

CAIRNS REGIONAL COUNCIL



ANNUAL REPORT

27 June 2009 to 25 June 2010

STATUTORY REQUIREMENTS AT A GLANCE

About Cairns Regional Council's 2009/10 Annual Report

This report has been prepared in accordance with Chapter 7, Part 8 of the *Local Government Act 1993 (The Act)*.

ANNUAL REPORT 2009/10

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ASSESSMENT OF PERFORMANCE IN IMPLEMENTING CORPORATE AND OPERATIONAL PLANS

Local Government Act 1993 s.533 ...a local government's annual report must contain an assessment of its performance in implementing its corporate and operational plans....

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

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

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

A summary of achievements against the Corporate Plan appears below and copies of these plans and reports may be obtained by accessing Council's website at www.cairns.qld.gov.au.

Objectives	Outcomes
1.1 Deliver improved management of the region's natural resources and biological diversity for sustainability and ecosystem health.	Cattana Wetlands – Stage 1. Officially opened on December 6, 2009. Green Choice program - recruitment, induction and project plans completed for Douglas, Stratford, Gordonvale, Cattana and Red Arrow realignment
1.2 Achieve greater recognition of the natural environment as an integral part of the region's identity and fundamental to quality of life.	Work was undertaken on the Daintree Vegetation Preservation Area proposal
1.3 Provide strong community leadership through the adoption, maintenance and promotion of coordinated environmental frameworks with stakeholders.	Energy emissions audit and draft action plan completed. Reef Guardian Council Action Plan completed as part of MOU with GBRMPA. Council has continued involvement with energy wise schools program.
1.4 Further improve the treatment, recycling and disposal of household and commercial waste.	Waste Management Strategy was adopted by Council 9 December 2009.
1.5 Further improve the treatment of wastewater to minimise its impact on the environment.	Construction for the four treatment plants being upgraded under the Cleaner Seas project was completed and commissioning commenced. Planning for Mossman treatment plant upgrade underway.
1.6 Further improve the management of stormwater to reduce disruption and damage to the community and natural environment caused by polluted stormwater and flooding.	Lake Placid / Caravonica / Kamerunga Flood Mitigation Scheme completed and stage one of CBD Flood Mitigation Scheme became operational. Improve flood immunity was achieved for areas of Edge Hill, Manunda and Manoora.

Objectives	Outcomes
<p>1.7 Deliver more environmentally sustainable Council operations and facilities.</p>	<p>Project plan was developed, a consultancy awarded and internal workshops conducted for the Sustainability Scorecard project.</p> <p>Council's paper smart strategy was adopted.</p> <p>2010/11 Departmental Capital Works submissions process was modified to achieve alignment with Council's sustainability targets.</p>
<p>1.8 Actively reduce Council's greenhouse gas emissions.</p>	<p>Greenhouse gas emissions inventory was completed and Council adopted a carbon reduction policy.</p> <p>Energy emissions goals were adopted to achieve carbon neutrality by 2020 with a 50% emissions reduction on 2007/08 levels by 2020.</p> <p>Planning commenced on the closure plan for Portsmouth landfill and an energy emissions data management project.</p>
<p>1.9 Implement relevant legislation and local laws.</p>	<p>Local laws Approved Inspection Program was conducted.</p> <p>A Micro-chipping program was undertaken in conjunction with the RSPCA and local veterinarian.</p> <p>Program commenced to implement new requirements under the <i>Animal Management (Cats and Dogs) Act 2008</i></p> <p>Worked commenced to address Unlicensed Programs - Flammable & Combustible Liquids Licensing (DGSM Act) Mossman and Environmentally Relevant Activities (EP Act) in Cairns & Mossman.</p> <p>High Risk Audit Program was undertaken for Environmentally Relevant Activities (EP Act)</p> <p>ERA Compliance Inspections were undertaken.</p> <p>Food safety accreditation programs for caterers, private hospitals and vulnerable populations under the <i>Food Act 2006</i> were conducted.</p> <p>Officers have continued to prepare for the introduction of the <i>Sustainable Planning Act 2009</i>.</p>

Objectives	Outcomes
<p>2.1 Implement a more comprehensive and coordinated approach to community health and safety.</p>	<p>Further extensions were made to Council's CCTV network, including installations City Library.</p> <p>A community safety patrol program was implemented for the West Cairns area.</p> <p>Street lighting was significantly improved throughout the CBD and through City Place. Lighting improvements were installed at McLeod Street, Shields Street, City Place, Grafton Street and Hartley Street East. City Safe Security Patrol tenders was awarded and lighting has also been improved at Dillon Street and Glenoma Park</p> <p>Council continued to support the cross-Government and agency efforts to resolve homelessness issues in the local government area.</p> <p>Council was successful in securing funding for the construction of the Cairns Local Disaster Coordination Centre at Woree, with construction underway.</p>
<p>2.2 Improve the quality and opportunities for use of public space across the region.</p>	<p>Council completed a Parks and Recreation Strategy to guide developments over the next 5 years.</p> <p>Cattana Wetlands development was officially opened to the public.</p> <p>The Port Douglas Waterfront Masterplan was completed.</p> <p>The Cairns Cultural Precinct project has received funding endorsements from Federal and State Governments and will deliver greater opportunities for open space in the Cairns CBD when completed.</p> <p>Over 43 public events were delivered at the Cairns esplanade including fitness programmes and Markets with over 8000 persons participating.</p> <p>Discussion paper including business case for the Cairns City Centre Master Plan was endorsed by Council.</p> <p>Council actively supported the State Government's planning for a new Cairns Transit Network including a redesign of Lake Street and City Place in the CBD.</p>

Objectives	Outcomes
<p>2.3 Deliver equitable provision of a diverse range of sport and recreation opportunities.</p>	<p>The Cairns International Tennis Centre at North Cairns, with 12 plexicushion courts, was substantially completed.</p> <p>Council approved a \$1.1m grant to Cairns Hockey as a 50% contribution towards the construction of a second synthetic pitch for the Association.</p> <p>Council's Grant Funding Policy was reviewed and readopted and grants dispersed to a large number of community organisations to support their activities.</p> <p>The Edmonton Indoor Multipurpose Feasibility Study was finalised and will inform construction of the centre in the next financial year</p>
<p>2.4 Provide enhanced arts and cultural activities that add value to the life of residents and visitors alike.</p>	<p>Council secured Federal and State Government funding commitments towards the Cairns Cultural Precinct project, conditional on the completion of further planning.</p> <p>Council delivered and supported a vast range of festivals across the region including</p> <ul style="list-style-type: none"> • Cairns Festival • Carnivale • Cairns and Mossman Shows • Gordonvale Pyramid Race and Fun Weekend • Babinda Harvest Festival <p>Extensive arts and cultural programs were delivered across the year at</p> <ul style="list-style-type: none"> • The Tanks Arts Centre • The Civic Theatre • Cairns Libraries • The Cairns Botanic Gardens <p>Significant operating support was again provided to the Cairns Regional Art Gallery</p> <p>The Gordonvale Community Hall transformed into the "Gordonvale Hub" over the course of the year, becoming a focal point for community, art and cultural activities.</p> <p>The Beautiful Art Spaces project in partnership with Cairns Chamber of Commerce saw the placement of artists in empty shops in CBD thus enabling them to develop viable long term businesses. A similar program is planned in Port Douglas in partnership with Marina Mirage Centre Management.</p>

Objectives	Outcomes
<p>2.5 Improve library services and facilities to build social capital, increase community capacity and literacy, encourage lifelong learning and support cultural diversity.</p>	<p>Activity through the new Stratford library grew to levels well surpassing the activity levels of the old library.</p> <p>The Port Douglas "Kiosk" library service has proved to be a very successful replacement for the old mobile service.</p> <p>Usage of the overall library network across the year was generally very strong with good customer feedback.</p>
<p>2.6 Improve the capacity and wellbeing of valued areas of the community that traditionally have difficulty being heard.</p>	<p>A range of activities such as the Mooroolool community safety "Walk with Me" project, Disability Action Week Annual Local Awards, the "Think the Drink" programme targeting school leavers, an International Human Rights Day at Tanks and the "Reach for the Stars My Darling" exhibition at the Tanks were successfully completed during the year.</p> <p>Council adopted an Access and Equity action plan and the Community Halls at Edmonton and Gordonvale were converted to be fully access accessible.</p> <p>Council launched the Indigenous Employment Strategy and work continued on the reconciliation action plan. .</p> <p>Council facilitated performance events for young emerging musicians and used these as opportunities to involved young people so they could learn to set up and manage music events. Council facilitated youth bands involvement in the Cairns blues Festival and the QMusic workshops provided training on starting a professional career in music.</p> <p>Programs such as the West Cairns safety patrol and walking bus and homework program have been implemented and planning is progressing to re-invigorate the West Cairns Community Centre and the Manoora Community Centre.</p>
<p>3.1 Implement an integrated approach to planning by Council and stakeholders.</p>	<p>Council adopted the Port Douglas Waterfront Master Plan and amendments were prepared for the Douglas Shire Planning Scheme.</p>
<p>3.2 Deliver integrated provision of physical and social infrastructure in existing and future parts of the region.</p>	<p>Priority Infrastructure Plans for Cairns and Douglas were progressed to finalisation to enable state agency review.</p>
<p>3.3 Effectively plan and respond to significant changes in the demographic profile of the region.</p>	<p>Council purchased sophisticated community demographic profiling software.</p>
<p>3.4 Protect and manage the heritage and culture of the region.</p>	<p>The first phase of the Cairns Heritage Study was completed and a consultant was appointed to commence the second stage which will incorporate fieldwork and historical research.</p>

Objectives	Outcomes
3.5 Plan for the impacts of climate change, including mitigation and adaptation measures.	<p>Works were completed on a range of programs including the Lake Placid Flood Mitigation, the Local Adaptation Pathways, construction of Lake St/Hartley St underground pump station and associated inlet and outlet pipe work, and stage one of CBD Flood Mitigation Scheme operational. Flood immunity for residents in Edge Hill, Manunda and Manoora was improved.</p> <p>Climate Change strategy developed and adopted by Council.</p>
3.6. Prepare integrated local area plans across the region using a place based planning approach.	<p>A framework options place based planning were developed and will now be used as a template for local plans.</p> <p>Business cases were endorsed for the Daintree Gateway Master Plan, the Cairns City centre master Plan and new planning scheme with associated budget allocations.</p>
3.7 Promote good urban design outcomes which are responsive to the region's tropical environment and unique character.	<p>The Cairns Style guide has been reviewed and a revised document prepared.</p>
4.1 Provide a robust, secure, high quality water supply to meet the growing needs of the community.	<p>Work was completed on the Barron River Water Supply Scheme water quality monitoring and geotechnical investigations and the Douglas water supply planning report.</p>
4.2 Encourage wiser use of water by all members of the regional community.	<p>Council's Water Demand Management Strategy was endorsed and implementation has commenced.</p> <p>Queensland Government Regional Queensland Business Water Efficiency program was completed</p>
4.3 Deliver a transport network, including footpaths and cycle ways, that better matches service level expectations and future growth.	<p>Projects such as Meleele Bridge replacement, MacDonnell St Closure (Botanic Gardens), Tanks Access & Staff Car Park, the re-fit, refurbish and enhancement of community halls across the region and Sports Facility upgrades and widening of Stager Road Babinda were completed.</p> <p>Following public consultation, detailed design has commenced on the CBD to Aeroglen cycleway and the Pedestrian and Cycleway Strategy for Cairns region review has commenced.</p> <p>Footpath renewal and cleaning in the CBD has occurred and the upgrade /replacement of bridges are underway at Cooper Creek, Cape Tribulation, Alice River, Bramston Beach, and Mason Creek, Cape tribulation.</p>

Objectives	Outcomes
<p>4.4 Deliver effective long-term maintenance and renewal of existing infrastructure and community assets.</p>	<p>Tactical and Strategic asset management plans are being developed across all council assets.</p> <p>Work commenced on the preparation of strategic land acquisition plan to implement the PIP.</p> <p>Work has commenced on establishing an asset renewals annuity to provide for future asset replacement.</p> <p>Council's ongoing operational commitments taking into account current and future maintenance requirements have been identified.</p> <p>Advancement of all core asset management plans in accordance with Department of Infrastructure and Planning requirements.</p>
<p>4.5 Effectively prepare for and respond to natural disasters.</p>	<p>Construction of the Woree Multipurpose community centre neared completion.</p>
<p>4.6 Ensure an efficient drainage network that minimises disruption and damage to infrastructure, the community and the environment.</p>	<p>The projects such as O'Leary's Creek & Hemming Creek Culverts, stage one of CBD Flood Mitigation Scheme operational and construction of Lake St/Hartley St underground pump station and associated inlet and outlet pipe work were completed.</p>
<p>5.1 Support more diverse urban and rural economies.</p>	<p>A TNQ Regional Events Strategy was adopted by Council and will guide an increased level of support by Council for events of strategic value over the next 5 years</p>
<p>5.2 Consolidate and strengthen existing and emerging regional industries.</p>	<p>The Sports Tourism Strategy Development – Capability and Capacity Assessment was completed and work has commenced on a cost mitigation strategy.</p>
<p>5.3 Plan and make financial and capital decisions with the state of the local economy in mind.</p>	<p>Guidelines for the assessment of economic benefit funding requests were developed.</p>
<p>5.4 Encourage self containment of communities through the integration and co-location of employment opportunities with residential development and public transport.</p>	<p>Mossman Link Bus Service launched Mount Peter Structure Plan and Amendments to CairnsPlan submitted for first State Interest Check.</p> <p>Continued master planning for the Edmonton and Smithfield Town Centres.</p>
<p>6.1 Have excellent leadership throughout, all working together to create a great culture and to achieve our corporate goals.</p>	<p>Monthly meetings between all Branch Managers and the Executive Team have focussed on Leadership and Strategy and Planning.</p>

Objectives	Outcomes
6.2 Understand our business environment and effectively set strategy, deploy resources, monitor and report.	<p>Corporate Plan, Operational Plan and Budget were adopted within legislative timelines. The Annual Risk review was completed and Risk Management Plans updated and actions implemented.</p> <p>Establish benchmark and KPI's monitored and reported monthly.</p>
6.3 Collect, interpret, manage and capture data and information to inform good decision making.	<p>Council Information System Stage 1 completed. Planning for Stage 2 commenced.</p> <p>The requirements of the Right to Information and Privacy Act were implemented across the organisation.</p>
6.4 Operate effectively and efficiently with engaged and committed people who are safe, capable and motivated to work together to identify and implement ways of doing things better.	<p>Council has embarked on a leadership programme incorporating Covey's principles. Employee opinion survey undertaken.</p> <p>Development of "Your Voice" strategy as a feedback mechanism for staff.</p> <p>Introduction of KPI's into the Occupational Health and Safety strategy has resulted in increased rectification of identified hazards and a significant reduction in serious injuries.</p> <p>Enhancement of Workplace Bullying and Harassment program with the introduction of increased number of contact officers.</p>
6.5 Work to constantly improve knowledge of community needs and inform the community of what Council can provide and how decisions about this are made.	<p>A survey for commercial waste operations in the Douglas area was completed as was a community survey for the Waste Management Strategy completed.</p> <p>Commencement of Community Planning process to engage community members to shape the vision of our region for the next 20 years.</p>
6.6 Be innovative and work in collaboration with key stakeholders, suppliers, partners and in collaboration with Council Boards and Reference Groups.	<p>Regular meetings of the Douglas Community Water Reference Group focused on discussions on water quality issues.</p> <p>The Urban Design Advisory Board meet bi-monthly.</p> <p>Education and awareness programs were undertaken on the Building and Construction Industry (EP Act), Environmental Health and Local Laws (including the PetPEP Education Program - School Visits).</p>
6.7 Consistently perform better, deliver on our objectives and operate sustainably.	<p>A strategy for the reduction of ongoing computer replacement costs was developed. This strategy will see the life span of PC's move to 4 years, then 5 years with a resultant decrease in asset replacement costs. The strategy will involve a furthering of current virtualisation strategy from servers to desktops.</p> <p>Implementation of "Connecting" service quality strategy to enhance Council's customer service delivery and responsiveness to customers.</p>

COUNCILLORS' CODE OF CONDUCT

Local Government Act 1993 s.534(1)(n): ...a local government's annual report must contain (n) each of the following details for a financial year starting on 1 July 2005 or later - ...

Item	Result
(i) The total number of breaches of the local government's code of conduct committed by councillors as decided during the year by the local government.	1
(ii) The name of each councillor decided during the year by the local government to have breached the code, a description of how the councillor breached the code and details of any penalty imposed by the local government on the councillor	Council resolved in June 2010 that Cr Alan Blake had committed a minor breach of the Code in relation to the ethic's principles for local government Councillors. Council resolved that no penalty would be imposed.
(iii) The number of complaints about alleged code of conduct breaches by councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the Chief Executive Officer under chapter 4, part 3A.	Nil
(iv) The number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government.	Nil
(v) The number of complaints resolved under the local government's general complaints process during the year and the number of those complaints that related to an alleged breach by a councillor of the local government's code of conduct.	11 complaints were resolved of which only 4* involved an allegation against a councillor.
(vi) The number of complaints made to the ombudsman, and notified to the local government, during the year about decisions made by the local government in relation to enforcement of its code of conduct.	Whilst a complaint was subsequently referred to the Office of the Ombudsman no action was taken by that office.

*It is noted that whilst there were complaints against councillors, only one item was resolved by Council to be a valid breach of the Councillors Code of Conduct. Other complaints were successfully mediated, withdrawn or deemed to be invalid.

REMUNERATION AND SUPERANNUATION PARTICULARS

Local Government Act 1993:

- s.534(1)(f): ...a local government's annual report must contain (f) a copy of any resolution made during the year authorising the payment or provision of remuneration to councillors or members of committees of the local government;
- s.534(1)(g): ...a local government's annual report must contain (g) particulars of (i) the total remuneration paid or provided by it to each of its councillors during the year, and (ii) the total superannuation contributions paid by it for each of its councillors during the year.

The following resolutions authorising payment to Councilors/Committee members (S534(1)(f)) were recorded:

ORDINARY MEETING - 19 JANUARY 2010

1. LOCAL GOVERNMENT REMUNERATION TRIBUNAL REPORT

Linda Kirchner: 1/3/87 #2412812

Cr Gregory / Cr Blake

1. That Cairns Regional Council note the findings of the Local Government Remuneration Tribunal 2009 and in particular the adjustment of remuneration levels by 3% from 1 January 2010.
2. That Council note that the Tribunal has not recommended any changes in categorisation of Councils and as such Cairns Regional Council remains as a Category 6 Council.
3. a) That Cairns Regional Council resolve to accept the 3% increase to the rate of remuneration within Category 6 for the Deputy Mayor and Councillors.
b) That Council note that the Mayor has declined to accept the increase.
4. That Council note that the Tribunal has decided not to change its initial decision on the quantum of amalgamation loading established nor the period, and the manner, of its phase out. That Council therefore note the adjustment for the third round of amalgamation loading as per the Local Government Remuneration Tribunal Report.
5. That the Chief Executive Officer be given delegated authority to finalise a revised version of General Policy – Remuneration Level, Provision of Support and Payment to Elected Representatives in accordance with *Section 236 and Section 472 of the Local Government Act 1993*.
6. That Council supply the Tribunal secretariat and the Chief Executive Officer of the Department of Infrastructure and Planning with a copy Council's resolution on this matter and publish notice of the revised policy in the Cairns Post and the Mossman Port Douglas Gazette.

CARRIED WITH COUNCILLORS SCHIER, LEU, FORSYTH, LESINA AND LANSKEY VOTING AGAINST THE MOTION.

Carried

COUNCILLORS REMUNERATION AND FBT PAYMENTS

The following table shows the total Councillors' remuneration payments for the 12 month period from 27 June 2009 to 25 June 2010. The variation in the superannuation contributions is due to personal contribution election.

Councillor	Total Remuneration Payment	Superannuation Contributions	Total
	(12 months)	(12 months)	(12 months)
	\$	\$	\$
Cr Val Schier	149,014.70	16,706.30	165,721.00
Cr Paul Gregory	96,191.40	10,793.07	106,984.47
Cr Nancy Lanskey	96,191.40	10,793.07	106,984.47
Cr Robert Pyne	96,191.40	10,793.07	106,984.47
Cr Kirsten Lesina	96,191.40	10,793.07	106,984.47
Cr Alan Blake	96,191.40	10,793.07	106,984.47
Cr Linda Cooper	96,191.40	8,094.86	104,286.26
Cr Diane Forsyth	96,191.40	10,793.07	106,984.47
Cr Margaret Cochrane	106,555.71	11,949.36	118,505.07
Cr Sno Bonneau	96,191.40	10,793.07	106,984.47
Cr Julia Leu	96,191.40	10,793.07	106,984.47
	1,121,293.01	123,095.08	1,244,388.09

Councillors' Vehicle Reimbursements

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

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

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

The following table shows the total Councillors' Fringe Benefits Tax (FBT) Expense for the 12 month period from 27 June 2009 to 25 June 2010.

Councillor	FBT Expense \$
Cr Val Schier	*8,757.15
Cr Paul Gregory	4,447.17
Cr Nancy Lanskey	749.13
Cr Robert Pyne	287.87
Cr Kirsten Lesina	0.00
Cr Alan Blake	0.00
Cr Linda Cooper	0.00
Cr Diane Forsyth	97.37
Cr Margaret Cochrane	796.78
Cr Sno Bonneau	6,344.97
Cr Julia Leu	*2,374.38
	23,854.82

*Councillor uses Council vehicle

COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

Local Government Act 1993 s.534(1)(h): ...a local government's annual report must contain (h) details of meetings attended by each councillor during the year.

The following table displays the Councillors' attendance at Council meetings for the **12 month period** from 1 July 2009 to 30 June 2010.

Councillor	Ordinary		Special		Planning and Environment		Sports, Arts, Culture and Community Services	
	held	attended	held	attended	held	attended	held	attended
Cr Val Schier	12	11	4	4	10	9	10	9
Cr Paul Gregory	12	10	4	4	10	10	10	10
Cr Nancy Lanskey	12	12	4	4	10	10	10	10
Cr Robert Pyne	12	12	4	4	10	10	10	10
Cr Kirsten Lesina	12	11	4	4	10	10	10	10
Cr Alan Blake	12	11	4	3	10	10	10	10
Cr Linda Cooper	12	12	4	4	10	9	10	9
Cr Diane Forsyth	12	12	4	4	10	10	10	10
Cr Margaret Cochrane	12	11	4	4	10	10	10	10
Cr Sno Bonneau	12	11	4	4	10	9	10	9
Cr Julia Leu	12	12	4	4	10	10	10	10

Councillor	Finance and Administration		Infrastructure Services		Water and Waste	
	held	attended	held	attended	held	attended
Cr Val Schier	10	7	10	7	10	7
Cr Paul Gregory	10	10	10	9	10	9
Cr Nancy Lanskey	10	10	10	10	10	10
Cr Robert Pyne	10	9	10	9	10	9
Cr Kirsten Lesina	10	10	10	9	10	9
Cr Alan Blake	10	10	10	10	10	10
Cr Linda Cooper	10	10	10	10	10	10
Cr Diane Forsyth	10	10	10	10	10	10
Cr Margaret Cochrane	10	10	10	10	10	10
Cr Sno Bonneau	10	8	10	8	10	8
Cr Julia Leu	10	10	10	10	10	10

COUNCILLOR EXPENSES REIMBURSEMENT POLICY

Local Government Act 1993 s.534(1)(ea):...a local government's annual report must contain (ea) a copy of the local government's expenses reimbursement policy.

CAIRNS REGIONAL COUNCIL

NO.1:02:04

General Policy

REMUNERATION LEVEL, PROVISION OF SUPPORT & PAYMENTS TO ELECTED REPRESENTATIVES

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

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

PROVISIONS

Pursuant to Section 236A. of the *Local Government Act 1993*, Council adopts the following basis for remuneration for the Mayor, Deputy Mayor and Councillors to commence from the first pay period after the adoption of the policy and to be effective for no longer than six (6) months following the 2012 general Council election.

Section A – Remuneration to be paid

1. Remuneration shall be paid to Cairns Regional Council Elected Members for their service as Elected Representatives, members of Council's Standing and Special Committees, and office bearers of the Local Government. Such remuneration shall be in accordance with the determination of Local Government Remuneration Tribunal. As at the 1 December 2007 Cairns Regional Council was deemed by the Tribunal to be a Category 6 Council.

The remuneration payable to Councillors is a proportion of that payable to Members of the Queensland Legislative Assembly. In December 2009, the remuneration payable to Members of the Queensland Legislative Assembly was increase to \$130,540. The impact on Councillors remuneration range is as follows:

Position	% of MLA	Remuneration range
Mayor	102.5 – 115	\$133,800 - \$150,120
Deputy Mayor	70 – 77.5	\$91,380 - \$101,170
Councillor	62.5 – 70	\$81,590 - \$91,380

At the January 2010 Ordinary Meeting of Council, it was resolved that the base remuneration for Deputy Mayor and Councillors as of 1 January 2010 would be \$101,170 and \$91,380 respectively. The Mayor advised the Council at that meeting that the she would not be accepting the 3% increase and as such the remuneration payable to the Mayor would remain at the 2009 rate of \$139,220.

In addition, an amalgamation loading is payable as per the Tribunal Report. This is a fixed amount which will be phased out over a four year period. For the amounts payable are:

Position	1/7/2009– 30/6/2010	1/7/2010 – 30/6/2011
Mayor	\$9,730	\$6,490
Deputy Mayor	\$6,800	\$4,590
Councillor	\$6,170	\$4,120

2. The remuneration fixed above will be all inclusive and no additional remuneration will be payable for sick leave, annual leave, or any other benefits otherwise applicable to employees other than superannuation as provided for in Clause 4 hereunder.
3. The **revised** remuneration fixed above will be effective from **the 1 January 2010** and will be payable in 26 equal fortnightly instalments, subject to the provisions of Clause 5 hereunder.
4. Elected Members will be entitled to superannuation benefits on the same terms as Cairns Regional Council employees, subject to the provisions of the *Local Government Act 1993*.
5. Where a Councillor is aged 70 years or greater the remuneration paid will be grossed up by 12%, being the equivalent employer superannuation contribution that would have been payable to the Queensland Superannuation Board if the Councillor was aged less than 70 years.
6. In accordance with Section 252(1)(B), a person's office as a local government councillor is vacated if the person, without the local government's leave, is absent from 3 or more consecutive ordinary meetings of the local government over at least 3 months.

Section B - Principles for remuneration

That the reasons for adopting the above principles are:

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

Section C - Payment of expenses incurred when conducting council official business.

Purpose

This is to ensure that all reasonable expenses incurred by Councillors whilst conducting business including are reimbursed.

Principle

Council will normally arrange direct payment of airfare, accommodation and breakfast.

In accordance with the Department of Local Government, Sport and Recreation Guidelines for Councils, Councillors may use vehicles provided by Council for official business.

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

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

In accordance with the guidelines, no private use is allowed of a Council owned vehicle.

Amount

1. Incidental Allowance: as per the guidelines, an allowance of \$20 will be paid to cover newspapers, magazines, snacks, tea and coffee, private phone calls, and personal items necessary for travel;
2. Cab charge facility or reimbursement for public transport will be paid for transport to official Council functions.
3. Council will reimburse 50% of the costs incurred by a Councillor for a home landline at the Councillor's residence, including connection cost, monthly rental and total local calls made. The cost of STD and international calls will be reimbursed on receipt of a declaration that the call related to Council business. 50% of home internet access including monthly access fee will be provided to Councillors. If a councillor uses a personally owned mobile device, Council will reimburse 50% of the costs incurred.

Section D - Other support for elected representatives

MANDATORY TRAINING AND DISCRETIONARY TRAINING

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

In addition to the above remuneration benefits, support will be provided to all elected representatives as follows:

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

Note *

The staff establishment allows for the employ of the equivalent of three (3) full time staff with the necessary skills to provide high level support and whom report to the Manager Corporate Performance.

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

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

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

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

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

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

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

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

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Policy Requirements:

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

General Manager Responsible for Review: General Manager Corporate Services

ORIGINALLY ADOPTED:13/11/2001

CURRENT ADOPTION: 20/1/2010

DUE FOR REVISION: 20/01/2013

REVOKED/SUPERSEDED:

COMPETITIVE NEUTRALITY COMPLAINTS AND DECISIONS

Local Government Act 1993 s.534(1)(m): ... a local government's annual report must contain (m) particulars required to be included under section 847 (which requires the inclusion of a summary of complaints and decisions by local government in relation to competitive neutrality).

Section 847: The local government must include in its annual report for each financial year -

- (a) a summary of -
 - (i) investigation notices for complaints and references received by the local government in the year; and
 - (ii) the local government's decision in the year on -
 - (A) the referee's recommendations on the complaints; and
 - (B) the Queensland Competition Authority's recommendation on the references
- (b) a list of all activities of its local government business entities currently accredited under part 4 (see below re s.768(1) requirement).

Council received no complaints under S 534(1)(m) in 2009/10.

EQUAL EMPLOYMENT OPPORTUNITY

Local Government Act 1993 s.534(1)(i): ...a local government's annual report must contain (i) a statement including the information prescribed under a regulation about its activities during the year to implement its plan for equal opportunity in employment.

Cairns Regional Council is committed to the philosophy of Equal Employment Opportunity (EEO) throughout its management and operations. Council is dedicated to identifying and removing barriers that unfairly discriminate against members of historically disadvantaged groups. Council's first EEO Plan was introduced in 1995. The Cairns Cultural Diversity Policy and EEO and Workforce Diversity Management Plan were reviewed in 2008. The Equal Employment Opportunity (EEO) and Workforce Diversity Policy were reviewed in 2009.

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

STATISTICS FOR TARGET GROUPS

Local Government Regulation 2005 s.52(a): ... For section 534(1)(i) of the Act, the following information is prescribed - (a) statistics for at least the last 3 years about the number of employees who are members of the target groups and the salary stream and level of the employees.

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

Equal Employment Opportunity (EEO)

EEO Target Groups	2006/07	2007/08	2008/09	2009/10
Trainees and Apprentices	84	89	130	90
Females	388	507	488	496
Non-English speaking background	95	101	104	122
Aboriginal and Torres Strait Islanders	31	40	37	43
People with a Disability	8	9	26	26
Total Number of Employees	1198	1,472	1,449	1,472

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

Category	2006/07		2007/08		2008/09		2009/10	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	23	9	26	7	23	9	26	11
Level 7-8	51	26	50	17	51	26	50	30
Level 4-6	124	85	150	104	124	85	150	109
Level 1-3	68	210	73	235	68	210	73	293

Common Law Contracts – Employees

Category	2006/07		2007/08		2008/09		2009/10	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	23	9	26	7	-	-	19	9

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

Category	2006/07		2007/08		2008/09		2009/10	
	Male	Female	Male	Female	Male	Female	Male	Female
Level 8 - 9	38	-	19	-	108	-	17	-
Level 6 - 7	66	3	68	2	73	2	112	7
Level 4 - 5	182	5	156	10	148	13	203	25
Level 1 - 3	240	16	220	15	269	11	282	23

Note: Does not include Building Trades and Engineering Award

Age Analysis

Average

Category	2006/07	2007/08	2008/09	2009/10
Overall average age	42	42	42	43

Percentage

Category	2006/07	2007/08	2008/09	2009/10
Over age 45	40.76%	41.61%	40.87%	41.46%
Below age 45	59.24%	58.39%	59.13%	58.54%
Age 26 and below	10.19%	11.10%	10.01%	11.18%

CONSULTATION

Local Government Regulation 2005 s.52(b): ... For section 534(1)(i) of the Act, the following information is prescribed - (b) information about consultation with the following groups and the outcome of the consultation –

- (i) trade unions that have members who are, or will be, affected by the EEO management plan;*
- (ii) the local government's employees, particularly employees who are members of the target groups.*

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

- Delivering a council-wide diagnostic employee opinion survey to measure employee attitudes, measure employee engagement levels and obtain views of different demographic groups within Council.
- Approval to move forward with a project to create nine (9) "Your Voice" Employee Consultative Committees representing all areas of Council. The committees aim to achieve consultation in the workplace and workplace improvements. Key objectives of the committees include consideration of equity and diversity issues, maintaining a consultative process through which information can be shared and all employees have the opportunity to participate in workplace improvements, consulting with all employees on workplace improvement issues, guiding workplace reform and ensuring appropriate training is provided and making recommendations to the Executive Team sponsor or relevant General Manager and, where necessary, other consultative committees (LGEG, Risk Watch, Connecting) on workplace improvement issues.
- The establishment of an Indigenous Employment Coordinator position within Council to facilitate consultation and move forward with goals and objectives set out within Council's Indigenous Employment Strategy 2009/14.
- Appointment of 30 new contact officers, who are volunteer staff that have been trained to respond to initial enquires by staff on a range of issues including EEO and harassment.
- Implementation and ongoing facilitation of Council's Cultural Inclusive Program, which is aimed at educating staff at all levels on the importance of building awareness and enabling staff to work effectively in cross cultural situations.
- Creation of Council's Local Government Employee Group (LGEG), that provides a forum for union and employee consultation on industrial agreements and workplace matters.

EEO AND WORKFORCE DIVERSITY MANAGEMENT PLAN

Local Government Regulation 2005 s.52(c): ... For section 534(1)(i) of the Act, the following information is prescribed - (c) information about activities undertaken by the local government during the past year to eliminate unlawful discrimination against, or harassment of, the local government's employees.

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

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

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

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

In addition to its Management Plan, Council conducts:

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

EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN ACTIONS FOR 2009/10

Local Government Regulation 2005 s.52(d): ... For section 534(1)(i) of the Act, the following information is prescribed - (d) information about the local government's forward plan for implementing its EEO management plan for the next financial year.

Council's Equal Employment Opportunity (EEO), Workforce Diversity Management Plan and the Human Resources Workforce Strategy 2008-2013 provide guidelines for identifying and removing discriminatory practices and barriers. However, Council reviews the records and statistics that Council does keep in order to make some assessment of its effectiveness of change in compliance with legislation and the *Local Government Act*.

EEO is embedded in the normal course of Council's day-to-day operations, including the records and statistics Council keeps. Much of this data is collected and updated, not just for Council's management purposes but also reporting back to the other spheres of government such as funding or regulatory bodies.

Action	Key Performance Indicator	Timeframe
Ensure EEO training is conducted as part of the induction process and refresher training is maintained regularly	All staff to undergo EEO training	Ongoing
Recruitment process streamlined in line with EEO and Workforce Diversity Management Plan	Process reviewed annually	Annually
EEO refresher training is conducted for supervisors and contact officers	Maintain a group of competent contact officers who are representatives from each work area	August 2011
Ensure all interview panels comprise fully trained staff in EEO, recruitment and selection	Numbers of staff who have completed recruitment and selection training	Ongoing
Maintain links and identify employment support agencies to encourage placement of target groups	Increase in employment/support of target groups	Ongoing
Review Council policies	Review existing policies and ensure EEO goals are met	Ongoing
Ensure all employees understand principles and what EEO means to them.	Maintenance of EEO literature on Council's Intranet and in employee handbook	Ongoing
Schedule attendance at Careers fairs	Increase graduate, trainee, cadet and apprentice recruitment/support programs	Ongoing

Move forward with Council's Indigenous Employment Strategy, including striving to meet and ideally exceed annual goals and objectives	Increase employment of target group	Ongoing
Actively promote job opportunities (specifically in traditional male dominated fields such as trade related occupations) to females	Benchmark the female demographic against appropriate Queensland data and annually increase our numbers accordingly.	Ongoing
Review EEO data gathering and reporting	Accurate data is captured	June 2011
All employees will have equity of access to training and development opportunities.	Employees participate in Personal Review and Development Plan	At least annually
Anti-discrimination and bullying training programs reviewed	Reduced incidents in the workplace	Annually
Consultation	See notes prior	Ongoing

Assessing implementation of the EEO Management Plan

Regular evaluation of the EEO Management Plan must occur. Council will need to monitor the implementation and continued application of actions and strategies specified in the plan and evaluate the outcomes or effectiveness of the program.

1. Have we actually done what we said we'd do?
2. Has what we've done been effective in meeting our EEO strategies?

How to Assess the Plan

Assessment of the EEO Management Plan implementation will involve assessment of the extent to which Council achieved specific actions. The operating guidelines identified and reporting tables will help this assessment.

The Human Resources Manager who is identified in the management plan as responsible for implementation of a specific action will be responsible for monitoring the implementation of that action. Where the action relates to a 'manager/supervisor' the Human Resources Manager will remind managers/supervisors of the action and why it is important.

When to Assess

Operating guidelines and achievements of annual strategies and actions will be formally assessed by the Human Resources Manager after 30 June each year.

The Human Resources Manager shall report to the Executive Management Team assessing the implementation of the EEO Annual Plan for the previous year.

CREATING A POSITIVE WORK ENVIRONMENT

Local Government Regulation 2005 s.52(e): ... For section 534(1)(i) of the Act, the following information is prescribed - (e) information about any other activities undertaken by the local government to create a positive work environment for the local government's employees.

Council provides employees with a key value system that is reinforced through code of conduct, policy, administrative instructions and training programs.

Targeted training and information sessions, including leadership development programs, code of conduct, anti-discrimination, multi-cultural awareness, everyday skills for building customer relationships and workforce development, aim to have all of Council's employees and managers embracing a workplace ethos that enables them to provide the best service to the community, while maintaining acceptable behaviour norms.

COMMERCIAL BUSINESS UNITS

Local Government Act 1993 s.581:

- (1) A local government must ensure an annual statement on the operations of each commercial business unit for the preceding financial year is given to the local government.
- (2) The statement must contain -
 - (a) information to enable an informed assessment to be made of the unit's operations, including a comparison of the unit's performance with its annual performance plan; and
 - (b) particulars of any amendments made to its annual performance plan in the financial year; and
 - (c) particulars of any directions (including directions about community service obligations to be carried out by the unit) to the unit for the financial year; and
 - (d) particulars of the impact that any changes to its annual performance plan may have had on the unit's financial position, operating surpluses and deficits and prospects.
- (3) The statement must be included in the local government's annual report.

Local Government Finance Standard s.93 and s.94:

93 Disclosure of cross-subsidies in annual report

- (1) In its annual report, an entity must state the amount of any cross-subsidies between the following classes of consumers for water or sewerage services provided for the financial year—
 - (a) domestic consumers;
 - (b) commercial consumers;
 - (c) industrial consumers;
 - (d) another class decided by the entity;
 - (e) other consumers.

(2) For deciding the amount to be stated for subsection (1), the entity must, to the extent it is reasonably practicable, comply with the document called 'Guidelines for Identification and Measurement of Cross-Subsidies' (September 1998).

94 Disclosure of community service obligations

An entity must disclose in its annual report—

- (a) community service obligations for a relevant business activity carried out during the financial year as part of the activity; and
- (b) the cost of, less any revenue arising from, carrying out the obligations.

CAIRNS WORKS

OBJECTIVE

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

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

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

Contiguous with that role is the underlying intent to:

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

NATURE AND SCOPE OF ACTIVITIES

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

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

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

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

A further and very significant advantage of Cairns Works as an internal business provider is its ability to react and support major events or directions that Council determines. In previous years this has 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's commitment to ensuring that Cairns Works is a viable, efficient and effective client focussed business unit is exemplified by Council putting out to external public tender one major item of capital work per year for which Cairns Works must tender for and has no guarantee of winning.

BUSINESS UNDERTAKINGS

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

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

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

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

- Repairs to damaged roads, drains and other essential public infrastructure
- Road patching, barrier and sign erection
- Clearing blocked drains and debris removal.

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:

- CBD South Flood Mitigation Scheme
- Cairns CBD to Aeroglen cycleway
- Alice River bridge renewal
- Redlynch Intake Road/Michaelangelo Drive intersection upgrade
- Further implementation of Cairns Botanic Gardens Master Plan
- Cattana Wetlands rehabilitation project
- Harley Street, Jaye Street, Magazine Street, Old Smithfield Road and MacDonnell Street drainage improvement works
- Yorkeys Knob Road flood immunity works
- De Jarlais Street safety improvement works

Cairns Works continued to carry out an expanded program under the Road Maintenance Performance Contract (RMPC) and a number of large projects were also undertaken for QDTMR (Queensland Department of Transport and Main Roads), service authorities and private requesters. Significant road upgrade works were carried out under contract for QDTMR including signalisation of the McLeod Street/James Street intersection and the Arnold Street/Captain Cook Highway intersection. Other significant work included the Mulgrave Road upgrade from Newell Street to Brown Street and pedestrian safety upgrade works at the Balaclava Road/Mulgrave Road and Barr Street/Mulgrave Road intersections.

Cairns Works developed a strong relationship with this client and now undertakes the majority of road works within the region and many under an alliance style contract.

OPERATING INITIATIVES

There were 19 Operating Initiatives covering all areas of Cairns Works. They included the following:

Cairns Works

- Procurement management – improve the consistency of purchasing/receipting/handling of all invoices and delivery dockets across Cairns Works
- Plant utilisation – review usage of fleet and carry out cost benefit to ensure continued best value
- Benchmarking – establish SMART performance indicators which will allow Cairns Works to compare service delivery options

Branch Management

- Financial management – review and develop new funding arrangement for internal services associated with corporate overheads
- Customer service - develop client survey based on actual services provided to ensure alignment

Construction

- Financial management – devise and implement an improved estimating and cost control process
- Program management – develop an achievable works schedule which is agreed by and incorporates all clients
- Project management – create and monitor use of checklists for projects specifically detailing pre-planning and close out requirements

Road Maintenance Performance Contract (RMPC)

- Contract management – introduce improvements to recording and reporting of RMPC works to ensure agreed works are delivered and timely payments received

Maintenance

- Asset maintenance – create activity specifications which link work orders to assets and include financial details
- Data management – introduce data collection in and out of the field
- Customer service – introduce across the region defect identification pads as a means of increasing detection of and details around defects

KEY PERFORMANCE INDICATORS

Financial

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

Result: 2.9 per cent rate of return

Note that this result is in a financial climate in which a number of similar service providers have sustained considerable losses.

Resident Requests

Target: 90 per cent of all requests completed within three months of being received.

Result: 96.7 per cent of requests received were completed within three months. Priority and response times were determined to better reflect client and community needs as well as operational ability to meet the customer requests.

Programmed Maintenance

Target: Cycle times completed to ensure 85 per cent compliance. There is a need to adjust cycles (run sheets etc) to take into account the rapidly increasing additional maintenance requirements due to the expanding urban areas of Cairns.

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

- Ground maintenance 89.6% with an average 6 week cycle
- Mowing 85.4% with an average 3 week cycle
- Suburban sweeping 100% with an average 12 week cycle

Construction Labour Productivity

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

Result: \$317,000 in construction per Full Time Equivalent (FTE) resource. This includes Council's casual and permanent employees.

Note that the target was one originally set when Cairns Works became a business unit and will need to be adjusted to allow for inflation in the future.

Service Standards

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

Customer Service

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

Cairns Works also does a significant amount of work for other external clients such as Main Roads, RoadTek and other government departments. The feedback received from these organisations has also been positive. Cairns Regional Council has trialled a new partnership program with QDTMR which has proved successful and it is expected that this arrangement will continue in the future. Feedback from QDTMR has indicated that the level of service provided by Cairns Works meets their high expectations and compliance, especially regarding the James Street/McLeod Street intersection upgrade which was completed ahead of schedule and below budget.

Corporate/Operational Plans and Strategies

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

Quality Management

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

This year saw the business unit go through an external half yearly audit conducted by an independent third party, SAI Global. As a result of the business unit's performance during this audit, Cairns Works was granted full QA certification under ISO 9001 (2008). In addition to this, QDTMR also conducted a review of our internal systems as a preferred contractor, of which we also achieved recertification

Workplace Health and Safety

Cairns Works maintained a high level of input into and use of WH&S systems to ensure staff, contractors and public safety. Any activities that indicated a compromise to safety were reviewed and modified. Cairns Works has been proactive in its approach to significantly improve WH&S practices. Completion rates for monthly action plans (including outstanding hazards, toolbox talks and induction programs) have significantly improved this year to 80-90%. The number of outstanding inductions has been significantly reduced from 115 to 76 and the number of outstanding hazards reduced from 177 to 100.

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

Environmental Management

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

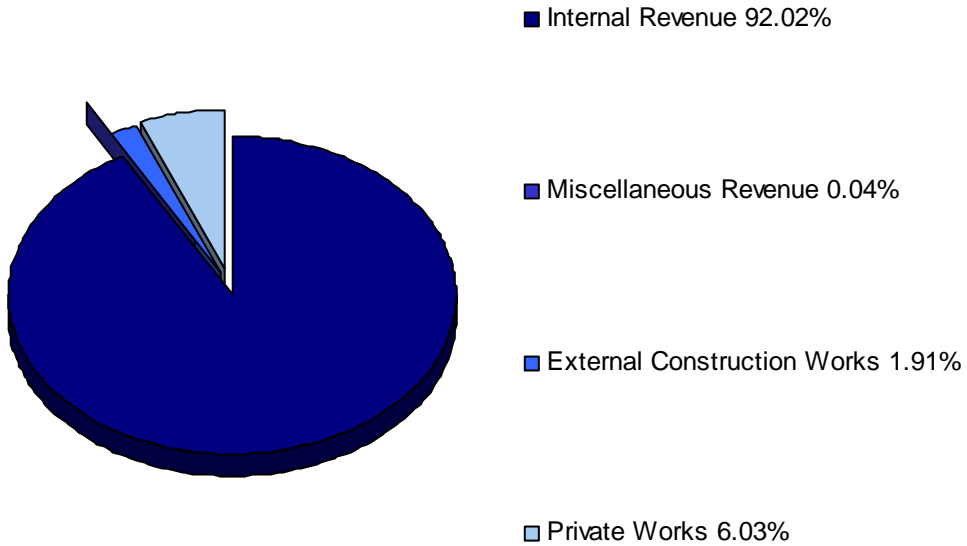
Risk Management

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

Cairns Works Financial Indicators

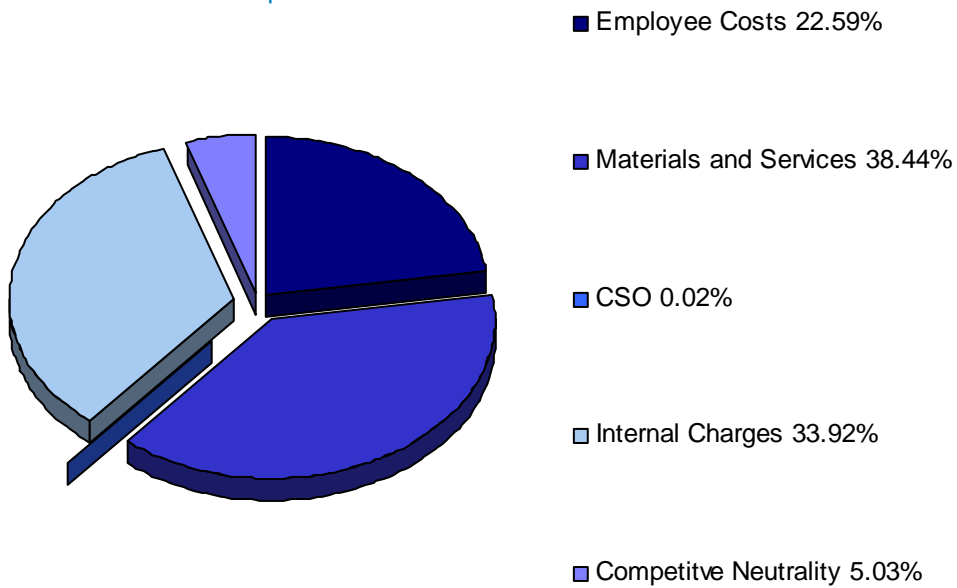
Cairns Works actual income was received from the following sources:

Cairns Works 2009/10 Revenue



Cairns Works actual expenses were allocated the following way:

Cairns Works 2009/10 Expenditure



**Cairns Works
Operating Statement**

For the year ended 25 June 2010

	2009/10 Actual \$	2009/10 Budget \$
Operating Revenue		
Subsidies and Grants	2,000	5,000
Private Works	6,562,538	5,775,786
External Construction Works	1,230,235	950,000
Internal Revenue	84,785,026	79,686,386
Miscellaneous Revenue	265	-
Total Operating Revenue	92,580,064	86,417,172
Operating Expenditure		
Employee Costs	17,468,545	17,563,654
Overtime	2,278,315	1,822,455
Agency/Temp Staff Costs	3,938,610	3,277,180
Materials	15,071,550	12,943,697
External Services	15,072,064	12,130,864
Travelling Expenditure	633	2,400
Other Services	422,606	454,187
Internal Charges	31,167,602	31,082,472
Other Expenses	3,624	-
Competitive Neutrality Charges	4,468,027	4,401,791
Total Operating Expenses	89,891,576	83,678,700
Less Expenses Capitalised	(1,643)	-
Total Expenses	89,889,933	83,678,700
PROFIT AND LOSS BEFORE CAPITAL ITEMS AND INCOME TAX	2,690,131	2,738,472
Income Tax Expense	807,039	821,541
Dividend Expense	1,883,092	1,916,931
Operating Capabilities before Capital Items and after income	0	0
Capital Items		
Gain (Loss) on Disposal of Property Plant and Equipment	0	0
Contributions	0	0
Subsidies and Grants	0	0
	0	0
INCREASE/(DECREASE) IN OPERATING CAPABILITY	0	0

CAIRNS WATER AND WASTE

OVERVIEW

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

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

Water and Waste has three service delivery areas comprising water supply, wastewater collection and treatment, and waste management. For reporting purposes under National Competition Policy, Water and Waste is classed as providing two significant business activities, these being water and wastewater (collectively) and waste management. Water and wastewater were considered Type 1 business activities and waste management was considered a Type 2 business activity for 2009/10 under the *Local Government Act 1993*. Accordingly, these businesses have been commercialised under this legislation and report to Council as such.

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

WATER SUPPLY OPERATIONS

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

Principal assets include:

Major Water Sources	Copperlode Falls Dam (Lake Morris) Behana Creek Rex Creek
Major Treatment Plants	Freshwater Creek at Tunnel Hill Mossman Water Treatment Plant
Minor Treatment Plants	Behana Creek, Whyanbeel, Daintree
Minor Intakes	Twelve (12) minor (rural) intakes
Kilometres of Mains	2,287 kilometres
Bore Fields	Dagmar Close

Major Capital Works projects undertaken within the water supply system in 2009/10 were:

- Fluoridation of Cairns water supply at Tunnel Hill treatment plant
- Installation of district meters and pressure reduction valves for demand management
- Upgrade of trunk infrastructure assets
- Concrete road to Redlynch Reservoir
- Construction of two reservoirs at Fishery Falls and Bartle Frere
- Mulgrave River Aquifer water supply project design – Stage 1

WASTEWATER OPERATIONS

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

Cleaner Seas

An alliance to deliver the upgrade of the four largest treatment plants under the Cleaner Seas Project was entered into in March 2007. The alliance further developed work from the 2006/2007 financial year, with detailed designs being costed. Construction commenced during 2008/09 and the project reached practical completion in November 2009. Proof of performance is expected to be completed by December 2010.

Principal assets include:

Major Treatment Plants	8
Sewerage Pump Stations	230
Kilometres of Mains	1,272 kilometres

Major Capital Works projects undertaken within the wastewater system were:

- In situ inflow/infiltration works – relining of sewers
- Construction at Marlin Coast, Northern, Southern and Edmonton Treatment Plants as part of the Cleaner Seas Project
- Manhole refurbishments
- Construction of pump station K in Cairns and D in Port Douglas
- Planning, design and construction of the White Rock Sewerage Scheme

WASTE OPERATIONS

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

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

Major capital works completed within Waste Management include:

- Construction of vegetation pad at Gordonvale Transfer Station
- Purchase of land at Newell Beach landfill

ANNUAL STATEMENT OF OPERATIONS

Water and Waste's 2009/10 Annual Performance Plan (the Plan) is the contract with Cairns Regional Council to deliver water, wastewater and solid waste services. The plan describes Water and Waste's scope of activities, responsibilities, service to customers, the environment, asset management and its financial policies.

Water and Waste's mission during 2009/10 was:

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

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

Amendments to Annual Performance Plan

Water and Waste has reported on the plan on a monthly basis throughout the 2009/10 financial year. There were no structural amendments to the Annual Performance Plan.

Key Deliverables

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

- Water and Wastewater
- Waste Management

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

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

Water and Waste also provide the following services:

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

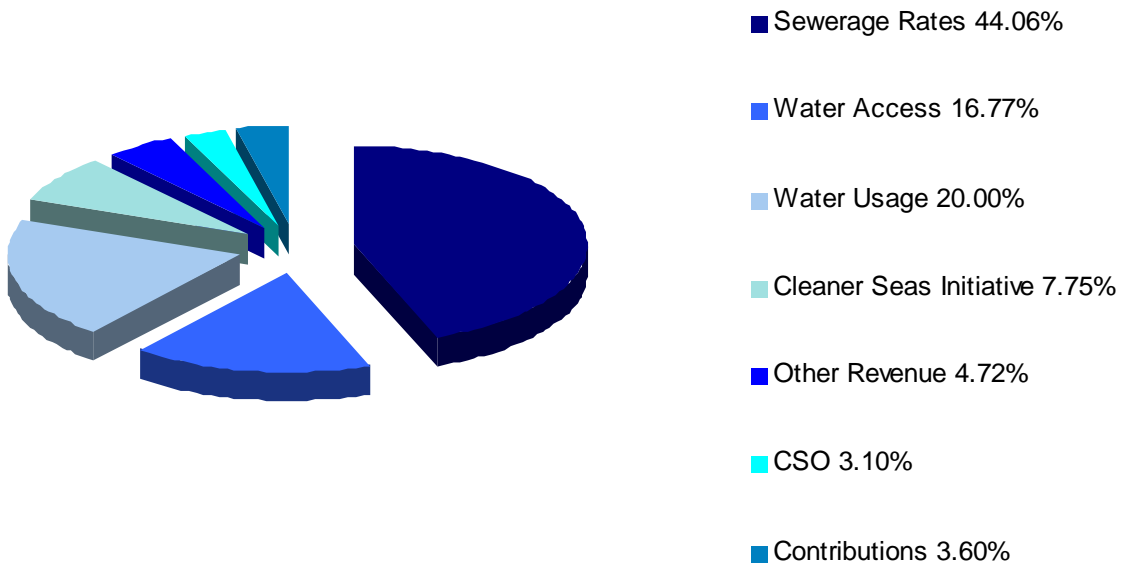
Community Service Obligations carried out by Water and Waste are as follows:

Activities	Community Service Obligation Description	2009/10
Type 1 Activities		
Water		
	Service locations - Telstra, etc	31,270
	Maintenance of fire hydrants	390,082
	Free greening allowance	-
	Access Charges foregone	1,177,503
	Water charges foregone	<u>2,160,344</u>
	Total	<u>3,759,199</u>
Wastewater		
	Service locations - Telstra, etc	79,914
	Water charges	<u>(431,218)</u>
	Total	<u>(351,304)</u>
Type 2 Activities		
Solid Waste Management		
	Free dumping general waste	103,576
	Free dumping vegetation	121,094
	Free transportation costs between transfer stations	123,180
	Rates based financial assistance	14,282
	Water charges - transfer stations	<u>(13,784)</u>
	Total	<u>348,348</u>

Financial Indicators – Water and Wastewater

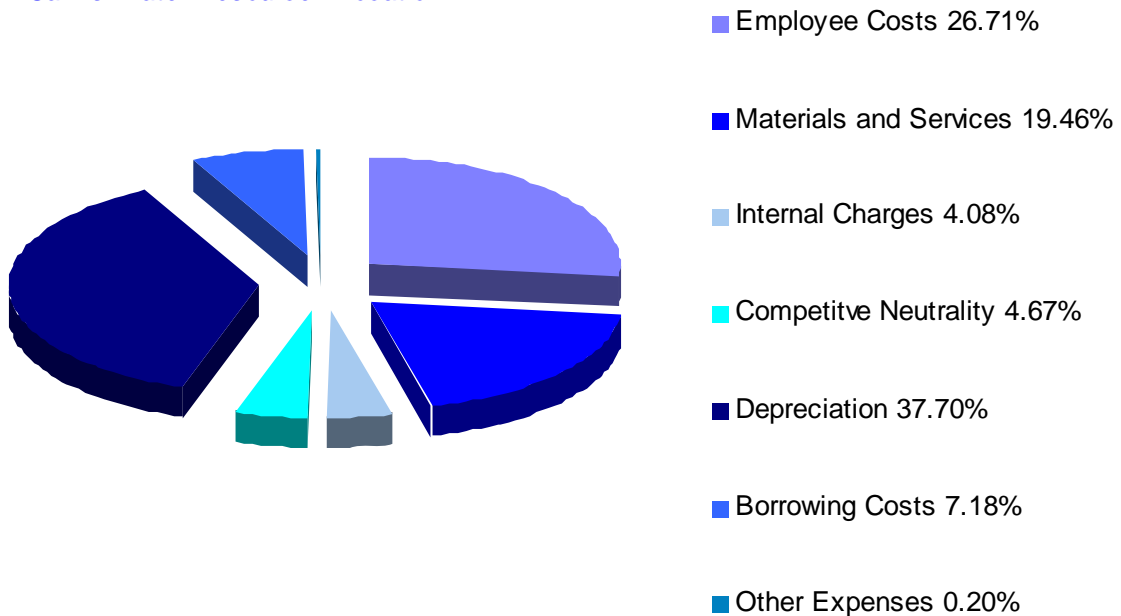
Water and Wastewater actual income was received from the following sources:

Cairns Water Revenue



Water and Wastewater actual resources were allocated the following way:

Cairns Water Resource Allocation



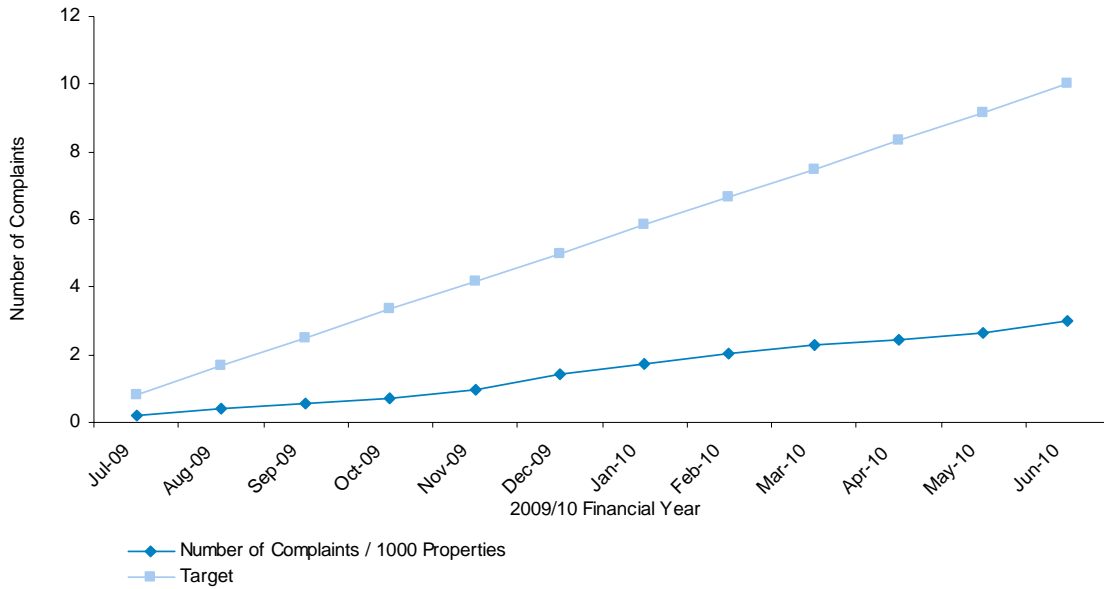
Detailed breakdowns of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Water and Wastewater Services

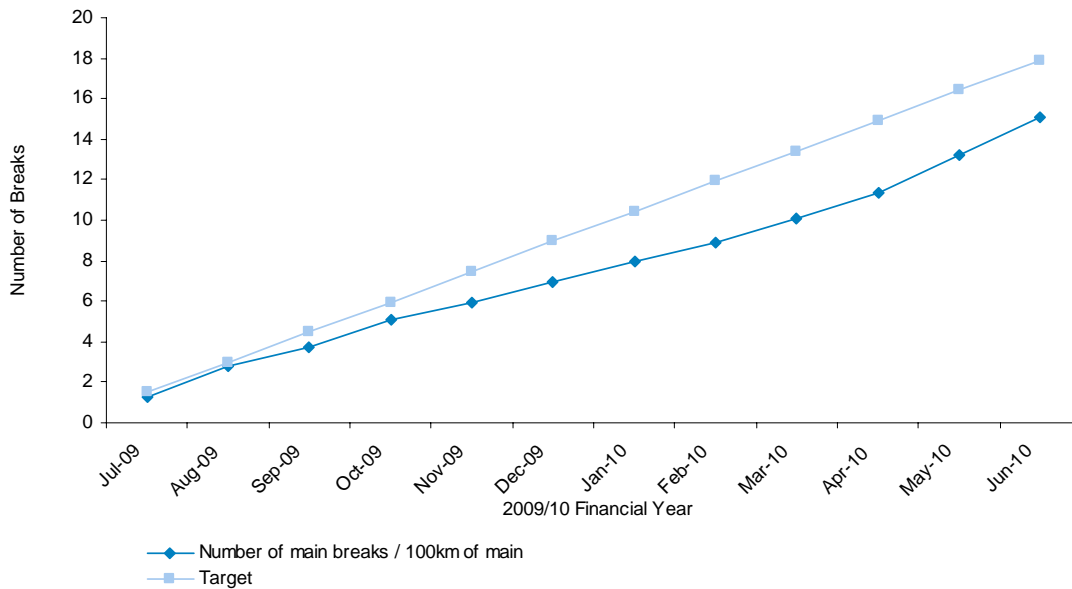
Water and Waste reports on the following service indicators as part of a benchmarking exercise. Listed below are some of the indicators reported on a monthly basis to Council.

Water

Drinking Water Quality Complaints per 1000 Properties



Number of Main Breaks per 100Km of Main

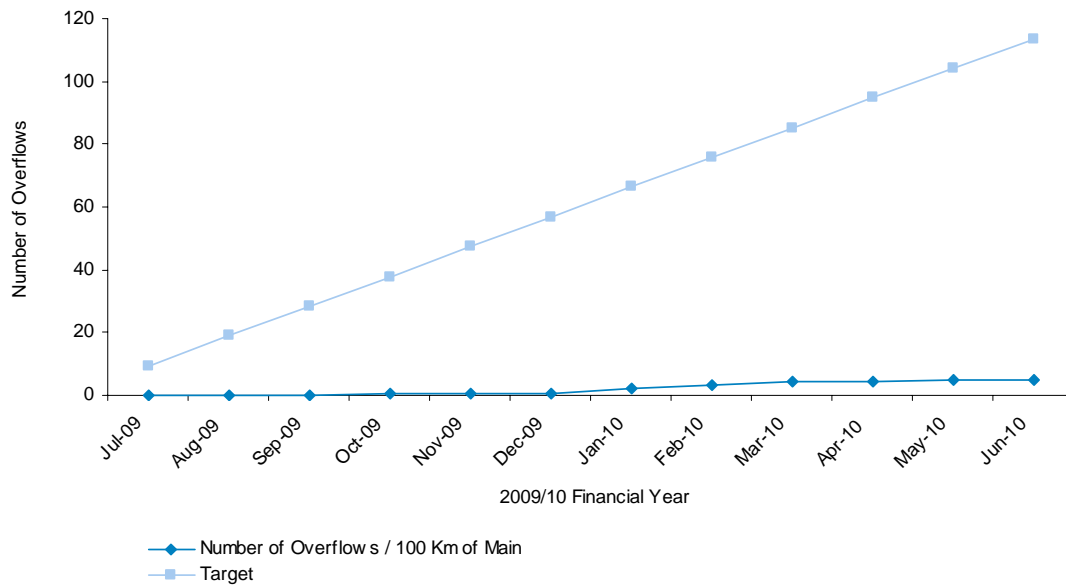


Wastewater

Odour Complaints per 1000 Properties



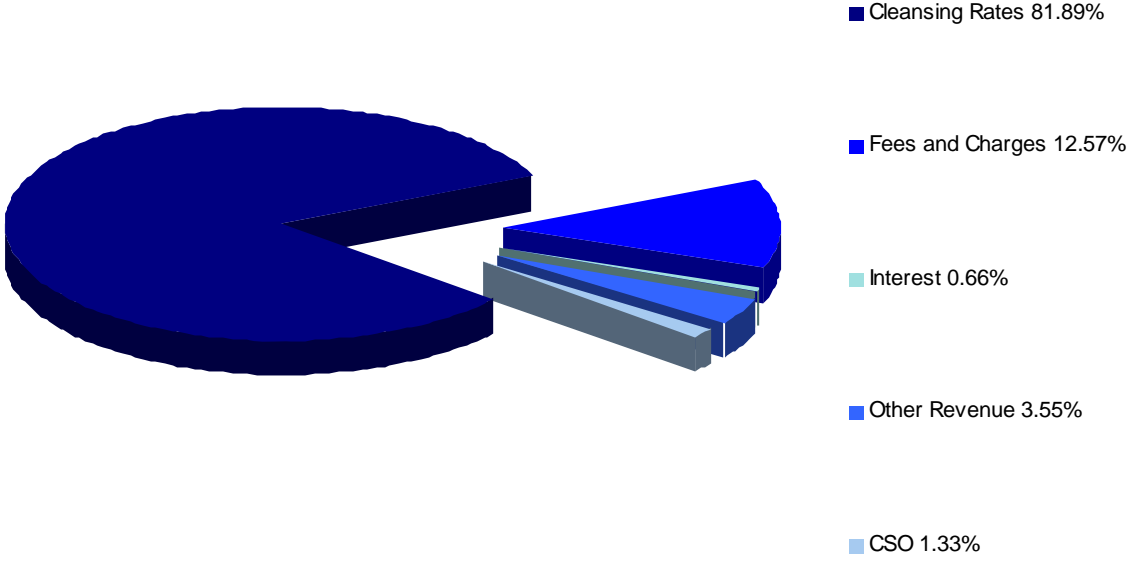
Number of Overflows per 100Km of Main



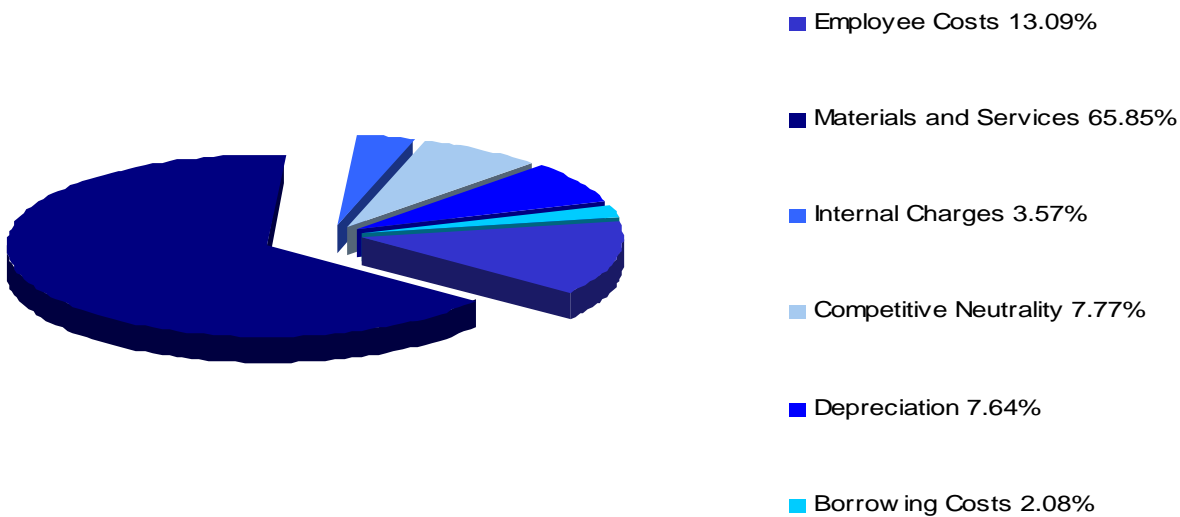
Financial Indicators – Waste Service

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

Waste Revenue



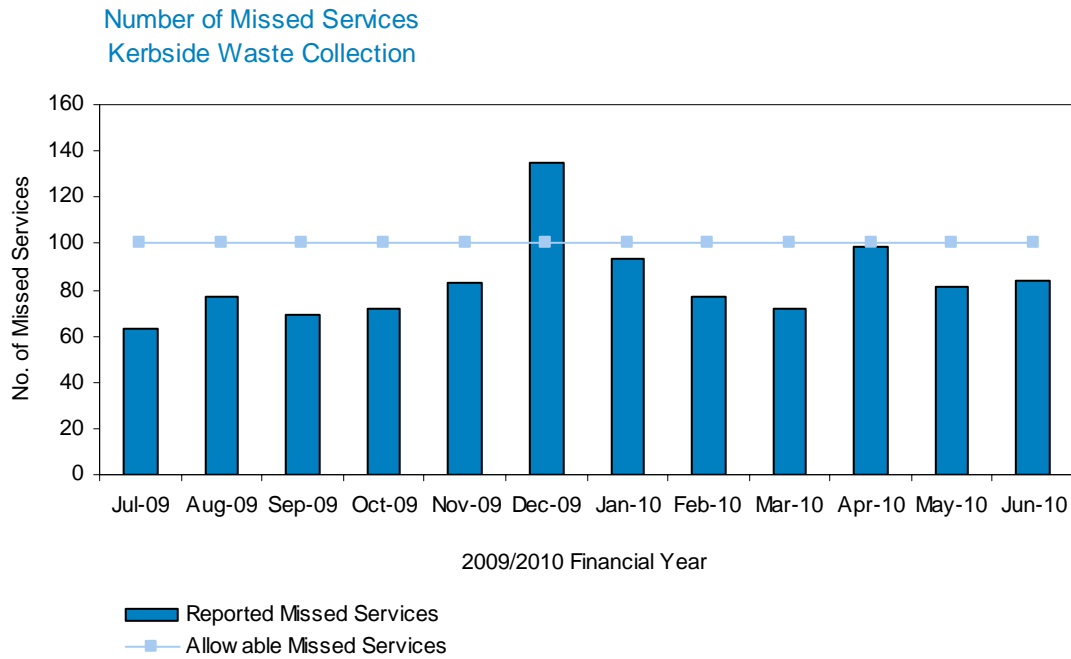
Waste Resource Allocation



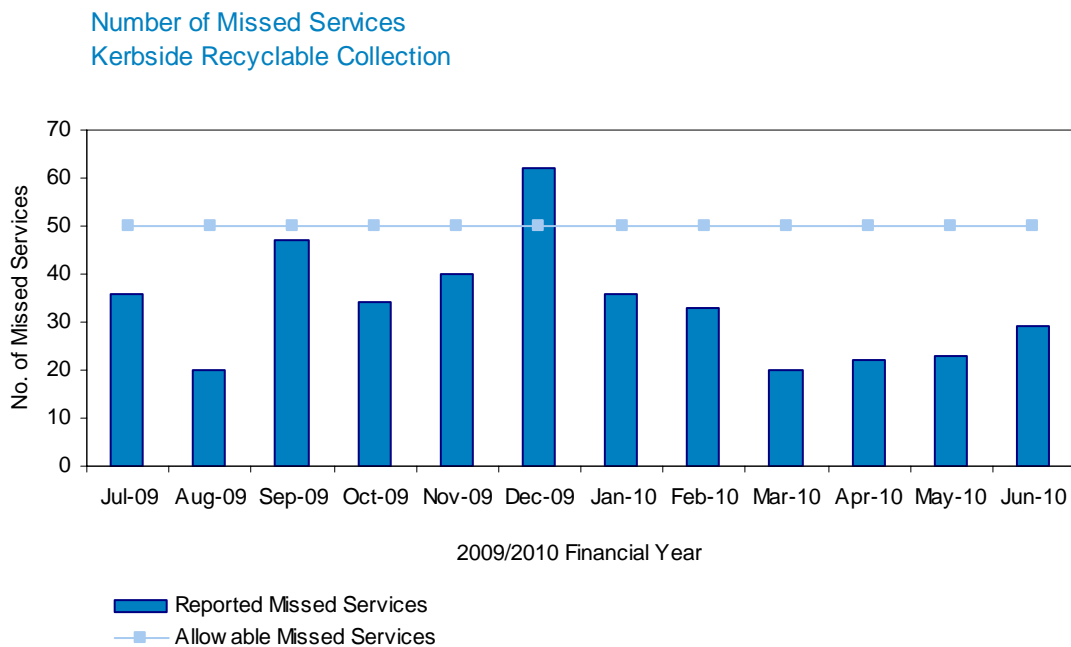
Detailed breakdowns of all revenue and costs associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Waste Services

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



An increase in missed services occurred during the month of December 2009 as a result of a combination of services missed by the provider during the Christmas / New Year period and also errors experienced in the Customer Response Management System.



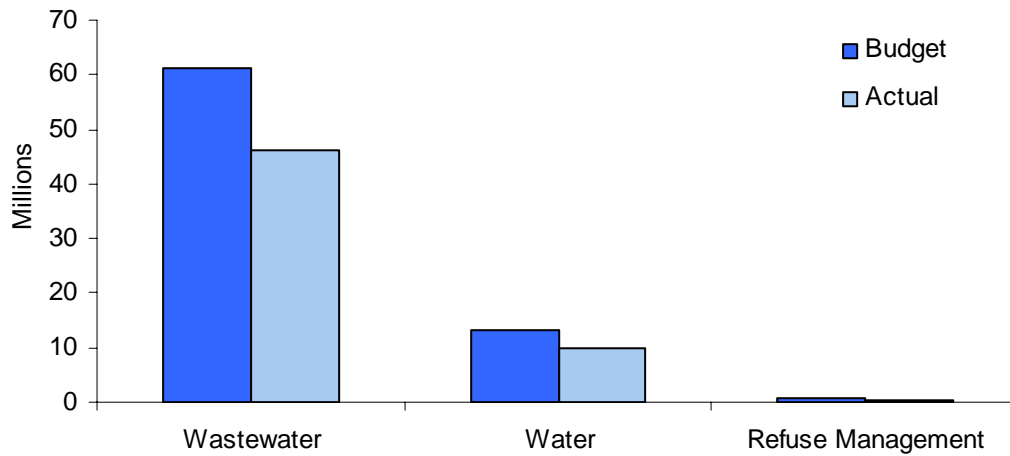
An increase in missed services occurred during the month of December 2009 as a result of a combination of services missed by the provider during the Christmas / New Year period and also errors experienced in the Customer Response Management System.

Capital Works

Capital Works delivered by Water and Waste for Water, Wastewater and Waste Management totalled \$58.9 million. This expenditure was under the budgeted amount of \$75 million due to delays associated with:

- Upgrading of the wastewater treatment plants
- Construction of 1ML reservoirs at Bellenden Ker, Fishery Falls and Bartle Frere
- Wastewater pump station K rising main upgrade
- Wastewater pump station D upgrade
- Mulgrave River aquifer, Water Supply Scheme
- Water treatment plant, trunk and reticulation mains and reservoirs
- Pump station upgrades, reticulation and inflow infiltration
- Fluoride Project

Capital Expenditure by Program



**Cairns Water and Waste
Operating Statement**

For the year ended 25 June 2010

	2009/10 Actual \$	2009/10 Budget \$
Operating Revenue		
Rates and Utility Charges	116,308,542	115,529,527
Less Discount and Pensioner Remissions	(2,778)	(2,743)
	<u>116,305,764</u>	<u>115,526,784</u>
Fees and Charges	7,064,942	7,501,376
Interest	820,677	546,029
Miscellaneous Revenue	1,594,367	1,962,301
Donations	74,847	21,804
Contributions	3,623,262	5,348,772
Subsidies and Grants	218,550	262,150
	<u>13,396,645</u>	<u>15,642,432</u>
Total Operating Revenue	<u>129,702,409</u>	<u>131,169,216</u>
Operating Expenditure		
Employee Costs	22,981,235	23,319,893
Agency/Temp Staff Costs	2,484,894	2,368,932
Materials and Services Costs	31,899,439	33,677,968
Internal Charges	12,094,207	13,349,007
Internal Revenue	(7,827,991)	(9,432,484)
Depreciation and Amortisation Expenses	33,333,080	30,672,704
Bank Fees and Charges	-	12,324
Borrowing Costs	6,496,336	6,291,762
Bad and Doubtful debts	160,770	129,611
Other Expenses	9,351	3,448
Competitive Neutrality Charges	5,770,280	5,751,845
Total Operating Expenses	<u>107,401,601</u>	<u>106,145,010</u>
Less Expenses Capitalised	(2,005,382)	(2,531,796)
Total Expenses	<u>105,396,219</u>	<u>103,613,213</u>
PROFIT AND LOSS BEFORE CAPITAL ITEMS AND INCOME TAX	<u>24,306,190</u>	<u>27,556,003</u>
Income Tax Expense	2,977,224	15,329,065
Dividend Expense	12,994,320	3,924,419
Operating Capabilities before Capital Items and after income	<u>8,334,646</u>	<u>8,302,520</u>
Capital Items		
Gain (Loss) on Disposal of Property Plant and Equipment	(29,463,977)	(783,112)
Contributions	3,624,173	9,984,579
Subsidies and Grants	21,996,551	22,093,584
Provision for Restoration	(8,388,008)	-
	<u>(12,231,261)</u>	<u>31,295,051</u>
INCREASE/(DECREASE) IN OPERATING CAPABILITY	<u>(3,896,615)</u>	<u>39,597,571</u>

LIST OF BUSINESS ACTIVITIES

(Code of Competitive Conduct)

Local Government Act 1993 s768(1):

A local government's annual report must contain a list of its activities that were business activities during the financial year and a statement whether the code of competitive conduct was applied to each of the activities and, if not, the reason it was not applied.

A list of business activities is located in Note 36 to the Financial Statements.

BUILDING CERTIFICATION

Local Government Act 1993 s763(A)(2):

A local government's annual report must state whether or not the local government carried on a building certification business activity during the financial year.

Council carried on a building certification business activity during the 2009/10 financial year.

COMMUNITY FINANCIAL REPORT

Local Government Finance Standard 2005 s.23(1)/(2)(b)/(3):
this section states particular matters that a local government's annual report for a financial year must contain.

The matters are – (b) a community financial report that is –

- (i) consistent with, but not part of, the local government's financial statements; and
- (ii) in a form that is readily understood by the community.

In this section – “community financial report” means a report containing a summary and analysis of the local government's financial performance and position for the financial year.

INTRODUCTION

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

The Financial Statements in this report cover a 12 month period from 27 June 2009 to 25 June 2010. As this is only the second reporting year for Cairns Regional Council there is only one 15 month comparable period to evaluate performance against. The Financial Statements contained in this report include:

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

The format of these Financial Statements has been modified to reflect the changes in accounting standards. Whilst the name and format have changed, the content is the same as in previous statements.

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

End of Year 2009/10 AT A GLANCE

Cairns Regional Council's net result for the year ended 25 June 2010 is \$16,818,191 and Council has achieved an operating surplus of \$710,114.

Income

• Total Income	\$ 332,467,736
• Operating Revenue	\$ 277,361,537
• Capital Revenue	\$ 55,106,199

Assets

• Total Assets	\$ 3,071,706,378
• Current Assets	\$ 178,717,349
• Non-Current Assets	\$ 2,892,989,029

Expenses

• Total Expenses	\$ 315,649,545
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Liabilities

• Total Liabilities	\$ 189,687,035
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Borrowings per assessment

Outstanding loan value per rateable assessment	\$ 1,291
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Capital

• Expenditure	\$ 137,280,209
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BACKGROUND

Assumptions and Principles

Under the requirements of the *Local Government Finance Standard 2005*, 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 1993* and the *Local Government Finance Standard 2005*.

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

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

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

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

2008/09 Restated Statements

In the process of valuing Council's assets at 25 June 2010 it was discovered that certain contributed assets and a number of assets that were in existence at the time of amalgamation had been omitted from the Financial Statements for the period ended 26 June 2009. These amounts have been adjusted in the Financial Statements and an adjustment has been made to the net gain on restructure of Local Government (refer to Note 37 of the Financial Statements for full details of this adjustment).

Gain on restructure of Local Government

As at 15 March 2008 Cairns City and Douglas Shire Councils amalgamated to form Cairns Regional Council. This produced a one off net gain on restructure of Local Government of \$2,685,635,256 which can be observed in the Statement of Comprehensive Income. This amount represents assets and liabilities transferred from the abolished Councils (Cairns City and Douglas Shire) of \$2,641,580,448 as well as adjustments for previously unrecognised assets and liabilities of \$44,054,808.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

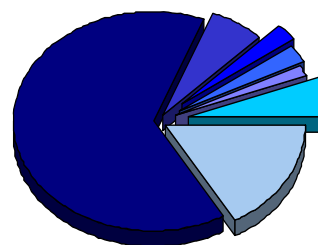
	2008/09 15 month period (Restated)	2009/10 12 month period
Operating Revenue	\$ 286,015,186	\$ 277,361,537
Capital Revenue	\$ 118,407,119	\$ 55,106,199
Total Revenue	\$ 404,422,305	\$ 332,467,736

Cairns Regional Council aims to raise money in order to maintain the delivery of services during the current and future years.

Revenue for the 2009/10 financial year is sourced from various items as shown in graph 1.

More than half of Council's revenue (77%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations, which are received solely for the purpose of funding current and future capital works in order for Council to continue to supply important infrastructure to the community.

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



Total Revenue \$332,467,736

Graph 1: Sources of Revenue

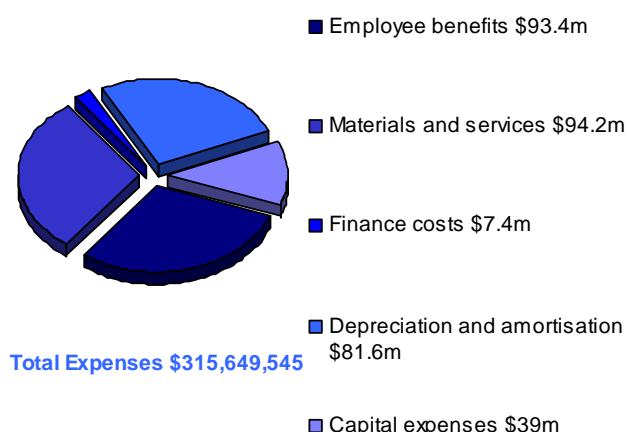
- Rates and levies \$213.7m
- User fees and charges \$21.1m
- Interest received \$8m
- Sale of contract and recoverable works \$8.9m
- Other recurrent income \$5.5m
- Operating - grants, subsidies, contributions and donations \$20.1m
- Capital - grants, subsidies, contributions and donations \$55.1m

Expenses

	2008/09 15 month period (Restated)	2009/10 12 month period
Total Expenses	\$ 341,139,091	\$ 315,649,545

Council's expenses represent the cost of providing Council services to the community. Graph 2 displays a split of each of Council's expense categories.

Graph 2: Expense Categories



Materials and services and employee costs make up 59.45% 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 audit fees, advertising, consultancy services, donations, entertainment and hospitality, repairs and maintenance, materials, garbage collection services, agency and temporary staff costs, external hire, grants to community groups, electricity and travel. Refer to note 8 of the Financial Statements for further details.

Operating Position

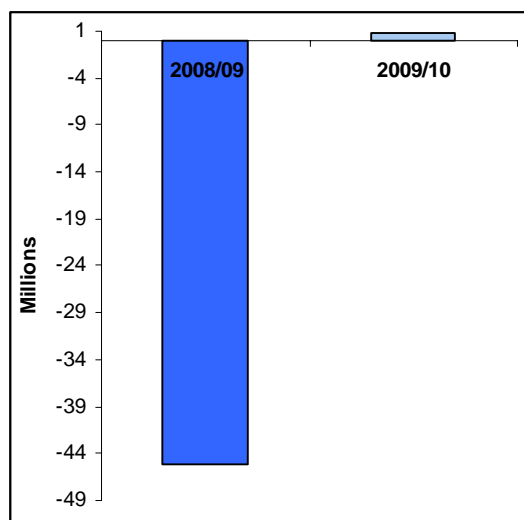
	2008/09 15 month period (Restated)	2009/10 12 month period
Operating Position	(\$ 45,062,970)	\$ 710,114

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

The operating position is calculated by taking total operating expenses (\$276,651,423) from total operating revenue (\$277,361,537) and does not include revenue or expenditure amounts for capital projects. Graph 3 shows the operating revenue and expenses for 2009/10 compared to the 2008/09 financial period.

Council's operating position as at 25 June 2010 is a surplus of \$710,114 which has increased from a (\$45,062,970) deficit in the 2008/09 financial period. This large deficit is primarily due to the recognition of rates revenue for 15 March to 26 June 2008 by the former Councils prior to amalgamation.

Graph 3: Operating Position

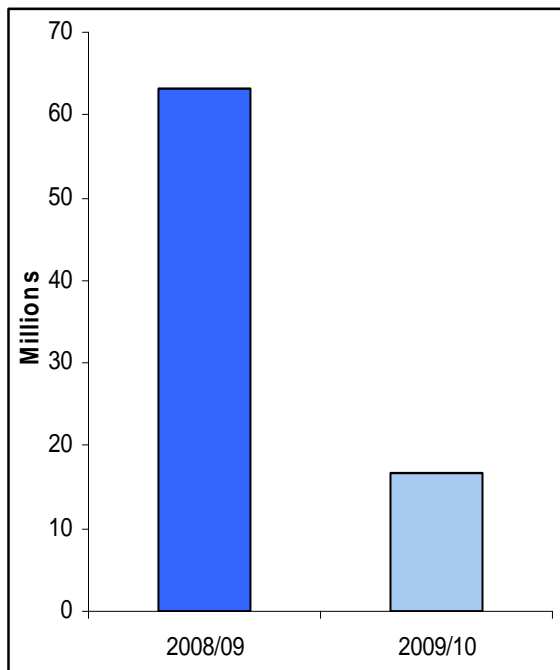


Net Result

	2008/09 15 month period (Restated)	2009/10 12 month period
Net Result	\$ 2,748,918,470	\$ 16,818,191

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

Graph 4: Net Result (Excluding net gain on amalgamation)



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

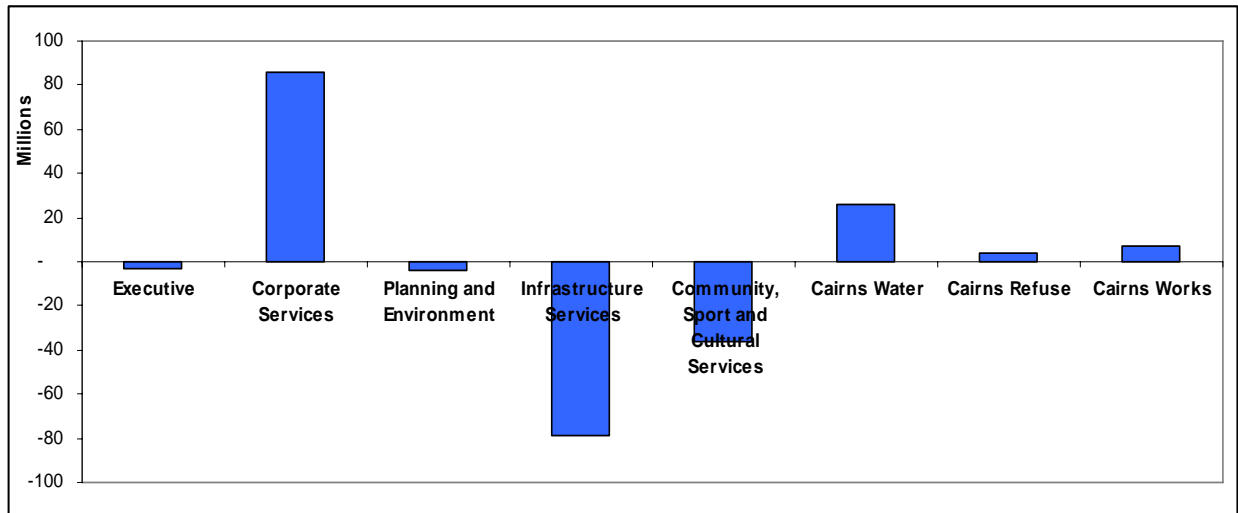
- Non-monetary revenue – infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue which is not available for Council operations or future capital expenditure.
- Developer contributions – cash contributions made by developers to fund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

Graph 4 represents Council's total revenue and total expenses for the 12 month 2009/10 financial period compared to the 15 months 2008/09 financial period. Council's net result for the year is a surplus of \$16,818,191 compared to a surplus of \$63,283,214 which excludes the restated net gain on amalgamation of \$2,685,635,256.

Performance by Department

Graph 5 illustrates operating revenue and expenses for each of Council's departments and business units for the 2009/10 financial year. This demonstrates the contribution of each department to Council's overall operating performance.

Graph5: Operating Revenue and Expenses for Departments and Business Units



STATEMENT OF FINANCIAL POSITION

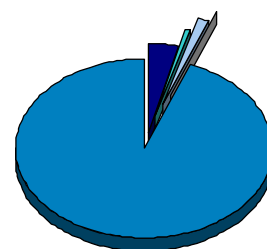
ASSETS

	2008/09 15 month period (Restated)	2009/10 12 month period
Current Assets	\$ 172,405,832	\$ 178,717,349
Non-Current Assets	\$ 2,813,832,595	\$ 2,892,989,029
Total Assets	\$ 2,986,238,427	\$ 3,071,706,378

Council assets as at 25 June 2010 total \$3,071,706,378. This includes \$178,717,349 of current assets (liquid assets or amounts due to be received within twelve months) and \$2,892,989,029 of non-current assets. Property, plant and equipment makes up 94% of total assets.

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

Graph 6: Assets as at 25 June 2010



Total Assets \$3,071,706,378

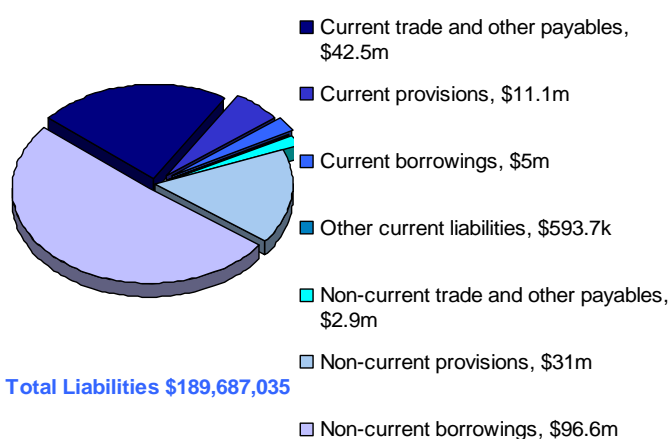
- Cash assets and cash equivalents, \$122.9m
- Short term deposits, \$15m
- Trade and other receivables, \$39.4m
- Inventories, \$1.4m
- Property, plant and equipment, \$2.89b

LIABILITIES

	2008/09 15 month period (Restated)	2009/10 12 month period
Current Liabilities	\$ 67,003,026	\$ 59,180,610
Non-Current Liabilities	\$ 119,124,992	\$ 130,506,425
Total Liabilities	\$ 186,128,018	\$ 189,687,035

Total liabilities as at 25 June 2010 are \$189,687,035. This includes \$59,180,610 of current liabilities (due to be paid out within twelve months) and \$130,506,425 of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements.

Graph 7: Liabilities as at 25 June 2010



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

During the year Council borrowed \$9,754,336 and made principal repayments of \$10,059,273 and interest payments of \$6,199,492. Loan draw downs in 2009/10 were used to finance major water and sewerage capital works. The loan balance at year end is \$101,568,168.

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

COMMUNITY EQUITY

	2008/09 15 month period (Restated)	2009/10 12 month period
Total Community Equity	\$ 2,800,110,409	\$ 2,882,019,343

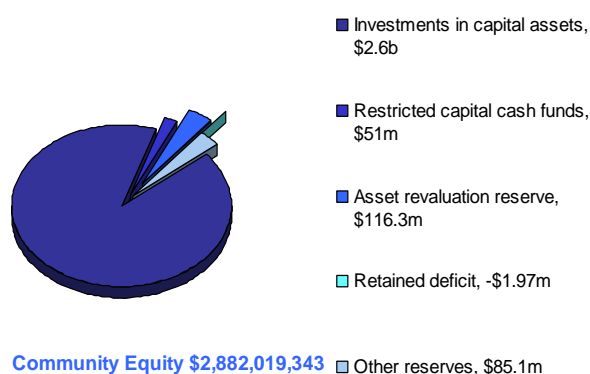
Council's total community equity as at 25 June 2010 is \$2,882,019,343. Community equity is equal to total assets (what we own) minus total liabilities (what we owe) and represents Council's investment in capital assets, restricted capital cash reserve funds, any accumulated retained surpluses or deficits and the asset revaluation reserve.

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

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

Further details and a breakdown of the community equity can be found in the notes to the Financial Statements from note 23 to 27.

Graph 8: Community Equity as at 25 June 2010

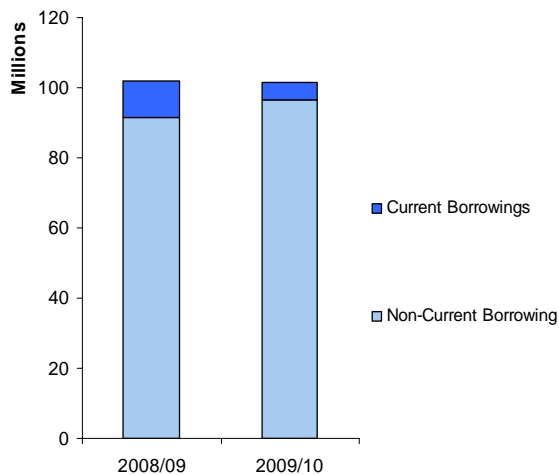


QUEENSLAND TREASURY DEBT

Borrowings are obtained from Queensland Treasury Corporation.

	2008/09 15 month period (Restated)	2009/10 12 month period
Current Borrowings	\$ 10,222,390	\$ 4,939,187
Non-Current Borrowings	\$ 91,650,715	\$ 96,628,981
Total QTC Borrowings	\$ 101,873,105	\$ 101,568,168

Graph 9: QTC Total Borrowings



Council's current Borrowing Policy stipulates that:

- Long term debt will not be used to finance operating activities or recurrent expenditure.
- Long term borrowings for capital works and new assets will be limited to income producing assets that generate a net worth.
- Repayment for new and existing borrowings will be set at ten years or less except in the case of borrowings for major long-life infrastructure assets and for capital works which have been levied to ratepayers as a special charge, where a repayment period will be determined on a case by case basis.
- The ratio of debt service payments to net rates should remain less than 25%.

Debt Service Payments

	2008/09 15 month period (Restated)	2009/10 12 month period
Principal	\$ 24,462,000	\$ 10,059,273
Interest	\$ 4,395,320	\$ 6,199,492
Total	\$ 28,874,225	\$ 16,258,765

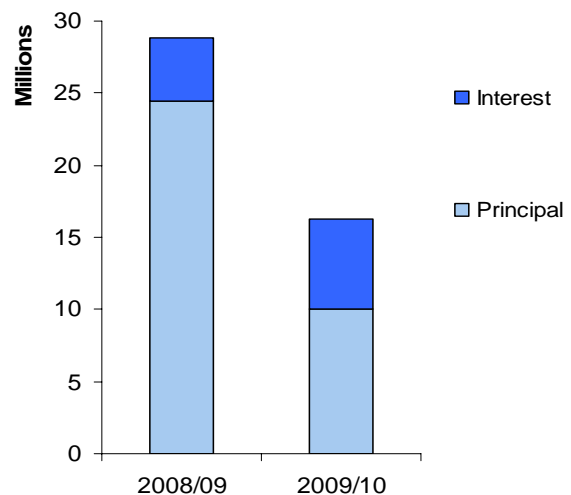
Principal and interest repayments are made on these borrowings on a monthly basis in accordance with the terms and conditions set by Queensland Treasury Corporation. The repayment terms are reviewed on a regular basis in order to ensure that the expected loan term aligns with market movements.

During the 2009/10 year 10% of capital expenses were funded by debt obtained from the Queensland Treasury Corporation.

As at 25 June 2010 Council's debt per rateable property is \$1,291.

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

Graph 10: QTC Debt Service Payments

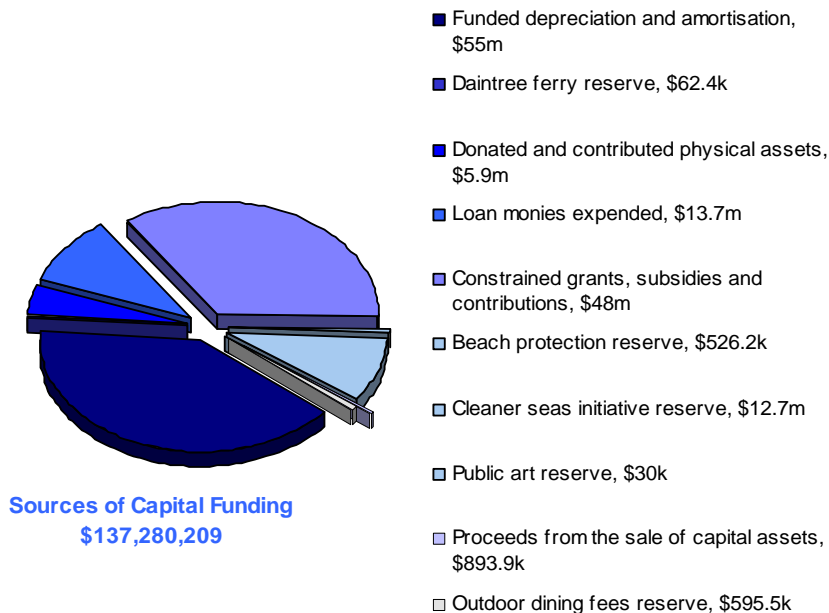


STATEMENT OF APPROPRIATIONS

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

CAPITAL FUNDING

Graph 11: Sources of Capital Funding



Capital expenditure as at 25 June 2010 is \$137.2m.

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

Council manages a very diverse range of infrastructure assets with a value in excess of \$2.8 billion and covering categories such as land, buildings, office furniture and equipment, plant and equipment, road and bridge network, drainage, water, sewerage and solid waste disposal.

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

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

Graph 12: Capital Funding Application

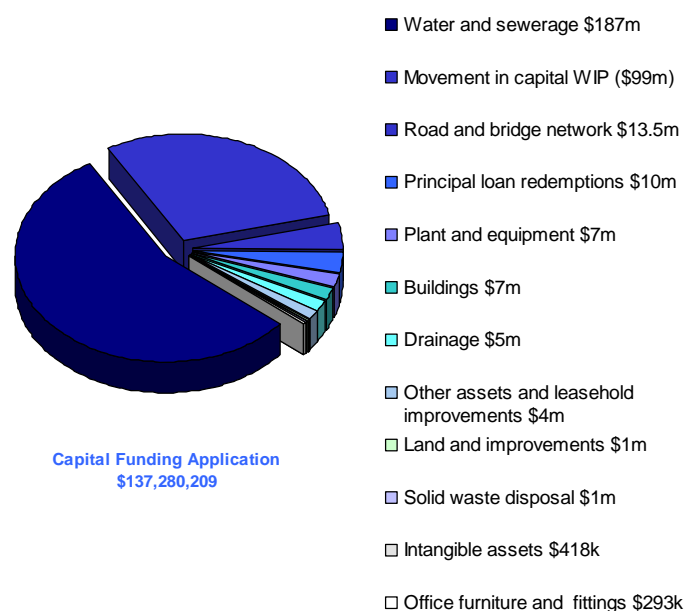


Table 1 shows the movement in Council's reserve balances during the year and the carried forward amount at the end of the year.

Table 1: Reserve movement

Reserve	Brought Forward	Becoming Available in Year	Utilised in Year	Carried Forward
	\$	\$	\$	\$
Constrained works reserve – government grants/subsidies	4,455,543	43,161,807	32,075,919	15,541,431
Constrained works reserves – developer contributions	51,916,324	6,054,552	15,894,866	42,076,010
Cairns water augmentation reserve	949,038	-	-	949,038
Cleaner seas initiative reserve	7,579,674	8,334,739	12,671,720	3,242,693
Natural disaster reserve	550,000	-	-	550,000
Outdoor dining fees reserve	1,492,178	326,303	595,501	1,222,980
Public art reserve	67,325	101,366	30,000	138,691
Beach protection reserve	3,488,412	1,000,000	571,640	3,916,772
Future asset acquisition reserve	11,080,000	-	-	11,080,000
Future operational expenditure reserve	1,037,644	248,687	-	1,286,331
Blue Water special charge reserve	459,480	515,257	690,789	283,948
Southern corridor reserve	2,654,302	249,115	-	2,903,417
Resources, waste and environment reserve	1,208,461	-	-	1,208,461
Daintree ferry reserve	-	748,128	62,350	685,778

CAPITAL WORKS PROJECTS

In the 12 months from 27 June 2009 to 25 June 2010 expenditure on capital works was \$127m. Some of the major projects undertaken during the year include:

Table 2: Major Capital Works

Major 2009/10 Capital Projects	
Water and Waste Projects	
•	Cleaner seas project \$39,225,698
•	Reservoir constructions \$1,992,180
•	Consultancy, design and construction of fluoride project \$1,619,011
•	Upgrade pump station K \$1,358,816
•	Water meter installation program \$1,035,007
Major Roads Upgrades	
•	Intake Road/ Michaelangelo Drive upgrade \$3,300,785
•	Reseals 2009/10 program \$1,669,208
•	Pavement rehabilitation 2009/10 \$1,113,434
•	Asphalt overlays 2009/10 \$974,641
•	Redlynch Intake shoulder widening \$379,697
Flood Mitigation	
•	South CBD flood mitigation \$6,392,491
•	O'Leary Creek Culvert upgrade \$871,769
•	Kamerunga Village \$710,138
Other Major Projects	
•	Muli-story carpark \$4,398,575
•	Cairns Regional Tennis Facility \$4,365,854
•	Cattana Wetlands \$1,729,794
•	Woree Multi-purpose Community Care \$1,098,526
•	Street lighting – Spence, Abbott and Sheridan Streets \$1,046,872
•	Barlow Park upgrade and refurbishment \$778,966
•	Lagoon refurbishment \$583,803
•	Meelele Bridge replacement \$489,589

Further details of the capital works and major projects conducted during the 2009/10 year have been included in the Capital Works Highlights section of this annual report.

FINANCIAL RATIOS

Financial ratios provide a useful snapshot of Council's status as well as key indicators to Council's financial sustainability.

These ratios are calculated by taking two useful and significant items from the Financial Statements and dividing them by one another to get a result that indicates the relationship between the two items. This gives a straightforward interpretation of Council's performance and is particularly useful when comparing Cairns Regional Council's performance and sustainability to other councils.

Table 3: Financial Ratios

RATIO	DESCRIPTION	FORMULA	RESULT 08/09	RESULT 09/10
Revenue ratio %	The proportion of revenue that is directly sourced from Council's own ratepayers base. It is sometimes called own source revenue. Indicator >60%	$\frac{\text{Net Rates and Utilities Revenue}}{\text{Total Recurrent Revenue}}$	70.1%	77.1%
Rate revenue per capita \$	Average rates paid per ratepayer head	$\frac{\text{Total Gross Rates}}{\text{Total Number of Ratepayers}}$	\$2,593.78	\$2,741.63
Debt service ratio %	The percentage of the Council's total recurrent revenue that is used to service loan interest and principal repayments	$\frac{\text{Debt Servicing and Redemption Cost}}{\text{Total Recurrent Revenue}}$	10.1%	5.9%
Level of debt ratio %	Councils exposure to debt	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	6.3%	6.2%
Working capital ratio	Indicates the number of months Council can continue operating / paying for its immediate expenses without additional costs.	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.6 times	3 times
Debt commitment ratio %	Identifies Council's debt redemption strategy	$\frac{\text{Debt Servicing and Redemption Cost}}{\text{Net Rates and Levies Revenue} - \text{Total Depreciation Expense}}$	14.4%	7.6%

CONCLUSION

During the 2009/10 financial year Council has faced a number of challenges, including the ongoing economic difficulties across the local community and the increase in demand for services, maintenance and infrastructure requirements due to growth. Despite these challenges, Council has remained committed to sound financial management, using strategies like the operational plan and regular budget reviews.

This year Council has reported on Financial Statements which cover a 12 month period from 27 June 2009 to 25 June 2010, compared to the previous 15 month financial period from 15 March 2008 to 26 June 2009.

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.

CAPITAL WORKS HIGHLIGHTS

Council completed the following works program during the period 27 June 2009 to 25 June 2010.

INFRASTRUCTURE SERVICES

Major Items	Amount \$
Transport and Mobility	
Bridges Infrastructure	1,059,000
CCTV	359,000
Depot Improvements	182,000
Fleet Replacement	6,384,000
Footpath/Cycleway Infrastructure	3,443,000
Gateways – Median Upgrades	427,000
IM Street Lighting	1,400,000
Kerb and Channel Infrastructure	770,000
Local Area Traffic Management (Other than Gateway)	30,000
Minor Divisional Works - Road Infrastructure	433,000
Reseals and Overlays	2,632,000
Road Rehabilitation	1,158,000
Transport & Traffic Facilities	6,608,000
Road Infrastructure – LRRS	1,592,000
Road Infrastructure – Roads to Recovery	1,135,000
Road Infrastructure – TIDS/SafeST	342,000
Natural Resources & Conservation (Cattana)	1,730,000
	\$29,684,000

Major Items	Amount \$
Stormwater Management	
Flood Mitigation Infrastructure	8,564,000
Lined Drains	1,213,000
Underground Drainage	2,712,000
Unlined Drains	840,000
Water Quality Infrastructure	32,000
	\$13,361,000

Major Items	Amount \$
Health, Safety and Community Development	
Ablutions Upgrades	120,000
Barlow Park	902,000
Esplanade Upgrades	253,000
Other Park Infrastructure	1,059,000
Other Sport Facilities	5,524,000
Playground Equipment	132,000
SES Facilities	1,221,000
Swimming Pools	254,000
Botanic Reserves (incl. Sugarworld)	795,000
Miscellaneous Community and Cultural Development	50,000
	\$10,310,000

PLANNING AND ENVIRONMENT

Major Items	Amount \$
Regulated Parking	131,000
	\$131,000

CORPORATE SERVICES

Major Items	Amount \$
Information Technology	
Desktop Replacement, Network Upgrade and Software	1,362,000
	\$1,362,000

COMMUNITY, SPORT AND CULTURAL SERVICES

Major Items	Amount \$
Library – Book Stock	758,000
Tanks Art Centre	497,000
Civic Theatre	172,000
	\$1,427,000

WATER AND WASTE

Council completed the following works program during the period 27 June 2009 to 25 June 2010.

2009/10 Total Water and Waste work programs		\$58,944,560
Major Items		Amount \$
Wastewater Infrastructure		
Cleaner Seas		40,080,000
Planning, Pump Station Upgrades, Reticulation and Inflow Infiltration		7,700,000
		\$47,780,000
Water Infrastructure		
Fluoride Project		1,710,000
Demand Management		1,350,000
Water Treatment Plant, Trunk and Reticulation Mains, Reservoirs, Planning		7,660,000
		\$10,720,000
Solid Water Infrastructure		
Materials Recovery Facility		100,000
Planning, Leachate Systems, Buy Back Shop		340,000
		\$440,000

SPECIAL EXPENDITURE REPORTING CATEGORIES

Local Government Finance Standard 2005 s24(1)

- (1) A local government's annual report for a financial year starting on or after 1 July 2006 must contain –
- (a) the following details for overseas travel undertaken during the financial year by a councillor or employee of the local government -
 - (i) the name of the councillor or employee who undertook the overseas travel;
 - (ii) if an employee undertook the overseas travel – the position held by the employee;
 - (iii) the destination of the overseas travel;
 - (iv) the purpose and cost of the overseas travel
 - (v) any other detail about the overseas travel the local government considers relevant, having regard to the relevant recording or reporting procedures.
 - (b) a summary of its expenditure, for the financial year, for each of the following
 - (i) services rendered by a consultant, summarised by reference to categories of services (eg advertising, engineering, environmental, information technology, managerial) – s. 24(2) provides a definition / example of what constitutes a consultant
 - (ii) entertainment or hospitality services
 - (iii) advertising
 - (iv) grants to community organisations

OVERSEAS TRAVEL

Name/Position	Destination	Purpose	Cost
Lyn Russell <i>Chief Executive Officer</i>	Dunedin New Zealand	Local Government Chief Officer Group (LGCOG) Meeting	1,896
Katrina Houghton <i>Economic Development Officer</i>	Port Moresby Papua New Guinea	Trade Mission with Advance Cairns	3,398
Robert Leeds <i>Executive Advisor to the Mayor</i>	Port Moresby Papua New Guinea	Trade Mission with Advance Cairns	3,831
Total Overseas Travel			\$ 9,125

SERVICES RENDERED BY CONSULTANTS

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

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

Consultancy Category	Cost
Information Technology	2,075
Engineering	410,836
Managerial	129,831
Environmental	107,574
Planning & Environment	1,748,469
Workplace, Health & Safety	0
Asset Management	0
Total Consultancy	\$2,398,785

ENTERTAINMENT AND HOSPITALITY SERVICES

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

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

The total entertainment and hospitality charges incurred during the year totalled \$218,652.

ADVERTISING

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

Advertising costs incurred by Council during the year totalled \$839,437.

GRANTS TO COMMUNITY ORGANISATIONS

Community and Cultural Development grants approved during the period 27 June 2009 to 25 June 2010.

Regional Arts Development Fund (RADF)

Applicant	Amount \$
Angela Murphy	3,000
Art Nexus Inc	12,147
Arts Queensland	117
Babinda District Community Association Inc	8,100
Bill Wilkie	3,780
Cairns & District Chinese Association Inc	3,795
Cairns & Regional Multicultural Association	17,934
Cairns Concert Orchestra Inc	3,000
Creative Regions	7,250
Elizabeth Barden	1,883
Fleur McMenamin	11,135
Go Troppo Arts	7,113
India Collins	4,360
Jan Graham	4,334
Jeremiah McMahon	6,975
Just Us Theatre	9,480
Jute Theatre	18,715
Napolean Oui	5,600
Nicholas Mills	7,400
Pam Wills-Burden	5,000
Port Douglas Community Services	2,906
The Historical Society, Cairns, North Queensland Inc	3,314
Tropical Arts Association Inc	9,500
Victoria Carless	6,220
* <i>Saints Youth Theatre</i>	-4,125
* <i>Sasi Victoire</i>	-6,400
Tropical Arts Association Inc.	15,900
Victoria Carless	10,789
Total Regional Arts Development Fund (RADF)	\$179,222

Please Note: Negative amounts represent unspent grant monies repaid back to Council from 2008/09.

Arts and Cultural Grant Stream

Applicant	Amount \$
16 th National ACA Clogging Conventions	4,449
Art House Port Douglas	6,000
Babinda Larrykins	5,022
Beverley Budgen	6,000
Brett Walsh	5,836
Cairns and Regional Multicultural Association	6,000
Cairns District Woodworkers Guild	6,000
Cairns Show Society	49,545
Christine Dwyer	1,675
End Credits Film Club Cairns Inc	6,000
Jill Booth Intrinsic Art & Design Australia	5,600
John Keogh & Hazel Schipke	1,600
Mossman Christmas Street Party - Chamber of Commerce	7,500
Port Douglas Carnival	50,000
Port Douglas Christmas Fireworks - Chamber of Commerce	3,000
QQ2 THE SECOND QUINTESSENTIAL QUIRK	5,890
Total Arts & Cultural Grant Stream	\$170,117

COMMUNITY PARTNERS FINANCIAL ASSISTANCE GRANTS

Community Development Grant Stream

Applicant	Amount \$
Amputee & Family Support Group	1,175
Australian Volunteer Coast Guard	1,040
Cairns Autism Support Group	2,681
Cairns District Girl Guides	6,000
Cairns Marine Radio Club	5,999
Down Park Community Hall Association	6,000
Edmonton Community Garden Inc	4,291
Holloways Beach Community Kindy & Preschool	1,650
Homeless Animal Society & Boarding Kennel	3,000
Lifeline Community Care	4,750
Port Douglas Community Services Network Inc	2,037
Queensland Country Women's Association Mossman Branch	2,310
Queensland Country Women's Association Port Douglas Branch	6,000
Rock Impact Inc	6,000
Tropical North Family Day Care	5,999
Whitfield Community Kindergarten	711
Total Community Development Grant Stream	\$59,643

Community Organisation Sustainability

Applicant	Amount \$
Babinda RSL Sub Branch	7,000
Bamanga Bubu Ngadimunku Inc	5,000
Cairns & District Junior Eisteddfod Association	11,000
Cairns & Far North Environment Centre	7,000
Cairns Historical Society	15,000
Douglas Arts Inc	15,000
Total Community Organisation Sustainability Grant Stream	\$60,000

Cultural Services & Facilities

Applicant	Amount \$
Cairns & Regional Multicultural Association	10,000
Qld Association of Healthy Communities	7,500
UMI Arts Limited	10,000
Total Cultural Services & Facilities Grant Stream	\$27,500

Community Development In-Kind Applications

Applicant	Amount \$
Anglicare Homeless Hub	1,431
ARAFMI Cairns Inc	44
Bayview Heights Community Kindergarten	443
Cairns Glo Pink (Global Illumination Comm)	1,911
Cairns Ministers Network	1,510
Cairns NAIDOC Committee	2,000
Cairns Potters Club	1,818
Carers Queensland	250
Cassowary Recovery Team	2,000
Centacare Cairns	2,000
Child Protection Week	995
Children's Cancer Institute Australia (Townsville to Cairns Bike Ride)	335
Douglas Shire Meals on Wheels	843
FNQ Volunteers	581
Friends of the Festival	211
Glenmead Village	437
Go Troppo Arts Festival	977
Homeless Animal Society	603
Leukaemia Foundation	595
Leukaemia Foundation Mossman District	919
Machans Beach Community Association	785
Max & Diana of the Nautilus	560
Monsoon Passage	1,080
Natalis Art	1,060
Pathways Rehabilitation & Support Services	1,985
Positive Ageing	1,760
Pyramid Residential Care	1,950
Qld Association for Health Communities	2,000
Qld Police	370
Relationship Australia	1,222
Rotary Club of Cairns Mulgrave Inc	1,680
SES	81
Susan Prince	1,672
Time Out Youth Centre	71
Tourism Palm Cove	47
Tropical North Family Day Care	749
World Interplay	190
Yorkey's Knob Community Preschool	4,500
Total Community Development In-Kind	\$41,665

SPORT AND RECREATION GRANT RECIPIENTS

Sport and Recreation Grant Stream

Applicant	Amount \$
ARC Disability Services Inc	3,360
Brothers Rugby League Football Club (Cairns) Inc	5,900
Cairns Cricket Association Inc	3,000
Cairns Junior Cricket Association	1,527
Cairns Mountain Bike Club Inc	3,972
Cairns Underwater Association Inc	565
Edmonton Tennis Club Inc	6,000
Ellis Beach Surf Life Saving Club	6,000
Freshwater & District Horse & Pony Club Inc	2,494
HMONG Cairns Soccer Association Inc	4,545
Ivanhoe Football & Rec Club	4,147
Mossman Port Douglas Senior Rugby League Football Club	6,000
Mulgrave Combined Cricket Association Inc	4,000
North's Cricket Club Cairns	4,300
Pyramid Power Junior AFL Football Club Inc	4,000
Redlynch Razorbacks Junior Rugby League Club Inc	6,000
Stratford Football Club	6,000
Total Sport and Recreation Grant Stream	\$71,810

Sport and Recreation In-Kind Assistance

Applicant	Amount \$
Babinda & District Pony Club	1,245
Cairns & District Rugby Union	258
Cairns & District Softball Association	636
Cairns AFL	552
Cairns Junior Baseball League	774
Cairns Kart Club	406
Cairns Motorcycle Club	1,195
Cairns Radio Control Model Car	114
Cairns Target Shooting Club	2,000
Cairns Volleyball Association	1,327
Douglas Cricket Association Inc	247
Douglas Netball	2,195
Earville Pony Club	564
Edmonton Horse & Pony Club	392
Freshwater Pony Club	2,082
Freshwater Tennis Club	1,409
Gordonvale Bowls Club	2,381
Gordonvale Pony & Equestrian Club	1,091
Gordonvale Turf Club	1,220
Half Moon Bay Golf Club	678
Hekili Outriggers Canoe Club	200
Holloways Beach Sports Complex	988
Martyn Street Softball, Baseball Fields	1,127
Mossman Sharks Rugby League	977
North Queensland Punjabi Sport & Cultural Association	80
Port Douglas Chamber of Commerce	665
Port Douglas Surf Life Saving Club	388
Port Douglas United Soccer	1,887
Pyramid Polocrosse Club	490
South Cairns Aust Rules Football Club	2,000
Total Sport and Recreation In-Kind Assistance	\$29,568

YOUNG PEOPLE IN SPORT

Total Young People in Sport

\$12,773

Young People in Sport Program distributed funds to several of the region's residents under 18 years of age to assist with costs to represent Queensland or Australia.

Young People In Sport

Recipient	Sport
Khaele Bowen	Athletics
Liam Spannenberg	Athletics
Teegan Harris	Athletics
Amber Ross	Basketball
Connie Finlay	Basketball
Jordon Baumgatner	Basketball
Zoe Zilibbe	Basketball
Aislynn Weber	BMX
Ben Van Den Hooven	BMX
Hayden Fieldhouse	BMX
Jessica Fieldhouse	BMX
Jonathon Geck	BMX
Madison Warnick	BMX
Rohan Weber	BMX
Samantha Ince	BMX
Broughton Worth	Boxing
Rachel Roberts	Cycling
Rikki Paraha	Cycling
Caimhim Fowler	Futsal
Callum Geddes	Futsal
Christopher Fisher	Futsal
Darcy McCormack	Futsal
Jack Goodwin	Futsal
Jed Jackson	Futsal
Gennai Goodwin	Golf
Joshua Goodwin	Golf
Corey Hook	Gymnastics
Kiran Renouf	Gymnastics
Monique Cowan	Gymnastics
Steven Hook	Gymnastics
Tia Seekee	Gymnastics
Jane Graham	Hockey
Jane Graham	Hockey
Nicola Wood	Hockey
Tamaya Persinni	Hockey

Recipient	Sport
Jackson Richardson	Motorcycle
Jake Wright	Motorcycle
Mitchell Evans	Motorcycle
Richard Evans	Motorcycle
Wade Hunter	Motorcycle
Josateri Murray	Peninsula School Sport
Findlay Weston	Pony Club
Alec Steedman	Roller Sport
Joshua Smith	Roller Sport
Matt Steedman	Roller Sport
Josh Jennison	Soccer
Sonya Fleishfresser	Softball
Madeline McGee	Ten Pin Bowling

CORPORATE COMMUNICATION

The following events and organisations received financial and in-kind support.

Event or Organisation	Financial Contribution \$	Internal / In-Kind Support \$	Grand Total \$
125th Year Anniversary	31,205	-	31,205
4th July Celebrations	10,340	-	10,340
Anzac Day	28,180	4,664	32,844
Australia Day	28,171	64	28,235
Babinda Harvest Festival	-	237	237
Baby Welcome	10,030	-	10,030
Battle of Australia	548	-	548
Bike Week	1,948	1,087	3,035
Breast Cancer Awareness Launch	133	-	133
Cairns Show	-	39,604	39,604
Carols by Candlelight	52,301	5,892	58,193
Citizenship Ceremonies	27,151	-	27,151
Civic Receptions	5,057	1,676	6,733
Great Northern Cleanup	800	-	800
International Women's Day	4,728	-	4,728
CRC Charity Golf Day	1,564	-	1,564
Kingsford Lunch	11,764	-	11,764
Mossman Show	-	8,017	8,017
Mt Emerald Memorial	1,283	-	1,283
North Queensland Sportstar	55	-	55
NQ Games	2,255	-	2,255
Police Remembrance Day Wreath	73	-	73
Q150 Celebrations	5,134	1,496	6,630
Seniors Week	16,346	783	17,129
Sister Cities	7,550	2,733	10,283
Stress Down Day	284	-	284
Grand Total	\$246,900	\$66,253	\$313,153

ECONOMIC DEVELOPMENT

The following events and organisations received financial and in-kind support.

Event or Organisation	Financial Contribution \$	Internal / In-Kind Support \$	Grand Total \$
AFL Masters	15,000	-	15,000
Babinda Harvest Festival	8,478	507	8,985
Babinda Information Centre	6,695	-	6,695
Babinda Taskforce	5,150	-	5,150
Cairns Amateurs	-	20,897	20,897
Cairns Blue Festival	9,940	20,060	30,000
Cairns Hockey – Crane Hire	1,438	-	1,438
Cairns Ukulele Festival	16,698	10,228	26,926
Chinese New Year	10,000	-	10,000
Duyfken	150,000	-	150,000
Great Pyramid Race	15,000	4,573	19,573
North Queensland Sports Foundation	31,151	-	31,151
Northern Pride Sponsorship	25,000	-	25,000
NQ Games	25,000	20,000	45,000
Support Bid - ANZA 2011	23,291	-	23,291
Grand Total	\$342,841	\$76,265	\$419,106

MAYOR'S DISCRETIONARY FUND

The following events and organisations received financial support:

Event or Organisation	Amount \$
Cairns & Far North Environment Centre – Carnival On Collins 2009	1,902
Environment Health Australia - Donation	2,000
Cairns Couch Ltd - Donation	200
Ribbons Ladies Game Fishing Club Inc - Donation	1,500
State Library Of Queensland Children's Picture Day – Donation	2,000
I Love Cairns Inc – Toastmaster Great Debate	2,000
Queensland Arts Council – QAC Small Schools Program - Donation	3,500
A List Events International – Young Chambers Expo - Sponsorship	4,000
Cairns Brass Band – Sponsorship	700
MacDonnells Law – Festival Cairns Best Dressed Business Award	500

Event or Organisation	Amount \$
Mossman State High School – Mossman Sevens Rugby League/Netball Carnival	400
St Therese's School - Sponsorship	250
Status Signs – Market Square Street Signage	6,795
Lions Club Of Cairns Inc – Show Pass Sponsorship 2009 World Festival of Magic	182
National Breast Cancer Foundation – Sponsorship	500
Northern Pride RLFC – Framed Jersey	1,273
Kanaka Creative – Development of sustainable TNQ logo	455
SAFCA – Sponsorship Heritage sign for Stratford Trail	500
Trinity Anglican School – Show Pass Sponsorship 2009 World Festival of Magic	200
Wet Tropics Management Authority – Sponsorship 2009 Cassowary Awards	500
Cairns Potters Club – Sponsorship	1,500
Smithfield State High School – Donation	1,000
Gondwana Choirs Ltd – Donation Mitchel Cave	400
Samoan Methodist Church – Donation QLD SYNOD Youth & Sunday School Camp	500
Variety Queensland – Donation 2009 Variety Friday Radio Appeal	300
Douglas Shire Historical Society – Donation	331
Department Of Communities Child Safety – Donation Journey to Independence Recognition Awards	182
Cairns Art Society – Donation	3,000
Aged Care Providers – Mayor's Morning Tea	1,605
Thomas Ahwang – Artwork	818
Association of Women Educators Inc – Donation Annual IWD Dinner	600
Benqiu Trading Pty Ltd – Chinese New Year Banners	4,130
ARC Disability Services Inc – Bequest for the late Arthur Strike OAM	400
UNIFEM – Bikes for Democracy	91
Club Crocodile Hotel Hides – Valuing Chinese roles across North Queensland	341
Tree Arrangements – Chinese New Year Banners	4,460
Ticket Link – Sponsorship International Women's Day High School Students Breakfast	300
Salvation Army – Red Shield Appeal	3,000
Danica Moller – Donation – Attend World Summit on Media for Children & Youth	250
Sharine Hornig – Donation – Attend 2010 YMCA Youth Payment	200
Tahlia Burchill – Donation – Participation in volunteer SCO Student Abroad Program 2010/11	500
Cairns Jockey Club – Sponsorship Family Race Day	800
Cairns & District Junior Eisteddfod Association - Sponsorship	91

Event or Organisation	Amount \$
Jilara Rogers – Donation – Attend UN Forum on indigenous Issues 2010	300
Irene Kebisu – Sponsorship – Participate in Youth Challenge Australia	400
Permaculture Cairns Inc – Sponsorship – APC 10 Event	2,000
FNQ Wildlife Rescue Association Inc – Corporate Membership	273
James Cook University – Sponsorship 2010	2,273
Pickers Vinyl & Canvas – Babinda Harvest Festival	822
Arts Nexus – Sponsorship – Tropical Writers Festival Guest Speaker	1,136
John & Sue Schultz – Mayor’s Choice Streetscape Awards	200
Cairns Ukulele Club – Catalogue	1,600
Sponsorship for Cairns Ambassador Program	4,200
Grand Total	\$67,360

RATES BASED FINANCIAL ASSISTANCE

	2008/2009		2009/2010	
Not for profit Community Groups	118 recipients	513,781	116 recipients	544,301
Not for profit Sporting Groups	75 recipients	146,205	76 recipients	149,233
Cairns Show Association		59,143		62,822
Gordonvale Turf Club		-		1,702
Gordonvale Golf Club		-		5,107
Total		\$719,129		\$763,165

YAPS FINANCIAL ASSISTANCE

Total Young Animals Protection Society	\$35,000
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SPECIAL RATES AND CHARGES

Local Government Act 1993

s534(a)(i): ... a local government's annual report must contain (a) details of action taken in relation to, and expenditure on, a service, facility or activity (i) for which the local government made and levied a special rate or charge for the financial year.

Holloways Beach Rock Wall Stage 1

A special charge was levied on all rateable land within the area defined on the map marked Holloways Beach Rock Wall Stage 1 (included in special budget meeting report 29/06/2009) for the purpose of raising funds to repay interest and principal on a Queensland Treasury Corporation loan of \$519,866 borrowed to cover the construction costs of the rock wall.

Council's opinion was that all land within the area receives a special benefit from the completed work.

The levy was based on the requirement to service interest and principal charges associated with the loan and agreed to annually by Council.

The levy will continue for each parcel of land within the area on the map marked Holloways Beach Rock Wall Stage 1 for a period of 20 years from 1 July 2003.

The levy forms part of the half year rate levy issued twice yearly.

Holloways Beach Rock Wall Stage 2A

A special charge was levied on all rateable land within the area defined on the map marked Holloways Beach Rock Wall Stage 2A (included in special budget meeting report 29/06/2009) for the purpose of raising funds to repay interest and principal on a Queensland Treasury Corporation loan of \$382,196.09 borrowed to cover the construction costs of the rock wall.

Council's opinion was that all land within the area receives a special benefit from the completed work.

The levy was based on the requirement to service interest and principal charges associated with the loan and agreed to annually by Council.

The levy will continue for each parcel of land within the area on the map marked Holloways Beach Rock Wall Stage 2A for a period of 20 years from 1 July 2004.

The levy forms part of the half year rate levy issued twice yearly.

Holloways Beach Rock Wall Stage 2B

A special charge was levied on all rateable land within the area defined on the map marked Holloways Beach Rock Wall Stage 2B (included in special budget meeting report 29/06/2009) for the purpose of raising funds to repay interest and principal on a Queensland Treasury Corporation loan of \$338,369.35 borrowed to cover the construction costs of the rock wall.

Council's opinion was that all land within the area receives a special benefit from the completed work.

The levy was based on the requirement to service interest and principal charges associated with the loan and agreed to annually by Council.

The levy will continue for each parcel of land within the area on the map marked Holloways Beach Rock Wall Stage 2B for a period of 19 years from 1 July 2005.

The levy forms part of the half year rate levy issued twice yearly.

Blue Water Canal

A special charge was levied to cover the annual cost (less Council's share) of dredging the Canal, Half Moon Creek and Access Channel. The cost being \$436,466 (\$515,504 less Council's share of \$79,038) for:

- (a) Lots that have an immediate water frontage (other than Council lots) and are identified on the map marked Bluewater Canal; and
- (b) All berths within the Bluewater and Yorkeys Knob Marinas

Council's opinion was that all land defined on the map and all the marina berths mentioned receive a special benefit from the dredging work.

The levy was based on the requirement to meet the annual cost (other than Council's share) associated with dredging of the Canal, Half Moon Creek and Offshore Channel under Maintenance Dredging, Bluewater Canals and Offshore Channel document .

The levy forms part of the half year rate levy issued twice yearly.

Rural Fire Brigades

A special charge was levied on all rateable land within the Wonga, Thornton Peak, Daintree and Mowbray Valley Rural Fire Brigades (areas identified by the Rural Fire Service of Queensland).

Council's opinion was that each parcel of rateable land will specially benefit to the same extent from the purchase and maintenance of equipment by each Rural Fire Brigade in the current or next financial years because each such parcel is within the area for which the brigade is in charge of fire fighting and fire prevention under the *Fire and Rescue Authority Act 1990*.

The quantum of the special charge is Wonga Rural Fire Brigade - \$35.00, Thornton Peak Rural Fire Brigade - \$20.00, Daintree Rural Fire Brigade - \$20.00 and Mowbray Valley Rural Fire Brigade - \$35.00

per rateable assessment. Revenue raised from this special charge will assist with the purchase and maintenance of equipment in the current or next financial years.

The levy forms part of the half year rate levy issued twice yearly.

Refuse Disposal

A special charge of \$126.64 was levied on all rateable properties identified with an improvement which is not serviced by Council, for the removal of garbage within the area north of Ellis Beach.

The special charge represents the costs associated with the funding of the provision, operation and maintenance of landfill refuse disposal sites including transfer stations available for general public use.

Council's opinion was that each parcel of rateable land will specially benefit from the use of landfill and transfer stations that are available.

The levy forms part of the half year rate levy issued twice yearly.

SUMMARY OF RATES REBATES AND CONCESSIONS

Local Government Act 1993

s534(1)(e): ...a local government's annual report must contain (e) a summary of all rebates and concessions allowed by the local government in relation to rates.

REBATES AND CONCESSIONS

1 Council Pensioner Remission

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

2. Retirement Village Remission

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

3. Rates Based Financial Assistance

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

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

4. Independent Rate Relief Tribunal

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

The Tribunal is made up of a mixture of independent voluntary appointees (made by Council) and some 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.

5. Land Management Refund

A) For properties within the boundaries of the former Cairns City Council

For the four properties identified below:

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

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

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

Lot 4 RP 706067 expires 11 September 2012

Lot 319 NR66 expires 17 March 2010

Lot 2 RP711837 expires 11 September 2012

Lot 1 RP710767 expires 13 September 2012

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

Provisions

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

Refund Considerations

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

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

6. Rates Incentive for Conservation Policy

Purpose

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

Scope

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

Reference

Nature Conservation Act 1992

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

Definitions

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

Policy

- i. The owner enters into an agreement preserving/conserving flora and fauna on a rateable property within the boundaries of the Cairns Regional Council. This agreement must be bound to the property title, in perpetuity, by a Conservation Agreement for a Nature Refuge under the *Nature Conservation Act 1992*.
- ii. The rate incentive is proportionately attributed to that area of land included in an agreement.
- iii. The rate incentive will be credited to the recipient's rates notice prior to being issued.
- iv. Refund Rules;
 - Properties where 100% of the total area of the property covered by a Nature Refuge Agreement under the *Nature Conservation Act 1992* are entitled to 80% of the general rate or a maximum of \$1100p.a (which ever is less).
 - Properties where more than 50% of the total area of the property covered by a Nature Refuge Agreement under the *Nature Conservation Act 1992* are entitled to 50% of the general rate or a maximum of \$1100p.a (which ever is less).
 - Properties where less than 50% of the total area of the property covered by a Nature Refuge Agreement under the *Nature Conservation Act 1992* are entitled to 35% of the general rate or a maximum of \$550p.a (which ever is less).
- v. Any, and all, benefit provided to a landholder through the Rate Incentive for Conservation program have to be repaid to Council if the declaration of the Nature Refuge to which the benefits relate is revoked in accordance with Section 50 of the *Nature Conservation Act 1992*.
- vi. If rates are not paid in full prior to the end of a financial year, future rates incentives will not apply until all outstanding rates are paid.

SUMMARY OF COUNCIL'S BORROWING POLICY

Local Government Finance Standard 2005 s.23(1)/(2)(a):

(1) This section states particular matters that a local government's annual report for a financial year must contain.

(2) The matters are – (a) a summary of its policy about borrowings.

CAIRNS REGIONAL COUNCIL

NO.1:02:05

General Policy

BORROWINGS POLICY FOR YEAR ENDED 25 JUNE 2010

Intent To provide Council with a debt management strategy based on sound financial management guidelines.

Scope This policy applies to all borrowings of Cairns Regional Council including all of the commercialised business units of Council.

PROVISIONS

The following sets out the policy on borrowings for the year ended 25 June 2010 as required by section 8 of the *Local Government Finance Standard 2005*.

Principles

1. Council 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.
2. It is Council's intention to fully fund depreciation which is a significant source of funding.
3. Financing of major infrastructure assets require a strategic approach to evaluate the risk exposure of Council.
4. Council should continually evaluate its financing options to ensure it assesses the relative risks and benefits, including the performance of its finances.
5. Long term borrowings for capital works and new assets should be limited to income producing assets that generate a net worth.
6. Council will not enter into any financing arrangements which involve the repayment of interest only unless that interest is at least matched by income generated from the asset being financed.
7. Council will set targets designed at reducing the repayment period of outstanding debt by reviewing that position each year.
8. Council will review the projected ratios of interest and redemption as a percentage of rates revenue to set a target range every 3 years.
9. There will be no use of long-term debt to finance operating activities or re-current expenditure of the Council.

10. The repayment for new and existing borrowings will be set at 10 years or less except in the case of borrowings for major long-life infrastructure assets and for capital works which have been levied to ratepayers as a special charge, where a repayment period will be determined on a case by case basis.
11. The ratio of Interest and Redemption to Net Rates Revenue (whole of Council) should remain less than 25%.
12. Detailed capital works and asset acquisition programs for the next 5 years together with the 10 year financial model will provide the basis for determination of funding options.

Borrowings for the Five Years Ending June 2014

Borrowings planned for the next five financial years are as follows:

Year and Purpose of Borrowing	Amount	Term
Year ended 25/6/2010		
• Water and Waste Water Infrastructure Assets	\$27,773,588	20 Years
• Refuse Infrastructure Assets	\$1,079,250	20 Years
Year ended 24/6/2011		
• Water and Waste Water Assets	\$57,715,799	20 Years
• Refuse Infrastructure Assets	\$2,675,000	20 Years
Year ended 29/6/2012		
• Water and Waste Water Assets	\$37,901,485	20 Years
• Refuse Infrastructure Assets	\$4,725,000	20 Years
Year ended 28/6/2013		
• Water and Waste Water Assets	\$12,516,298	20 Years
• Refuse Infrastructure Assets	\$2,919,000	20 Years
Year ended 27/6/2014		
• Water and Waste Water Assets	\$15,973,180	20 Years
• Refuse Infrastructure Assets	\$1,255,000	20 Years

The amount projected to be outstanding at 25 June 2010 is \$116,562,410. The repayment term of new loans is 20 years with existing loans having repayment terms between 2 and 20 years.



This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review: General Manager Corporate Services

**ORIGINALLY ADOPTED:21/06/2002
 CURRENT ADOPTION:17/03/2010
 DUE FOR REVISION:30/06/2010
 REVOKED/SUPERSEDED: 29/06/2010**

ARRANGEMENTS AND CONTRACTS WITH OTHER LOCAL GOVERNMENTS

Local Government Act 1993 s.534(1)(a)(ii): ... a local government's annual report must contain (a) details of action taken in relation to, and expenditure on, a service, facility or activity (ii) supplied by another local government under arrangements entered into under section 59.

There continues to be one arrangement that was entered into prior to 15 March 2008 that was entered into through Part 3 – Joint Action by Local Governments of the *Local Government Act 1993*. This arrangement was:

- (a) *Regional Waste Management Contract 1396.*
During 2009/10, Contract 1396 was delivered by SITA Environmental Solutions who took control of the assets (Bedminster Facility) on 23 March 2006. The facility receives and treats the waste stream of Cairns to produce a soil-conditioning product through a process of mechanical biological treatment, which uses a large rotating steel drum to convert the organic fraction of municipal solid waste in less than 3 days to bio-fuel, or raw compost. Contract 1396 has a term until 14 August 2026.

INVITATIONS TO TENDERERS TO CHANGE THEIR TENDERS

Local Government Act 1993

s534(1)(b): ...a local government's annual report must contain (b) a list of all action taken under section 488(2) during the year.

s488 (2): Before making a decision on the tenders, the local government may invite all the persons who have submitted a tender to change their tender to take account of a change in the tender specifications.

There were no instances during the 2009/10 financial year where persons who had submitted a tender to Council were invited to change their tenders.

INVITATIONS TO PROVIDE EXPRESSIONS OF INTEREST

Local Government Act 1993 s.534(1)(c): ... a local government's annual report must contain (c) a list of all resolutions made during the year under section 489(1);

Section 489(1): The local government may invite expressions of interest under this section before inviting tenders if it resolves that it is satisfied that it would be in the public interest.

Council formally resolved between 1 July 2009 and 30 June 2010 to invite Expressions of Interest for the following:

- *Expression of Interest – Legal Services Contract 2195*
 1. That Council call Expressions of Interest for the establishment of a panel of legal service providers.
 2. That the Mayor and the Chief Executive Officer be given delegated authority in accordance with Section 472 of the Local Government Act 1993 to negotiate and finalise any and all matters in relation to the EOI.

- *Bus Shelter Contract*
 - 1 Council call for expressions of interest in providing and maintaining bus shelters for the public bus network from suitably qualified companies and;
 - 2 The Mayor and the Chief Executive Officer be given delegated authority in accordance with Section 472 of the Local Government Act to negotiate and finalise any and all matters in relation to the EOI.

- *Expressions of Interest for the Processing and Marketing of Bio Solids and Green Waste*
 1. Call Expressions of Interest pursuant to *Section 489 of the Local Government Act 1993* for the processing and marketing of biosolids and green waste, to establish a panel of providers with suitable and appropriate technology, experience, management skills and approach. The Expressions of Interest process would be in the public interest as it allows for a robust planning and decision making process to determine the feasibility and sustainability of such a project against environmental, economic and social indicators.
 2. Reserves the right to invite tenders, for the processing and marketing of biosolids and green waste, from the persons/companies on the panel of providers in accordance with the provisions of s.489 of the Local Government Act 1993.

REGISTERS

Local Government Act 1993 s.534 (1) (d): ... a local government's annual report must contain (d) a list of the registers kept by it and open to inspection.

The following registers are held by Council and are available for viewing by members of the public on request:

- Register of Interests, Councillors (containing Register of Gifts/Hospitality Received)
- Register of Local Government Electoral Gifts Returns
- Register of Delegations
- Register of Enterprises
- Register of Minutes of Council Meetings
- Register of Subordinate Local Laws
- Register of Assets (including roads and parks and reserves local law policy data) including the former Douglas Register of Land Record of Ratable Land
- Keeping, Control and Impounding of Animals Local Law Register
- Esplanade Local Law Register
- Vegetation Protection Local Law Register
- Off-street Regulated Parking Register

RESERVE LAND CONTROLLED BY COUNCIL

LG Finance Standard 2005 s.25(1)(a) and s.25(2):

(1) A local government's annual report must contain a note about each of the following controlled by it at any time during the financial year to which the report relates – (a) land that is a reserve under the *Land Act 1994*; and

(2) A note about a reserve must state the area of the reserve controlled by the local government, including land that has been leased by it to someone else.

Cairns Regional Council has control of 7,262 ha of parks on land under its control that is a reserve under the *Land Act 1994*.

ROADS CONTROLLED BUT NOT OWNED BY COUNCIL

LG Finance Standard 2005 s.25(1)(b) and s.25(3):

(1) A local government's annual report must contain a note about each of the following controlled by it at any time during the financial year to which the report relates - (b) roads not owned by the local government.

(3) A note about roads must state the total length of roads controlled by the local government.

Cairns Regional Council has 1,881 km of roads that are not owned by Council. This land does not have a value in Council's Financial Statements.

OTHER ISSUES RELEVANT TO MAKING AN INFORMED ASSESSMENT

Local Government Act 1993 s.534(1)(j): ... a local government's annual report must contain (j) particulars of other issues relevant to making an informed assessment of its 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 2009/2010 financial year.

CAIRNS REGIONAL COUNCIL

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ADDENDUM TO THE FINANCIAL STATEMENTS

APPENDIX A

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

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CAIRNS REGIONAL COUNCIL

Statement of Comprehensive Income

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated)* \$
Income			
Revenue			
Recurrent Revenue			
Rates and levies	3(a)	213,735,132	200,388,747
Fees and charges	3(b)	21,109,540	26,282,821
Interest revenue	3(c)	8,040,751	11,189,591
Sale of contract and recoverable works	3(d)	8,859,156	9,339,033
Other recurrent revenue	3(e)	5,481,096	7,688,965
Grants, subsidies, contributions and donations	4(a)	20,135,862	31,126,029
Total recurrent revenue		<u>277,361,537</u>	<u>286,015,186</u>
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	<u>55,106,199</u>	<u>118,407,119</u>
Total Revenue	2(a)	<u>332,467,736</u>	<u>404,422,305</u>
Total income before gain on restructure		332,467,736	404,422,305
Net gain on restructure of Local Government	6	<u>-</u>	<u>2,685,635,256</u>
Total Income		<u>332,467,736</u>	<u>3,090,057,561</u>
Expenses			
Recurrent Expenses			
Employee benefits	7	(93,426,988)	(113,892,275)
Materials and services	8	(94,233,921)	(120,290,764)
Finance costs	9	(7,381,312)	(6,427,109)
Depreciation and amortisation	10	(81,609,202)	(90,468,008)
Total recurrent expenses		<u>(276,651,423)</u>	<u>(331,078,156)</u>
Capital Expenses			
	11	<u>(38,998,122)</u>	<u>(10,060,935)</u>
Total Expenses	2(a)	<u>(315,649,545)</u>	<u>(341,139,091)</u>
Net result attributable to Council		<u>16,818,191</u>	<u>2,748,918,470</u>
Other Comprehensive Income			
Increase in asset revaluation surplus	25(a)	<u>65,090,743</u>	<u>51,191,939</u>
Total Other Comprehensive Income for the year		<u>65,090,743</u>	<u>51,191,939</u>
Total Comprehensive Income for the year		<u>81,908,934</u>	<u>2,800,110,409</u>

* Refer to note 37 for further details.

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

CAIRNS REGIONAL COUNCIL

Statement of Financial Position

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated)* \$
Current Assets			
Cash assets and cash equivalents	13	122,934,980	129,372,819
Short term deposits	16	15,000,000	17,000,000
Trade and other receivables	14(a)	39,415,545	24,302,967
Inventories	15	1,366,824	1,730,046
		<u>178,717,349</u>	<u>172,405,832</u>
Non-Current Assets			
Property, plant and equipment	17(a)	2,892,593,966	2,813,561,507
Intangible assets	18	395,063	271,088
		<u>2,892,989,029</u>	<u>2,813,832,595</u>
TOTAL ASSETS		<u>3,071,706,378</u>	<u>2,986,238,427</u>
Current Liabilities			
Trade and other payables	19	42,491,638	43,413,480
Provisions	20	11,142,034	12,641,760
Borrowings	21	4,953,213	10,264,468
Other	22	593,725	683,318
		<u>59,180,610</u>	<u>67,003,026</u>
Non-Current Liabilities			
Trade and other payables	19	2,916,034	2,810,337
Provisions	20	30,961,410	24,649,914
Borrowings	21	96,628,981	91,664,741
		<u>130,506,425</u>	<u>119,124,992</u>
TOTAL LIABILITIES		<u>189,687,035</u>	<u>186,128,018</u>
NET COMMUNITY ASSETS		<u>2,882,019,343</u>	<u>2,800,110,409</u>
Community Equity			
Investments in capital assets	23	2,631,612,964	2,625,588,266
Restricted capital cash funds	24	51,014,658	38,368,334
Asset revaluation surplus	25	116,282,682	51,191,939
Retained deficit	26	(1,976,511)	(1,976,511)
Other reserves	27	85,085,550	86,938,381
TOTAL COMMUNITY EQUITY		<u>2,882,019,343</u>	<u>2,800,110,409</u>

* Refer to note 37 for further details.

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

CAIRNS REGIONAL COUNCIL

Statement of Cash Flows

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
Cash flows from operating activities:			
Receipts			
General rates and utility charges		211,550,214	204,563,561
Rental and levies, fees and charges		21,109,540	26,008,950
Grants, subsidies and contributions		3,294,314	34,203,834
Interest received		7,384,083	11,165,778
Other revenue		11,666,482	14,772,239
Payments			
Payments to suppliers		(94,665,304)	(112,463,990)
Payments to employees		(92,067,218)	(109,071,097)
Interest expense		(6,203,637)	(4,412,225)
Net cash inflow from operating activities	33	<u>62,068,474</u>	<u>64,767,050</u>
Cash flows from investing activities:			
Grants, subsidies and contributions for capital acquisitions:			
Capital contributions		7,072,231	26,122,121
Government subsidies and grants		43,161,807	53,692,388
Payments for property, plant and equipment		(120,871,054)	(194,736,662)
Payment for intangible assets		(417,964)	(276,985)
Proceeds from sale of property plant and equipment	5	893,851	940,530
Net movement in loans and advances		1,831	669
Net movement in short term deposits	16	2,000,000	(17,000,000)
Net cash (outflow) from investing activities		<u>(68,159,298)</u>	<u>(131,257,939)</u>
Cash flows from financing activities:			
Proceeds from borrowings	21(i)	9,754,336	66,083,786
Repayments of borrowings	21(i)	(10,059,273)	(24,462,000)
Repayments made on finance lease	21(ii)	(42,078)	(69,860)
Net cash inflow (outflow) from financing activities		<u>(347,015)</u>	<u>41,551,926</u>
Net decrease in cash held		<u>(6,437,839)</u>	<u>(24,938,963)</u>
Cash transferred on the restructure of Local Government	6(c)	-	154,311,782
Cash at the beginning of the reporting period		<u>129,372,819</u>	<u>-</u>
Cash at the end of reporting period	13	<u>122,934,980</u>	<u>129,372,819</u>

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

CAIRNS REGIONAL COUNCIL

Statement of Changes in Equity

For the period 27 June 2009 to 25 June 2010

	Council's Capital Equity			Retained deficit	Other reserves	Total
	Council Capital	Restricted cash funds	Asset revaluation surplus			
	Note 23	Note 24	Note 25	Note 26	Note 27	
	\$	\$	\$	\$	\$	\$
Balance as at 27 June 2009	2,625,588,266	38,368,334	51,191,939	(1,976,511)	86,938,381	2,800,110,409
Net result	-	-	-	16,818,191	-	16,818,191
Other comprehensive income for the year						
Increase in asset revaluation surplus	-	-	65,090,743	-	-	65,090,743
Total comprehensive income for the year	-	-	65,090,743	16,818,191	-	81,908,934
Transfers of capital amount arising from capital activities:						
Capital expenses	(38,998,122)	-	-	38,998,122	-	-
Contributed assets	5,889,840	-	-	(5,889,840)	-	-
Unfunded depreciation	(10,077,213)	-	-	10,077,213	-	-
Reserves and capital funds expended on capital assets	65,772,601	(3,916,084)	-	-	(61,856,517)	-
Capital cash funds set aside in period	(16,562,408)	16,562,408	-	-	-	-
Change in capital capacity arising from Council activities	6,024,698	12,646,324	-	43,185,495	(61,856,517)	-
Transfers between retained deficit and capital reserves:						
Restricted grants, subsidies and contributions received during the period	-	-	-	(49,216,359)	49,216,359	-
Transfers to reserves	-	-	-	(11,523,595)	11,523,595	-
Transfers from reserves	-	-	-	736,268	(736,268)	-
Net transfers to (from) retained deficit	-	-	-	(60,003,686)	60,003,686	-
Balance as at 25 June 2010	2,631,612,964	51,014,658	116,282,682	(1,976,511)	85,085,550	2,882,019,343

CAIRNS REGIONAL COUNCIL

Statement of Changes in Equity

For the period 27 June 2009 to 25 June 2010

Restated*

	Council's Capital Equity			Retained deficit	Other reserves	Total
	Council Capital	Restricted cash funds	Asset revaluation surplus			
	Note 23	Note 24	Note 25	Note 26	Note 27	
	\$	\$	\$	\$	\$	\$
Balance as at 15 March 2008	-	-	-	-	-	-
Net result	-	-	-	2,748,918,470	-	2,748,918,470
Other comprehensive income for the year						
Increase in asset revaluation surplus	-	-	51,191,939	-	-	51,191,939
Total comprehensive income for the year	-	-	51,191,939	2,748,918,470	-	2,800,110,409
Transfers of capital amount arising from capital activities:						
Capital value contained in the gain from restructure	2,521,217,628	32,975,125	-	(2,554,192,753)	-	-
Capital expenses	(10,060,935)	-	-	10,060,935	-	-
Contributed assets	52,378,390	-	-	(52,378,390)	-	-
Unfunded depreciation	(7,469,727)	-	-	7,469,727	-	-
Capital revenue for asset funding transferred to general revenue	(4,808,992)	-	-	4,808,992	-	-
Reserves and capital funds expended on capital assets	79,725,111	-	-	-	(79,725,111)	-
Capital cash funds set aside in period	(5,393,209)	5,393,209	-	-	-	-
Change in capital capacity arising from Council activities	2,625,588,266	38,368,334	-	(2,584,231,489)	(79,725,111)	-
Transfers between retained deficit and capital reserves:						
Restricted grants, subsidies and contributions received during the period	-	-	-	(66,028,729)	66,028,729	-
Transfers to reserves	-	-	-	(44,269,613)	44,269,613	-
Transfers from reserves	-	-	-	(56,365,150)	56,365,150	-
Net transfers to (from) retained deficit	-	-	-	(166,663,492)	166,663,492	-
Balance as at 26 June 2009	2,625,588,266	38,368,334	51,191,939	(1,976,511)	86,938,381	2,800,110,409

* Refer to note 37 for further details.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements for the period 27 June 2009 to 25 June 2010 have been prepared in accordance with Australian Accounting Standards and comply with the requirements of the *Local Government Act 1993* and the *Local Government Finance Standard 2005*.

Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, Cairns Regional Council was formed on 15 March 2008.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008* transferred the assets and liabilities of the former Cairns City and Douglas Shire Councils to Cairns Regional Council as at 15 March 2008.

Pursuant to Section 159YQ of the *Local Government Act 1993* and Sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements for 2008-09 were prepared for the period 15 March 2008 to 26 June 2009. The 2009-10 reporting period is for the period 27 June 2009 to 25 June 2010.

Accordingly, comparative income and expenditure information represents a longer accounting period than the current reporting period.

Assets and liabilities of the former Councils were recognised by Cairns Regional Council on 15 March 2008 at the previous book values of the transferor local governments. This is shown as income in the comparative figures of the Statement of Comprehensive Income and details are disclosed in note 6(a).

Cairns Regional Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustments to the measurement of assets and liabilities transferred from former councils as at 15 March 2008. These accounting policy alignment adjustments are shown in the comparative figures of the Statement of Comprehensive Income and details are disclosed in note 6(b).

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

1.2 Statement of compliance

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

1.3 Basis of consolidation

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

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

The accounts of Cairns Regional Gallery Limited have not been consolidated with Council's accounts as at the reporting date due to immateriality. Information relating to the financial position of the Gallery is set out in note 34(a).

1.4 Adoption of new and revised Accounting Standards

In the current reporting period, Council adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised standards and interpretations has resulted in the following changes to Council's accounting policies:

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

AASB 101 Presentation of Financial Statements
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

The revised Standard and Amending Pronouncements do not affect any of the amounts presented in the financial statements, but have changed the disclosures made in the financial statements. The change in terminology in the revised *AASB 101* has resulted in the Balance Sheet being renamed the Statement of Financial Position, and the Cash Flow Statement being renamed the Statement of Cash Flows. The former Income Statement has been replaced with a single Statement of Comprehensive Income. In line with the new concept of 'comprehensive income' the bottom of the statement contains other Comprehensive Income that was previously only included in the Statement of Changes in Equity.

Investment Property (AASB 140 Investment Property)

Investment property under construction or being developed for future use is now classified as investment property rather than being classified as work in progress or property, plant and equipment. Council currently has no investment property under construction or being developed for future use.

At the date of authorisation of the financial statements, the standards and interpretations listed below were on issue but not yet effective.

	<i>Effective for annual report periods beginning on or after:</i>
<i>AASB 9 Financial Instruments (December 2009)</i>	<i>1 January 2013</i>
<i>AASB 124 Related Party Disclosures (December 2009)</i>	<i>1 January 2011</i>
<i>AASB 1053 Application of Tiers of Australian Accounting Standards (June 2010)</i>	<i>1 July 2013</i>
<i>2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (May 2009)</i>	<i>1 January 2010</i>
<i>2009-9 Additional Exemptions for First-time Adopters (September 2009)</i>	<i>1 January 2010</i>
<i>2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)</i>	<i>1 January 2013</i>
<i>2009-13 Amendments to AAS arising from Interpretation 19 (December 2009)</i>	<i>1 July 2010</i>
<i>2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14) (December 2009)</i>	<i>1 January 2011</i>
<i>Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (December 2009)</i>	<i>1 July 2010</i>

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

The *2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* includes amendments to *AASB 117 Leases* which revise the criteria for classification of leases involving land and buildings. Council will be required to reassess the classification of the land components of all unexpired leases that Council has entered into as at 1 July 2010, on the basis of the information existing at the inception of the relevant lease. If any such leases are reclassified to become finance leases, retrospective accounting adjustments will be processed as far as practicable.

Initial application of the other standards/interpretations on issue but not yet effective is not expected to have any material impact on Council's financial statements.

1.5 Currency

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

1.6 Constitution

Cairns Regional Council is constituted under the Queensland *Local Government Act 1993* and is domiciled in Australia.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

1.7 Date of authorisation

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

The Local Government has the power to amend the financial statements after they are authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

1.8 Critical judgements and key sources of estimation uncertainty

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

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

Valuation of property, plant and equipment - note 1.15(d) and note 17(b)
Impairment of property, plant and equipment - note 1.18 and note 17(a)
Provisions - note 1.23 and note 20
Contingencies - note 30

1.9 Rates, levies, grants and other revenue

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

a) Rates

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

b) Grants, subsidies and contributions

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

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

c) Non-cash contributions

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

d) Rental revenue

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

e) Interest revenue

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

f) Other revenue

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

1.10 Financial assets and financial liabilities

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

Cairns Regional Council has categorised and measured the financial assets and financial liabilities held at 25 June 2010 as follows:

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

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

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately. The fair value of borrowings, as disclosed in note 21 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if Council repaid it in full at the reporting date. As it is the intention of Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in note 35.

1.11 Cash and cash equivalents

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

1.12 Receivables

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

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

All known bad debts were written-off at 25 June 2010. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

1.13 Inventories

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Cost is determined using average price for stores and cost price for other items.

Inventories held for distribution (internal consumption) are:

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

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

1.14 Investments

Term deposits in excess of three months are reported as short term deposits, with deposits of less than three months being reported as cash equivalents. Investments in associates have not been accounted for using the equity method. Council believes that the impact of these investments is not significant, therefore cost has been used as the basis of measurement. Information relating to investments in associates is set out in note 34.

Investment property

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

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

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

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

1.15 Property, plant and equipment

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

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

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

a) Major plant

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

b) Acquisition of assets

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

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

Assets transferred from the former councils, as a result of a Government restructure, were initially recognised at the amount at which they were recognised by the former councils as at 15 March 2008 as disclosed in Note 1.1 and Note 6(b). Those assets are reflected as additions from abolished councils at net carrying value in Note 17(a).

c) Capital and operating expenditure

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

d) Valuation

Land and improvements, buildings, and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB 116 Property, Plant and Equipment* and the *Local Government Finance Standard 2005*. All other non-current assets, principally items of plant and equipment except for items classed as major plant and equipment, are measured at cost.

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

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

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

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

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

Details of valuer's and methods of valuations are disclosed in note 17(b).

e) Capital work in progress

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

f) Depreciation

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

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

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

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

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

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 17(a).

g) Unfunded depreciation

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

h) Land under roads

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

1.16 Intangible assets

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

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

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

At the reporting date intangible assets consist of software only.

1.17 Biological assets

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

1.18 Impairment of non-current assets

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

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

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

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

1.19 Leases

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

a) Finance leases

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

b) Operating leases

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

1.20 Payables

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

1.21 Liabilities – employee benefits

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

a) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in note 19 as a payable.

b) Annual leave

A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non-current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in note 19 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 and reported in note 19 as a payable.

d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 31.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

e) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in note 20 as a provision.

f) RDO Liability

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

1.22 Borrowing costs

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

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

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

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

1.23 Restoration provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. Further details can be found in note 20.

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

a) Restoration on land not controlled by Council

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

b) Restoration on land controlled by Council

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

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

1.24 Council capital value

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

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

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

1.25 Asset revaluation surplus

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

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

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

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

1.26 Reserves held for future capital expenditure

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

a) Constrained works reserve

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reporting period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred from the reserve to the capital account. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor. The closing balance is also identified as restricted cash held at the reporting date in note 13.

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reporting period which Council has identified as being a reimbursement of capital funds expended in a prior period.

b) Beach protection reserve

Beach protection reserve represents cash set aside to enable Council to proactively address the issues being experienced along Council beaches, particularly with sand degradation and the potential loss of infrastructure due to the natural action of the ocean.

c) Future asset acquisition reserve

Future asset acquisition reserve represents cash reserves set aside to provide for the acquisition of assets and infrastructure in the future.

d) Outdoor dining fees reserve

Outdoor dining fees reserve represents cash reserves set aside to fund the beautification of public areas in accordance with existing management plans and operational works programs.

e) Cleaner seas initiative reserve

Cleaner seas initiative reserve represents cash reserves set aside to provide funding for wastewater treatment plant upgrades to support increases in wastewater treatment standards.

f) Natural disaster reserve

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

g) Cairns water augmentation reserve

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

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

h) Public art reserve

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

i) Daintree ferry reserve

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

1.27 Reserves held for funding future recurrent expenditure

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

a) Future operational expenditure reserve

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

b) Blue Water special charge reserve

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

c) Southern corridor reserve

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

d) Resources, waste and environment reserve

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

1.28 Retained surplus/deficit

The retained surplus represents that part of Council's equity, which is cash backed and not identified to meet specific future funding needs at the reporting date. The balance of this account represents the cumulative unrestricted surplus amount available to Council that may be used as a general funding source to be offset against expenditure in the following reporting period or, if a deficit, the additional amount of revenue required to be raised to achieve a total overall balanced funding position. In accordance with the *Local Government Finance Standard 2005* all councils must demonstrate the ability to recover any retained deficits in future reporting periods through the budget process.

1.29 National competition policy

Council has reviewed its activities to identify its business activities. Details are disclosed in note 36.

1.30 Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest dollar or where that amount is \$0.50 or less, to zero.

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

Cairns Regional Council was formed on 15 March 2008 as a consequence of the amalgamation of Cairns City and Douglas Shire Councils. Pursuant to Section 159YQ of the *Local Government Act 1993* and Sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements for 2008-09 were prepared for the period 15 March 2008 to 26 June 2009. Therefore comparative figures presented in the financial statements for the reporting period ended 25 June 2010 are for a 15 and a half month period.

The assets and liabilities of the former Cairns City and Douglas Shire Councils were transferred to Cairns Regional Council on 15 March 2008. Therefore asset and liability balances disclosed in the notes as being at the beginning of the comparative financial reporting period, comprise asset and liabilities that were transferred from Cairns City and Douglas Councils due to the restructure.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

1.31 Financial risk management

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

a) Investments

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

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

b) Financing

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

Details of financial instruments and the associated risks are shown at note 35.

1.32 Trust funds for outside parties

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

The monies are disclosed in the notes to the financial statements for information purposes at note 32.

1.33 Taxation

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

The Type 1 and 2 activities of Council pay an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 1993*.

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

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

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

2 Analysis of result by function

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

Functions	Revenue		Total revenue	Total expenses	Net result for period	Assets
	Grants	Other				
	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$
Corporate Services	7,384,928	105,685,411	113,070,339	17,282,918	95,787,421	418,385,898
Planning and Environment	15,000	11,008,034	11,023,034	16,205,915	(5,182,881)	7,055,083
Infrastructure Services	23,168,654	11,480,389	34,649,043	92,222,651	(57,573,608)	1,420,397,129
Community, Sport and Cultural Services	5,972,760	4,634,298	10,607,058	41,584,862	(30,977,804)	156,459,961
Cairns Water	22,226,751	106,991,434	129,218,185	110,717,780	18,500,405	1,045,624,900
Cairns Refuse	(11,650)	26,116,690	26,105,040	32,530,513	(6,425,473)	23,429,167
Cairns Works	2,000	7,793,037	7,795,037	5,104,906	2,690,131	354,240
Total	58,758,443	273,709,293	332,467,736	315,649,545	16,818,191	3,071,706,378

Restated

Functions	Revenue		Total revenue	Total expenses	Net result for period	Assets
	Grants	Other				
	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$	2009 \$
Corporate Services	7,427,489	104,862,653	112,290,142	33,439,225	78,850,917	412,912,335
Planning and Environment	121,825	16,026,511	16,148,336	20,843,137	(4,694,801)	7,063,371
Infrastructure Services	17,342,696	57,141,765	74,484,461	110,525,042	(36,040,581)	1,371,488,915
Community, Sport and Cultural Services	3,768,089	5,655,307	9,423,396	49,732,936	(40,309,540)	145,627,103
Cairns Water	43,173,190	115,886,138	159,059,328	88,238,147	70,821,181	1,024,084,696
Cairns Refuse	85,299	24,632,895	24,718,194	30,136,905	(5,418,711)	24,554,127
Cairns Works	(500)	8,298,948	8,298,448	8,223,699	74,749	507,880
Total	71,918,088	332,504,217	404,422,305	341,139,091	63,283,214	2,986,238,427

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

b) Components of Council Functions

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

Corporate Services

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

Planning and Environment

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

Infrastructure Services

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

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

Community, Sport and Cultural Services

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

Cairns Water

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

Cairns Refuse

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

Cairns Works

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
3 Revenue analysis			
a) Rates and levies	1.9(a)		
General rates		98,693,670	93,761,430
Separate rates		522,806	784,584
Water		17,892,412	16,365,572
Water consumption, rental and sundries		21,362,140	22,078,953
Sewerage		55,324,965	49,916,969
Garbage charges		21,675,907	19,174,092
Rates and utility charge revenue		215,471,900	202,081,600
Less: Discounts		(4,504)	(99,894)
Less: Pensioner remissions		(1,732,264)	(1,592,959)
Net rates and utility charges		213,735,132	200,388,747
b) Fees and charges			
Building and development fees		3,033,110	4,895,016
Daintree ferry		2,142,023	2,616,811
Infringements		830,468	1,495,776
Licences and registrations		2,138,486	1,909,404
Parking		3,346,939	3,768,894
Refuse fees		2,197,972	3,945,567
Trade waste fees		780,114	1,019,796
Other fees and charges		6,640,428	6,631,557
		21,109,540	26,282,821
c) Interest revenue			
Investments	1.9(e)	6,548,018	10,029,995
Overdue rates and utility charges		1,492,733	1,159,596
		8,040,751	11,189,591
d) Sales of contract and recoverable works			
Revenue		8,859,156	9,339,033
The amount recognised as revenue for contract works during the period is the amount receivable in respect of invoices issued during the period.			
e) Other recurrent revenue			
Other revenue		5,481,096	7,688,965

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
4 Grants, subsidies, contributions and donations	1.9(b)		
a) Recurrent – grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		15,596,636	18,225,700
Donations		915,964	796,209
Contributions		3,623,262	12,104,120
Total recurrent grants, subsidies, contributions and donations		<u>20,135,862</u>	<u>31,126,029</u>
b) Capital – grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		43,161,807	53,692,388
Contributions		6,054,552	12,336,341
		<u>49,216,359</u>	<u>66,028,729</u>
(ii) Non-monetary revenue received:	1.9(c)		
Developer assets contributed by developers at fair value		5,889,840	52,378,390
Total capital grants, subsidies, contributions and donations		<u>55,106,199</u>	<u>118,407,119</u>
5 Loss on disposal of capital assets			
Proceeds from the sale of property, plant and equipment		892,851	731,565
Less: Book value of property, plant and equipment sold		(897,353)	(761,342)
		<u>(4,502)</u>	<u>(29,777)</u>
Proceeds from the sale of land and improvements		1,000	208,965
Less: Book value of land and improvements		-	(1,571,371)
		<u>1,000</u>	<u>(1,362,406)</u>
Total Loss on the disposal of capital assets	11	<u>(3,502)</u>	<u>(1,392,183)</u>
Total proceeds from the sale of capital assets		893,851	940,530
Less: total book value of capital assets sold		(897,353)	(2,332,713)
Total Loss on the disposal of capital assets	11	<u>(3,502)</u>	<u>(1,392,183)</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
6 Gain on restructure of local government			
a) Net result attributable to Council		16,818,191	2,748,918,470
Less:			
Assets and liabilities transferred from abolished councils		-	2,641,580,448
Adjustment for unrecognised assets	6(b)	-	44,054,808
Net gain on restructure of local governments	6(c)	-	2,685,635,256
Net result before gain on restructure of local government	2(a)	16,818,191	63,283,214
b) Adjustments due to accounting policy alignment			
Property, plant and equipment		-	71,967,151
During a review of the assets transferred from the abolished councils it was found that certain assets had not been recognised by the previous Councils. These have been recognised at their fair value as an adjustment to the assets transferred from the abolished Councils.			
During a review of the assets transferred from the abolished councils to Cairns Regional Council, management identified certain work in progress amounts, representing internally constructed assets not yet completed, that had not been recorded at fair value (actual cost). These have been recognised at their fair value as an adjustment to the assets transferred from the abolished councils.			
Restoration provision		-	(12,079,022)
During a review of the provisions transferred from the abolished councils management identified certain refuse rehabilitations that had not been recognised by the previous councils. These have been recognised at their discounted current value as an adjustment to the provision and included in the property, plant and equipment adjustment above.			
Provision for developer contribution credits		-	(15,833,321)
During a review of the provisions transferred from the abolished councils it was found that certain developer contribution credits had not been recognised by the previous councils. These have been recognised at their current value as an adjustment to the provision transferred from the abolished councils.			
		-	44,054,808

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Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

c) Net gain on assets transferred from abolished councils

The Local Government Reform Commission report to the Minister for Local Government, Planning and Sport on 27 July 2007 recommended that the former Cairns City and Douglas Shire Councils be amalgamated to form Cairns Regional Council. Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the amalgamation was effective from the changeover date of 15 March 2008.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No. 1) 2008* transferred the assets and liabilities of the former Councils (referred to paragraph 1), to Cairns Regional Council as at the changeover date. The assets and liabilities of the former Councils have been recognised at the amounts at which they were recognised by the transferor local governments as at 15 March 2008.

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

Details are as follows:

	Cairns City Council	Douglas Shire Council	Total gain recognised by Council	Adjustments due to accounting policy alignment	Net gain on restructure of local government
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash and equivalents	129,377,347	24,934,435	154,311,782	-	154,311,782
Trade and other receivables	36,506,665	3,680,056	40,186,721	-	40,186,721
Inventories	1,832,843	99,880	1,932,723	-	1,932,723
Other financial assets	3,104,486	145,926	3,250,412	-	3,250,412
	<u>170,821,341</u>	<u>28,860,297</u>	<u>199,681,638</u>	<u>-</u>	<u>199,681,638</u>
Non-current assets					
Receivables	3,750	-	3,750	-	3,750
Property, plant and equipment	2,258,278,749	286,472,192	2,544,750,941	71,967,151	2,616,718,092
	<u>2,258,282,499</u>	<u>286,472,192</u>	<u>2,544,754,691</u>	<u>71,967,151</u>	<u>2,616,721,842</u>
Total assets	<u>2,429,103,840</u>	<u>315,332,489</u>	<u>2,744,436,329</u>	<u>71,967,151</u>	<u>2,816,403,480</u>
Liabilities					
Current liabilities					
Trade and other payables	26,216,348	2,385,846	28,602,194	306,237	28,908,431
Borrowings	16,782,777	962,613	17,745,390	-	17,745,390
Other	2,471,747	24,124	2,495,871	14,895,504	17,391,375
	<u>45,470,872</u>	<u>3,372,583</u>	<u>48,843,455</u>	<u>15,201,741</u>	<u>64,045,196</u>
Non-current liabilities					
Payables	2,235,419	531,212	2,766,631	-	2,766,631
Borrowings	40,923,062	1,708,831	42,631,893	-	42,631,893
Provisions	7,578,823	1,035,079	8,613,902	12,710,602	21,324,504
	<u>50,737,304</u>	<u>3,275,122</u>	<u>54,012,426</u>	<u>12,710,602</u>	<u>66,723,028</u>
Total liabilities	<u>96,208,176</u>	<u>6,647,705</u>	<u>102,855,881</u>	<u>27,912,343</u>	<u>130,768,224</u>
Net gain from assets transferred	<u>2,332,895,664</u>	<u>308,684,784</u>	<u>2,641,580,448</u>	<u>44,054,808</u>	<u>2,685,635,256</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
7 Employee benefits			
Total staff wages and salaries		71,449,724	85,122,707
Councillors' remuneration		1,097,654	1,416,135
Annual, sick and long services leave entitlements		12,099,352	15,168,350
Superannuation	31	7,780,137	9,454,336
		<u>92,426,867</u>	<u>111,161,528</u>
Other employee related expenses		3,880,140	5,539,812
		<u>96,307,007</u>	<u>116,701,340</u>
Less: Capitalised employee expenses		(2,880,019)	(2,809,065)
		<u>93,426,988</u>	<u>113,892,275</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
Total council employees as at 25 June 2010			
Elected members		11	11
Administration staff		668	709
Depot and outdoor staff		718	672
Total full time equivalent employees		<u>1,397</u>	<u>1,392</u>
8 Materials and services			
External audit fees		218,113	241,449
Internal audit fees		126,299	233,215
Advertising		839,437	1,197,805
Consultancy services		2,398,785	6,324,148
Donations paid		2,471,930	2,299,566
Entertainment and hospitality		218,652	183,481
Grants to community groups		1,383,611	1,299,114
Repairs and maintenance materials		19,128,071	24,133,429
Garbage collection services		12,890,382	18,410,803
Agency and temporary employment services		7,500,907	8,673,352
External hire		12,523,268	12,157,389
Electricity		7,283,502	6,853,788
Travel		386,885	478,534
Communication and IT		836,059	953,373
Rental and operating leases		638,357	692,988
Other materials and services		25,389,663	36,158,330
		<u>94,233,921</u>	<u>120,290,764</u>
9 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		6,199,492	4,395,320
Interest on finance leases		3,352	16,555
Other borrowing costs		793	350
Bank charges		561,080	806,786
Impairment of receivables		268,465	808,123
Refuse sites – change in present value over time		348,130	399,975
		<u>7,381,312</u>	<u>6,427,109</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
10 Depreciation and amortisation	1.15(f)		
a) Depreciation of non-current assets			
Land and improvements		3,846,804	2,685,312
Buildings		8,372,021	9,893,282
Plant and equipment		4,724,303	5,409,662
Office furniture and fittings		446,425	494,459
Road and bridge networks		23,579,304	26,665,524
Water		14,846,021	18,215,983
Sewerage		16,101,271	15,370,384
Drainage		6,476,749	7,320,220
Solid waste disposal		59,441	393,815
Other assets and leasehold improvements		2,862,874	3,567,700
		<u>81,315,213</u>	<u>90,016,341</u>
b) Amortisations of intangible assets			
Computer software		293,989	451,667
Total amortisation of intangible assets		<u>293,989</u>	<u>451,667</u>
Total depreciation and amortisation		<u>81,609,202</u>	<u>90,468,008</u>
11 Capital expenses			
Loss on the sale of capital assets	5	3,502	1,392,183
Loss on write-off of non-current assets	12	30,606,612	930,991
Revaluation decrement of property, plant and equipment	17(a)	-	7,737,761
Increase in restoration provision	1.23(a)	8,388,008	-
Total capital expenses		<u>38,998,122</u>	<u>10,060,935</u>
12 Write-off of capital assets			
Land and site improvements		5,516	-
Buildings		480,005	11,320
Plant and equipment		5,473	-
Road and bridge network		610,366	103,502
Water		5,221,109	116,791
Sewerage *		24,108,303	690,189
Drainage		44,095	-
Solid waste disposal		131,745	-
Other assets and leasehold improvements		-	9,189
		<u>30,606,612</u>	<u>930,991</u>

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
13 Cash and cash equivalents	1.11		
Cash in operating bank account		638,107	2,333,995
Cash in other banks and on hand		39,160	38,140
Deposits and investments held with other approved deposit taking institutions		50,000,000	6,500,000
Deposits and investments held with QTC at variable interest rate		72,257,713	120,500,684
Balance per statement of cash flows		<u>122,934,980</u>	<u>129,372,819</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies	27(a)(i)	15,541,431	4,455,543
Unspent developer contributions	27(a)(i)	42,076,010	51,916,324
Unspent loan monies	24(ii)	987,000	4,903,084
Total unspent restricted cash for capital projects		<u>58,604,441</u>	<u>61,274,951</u>
Cash, deposits and investments are held with the Commonwealth Bank of Australia in a normal business cheque account and through deposits with various institutions including Queensland Treasury Corporation, Bank of Queensland, Bendigo Bank, National Australia Bank, St George, Macquarie, Suncorp, Westpac, IMB Ltd, ANZ, Cairns Penny Savings & Loans and ECU Australia.			
14 Trade and other receivables			
a) Current	1.12		
Rateable revenue and utility charges		12,425,541	10,607,456
Water charges yet to be levied		2,745,735	2,591,699
Accrued capital contributions		-	1,017,679
Other debtors		24,049,556	9,544,851
Less: Impairment provision		(1,758,188)	(2,178,328)
		<u>37,462,644</u>	<u>21,583,357</u>
Prepayments		1,950,401	2,715,279
Loans and advances to community organisations	14(c)	2,500	4,331
		<u>39,415,545</u>	<u>24,302,967</u>
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.			
Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.			
b) Impairment provision			
Opening balance		2,178,328	-
Balance transferred from abolished councils		-	1,751,717
Receivables written off in period		(496,500)	(115,171)
Provisions recognised		76,360	541,782
Balance at the end of period		<u>1,758,188</u>	<u>2,178,328</u>
c) Loans and advances to community organisations			
Balance at the end of the period		4,331	4,912
Less: Impairment provision		(1,831)	(581)
		<u>2,500</u>	<u>4,331</u>
Current portion		2,500	4,331
Non-current portion		-	-
		<u>2,500</u>	<u>4,331</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010	2009
		\$	(restated) \$
15 Inventories	1.13		
Current			
Inventories for distribution			
Stores and materials		1,166,808	1,404,328
Valued at cost, adjusted when applicable for any loss of service potential.			
Work in progress		200,016	325,718
		<u>1,366,824</u>	<u>1,730,046</u>
16 Short term deposits			
Current fixed short term investment:			
Unrestricted		15,000,000	17,000,000
		<u>15,000,000</u>	<u>17,000,000</u>

All cash investments are in Australian dollars. Investments are held in Westpac, National Australia Bank and ANZ, and are considered to be low risk investments.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

17 Property, plant and equipment

a) Movements in property, plant and equipment

Basis of measurement	Land & site improvements Valuation	Buildings Valuation	Plant and equipment Cost	Office furniture and fittings Cost	Road and bridge network Valuation	Water Valuation	Sewerage Valuation	Drainage Valuation	Solid waste disposal Valuation	Other assets & leasehold improvements Valuation	Work in progress Cost	Total
	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$	2010 \$
Asset Values												
Balance at beginning of period	257,181,650	228,180,836	21,363,761	1,952,518	829,321,563	490,967,575	433,917,251	501,049,389	17,505,074	28,739,018	211,178,243	3,021,356,879
Additions at cost	1,354,764	6,691,458	7,302,562	292,737	11,930,506	10,053,335	174,518,503	3,281,892	1,163,053	3,974,397	(99,692,153)	120,871,054
Contributed assets at valuation	-	27,200	-	-	1,565,436	1,396,615	754,238	2,146,351	-	-	-	5,889,840
Disposals	-	-	(1,199,092)	-	-	-	-	-	-	(137,808)	-	(1,336,900)
Write-offs	(183,279)	(629,605)	(28,794)	-	(732,231)	(6,603,726)	(52,922,928)	(44,612)	(137,149)	(135,106)	-	(61,417,430)
Revaluation adjustment to the asset revaluation surplus	-	23,124,057	-	-	104,933,422	48,284,724	-	26,641,292	-	1,266,558	-	204,250,053
Internal transfers	-	5,720,051	140,166	-	-	(236,536)	7,480	28,369	-	(5,659,530)	-	-
Balance at end of period	258,353,135	263,113,997	27,578,603	2,245,255	947,018,696	543,861,987	556,274,544	533,102,681	18,530,978	28,047,529	111,486,090	3,289,613,496
Accumulated depreciation and impairment												
Balance at beginning of period	8,283,046	76,814,294	5,307,580	494,459	30,833,843	23,843,844	50,750,213	7,320,220	393,815	3,754,057	-	207,795,372
Depreciation provided in period	3,846,804	8,372,021	4,724,303	446,425	23,579,304	14,846,021	16,101,271	6,476,749	59,441	2,862,874	-	81,315,213
Disposals	-	-	(439,547)	-	-	-	-	-	-	-	-	(439,547)
Write-offs	(177,763)	(149,600)	(23,321)	-	(121,865)	(1,382,617)	(28,814,625)	(517)	(5,404)	(135,106)	-	(30,810,818)
Revaluation adjustment to the asset revaluation surplus	-	10,672,434	-	-	93,608,191	28,155,060	-	6,555,225	-	168,400	-	139,159,310
Internal transfers	(347,600)	1,757,545	10,363	-	-	(14,661)	1,430	629	347,600	(1,755,306)	-	-
Balance at end of period	11,604,487	97,466,694	9,579,378	940,884	147,899,473	65,447,647	38,038,289	20,352,306	795,452	4,894,919	-	397,019,530
Net value at 25 June 2010	246,748,648	165,647,303	17,999,225	1,304,371	799,119,224	478,414,339	518,236,255	512,750,375	17,735,526	23,152,610	111,486,090	2,892,593,966
Range of estimated useful life in years	7	30-100	3-20	2-10	10-100	20-80	12-100	10-50	10-100	7-100		

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

2009 (restated)

Basis of measurement

	Land & site improvements Valuation	Buildings Valuation	Plant and equipment Cost	Office furniture and fittings Cost	Road and bridge network Valuation	Water Valuation	Sewerage Valuation	Drainage Valuation	Solid waste disposal Valuation	Other assets & leasehold improvements Valuation	Work in progress Cost	Total
	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009	15.5 months 2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Asset Values

Balance at beginning of the period	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from abolished councils	242,041,219	138,573,000	18,068,556	1,845,863	749,502,525	477,807,014	371,287,306	422,813,840	11,896,747	25,195,169	85,273,693	2,544,304,932
Correction to opening balance	326,365	4,746,485	150,998	-	4,232,415	1,821,501	17,102,403	38,000,004	4,295,473	815,134	481,022	71,971,800
Additions at cost	15,952,623	7,459,357	4,262,262	-	22,134,905	5,261,674	6,007,252	5,821,224	1,213,113	1,200,724	125,423,528	194,736,662
Contributed assets at valuation	-	-	-	-	10,361,808	2,978,002	4,550,031	34,414,321	-	74,228	-	52,378,390
Disposals	(1,571,371)	-	(725,610)	-	-	-	-	-	-	(137,815)	-	(2,434,796)
Write-offs	-	(14,096)	-	-	(104,318)	(120,689)	(746,472)	-	-	(22,660)	-	(1,008,235)
Revaluation adjustment to the asset revaluation surplus	-	78,397,244	-	-	43,293,222	-	35,645,465	-	-	580,463	-	157,916,394
Revaluation adjustment recognised in capital expenditure	271,659	-	-	-	-	3,220,073	-	-	-	-	-	3,491,732
Internal transfers	161,155	(981,154)	(392,439)	106,649	(98,994)	-	71,266	-	99,741	1,033,776	-	-
Balance at end of period	257,181,650	228,180,836	21,363,767	1,952,512	829,321,563	490,967,575	433,917,251	501,049,389	17,505,074	28,739,018	211,178,243	3,021,356,879

Accumulated depreciation and impairment

Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Correction to opening balance	-	4,410	-	-	-	-	-	-	-	-	-	4,410
Depreciation provided in period	2,685,312	9,893,282	5,409,662	494,459	26,665,524	18,215,983	15,370,384	7,320,220	393,815	3,567,700	-	90,016,341
Disposals	-	-	(102,083)	-	-	-	-	-	-	-	-	(102,083)
Write-offs	-	(2,776)	-	-	(816)	(3,898)	(56,283)	-	-	(13,471)	-	(77,244)
Revaluation adjustment to the asset revaluation surplus	-	66,935,325	-	-	4,169,136	-	35,436,112	-	-	183,882	-	106,724,455
Revaluation adjustment recognised in capital expenditure	5,597,734	-	-	-	-	5,631,759	-	-	-	-	-	11,229,493
Internal transfers	-	(15,947)	-	-	-	-	-	-	-	15,947	-	-
Balance at end of period	8,283,046	76,814,294	5,307,580	494,459	30,833,843	23,843,844	50,750,213	7,320,220	393,815	3,754,057	-	207,795,372

Net value at 26 June 2009	248,898,604	151,366,542	16,056,187	1,458,053	798,487,720	467,123,731	383,167,038	493,729,169	17,111,259	24,984,961	211,178,243	2,813,561,507
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Range of estimated useful life in years	7	30-100	3-20	2-10	10-100	20-80	12-100	10-50	10-100	7-100		
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CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

17 b) Valuations of property, plant and equipment

Valuations were determined by reference to the following:

A review was performed as at 25 June 2010 of all assets measured at fair value and, where required, the assets have been revalued (as detailed below) to ensure the carrying amount of each class of assets does not materially differ from fair value as at the reporting date.

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

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

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

Land and site improvements

Cairns Regional Council does not have control over Land under infrastructure – 1,881km of roads and 7262 ha of reserve land that is a reserve under the *Land Act 1994*.

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

Freehold Land

Freehold land was comprehensively revalued at market value by an independent valuer, Rushton (Qld) Pty Ltd, as at 26 June 2009. Fair value was reassessed at 25 June 2010 which, indicated a 4.02% reduction in total freehold land values as a reflection of the recent economic downturn, and is anticipated to return to positive growth in the near future. No subsequent adjustments were made as a result of this review.

Land Improvements

Land improvements were comprehensively revalued at fair value by Rushton (Qld) Pty Ltd, as at 26 June 2009. The fair value was reassessed by Rushton as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Buildings

Buildings were comprehensively revalued at fair value by Rushton (Qld) Pty Ltd, as at 26 June 2009. The fair value was reassessed by Rushton as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Lighting Structures

Lighting structures were valued internally based on a stocktake and condition assessment as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$4,417,951.

Other Structures

Other structures were valued internally based on a stocktake and condition assessment as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$8,033,672.

Plant and Equipment

Plant and equipment salvage values and useful lives were reviewed as at 25 June 2010 and no adjustment to the asset revaluation surplus was made. Plant and equipment is carried at their depreciated historical cost.

Other Assets and Leasehold improvements

Swimming Pools

An indexed revaluation was applied to all swimming pools as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$1,098,158.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

Parkland and Playground Equipment

Parkland and playground equipment were internally reviewed to ensure they have been recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Meters and Traffic Equipment

Meters and traffic equipment were internally reviewed to ensure they have been recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Infrastructure Assets

Road and Bridge Network

Roadway

Roadway assets (excluding other bridges) were valued internally based on a stocktake and condition assessment as at 25 June 2010. This resulted in a decrease in asset values and a corresponding decrease in the asset revaluation surplus of \$22,188,954.

Footpaths

Footpaths were internally revalued based on a stocktake and condition assessment by PureData Pty Ltd as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$23,494,705.

Traffic Signals

Traffic signals were comprehensively revalued based on a stocktake and condition assessment by Roadtek Traffic (commercial arm of the Department of Main Roads of Queensland) as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$5,950,748.

Bridges

Bridges were valued internally using an indexed revaluation as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$3,406,999.

Streetscapes

Streetscapes were internally reviewed to ensure they have been recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Traffic Control Devices

Traffic control devices were internally reviewed to ensure they were recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Street Lighting

Street lighting was valued internally based on a stocktake and condition assessment as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$661,733.

Road Drainage

Road Drainage was internally reviewed to ensure it has been recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Drainage

Stormwater Pipe and Channel Network

An indexed revaluation was applied to all stormwater pipe and channel networks as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$13,914,436.

Other Drainage Assets

An indexed revaluation was applied to all other drainage assets as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$755,280.

Above Ground Drainage

An indexed revaluation was applied to all above ground drainage assets as at 25 June 2010. This resulted in an increase in asset values and a corresponding increase in the asset revaluation surplus of \$5,416,351.

Water

Above Ground Water Assets – including water treatment plants, pump stations, water reservoirs, Copperlode Falls Dam, intake structures and telemetry

Above ground water assets were reviewed by Cardno MBK as at 25 June 2010. No subsequent adjustments were made as a result of this review.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

Water Treatment Plants

Water treatment plants were comprehensively revalued by Cardno MBK, as at 25 June 2010. This resulted in an increase in the asset values and a corresponding increase in the asset revaluation surplus of \$5,666,369.

Dams

Copperlode Dam (Councils only Dam) and its attenuating components were comprehensively revalued by Cardno MBK, as at 25 June 2010. This resulted in an increase in the asset values and a corresponding increase in the asset revaluation surplus of \$14,409,732.

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

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

Water mains pipe network was reviewed by Cardno MBK, as at 25 June 2010. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No subsequent adjustments were made as a result of this review.

Telemetry

Telemetry assets were comprehensively revalued at the current replacement cost adjusted for condition by Cardno MBK, as at 25 June 2010. This resulted in an increase in the asset values and a corresponding increase in the asset revaluation surplus of \$53,563.

Sewerage Assets

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

Wastewater assets were reviewed by Cardno MBK as at 25 June 2010. No subsequent adjustments were made as a result of this review.

The remaining above ground wastewater assets were reviewed by Cardno MBK to ensure they have been recognised at fair value as at 25 June 2010. No subsequent adjustments were made as a result of this review.

Sewerage Mains Pipe Network – including manholes and valves

Wastewater mains pipe network were reviewed by Cardno MBK as at 25 June 2010. This indicated that there had been less than a 5% movement in this asset class. Based upon knowledge of the assets and the current economy Council agreed with this assessment. No subsequent adjustments were made as a result of this review.

Solid Waste Disposal

Waste Services assets were reviewed by Cardno as at 25 June 2010. Condition was determined through visual inspection of the assets. This resulted in no movement in asset values and the corresponding asset revaluation surplus.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
18 Intangible assets			
Computer software	1.16	395,063	271,088
Computer software			
Opening gross carrying value		722,755	-
Acquired at own cost		417,964	276,746
Assets transferred from abolished councils		-	446,009
		1,140,719	722,755
Accumulated amortisation			
Opening balance		451,667	-
Amortisation for the period		293,989	451,667
		745,656	451,667
Net carrying value at end of period		395,063	271,088
<p>The computer software has a useful life of 3 years. Straight line amortisation has been used with no residual value.</p>			
19 Trade and other payables			
Current			
Creditors and accruals		33,513,393	34,517,876
Annual leave	1.21(b)	7,171,843	6,905,819
Sick leave	1.21(c)	1,408,980	1,255,962
Other entitlements		397,422	733,823
		42,491,638	43,413,480
Non-current			
Annual leave	1.21(b)	2,916,034	2,810,337
20 Provisions			
Current			
Developer contribution credits		7,024,882	9,769,542
Property restoration: Landfill sites	1.23	3,200,000	2,100,000
Long service leave	1.21(e)	917,152	772,218
		11,142,034	12,641,760
Non-current			
Developer contribution credits		2,941,136	2,731,580
Property restoration: Landfill sites	1.23	16,489,518	11,414,076
Long service leave	1.21(e)	11,530,756	10,504,258
		30,961,410	24,649,914
Detail of movements in provisions:			
Long service leave			
Balance at the beginning of the period		11,276,476	-
Balance transferred from abolished councils		-	9,480,468
Provisions recognised		3,044,149	2,700,809
Leave paid		(1,872,717)	(904,801)
Balance at the end of the period		12,447,908	11,276,476

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
Developer contribution credits			
Balance at the beginning of the period		12,501,122	-
Transferred from abolished councils		-	15,527,084
Net movement during the reporting period		(2,535,104)	(3,025,962)
Balance at the end of the period		9,966,018	12,501,122
Current portion		7,024,882	9,769,542
Non-current portion		2,941,136	2,731,580
		9,966,018	12,501,122
Property restoration: Landfill sites			
	1.23		
Balance at the beginning of the period		13,514,076	-
Balance transferred from abolished councils		-	1,035,079
Adjustment to net gain on restructure		-	12,079,022
Increase in provision – finance cost		348,130	399,975
Increase in provision – capital expense		8,388,008	-
Amount expended in the year		(2,560,696)	-
Balance at the end of the period		19,689,518	13,514,076
Current portion		3,200,000	2,100,000
Non-current portion		16,489,518	11,414,076
		19,689,518	13,514,076
Projected restoration cost		22,730,000	15,302,000

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

Expected dates of expenditure range from 2010 to 2018 across the four sites.

Expected closing dates range from 2010 to 2015 across the four sites.

21 Borrowings

a) Bank overdraft

Council does not have a bank overdraft facility.

b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollars and carried at amortised cost, interest being expensed as it accrues. Borrowings are underwritten by the Queensland State Government. No interest has been capitalised during the current reporting period. Expected final repayment dates vary from 15 July 2011 to 8 June 2028.

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

c) Secured borrowings

Council has secured borrowings in the form of finance leases.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
Details of borrowings at the reporting date are:			
Current			
Queensland Treasury Corporation		4,939,187	10,222,390
Finance leases		14,026	42,078
		<u>4,953,213</u>	<u>10,264,468</u>
Non-current			
Queensland Treasury Corporation		96,628,981	91,650,715
Finance leases		-	14,026
		<u>96,628,981</u>	<u>91,664,741</u>
Details of movements in borrowings:			
(i) Queensland Treasury Corporation			
Opening balance		101,873,105	-
Loans raised		9,754,336	66,083,786
Loans recognised on the restructure of local government		-	60,251,319
Principal repayments		(10,059,273)	(24,462,000)
Book value at end of period		<u>101,568,168</u>	<u>101,873,105</u>
Current portion		4,939,187	10,222,390
Non-current portion		96,628,981	91,650,715
		<u>101,568,168</u>	<u>101,873,105</u>
Loan market value at the reporting date		<u>106,815,551</u>	<u>103,040,507</u>
This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its full term, no provision has been made in these accounts.			
(ii) Finance lease			
Opening balance		56,104	-
Finance leases acquired on restructure at cost		-	125,964
Payments made in the period		(42,078)	(69,860)
Minimum lease payments		<u>14,026</u>	<u>56,104</u>
The above minimum lease payments are payable as follows:			
Not later than 1 year		14,026	42,078
Later than 1 year but not later than 5 years		-	14,026
Later than 5 years		-	-
		<u>14,026</u>	<u>56,104</u>
Lease liability recognised in the financial statements		<u>14,026</u>	<u>56,104</u>
Current portion		14,026	42,078
Non-current portion		-	14,026
		<u>14,026</u>	<u>56,104</u>
The carrying value of the leased asset is as follows:			
Plant and equipment		<u>66,262</u>	<u>93,225</u>
22 Other liabilities			
Current			
Unearned revenue		<u>593,725</u>	<u>683,318</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
23 Council capital	1.24		
(i) Calculation of capital value and retained deficit:			
Cash and cash equivalents and short term deposits		137,934,980	146,372,819
Less restricted cash:			
Reserves (excluding the asset revaluation)		(85,085,550)	(86,938,381)
Unspent depreciation capital fund reserve		(50,027,658)	(33,465,250)
Unspent loan capital fund reserves		(987,000)	(4,903,084)
Revenue received in advance		(593,725)	(5,785,198)
Cash funds allocated for future rehabilitation costs		(748,105)	(399,975)
Working capital cash (including employee entitlements)		(2,469,453)	(16,857,442)
Retained deficit	26	(1,976,511)	(1,976,511)
Council capital	23(ii)	2,631,612,964	2,625,588,266
Total capital and retained deficit at the end of period		<u>2,629,636,453</u>	<u>2,623,611,755</u>
(ii) Movement in Council capital			
Balance at beginning of period		2,625,588,266	-
Adjustments to retained deficit:			
Capital value gained on restructure of local government		-	2,521,217,628
Transfers to retained deficit capital expenses		(38,998,122)	(10,060,935)
Transfers from retained deficit contributed assets		5,889,840	52,378,390
Unspent capital revenue transferred to retained deficit		-	(4,808,992)
Transfer to retained deficit unfunded depreciation		(10,077,213)	(7,469,727)
Total transfers (to) from retained deficit		<u>(43,185,495)</u>	<u>2,551,256,364</u>
Unspent depreciation cash	24(i)	(16,562,408)	(5,393,209)
Unspent loan cash	24(ii)	3,916,084	-
Transfer from other reserves:	27		
Constrained works reserve		47,970,785	66,554,684
Beach protection reserve		526,161	167,216
Future asset acquisition reserve		-	6,136,269
Outdoor dining fees reserve		595,501	79,627
Cleaner seas initiative reserve		12,671,720	6,787,315
Public art reserve		30,000	-
Daintree ferry reserve		62,350	-
Total transfers from reserves		<u>49,210,193</u>	<u>74,331,902</u>
Balance at the end of the period		<u>2,631,612,964</u>	<u>2,625,588,266</u>
24 Restricted capital cash funds			
This cash forms part of Council capital and represents cash held at the reporting date restricted to the future funding of capital assets.			
(i) Unspent depreciation cash			
Balance at the beginning of the period		33,465,250	28,072,041
Cash unspent in the period		16,562,408	5,393,209
Balance at the end of the period		<u>50,027,658</u>	<u>33,465,250</u>
(ii) Unspent loan capital cash			
Balance at the beginning of period		4,903,084	4,903,084
Cash expended in the period		(3,916,084)	-
Balance at the end of the period		<u>987,000</u>	<u>4,903,084</u>
Total restricted capital cash funds		<u>51,014,658</u>	<u>38,368,334</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
25 Asset revaluation surplus	1.25		
a) Asset revaluation surplus			
Movement in the asset revaluation reserve were as follows:			
Balance at the beginning of the period		51,191,939	-
Net adjustment to non-current assets charges to the reserve:			
To reflect changes in the fair value of:	17		
Buildings		12,451,623	11,461,919
Road and bridge network		11,325,231	39,124,086
Water		20,129,664	-
Sewerage		-	209,353
Drainage		20,086,067	-
Other assets and leasehold improvements		1,098,158	396,581
Increase in asset revaluation surplus		65,090,743	51,191,939
Balance at the end of the period		116,282,682	51,191,939
b) Asset revaluation surplus analysis			
The closing balance of the asset revaluation reserve is comprised of the following asset categories:			
Buildings		23,913,542	11,461,919
Road and bridge network		50,449,317	39,124,086
Water		20,129,664	-
Sewerage		209,353	209,353
Drainage		20,086,067	-
Other assets and leasehold improvements		1,494,740	396,582
		116,282,682	51,191,939
26 Retained deficit	1.28		
Movement in retained deficit			
Retained deficit at the beginning of the period		(1,976,511)	-
Net result attributable to Council		16,818,191	2,748,918,470
		14,841,680	2,748,918,470
Transfers (to) from capital account:			
Transfer of capital expenditure	23(ii)	38,998,122	10,060,935
Non monetary capital revenue	23(ii)	(5,889,840)	(52,378,390)
Unspent capital revenue transferred from capital		-	4,808,992
Adjustment for unfunded depreciation	23(ii)	10,077,213	7,469,727
Transfer the capital value arising from the local government reform		-	(2,554,192,753)
Net capital account transfers		43,185,495	(2,584,231,489)
Transfer to the constrained works reserve	27(c)(i)	(49,216,359)	(122,926,551)
Retained surplus available for transfer to reserves		8,810,816	41,760,430
Transfers to reserves for future capital funding purposes:			
Beach protection reserve	27(c)(ii)	(954,521)	(3,655,628)
Future asset acquisition reserve	27(c)(iii)	-	(17,216,269)
Outdoor dining reserve	27(c)(iv)	(326,303)	(1,571,805)
Cleaner seas reserve	27(c)(v)	(8,334,739)	(14,366,989)
Natural disaster reserve	27(c)(vi)	-	(550,000)
Cairns Water augmentation reserve	27(c)(vii)	-	(949,038)
Public art reserve	27(c)(vii)	(101,366)	(67,325)
Daintree ferry reserve	27(c)(vii)	(748,128)	-
Transfers (to) from reserves for future general funding purposes:			
Future operational expenditure reserve	27(d)(i)	(248,687)	(1,037,644)
Blue Water special charge reserve	27(d)(ii)	175,532	(459,480)
Southern corridor reserve	27(d)(iii)	(249,115)	(2,654,302)
Resources, waste and environment reserve	27(d)(iv)	-	(1,208,461)
		(1,976,511)	(1,976,511)

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$	
27 Other reserves				
a) Summary of reserves held for funding future capital expenditure:				
(i)	Constrained works reserve	1.26(a)	57,617,441	56,371,867
(ii)	Beach protection reserve	1.26(b)	3,916,772	3,488,412
(iii)	Future asset acquisition reserve	1.26(c)	11,080,000	11,080,000
(iv)	Outdoor dining fees reserve	1.26(d)	1,222,980	1,492,178
(v)	Cleaner seas initiative reserve	1.26(e)	3,242,693	7,579,674
(vi)	Natural disaster reserve	1.26(f)	550,000	550,000
(vii)	Cairns Water augmentation reserve	1.26(g)	949,038	949,038
(viii)	Public art reserve	1.26(h)	138,691	67,325
(ix)	Daintree ferry reserve	1.26(i)	685,778	-
			<u>79,403,393</u>	<u>81,578,494</u>
b) Summary of reserves held for funding future recurrent expenditure:				
(i)	Future operational expenditure reserve	1.27(a)	1,286,331	1,037,644
(ii)	Blue Water special charge reserve	1.27(b)	283,948	459,480
(iii)	Southern corridor reserve	1.27(c)	2,903,417	2,654,302
(iv)	Resources, waste and environmental reserve	1.27(d)	1,208,461	1,208,461
			<u>5,682,157</u>	<u>5,359,887</u>
	Total reserves		<u>85,085,550</u>	<u>86,938,381</u>
c) Movements in capital reserves are analysed as follows:				
(i)	Constrained works reserve			
	Balance at the beginning of the period		56,371,867	-
	Transfer from retained surplus, grants, subsidies and contributions received in the period which are restricted to specific capital projects		49,216,359	122,926,551
	Transfers to the capital account funds expended in the period		(47,970,785)	(66,554,684)
	Balance at the end of the period		<u>57,617,441</u>	<u>56,371,867</u>
(ii)	Beach protection reserve			
	Balance at the beginning of the period		3,488,412	-
	Transfer from retained surplus for future expenditure		1,000,000	3,655,628
	Transfer to the capital account funds expended in the period		(526,161)	(167,216)
	Transfer to retained earnings		(45,479)	-
	Balance at the end of the period		<u>3,916,772</u>	<u>3,488,412</u>
(iii)	Future asset acquisition reserve			
	Balance at the beginning of the period		11,080,000	-
	Transfer from retained surplus for future expenditure		-	17,216,269
	Transfers to the capital account funds expended in the period		-	(6,136,269)
	Balance at the end of the period		<u>11,080,000</u>	<u>11,080,000</u>
(iv)	Outdoor dining fees reserve			
	Balance at the beginning of the period		1,492,178	-
	Transfer from retained surplus for future expenditure		326,303	1,571,805
	Transfers to the capital account funds expended in the period		(595,501)	(79,627)
	Balance at the end of the period		<u>1,222,980</u>	<u>1,492,178</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
(v) Cleaner seas initiative reserve			
Balance at the beginning of the period		7,579,674	-
Transfer from retained surplus for future expenditure		8,334,739	14,366,989
Transfers to the capital account funds expended in the period		(12,671,720)	(6,787,315)
Balance at the end of the period		<u>3,242,693</u>	<u>7,579,674</u>
(vi) Natural disaster reserve			
Balance at the beginning of the period		550,000	-
Transfer from retained surplus for future expenditure		-	550,000
Balance at the end of the period		<u>550,000</u>	<u>550,000</u>
(vii) Cairns Water augmentation reserve			
Balance at the beginning of the period		949,038	-
Transfer from retained surplus for future expenditure		-	949,038
Balance at the end of the period		<u>949,038</u>	<u>949,038</u>
(viii) Public art reserve			
Balance at the beginning of the period		67,325	-
Transfer from retained surplus for future expenditure		101,366	67,325
Transfer to the capital account funds expended in the period		(30,000)	-
Balance at the end of the period		<u>138,691</u>	<u>67,325</u>
(ix) Daintree ferry reserve			
Balance at the beginning of the period		-	-
Transfer from retained surplus		748,128	-
Transfers to the capital account funds expended in the period		(62,350)	-
Balance at the end of the period		<u>685,778</u>	<u>-</u>
d) Movements in recurrent reserves are analysed as follows:			
(i) Future operational expenditure reserve			
Balance at the beginning of the period		1,037,644	-
Transfer from retained surplus for future expenditure		248,687	1,046,901
Net transfers to retained surplus		-	(9,257)
Balance at the end of the period		<u>1,286,331</u>	<u>1,037,644</u>
(ii) Blue Water special charge reserve			
Balance at the beginning of the period		459,480	-
Transfer from retained surplus for future expenditure		515,257	943,676
Net transfers to retained surplus		(690,789)	(484,196)
Balance at the end of the period		<u>283,948</u>	<u>459,480</u>
(iii) Southern corridor reserve			
Balance at the beginning of the period		2,654,302	-
Transfer from retained surplus for future expenditure		249,115	2,654,302
Balance at the end of the period		<u>2,903,417</u>	<u>2,654,302</u>
(iv) Resources, waste and environment reserve			
Balance at the beginning of the period		1,208,461	-
Transfer from retained surplus for future expenditure		-	1,208,461
Balance at the end of the period		<u>1,208,461</u>	<u>1,208,461</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
28 Commitments for expenditure			
a) Operating leases			
Minimum lease payments in relation to non-cancellable operating leases area as follows:			
Not later than 1 year		167,120	168,271
Later than 1 year but not later than 5 years		751,806	613,639
Later than 5 years		4,905,968	5,348,688
		5,824,894	6,130,598
Operating leases are entered into for motor vehicles. Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.			
b) Contractual commitments			
Contractual commitments at the reporting date but not recognised in the financial statements are as follows:			
Contract for Refuse Disposal Commitments:			
Not later than 1 year		8,980,443	5,883,046
Later than 1 year but not later than 5 years		26,616,174	969,734
Later than 5 years		12,893,298	-
		48,489,915	6,852,780
Contract for Regional Waste Management Facility:			
Not later than 1 year		6,871,680	8,006,676
Later than 1 year but not later than 5 years		36,068,571	35,620,828
Later than 5 years		137,073,969	153,805,873
		180,014,220	197,433,377
c) Capital commitments			
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:			
Other assets		19,126,569	55,678,730
		19,126,569	55,678,730
Not later than 1 year		18,912,089	52,323,581
Later than 1 year but not later than 5 years		214,480	3,355,149
Later than 5 years		-	-
		19,126,569	55,678,730

29 Events after the reporting date

There were no material financial adjusting events after the reporting date.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
30 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 25 June 2010 should not exceed:		1,212,758	4,149,500
Additional claims may exist, including those relating to developer contributions however, these have not been quantified to date.			
Cairns Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is:		2,533,214	2,664,608
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 25 June 2010, the financial statements of Local Government Mutual Queensland reported a members' equity balance of:		9,768,415	10,053,438
b) Loan Guarantees			
Council has guaranteed a loan from Bendigo Bank to Cairns Basketball Incorporated.			
The loan balance outstanding at the reporting date was:		152,334	176,769
Council has guaranteed a loan from Commonwealth Bank of Australia to Cairns Roller Sports Association.			
The loan balance outstanding at the reporting date was:		206,952	221,805
Council has guaranteed a loan from Cairns Penny Savings & Loans Limited to Freshwater Tennis Club Incorporated.			
The loan balance outstanding at the reporting date was:		-	3,330
Council has guaranteed a loan from ANZ Bank to Southside Swallows Gymnastics.			
The loan balance outstanding at the reporting date was:		57,224	63,779
Council has guaranteed a loan from Bendigo Bank to West Cairns Bowls Club.			
The loan balance outstanding at the reporting date was:		400,000	150,000
c) Native title			
There are a number of native title claim applications over land and sea in the Cairns Regional Council area. The only minor concerns to Council at the present time are over land for which Council is trustee. Council is in continued negotiations with these applicants.			

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010	2009 (restated)		
		\$	\$		
31 Superannuation					
<p>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 <i>AASB119 Employee Benefits</i>.</p> <p>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.</p> <p>The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in <i>AASB 119</i>. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the <i>Local Government Act 1993</i>.</p> <p>The DBF is a defined benefit plan as defined in <i>AASB119</i>. The Council is not able to account for the DBF as a defined benefit plan in accordance with <i>AASB119</i> because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.</p> <p>Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>The audited general purpose financial report of the scheme as at 5 June 2009 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further."</p> <p>In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserves can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions.</p> <p>Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under amendments to the <i>Local Government Act 1993</i> passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>The next actuarial investigation will be made as at 1 July 2012.</p> <p>The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:</p>				7,657,349	9,317,776
<p>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:</p>				122,798	136,560

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
32 Trust funds	1.32		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.		168,446	172,410
Security deposits		3,389,709	4,166,056
Unclaimed monies		9,447	7,922
		<u>3,567,602</u>	<u>4,346,388</u>
<p>Cairns Regional Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements. The cash is held with the Commonwealth Bank. The deposits are bearing floating interest rates.</p>			
33 Reconciliation of net result attributable to Council to net cash flow from operating activities			
Net result attributable to Council		16,818,191	2,748,918,470
Non-cash operating items:			
Depreciation and amortisation	10	81,609,202	90,468,008
Change in restoration provision – finance costs	9	348,130	399,975
		<u>81,957,332</u>	<u>90,867,983</u>
Investing and developing activities:			
Capital grants, subsidies and contributions	4(b)	(55,106,199)	(118,407,119)
Capital expenses	11	38,998,122	10,060,935
Net gain on restructure of local government	6	-	(2,685,635,256)
		<u>(16,108,077)</u>	<u>(2,793,981,440)</u>
Changes in operating assets and liabilities:			
Increase in receivables		(16,132,088)	5,325,558
Decrease in inventories (excluding land)		363,222	202,677
Increase in payables		(816,145)	11,374,429
Decrease in provisions		(3,924,368)	(1,229,954)
Decrease in other liabilities		(89,593)	3,289,327
		<u>(20,598,972)</u>	<u>18,962,037</u>
Net cash inflow from operating activities		<u>62,068,474</u>	<u>64,767,050</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010	2009 (restated)
		\$	\$

34 Controlled entity and investments in associates

a) Controlled entity

Cairns Regional Gallery Limited

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

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

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

Net assets at the reporting date	2,671,651	2,372,325
Contribution from Council for operating funding	1,041,805	989,618

b) Investment in associate

Advance Cairns Limited

The investment in an associate has not been accounted for using the equity method of accounting, as Council believes that cost is a better indicator of the carrying value of this investment as at 25 June 2010.

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

Name	Principal Activity	Ownership %	Interest %	Carrying Value 2010 \$	Carrying Value 2009 \$
Advanced Cairns Limited (incorporated in Australia)	Regional Economic Development	50	50	1	1
Movement in carrying amounts of investment in associate					
Carrying amount at the beginning of the period				1	1
Carrying amount at the end of the period				1	1
Annual contribution in the period				320,154	312,500

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

35 Financial instruments

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

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

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

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

(i) Credit risk

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

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

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

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

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

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

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

		2010	2009
		\$	(restated)
		\$	\$
Financial assets			
Cash and cash equivalents – bank	13	677,267	2,372,135
Cash and cash equivalents – QTC	13	72,257,713	120,500,684
Investments with approved deposit taking institutions	13/16	65,000,000	23,500,000
Receivables – rates	14	15,171,276	13,199,155
Receivables – other	14	22,412,868	8,388,533
Other credit exposure			
Guarantee	30	2,533,214	2,664,608
Total		<u>178,052,338</u>	<u>170,625,115</u>

Past due or impaired

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

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

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

	2010	2009 (restated)
	\$	\$
Receivables		
Fully performing	6,702,154	6,473,011
Past due		
Less than 30 days	14,376,232	5,032,721
31 to 60 days	1,746,242	602,554
61 to 90 days	673,510	87,372
Over 90 days	14,086,005	9,392,032
Impaired	1,760,019	2,178,909
Total	<u>39,344,162</u>	<u>23,766,599</u>

(ii) Liquidity risk

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

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

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management.

The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
2010				
Trade and other payables	54,469,959	21,801,159	15,548,775	91,819,893
Loans – QTC	11,428,008	38,888,057	119,073,121	169,389,186
Finance lease	16,520	-	-	16,520
	<u>65,914,487</u>	<u>60,689,216</u>	<u>134,621,896</u>	<u>261,225,599</u>
2009				
Trade and other payables	56,734,858	14,752,196	15,010,975	86,498,029
Loans – QTC	16,240,819	37,080,722	112,238,586	165,560,127
Finance lease	49,560	16,520	-	66,080
	<u>73,025,237</u>	<u>51,849,438</u>	<u>127,249,561</u>	<u>252,124,236</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

(iii) Interest rate risk

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

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

Council does not undertake any hedging of interest rate risk.

Interest rate sensitivity analysis

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

	Net carrying amount		Profit		Equity	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Financial assets	137,257,713	144,000,684	1,372,577	1,440,007	1,372,577	1,440,007
Financial liabilities	101,568,168	101,873,105	1,015,682	1,018,731	1,015,682	1,018,731
Net total	35,689,545	42,127,579	356,895	421,276	356,895	421,276

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

36 National competition policy

Activities to which the code of competitive conduct is applied

Definitions of Type 1 and 2 Activities:

Before the end of each financial year, the Minister must decide for the financial year, the expenditure amounts (the "threshold amounts") for identifying a "significant business activity" that should be a type 1 or 2 business activity.

Type 1

Is a significant business activity where the Minister has set the threshold expenditure for the year ended 25 June 2010 as follows:

- a) for water and sewerage combined activities - \$40.6 million
- b) for other activities - \$24.3 million

Type 2

Is a significant business activity where the Minister has set the threshold expenditure for the year ended 25 June 2010 as follows:

- a) for water and sewerage combined activities - \$12.1 million
- b) for other activities - \$8.1 million

Definition of Type 3 activity:

Type 3

A Type 3 activity includes two categories:

- a) Roads business activity means
 - the construction or maintenance of state controlled roads for which Council submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement; or
 - the submission of a competitive tender for construction or road maintenance on Council's roads Council has put out to tender, or called for by another local government.
- b) Business activity means:
 - trading in goods and services to clients in competition with the private sector; or
 - the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself.

Excluded activities are:

- library services
- activity or part thereof prescribed by legislation.

A local government may elect to apply a Code of Competitive Conduct (CCC) to their identified Type 3(b) business activities. This requires the application of full cost pricing, identifying the cost of Community Service Obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business is compulsory.

The CSO represents activities' cost(s), which would not be incurred if the activities' primary objective was to make a profit. 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 CSOs by Council.

Commercialised business units of Council include water and wastewater activities, and solid waste management. Cairns Water manages these activities. Cairns Works activities include road maintenance, drainage, minor works, parks, street litter and public toilet cleaning.

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

Details of Community Service Obligations for Type 1 activities for the period ended 25 June 2010 are:

Activities	CSO Description	2010	2009
		\$	(restated) \$
Water	Service locations - Telstra, etc	31,270	51,444
	Maintenance of fire hydrants	390,082	433,598
	Access charges forgone	1,177,503	1,193,185
	Water charges forgone	2,160,344	2,534,124
	Total	3,759,199	4,212,351
Wastewater	Service locations - Telstra, etc	79,914	62,987
	Water charges	(431,218)	(497,157)
	Total	(351,304)	(434,170)
Cairns Works	Water charges	(14,711)	(16,961)

Details of Community Service Obligations for Type 2 activities for the period ended 25 June 2010 are:

Activities	CSO Description	2010	2009
		\$	(restated) \$
Solid Waste Management	Free dumping general waste	103,576	121,850
	Free dumping vegetation	121,094	107,704
	Free transportation costs between transfer stations	123,180	156,868
	Rates based financial assistance	14,282	17,065
	Water Charges - Transfer Stations	(13,784)	(11,169)
	Total	348,348	392,318

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

The Type 3 activities listed below are those to which the Code of Competitive Conduct applies for the period ended 25 June 2010:

	Civic Theatre \$	Water Laboratory \$	Ticket Link \$	Sugar World \$	Swimming Pools \$
<i>Revenue for services provided to Council</i>	15,024	1,352,496	-	-	-
<i>Revenue for services provided to external clients</i>	1,102,943	890,309	391,951	80,041	158,012
<i>Community Service Obligations net of charges</i>	(19,925)	(213,015)	(21,626)	(22,242)	636,857
<i>Sub total</i>	1,098,042	2,029,790	370,325	57,799	794,869
<i>Less: Expenditure</i>	2,264,901	1,959,405	268,909	311,173	2,131,657
<i>Surplus/(Deficit)</i>	(1,166,859)	70,385	101,416	(253,374)	(1,336,788)

	City Place \$	Car Parking \$	Tanks Arts Centre \$	Caravan Parks \$	Building Services \$
<i>Revenue for services provided to Council</i>	-	-	37,789	-	1,985
<i>Revenue for services provided to external clients</i>	81,102	1,460,654	765,691	479,150	808,064
<i>Community Service Obligations net of charges</i>	156,623	(451,254)	110,368	(60,131)	(360,275)
<i>Sub total</i>	237,725	1,009,400	913,848	419,019	449,774
<i>Less: Expenditure</i>	730,113	269,113	2,443,662	333,347	764,657
<i>Surplus/(Deficit)</i>	(492,388)	740,287	(1,529,814)	85,672	(314,883)

	Fleet Services \$	Survey Services \$	Project Services \$	Facilities Maintenance \$	Design Services \$
<i>Revenue for services provided to Council</i>	31,781,354	952,791	2,309,456	6,774,624	1,881,435
<i>Revenue for services provided to external clients</i>	239,532	-	5,710	868	65,081
<i>Community Service Obligations net of charges</i>	(1,473,773)	(133,218)	(780,075)	(331,608)	(190,713)
<i>Sub total</i>	30,547,113	819,573	1,535,091	6,443,884	1,755,803
<i>Less: Expenditure</i>	28,867,128	800,978	2,000,948	6,948,091	1,769,815
<i>Surplus/(Deficit)</i>	1,679,985	18,595	(465,857)	(504,207)	(14,012)

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

Activities	CSO Description	2010 \$	2009 (restated) \$
Water Laboratory	Response Advice for Chemical Emergencies(RACE)	4,989	4,000
	Water charges	(301)	(347)
		<u>4,688</u>	<u>3,653</u>
Sugarworld	Water charges	-	(48,159)
Car Parking	Water charges	(1,803)	(2,079)
Caravan Parks	Rental revenue forgone	9,707	11,635
	Water charges	(10,835)	(12,492)
		<u>(1,128)</u>	<u>(857)</u>
Swimming Pools	Tender revenue forgone	1,091,291	815,416
	Water charges	(335,307)	(348,907)
		<u>755,984</u>	<u>466,509</u>
City Place	Provision of School of Arts lease space	215,661	381,860
	Rental revenue forgone	-	30,975
	Water charges	(6,756)	(7,789)
		<u>208,905</u>	<u>405,046</u>
Civic Theatre	Council funded shows	160,494	255,151
	Assistance to community hirers	148,345	187,089
	Water charges	(217)	(250)
		<u>308,622</u>	<u>441,990</u>
Ticket Link	Assistance to community hirers	5,800	5,400
	Water charges	-	-
		<u>5,800</u>	<u>5,400</u>
Tanks Art Centre	Provision of below market price services to the community e.g. Market Day, Gallery, Community Exhibitions, Community Events	332,575	399,336
	Water charges	(2,890)	(3,332)
		<u>329,685</u>	<u>396,004</u>
Facilities Maintenance	Equipment revenue forgone to state government agencies	<u>8,000</u>	<u>10,000</u>

CAIRNS REGIONAL COUNCIL

Notes to the Financial Statements

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated) \$
37 Correction of error			
<p>In the process of valuing Council's assets at 25 June 2010, it was discovered that certain Contributed Assets had been omitted from the financial statements for the period ended 26 June 2009. This error has been corrected by adjusting the closing balances of property, plant and equipment and Contributed Revenue as at 26 June 2009. The adjustments are as follows:</p>			
Net value of assets added:			
Road and bridge network			(3,451,254)
Drainage			15,259,617
Water			2,313,899
Sewerage			3,745,263
			<u>17,867,525</u>
<p>In addition, in the process of valuing Council's assets at 25 June 2010, it was discovered that a number of assets that were in existence at the time of amalgamation had been omitted from the financial statements for the period ended 26 June 2009. This error has been corrected by adjusting the net gain on amalgamation and the comparative amounts for 2008-09. The adjustments are as follows:</p>			
Net value of assets added:			
Buildings			141,000
Water			546,700
			<u>687,700</u>
Total amount of error correction			<u>18,555,225</u>
Impact on financial statement line items:			
Increase in capital grants, subsidies, contributions and donations			17,867,525
Increase in net gain on amalgamation			687,700
Increase in net result attributable to Council			18,555,225
Increase in property, plant and equipment			18,555,225
Increase in community equity			18,555,225

No changes have been made to depreciation in the comparative year as the effect on the financial statements is not material.

CAIRNS REGIONAL COUNCIL

Financial Statements

For the period 27 June 2009 to 25 June 2010

Management Certificate

For the period 27 June 2009 to 25 June 2010

These general purpose financial statements of Cairns Regional Council have been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the Standard) and other prescribed requirements.

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

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

- (i) the final financial statements as set out on pages 1 to 17, have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of Cairns Regional Council for the financial year 27 June 2009 to 25 June 2010 and of the financial position as at the end of that year.



Mayor

Date: 6 September 2010



Chief Executive Officer

Date: 6 September 2010

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 25 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Independence

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Cairns Regional Council for the financial period 27 June 2009 to 25 June 2010 and of the financial position as at the end of that period.



Graham Coonan
as Delegate of the Auditor-General of Queensland

Cairns
6 September 2010

CAIRNS REGIONAL COUNCIL

Appendix A

For the period 27 June 2009 to 25 June 2010

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

CAIRNS REGIONAL COUNCIL

Statement of Operating Performance

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated)* \$
Operating Income			
Rates and utility charge revenue	3(a)	215,471,900	202,081,600
Less: Discounts	3(a)	(4,504)	(99,894)
Less: Pensioner remissions	3(a)	(1,732,264)	(1,592,959)
Net rates and utility charges	3(a)	213,735,132	200,388,747
Fees and charges	3(b)	21,109,540	26,282,821
Interest received	3(c)	8,040,751	11,189,591
Sales of contract and recoverable works	3(d)	8,859,156	9,339,033
Other recurrent income	3(e)	5,481,096	7,688,965
Grants, subsidies, contributions and donations	4(a)	20,135,862	31,126,029
Total recurrent revenue		277,361,537	286,015,186
Operating Expenses			
Employee benefits	7	(93,426,988)	(113,892,275)
Materials and services	8	(94,233,921)	(120,290,764)
Finance costs	9	(7,381,312)	(6,427,109)
Depreciation and amortisation	10	(81,609,202)	(90,468,008)
Total recurrent expenses		(276,651,423)	(331,078,156)
Operating surplus (deficit) for the period		710,114	(45,062,970)
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	55,106,199	118,407,119
Total capital revenue		55,106,199	118,407,119
Capital Expenses			
Loss on sale of capital assets	5	(3,502)	(1,392,183)
Loss on write-off of non-current assets	12	(30,606,612)	(930,991)
Revaluation of property, plant and equipment	17(a)	-	(7,737,761)
Increase in rehabilitation provision	11	(8,388,008)	-
Total capital expenses		(38,998,122)	(10,060,935)
Net result attributable to Council before gain on restructure		16,818,191	63,283,214
Net gain on restructure of local government	6	-	2,685,635,256
Net result attributable to Council		16,818,191	2,748,918,470

* Refer to note 37 for further details.

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

CAIRNS REGIONAL COUNCIL

Statement of Appropriations

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated)* \$
Retained deficit from prior years		(1,976,511)	-
Net result attributable to Council for the period		16,818,191	2,748,918,470
		<u>14,841,680</u>	<u>2,748,918,470</u>
Transfers (to) from capital account:			
Transfer of capital expenses	11	38,998,122	10,060,935
Non monetary capital revenue	4(b)(ii)	(5,889,840)	(52,378,390)
Unspent capital revenue transferred from capital	CFS/ 23(ii)	-	4,808,992
Adjustment for unfunded depreciation	23(ii)	10,077,213	7,469,727
Transfer the capital value arising from the local government reform		-	(2,554,192,753)
Net capital account transfers		<u>43,185,495</u>	<u>(2,584,231,489)</u>
Transfers (to) from the constrained works reserve:	27(c)(i)	(49,216,359)	(122,926,551)
Retained surplus available for transfer to reserves		<u>8,810,816</u>	<u>41,760,430</u>
Transfers (to) from reserves for future capital funding purposes:			
Beach protection reserve	27(c)(ii)	(954,521)	(3,655,628)
Future asset acquisition reserve	27(c)(iii)	-	(17,216,269)
Outdoor dining fees reserve	27(c)(iv)	(326,303)	(1,571,805)
Cleaner seas initiative reserve	27(c)(v)	(8,334,739)	(14,366,989)
Natural disaster reserve	27(c)(vi)	-	(550,000)
Cairns water augmentation reserve	27(c)(vii)	-	(949,038)
Public art reserve	27(c)(viii)	(101,366)	(67,325)
Daintree ferry reserve	27(c)(ix)	(748,128)	-
Transfers (to) from reserves for future general funding purposes:			
Future operational expenditure reserve	27(d)(i)	(248,687)	(1,037,644)
Blue water special charge reserve	27(d)(ii)	175,532	(459,480)
Southern corridor reserve	27(d)(iii)	(249,115)	(2,654,302)
Resources, waste and environment reserve	27(d)(iv)	-	(1,208,461)
Retained deficit at end of period		<u>(1,976,511)</u>	<u>(1,976,511)</u>

* Refer to note 37 for further details.

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

CAIRNS REGIONAL COUNCIL

Statement of Capital Funding

For the period 27 June 2009 to 25 June 2010

	Note	2010 \$	2009 (restated)* \$
Sources of capital funding			
General revenue used for capital purposes	23(ii)	-	(4,808,992)
Other capital revenue sources:			
Loan monies expended		13,670,420	66,083,786
Funded depreciation and amortisation		54,969,581	77,605,072
Proceeds from the sale of capital assets	5	893,851	940,530
Donated and contributed physical assets		5,889,840	52,378,390
Constrained grants, subsidies and contributions	27(c)(i)	47,970,785	66,554,684
Beach protection reserve	27(c)(ii)	526,161	167,216
Future asset acquisition reserve	27(c)(iii)	-	6,136,269
Outdoor dining fees reserve	27(c)(iv)	595,501	79,627
Cleaner seas initiative reserve	27(c)(v)	12,671,720	6,787,315
Public art reserve	27(c)(viii)	30,000	-
Daintree ferry reserve	27(c)(ix)	62,350	-
		<u>137,280,209</u>	<u>271,923,897</u>
Application of capital funding			
Non-current capital assets:			
Land & site improvements	17(a)	1,354,764	15,952,623
Buildings	17(a)	6,718,658	7,459,357
Plant and equipment	17(a)	7,302,562	4,262,262
Office furniture and fittings	17(a)	292,737	-
Road and bridge network	17(a)	13,495,942	32,496,713
Water	17(a)	11,449,950	8,239,676
Sewerage	17(a)	175,272,741	10,557,283
Drainage	17(a)	5,428,243	40,235,545
Solid waste disposal	17(a)	1,163,053	1,213,113
Other assets & leasehold improvements	17(a)	3,974,397	1,274,952
Movement in capital works in progress	17(a)	(99,692,153)	125,423,528
Intangible assets		417,964	276,985
		<u>127,178,858</u>	<u>247,392,037</u>
Principle loan redemption:			
Queensland Treasury Corporation	21(c)(i)	10,059,273	24,462,000
Finance leases	21(c)(ii)	42,078	69,860
		<u>10,101,351</u>	<u>24,531,860</u>
		<u>137,280,209</u>	<u>271,923,897</u>

* Refer to note 37 for further details.

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