rugby League	Home Games	1,624	
Total Local Community Festival & Event Grants		**$189,463**	**$140,896**

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	Project	Amount $
North Queensland Sports Foundation	LGA Contribution	32,179
Cairns Tropical Pride Inc	Tropical Mardi Gras 2015	20,000
Tourism Palm Cove	Reef Feast Palm Cove	20,000
Cairns Jockey Club Inc.	Cairns Cup Carnival 2015	13,500
BMX Events Australia Pty Ltd	2015 BMX Australia National Series	11,000
Cairns Tropical Pride	Cairns Tropical Pride Fair Day 2014	10,000
Worldcom Pty Ltd	Australia Classic	10,000
Cairns Indigenous Arts Fair	CIAF Satellite Event - Black Cabaret	5,500
Total Developmental Event Grants		**$122,179**

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	Project	In-Kind $	Amount $
USM Events	Cairns Ironman 2014		162,000
USM Events	Cairns Ironman 2015	29,316	162,000
Tourism Events QLD	AFL Home and Away Competition Match in Cairns 2014		100,000
Tennis Australia	Cairns Pro Tour Event		30,000
World Wide Sports Agency Pty Ltd	Crocodile Trophy 2014 Event		30,000
Professional Bull Riders Australia Pty Ltd	Professional Bull Riders		20,000
Bulls Masters Tour	Bulls Masters Tour		10,000
The Far North Qld Amateur Turf Club	Amateurs	29,570	5,000
Total Major Event Grants		**$58,886**	**$519,000**

Major Community Infrastructure Grants

Applicant	Project	Amount $
AFL Cairns Ltd	Lighting Upgrade	250,000
AFL Cape York Ltd	Buchan St Facility Upgrade	125,000
FNQ Football Inc	Endeavour Park Lighting Upgrade	50,000
Total Major Community Infrastructure Grant		**$425,000**

Major Local Community Facility Development Activity

Applicant	Project	Amount $
Cairns Historical Society	Museum Association	147,165
Total Major Local Community Facility Development Activity		**$147,165**

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	Purpose	Amount $
Tourism Tropical North QLD	R&P Agreement	1,500,000
Tourism Tropical North QLD	International Marketing Activities, Paradise Through Your Lens and Mountain Biking Development	163,000
Tourism Tropical North QLD	Team Cairns Project	150,000
Tourism Tropical North QLD	This is My Paradise Project	100,000
Tourism Tropical North QLD	Drive North Queensland Project	70,000
Tourism Tropical North QLD	China Business Events Project	17,000
Babinda Information Centre	Babinda Revitalisation	8,680
Babinda Task Force	Babinda Revitalisation	5,797
Mulgrave Chamber of Commerce	Carols in the Park	1,772
Total Economic Diversification Fund		**$2,016,249**

Industry Development Fund

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

Applicant	Purpose	Amount $
Study Cairns Inc.	Financial Support	30,000
Superyacht Group Great Barrier Reef Inc	Financial Support	30,000
Study Cairns Inc.	International Marketing Campaign 2014	21,900
JUTE Theatre Company	Tropics Tropics Project	10,000
Cairns Airport Pty Ltd	Tropical Queensland Export Exchange	10,000
Regional Flavours Brisbane	Taste Paradise	2,450
Total Industry Development Fund		**$104,350**

Environmental Sustainability Grant Streams

Community Sustainability Grants

The Community Sustainability grant stream provides financial assistance to eligible community groups that wish to pursue projects and activities which promote sustainability and enhance community resilience to climate change.

The aim of the Community Sustainability grant stream is to encourage groups in the community to take the initiative to develop programs, activities, projects and events which make a positive contribution to promoting sustainable communities, improving energy efficiency, or enhancing community resilience to climate change.

Applicant	Purpose	Amount $
Turtle Rehabilitation Centre	Turtle Transportation Box upgrade	4,500
Trinity Beach Community Kindergarten	Community Sustainability Grant 2014	3,731
REAP Cairns - in association with OzHarvest	Purchase of Key Infrastructure to transport food rescued	2,591
Australian Quoll Conservancy	Purchase of cameras for remote camera survey of spotted Quolls	2,364
Cairns Area Fish Stock Group	Purchase of Fish Stock for local catchments	2,273
Mother of Good Council P&F Association	Deadly Kids - yarning circle and bush tucker indigenous garden	2,273

Applicant	Purpose	Amount $
Cairns PCYC School Aged Care	PCYC SAC Community Garden	1,818
Edmonton Community Centre	Community Sustainability Grant 2014	1,269
Cairns TAFE Community Child Care Centre	Sustainable Edible Teaching Garden	955
Bayview Heights Community Kindergarten	Create a Community Herb Garden	909
South Cairns Gymnastics	Energy Management Audit and Actions	500
NQ Amateur Gem Cutters	Energy Management Audit and Actions	455
Edmonton Community Gardens Inc.	Community Garden Equipment	115
Total Climate Change & Sustainability Grants		**$23,752**

Rates Based Financial Assistance

Recipient	2013/14		2014/15	
Not for Profit Community Groups	111 Recipients	566,630	121 Recipients	601,798
Not for Profit Sporting & Recreation Groups	70 Recipients	184,890	65 Recipients	178,781
Cairns Show Association	1 Recipient	39,520	1 Recipient	40,113
Total		**$791,040**		**$820,692**

YAPS Financial Assistance

Total Young Animals Protection Society Grants	**$35,000**

Sponsorships

Applicant	Purpose	Amount $
Cairns Taipans	Annual Sponsorship 2014/15	125,000
Sports Marketing Australia	2014 Australian Baseball Nationals	8,200
Sports Marketing Australia	2014 Hockey Qld Men's State Championships	8,200
Far North Queensland Regional Architecture Awards 2015	Gold Sponsorship	2,000
Sports Marketing Australia	2014 Bronze Level Junior Tour Tournament	1,100
Sports Marketing Australia	2015 Tennis Qld Australian money tournament and Junior Tour event	1,100
QLD Master Builders Association	Annual Sponsorship	1,000
Turtle Rehabilitation Centre	Turtle Transportation Box upgrade	4,500
Total Sponsorships		**$146,600**

Sponsorships

Applicant	Event	Amount $
Ravenshoe Appeal	Ravenshoe Appeal	20,000
Red Shield Appeal	Red Shield Appeal	5,500
Understory Film Festival	Understory Film Festival	1,500
James Cook University	Earth & Environmental Sciences	545
Bravehearts	NQLGA Conference	500
MyCause.com.au	Cairns Corporate Challenge	455
Total Donations		**$28,500**

15. SPECIAL RATES & CHARGES

Local Government Regulation 2012 s.190(1): … The annual report for a financial year must contain –

(d) Details of any action taken for, and expenditure on, a service, facility or activity –

(i) Supplied by another local government under an agreement for conducting a joint government activity; and

(ii) For which the local government levied special rates or charges for the financial year.

During the 2014/15 Financial Year Cairns Regional Council did not enter into any agreement with any other local government to conduct any joint government activity or levy any special rates or charges.

16. SUMMARY OF RATES & CONCESSIONS

Local Government Regulation 2012 s.190(1)(g): … The annual report for a financial year must contain… a summary of all concessions for rates and charges granted by the local government.

Rates and Concessions

1. Pensioner Remission

(a) A rebate of 40 per cent of the General Rate up to a maximum of $1,350 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 Remissions

(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 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 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 two 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. 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.

I. The rate incentive is proportionately attributed to that area of land included in the agreement.

II. The rate incentive was credited to the recipient's rates notice prior to being issued.

III. 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).

IV. Any 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.

V. 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.

6. Concession for Home Dialysis Policy

Financial assistance is available to offset water usage costs and the provision of additional recycling services for users of Home Dialysis Equipment.

17. INVITATIONS TO TENDERERS TO CHANGE THEIR TENDERS

Local Government Regulation 2012 s.190(1):… The annual report for a financial year must contain –

(e) The number of invitations to change tenders under section 228(7) during the year.

There were four (4) instances during the 2014/15 financial year were tenderers who had submitted a tender to Council were invited to change their tenders. This related to the following contracts:

Contract No.	Contract Name	Notification Details	Date Issued	Details of Tender Specification Change
75409	Construction of Bessie Point Access Road and Ancillary Works	Open Tender	18/11/14	Water main portion of works deleted
75407	Upgrade Pressure Main from SPS RL1 to Freshwater Creek	Open Tender	17/12/14	Increase in a provisional sum amount in the Lump Sum Schedule
75417	Design & Construct Wastewater Treatment Plan Replacement Plant Replacement Sludge	Open Tender	10/04/15	Change to scope of works for dewatering building
75416	Annual Program for Manhole Rehabilitation Works	Open Tender	24/06/15	Extend Defect Liability Period

18. REGISTERS

Local Government Regulation 2012 s.190(1) (f): … 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:

- Asbestos Register
- Asset Register
- Conflict of Interest / Material Personal Interest Declaration Register
- Corporate Risk Register

- Council's Local Laws Register
- Embargo Register
- Environmentally Relevant Activity Register
- Local Heritage Register
- Matman Equipment Register
- Mayor Discretionary Fund Register
- Resident Evacuation & Recovery Register
- Register of Beneficial Enterprises
- Register of Benefits (including Gifts)
- Register of Code of Conduct Matters
- Register of Cost Recovery Fees
- Register of Council Meeting Minutes
- Register of Delegations (including financial)
- Registers of each of Council's approved procurement arrangements, Approved Contractor lists, Register of Pre-Qualified Suppliers, and Preferred Supplier Arrangements
- Register of Election Gifts and Benefits
- Register of Interests Chief Executive Officer
- Register of Interests Councillors
- Register of Interests Senior Contract Employees
- Register of Resource and Performance Agreements
- Road Register
- Vegetation Protection Local Law Register

19. INTERNAL AUDIT REPORT

Local Government Regulation 2012 s.190(1): … The annual report for a financial year must contain

(h) the report on the internal audit for the financial 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 implement recommended improvements to systems, processes, work practices, compliance and business effectiveness.

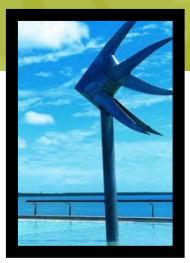
The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2015, Council's outsourced internal audit consultant was Pacifica Chartered Accountants. The independence and objectivity of the consultant is continuously monitored by the General Manager Human Resources and Organisational Change 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 2014/15 Internal Audit Plan covered all Departments and included reviews of fixed asset and asset management, purchasing and expenditure, grant application management, coordination and acquittal (income and grant funding), asset management – maintenance planning, and financial and non-financial reporting integrity (SUB).

20. OTHER ISSUES RELEVANT TO MAKING AN INFORMED ASSESSMENT

Local Government Regulation 2012 s.190(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 2014/15 financial year.



Cairns Regional Council

Cairns Regional Council

FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 30 JUNE 2015

CAIRNS REGIONAL COUNCIL
Financial Statements
For the year ended 30 June 2015

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Addendum to the Financial Statements **Appendix A**

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

Long-Term Measures of Financial Sustainability **1**

Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $	2014 [1] (Restated) $
Continuing Operations			
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	237,771,000	226,689,606
Fees and charges		20,396,677	18,159,635
Interest revenue		5,494,372	5,909,569
Other recurrent revenue	3(b)	14,299,257	17,647,324
Grants, subsidies, contributions and donations		7,659,933	4,886,167
		285,621,239	273,292,301
Capital revenue			
Grants, subsidies, contributions and donations	4(a)	53,078,825	27,186,026
Total revenue		338,700,064	300,478,327
Total income	2(a)	338,700,064	300,478,327
Expenses			
Recurrent expenses			
Employee benefits	5	(97,759,170)	(93,765,219)
Materials and services	6	(82,887,587)	(79,432,309)
Finance costs		(6,622,807)	(5,944,642)
Depreciation and amortisation		(89,658,896)	(91,695,332)
		(276,928,460)	(270,837,502)
Capital expenses			
Capital expenses	8	(22,434,303)	(5,956,209)
Gain / (loss) on de-amalgamation	7	-	(341,243,592)
		(22,434,303)	(347,199,801)
Total expenses	2(a)	(299,362,763)	(618,037,303)
Net result from continuing operations		39,337,301	(317,558,976)
Net result from discontinued operations		-	5,814,907
Net result		39,337,301	(311,744,069)
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		4,123,836	502,907,289
Total other comprehensive income for the year		4,123,836	502,907,289
Total comprehensive income for the year		43,461,137	191,163,220

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

[1] *See note 24 for details regarding restatement of comparatives to reflect prior period adjustments.*

Statement of Financial Position
as at 30 June 2015

	Note	2015 $	2014 [1] (Restated) $
Current assets			
Cash and cash equivalents	9	29,657,599	54,496,292
Short term deposits	10	60,500,000	30,000,000
Trade and other receivables	11(a)	30,720,187	31,855,634
Inventories		2,981,717	2,557,572
Total current assets		123,859,503	118,909,498
Non-current assets			
Property, plant and equipment	12(a)	3,513,670,028	3,491,626,947
Intangible assets		10,883,036	8,112,803
Total non-current assets		3,524,553,064	3,499,739,750
Total assets		3,648,412,567	3,618,649,248
Current liabilities			
Trade and other payables	13	38,652,972	50,929,288
Provisions	14	3,759,418	2,189,639
Borrowings	15	4,181,248	3,772,164
Other		1,186,093	755,042
Total current liabilities		47,779,731	57,646,133
Non-current liabilities			
Provisions	14	12,369,090	11,942,103
Borrowings	15	74,869,088	79,133,094
Total non-current liabilities		87,238,178	91,075,197
Total liabilities		135,017,909	148,721,330
Net community assets		3,513,394,657	3,469,927,918
Community equity			
Asset revaluation surplus		982,979,684	978,855,848
Retained surplus/(deficit)		2,530,414,973	2,491,072,070
Total community equity		3,513,394,657	3,469,927,918

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

[1] *See note 24 for details regarding restatement of comparatives to reflect prior period adjustments.*

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts			
General rates and utility charges		236,671,135	246,027,650
Rental and levies, fees and charges		21,845,362	15,742,528
Operating grants, subsidies and contributions		7,666,399	16,081,300
Interest received		5,226,347	6,460,323
Other revenue		16,200,282	11,193,066
Payments			
Payments to suppliers		(92,301,957)	(82,666,425)
Payments to employees		(97,175,493)	(99,205,560)
Interest expense		(5,430,992)	(5,756,945)
Net cash inflow (outflow) from operating activities	21	92,701,083	107,875,937
Cash flows from investing activities			
Grants, subsidies, contributions and donations for capital acquisitions:			
Capital contributions		13,159,986	11,000,008
Government subsidies and grants		10,548,971	15,639,906
Payments for property, plant and equipment		(113,683,757)	(127,697,009)
Payments for intangible assets		(2,578,923)	(198,258)
Proceeds from the sale of non-current assets		9,368,868	931,013
Net movement in short term deposits		(30,500,000)	5,000,000
Net cash inflow (outflow) from investing activities		(113,684,855)	(95,324,340)
Cash flows from financing activities			
Principal repayments	15	(3,854,921)	(3,645,362)
Net cash inflow (outflow) from financing activities		(3,854,921)	(3,645,362)
Net increase (decrease) in cash and cash equivalents held		(24,838,693)	8,906,235
Cash and cash equivalents at beginning of the financial year		54,496,292	61,909,972
Effect of de-amalgamation		-	(16,319,915)
Cash and cash equivalents at end of the financial year	9	29,657,599	54,496,292

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

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

	Note	Asset revaluation surplus	Retained surplus/ (deficit)	Total
		$	$	$
Balance as at 1 July 2014		978,855,848	2,491,072,070	3,469,927,918
Net result		-	39,337,301	39,337,301
Other comprehensive income for the year				
Increase in asset revaluation surplus		4,123,836	-	4,123,836
Minor correction to non-current assets opening balance		-	5,603	5,603
Balance as at 30 June 2015		982,979,684	2,530,414,973	3,513,394,657
Balance as at 1 July 2013 - Restated [1]		475,948,559	2,802,712,286	3,278,660,845
Net result		-	(311,744,069)	(311,744,069)
Other comprehensive income for the year				
Increase in asset revaluation surplus		92,842,513	-	92,842,513
Minor correction to non-current assets opening balance		-	103,853	103,853
Restatement - Transport formation value	**24**	410,064,776	-	410,064,776
Balance as at 30 June 2014		978,855,848	2,491,072,070	3,469,927,918

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

[1] *See note 24 for details regarding restatement of comparatives to reflect prior period adjustments.*

Notes to the financial statements
For the year ended 30 June 2015

1 Significant accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared under the historical cost convention, except for the following:
- financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal.

Recurrent/Capital classification

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

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

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

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of investment property and property, plant and equipment.

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

1.2 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the AASB that are relevant to Council's operations and effective for the current reporting period.

1.3 Basis of consolidation

The controlled entity of 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 Council over the operations of the gallery. Of the eleven directors, six positions are allocated to Council elected representatives. As at reporting date, three of these positions are vacant. 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 been assessed and have not been consolidated with Council's accounts as at the reporting date due to immateriality.

1.4 Adoption of new and revised Accounting Standards

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

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

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

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

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

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

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

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

1.6 Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation of property, plant and equipment - Note 1.11(c), Note 1.11(e) and Note 12(b)
- Impairment of property, plant and equipment - Note 1.13 and Note 12(a)
- Annual leave - Note 1.15(b) and Note 13
- Long service leave - Note 1.15(e) and Note 14
- Contingent liabilities - Note 18

1.7 Revenue recognition

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

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

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

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 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.

1.9 Receivables

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

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

All known bad debts were written-off at 30 June.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

1.10 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.

1.11 Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment have an asset capitalisation threshold of $5,000. All other assets have an asset capitalisation threshold of $10,000 except for:

- Land, network assets and complex assets which all have a capitalisation threshold of $1.

Network assets are an aggregate of interrelated assets that perform a specific service which, individually are likely to be below the capitalisation threshold levels, but collectively are above the capitalisation threshold for their class. Networked assets include computers and communication equipment, parking meters, and library books.

For the year ended 30 June 2015 the asset classes: Plant and equipment, Office furniture and fittings and Other assets and leasehold improvements have been consolidated into a single class - Plant and equipment and other assets.

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

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

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

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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

c) Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement . Other plant and equipment and work in progress are measured at cost. Council maintains a four year rolling schedule for comprehensive revaluations.

Comprehensive valuations are performed by a mixture of independent, professionally qualified valuers and experienced Council Officers. A Comprehensive Revaluation involves the asset or a representative sample being physically inspected and a Replacement Cost being arrived at from first principles for the asset class. The fair value is then determined by combining the replacement cost and remaining useful life based on condition to give written down current replacement cost.

In between comprehensive valuations, desktop or indexation reviews are conducted by either professionally qualified valuers or Council Officers. This process involves the review and assessment of any factors that may have materially impacted the condition rating of assets within the class as well as a review of cost assumptions compared to the latest industry indexes, Council cost information as well as the advice of internal engineers and independent third parties.

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

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. At the date of revaluation, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

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

Further details on the valuation of assets is contained in Note 12(b).

d) 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.

e) Depreciation

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

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 to the Council.

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments and subsequent estimation of remaining useful lives performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class are shown in Note 12(b).

1.12 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 Intangible assets*.

Intangible assets with a cost or other value exceeding $5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

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 is recognised as an expense in the period in which it is incurred.

At the reporting date intangible assets consist of software only.

1.13 Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually.

1.14 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.

1.15 Liabilities - employee benefits

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 13 as a payable.

b) Annual leave
A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 13 as a payable.

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. This liability represents an accrued expense and is reported in Note 13 as a payable.

d) Superannuation
The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 19.

e) Long service leave
A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned 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 14 as a provision.

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

1.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost. Borrowing costs which include interest calculated using the effective interest rate method and administration fees, are expensed in the period in which they are incurred. Costs that are not settled in the period in which they are incurred are included in payables. No borrowing costs are capitalised on qualifying assets.

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.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

1.17 Asset revaluation surplus

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

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

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

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.18 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation. Council is subject to 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 Equivalents Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

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

Notes to the financial statements
For the year ended 30 June 2015

2 Analysis of results by function

(a) Income, expenses and assets have been attributed to the following functions:

Year ended 30 June 2015

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									
	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $	2015 $
Finance	5,723,534	160,488,034	-	-	(51,366,375)	114,845,193	(23,969,808)	924,754	-	(23,045,054)	90,875,386	91,800,139	342,538,540
Human Resources and Organisational Change	97,000	2,650	-	-	-	99,650	(8,310,908)	-	-	(8,310,908)	(8,211,258)	(8,211,258)	-
Planning and Environment	39,576	12,136,258	-	-	-	12,175,834	(20,056,408)	-	313,799	(19,742,609)	(7,566,775)	(7,566,775)	7,324,406
Infrastructure Services	101,498	820,233	4,648,947	24,802,622	-	30,373,299	(81,704,412)	(18,561,596)	3,733,339	(96,532,669)	(77,049,341)	(66,159,369)	1,946,139,758
Community, Sport and Cultural Services	1,698,323	4,520,156	6,663,209	285,300	-	13,166,987	(46,458,102)	(1,146,925)	13,711	(47,591,316)	(40,225,913)	(34,424,329)	170,288,291
Cairns Water	-	116,795,209	4,031	16,674,718	-	133,473,958	(113,375,963)	(3,504,628)	37,192,247	(79,688,343)	40,611,493	53,785,614	1,166,709,326
Cairns Resource Recovery	-	29,928,968	-	-	-	29,928,968	(29,783,058)	(145,910)	5,137,977	(24,790,990)	5,283,888	5,137,978	15,380,804
Cairns Works	-	4,636,174	-	-	-	4,636,174	(4,636,174)	-	4,975,302	339,127	4,975,302	4,975,302	31,442
Total Council Continuing Operations	7,659,931	329,327,682	11,316,186	41,762,640	(51,366,375)	338,700,064	(328,294,832)	(22,434,305)	51,366,375	(299,362,763)	8,692,780	39,337,301	3,648,412,567

Year ended 30 June 2014

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									
	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $
Corporate Services	-	638,150	87,795	-	-	725,945	(20,337,478)	18,832	-	(20,318,646)	(19,699,332)	(19,592,701)	6,777,381
Finance	2,843,653	166,496,858	-	-	(55,330,774)	114,009,737	(10,469,230)	(341,243,592)	-	(351,712,822)	103,540,506	(237,703,085)	325,260,832
Human Resources and Organisational Change	147,071	-	-	-	-	147,071	(3,144,048)	-	-	(3,144,048)	(2,996,977)	(2,996,977)	-
Planning and Environment	6,293	11,115,997	-	-	-	11,122,290	(15,473,893)	-	324,032	(15,149,861)	(4,027,571)	(4,027,571)	6,344,446
Infrastructure Services	184,076	2,070,906	12,594,726	6,664,441	-	21,514,148	(85,862,058)	(3,842,839)	3,632,890	(86,071,988)	(79,974,170)	(64,557,840)	1,953,488,289
Community, Sport and Cultural Services	1,955,967	4,511,336	2,931,382	168,785	(10,032)	9,557,438	(47,298,199)	(779,532)	-	(48,077,731)	(40,840,932)	(38,520,293)	156,337,130
Cairns Water	3,522	116,587,610	12,003	5,598,051	-	122,201,186	(116,592,002)	(1,336,212)	39,722,320	(78,205,894)	39,721,461	43,995,292	1,154,064,704
Cairns Resource Recovery	-	29,984,271	14,000	-	(51,624)	29,946,647	(29,984,271)	(16,458)	4,666,346	(25,334,383)	4,614,722	4,612,264	15,570,769
Cairns Works	-	9,907,535	-	-	-	9,907,535	(9,907,535)	-	7,046,842	(2,860,693)	7,046,842	7,046,842	805,697
Discontinued Operations	(254,414)	(17,514,099)	(885,157)	-	-	(18,653,670)	12,838,763	-	-	12,838,763	(4,929,750)	(5,814,907)	-
Total Council Continuing Operations	4,886,168	323,798,564	14,754,749	12,431,277	(55,392,430)	300,478,327	(326,229,951)	(347,199,801)	55,392,430	(618,037,303)	2,454,799	(317,558,976)	3,618,649,248

Analysis of Results by Function

(b) Components of Council functions

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

Finance
Finance provides professional financial management, service and advice to enable our customers to achieve their goals. The core functions include Cairns Shared Services, Financial Accounting, Information Services, Management Accounting, Payroll, centralised Procurement and Records.

Human Resources and Organisational Change
Human Resources and Organisational Change are responsible for the provision of sustainable human resources and organisational change services that support internal and external customers. Core functions include Corporate Training, Governance, Recruitment and Selection, Service Quality, HR/IR Consultancy and WH&S.

Planning and Environment
Planning and Environment delivers Council's aim of achieving sustainability by maintaining a healthy economy, vibrant communities and a thriving biophysical environment. This includes Development and Regulatory Services, Planning Strategies and Economic Development.

Infrastructure Services
Infrastructure Services is responsible for ensuring infrastructure assets and facilities are procured, maintained and operated within a framework of strategic planning and management that is 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 also facilitates the coordination of Council's capital projects delivery.

Community, Sport and Cultural Services
Community, Sport and Cultural Services manages a number of the region's public facilities; including the Botanical Gardens, Sugarworld, Civic Theatre, Tanks Art Centre, museums and art galleries and the region's libraries. This department also services parks and gardens with barbeque and picnic facilities, sports grounds and playgrounds.

Cairns Water
Cairns Water is responsible for the provision of water and wastewater services to consumers throughout the Cairns region. This includes 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 Resource Recovery
Cairns Resource Recovery 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 is also undertaken when and where there is an overall benefit to Council and the community.

	Note	2015 $	2014 $
3 Revenue analysis			
(a) Rates, levies and charges	1.7(a)		
General rates		105,125,317	99,778,699
Separate rates		613,052	681,041
Water		20,015,933	19,352,645
Water consumption		26,317,639	23,079,415
Sewerage		63,765,644	62,294,874
Garbage charges		24,262,595	23,650,332
Rates and utility charge revenue		240,100,181	228,837,006
Less: Pensioner remissions		(2,329,181)	(2,147,400)
Net rates and utility charges		237,771,000	226,689,606
(b) Other recurrent revenue			
Contract and recoverable works		5,783,306	10,882,852
Reimbursements and cost recoveries		1,388,561	1,351,342
Sundry and other recurrent revenue		7,127,389	5,413,130
		14,299,257	17,647,324
4 Grants, subsidies, contributions and donations	1.7(b)		
(a) Capital – grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants	1.7(b)	11,316,186	15,115,665
Contributions		13,136,984	5,587,899
		24,453,170	20,703,564
(ii) Non-monetary revenue received:			
Developer assets contributed by developers at fair value		28,625,655	6,482,462
Total capital grants, subsidies, contributions and donations		53,078,825	27,186,026

	Note	2015 $	2014 $
5 Employee benefits			
Total staff wages and salaries		75,104,906	72,646,803
Councillors' remuneration		1,056,244	1,013,081
Annual, sick and long service leave entitlements		13,551,621	12,527,851
Superannuation	19	9,081,164	8,801,481
		98,793,936	94,989,216
Other employee related expenses		3,927,305	4,103,781
		102,721,240	99,092,997
Less: Capitalised employee expenses		(4,962,071)	(5,327,778)
		97,759,170	93,765,219

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

Total Council employees at the reporting date:	2015 employees	2014 employees
Elected members	10	10
Administration staff	622	640
Depot and outdoors staff	537	536
Total full time equivalent employees	1,169	1,186

6 Materials and services		
Agency and temporary employment services	4,081,721	4,123,117
Audit of the Annual Financial Statements by the Auditor-General of Queensland	194,000	235,352
Communication and IT	3,370,997	3,346,967
Donations paid and grants to community groups	4,934,641	3,998,009
Electricity	8,500,356	8,504,312
External services and hire	21,970,565	25,856,866
Garbage collection services	16,609,150	15,312,217
Other materials and services	12,669,412	7,250,744
Rentals - operating leases	601,837	653,473
Repairs and maintenance	9,954,907	10,151,252
	82,887,587	79,432,309

7 Discontinued operations

Effects of De-Amalgamation on the Financial position of Cairns Regional Council

The carrying amounts of assets and liabilities as at the 6 month period ending 31 December 2013 (transfer date) and the financial year ended 30 June 2013 were:

	2014 $
Property, plant and equipment	333,270,497
Cash and cash equivalents	19,731,222
Trade and other receivables, inventory and other assets	4,010,198
Provisions and other liabilities	(13,485,832)
Borrowings	(2,282,493)
Net assets and liabilities	**341,243,592**

The net effect of the removal of Douglas Shire Council from Council's balance sheet resulted in a loss on de-amalgamation of $341,243,592 in 2013. Council did not receive consideration or cash inflows arising from the transfer.

8 Capital expenses

(Gain)/loss on sale of capital assets	(1,180,239)	(35,309)
Loss on write-off of non-current assets	22,847,326	5,991,518
Revaluation decrement of property, plant and equipment	-	-
Other Capital Expenditure	767,216	-
Total capital expenses	22,434,303	5,956,209

	Note	2015 $	2014 $
9 Cash and cash equivalents	1.8		
Cash in operating bank account	22	1,173,406	117,910
Cash in other banks and on hand	22	26,840	29,470
Term deposits	22	-	16,000,000
Deposits and investments held with QTC	22	28,457,353	38,348,912
Balance per Statement of Cash Flows		29,657,599	54,496,292
Externally and internally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		270,241	14,711,697
Unspent developer contributions		35,706,282	27,190,443
Funds set aside by Council and held in reserves for future projects		2,151,210	2,677,965
Total unspent restricted cash for capital projects		38,127,733	44,580,105

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, National Australia Bank, Bendigo Bank, Cairns Penny Savings and Loans and ECU Australia.

10 Short term deposits			
Current fixed short term investments		60,500,000	30,000,000
Unrestricted	22	60,500,000	30,000,000

All cash investments are in Australian dollars. Investments are held in Bendigo Bank, Electricity Credit Union, Westpac Banking Corporation and National Australia Bank and are considered to be low risk investments.

	Note	2015 $	2014 $
11 Trade and other receivables			
a) Current	1.9		
Rateable revenue and utility charges		15,353,834	15,332,103
Water charges		3,654,114	3,327,408
Fees and charges		1,257,177	4,503,281
Accrued interest on investments		571,301	303,277
Grants receivable		1,723,673	650,069
Other accrued revenue		4,512,479	5,125,539
Other debtors		2,531,363	2,513,854
Less: impairment provision	11(b)	(1,647,121)	(1,467,047)
		27,956,820	30,288,484
Prepayments		2,763,367	1,567,150
		30,720,187	31,855,634

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.

b) Impairment provision			
Opening balance at 1 July		1,467,047	6,833,860
Effect of discontinued operations		-	(30,973)
Receivables written off in period		(198,766)	(5,048,180)
Provisions recognised		378,840	(287,660)
Closing balance at 30 June	11(a)	1,647,121	1,467,047

12 Property, plant and equipment

a) Movements in property, plant and equipment

2015

Asset class	Note	Land and site improvements	Buildings and other structures	Plant and equipment and other assets	Transport assets	Water	Sewerage	Drainage	Solid waste disposal	Work in progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
		$	$	$	$	$	$	$	$	$	$
Asset Values											
Opening gross value		253,126,261	300,754,640	70,192,258	1,630,980,312	948,832,080	890,024,771	647,633,819	17,240,413	140,912,511	4,899,697,065
Additions at cost		-	-	-	-	-	-	-	-	109,123,723	109,123,723
Contributed assets at valuation		-	-	-	9,068,812	4,757,067	5,467,006	9,332,770	-	-	28,625,655
Internal transfers from work in progress		3,157,871	7,022,936	9,914,745	59,574,733	11,691,608	22,467,674	2,247,195	2,380,608	(118,457,370)	-
Disposals		(7,219,818)	(150,000)	(3,616,828)	-	-	-	-	-	-	(10,986,646)
Write-offs		(150,210)	(5,510,312)	(1,154,906)	(21,004,764)	(3,485,581)	(4,026,995)	(2,195,272)	(127,898)	(1,706,708)	(39,362,646)
Revaluation adjustment to the ARS		12,773,622	6,076,739	-	(167,650,617)	4,123,079	14,501,313	3,884,280	-	-	(126,291,584)
Internal transfers between asset classes		(3,636,985)	(20,639,793)	24,373,195	(96,417)	-	-	-	-	-	-
Closing gross value as at 30 June 2014		258,050,741	287,554,210	99,708,464	1,510,872,059	965,918,253	928,433,769	660,902,792	19,493,123	129,872,156	4,860,805,567
Accumulated depreciation and impairment											
Opening balance		26,478,343	134,642,846	33,967,106	384,460,917	460,780,013	287,203,272	73,922,311	6,615,310	-	1,408,070,118
Depreciation provided in period		2,210,843	11,763,525	7,601,913	28,304,053	13,591,066	18,268,873	6,431,637	627,880	-	88,799,790
Depreciation on disposals		-	(93,981)	(2,704,036)	-	-	-	-	-	-	(2,798,017)
Depreciation on write-offs		(58,715)	(4,320,234)	(939,427)	(6,110,038)	(2,486,944)	(2,195,149)	(352,648)	(57,777)	-	(16,520,932)
Revaluation adjustment to the ARS		(601,583)	2,907,966	-	(142,723,841)	1,295,528	8,722,625	(16,115)	-	-	(130,415,420)
Internal transfers to other asset classes		(1,918,099)	(10,037,668)	12,001,340	(45,573)	-	-	-	-	-	-
Closing accumulated depreciation and impairment balance		26,110,789	134,862,454	49,926,896	263,885,518	473,179,663	311,999,621	79,985,185	7,185,413	-	1,347,135,539
Net value at 30 June 2015		231,939,952	152,691,756	49,781,568	1,246,986,541	492,738,590	616,434,148	580,917,607	12,307,710	129,872,156	3,513,670,028
Residual value				8,904,547							
Additions comprise:											
Renewals		-	-	-	-	-	-	-	-	79,253,376	79,253,376
New assets		-	-	-	-	-	-	-	-	29,870,347	29,870,347
Total additions		-	-	-	-	-	-	-	-	109,123,723	109,123,723

12 Property, plant and equipment

a) Movements in property, plant and equipment

2014 Restated

Asset class	Note	Land and site improvements	Buildings and other structures	Plant and equipment and other assets	Transport assets	Water	Sewerage	Drainage	Solid waste disposal	Work in progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
		$	$	$	$	$	$	$	$	$	$
Asset values											
Opening gross value as at 1 July 2013		266,304,787	328,521,002	73,824,073	1,376,513,998	1,038,554,202	953,283,679	648,800,554	25,727,704	85,419,709	4,796,949,708
Minor correction to opening balance		141,747	456	(98,260)	250,225	-	-	910	-	-	295,078
Additions at cost		-	-	-	-	-	-	-	-	127,697,209	127,697,209
Contributed assets at valuation		-	-	-	2,406,440	1,151,568	1,263,597	1,660,857	-	-	6,482,462
Disposals		-	-	(3,164,059)	-	-	-	-	-	-	(3,164,059)
Write-offs		-	(2,292,652)	(509,369)	(4,622,289)	(3,867,840)	(1,574,521)	-	(43,260)	-	(12,909,931)
Revaluation adjustment	24	-	-	-	410,064,776	-	-	-	-	-	410,064,776
Revaluation adjustment to other comprehensive income (asset revaluation surplus)		-	-	-	8,930,988	28,189,715	(5,120,073)	31,897,861	832,548	-	64,731,039
Internal transfers		6,704,706	9,075,229	6,937,005	16,768,835	4,491,425	5,042,848	1,954,063	723,137	(55,309,737)	(3,612,489)
Effect of de-amalgamation		(20,024,979)	(34,549,395)	(6,797,132)	(179,332,661)	(119,686,990)	(62,870,759)	(36,680,426)	(9,999,716)	(16,894,670)	(486,836,728)
Closing gross value as at 30 June 2014		253,126,261	300,754,640	70,192,258	1,630,980,312	948,832,080	890,024,771	647,633,819	17,240,413	140,912,511	4,899,697,065
Accumulated depreciation and impairment											
Opening balance as at 1 July 2013		24,416,902	141,238,768	31,262,494	397,189,714	511,827,252	285,333,712	109,249,319	7,515,974	-	1,508,034,135
Correction to opening balance		18,204	147	(8,610)	128,991	4,707	12,047	35,973	-	-	191,459
Depreciation provided in period		2,419,138	11,876,344	7,812,449	28,534,454	13,784,290	19,315,468	6,793,510	639,968	-	91,175,621
Disposals		-	-	(2,268,355)	-	-	-	-	-	-	(2,268,355)
Write-offs		-	(1,505,646)	(255,438)	(1,022,372)	(3,171,592)	(936,563)	-	(26,802)	-	(6,918,413)
Revaluation adjustment to the asset revaluation surplus		-	-	-	2,823,543	1,700,491	3,300,238	(36,306,883)	371,137	-	(28,111,474)
Effect of de-amalgamation		(375,901)	(16,966,767)	(2,575,434)	(43,193,413)	(63,365,135)	(19,821,630)	(5,849,608)	(1,884,967)	-	(154,032,855)
Closing balance as at 30 June 2014		26,478,343	134,642,846	33,967,106	384,460,917	460,780,013	287,203,272	73,922,311	6,615,310	-	1,408,070,118
Total written down value as at 30 June 2014		226,647,918	166,111,794	36,225,152	1,246,519,395	488,052,067	602,821,499	573,711,508	10,625,103	140,912,511	3,491,626,947
Residual value		178,640,200	167,888	8,238,646	156,228,014	109,761	13,026	19,401,401	9,165		
Range of estimated useful life in years		3-100	30-60	3-20	10-100	20-80	20-80	40-150	10-100		
Additions comprise:											
Renewals		-	-	-	-	-	-	-	-	94,660,497	94,660,497
New assets		-	-	-	-	-	-	-	-	33,036,712	33,036,712
Total additions		-	-	-	-	-	-	-	-	127,697,209	127,697,209

12 Property, plant and equipment

b) Fair Value Measurements

(i) Valuation processes and valuers

In accordance with Council Policy, for assets measured on a revaluation basis, comprehensive revaluations are conducted at least every five years on a rolling cycle. In intervening years, consideration will be given to the application of indices for individual asset classes based on a desktop assessment of the likely movement in values. Valuations are either conducted by suitably qualified independant valuers or, where Council possess the internal expertise for a particular asset class, valuations are undertaken in house.

Comprehensive Revaluation: A comprehensive revaluation involves physical inspection and condition rating of either the entire asset class or a representative sample, as well as a physical stocktake and review of unit rates or individual asset values.

Indexation Revaluation: An indexation revaluation involves a review of existing unit rates or asset values against application market rates or relevant market indices to determine an appropriate annual indexation rate in order to maintain fair value.

The following table summarises the revaluation type and valuer for each asset class valued under the revaluation model.

Asset Class	Revaluation Type	Name of Valuer
Land	Indexed	Knight Frank
Site Improvements	Indexed	Knight Frank
Buildings & Other Structures	Indexed	Knight Frank
Transport Assets		
Road Network	Comprehensive	Management Valuation
Bridges	Indexed	Management Valuation
Footpaths	Indexed	Management Valuation
Drainage	Indexed	Management Valuation
Water Assets	Indexed	Cardno (Qld) Ltd
Sewerage Assets		
Sewer Pump Stations	Comprehensive	Cardno (Qld) Ltd
Other Sewerage Assets	Indexed	Cardno (Qld) Ltd
Solid Waste Disposal Assets	Indexed	Cardno (Qld) Ltd

(ii) Recognised fair value measurements

In accordance with AASB 13 Fair Value Measurements are categorised on the following basis:

Level 1 Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value based on inputs that are directly or indirectly observable for the asset or liability.

Level 3 Fair value based on unobservable inputs for the asset and liability.

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

There have been no transfers between Level 1 and Level 2 of the heirarchy.

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015. Comparative information has been provided for 30 June 2014.

As at 30 June 2015

Asset Class	Level 2 $'000	Level 3 $'000	Total $'000
Land	192,512	-	192,512
Site Improvements	-	39,428	39,428
Buildings and Other Structures	25,567	128,478	154,045
Transport Assets	-	1,246,987	1,246,987
Drainage	-	580,918	580,918
Water Assets	-	492,739	492,739
Sewerage Assets	-	616,434	616,434
Solid Waste Disposal Assets	-	12,308	12,308
Total	**218,079**	**3,117,291**	**3,335,370**

As at 30 June 2014

Asset Class	Level 2 $'000	Level 3 $'000	Total $'000
Land	187,204	-	187,204
Site Improvements	-	39,444	39,444
Buildings and Other Structures	26,475	139,637	166,112
Transport Assets	-	836,455	836,455
Drainage	-	573,712	573,712
Water Assets	-	488,052	488,052
Sewerage Assets	-	602,821	602,821
Solid Waste Disposal Assets	-	10,625	10,625
Total	**213,679**	**2,690,746**	**2,904,425**

(iii) Useful lives

Asset Category	Sub Category	Useful Life (years)
Buildings	Building Components	15 - 60
	Minor Buildings	40 - 50
Drainage	Drainage Other Structures	10 - 100
	Drainage Underground Structures	50 - 100
	Open Drains	100-150
Intangibles	Software	5
Land	Land	Indefinite
Land Improvements	Landscaping & Vegetation	10 - 100
	Pathways	30 - 50
Other Structures	Lighting	15-30
	Sport & Leisure Structures	20-60
	Seawalls	50
Plant, Equipment & Other Assets	Office & Communications Equipment	3 - 10
	Library Collection	7 - 50
	Minor Street Assets	10 - 40
	Park and Playground Assets	5 - 20
	Plant	3 - 15
	Vehicles	4 - 10
Sewerage	Sewer Infrastructure Assets	10 - 100
	Sewer Main Assets	35 - 80
	Telemetry	9 - 25
Solid Waste Disposal	Transfer Stations	20 - 100
Transport	Embankments	100
	Footpath	20 - 60
	Guardrails	20
	Kerbing & Traffic Control Devices	60
	Pedestrian Bridges	30 - 50
	Road Bridges	50 - 80
	Road Formation	150
	Road Pavement	80 - 100
	Road Surfacing	15 - 100
	Streetlighting & Traffic Signals	25 - 30
Water	Water Infrastructure Assets	10 - 100
	Water Mains Assets	15 - 80

(iv) Valuation techniques used to derive fair values

Land and site improvements (Level 2 and 3)

Land and site improvements were comprehensively revalued effective 30 June 2013 by independent valuer, Knight Frank. Desktop reviews have been subsequently undertaken in 2014 and 2015, again by Knight Frank, to determine fair value as at 30 June each year.

For the purposes of the valuation, land assets were categorised as either specialised or non-specialised.

Specialised assets do not have an active market and have been valued using the “Depreciated Replacement Cost” (DRC) approach. Where only land is involved, the replacement of the asset is the primary consideration. Where there is an active market for land of that type, the Market Value approach has been applied to establish the Replacement Cost of the asset. This approach has been taken with all “Specialised” land.

Non-specialised assets include vacant parcels of land and improved properties that would be capable of separate sale. As there are established and active markets for properties of this type, they have been valued using the Market Value approach and have been directly compared with

It is assumed that land is free of all toxic and hazardous waste and is fit for current use. It has been further assumed that any current contaminated operation being undertaken has been appropriately addressed and poses no future or current risk of current or future contamination.

Site improvements are assessed with the assumption that all stand within similar condition or state as per previous comprehensive inspections with the exception of reasonable 'fair wear and tear'.

Buildings and other structures (Level 2 and Level 3)

Buildings and other structures were comprehensively revalued effective 30 June 2013 by independent valuer, Knight Frank. Desktop reviews have been subsequently undertaken in 2014 and 2015, again by Knight Frank, to determine fair value as at 30 June each year.

For the purposes of the valuation, building assets were categorised as either specialised or non-specialised.

The first category, specialised assets, include structural improvements located on freehold or Council controlled land that is of a specialised nature constrained for various purposes.

Specialised assets do not have an active market and have been valued using the DRC approach.

In the case of buildings, the notion of “Specialised” has considered the function presented by those particular assets as a whole. While it recognised that a number of the buildings may not necessarily be specialised, for the most part the layout and format of such assets as an aggregation would not lend itself to a more typical use as seen in the broader market. Nevertheless, under the presumption of ‘going concern’ in relation to the ownership entity, such assets could only be sold as part of the overall operation and consequently fall into the “Specialised” category. Their depreciated value can be assessed by analysing the market for comparable improved property. In this way, Market Value principles have been used where possible to establish the DRC, or added value, of these improvements.

The DRC methodology has also considered both useful and remaining life applicable to each particular building or structure. In the first case, the useful life has been established with due regard to the estimated time (in years) that a building (or structure) can be expected to serve its intended function in its present application or installation. Effective life of a building or structure has been established by reference to observed physical deterioration, and considered functional or economic obsolescence.

Non-specialised assets include improved properties that would be capable of separate sale. As there are established and active markets for properties of this type, they have been valued using the Market Value approach and have been directly compared with relevant sales evidence.

Buildings with a replacement cost greater than $500,000 have been componentised. In assessing componentised values, the percentage that each particular element has in the total makeup within the building by reference to the applied replacement cost was used. With regard to the makeup of those elements, a useful life has been established, with an equivalent effective life based on the considered remaining life of the overall asset as applied. This more granular assessment has been undertaken without the benefit of a formal condition report and has considered the individual elements by reference to the overall function of the asset.

The categorised specialised assets are considered to fall within Level 3 given the subjectivity in applying depreciation for which there is no quantifiable measure beyond professional opinion. However, assessment had regard to the applied value and relativity between asset classes which is believed to support such assessments.

In respect to Level 2 assets, the valuation had regard to the available sales evidence of similar assets which can assist in quantifying the depreciation applied.

Some assets in the other structures class were internally revalued effective 30 June 2013. Valuations were carried out by Council Officers with relevant knowledge and experience in the area. Typically the assets revalued internally represented those assets where it was not cost effective to undertake an external revaluation due to the geographically distributed nature of the asset, individual “minor” asset costs or difficulty in accessing the asset concerned. In determining the valuation for 30 June 2015, the index determined by Knight Frank for the general construction industry for the Cairns region was considered the most apprpopriate for application to the other structures sub-class.

Buildings are assessed with the assumption that all stand within similar condition or state as per previous comprehensive inspections with the exception of reasonable 'fair wear and tear'.

Infrastructure assets (Level 3)

All Council infrastructure assets (including transport, drainage, water and waste assets) were fair valued using the DRC methodology. The valuation comprises the asset's "Current Replacement Cost" (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the reproduction cost or replacement cost using the modern equivalent asset, as appropriate to the particular asset. All cost calculations have been based on the estimated current costs at 30 June 2015. In all cases the assets have been disaggregated sufficiently to ensure a reliable measure of cost and service capacity.

In developing the respective unit rates current schedules of asset structure, estimates of cost for similar projects and allowances for ground conditions and locality have all been considered. The adopted unit rates are consistent with “green field” conditions and have incorporated any relevant contributing data.

To arrive at the "fair value" for infrastructure assets, the direct construction costs have been increased by appropriate on-cost factors to allow for various items that are relevant to the provision of infrastructure. These include survey, planning, investigation and design, engineering supervision, contract administration supervision, construction contingencies and local conditions. The factors vary according to the type of work, the location and local conditions, and are detailed against each asset category below.

Indices have been selected from a variety of sources, and have in all cases been selected and applied in order to best match the asset class under consideration.

The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

The depreciation method used should reflect the predicted pattern of consumption of the asset's future economic benefits. For Council, the "straight line" methodology incorporating condition data (where appropriate) best reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Transport

Transport assets were internally valued by Council as at 30 June 2015. Suitably qualified officers developed a condition assessment methodology and a unit rate methodology which were used to condition rate and value all transport assets. Both methodologies were peer reviewed and endorsed by Cardno (Qld) Pty Ltd.

A complete stocktake of wearing course, traffic signals and streetlighting assets was undertaken by suitably qualified Council staff and/or contractors. This was completed on the basis of either physical inspection and measurement of mapping data. Due to the sheer volume of data and time constraints, updated data from the last comprehensive data captured in the 2011 revaluation was used for the other transport assets sub-classes. These include kerb and channels, roundabouts, medians, guardrails and traffic control devices.

Unit rates were developed for each asset category in the transport network. The methodology for each was determined based on the most appropriate inputs. For roadways assets (formation, pavement, wearing course), unit rates were developed by calculating replacements costs based on the adopted Far North Queensland Regional Organisation of Council (FNQROC) design standards. Each type of road in the heirachy was designed and costed. Unit rates for roundabouts, medians, kerb and channel, LATM and guardrails were derived based on current contract rates available to Council under Preferred Supplier Arragements (PSA). The unit rates for streetlighting and traffic signals were developed by independant third parties which manage the construction and maintenance of these assets.

All unit rates were developed on a greenfield basis. In greenfield cost estimation, it is assumed that the land is vacant land in its original state with no buildings or any infrastructure. This is typically the situation for vacant land subdivided by developers who will install road, water, sewerage and other services in readiness for the sale of the eventual subdivided lots.

Appropriate sample sizes were determined for inspection, ratings were applied and extrapolated based on the condition assessment methodology. The following table outlines the sample sizes used for each asset category. All samples were statistically representative of the relevant asset category.

Asset Category	Condition Inspection Sample
Wearing Course	100%
Pavement	20%
Kerb & Channel	5%
Medians	10%
Roundabout	10%
Guardrails	10%
LATM	10%
Traffic Lights	100%
Street Lighting	100%

Residual values were previously used to reflect road formation costs as well as the road pavement material that is reused when roads are renewed. In the 2014/15 year, road formation has been recognised and valued as a separate component of roads with an infinite life. The proportion of the pavement material that is reused when pavement is rehabilitated has been factored into the calculation of the useful life of pavement, resulting in an increase from 80 to 100 years.

Formation was previously included as part of the pavement assets, representing 25% of the pavement value based on previous estimates. Under the revised estimates, formation and pavement have been componentised. This has resulted in a significant increase in valuation of the formation component with average unit rates increasing from $9.55 to $48.71. Overall, formation is estimated to have increased from $101,283,049 to $514,547,675 from 2014 to 2015 based on the revised estimates. Subsequently, a restatement of the 2014 reported transport asset value has been made ($511,347,825 based on the new unit rates).

Kerb and channel unit rates were recalculated from first principles. As a result the average unit rate for kerb and channel decreased from $150.71 to $85, decreasing total replacement cost from $255M at 30 June 2014 to $130M at 30 June 2015.

The decrease in accumulated depreciation reflects the current condition assessment which showed an improvement from the previous survey in 2011. This is largely due to a more refined condition scoring methodology as well as timely maintenance and asset renewals. As part of the review, the useful life of kerb and channels was increased from 40 to 60 years. The change in condition rating and increase in useful life has increased the average remaining useful lives for kerb and channel from 34.33 years to 56.34 years. Given that unit rates, condition and useful lives have changed as part of this comprehensive revaluation it is impractical to quantify the impact of each on value and depreciation.

Changes in useful lives

The useful life of transport assets were reviewed and adjusted based on results of condition assessments, Council experience, industry accepted standards and benchmarking against figures from other Councils. Changes are summarised in the following table.

Asset Category	Sub Category	2011 Useful Life (years)	2015 Useful Life (years)
Wearing Course	Asphalt	18	25
	Concrete	60	80
	Carparks	18	25
	Sprayseal	12	15
Pavement	Pavement	80	100
Kerb & Channel	Kerb & Channel	40	60
Medians	Medians	40	60
Roundabout	Roundabout	40	60
Fencing - Guardrail	Fencing - Guardrail	12	20
Local Area Traffic Management	LATM	40	60
Traffic Lights	Traffic Lights	15	25
Street Lighting	Street Lighting	20	30

Remaining useful lives were calculated based on the condition rating assigned in accordance with the condition assessment methodology.

The comprehensive review has resulted in an extension of a number of useful lives across the transport category as outlined in the table above. Whilst in isolation an extension in useful life would result in a reduction in annual depreciation expense, it is impractical to quantify the depreciation impact of the above extensions. For the transport assets that were comprehensively revalued this year, depreciation has also been impacted by changes in unit rates, condition assessment and therefore remaining useful life making it impractical to determine the specific impact of each.

Bridges

The last comprehensive valuation of bridges was undertaken effective 30 June 2012. As part of the comprehensive valuation, actual replacement values on an individual bridge basis were sourced.

CRC for bridges was determined at 30 June 2015 based on a review of price movements for labour, plant and materials (specific to Cairns). An indexation factor of 0.60% has been applied.

A comprehensive valuation of bridge assets is scheduled for 2016.

In determining the level of accumulated depreciation, bridges were disaggregated into significant components which exhibited different useful lives. Residual values are not utilised for this asset class.

The RUL was calculated on an age basis. This assessment was made on the basis that maintenance and renewal schedules for the assets were adhered to and defect notifications were inspected and actioned in a timely manner throughout the year. Additionally, there were no major weather events during the year which would have required an adjustment to the RUL.

Footpaths

The last comprehensive valuation of footpaths was undertaken effective 30 June 2012.

CRC for footpaths was determined at 30 June 2015 based on a review of price movements for labour, plant and materials (specific to Cairns). An indexation factor of 0.60% has been applied.

A comprehensive valuation of footpath assets is scheduled for 2016.

The RUL was calculated on an age basis. This assessment was made on the basis that maintenance and renewal schedules for the assets were adhered to and defect notifications were inspected and actioned in a timely manner throughout the year. Additionally, there were no major weather events during the year which would have required an adjustment to the RUL.

Water and Sewerage

Sewer pump stations, repeater stations and all assets categorised as other sewerage assets were comprehensivley valued by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2015. All remaining Water and Sewerage assets where subject to an indexation review, also conducted by Cardno (Qld) Pty Ltd.

CRC for these assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Fair values for all other water and sewerage assets were determined by independent valuers, Cardno (Qld) Ltd as part of a indexation valuation. This resulted in the following indexes being applied:
• Index water resevoirs, dam and water intake structures by 2%
• Index for water pump stations and sewer gravity mains by 5%
• Index sewer manholes by 5%
• All other asset sub classes remained unchanged

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of this asset class has been determined as Level 3.

The desktop valuation undertaken by Cardno involved the assessment of relevant cost indices, Cardno's own unit rate movements and professional opinions.

Relevant indices reviewed included Rawlinson's Building Price Index, the Implicit Price Deflator and the Produce Price Index. Cardno's unit rates are derived from a combination of first principles, tender data, actual contract data, professional opinions and building indices, and are updated yearly where possible. Due to the nature of some asset classes such as dams and treatment plants, it is occasionally not likely to have actual contract data available which leads to reliance on professional opinions and indexation as tools for updating the unit rates of such asset classes.

The comprehensive valuation process undertaken by Cardno involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates as well as the review of asset useful and RUL.

A site inspection was conducted by Cardno on all assets. The purpose of the inspection was to:
- Confirm the existence and extent of the assets as indicated by records;
- Confirm details and measurements;
- Obtain further information on the assets; and
- Determine current condition

Cardno's unit rates were derived from the following sources:
- Cardno's database
- Scheduled rates for construction of asset or similar assets
- Cost models derived by Cardno
- Building Price Index tables
- Recent contract and tender data
- Rawlinson's rates for building and construction

Valuation unit rates (replacement costs) were increased by 20% to allow for Council project overheads including planning, survey, environmental and investigation (6%), engineering design (6%), procurement and project management (8%).

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

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine RUL. Where site inspections were conducted, the assets were allocated a condition assessment, which was used to estimate RUL.

Where site inspections were not conducted (i.e. assets not comprehensively valued in 2015), the RUL was calculated on an age basis. This assessment was made on the basis that maintenance schedules for the assets were adhered to and defect notifications were inspected and actioned in a timely manner throughout the year.

The 2015 comprehensive revaluation of sewerage pump stations, repeater stations and other sewerage assets resulted in a decrease in accumulated depreciation. This movement is mostly attributable to a reassessment of remaining useful lives due to higher condition ratings as a result of physical inspections.

Solid Waste Disposal

A comprehensive valuation of solid waste disposal assets was undertaken by independent valuers, Cardno (Qld) Ltd, effective 30 June 2014. Cardno have undertaken an indexation valuation in 2015 and determined that there has been no change in value of solid waste assets.

CRC was calculated in 2014 based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

In determining the level of accumulated depreciation, solid waste disposal assets were disaggregated into significant components which exhibited

RUL was calculated on an age basis. This assessment was made on the basis that maintenance schedules for the assets were adhered to and defect notifications were inspected and actioned in a timely manner throughout the year.

	Note	2015 $	2014 $
13 Trade and other payables			
Current			
Creditors and accruals	1.14	25,472,698	38,170,571
Annual leave	1.15(b)	11,086,006	10,801,884
Sick leave	1.15(c)	1,813,945	1,711,011
Other entitlements		280,323	245,822
		38,652,972	50,929,288
14 Provisions			
Current			
Developer contribution credits		2,665,723	1,132,398
Long service leave	1.15(e)	1,093,695	1,057,241
		3,759,418	2,189,639
Non-current			
Developer contribution credits		429,029	127,705
Long service leave	1.15(e)	11,940,061	11,814,398
		12,369,090	11,942,103
Details of movements in provisions:			
Long service leave	1.15(e)		
Balance at the beginning of the financial year		12,871,639	13,058,442
Long service leave entitlements arising		2,017,126	1,805,755
Long service leave entitlements paid		(1,855,009)	(1,992,558)
Balance at end of financial year		13,033,756	12,871,639

15 Borrowings

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 or comparative reporting period. Expected final repayment dates vary from 26 July 2023 to 19 February 2028.

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

Details of borrowings at the reporting date are:		
Current		
Queensland Treasury Corporation	4,181,248	3,772,164
	4,181,248	3,772,164
Non-current		
Queensland Treasury Corporation	74,869,088	79,133,094
	74,869,088	79,133,094
Details of movements in borrowings:		
Queensland Treasury Corporation		
Opening balance at beginning of financial year	82,905,258	88,833,113
Loans raised	-	-
Principal repayments	(3,854,921)	(3,645,362)
	79,050,337	85,187,751
Effect of discontinued operations	-	(2,282,493)
Book value at end of financial year	79,050,337	82,905,258
Loan market value at the reporting date	97,033,965	98,405,331

This represents the value of the debt if Council repaid it at reporting date. As it is the intention of Council to hold the debt for its full term, no provision has been made in these accounts.

	Note	2015 $	2014 $
16 Commitments for expenditure			
a) Contractual commitments			
Contractual commitments at the reporting date but not recognised in the financial statements are as follows:			
Contract for Regional Waste Management Facility:			
Not later than 1 year		9,915,220	9,965,018
Later than 1 year but not later than 5 years		42,202,434	42,414,389
Later than 5 years		70,600,968	84,003,942
		122,718,622	136,383,349
Contract for Other commitments:			
Not later than 1 year		16,559,419	15,206,792
Later than 1 year but not later than 5 years		18,386,814	769,666
Later than 5 years		7,234,827	7,287,441
		42,181,060	23,263,899
b) Capital commitments			
Commitment for the construction of the following capital assets contracted for at the reporting date but not recognised as liabilities are as follows:			
Capital assets		26,849,755	26,964,120
Land purchase		-	-
		26,849,755	26,964,120
Not later than 1 year		26,849,755	26,780,345
Later than 1 year but not later than 5 years			183,775
		26,849,755	26,964,120
17 Events after the reporting date			
There were no material financial adjusting events after the reporting date.			
18 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 2015 should not exceed:		916,080	535,200
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 an indemnity towards 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:	22	3,187,988	3,816,331

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 2014, the financial statements of Local Government Mutual Queensland reported an accumulated surplus and it is not anticipated any liability will arise. As at 30 June 2014, the financial statements of Local Government Mutual Queensland reported a members' equity balance of $27,397,130 (2013: $22,557,143).

b) Loan and bank guarantees			
Loans and bank guarantees to community organisations		307,694	649,249

19 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.

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

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

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Council made less than 4% of the total contributions to the plan in the 2014/15 financial year.

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

	Note	2015 $	2014 $
The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:	5	8,964,604	8,683,660
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:	5	116,561	117,821

	Note	2015 $	2014 $
20 Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		98,109	144,572
Security deposits		4,167,606	3,957,018
Unclaimed monies		-	32,397
		4,265,716	4,133,987

Cairns Regional Council performs only a custodial role in respect of these monies. As the monies cannot be used for Council purposes, they are not brought to account in these financial statements. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies paid into the trust account by the 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.

21 Reconciliation of net result attributable to Council to net cash flow from operating activities		
Net result attributable to Council	39,337,301	(317,558,976)
Non-cash operating items:		
Depreciation and amortisation	89,658,896	91,695,332
	89,658,896	91,695,332
Investing and development activities:		
Capital grants, subsidies and contributions	(53,078,825)	(27,186,026)
Profit/(loss) on disposal of non-current assets	(1,180,239)	(35,309)
Capital expenses	23,614,542	5,991,518
	(30,644,522)	(21,229,817)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	1,135,447	(290,963)
(Increase)/decrease in inventories	(424,145)	(1,515,652)
Increase/(decrease) in payables	(8,789,709)	14,352,698
Increase/(decrease) in provisions	1,996,766	(333,180)
Increase/(decrease) in other liabilities	431,050	134,323
	(5,650,591)	12,347,226
Effect of discontinued operations	-	342,622,172
Net cash inflow from operating activities	92,701,083	107,875,937

22 Financial instruments

a) Financial risk

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

Council does not enter into derivatives.

i) Credit risk

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

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

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

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents - bank	9	1,173,406	117,910
Cash and cash equivalents - on hand	9	26,840	29,470
Cash and cash equivalents - QTC	9	28,457,353	38,348,912
Cash and cash equivalents - short term deposits	9	-	16,000,000
Investments with approved deposit taking institutions	10	60,500,000	30,000,000
Receivables - rates	11	19,007,948	18,659,511
Receivables - other	11	8,948,872	11,628,973
Other credit exposures			
Guarantee	18(a)	3,187,988	3,816,331
Total		121,302,408	118,601,107

Cash and cash equivalents

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

Other financial assets
Other investments are held with financial institutions, which are rated A-1+, A-2 and unrated based, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

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

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

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

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

		2015 $	2014 $
Receivables			
	Fully performing	21,244,767	21,379,229
	Past due		
	Less than 30 days	3,044,184	1,716,271
	31 to 60 days	431,079	223,845
	61 to 90 days	63,331	57,318
	Over 90 days	4,289,705	7,011,924
	Impaired	1,647,121	1,467,047
	Total	30,720,187	31,855,634

ii) Liquidity risk
Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and term deposits, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 15.

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

Total contractual cash flows	**0 to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
	$	$	$	$	$
2015					
Trade and other payables	25,472,698	-	-	25,472,698	25,472,698
Loans - QTC	9,722,286	38,889,142	70,111,371	118,722,798	118,722,798
	35,194,983	38,889,142	70,111,371	144,195,496	144,195,496
2014					
Trade and other payables	38,170,571	-	-	38,170,571	38,170,571
Loans - QTC	9,198,641	36,794,565	81,979,139	127,972,345	127,972,345
	47,369,212	36,794,565	81,979,139	166,142,916	166,142,916

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

iii) Market risk

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

Interest rate risk
Council is exposed to interest rate risk through investments and borrowings with QTC. Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

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

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

	Note	Net carrying amount	Profit		Equity	
			1% increase	1% decrease	1% increase	1% decrease
		$	$	$	$	$
2015						
QTC cash fund	9	28,457,353	284,574	(284,574)	284,574	(284,574)
Other investments	10	60,500,000	605,000	(605,000)	605,000	(605,000)
Loans - QTC	15	(79,050,337)	(790,503)	790,503	(790,503)	790,503
Net total		9,907,016	99,070	(99,070)	99,070	(99,070)
2014						
QTC cash fund	9	38,348,912	383,489	(383,489)	383,489	(383,489)
Other investments	10	30,000,000	300,000	(300,000)	300,000	(300,000)
Loans - QTC	15	(82,905,258)	(829,053)	829,053	(829,053)	829,053
Net total		(14,556,346)	(145,563)	145,563	(145,563)	145,563

In relation to the QTC loans held by Council, the following has been applied:
QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

b) Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of the debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed in Note 15.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

23 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.

The significant business activity thresholds are required to be reviewed and gazetted each year by the Minister. A bulletin was published on the Department of Local Government, Community Recovery and Resilience website advising of the thresholds for the financial year. As per Bulletin 01/14 outlined in Section 19 of the Local Government Regulation 2012 the following thresholds will apply for 2014/15:

Business activities (Type 1 & 2):

a) for water and sewerage combined activities - $ 13.3 million
b) for other activities - $8.9 million

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

a) Roads activity means a business activity that involves:

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.

The CSO value is determined by Council, and 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.
- Cairns Resource Recovery which manages the solid waste activities.

Details of Community Service Obligations for Type 1 activities for the period ended 30 June 2015 are:

Activities	CSO Description	2015 $	2014 $
Water	Service locations	84,306	44,950
	Fire Hydrants Maintenance	540,276	475,808
	Access charges forgone	429,381	417,889
	Usage Charges forgone	1,592,057	1,652,826
	Total	2,646,020	2,591,472
Wastewater	Service locations	90,685	136,639
	Access Charges forgone	1,021,046	993,719
	Total	1,111,731	1,130,358
Cairns Works	Water charges	(17,492)	(17,302)
Solid Waste Management	Free dumping general waste	560,584	553,659
	Free disposal vouchers	11,500	10,500
	Free dumping vegetation	307,869	227,340
	Free mulch	43,601	76,946
	Free transportation costs between transfer stations	68,653	210,662
	Rates based financial assistance	43,812	41,683
	Schools Recycling	29,921	29,921
	In Kind Waste & Recycling Collections	4,712	4,735
	Total	1,070,652	1,155,448

The Type 3 activities listed below are those to which the Code of Competitive Conduct applies for the period ended 30 June 2015:

	Ticket Link $	Car Parking $	Caravan Parks $	Building $	Design Services $
Revenue for services provided to Council	7,016	-	-	64	3,086,120
Revenue for services provided to external clients	468,456	365,552	229,925	944,698	(10,220)
Community service obligations net of charges	24,103	(2,143)	4,625	-	-
Sub total	499,575	363,409	234,550	944,762	3,075,900
Less: Expenditure	440,219	316,122	200,844	981,971	2,671,809
Surplus/(deficit)	59,356	47,287	33,706	(37,209)	404,091

	Fleet Services $	Survey Services $	Project Services $	Facilities Management $
Revenue for services provided to Council	24,872,998	1,086,215	2,144,607	5,898,706
Revenue for services provided to external clients	450,607	34,405	(132)	6,027
Community service obligations net of charges	-	-	-	2,081
Sub total	25,323,605	1,120,620	2,144,475	5,906,814
Less: Expenditure	25,345,925	1,014,545	2,294,933	5,935,028
Surplus/(deficit)	(22,320)	106,075	(150,458)	(28,214)

Description of CSO's provided to business activities:		2015 $	2014 $
Activities	**CSO Description**		
Ticket Link	Assistance to community hirers	24,103	23,288
Car Parking	Water charges	- 2,143	- 2,120
Caravan Parks	Rental revenue forgone	4,625	10,716
	Water charges		
		4,625	10,716
Facilities Maintenance	Equipment revenue forgone to state government agencies	2,081	2,000

24 Correction of Prior Period Error

A comprehensive review of Council's assets at 30 June 2015 has resulted in the restatement of 2014 Transport Formation values.

Under previous valuation methodologies, formation was included as part of the pavement asset with unit rate assumptions and calculations concluding that formation represented 25% of the combined pavement and formation value. As part of the 2015 valuation, formation and pavement have been separated with the revised calculations for formation costs determining a significant increase in the formation value.

The average unit rate for formation has increased from $9.55 to $48.71. This increase is attributed to revised inputs into the unit rate calculations, upon review it has been determined that previous valuations have been based on incorrect assumptions regarding labour, plant and material quantities.

Overall, formation is estimated to have increased from $101,283,049 to $514,547,675 from 2014 to 2015 based on the revised estimates. Subsequently, a restatement of the 2014 reported transport asset value has been made ($511,347,825 based on the new unit rates).

Refer to Property, Plant and Equipment note 12(b) for further disclosure on restatement.

Impact on financial statement line items:

	Previously Reported	Adjustment	2014 Restated
Statement of Comprehensive Income			
Other Comprehensive Income			
Increase in Asset Revaluation Surplus	92,842,513	410,064,776	502,907,289
Statement of Financial Position			
Non-current assets			
Property, plant and equipment	3,081,562,171	410,064,776	3,491,626,947
Asset revaluation surplus	568,791,072	410,064,776	978,855,848
Statement of Changes in Equity			
Equity			
Asset revaluation surplus	568,791,072	410,064,776	978,855,848

Management Certificate
For the year ended 30 June 2015

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

In accordance with Section 212(5) of the Regulation we certify that these general purpose financial statements:

(i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Bob Manning
Mayor

Date: 14 / 10 / 15

Peter Tabulo
Chief Executive Officer

Date: 14 / 10 / 15

QAO
certified statements

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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the 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 the *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

(b) in my opinion –

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

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Cairns Regional Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

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

Queensland Audit Office
Brisbane

Current-year Financial Sustainability
For the year ended 30 June 2015

Measures of Financial Sustainability

	How the measure is calculated	Target	30 June 2015 Result
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	3.04%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	89.25%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	3.91%

Note 1 - Basis of Preparation

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

Certificate of Accuracy
For the year ended 30 June 2015

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

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

Bob Manning
Mayor

Date: 14 / 10 / 15

Peter Tabulo
Chief Executive Officer

Date: 14 / 10 / 15

QAO certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cairns Regional Council

Report on the Current-Year Financial Sustainability Statement

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

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

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

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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

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

Queensland Audit Office
Brisbane

Appendix A
For the year ended 30 June 2015

THE FOLLOWING REPORT DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS. IT HAS BEEN PROVIDED AS ADDITIONAL MANAGEMENT INFORMATION TO ASSIST THE READER IN THEIR ANALYSIS OF THE FINANCIAL STATEMENTS.

Long-Term Financial
Prepared as at 30 June 2015

Measures of Financial Sustainability

	Measure	Target	Actuals at 30 June 2015	Projected for the years ended								
				30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	3.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	3.91%	15.00%	21.00%	27.00%	42.00%	53.00%	49.00%	45.00%	39.00%	32.00%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	89.25%	104.00%	67.00%	62.00%	75.00%	79.00%	57.00%	83.00%	92.00%	91.00%

Cairns Regional Council's Financial Management Strategy

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The above ratios have been calculated using Council's most recently adopted budget review.

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2015

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

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

Bob Manning
Mayor

Date: 14 / 10 / 15

Peter Tabulo
Chief Executive Officer

Date: 14 / 10 / 15