



# 2020-2021 ANNUAL REPORT

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## MAYOR AND CEO MESSAGE

As we reflect on the past financial year, it would be an understatement to say it has been a challenging one for our community and our regional economy due to the COVID-19 pandemic.

As the full impacts of the pandemic began to bite hard, it was widely acknowledged that Cairns and Port Douglas were two of the most negatively impacted communities in Australia, as international tourism dried up and interstate and intrastate travel was brought to its knees by state lockdowns.

This caused a ripple effect on businesses (such as accommodation houses, tourism companies and airlines) whose confidence was shaken to the core as potential travellers balked at booking trips due in the constant uncertainty.

The tourism industry still has a way to go before things return to some sort of normality but there are encouraging signs of life for operators, with all Australian states now looking likely to reach vaccination targets in the next two months. It is critical that borders re-open and this can only be achieved if the State and Federal Governments work together.

Even though tourists will start to flow back to the Tropical North, recovery of the tourism industry, in many instances, will require a rebuild or redevelopment and unless supported, the industry will not be able to rebound as many would presume.

It is heartening to know there has been excellent growth in other sectors of our economy during this year, including the massive increase in building approvals, boosting the local construction industry and supporting more jobs in the community.

To reduce the impacts of the crisis on the local economy, Council recorded an expenditure of more than \$355 million in the community during the 2020-21 year on materials and services associated with delivering \$165 million of capital works and for maintenance, renewals and other services delivered to the community.

We also quickly implemented a number of initiatives including bringing forward \$2.5 million of general works and the \$28 million Esplanade Dining Precinct project to ensure our city was ready to greet visitors when borders re-opened and tourists again filled the streets of Cairns.

Incentives to encourage activity in the building and construction sectors were introduced; we accelerated funding for the tourism and international education sectors; and we waived relevant fees and charges to assist businesses, as well as extending the time for our residents and businesses to pay rates.

This resulted in a cash impact for the organisation and contributed to the need to bring forward the drawing down of debt earlier than was modelled in the 10-year financial plan. This deliberate move was agreed to on the basis that Council should carry some of the burden during difficult times such as we have experienced in the past 18 months.



Bob Manning      Mica Martin  
Cairns Mayor      Chief Executive Officer

## MAYOR AND CEO MESSAGE

And we are comfortable that by adhering to our fiscal principles and following our financial plan, Council's long-term debt position can be managed.

But we must be aware that the greater strain we put on Council via debt, the less manoeuvrability we have in the short term. This becomes even more important for Council as it faces the looming prospect of funding the biggest ever single capital works project Council has undertaken to date.

The Cairns Water Security Stage 1 project will cost around \$215 million but it will yield major benefits for the Cairns region, allowing our economy to flourish and for inevitable population growth.

But Council cannot afford this alone without unacceptable ramifications for the community in the form of higher rates and a reduced capacity to deliver other key community projects and services.

As Council's official number one priority advocacy project, we continue to brief representatives of the State and Federal Governments on this critical issue and have been encouraged by their acknowledgment of the importance of securing future consumptive water resources for our region. We will continue to advocate for this project and hope our plea will be heard and funding will be forthcoming so we can start the project in 2024.

Council's commitment to its unique natural environment will also reach a milestone this financial year. Much work has been done to develop a new Cairns Climate Change Strategy, primarily through a series of climate summits for school children, industry and government, and community members to help set a pathway towards net zero emissions in Cairns and build our "green economy".

Our climate strategy will focus on Council's own operations as well as setting out actions to support the community in achieving the Queensland Government's net zero emissions target by 2050.

This goal is reflected in Council's new Corporate Plan 2021-26 which sets out a foundation for "Shaping the Future" of our city. The plan promotes three core values – Trust, Responsibility and Cairns-ness – which underpin the five strategic goals of supporting a robust economy; protecting our natural assets; designing for liveability; fostering a vibrant, diverse and healthy community and culture; and a being a leader in local government.

Clearly we have challenges before us but none that can't be overcome with collaboration, determination and focus.

We have a talented and forward-thinking leadership team and more than 1200 staff who are committed to serving their community and seeking best practice in the way we do our business.

With a focussed Council and a dedicated staff, there is nothing we can't achieve.



# CORPORATE PLAN

## ASSESSMENT OF PROGRESS TOWARDS CORPORATE PLAN

On 26 June 2018, Council adopted the Corporate Plan 2017-2022. This document provided strategic direction for all activities to be undertaken by Council over the five (5) financial years ending 30 June 2022. A summary of the Corporate Plan 2017-2022 is shown on the next page.

Each financial year, Council adopts an annual Operational Plan outlining key services, projects and initiatives that align with the strategic goals outlined in the Corporate Plan. The Chief Executive Officer's assessment of Council's progress in 2020/21 towards implementing the 5-year Corporate Plan and annual Operational Plan is outlined on the following pages.

Council adopted its new Corporate Plan on 28 July 2021. Consequently, future annual performance reporting will be against the Corporate Plan 2022-2026.

# CORPORATE PLAN

2017 - 2022

AT A GLANCE

Cairns  
Regional  
COUNCIL

## OUR VISION

Value our natural environment, lifestyle and surroundings

Support and respect distinctive and vibrant communities

Be innovative and creative, grow and diversify our economy

## OUR PURPOSE

*To serve the community*

## OUR STRATEGY

To promote an environment which values and enhances our unique lifestyle, iconic natural assets, supports a sense of community and furthers our economic prosperity

## OUR STRATEGIC GOALS

### ECONOMY

#### WHAT WE WANT TO SEE IN 2022

A strong, diversified and resilient regional economy that supports the growth of new and existing industry, business activities and provides long term employment opportunities

#### STRATEGIC OBJECTIVES

- Support a strong and diverse economy
- Continue to grow a strong Tourism industry and recognise its value to the region
- Grow and sustain employment and education opportunities
- Deliver events, activities and performances that bring economic and social benefits to the community
- Embrace a smart communities agenda and inspire innovation and entrepreneurship through access to technology and resources

#### HOW WE WILL MEASURE OUR PERFORMANCE

- Diversification and growth in the economy
- Employment growth and tourism numbers
- Attendance numbers and economic return on events across the region
- Economic policies for development & investment are established
- Smart Communities initiatives developed
- Our Cairns Survey 2019

### NATURAL ASSETS

#### WHAT WE WANT TO SEE IN 2022

That our iconic natural assets are maintained, enhanced and connected

#### STRATEGIC OBJECTIVES

- Value and protect Cairns pristine natural environment
- Make better use of our natural resources
- Grow renewable energy sources
- Maintain clean air, water and waste

#### HOW WE WILL MEASURE OUR PERFORMANCE

- Reduction of carbon emissions by council activities
- Quality of our waterways
- Council's resource recovery rate
- State of Environment Report
- Our Cairns Survey 2019

### LIVEABILITY

#### WHAT WE WANT TO SEE IN 2022

A safe and secure city that is easy to live in and connected to the world

#### STRATEGIC OBJECTIVES

- Enhance wellbeing and safety in the community
- Improve transport (provide sustainable transport options)
- Provide equal services, employment and education opportunities to everyone
- Maintain the region's relaxed character
- Ensure communities preparedness for disasters is enhanced by strong community education and awareness programs.

#### HOW WE WILL MEASURE OUR PERFORMANCE

- Population growth
- Number of 'open data sets' available to the community
- Our Cairns Survey 2019

### COMMUNITY & CULTURE

#### WHAT WE WANT TO SEE IN 2022

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

#### STRATEGIC OBJECTIVES

- Support a rich and diverse culture through accessible public facilities and community initiatives.
- Be recognised as the Arts and Cultural Capital of Northern Australia
- Build vibrancy through community events and activities
- Support social and community groups
- Ensure culture, heritage and place are valued, shared and celebrated.

#### HOW WE WILL MEASURE OUR PERFORMANCE

- Increased attendance at council organised events
- Community Strategies and Plans implemented
- Community participation in engagement activities
- Our Cairns Survey 2019

### SERVING THE COMMUNITY

#### WHAT WE WANT TO SEE IN 2022

An efficient organisation providing best practices service delivery through leadership, effective management of people, assets and finances

#### STRATEGIC OBJECTIVES

- Deliver best value customer service to the community
- Encourage an organisational culture of continuous improvement and business efficiencies
- Collaborate and build working partnerships between community and government to plan and deliver better services.
- Promote decision-making based on collaboration, transparent and accountable leadership
- Promote a safety culture of "everyone home safe & well today and every day"

#### HOW WE WILL MEASURE OUR PERFORMANCE

- Delivery of capital projects in line with key milestones and agreed cost targets
- Balanced Budget
- Rates Benchmarking
- Our Cairns Survey 2019
- Proportion of on-line customer interaction
- Customer Satisfaction Index



# CORPORATE PLAN

## ECONOMY

A strong, diversified and resilient regional economy that supports the growth of new and existing industry, business activities and provides long-term employment opportunities.

### Key outcomes/progress

- **COVID-19 Cairns Local Recovery Plan** - The plan was adopted in August 2020 following significant consultation. The plan includes specific actions related to economic response and recovery. Council coordinated the plan's implementation during 2020/21 as well as delivering significant elements directly.
- **Support for tourism** - Council approved \$16.5 million in funding, over 5 years (2020-2025), for Tourism Tropical North Queensland (TTNQ) under a new Resource and Performance arrangement, at its meeting of 23 September 2020.
- **Industry support** - Review and ongoing management of Council's R&P Funding Agreements with Super Yacht Group Great Barrier Reef Incorporated, Study Cairns Incorporated, Citizens of the Great Barrier Reef Foundation Limited and Taipans Basketball Incorporated (sponsorship agreement), totalling \$305,000 per annum.
- **University Engagement and Collaboration** - A new 4-year (2020-2024) Memorandum of Understanding (MoU) was struck with CQUniversity. Council continued its collaboration with CQUniversity and James Cook University across a range of projects and initiatives, under their existing MoUs.
- **Cairns Water Security - Stage 1 Project (Advocacy)** - Council unanimously endorsed this \$215 million project as its *Number 1 Advocacy Priority* in April 2021 and a community and stakeholder advocacy strategy is now being implemented with the aim of securing funding support from the State and/or Federal Governments for project delivery.
- **Procurement** - Delivery of the 2019/20 State of Procurement Report, which highlighted that Council's operations delivered a \$792 million positive economic impact for the Cairns community with 87% of procurement expenditure spent locally.

# CORPORATE PLAN

## NATURAL ASSETS

That our iconic natural assets are maintained, enhanced and connected.

### Key outcomes/progress

- **Climate Change Strategy 2030** - Council has started to prepare its Climate Change Strategy 2030 with stakeholder (including community and industry) consultation completed in 2020/21. The strategy is expected to be finalised in 2021/22.
- **Single Use Plastics Reduction Program** - Council adopted a Single Use Plastics Management Policy in April 2021. Implementation is ongoing.
- **Materials Recycling Facility** - Construction of Council's new \$14.3 million Materials Recovery Facility (MRF) was completed in 2020/21 with the facility officially opened on 21 May 2021. The facility includes a new shed, glass-sorting and processing plant that can manage up to 30,000 tonnes of recycling each year, and an education room. The new MRF will deliver a significant increase in volume of recyclable materials diverted from landfill.
- **Cairns Water Security - Stage 1 Project (Implementation)** - Council continues to progress this project which will be critical to securing Cairns' short to medium-term urban water needs. The project procurement strategy was endorsed by Council in November 2020 and preparation of the detailed business case is in progress.
- **Coastal Hazard Adaptation Strategy (CHAS)** - Strategy development continues with a draft strategy expected to be released for engagement early in the 2021/22 financial year.
- **Green Space Our Place Program** - The Green Space Our Place volunteer program delivered 31,152 volunteer hours to enhance the region's parks, reserves and gardens. A further 128 volunteers joined the Council-run program.



# CORPORATE PLAN

## LIVABILITY

A safe and secure city that is easy to live in and connected to the world.

### Key outcomes/progress

- **Esplanade Dining Precinct** - Council fast-tracked the delivery of this project in 2020/21 as one of a range of measures aimed at mitigating the adverse impacts of COVID-19 on the local economy. The project enhances the best features of the Esplanade Dining Precinct with an expanded dining area to provide space for additional dining and seating, improved amenity and views to the Esplanade Parklands and increased pedestrian connectivity. The project was also one of five major projects identified in the Cairns City Centre Master Plan 2019 and was completed ahead of schedule and budget.
- **Northern Beaches Leisure Trail** - The project is a long-term initiative of Council that aims to provide a dual use (cycling/pedestrian) link between the Cairns City Centre and Palm Cove. Implementation is ongoing with the Clifton Beach to Palm Cove section of the trail completed during 2020/21. Construction of the Barr Creek Bridge and associated pathways to provide connection between Holloways Beach and Machans Beach are also well advanced. Preliminary design for the Clifton Beach to Kewarra Beach connection was also completed in 2020/21.
- **Natural Disaster Resilience and Preparedness** - The Local Disaster Management Group - Cairns Region's Annual Exercise (Response and Recovery) was undertaken on 26 and 27 November 2020 with multiple agencies involved. An Emergency Services Open Day was held on 31 October 2020 with approximately 400 visitors to the Local Disaster Coordination centre (LDCC). Council's COVID-19 Economic Response and Recovery Sub-committee and Human and Social Sub-committee continued operation during 2020/21 coordinating COVID-19 recovery activities and initiatives.
- **Road and Transport Network Advocacy** - Participation was ongoing in the Cairns Traffic Advisory Committee. Council continued advocacy to both State and Federal governments regarding upgrades to the region's road and transport network with a \$300 million (\$60 million Queensland Government, \$240 million Federal Government) commitment being made in 2020/21 towards the continued duplication of the Cairns Western Arterial Road.
- **Planning Scheme** - Council resolved to finalise and seek approval from the Planning Minister to adopt the Major Amendment to CairnsPlan 2016 and associated amendments to Planning Scheme Policies at its Ordinary Meeting on 23 June 2021.
- **New Animal Management Facility** - Council's new Animal Management Facility will deliver increased capacity together with improved animal welfare and staff working conditions within a purpose-built, best-practice facility. During 2020/21, detailed facility design was completed and the tender for facility construction awarded.
- **Florence Street Upgrade Project** - Council's Florence Street Upgrade project, which connects the Esplanade Parklands to the Performing Arts Precinct (Cairns Performing Arts Centre and Munro Martin Parklands), was completed in 2020/21 ahead of schedule and budget. The project was one of five major projects identified in the Cairns City Master Plan 2019.

# CORPORATE PLAN

## COMMUNITY AND CULTURE

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

### Key outcomes/progress

- **COVID-19 Cairns Local Recovery Plan** - The plan was adopted in August 2020 following significant consultation. The plan includes specific actions related to human and social response and recovery. Council coordinated the plan implementation during 2020/21 as well as delivering significant elements directly.
- **Cairns Gallery Precinct** - Council has continued to advocate to the State and Federal Governments for the funding needed to enable the remaining elements of this precinct to be delivered. In April 2021, the Federal Government committed \$10 million towards the project as part of its Regional Recovery Partnerships Program. This funding will enable a heritage refurbishment of the former Mulgrave Shire Offices to be completed, as well as upgrades to the existing Cairns Art Gallery, to facilitate connectivity and integration with the wider precinct development.
- **Reconciliation Action Plan** - Council's Reconciliation Action Plan (RAP) Innovate Progress Report was endorsed by Council in February 2021. A range of activities and initiatives were implemented as part of the National Reconciliation Awareness Week and NAIDOC Week.
- **Arts and Cultural Facility Activation** - A substantial number and variety of arts and cultural events and activities were delivered across Council's various facilities during the financial year despite the challenges posed by COVID-19 related venue restrictions. \$1.3 million in ticket sales were generated for the 2020/21 financial year across all venues.
- **Cairns Courthouse Refurbishment** - The Cairns Courthouse Refurbishment project was completed during 2020/21 with an official opening by Queensland Governor the Honorable Paul de Jersey AC CVO in December 2020. The project has restored the heritage values of one of the city's most important historic buildings which now forms part of the wider Cairns Gallery Precinct development.
- **Our Cairns Survey** - Our Cairns Survey is a comprehensive community survey the purpose of which is to inform Council's operations and future direction. The survey was completed in 2020/21 with over 8,000 respondents. Survey results have been an important reference point for Council in developing its new Corporate Plan 2021-2026.

# CORPORATE PLAN

## SERVING THE COMMUNITY

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

### Key outcomes/progress

- **COVID-19 Support and Assistance** - During 2020/21, Council implemented a range of initiatives aimed at supporting businesses and individuals experiencing financial hardship as a result of COVID-19. An accelerated capital works program, waivers and deferrals of a number of Council fees and charges, as well as a dedicated COVID-19 Financial Hardship Policy providing deferred repayment plans and interest waivers for outstanding rates and water usage charges, were among a range of measures implemented in response to the pandemic.
- **Fiscal Responsibility and Stability** - An operating surplus of \$2.4 million was generated for the 2020/21 financial year. Council's 2021/22 budget was adopted on 30 June 2021. The 2021/22 budget has been developed taking into account the continuing impacts and response to COVID-19 and provides for a 2.5% general rate increase, a \$124.5 million capital works program as well as a range of other initiatives.
- **Capital Works Program** - Delivery of \$158.9 million in capital works across a variety of Council operations for the 2020/21 financial year.
- **Technology One Business Improvement (TOBI) program** - Council has continued implementation of a new enterprise software system that will result in efficiency and customer service improvements across the organisation. A number of modules (enterprise content management, human resources and payroll) were successfully deployed during 2020/21.
- **Customer Satisfaction** - Customer satisfaction remains a high priority for Council. Council has performed well in this regard, achieving an external customer satisfaction index of 83%.
- **Drought Response Plan** - Council's Drought Response Plan was formally endorsed at the Ordinary Meeting of Council on 23 September 2020. Implementation will be ongoing.
- **New Corporate Plan** - Council's new Corporate Plan 2021-2026 was developed throughout the final quarter of 2020/21. The new plan was formally adopted by Council at its Ordinary meeting on 28 July 2021.

## COMMERCIALISED BUSINESS UNITS - ANNUAL PERFORMANCE PLANS

Council's annual operational plan for 2020/21 included annual performance plans for Council's commercialised business units, Cairns Water and Cairns Resource Recovery. These annual performance plans have been implemented throughout the year with operational and financial performance reported to Council quarterly as part of the operational plan reporting requirements. The Annual Operational Plan 2020/21 Q4 Progress Report to Council's Ordinary Meeting on 28 July 2021 highlighted the 2020/21 performance of both commercialised business units.

# COUNCILLORS

## COUNCILLOR REMUNERATION

The following table shows the total of Councillors' remuneration and Fringe Benefit Tax (FBT) payments for the period from 1 July 2020 to 30 June 2021.

DIV	ELECTED MEMBER	TOTAL REMUNERATION PAYMENT \$	* SUPER CONTRIBUTIONS \$	TOTAL \$	FBT EXPENSE \$
M	Bob Manning	183,143	19,310	202,453	8,658
1	Brett Moller	108,222	12,987	121,209	11,120
2	Rob Pyne	108,222	10,281	118,503	635
2	** John Schilling	-	-	-	1,661
3	Cathy Zeiger	108,222	11,399	119,621	2,929
4	Terry James	124,869	14,984	139,853	-
5	Amy Eden	108,222	12,987	121,209	3,201
6	Kristy Vallely	108,222	12,987	121,209	3,080
6	** Linda Cooper	-	-	-	305
7	Max O'Halloran	108,222	12,987	121,209	-
8	Rhonda Coghlan	108,222	12,987	121,209	5,228
9	Brett Olds	108,222	12,987	121,209	11,500

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

\*\* Councillor was not re-elected at the local government election on 28 March 2020. The FBT expense relates to the final remuneration payment to the Councillors which fell in the 2020/21 FBT year.



## EXPENSES REIMBURSEMENT AND FACILITIES

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy, if a Councillor uses a private vehicle for official Council business, reimbursement may be claimed based on log book substantiation of the relevance of the travel to Council.

The table below shows the total reimbursement costs to Councillors for the 12-month period from 1 July 2020 to 30 June 2021 under this policy.

DIV	ELECTED MEMBER	VEHICLE REIMBURSEMENT \$	VEHICLE COST \$
M	Bob Manning	-	9,125
1	Brett Moller	12,071	-
2	Rob Pyne	827	-
3	Cathy Zeiger	5,392	-
4	Terry James	-	-
5	Amy Eden	5,256	-
6	Kristy Vallely	5,126	-
7	Max O'Halloran	-	-
8	Rhonda Coghlan	8,367	-
9	Brett Olds	12,627	-
		<b>49,666</b>	<b>9,125</b>

## EXPENSES REIMBURSEMENT AND FACILITIES

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy, Councillors are provided with:

### Mayor

- Separate office accommodation and administrative officer for administrative support.

### Deputy Mayor and Other Councillors

- Access to work stations within the Administration Building as well as kitchen amenities and ablution facilities
- Use of Council meeting rooms as required and when available
- Administrative support at the Administration Building for Council-related business
- Use of Council landline telephone and internet access while at the Administration Building
- Council-provided mobile phone to assist Councillor in undertaking their role
- Council-provided laptop, computer or iPad dependent on need
- Access to printer, photocopies, paper shredder, fax and/or scanner at the Administration Building
- Stationary and personalised letterhead including postage costs, for undertaking duties associated with their position
- Any other administrative necessities, which Council resolves, are necessary to meet the business of Council
- Up to \$600 annually for home communication expenses, reimbursed on presentation of relevant receipts
- Necessary safety equipment for use on official business as and when required
- Insurance coverage while on Council business

## MEETING ATTENDANCE

Council's Ordinary meetings are held on the fourth Wednesday of each month and are chaired by the Mayor.

The following table displays Councillor attendance at Council meetings for the period of 1 July 2020 to 30 June 2021.

	Mayor Bob Manning	Division 1 Cr Brett Moller	Division 2 Cr Rob Pyne	Division 3 Cr Cathy Zeiger	Division 4 Cr Terry James	Division 5 Cr Amy Eden	Division 6 Cr Kristy Vallely	Division 7 Cr Max O'Halloran	Division 8 Cr Rhonda Coghlan	Division 9 Cr Brett Olds
<b>Ordinary Meetings</b>										
14 held	13	14	14	14	14	14	13	14	14	14
<b>Special Meetings</b>										
3 held	3	3	3	3	3	3	3	3	3	3

Council operates four Committees. Committee meetings are usually held on the second Wednesday of each month (unless an alternative date has been advertised).

The Committees were established on 12 August 2020 with the first meeting held in September 2020. Not all Councillors are members of all Committees, except the Planning & Environment Committee where all Councillors have been appointed as members.

The following table displays Councillor attendance at Council meetings for the period of 1 July 2020 to 30 June 2021.

<b>Planning and Environment Committee</b>										
	Mayor Bob Manning	Division 1 Cr Brett Moller	Division 2 Cr Rob Pyne	Division 3 Cr Cathy Zeiger	Division 4 Cr Terry James	Division 5 Cr Amy Eden	Division 6 Cr Kristy Vallely	Division 7 Cr Max O'Halloran	Division 8 Cr Rhonda Coghlan	Division 9 Cr Brett Olds
8 held	6	8	8	8	7	7	8	8	8	6

## MEETING ATTENDANCE

### Community, Sport, Events & Cultural Services

	Mayor Bob Manning	Division 2 Cr Rob Pyne	Division 3 Cr Cathy Zeiger	Division 4 Cr Terry James	Division 5 Cr Amy Eden	Division 7 Cr Max O'Halloran
8 held	6	8	8	7	7	8

OUR  
COUNCILLORS

### Governance and Economics Committee

	Mayor Bob Manning	Division 1 Cr Brett Moller	Division 2 Cr Rob Pyne	Division 6 Cr Kristy Valley	Division 8 Cr Rhonda Coghlan
8 held	6	8	8	8	8

### Works Committee - (Infrastructure, Water, Waste and Wastewater)

	Mayor Bob Manning	Division 1 Cr Brett Moller	Division 4 Cr Terry James	Division 5 Cr Amy Eden	Division 6 Cr Kristy Valley	Division 9 Cr Brett Olds
8 held	6	8	7	7	8	6



# COUNCILLORS

## CONDUCT AND PERFORMANCE OF COUNCILLORS

Councillors are governed by the Code of Conduct for Councillors to ensure appropriate standards of conduct and performance. There is also a formal process in place to deal with complaints. The requirements of the Code are in addition to the roles, responsibilities and obligations of Councillors set out in the *Local Government Act 2009*.

On 21 May 2018 the *Local Government (Councillor Complaints) and Other Legislation Amendment Bill 2018* received ascent. The Bill amends the *Local Government Act 2009* and the *Public Service Act* to provide a simpler, more streamlined system for making, investigating and determining complaints about councillor conduct in Queensland.

The reforms established the Independent Assessor and the Office of the Independent Assessor to investigate and deal with the conduct of Councillors where it is alleged or suspected to be inappropriate conduct, misconduct or, when referred to the Independent Assessor by the Crime and Corruption Commission (CCC), corrupt conduct.

### Number of Councillor Conduct orders and disciplinary actions 1 July 2020 - 30 June 2021

Subsection of the LGA	Description	Number
150I(2)	Chairperson makes an order for unsuitable meeting conduct	0
150AH(1)	Disciplinary action against a Councillor for inappropriate conduct	0
150AR(1)	Disciplinary action against a Councillor for misconduct	0

# COUNCILLORS

## CONDUCT AND PERFORMANCE OF COUNCILLORS

### Summary of Councillor Conduct decisions, orders and recommendations 1 July 2020 - 30 June 2021

Name of Councillor	Description of the unsuitable meeting conduct, inappropriate conduct or misconduct	Summary of the decision, order or recommendation made for each councillor
Councillor Richie Bates		<p>The Tribunal makes one order in respect of both allegations, pursuant to s150M and s150AR(1)(b)(i) of the Act, that the respondent make a public admission that he engaged in misconduct, within 90 days of this order.</p> <p>The Tribunal determined, on the balance of probabilities, that the allegation that on 24 April 2015, a Councillor of Cairns Regional Council, engaged in misconduct as defined in section 176(3)(b)(ii) of the <i>Local Government Act 2009</i> (the Act), in that his conduct involved a breach of trust placed in him as a Councillor.</p> <p>The Tribunal has determined on the balance of probabilities, that the allegation that on 24 April 2018, a Councillor of Cairns Regional Council, engaged in misconduct as defined in section 176(3)(d)(ii) of the Act, in that his conduct contravened section 173(4) of the Act.</p> <p>The Tribunal considered the relevant factors contained in the brief of evidence and also sought and considered submissions from the parties. The Tribunal considered that the relevant facts and circumstances demonstrated that the respondent had engaged in misconduct and that this conduct was contrary to the principles that underpin the Act.</p>

OUR  
COUNCILLORS

# COUNCILLORS

## CONDUCT AND PERFORMANCE OF COUNCILLORS

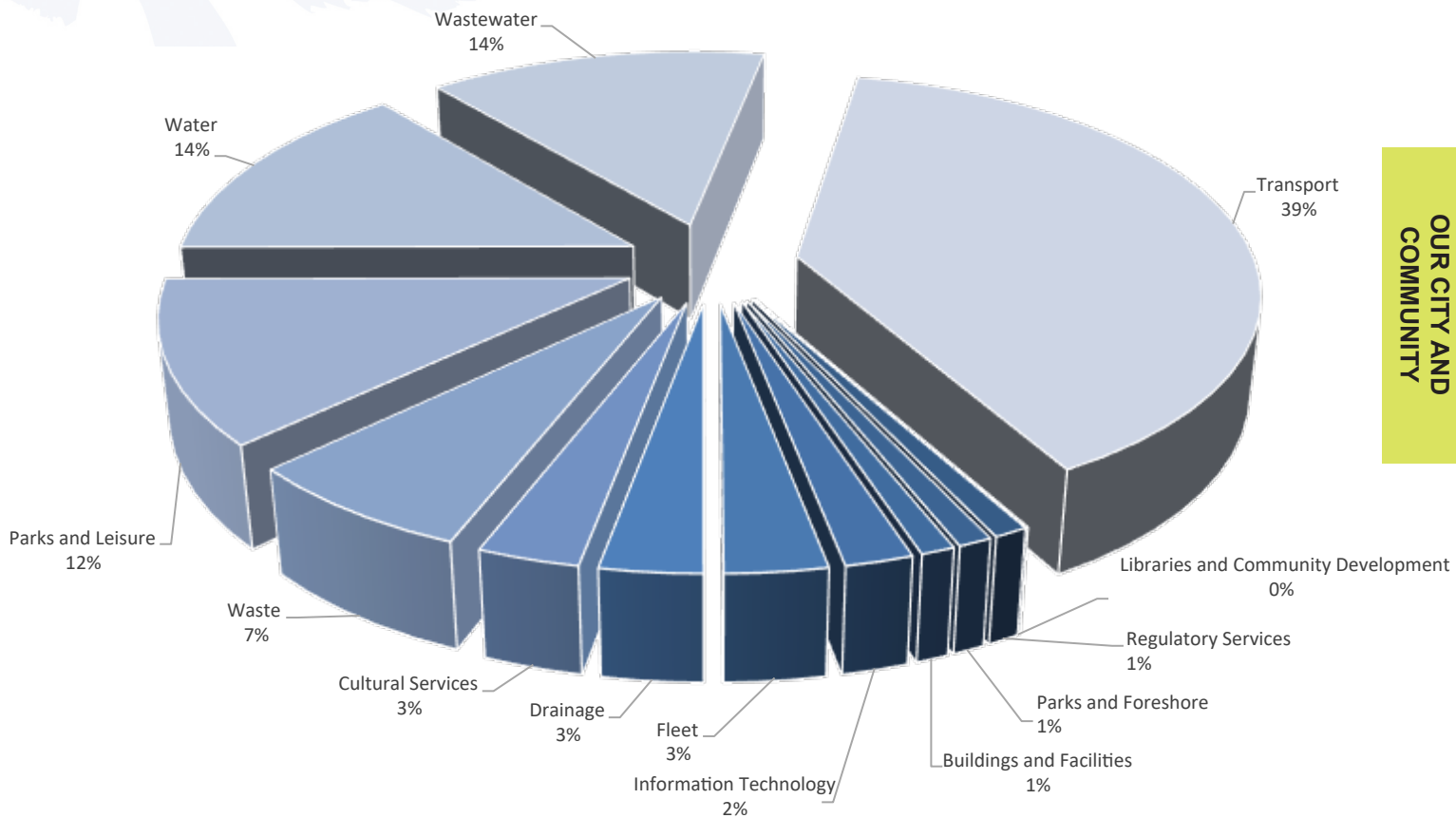
### Section 186(f) the total number of the following during the year;

Complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government	5
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	-
Notices given under section 150R(2) of the Act	1
Notices given under section 150S(2)(a) of the Act	-
Decisions made under section 150W(a), (b) and (d) of the Act	1
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	-
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor	-
Applications heard by the conduct tribunal about the alleged misconduct of a Councillor	1

# CAPITAL WORKS PROJECTS

## CAPITAL WORKS HIGHLIGHTS

During the 2020/21 financial year, expenditure on capital works was \$158.9 million. The following graph provides a breakdown of the capital works by asset category during the period 1 July 2021 to 30 June 2021.



OUR CITY AND COMMUNITY



## CAPITAL WORKS HIGHLIGHTS

Council incurred expenditure on the following capital works projects during the period 1 July 2020 to 30 June 2021.

	Amount \$'000
<b>CULTURAL SERVICES</b>	
Court House refurbishment	4,180
	<b>4,180</b>
<b>PARKS &amp; LEISURE</b>	
Northern Beaches Leisure Trail	7,143
Griffiths Park upgrade	2,857
Holloways Beach groynes	1,487
Lagoon renewals	1,176
Aquatic renewals	1,088
	<b>13,751</b>
<b>TRANSPORT AND MOBILITY</b>	
Road infrastructure, new roads	11,185
CBD Dining Precinct and Florence Street upgrades	25,226
Footpaths renewals	6,042
Pavement rehabilitation	5,163
Suburban Enhancement Program (SEP)	4,447
Road infrastructure, renewals	3,294
Dexter Bridge renewals	1,539
Drainage infrastructure, new drains	1,196
	<b>58,092</b>
<b>WATER AND WASTE INFRASTRUCTURE</b>	
Water infrastructure renewals and upgrades	22,153
Wastewater infrastructure renewals and upgrades	21,444
Materials Recovery Facility - Masterplan upgrade	10,033
	<b>53,630</b>

# EXPENDITURE ON GRANTS

## GRANTS

The annual report for a financial year must contain a summary of the local government's expenditure for the financial year on grants to community organisations and expenditure from each Councillor's discretionary fund.

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

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

In the 2020/21 financial year, Council provided the following community grants and discretionary funds:

### COUNCILLOR DISCRETIONARY FUNDS

#### SPORTS AND RECREATION

Young People in Sport

Go Clubs Infrastructure Assistance

Go Clubs In Kind: Field Maintenance

Go Clubs In Kind: Essentials

#### ARTS AND CULTURAL

Regional Arts Development Fund (RADF)

Arts and Cultural In Kind

Arts and Cultural Infrastructure

#### COMMUNITY SERVICES

#### EVENTS

Regional Events

Major Tourism Events

Sports Tourism Events

## GRANTS

### ECONOMIC DEVELOPMENT

### ENVIRONMENT AND SUSTAINABILITY

Community Sustainability

Nature-based Learning

### OTHER SUPPORT

Major Local Community Facility Development Activity

Major Community Infrastructure

Donations

Sponsorship

Rates Based Financial Assistance

## DISCRETIONARY FUNDS

A Councillor may allocate their Councillor Discretionary Funds under section 202 of the *Local Government Act 2009* in any of the following ways:

- For capital works of the local government that are for a community purpose
- To a community organisation for a community purpose
- For another community purpose.

Cairns Regional Council is required to list all allocations of Councillor Discretionary Funds and the purpose of the allocation.

	Total budget \$	Each Councillor \$	Mayor \$
Capital works of Council that are for a community purpose	500,000	50,000	50,000
<b>Prescribed amount for Council for the 2020/21 financial year was \$114,116</b>			

## COUNCILLORS DISCRETIONARY FUND

All Councillors discretionary funds were made for 'capital works of Council that are for a community purpose'.

<b>CAIRNS MAYOR - MAYOR BOB MANNING</b>			
<b>Date</b>	<b>Person or organisation (if applicable)</b>	<b>Description</b>	<b>Amount \$</b>
18-Sep-20		Contribution to the picket fence and landscaped entrance statement at Griffith Park	50,000
<b>TOTAL FOR MAYORAL DISCRETIONARY FUND</b>			<b>50,000</b>

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<b>DIVISION 1 - COUNCILLOR BRETT MOLLER</b>			
<b>Date</b>	<b>Person or organisation (if applicable)</b>	<b>Description</b>	<b>Amount \$</b>
29-Sep-20		Construction of a swale drain on Dempsey Street, Gordonvale	18,000
29-Sep-20		Extension of footpath on Mt Peter Road to Petersen Road, Edmonton	24,000
29-Sep-20		Installation of permanent water supply to irrigate hanging basket display as part of Babinda CBD Enhancement Project	8,000
<b>TOTAL FOR DIVISION 1</b>			<b>50,000</b>

<b>DIVISION 2 - COUNCILLOR ROBERT PYNE</b>			
<b>Date</b>	<b>Person or organisation (if applicable)</b>	<b>Description</b>	<b>Amount \$</b>
29-Sep-20	South Cairns MTB	Contribution to South Cairns Mountain Bike Club to construct a track on Council owned land	50,000
<b>TOTAL FOR DIVISION 2</b>			<b>50,000</b>



## COUNCILLORS DISCRETIONARY FUND

### DIVISION 3 - COUNCILLOR CATHY ZEIGER

Date	Person or organisation (if applicable)	Description	Amount \$
29-Sep-20		Installation of playground equipment at various parks in Mt Sheridan and Bayview Heights	30,000
29-Sep-20	JCU Strikers	Contribution to JCU Strikers Clubhouse upgrades	20,000
<b>TOTAL FOR DIVISION 3</b>			<b>50,000</b>

### DIVISION 4 - COUNCILLOR TERRY JAMES

Date	Person or organisation (if applicable)	Description	Amount \$
29-Sep-20		Construction of a bike safety track at the Moody Creek Detention Basin	50,000
<b>TOTAL FOR DIVISION 4</b>			<b>50,000</b>

### DIVISION 5 - COUNCILLOR AMY EDEN

Date	Person or organisation (if applicable)	Description	Amount \$
18-Sep-20		Contribution to the picket fence and landscaped entrance statement at Griffith Park	50,000
<b>TOTAL FOR DIVISION 5</b>			<b>50,000</b>

## COUNCILLORS DISCRETIONARY FUND

### DIVISION 6 - COUNCILLOR KRISTY VALLELY

Date	Person or organisation (if applicable)	Description	Amount \$
29-Sep-20		Construction of footpath, earthworks and water service to accommodate the installation of a butterfly habitat in Bugeja Park, Freshwater	18,000
01-Oct-20		Installation of shelter, seating and other facilities on Gamburra Drive, adjacent to Gamburra Park	12,000
01-Oct-20		Installation of shelter, bubbler and other facilities at Gamburra Park	20,000
<b>TOTAL FOR DIVISION 6</b>			<b>50,000</b>

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### DIVISION 7 - COUNCILLOR MAX O'HALLORAN

Date	Person or organisation (if applicable)	Description	Amount \$
18-Sep-20		Contribution to the picket fence and landscaped entrance statement at Griffith Park	50,000
<b>TOTAL FOR DIVISION 7</b>			<b>50,000</b>

## COUNCILLORS DISCRETIONARY FUND

### DIVISION 8 - COUNCILLOR RHONDA COGLAN

Date	Person or organisation (if applicable)	Description	Amount \$
29-Sep-20	Barron Bulls RUFC	Construction of footpath connecting existing footpath to Bulls RUFC	5,000
29-Sep-20	Holloways Beach Men's Shed	Installation of irrigation to Holloways Beach Men's Shed	5,000
29-Sep-20	Cairns MTB	Contribution to the Cairns Mountain Bike Club to construct a pump track at Smithfield Mountain Bike Trail adjacent to the toilet	40,000
<b>TOTAL FOR DIVISION 8</b>			<b>50,000</b>

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### DIVISION 9 - COUNCILLOR BRETT OLDS

Date	Person or organisation (if applicable)	Description	Amount \$
29-Sep-20		Installation of Wallaby Fence at Trinity Sports Club	50,000
<b>TOTAL FOR DIVISION 9</b>			<b>50,000</b>

**TOTAL FOR DISCRETIONARY FUNDS 500,000**

## COMMUNITY GRANTS

### Sports and Recreation

#### Young People in Sport

This grant provides financial assistance to young athletes living in the Cairns Regional Council area to represent Queensland at national sporting competitions or representing Australia at international sporting competitions. This grant is not available to school-based sporting events, such as Peninsula School Sport.

Applicant	Sport	Amount \$
Ky Stattmann	U20 men's basketball	100
<b>TOTAL FOR YOUNG PEOPLE IN SPORT GRANT</b>		<b>100</b>

#### Go Clubs Infrastructure Assistance Grant

Applicant	Description	Amount \$
Earlville Pony Club Inc.	Fencing and gate upgrade	10,000
Ellis Beach Surf Life Saving Club Inc.	Purchase of shade structures	1,859
Marlin Coast Bowls Club Inc.	All abilities toilet fit out	4,566
Stratford Dolphins Football Club	Fix roof leak and additional shaded areas	11,000
<b>TOTAL FOR GO CLUBS INFRASTRUCTURE ASSISTANCE GRANT</b>		<b>27,425</b>

#### Go Clubs Infrastructure In Kind Assistance (Field Maintenance)

This grant provides standard turf packages to clubs to ensure turf surfaces at facilities under lease or management agreement are managed to appropriate standards.

Applicant	Description	Amount \$
Brothers Leagues Club	Maintenance of sports fields	1,784
Kangaroos Rugby League Club	Turf maintenance, aerating of fields	1,019
Leichhardt Junior Soccer Club	Turf maintenance	801
<b>TOTAL FOR GO CLUBS INFRASTRUCTURE IN KIND ASSISTANCE (FIELD MAINTENANCE) GRANT</b>		<b>3,604</b>

## COMMUNITY GRANTS

### Sport and Recreation

#### Go Clubs In Kind Assistance (Essential)

This grant is for services that can be delivered by Council that support improved asset management initiatives (maintenance).

Applicant	Description	Amount \$
Cairns Vigoro Association Inc.	Concrete slab for extension	5,905
Trinity Beach Tennis Club Inc.	Wheelchair ramps to water bubbler	4,348
Edge Hill Memorial Bowls Club Inc.	Paint club rooms	3,515
Stratford Bowling Club Inc.	Tree trimming	2,872
Barron Trinity Rugby Club Inc.	Bitumen seal on premises	2,163
Clifton Beach Tennis Club Inc.	Plumbing and tiling works	1,331
Cairns Chapter Inc.	Install water main	85
<b>TOTAL FOR GO CLUBS IN KIND ASSISTANCE (ESSENTIAL) GRANT</b>		<b>20,219</b>

**TOTAL FOR SPORT AND RECREATION 51,348**



## COMMUNITY GRANTS

### Arts and Culture

#### Regional Arts Development Fund (RADF)

The RADF program supports the development of quality arts and arts practice in regional communities. The RADF funding is in partnership with the State Government.

Applicant	Description	Amount \$
Joshua Percival	RADF 2019/20 Small Arts Grant	500
Abi Muir	RADF 2020/21 Major Round One	10,000
Missy B	RADF 2020/21 Major Round One	10,000
Ring of Fire Productions	RADF 2020/21 Major Round One	10,000
Simone Tesorieri	RADF 2020/21 Major Round One	10,000
Rachel Terry	RADF 2020/21 Major Round One	9,992
Talitha Jae Power	RADF 2020/21 Major Round One	9,835
Northside Contemporary Arts	RADF 2020/21 Major Round One	8,410
Inkmasters	RADF 2020/21 Major Round One	8,190
ARC Disability Services	RADF 2020/21 Major Round One	6,440
The Historical Society Cairns North QLD Inc. (Cairns Museum)	RADF 2020/21 Major Round Two	9,980
Marilyn Susanne Marsh-Booth	RADF 2020/21 Major Round Two	9,920
Clare Kuolga Meere	RADF 2020/21 Major Round Two	9,000
Velvet Eldred	RADF 2020/21 Major Round Two	7,811
Georgia Byrne	RADF 2020/21 Major Round Two	7,013
Amber Farnan	RADF 2020/21 Major Round Two	6,884
Gondwana Choirs	RADF 2020/21 Major Round Two	6,811
Evan Richard Le Comte	RADF 2020/21 Major Round Two	3,500
Andrea Berchtoid	RADF 2020/21 Small Arts Grant	500
Teeya Ryan	RADF 2020/21 Small Arts Grant	461
Cairns Writers Festival Inc.	Hero of the Arts Project	25,000
<b>TOTAL FOR REGIONAL ARTS DEVELOPMENT FUND GRANT</b>		<b>170,247</b>

## COMMUNITY GRANTS

### Arts and Cultural

#### Arts and Cultural In Kind Assistance

Under the Arts and Cultural In Kind Assistance grant Council provides venues, resources and capabilities to cultural projects and activities that make a positive creative contribution to the region.

Applicant	Description	Amount \$
Cairns Art Society Inc.	The Artists of the North Exhibition 2020	5,000
Cairns Little Theatre Inc.	Ticketing fees	5,000
Drum Infinity Mugendai Inc.	Let's Play Taiko and Shinobue by Yasukazu Kano	2,351
Peninsula Art Educators Association (PAEA)	Energy Student Art Exhibition 2020	5,000
A V Vanghoua	Cov Chaw Cog Tseg: The places left behind	1,772
Andrea Allumay	The Last Five Years	5,000
Elizabeth Christensen	The 142 - A Theatrical Development	1,746
Rachael Terry	Prospect Terrace - 10 week residency	5,862
Zdenek Styk	Kaweyova film clip production	1,455
<b>TOTAL FOR ARTS AND CULTURE IN KIND ASSISTANCE GRANT</b>		<b>33,186</b>

**TOTAL ARTS AND CULTURAL 203,432**

## COMMUNITY GRANTS

### Community Events, Activities and Projects

Applicant	Description	Amount \$
Cairns & District Chinese Association Inc. (CADCAI)	Chinese New Year	25,000
Queensland Police Service	Cairns Safer Streets contribution	25,000
Cairns Children's Museum Inc.	Tiny Town - an Interactive Road Safety Experience for Children 2021	15,000
Nga Matawaka	Waitangi Day Cairns 2021	15,000
Freshwater Tennis Club Inc.	Freshwater Festival 2021	13,500
Centacare FNQ	One World Welcome Dinners	11,250
Cairns Hindu Samaj Inc.	Ganeshotsav 2021	10,000
Rotary Cairns Northern Beaches	Vibe Festival	10,000
Cairns African Association Inc.	Cairns African Festival 2021	9,200
Cairns Christian Ministers Network Inc.	Christmas Carols & Fireworks 2020	7,500
Gordonvale District Chamber of Commerce	Sugar Solstice Country Fair	7,500
Socially Effective Inc.	Indigenous Youth in Innovation 2021	7,500
Southside Crusaders Sports & Culture Inc.	Hambo Tens	7,500
Variety QLD Inc.	Variety Activate Inclusion Sports Days 2021	7,447
Cairns Children's Museum Inc.	International Pi Day Inaugural Celebration	7,243
Australian Arakanese Association Cairns Inc.	Australian Arakanese Tradition New Year Water Festival	7,119
Rotary Club of Cairns Sunrise	Palm Cove Markets	7,000
Wuchopperen Health	2021 NAIDOC Community Event	7,000
Queensland Aids Council Inc. (QLD Council for LGBTI Health)	Cairns Pride Festival Art Exhibition & Rainbow Crossing 2020	6,492
Cairns Cricket Association Inc.	Tyre Power Barrier Reef Big Bash 2021	5,029
Holloways Beach Markets Inc.	Holloways Beach Markets	5,000

## COMMUNITY GRANTS

### Community Events, Activities and Projects continued

Applicant	Description	Amount \$
The Scout Association of Australia, QLD Branch, Gordonvale Scout Group	Gordonvale Cottage Markets	5,000
Big Fish Innovators Network Ltd	Big Fish Young Innovators and Entrepreneurs 2021	4,000
Cairns Multicultural Committee Inc.	CARMA Multicultural Festival & Peace finale	4,160
Meredith Anne Rundell Inc.	Dance Extravaganza 2021	4,150
Cancer Council Queensland Inc.	Cairns Relay for Life 2019-2021	4,150
Cairns PCYC	Cairns South Community Leadership Development	2,840
The Benevolent Society	Neighbourhood Days	4,000
Diversicare	Harmony Day Festival 2021	3,642
Far North Queensland Hospital Foundation	Arrow Experience (2019-2021)	3,500
UMI Arts Ltd	Big Talk One Fire Festival 2021	3,316
Cairns Indian Association Inc.	Festival of Colour	3,000
Cairns & District Meeting Place Corporation	Coming of the Light 150th Anniversary Open Day 2021	2,935
Cairns Little Theatre Inc.	Comedy after COVID	2,695
FNQ Rugby Inc.	QLD Country Women's & U19 Colts Rugby Union Championships 2021	2,262
Marlin Coast Neighbourhood Centre	Community Fun Day	2,000
Chabad North Queensland Inc.	Chanukah - Jewish Festival of Lights 2020	1,661
Queensland Police Service	Police Basic Bomb Search Course 2021	1,558
Cairns Naidoc Committee Inc.	Naidoc in the Park 2021	1,200
Rare Friends FNQ Inc.	Rare Disease Day Fun Run & Walk	1,190
Queensland Aids Council Inc. (QLD Council for LGBTI Health)	Cairns Pride Festival	1,076
Playgroup QLD Ltd	Cairns Messy Play 2021	1,037

## COMMUNITY GRANTS

### Community Events, Activities and Projects continued

Applicant	Description	Amount \$
Cairns Athletics Inc.	Twilight Carnival 2021	979
Redlynch Equestrian Association Inc.	Equestrian Show Jumping Show	929
The Junction Clubhouse Cairns Ltd	The Junction Clubhouse Monthly BBQ	673
Gordonvale Turf Club Inc.	Gordonvale Cup Family Race Day	616
Mr Perfect Inc.	Monthly Community BBQ's	497
Global Awakening Fund Australia	Global Awakening	288
The Junction Clubhouse Cairns Ltd	Mental Health Week Walk & BBQ	224
Cairns Indonesian Australian Association Inc.	Indonesian Festival	182
RSL Cairns Sub Branch Inc.	Remembrance Day	165
Cairns Surf Lifesaving Club Inc.	Cairns Surf Lifesaving Carnival	72
<b>TOTAL FOR COMMUNITY EVENTS, ACTIVITIES AND PROJECTS GRANT</b>		<b>280,277</b>

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## EVENTS

### Regional Events

Applicant	Description	Amount \$
Cairns Agricultural Association Inc.	Cairns Show 2021	65,000
RV Event Enterprises Pty Ltd	Red Hot Summer Tour 2021	50,000
Tour of the Tropics Ltd	Tour of the Tropics 2021	25,000
Tennis Australia Ltd	Cairns International Tennis Centre Opening	30,000
<b>TOTAL FOR REGIONAL EVENTS GRANTS</b>		<b>170,000</b>



## COMMUNITY GRANTS

### Events

#### Major Tourism Events

These grants support the growth of a diverse portfolio of major events that will drive economic development of the region, promote Tropical North Queensland (TNQ) nationally and internationally, generate positive social, cultural and environmental benefits and inspire the residents of TNQ.

Applicant	Description
USM Events Pty Ltd	Ironman Cairns
Targa Australia Pty Ltd	Targa Great Barrier Reef
Basketball Australia (BA Ltd)	Women's National Basketball League
Netball Australia Ltd	National Netball Hub
Tourism and Events QLD	AFL Premiership
Tourism and Events QLD	AFL Premiership Fixture in Cairns in 2021
ATLAS Multi Sports Pty Ltd	7 Cairns Marathon and Running Festival

#### Sports Tourism Events

Sports Tourism Events grants provide funding to support eligible local, regional, state or national sporting bodies to develop and deliver successful sports tourism events that contribute to the region's economic prosperity, community wellbeing and diverse lifestyle.

Applicant	Description	Amount \$
Cairns & District Squash Rackets Association Inc.	QLD Junior Squash Championships	6,500
Cairns BMX Club Inc.	Country BMX Championships (QLD Country Challenge) 2021	10,420
Cairns Eagles Australian Football Club Inc.	QSS State U12 AFL Championships	8,331
Southern Suburbs Junior Rugby League Inc.	Nate Miles Cup 2021	12,000
<b>TOTAL SPORTS TOURISM EVENTS GRANTS</b>		<b>37,251</b>

**TOTAL EVENTS 1,624,363**

## COMMUNITY GRANTS

### Economic Development

#### Economic Development Grant Streams

Applicant	Description	Amount \$
Tourism Tropical North QLD (TTNQ)	Resource and Performance Agreement	2,400,000
Citizens of the Great Barrier Reef Foundation	Resource and Performance Agreement	50,000
Super Yacht Group - Great Barrier Reef Inc.	Resource and Performance Agreement	30,000
Babinda Information Centre	Resource and Performance Agreement	12,000
Cairns Aviation Skills Centre Ltd	Resource and Performance Agreement	10,000
Babinda District Community Association Inc.	Resource and Performance Agreement	7,500
Health Management Pty Ltd (YEP Entrepreneurship Facilitators)	Tropical Innovation Festival 2021	30,000
<b>TOTAL ECONOMIC DEVELOPMENT GRANT</b>		<b>2,539,500</b>

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**TOTAL ECONOMIC DEVELOPMENT GRANT STREAMS 2,539,500**

## COMMUNITY GRANTS

### Environment and Sustainability

#### Community Sustainability

These grants encourage the community to develop and implement projects that reduce the region's non-renewable resource consumption, reduce waste, conserve/restore biodiversity values and enhance community understanding of sustainability and resilience.

Applicant	Description	Amount \$
The Agile Wallaby Project Inc.	Development of new resources and up-skilling training performance	7,104
Cairns and Far North Environment Centre Inc.	Drain Stencil Project	3,438
Edmonton Community Kindergarten Association Inc.	Kindy Goes Solar	3,438
Marlin Coast Neighbourhood Centre Inc.	MCNC Organic Community Garden	1,568
Access Community Housing Company Ltd	Greener Futures	1,000
Bayview Heights Community Kindergarten Association Inc.	Chicken Coop	952
<b>TOTAL COMMUNITY SUSTAINABILITY GRANTS</b>		<b>17,500</b>

## COMMUNITY GRANTS

### Environment and Sustainability

#### Nature-based Learning

This grant fosters an appreciation of our world-renowned natural environment in the younger generation through financial support for nature-based excursions undertaken by schools in the Cairns local government area.

Applicant	Description	Amount \$
Bentley Park College	University of QLD Sustainable Development Reef Education Charter 2020	2,000
Parramatta State School	Mangrove Sustainability Workshop	2,000
Smithfield State High School	Cattana Wetlands and Cairns Aquarium 2021	1,320
Cairns State High School	Marine Science Camp, Fitzroy Island	1,009
Freshwater Christian College	Reef Magic Trip	1,200
Trinity Bay State High School	Cairns Aquarium	1,200
Trinity Beach State School	Reef Magic Trip	1,200
<b>TOTAL NATURE-BASED LEARNING GRANTS</b>		<b>9,929</b>

**TOTAL ENVIRONMENT AND SUSTAINABILITY GRANTS 27,429**

## COMMUNITY GRANTS

### Major Local Community Facility Development Activity

Applicant	Description	Amount \$
Cairns Historical Society North Queensland Inc.	Resource and Performance Agreement	266,350
Cairns Indigenous Art Fair (CIAF) Ltd	Resource and Performance Agreement	151,796
Northern Pride Rugby League Football Club Inc.	Resource and Performance Agreement	56,680
North Queensland Sports Foundation Ltd	Resource and Performance Agreement	40,260
QLD Museum (Board of the QLD Museum)	Funding Agreement	20,400
Bramston Beach Ratepayers Association Inc.	Resource and Performance Agreement	20,000
Tropical Arts Association Inc.	Resource and Performance Agreement	19,736
Bats & Trees Society of Cairns Inc.	Resource and Performance Agreement	15,000
Holloways Beach Environmental Education Centre	Resource and Performance Agreement	5,000
Friends of the Botanic Gardens, Cairns Inc.	Resource and Performance Agreement	3,397
<b>TOTAL MAJOR LOCAL COMMUNITY FACILITY DEVELOPMENT ACTIVITY</b>		<b>598,619</b>

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### Donations

Applicant	Description	Amount \$
Turtle Rehabilitation Centre	Workplace giving donation	4,545
<b>TOTAL DONATIONS</b>		<b>4,545</b>



## COMMUNITY GRANTS

### Sponsorship

Applicant	Description	Amount \$
Taipans Basketball Inc.	Sponsorship	125,000
Sustainable Schools Summit 2020	Sustainable Schools Summit 2020	5,000
Department of Environment and Science	Sponsorship of Cassowary Awards 2021	2,000
Tourism Tropical North QLD (TTNQ)	Chairman's Award for Excellence	7,000
QLD Master Builders	Award Sponsorship	2,740
HIA Limited	Award Sponsorship	1,600
<b>TOTAL SPONSORSHIP</b>		<b>143,340</b>

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### Rates Based Financial Assistance

Applicant	Number	Amount \$
Not-for-profit community groups	146 recipients	995,321
Not-for-profit sporting & recreation groups	83 recipients	474,184
Cairns Show Association	1 recipient	40,516
<b>TOTAL RATES BASED FINANCIAL ASSISTANCE</b>		<b>1,510,021</b>

**TOTAL OTHER 2,256,525**

**TOTAL EXPENDITURE ON GRANTS 7,202,597**

# 2020/21 RESULTS AT A GLANCE

## INTRODUCTION

This report shows a summary of the Council's Financial Statements with the aim to provide 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.

### 2020/21 Results at a Glance

The impact of COVID-19 on Council has continued during 2020/21, though to a lesser extent than the previous year. Council has finished the year with a net result of \$33.4 million, \$12.2 million less than budgeted. Refer to Note 1 of the Financial Statements for further information on the impacts of COVID-19.

Council continued to invest heavily in community infrastructure by delivering a capital works program in excess of \$158.9 million.

The Financial Statements in this report cover a 12-month period ending 30 June 2021. 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, called 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 any given point in time.
- **Statement of Cash Flows** - reports how revenue received and expenses paid impact on Council's cash balances (money in the bank).
- **Statement of Changes in Equity** - presents a summary of transfers to and from equity accounts including retained surplus, capital and other reserves.
- **Notes to the Financial Statements** - provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.
- **Long-Term Measures of Financial Sustainability** - presents three sustainability indicators that have been set up by the Queensland Department of State Development, Infrastructure, Local Government and Planning to help monitor the long-term sustainability of all councils across Queensland.

# CORPORATE FINANCIAL STATEMENTS

	\$ Million
Operating Revenue	322.1
Operating Expenses	(319.7)
Capital Income	53.8
Capital Expenses	(22.8)
<b>Net Result</b>	<b>33.4</b>
Total Assets	4,236.1
Total Liabilities	(296.5)
<b>Net Community Assets</b>	<b>3,939.6</b>
<b>Total Capital works Expenditure</b>	<b>158.9</b>

## BACKGROUND

### Assumptions and Principles

Under the requirements of the *Local Government Regulation 2012*, Council is required to prepare general purpose Financial Statements for the period. This report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council controls and manages infrastructure assets that are largely unique to the public sector. These infrastructure assets include roads, bridges, footpaths, water reticulation and sewerage assets, which generally have very long useful lives and can only be used for providing local government services. The costs associated with the maintenance, depreciation and replacement of these assets form a material part of Council's annual expenditure.

Council continues to implement its Asset Management Plans to facilitate sound strategic asset management decisions.

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

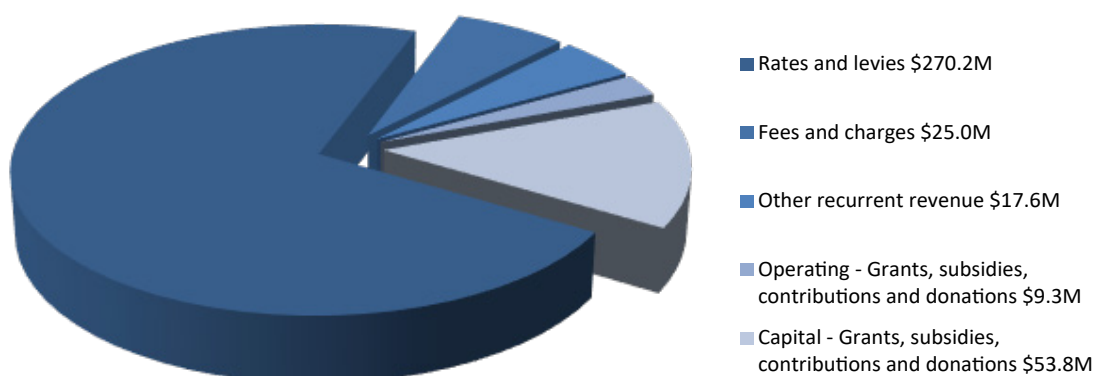
The business activities of Cairns Water and Cairns Resource Recovery return a dividend to Council in recognition that they have been established to further good governance. Dividends are then utilised to provide services and infrastructure to the community.

## STATEMENT OF COMPREHENSIVE INCOME

### Revenue

Revenues for the 2021-21 financial year comes from various sources, as shown in the following graph.

The majority of Council's revenue (71.9%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations (14.3%), 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.

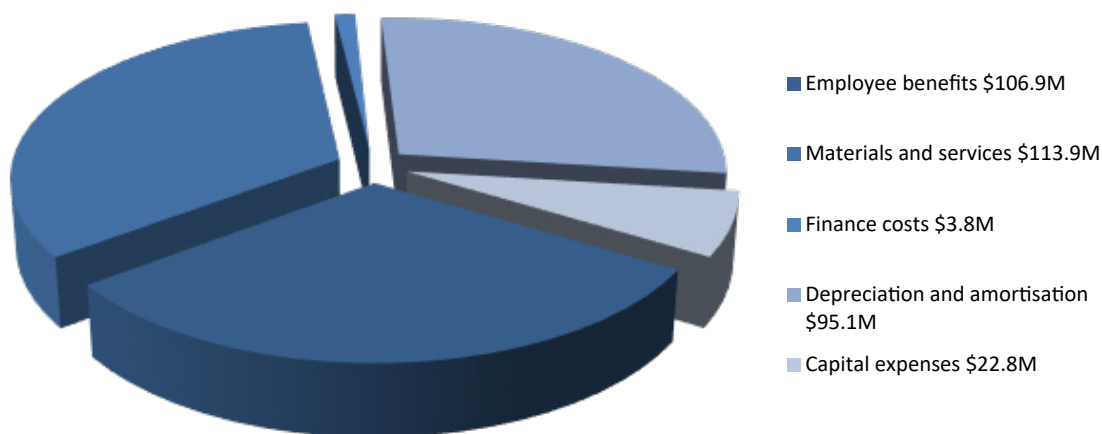


**Total Revenue \$375.9 million**

### Expenses

Materials and services and employee costs make up 64.5% of the total expenditure of Council. Council has a strong labour workforce to provide maintenance, water and resource recovery services, planning, community, sport and cultural services and capital infrastructure for the community.

Materials and services include advertising, agency and temporary staff costs, audit fees, communication and IT, grants to community groups, electricity, external services and hire, garbage collection services, rentals, and repairs and maintenance. Refer to Note 6 of the Financial Statements for further details.



**Total Expenses \$342.5 million**

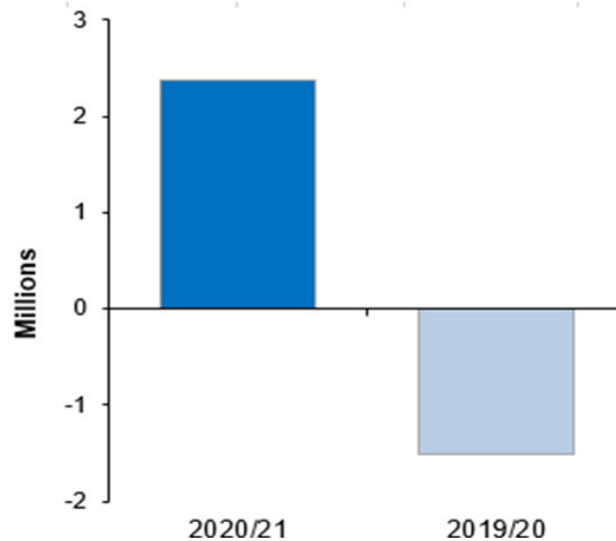
## OPERATING POSITION

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

The operating position is calculated by taking total operating revenue (\$322.1 million) and deducting total operating expenses (\$319.7 million). It does not include revenue or expenditure amounts for capital projects.

Council ended the 2020/21 financial year with a \$2.4 million surplus, compared to the \$1.6 million deficit in the 2019/20 financial period.

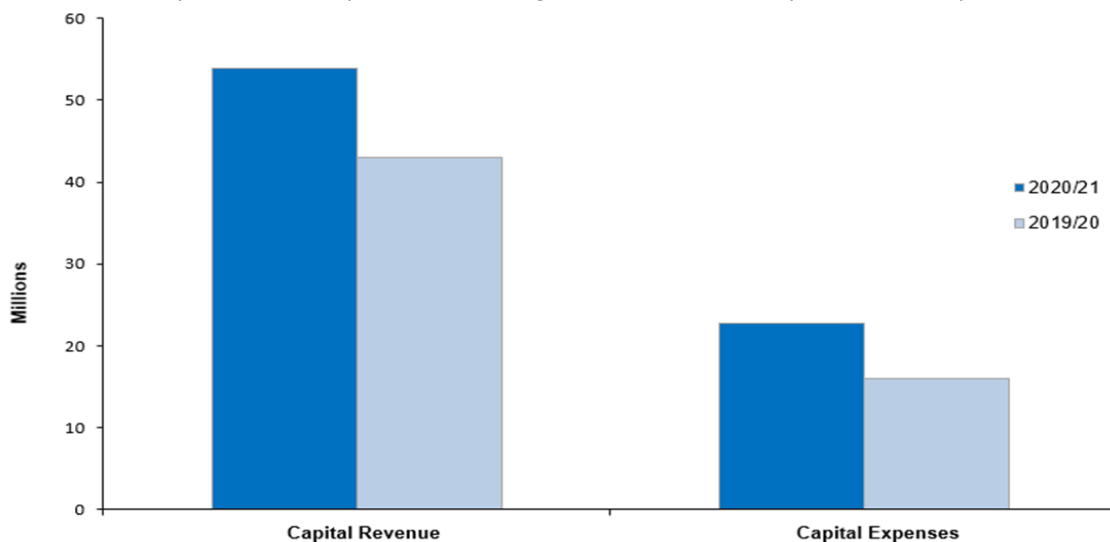
This graph shows the operating position for 2020/21 compared to the operating position for the 2019/20 period.



CORPORATE GOVERNANCE

## NET RESULTS

Council's net result of \$33.4 million is calculated by taking the operating position of \$2.4 million above and adding capital revenue (\$53.8 million) and deducting capital expenses (\$22.8 million).





Capital revenue represents the following income streams:

- Donated assets - infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue that 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 in unspent in the year.
- Government subsidies and grants - this represents income received for the sole purpose of funding capital work projects.

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

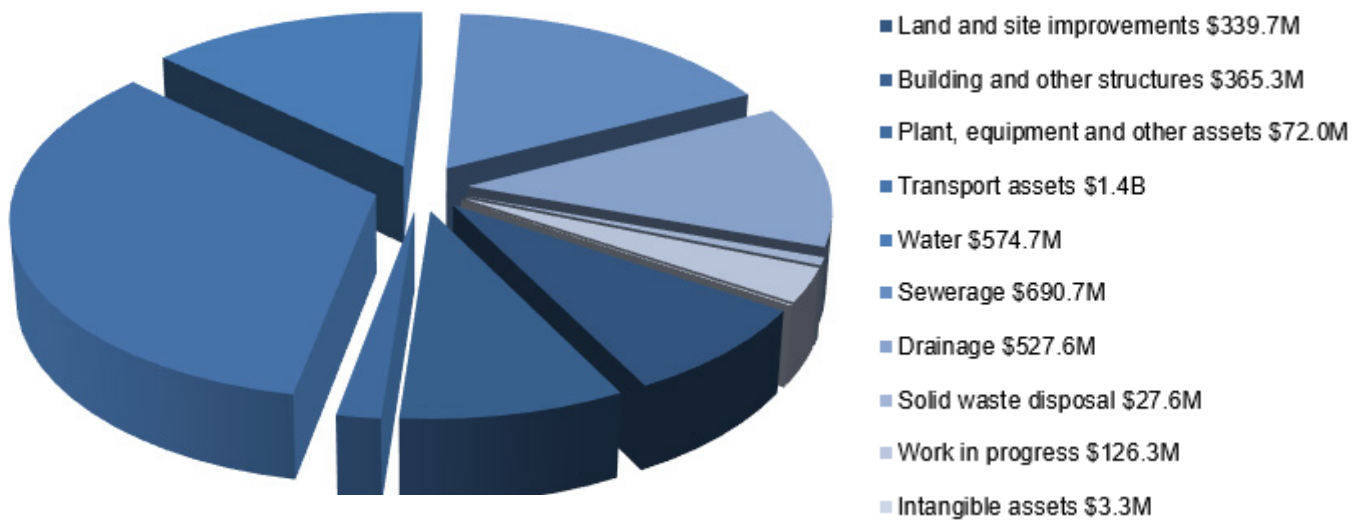
Further details on capital revenue and expenses are contained in notes 4 and 7 of the Financial Statements.

### STATEMENT OF FINANCIAL POSITION

	2020/21	2019/20
	\$ Million	\$ Million
Current assets	63.5	63.3
Non-current assets	4,172.6	4,068.3
<b>Total Assets</b>	<b>4,236.1</b>	<b>4,131.6</b>

Council assets as at 30 June 2021 totalled just over \$4.2 billion. This includes \$63.5 million of current assets (liquid assets or amounts due to be received within 12 months) and \$4.17 billion of non-current assets. Property, plant and equipment makes up 98.5% of total assets.

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



Property, Plant and Equipment \$4.2 billion

## STATEMENT OF FINANCIAL POSITION

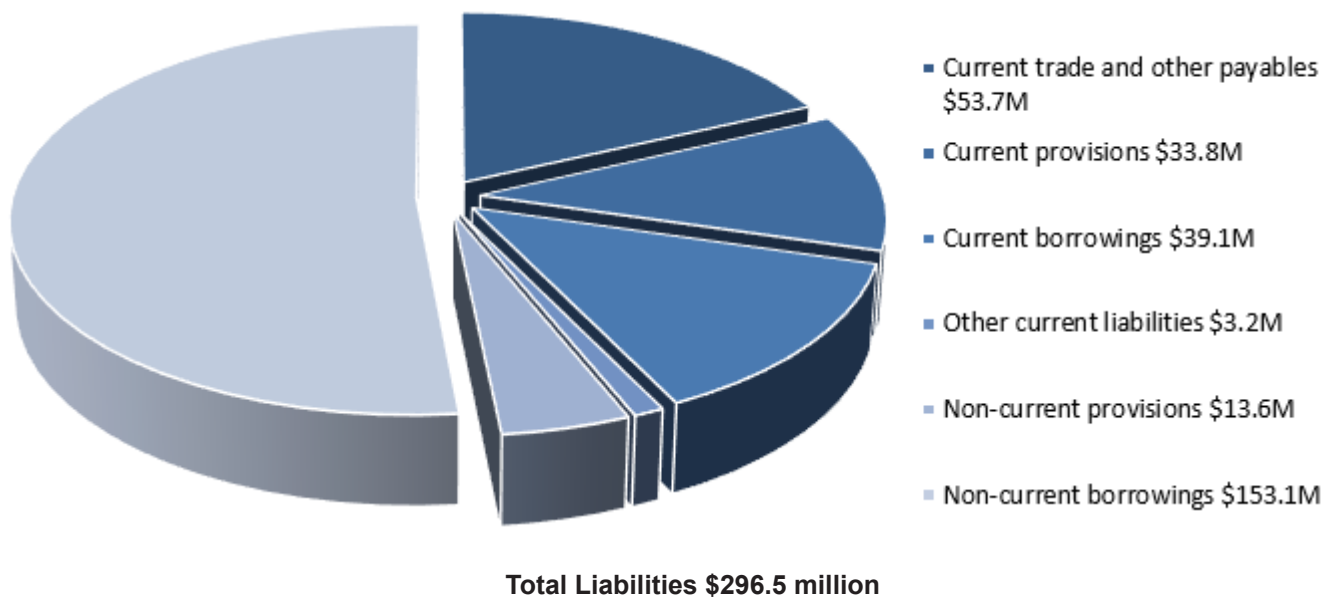
### Liabilities

	2020/21	2019/20
	\$ Million	\$ Million
Current liabilities	129.9	107.8
Non-current liabilities	166.6	168.2
<b>Total liabilities</b>	<b>296.5</b>	<b>276.0</b>

Total liabilities as at 30 June 2021 were \$296.5 million. This includes \$129.9 million of current liabilities (due to be paid out within 12 months) and \$166.6 million of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements.

Interest-bearing liabilities represent the largest component within Council's liabilities and consists of loans from Queensland Treasury Corporation (QTC). Council loan borrowings are discussed further in the Queensland Treasury Debt section.

The following graph shows a breakdown of liabilities by category.



## STATEMENT OF FINANCIAL POSITION

### Borrowings

During the year, Council drew down \$30 million of new loans with QTC to assist in the funding of Council's capital works program. The total loan balance at the end of the financial year was \$192.2 million.

Council maintains a Working Capital Facility (\$120 million) with QTC. As at 30 June 2021 there were drawdowns of \$15.4 million against the facility. As at 1 July 2021, this facility will decrease to \$60 million.

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

	2020/21	2019/20
	\$ Million	\$ Million
Working Capital Facility	15.4	-
Current Borrowings	23.7	20.4
Non-Current Borrowings	153.1	146.6
<b>Total QTC Borrowings</b>	<b>192.2</b>	<b>167.0</b>

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

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

	2020/21	2019/20
	\$ Million	\$ Million
Principal	20.2	14.2
Interest	2.6	2.8
<b>Total Debt Service Payments</b>	<b>22.8</b>	<b>17.0</b>

As at 30 June 2021 Council's debt per rateable property was \$2,391 (2020: \$2,279).

## STATEMENT OF FINANCIAL POSITION

### Sustainability ratio

The following ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria that should be met to ensure the prudent management of financial risks in accordance with chapter 5, Part 3, Division 1 of the *Local Government Regulation 2012*. The benchmarks used for the required ratios are per the Queensland Department of Local Government, Racing and Multicultural Affairs (DLGRMA) guidelines.

Sustainability Ratios						
Ratio	Description	Formula	Benchmark	2020/21	2019/20	Within limits
<b>Asset sustainability ratio</b>	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital expenditure on renewals Depreciation expense	>90%	96%	102%	✓
<b>Net financial liabilities ratio</b>	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues	Total liabilities less current assets Total operating revenue	<=60%	72%	68%	✗ <sup>1</sup>
<b>Operating surplus ratio</b>	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	Net operating surplus Total operating revenue	0-10%	1%	(2%)	✓

<sup>1</sup> The net financial liabilities ratio is outside DSDILGP benchmarks as a result of additional debt draw downs in 2020/21 for the capital works program.

## STATEMENT OF FINANCIAL POSITION

### Conclusion

Council has finished the 2020/21 financial year with a \$33.4 million net result and has continued strong investment in community infrastructure through the delivery of a capital works program in excess of \$158.9 million.

The above results have been impacted by COVID-19, though to a lesser extent than the previous financial year. The long-term impacts of the pandemic on Council and the wider Cairns region are still unknown. Going forward, Council will endeavour to maintain service levels and capital works projects while keeping rate rises at a minimum and not increasing long-term debt. Additionally, Council will continue to offer the Financial Hardship Policy which provides extended repayment plans and interest waivers for ratepayers adversely affected by COVID-19.

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.

# COMPLAINTS MANAGEMENT

## ADMINISTRATIVE ACTION COMPLAINTS

Cairns Regional Council is committed to the principles of natural justice and fairness in dealing with administrative complaints dealings. Council assesses all complaints, including anonymous complaints.

Council's General Complaints Policy consists of a three-step process. When Council first receives an Administrative Action Complaint attempts are made to resolve the complaint at the first point of contact. Where this is not possible, an internal review may be requested which is undertaken by an independent unit within Cairns Regional Council. If the complaint is still not resolved or the complainant remains dissatisfied, they can escalate their concerns to a third-party organisation such as the Queensland Ombudsman.

In accordance with section 187 of the *Local Government Regulation 2012*, Council is required to report on the performance of the organisation in dealing with complaints in its Annual Report.

### The following table provides a summary of Administrative Action Complaints during 2020/21

The number of Administrative Action Complaints made in the reporting period	711
---	-----

The number of Administrative Action Complaints resolved in the reporting period*	717
--	-----

The number of Administrative Action Complaints outstanding at 1 July 2021	1
---	---

The number of Administrative Action Complaints that were made in a previous financial year and resolved in 2020/21	7
--	---

\* This number includes Administrative Action Complaints, Internal Reviews and Employee Complaints from the public.



## ADMINISTRATIVE ACTION COMPLAINTS

### Assessment of Council's Performance

A centralised complaints management process was introduced to allow for better KPI management, cause tracking, continuous improvement and reporting through to resolution. The Complaints General Policy and Administration Instruction have been reviewed and updated to ensure compliance with the *Local Government Regulation 2012*.

A report highlighting all administrative action complaints is reviewed by the Executive Team each quarter.

A total of 117 employee conduct complaints were received, of which:

- 23 were substantiated
- 92 were not substantiated
- 2 were inconclusive

Reasons for the Administrative Action Complaints were due to:

- 3 lack of contact/communication from Council
- 2 for process/procedure failure
- 1 for process/procedure not adhered to
- 705 for customer expectation was not met and/or dissatisfaction with a Council decision

10 Administrative Action Complaint were escalated to an internal review by the customer.

34 internal reviews were undertaken resulting in 42 recommendations being made to the relevant departments for consideration.

Of those recommendations:

- 34 were accepted and actioned
- 8 recommendations are ongoing or outstanding
- 1 recommendation is ongoing or outstanding from 2019/20

## ADMINISTRATIVE ACTION COMPLAINTS

### Public Sector Ethics

Council provides the following implementation statements regarding the action taken during the 2020/21 Financial Year to comply with the following:

#### Preparation of Codes of Conduct

Cairns Regional Council has the following Codes of Conduct:

- Code of Conduct for Councillors
- Code of Conduct for Staff

#### Education and Training

Council's Corporate Induction Program ensures all staff appointed to positions at Council are aware of and understand their rights and obligations under the Code of Conduct for Staff. During 2020/21, Council conducted Code of Conduct for Staff refresher sessions for all staff.

Following the 2020 local government elections, Councillors participated in the Department of Local Government, Racing and Multicultural Affairs Corporate Induction and Code of Conduct for Councillors Training. The training outlined the principles and standards of behaviour expected of all Councillors and Mayors when carrying out their roles and responsibilities as elected representatives.

All of Council's procedures and practices reflect Council's commitment to the ethical principles and obligations of the *Public Sector Ethics Act 1994*.

#### Business Activity

Cairns Regional Council received no recommendations from the Queensland Competition Authority (QCA) on any competitive neutrality complaints under section 52(3).

# COMMERCIAL BUSINESS UNIT

## WATER AND RESOURCE RECOVERY

### Overview

Cairns Water and Cairns Resource Recovery (hereafter referred to as Water and Resource Recovery) are commercialised business units of Cairns Regional Council with a charter for:

- Supply of safe, reliable drinking water to consumers
- Collection and treatment of domestic wastewater, commercial and industrial trade waste
- Collection, recycling and disposal of municipal solid waste
- Planning for and delivering water, wastewater and resource recovery infrastructure
- Maintenance of the community's water, wastewater, and resource recovery infrastructure
- Environmental management of water, wastewater, and resource recovery infrastructure facilities

For reporting purposes under the National Competition Policy, Water and Resource Recovery is classed as providing two significant business activities, these being water and wastewater (collectively) and resource recovery (waste) services. Both Cairns Water and Cairns Resource Recovery units are considered significant business activities under the *Local Government Regulation 2012*. Accordingly, these business units have been commercialised under this legislation and report to Council as such.

Water and Resource Recovery provides a high level of customer service to the Cairns community by building relationships and capability, having the right people and the right culture, and using efficient processes to deliver effective results.

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

### Cairns Water

#### Water Supply

Water and Resource Recovery operates 10 water supply schemes: Bartle Frere, Bramston Beach, Mirriwinni, Babinda, Bellenden Ker, Fishery Falls, Mountain View, Orchid Valley, Copperlode/Behana and Bessie Point. The main water sources that supply the area from Gordonvale to Palm Cove are the Copperlode Falls Dam and Behana Creek. The small southern communities draw water from a number of intakes on local streams.

#### Principal assets include:

<b>Major Water Sources</b>	Copperlode Falls Dam (Lake Morris) Behana Creek (Intake)
<b>Major Treatment Plants</b>	Freshwater Creek Water Treatment Plant at Tunnel Hill Behana Gorge Water Treatment Plant
<b>Minor Intakes</b>	Eleven (11) minor intakes consistent with Drinking Water Quality Management Plan
<b>Kilometres of Mains</b>	~2,212 kilometres*

\*Intake figure includes 2 decommissioned intakes and 1 non-potable intake

\*Data sourced from 2020/21 Asset Management Plan Water Assets

## Water Supply

Major Capital Works projects undertaken within the water supply system, and corresponding expenditure for the year, are listed below.

- Refurbishment of Freshwater Creek Water Treatment Plant (filter upgrade) \$3.1M
- Water main replacement FY20/21 program \$3.4M
- Northern Beaches Trunk Water Main (Kamerunga Road to Lake Placid) \$3.1M
- Freshwater Water Treatment Plant / Crystal Cascades intake upgrade \$2.2M
- Water meter installations FY20/21 program \$1.5M
- White Gap No. 1 Water Reservoir refurbishment \$1.1M

## Wastewater Obligations

Water and Resource Recovery manages six wastewater schemes. The Cairns region has distinct catchment areas serviced by six wastewater treatment plants (WWTPs): Marlin Coast, Northern, Southern, Edmonton, Gordonvale and Babinda. The WWTPs are a combination of activated sludge and biological treatment processes, with the two larger plants (Northern and Southern) also having membrane filtration processes. The smaller plants treat effluent to a secondary standard, while the larger plants treat to a tertiary standard. Council has been issued with an Environmental Authority from the Queensland Department of Environment and Science (the regulator) for the management of these WWTPs.

### Principal assets include:

<b>Major Treatment Plants</b>	6
<b>Sewage Pumping Stations</b>	180
<b>Kilometres of Mains</b>	~1,311 km*

\*Data sourced from 2020/21 Asset Management Plan Wastewater Assets.

Major Capital Work projects undertaken within the wastewater system, and corresponding expenditure for the financial year, are listed below.

- Continuation of Lily Street Sewer Pump Station (SPSK) replacement \$5.4M
- Sewer relining program \$1.9M
- Northern and Southern Wastewater Treatment Plants membrane replacement \$1.5M
- Marlin Coast Wastewater Treatment Plant remediation works \$1.1M
- Sewer Pump Station R19A - new pump station \$936,658

## Resource Recovery

Resource Recovery manages a range of solid waste and resource recovery operations, activities and services across the region. These include kerbside waste and recycling collection contracts, a regional waste management contract for the treatment and disposal of waste through an Advanced Resource Recovery Facility, a Material Recovery Facility, glass processing facility, transfer stations, the Buy Back Shop for the resale of recovered materials, and the environmental monitoring of Council's closed landfills. The business focus is on waste minimisation and resource recovery primarily driven through the Waste Reduction and Recycling Strategy 2018-2027.

### Principal assets include:

Principal asset	Asset location/s
Materials Recovery Facility	Portsmith
Regional Container Processing Facility	Portsmith
Waste Transfer Stations	Portsmith
	Smithfield
	Gordonvale
	Babinda Bramston Beach
Buy Back Shop	Portsmith
Closed landfills	Portsmith
	Babinda
	Gordonvale
	White Rock
	Machans Beach Yorkeys Knob
Waste treatment and disposal	Contractual arrangements with a commercial entity Suez (Cairns Advanced Resource Recovery Facility) to accept, treat and dispose of all Council waste at an Advanced Resource Recovery Facility

Major Capital Works projects undertaken within Resource Recovery, and corresponding expenditure for the year, are listed below.

- Materials Recovery Facility Equipment Renewal \$7M
- Materials Recovery Facility New Shed \$3M\*

\*Portion of project delivered in the 2020/2021 FY. Inception-to-date (ITD) expenditure \$7.3M.



## Annual Statement of Operations

Water and Resource Recovery's 2020/21 Annual Performance Plan (the Plan) was the agreement with Cairns Regional Council to deliver water, wastewater, solid waste services and resource recovery operations. The Plan described Water and Resource Recovery's scope of activities, responsibilities, service to customers, environment protection, asset management and its financial policies.

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

The *Water Supply (Safety and Reliability) Act 2008* s115 requires water service providers to prepare and publish Customer Service Standards. The Customer Service Standards are intended to protect customers where there is no contract between them and the water service provider. This is to ensure customers are adequately informed about the service they are receiving, the level of service they can expect to experience, and how they interact with the provider. The Water and Resource Recovery Customer Service Standards were approved in September 2020.

## Amendments to Annual Performance Plan

There were no substantive amendments made to the 2020/21 Annual Performance Plan.

## Key Deliverables

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

- Water and wastewater (Cairns Water)
- Waste services (Cairns Resource Recovery)

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

- Impounding, harvesting and treatment of raw water
- Reticulated treated water services
- Reticulated wastewater collection services including wastewater treatment and by-product disposal
- Treated effluent and bio-solids for re-use purposes
- Planning, design, documentation and construction of water, wastewater and resource recovery infrastructure
- Collection, treatment, and disposal and/or recycling of municipal solid wastes



## Key Deliverables continued

- Aggregation, processing, recovery and disposal of domestic, commercial, and not-for-profit charitable self-hauled waste and recycling
- Environmental monitoring and management of closed landfills
- Trade waste services
- Review of plumbing applications, plumbing approvals
- Community education programs
- Water demand management services, including meter testing
- Hydraulic information to allow design of water network infrastructure
- As-constructed plans for water and wastewater
- Installation of new water supply and wastewater services
- Miscellaneous maintenance services for water and wastewater
- Buy Back Shop
- Business recycling
- Regional Container Processing

**Community Service Obligations carried out by Water and Resource Recovery are as follows:**

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

<b>Activities</b>	<b>Community Service Obligation</b>	<b>2020/21</b>
<b>Type 1 Activities</b>		<b>\$</b>
Water	Service locations	4,117
	Fire hydrants maintenance	707,793
	<b>Total</b>	<b>711,910</b>
Wastewater	Service locations	33,263
	<b>Total</b>	<b>33,263</b>
Solid Waste Management	Free disposal general waste	337,731
	Free disposal green waste	538,887
	Schools recycling	34,457
	In kind waste and recycling collections	8,844
	<b>Total</b>	<b>919,919</b>

## Financial Indicators - Water and Wastewater

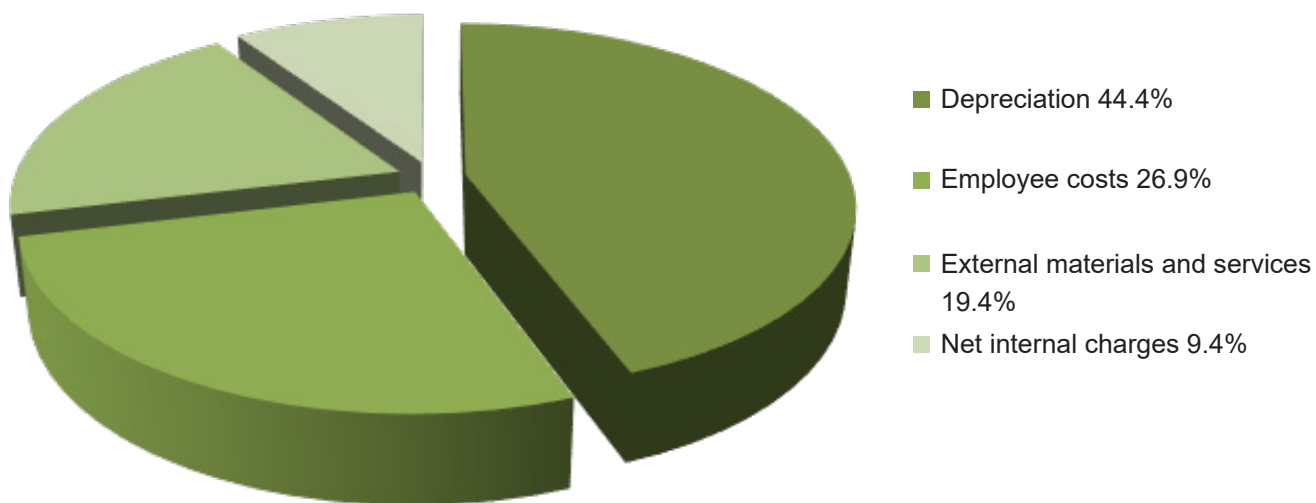
The source breakdown of water and wastewater actual revenue is detailed in the graph below.

**Cairns Water and Wastewater revenue 2020/21**



The source breakdown of water and wastewater actual expenses is detailed in the graph below.

**Cairns Water and Wastewater expenditure 2020/21**



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

## Service Indicators - Water and Wastewater Services

Water and Resource Recovery reported on the following Key Performance Indicators (KPIs) to Council on a quarterly basis during 2020/21. Graphs showing the performance for each indicator by month are displayed below.

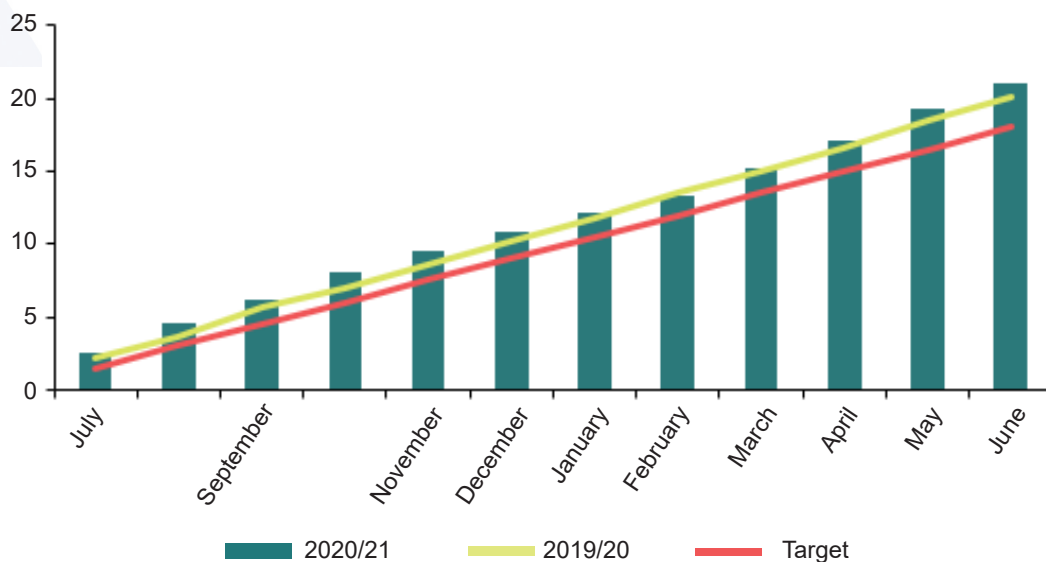
QG* KPI	Performance indicator	Performance measure	Target threshold
QG 4.5	Total water main breaks (S)*	Breaks per 100km / year	≤ 18
QG 4.6	Total sewerage main breaks and chokes (S)	Breaks and chokes per 100km / year	≤ 16
QG 4.7	Incidence of unplanned interruptions - water (S)	Water interruptions per 1000 properties / year	≤ 50
QG 4.8a	Average response time for water bursts	Hours	≤ 2
	Average response time for water leaks	Hours	≤ 24
QG 4.9a	Average response time for sewerage main breaks	Hours	≤ 2
	Average response time for sewerage main chokes	Hours	≤ 24
QG 4.10	Water Quality Complaints (S)	Per 1000 properties / year	≤ 3
QG 4.11	Total water and sewerage complaints (S)	Per 1000 properties / year	≤ 10

\*QG KPI: Queensland Government Key Performance Indicator

\* (S): Scheme-wide as opposed to service provider-wide

## Water Supply

Number of main breaks / 100km of main

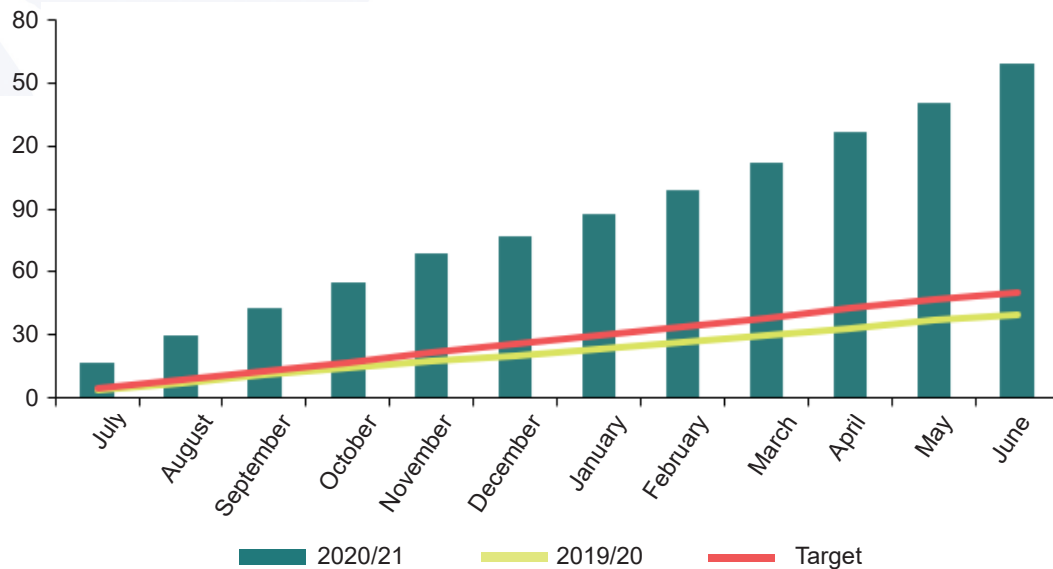


Twenty-one more water breaks were reported in the 2020/2021 financial year than in the 2019/2020 financial year. There was a spike in breaks in July, associated with ageing infrastructure.

There was a range of contributing factors to water main breaks in the 2020/21 financial year, including: age of pipe, pipe deterioration, corrosion, environmental conditions, and tree root damage. Pipe bedding movement around water mains may have contributed to breaks. This data informed the development of the Infrastructure Asset Renewal Programme.

## Water Supply

**Incidence of unplanned interruption water supply per 1000 properties**



The number of unplanned interruptions for the 2020/21 financial year exceeds the current target due to a revised interpretation of the KPI definition. KPI target revision and assessment will occur in the 2021/22 financial year in conjunction with the Customer Service Standards annual review.

CORPORATE GOVERNANCE

**Average response time water bursts**



The targeted average response time for water bursts was met for all months, except September, throughout the 2020/21 financial year. Water bursts and water leaks are tracked separately to give a more accurate representation of operational performance. Typically, non-urgent incidents, such as minor water leaks, will have a longer response time due to the nature of the incident.



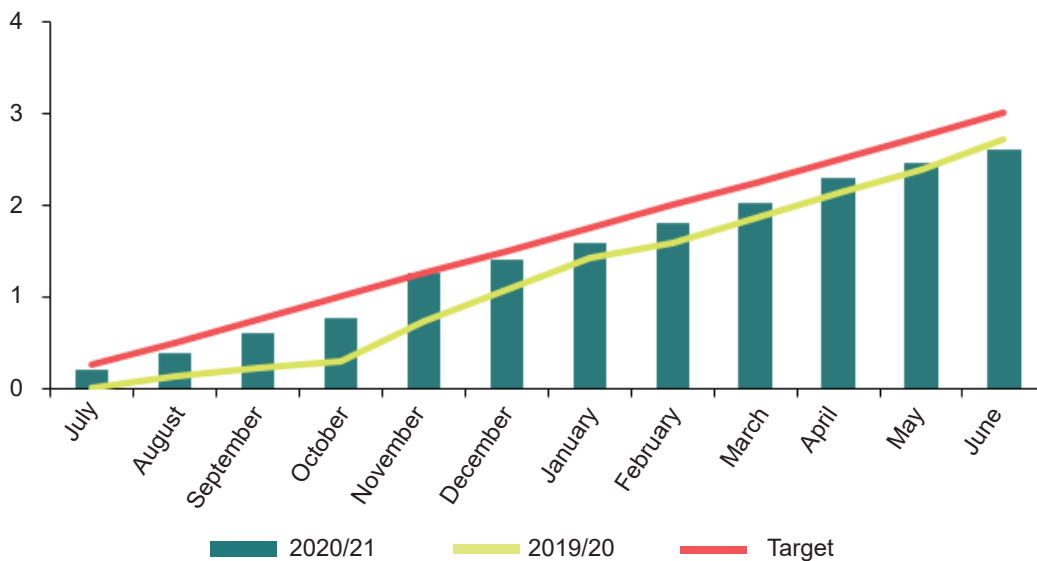
## Water Supply

Average response time for water leaks



The targeted average response time for water leaks was met for all months throughout the 2020/21 financial year.

Drinking water quality complaints / 1000 properties



The total number of water quality complaints in the 2020/21 financial year decreased by 27 compared to the 2019/20 financial year. Nine internal plumbing issues were associated with November's small spike. The number of drinking water quality complaints did not exceed the KPI target.

## Sewerage System

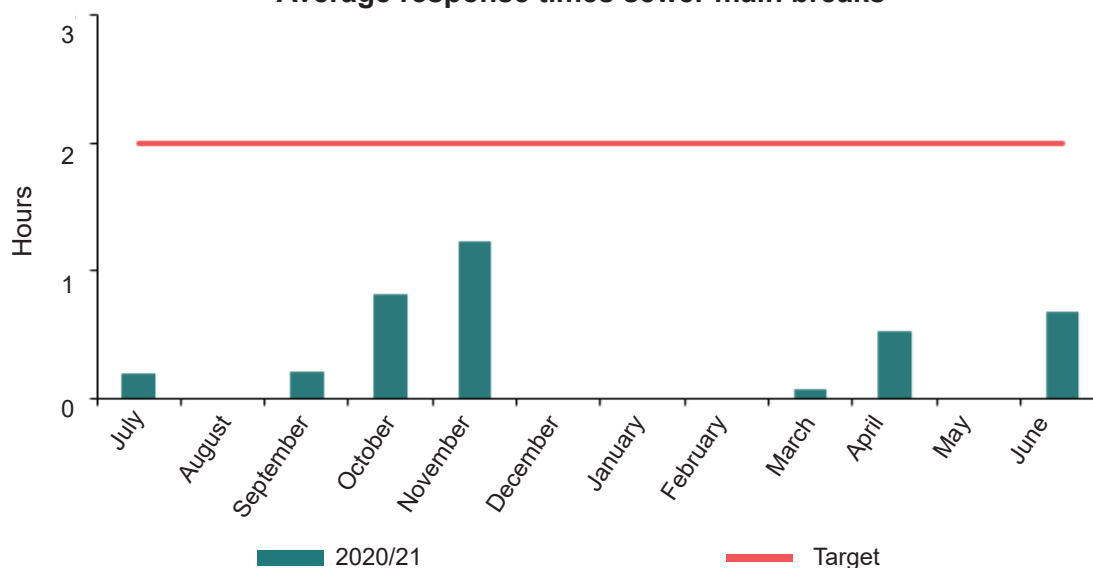
Number of sewerage main breaks and chokes / 100km



The total number of sewer main breaks and chokes on Council side did not exceed the KPI target throughout the 2020/21 financial year. There was an increase in the number of breaks and chokes in April within Council infrastructure and also in the plumbing within owners' properties, due to high rainfall which put pressure on the sewer system. While the KPI definition and target does not include 'owner-side' breaks and chokes, Council continues to monitor these breaks and chokes along with its own performance.

CORPORATE GOVERNANCE

Average response times sewer main breaks



The average response time for sewer main breaks did not exceed the KPI target in the 2020/21 financial year. The KPI definition does not include the length of time taken to repair breaks, only the average response time for crews to attend to the break.

## Sewerage System

Average response times sewer main chokes



The average response time for sewer main chokes only exceeded the KPI target in the month of April, due to high rainfall causing sewer line flooding. Crews were committed to attending to sewer surcharges to properties and controlling sewer pump stations. The KPI definition does not include the length of time taken to repair chokes (blockages), only the average response time for crews to attend the choke.

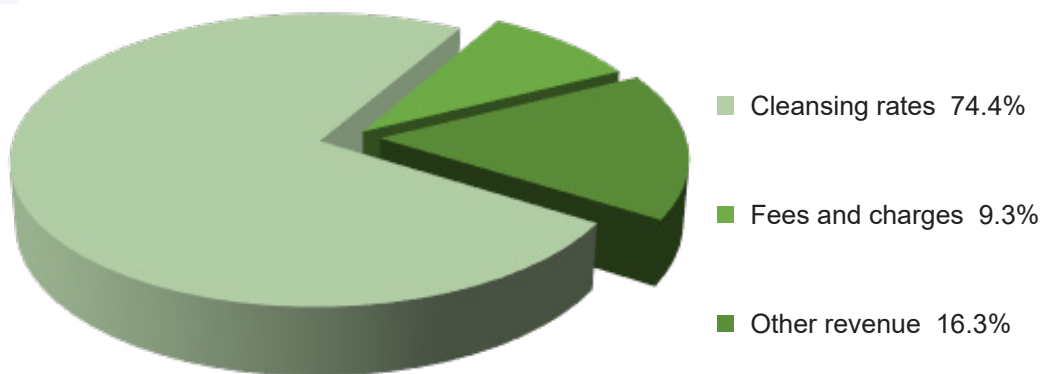
## Customer Complaints

No water and sewerage complaints received in the 2020/21 financial year.

## Financial Indicators - Resource Recovery

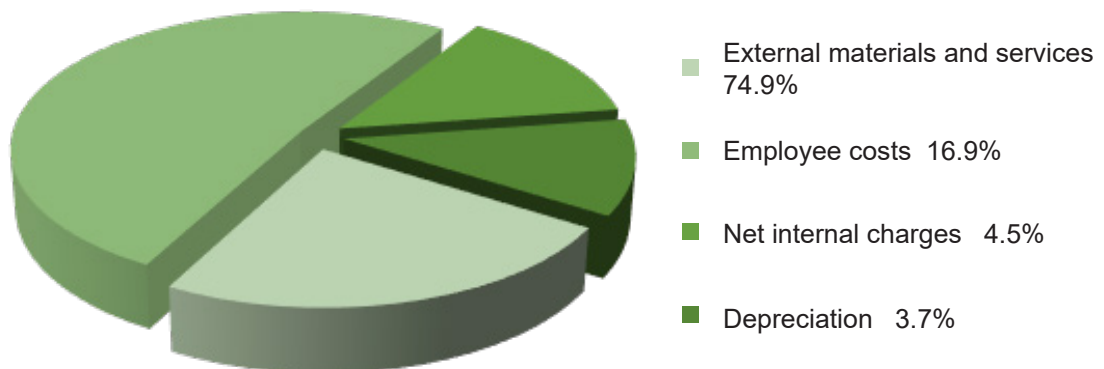
The source breakdown of Resource Recovery's actual revenue is detailed in the graph below.

**Resource Recovery revenue 2020/21**



The source breakdown of Resource Recovery's actual expenses is detailed in the graph below.

**Resource Recovery expenditure 2020/21**



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

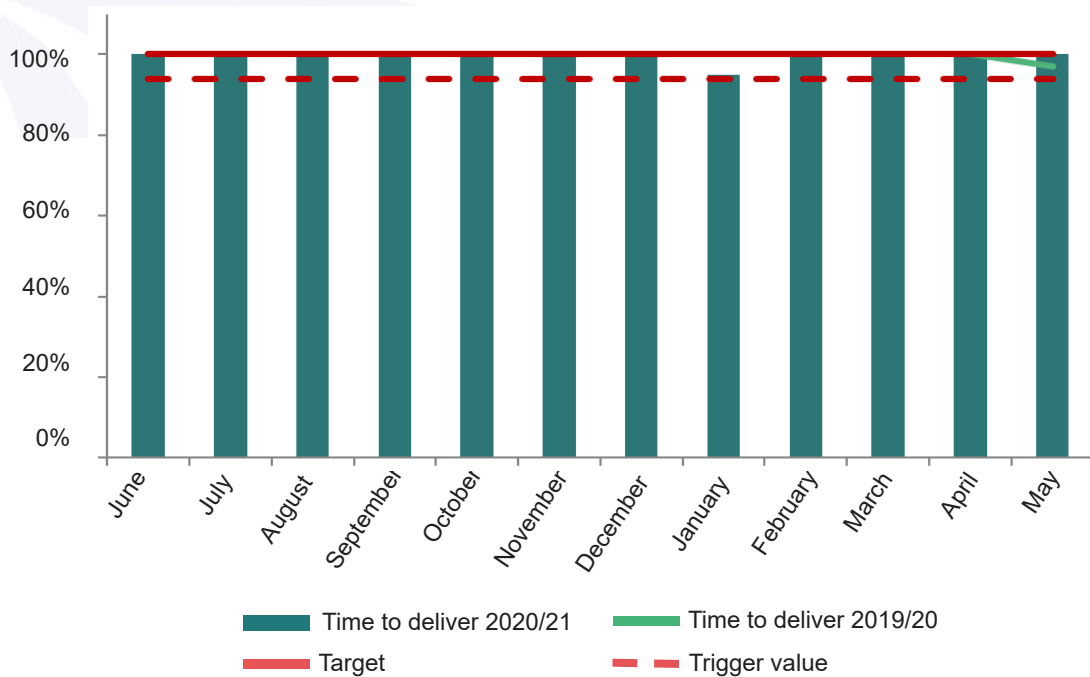
## Service Indicators - Resource Recovery

Resource Recovery reported on the following Key Performance Indicators (KPIs) to Council on a quarterly basis during 2020/21. Graphs showing the performance for each indicator by month are displayed below.

	Performance indicator	Performance measure	Target
Effective Collection of Residential Values	1 New bin delivery	Response time for new bin delivery	100% within 48 hours
	2 Missed services - kerbside waste	Number of missed services per month	≤ 1 per 5000 services
	3 Response time to missed services - kerbside waste	Response time for collection of missed kerbside waste services	95% within 24 hours
	4 Missed services - kerbside recycling	Number of missed services per month	≤ 1 per 5000 services
	5 Response time to missed services - kerbside recycling	Response time for collection of missed kerbside waste services	95% within 24 hours
	6 Response time to repair/replacement requests - kerbside waste and recycling	Response time to repair/replace requests for kerbside waste and recycling	95% within 48 hours

## Service Indicators - Resource Recovery

### Time taken to deliver new waste and recycling bins

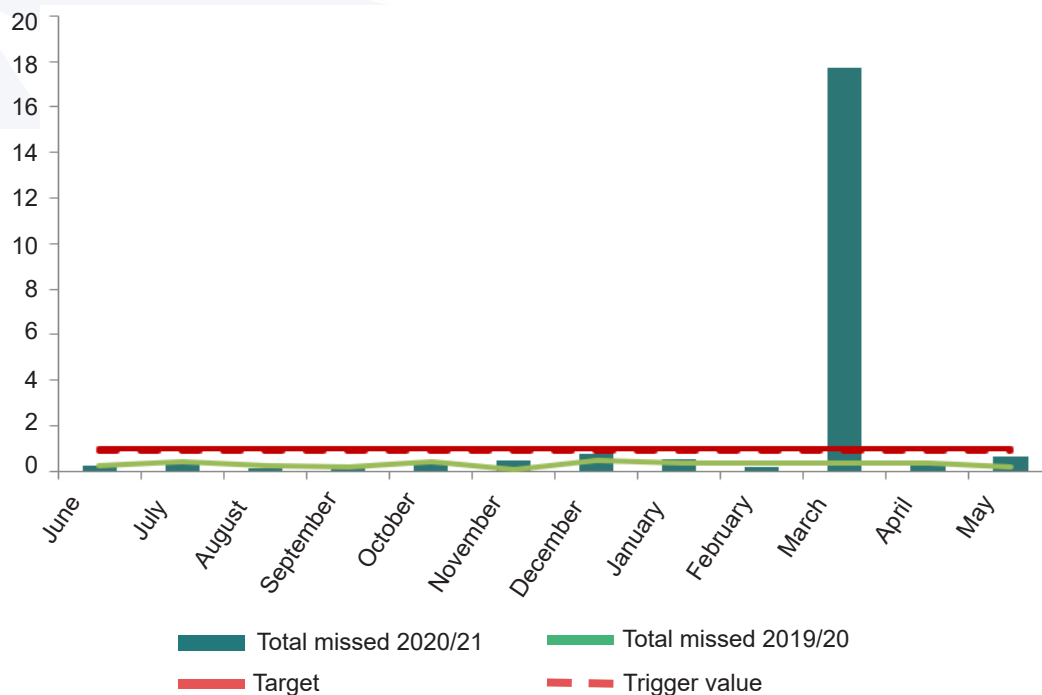


More than 1400 requests for new bins were received in the 2020/21 financial year. Bins were delivered within KPI time limits with the exception of January, which was impacted by Christmas / New Year public holidays.



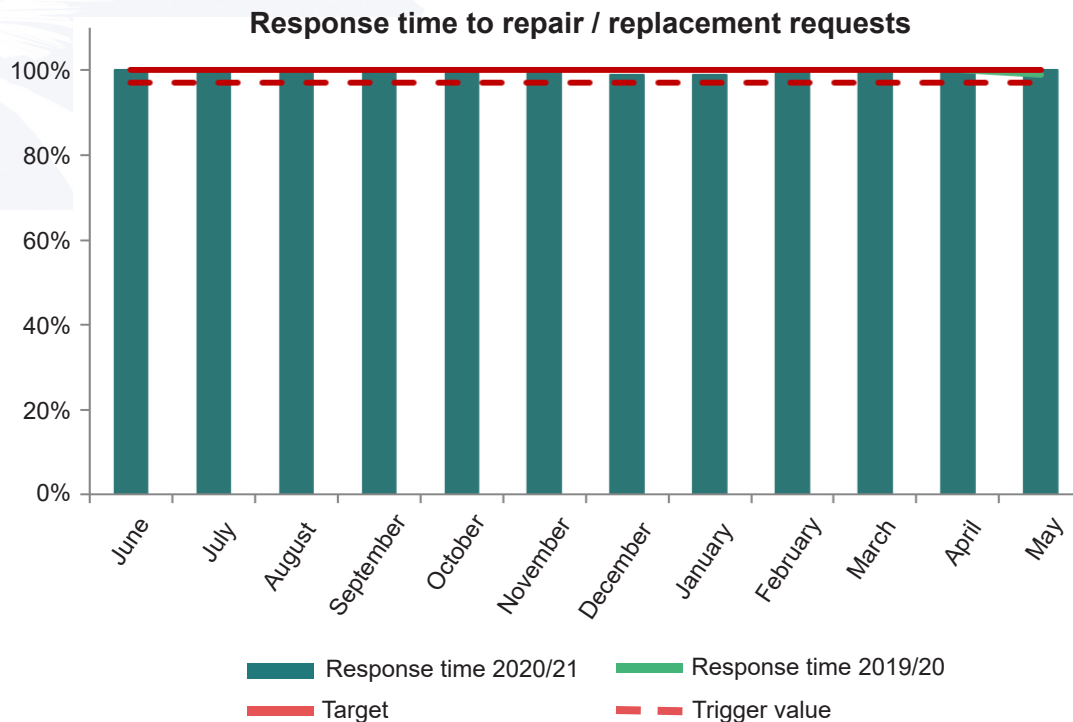
## Service Indicators - Resource Recovery

### Missed waste and recycling services per 5000 properties



More than 4.6 million kerbside waste and recycling bin collections were conducted in the 2020/21 financial year. Only 1,859 (0.04%) of bins were missed. March was the only month the KPI wasn't met, reflecting service disruptions caused by Tropical Cyclone Niran.

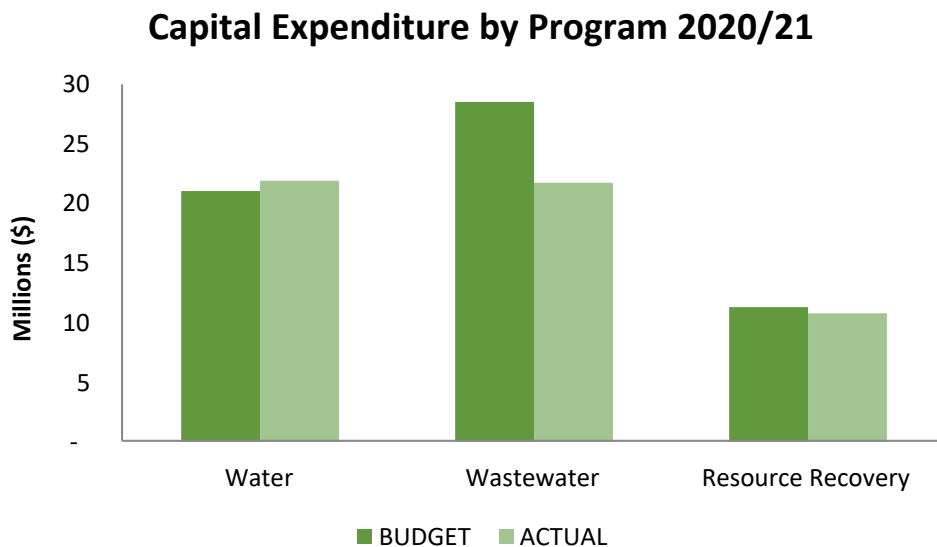
## Service Indicators - Resource Recovery



Resource Recovery performed consistently throughout the year, meeting 100% of the Key Performance Indicator target for all months except December and January. Only 9 out of 1,614 requests were responded to outside of the 48-hour target response time in this period, which is reflective of the Christmas/New Year public holidays and the high volume of repair requests received.

## Capital Works

Capital Works delivered by Water and Resource Recovery for water, wastewater and resource recovery totaled \$54.3 million. This expenditure was 89% of the budgeted amount of \$60.8 million.



CORPORATE GOVERNANCE

## Cairns Water - Operating Statement

For the year ending 30 June 2021

	2020/21 Actual '\$000	2020/21 Budget '\$000
<b>Operating Revenue</b>		
Net rates and utility charges	126,309	127,312
Fees and charges	6,482	5,051
Interest	787	667
Miscellaneous revenue	1,272	824
<b>Total Operating Revenue</b>	<b>134,850</b>	<b>133,854</b>
<b>Operating Expenditure</b>		
Employee benefits	23,600	23,651
Materials and services	25,283	26,584
Depreciation and amortisation expenses	38,938	37,206
Finance costs	(67)	16
<b>Total Expenses</b>	<b>87,754</b>	<b>87,457</b>
<b>OPERATING CAPABILITIES BEFORE CAPITAL ITEMS &amp; INCOME TAX</b>	<b>47,096</b>	<b>46,397</b>
<b>Capital Items</b>		
Gain / (loss) on disposal of property, plant & equipment	( 5,658 )	( 3,548 )
Contributed assets	3,972	7,102
Other capital contributions	1,666	667
Subsidies and grants	173	-
<b>Total Capital Items</b>	<b>153</b>	<b>4,221</b>
<b>INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX</b>	<b>47,249</b>	<b>50,618</b>
Income tax benefit / (expense)	( 14,175 )	( 15,185 )
Dividend income / (expense)	( 27,263 )	( 34,766 )
<b>INCREASE / (DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX</b>	<b>5,811</b>	<b>667</b>

## Cairns Resource Recovery - Operating Statement

For the year ending 30 June 2021.

	2020/21 Actual '\$000	2020/21 Budget '\$000
<b>Operating Revenue</b>		
Net rates and utility charges	28,478	28,379
Fees and charges	3,545	3,266
Interest	186	166
Miscellaneous revenue	5,889	5,338
Grant income	156	0
<b>Total Operating Revenue</b>	<b>38,254</b>	<b>37,149</b>
<b>Operating Expenditure</b>		
Employee benefits	5,097	4,643
Materials and services	23,880	22,996
Depreciation and amortisation expenses	1,108	796
Finance costs	0	6
<b>Total Expenses</b>	<b>30,085</b>	<b>28,441</b>
<b>OPERATING CAPABILITIES BEFORE CAPITAL ITEMS &amp; INCOME TAX</b>	<b>8,169</b>	<b>8,708</b>
<b>Capital Items</b>		
Gain / (loss) on disposal of property, plant & equipment	( 1,723 )	-
Contributed assets	-	-
Other capital contributions	-	-
Subsidies and grants	820	2,023
<b>Total Capital Items</b>	<b>( 903 )</b>	<b>2,023</b>
<b>INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX</b>	<b>7,266</b>	<b>10,731</b>
Income tax benefit / (expense)	( 2,180 )	( 3,219 )
Dividend income / (expense)	( 4,266 )	( 5,489 )
<b>INCREASE / (DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX</b>	<b>820</b>	<b>2,023</b>

# SUMMARY OF RATES AND CONCESSIONS

## SPECIAL RATES AND CHARGES

Pursuant to sections 92 and 94 of the *Local Government Act 2009* and section 94 of the *Local Government Regulation 2012*, Council has resolved to raise and levy the following special charges.

**Holloways Beach Rock Wall Stage 1:** An amount of \$253.81 per lineal metre of constructed rock wall to be levied on each parcel identified on the map marked Holloways Beach Rock Wall - Stage 1.

**Holloways Beach Rock Wall Stage 2A:** An amount to be levied on each parcel identified on the map marked Holloways Beach Rock Wall - Stage 2A.

**Holloways Beach Rock Wall Stage 2B:** An amount to be levied on each parcel identified on the map marked Holloways Beach Rock Wall - Stage 2B.

### **Bluewater Canal:**

- a. An amount of \$2,183.24 to be levied on each lot identified on the map marked Bluewater Canal
- b. A total amount of \$235,789.92 for Bluewater Marina
- c. A total amount of \$98,929.46 for Yorkeys Knob Marina

## REBATES AND CONCESSIONS

### **Council Pensioner Remission**

- a. A rebate of 40% of the General Rate up to a maximum of \$1,350 per annum was granted to all pensioners whose applications met the eligibility criteria set down in the Revenue Statement General Policy. These remissions were not applied retrospectively.
- b. The upper limit of total remission did not exceed 5% of Council's total net general rates, therefore the 40% remission was not required to be reduced on a pro rata basis in line with policy.

### **Retirement Village Remission**

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.

A remission was then applied based on the number of dwellings occupied by pensioners as a percentage of the total numbers of dwellings in the village.

## REBATES AND CONCESSIONS

### Rates Based Financial Assistance

Not-for-profit recreation, sporting and community groups can apply for remission of general rates, water access charges and sewerage charges, under Council's Rates Based Financial Assistance General Policy.

To be eligible, 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 a distribution of assets if the organisation is wound up.

### Financial Hardship Policy

Council recognises the effect of the COVID-19 pandemic on the Cairns community and, in particular, the adverse financial impact on ratepayers through loss of income or wages, and downturn in business. The Financial Hardship Policy has been developed to provide assistance through extended payment plans and waiver of interest for outstanding rates and water usage debts.

### Independent Rates Relief Tribunal

This policy has been adopted to provide a safety net for those ratepayers suffering genuine financial hardship. The Tribunal is made of a mix of independent voluntary appointees selected by Council and two Councillors.

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

### Health

Financial assistance is available to offset water usage costs for users of home dialysis equipment. Written applications must be submitted to Cairns Regional Council for approval.

### Concealed leaks

Financial assistance is available to residents and not-for-profit organisations that have incurred larger than normal water accounts due to a concealed water leak.



# ADDITIONAL INFORMATION

## REGISTERS

The following registers are held by Cairns Regional Council:

- Asbestos Register
- Asset Register
- Conflict of Interest / Material Personal interest Declaration Register
- Corporate Risk Register
- Council Local Laws Register
- Embargo Register
- Environmentally Relevant Activity Register
- Fleet Disposal Register
- Local Heritage Register
- Legal Matter Register
- Resident Evacuation and Recovery Register
- Benefits (including Gifts) Register
- Cost Recovery Fees Register
- Council Meeting Minutes Register
- Delegations (including Financial) Register
- Council's approved procurement arrangements, Approved Contractor lists, Register of Pre-Qualified Suppliers, and Preferred Supplier Arrangements
- Election Gifts and Benefits Register
- Interests Chief Executive Officer Register
- Interests Councillors Register
- Interests Senior Contract Employees Register
- Tree Removal and Replacement Projects Register
- Road Register
- Vegetation Protection Local Law Register

## INTERNAL AUDIT

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

The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2021, Council's outsourced internal audit consultant was Pacifica Chartered Accountants. The independence and objectivity of the consultant is continuously monitored by the General Manager Human Resources and Organisational Change as the Internal Audit Sponsor.

The Internal Audit Plan is reviewed annually by management and the Audit Committee to ensure it remains relevant to the organisation's needs. The key underpinning document is the Corporate Risk Register. Council's 2020/21 Internal Audit Plan covered all departments and included reviews of:

- Large scale contracted services - contractor adherence to agreed contract terms and service levels
- Non-financial delegations management practices
- Contracted plant procurement practices
- Official complaints - documentation retention and retrieval process
- Compliance with legislation - conflicts of interest and related parties disclosure
- Audit issues matrix validation
- TOBI payroll methodology validation

## PARTICULAR RESOLUTIONS

Thresholds are reported in Note 10 of the end of year Financial Statements.

## SUMMARY OF INVESTIGATION NOTICES

The annual report for a financial year must contain a summary of investigation notices given in the financial year under s. 49 of the competitive neutrality complaints and in response made by the Local Government in response to the Queensland Productivity Commissioner's recommendations on any competitive neutrality complaints.

During the 2020/21 financial year, Council was not in receipt of any Queensland Productivity Commission notices of investigation under section 49. During the same period, Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under section 52(3).

## SENIOR MANAGEMENT REMUNERATION

The following table shows the range of total remuneration packages for the 12 month period from 1 July 2020 to 30 June 2021 provided to Council's senior contract employees.

The total remuneration packages payable (excluding superannuation) in 2020/21 to senior management was \$2,114,662.

Package range	Number of senior contract employees within package range
\$200,000 to \$299,999	5
\$300,000 to \$399,999	2

Council has resolved not to appoint Councillor advisors.

## INVITATIONS TO CHANGE TENDERS

There was one instance during the 2020/21 financial year where tenderers who had submitted a tender to Council were invited to change their tenders. This related to the following contract:

Contract no.	Contract name	Notification details	Date issued	Details of tender specification change
75532	Refurbishment of Currunda Creek Reservoir	Open tender - post tender closing clarification	20/07/2020	Changes to specifications (coating system).

## OVERSEAS TRAVEL

The annual report for a financial year must contain information about any overseas travel made by a Councillor or a local government employee in an official capacity during the financial year. There was no overseas travel in 2020/21.

## BENEFICIAL ENTERPRISES

Cairns Regional Council does not have any beneficial enterprises.

# **CAIRNS REGIONAL COUNCIL**

## **Financial Statements**

For the year ended 30 June 2021

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# Cairns Regional Council

## Statement of Comprehensive Income

For the year ended 30 June 2021

		2021	2020
	Note	\$	\$
<b>Income</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	270,178,332	265,115,364
Fees and charges	3(b)	24,950,003	22,071,476
Other recurrent revenue	3(c)	15,817,937	15,798,916
Grants, subsidies, contributions and donations	4(a)	9,335,533	7,955,578
<b>Total recurrent revenue</b>		<u>320,281,805</u>	<u>310,941,334</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	53,840,114	43,120,248
<b>Total revenue</b>		<u>374,121,919</u>	<u>354,061,582</u>
Interest received		1,777,454	2,286,494
<b>Total income</b>	2(b)	<u>375,899,373</u>	<u>356,348,076</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(106,844,358)	(106,476,401)
Materials and services	6	(113,897,744)	(118,034,212)
Finance costs		(3,810,318)	(4,520,298)
Depreciation and amortisation		(95,122,180)	(89,249,101)
		<u>(319,674,600)</u>	<u>(318,280,012)</u>
<b>Capital expenses</b>			
Capital expenses	7	(22,805,246)	(15,648,979)
		<u>(22,805,246)</u>	<u>(15,648,979)</u>
<b>Total expenses</b>	2(b)	<u>(342,479,846)</u>	<u>(333,928,991)</u>
<b>Net result</b>		<u>33,419,527</u>	<u>22,419,085</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus		50,532,448	47,859,472
<b>Total other comprehensive income for the year</b>		<u>50,532,448</u>	<u>47,859,472</u>
<b>Total comprehensive income for the year</b>		<u>83,951,975</u>	<u>70,278,557</u>

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

# Cairns Regional Council

## Statement of Financial Position as at 30 June 2021

		2021	2020
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	8	9,243,159	3,760,541
Trade and other receivables	9(a)	51,988,409	57,372,744
Inventories		2,288,891	2,188,568
<b>Total current assets</b>		<u>63,520,459</u>	<u>63,321,853</u>
<b>Non-current assets</b>			
Property, plant and equipment	10(b)	4,168,818,318	4,064,034,993
Intangible assets		3,731,813	4,221,397
<b>Total non-current assets</b>		<u>4,172,550,131</u>	<u>4,068,256,390</u>
<b>Total assets</b>		<u>4,236,070,590</u>	<u>4,131,578,243</u>
<b>Current liabilities</b>			
Trade and other payables	11	53,718,793	59,850,555
Provisions	12	33,817,282	24,199,229
Borrowings	13	39,070,139	20,381,599
Revenue received in advance		3,245,939	3,367,609
<b>Total current liabilities</b>		<u>129,852,153</u>	<u>107,798,992</u>
<b>Non-current liabilities</b>			
Provisions	12	13,601,989	21,583,689
Borrowings	13	153,057,571	146,588,660
<b>Total non-current liabilities</b>		<u>166,659,560</u>	<u>168,172,349</u>
<b>Total liabilities</b>		<u>296,511,713</u>	<u>275,971,341</u>
<b>Net community assets</b>		<u>3,939,558,877</u>	<u>3,855,606,902</u>
<b>Community equity</b>			
Asset revaluation surplus		1,271,116,576	1,220,584,128
Retained surplus		2,668,442,301	2,635,022,774
<b>Total community equity</b>		<u>3,939,558,877</u>	<u>3,855,606,902</u>

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



# Cairns Regional Council

## Statement of Cash Flows

For the year ended 30 June 2021

	2021	2020
Note	\$	\$
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
General rates and utility charges	277,860,411	255,973,040
Rental and levies, fees and charges	26,755,295	17,546,293
Operating grants, subsidies and contributions	9,335,534	7,955,578
Interest received	1,777,454	2,286,493
Other revenue	14,973,171	16,061,602
<b>Payments</b>		
Payments to employees	(106,311,283)	(105,392,670)
Payments to suppliers	(112,221,947)	(128,796,860)
Interest expense	(2,568,886)	(2,821,508)
<b>Net cash inflow from operating activities</b>	19 <u>109,599,749</u>	<u>62,811,968</u>
<b>Cash flows from investing activities</b>		
Grants, subsidies, contributions and donations for capital acquisitions:		
Capital contributions	7,529,055	7,424,676
Government subsidies and grants	26,412,899	19,167,755
Payments for property, plant and equipment	(163,101,135)	(146,645,723)
Payments for intangible assets	(1,330,822)	(1,252,618)
Proceeds from the sale of non-current assets	1,215,421	1,771,333
<b>Net cash outflow from investing activities</b>	<u>(129,274,582)</u>	<u>(119,534,577)</u>
<b>Cash flows from financing activities</b>		
Proceeds from working capital facility	20 105,632,416	152,100,000
Repayment of working capital facility	20 (90,250,175)	(152,100,000)
Proceeds from borrowings	20 30,000,000	60,000,000
Repayment of borrowings	20 (20,224,790)	(14,229,004)
<b>Net cash outflow from financing activities</b>	<u>25,157,451</u>	<u>45,770,996</u>
Net decrease in cash and cash equivalents held	<u>5,482,618</u>	<u>(10,951,613)</u>
Cash and cash equivalents at beginning of the financial year	3,760,541	14,712,154
<b>Cash and cash equivalents at end of the financial year</b>	8 <u>9,243,159</u>	<u>3,760,541</u>

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

## Cairns Regional Council

### Statement of Changes in Equity

For the year ended 30 June 2021

	Asset revaluation surplus \$	Retained surplus/ (deficit) \$	Total \$
<b>Balance as at 1 July 2020</b>	1,220,584,128	2,635,022,774	3,855,606,902
Net result	-	33,419,527	33,419,527
Other comprehensive income for the year			
Increase in asset revaluation surplus	50,532,448	-	50,532,448
<b>Balance as at 30 June 2021</b>	<u>1,271,116,576</u>	<u>2,668,442,301</u>	<u>3,939,558,877</u>
<b>Balance as at 1 July 2019</b>	1,172,724,656	2,631,385,750	3,804,110,406
Adjustment on initial application of AASB 15/1058	-	(18,782,061)	(18,782,061)
<b>Restated balance as at 1 July 2019</b>	<u>1,172,724,656</u>	<u>2,612,603,689</u>	<u>3,785,328,345</u>
Net result	-	22,419,085	22,419,085
Other comprehensive income for the year			
Increase in asset revaluation surplus	47,859,472	-	47,859,472
<b>Balance as at 30 June 2020</b>	<u>1,220,584,128</u>	<u>2,635,022,774</u>	<u>3,855,606,902</u>

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 1 Information about these financial statements

#### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities and certain classes of property and plant and equipment which are measured at fair value.

#### 1.2 Basis of consolidation

Controlled entities of Council during the reporting period were Cairns Art Gallery Limited (incorporating its subsidiary Cairns Regional Gallery Arts Trust) and Cairns River Improvement Trust.

Cairns Art Gallery Limited is a company limited by guarantee and does not have any share capital. Significant control is exercised by Council over the operations of the gallery. Of the eleven directors, six positions are allocated to Council 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.

Cairns River Improvement Trust is a trust constituted in 1972 under the *River Improvement Trust Act 1940*. Significant control is exercised by Council over the operations of the trust. Of the three membership positions of the trust, two are currently filled by Council representatives. Council also provides the majority of the trusts operating income.

The accounts of Cairns Art Gallery Limited and Cairns River Improvement Trust have been assessed and have not been consolidated with Council's accounts as at the reporting date due to immateriality.

#### 1.3 New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020. None of the standards had a material impact on reported position, performance and cash flows.

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Council has assessed the potential impacts from the IFRS Interpretation Committee's Agenda Decision *Configuration or Customisation Costs in a Cloud Computing Arrangement* and determined that they will not have a material impact upon Council's future financial statements. No other standards are expected to have a material impact upon Council's future financial statements.

#### 1.4 Estimates and judgements

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 10
- Annual leave - Note 12
- Developer contribution credits - Note 12
- Long service leave - Note 12
- Contingent liabilities - Note 16
- Financial instruments - Note 22

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 1.5 Taxation

Council is exempt from income tax. Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Tax Office ('ATO') or payable to the ATO is shown as an asset or liability respectively.

The significant business activities of Council (as noted in Note 23) pay an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 2009*.

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

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

### 1.6 Impact of COVID-19

Council's operations for the year ended 30 June 2021 continued to be impacted by the COVID-19 pandemic, though on a lesser extent than the previous year. A number of industries in the region including construction, domestic education, agriculture and marine sectors reported high levels of activity, however the tourism, international education, aviation and related sectors continued to be heavily impacted.

Council continued to implement the following initiatives in response to COVID-19:

- Outdoor Dining Fees waivers
- Reduction in commercial rent
- Financial Hardship Policy for rates assistance
- Developer incentives

The impact of the above initiatives was a reduction in revenue of approximately \$2M.

Whilst the lockdowns and travel restrictions had a temporary impact on some of the services Council provides at the beginning of the financial year, Council operations and therefore expenses have largely been unaffected.

#### **Consideration of Impacts on the Statement of Financial Position**

While the specific areas of judgement as detailed in note 1.4 did not change, the impact of COVID-19 resulted in the application of further judgement within the following areas.

#### Cash and cash equivalents (including borrowings)

Impacts to cash and cash equivalents during the 2020/21 financial year have not been as severe as anticipated. Revenue has remained largely within expectations which has helped Council maintain a stable cash position.

Council had budgeted to draw down \$60M of long term debt to fund capital works during the 2020/21 financial year. Due to the favourable cash position, only \$30M of debt was drawn down with remaining shortfalls in cash funded from Council's Working Capital Facility (WCF) as at 30 June 2021.

In future, temporary cash shortfalls will continue to be funded with short-term debt (WCF). Permanent cash shortfalls will be funded by corresponding adjustments to Council's Capital Works Program and short term operating service level adjustments. These measures have been accounted for in Council's budget and long term forecasts and they have not resulted in an overall increase to Council's forecast long-term borrowings.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 1.6 Impact of COVID-19

#### Trade and other receivables

The balance of trade and other receivables has remained slightly inflated during the 2020/21 financial year, however the impacts on debtors from COVID-19 were not as severe as anticipated.

As Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, it is still considered appropriate not to impair any rates receivables due to COVID-19. The resulting cash impacts from the delayed receipt of rates revenue was discussed in the preceding section.

In line with standard procedures, the balance of non-rate debts was reviewed for collectability and allowance made, where appropriate, for impairment. Due to the immaterial value of non-rates debts, Council does not anticipate any significant impacts from COVID-19 to these debts.

#### Property, plant and equipment

Council assessed its property, plant and equipment for indicators of a significant and volatile change in value as at 30 June 2021 (which are generally where values have changed by 20 per cent or more).

As the majority of Council's infrastructure and building assets are valued using current replacement cost, Council does not believe that COVID-19 has caused a significant change in value of these assets. In the future, gross replacement costs for these assets may be impacted by COVID-19, however there is insufficient data yet available to make a judgement of these impacts.

The valuation of Land is considered more susceptible to changes in value as it is heavily impacted by market conditions. The results of Council's assessment as at 30 June 2021 identified a decline in the volume of land sales, however at this stage there is limited evidence of material changes to the value of land.

Taking into account COVID-19 impacts, Council is satisfied that the value of its property, plant and equipment at 30 June 2021 is materially correct. Council will continue to review for indicators of a material change in value over the 2021/22 financial year, and will make any required adjustments accordingly.

#### Trade and other payables and provisions

As noted above, Council operations and therefore expenses have largely been unaffected by COVID-19. Council does not anticipate any significant impacts to its trade and other payables and provision balances.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 2 Analysis of Results by Function

#### (a) Components of Council functions

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

##### **Finance**

Finance provides professional financial management and advisory services to Council. The core functions include Cairns Shared Services, Financial Accounting, Information Services, Management Accounting, Payroll, Centralised Procurement and Records.

##### **Human Resources and Organisational Change**

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

##### **Planning and Environment**

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

##### **Infrastructure Services**

Infrastructure Services is responsible for ensuring infrastructure assets and facilities are procured, maintained and operated within a framework of strategic planning and management that is consistent with corporate objectives and best value service delivery. It is the principal provider of operational services to Council in the sub-programs of transport, drainage, parks and foreshores and infrastructure management and also facilitates the coordination of Council's capital project delivery.

##### **Community, Sport and Cultural Services**

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

##### **Cairns Water**

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

##### **Cairns Resource Recovery**

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



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 2 Analysis of results by function

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

#### Year ended 30 June 2021

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	2021	2021	2021	2021			2021	2021					
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Finance	6,149,406	165,664,307	2,803,826	265,001	(47,884,130)	126,998,410	6,141,509	(2,327,984)	3,362,946	7,176,471	133,434,038	134,174,881	347,642,783
Human Resources and Organisational Change	641,684	75,927	137,000	-	-	854,611	(11,727,555)	1,458	-	(11,726,097)	(11,009,944)	(10,871,486)	8,093,048
Planning and Environment	166,999	15,071,078	-	-	-	15,238,077	(21,829,303)	(1,101,590)	-	(22,930,893)	(6,591,226)	(7,692,816)	23,681,154
Infrastructure Services	461,601	3,494,298	19,532,691	19,445,720	-	42,934,310	(87,660,225)	(10,947,610)	-	(98,607,835)	(83,704,326)	(55,673,525)	2,104,315,334
Community, Sport and Cultural Services	1,759,459	3,354,788	5,010,499	14,180	-	10,138,926	(42,239,116)	(1,048,534)	-	(43,287,650)	(37,124,869)	(33,148,724)	361,897,109
Cairns Water	-	137,363,925	172,812	5,638,253	(2,514,000)	140,660,990	(170,629,247)	(5,658,395)	41,437,718	(134,849,924)	5,658,396	5,811,066	1,359,720,904
Cairns Resource Recovery	156,384	39,017,453	820,132	-	(919,920)	39,074,049	(43,048,713)	(1,722,591)	6,517,386	(38,253,918)	1,722,590	820,131	30,720,258
Total Council Continuing Operations	9,335,533	364,041,776	28,476,960	25,363,154	(51,318,050)	375,899,373	(370,992,650)	(22,805,246)	51,318,050	(342,479,846)	2,384,659	33,419,527	4,236,070,590

#### Year ended 30 June 2020

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
	2020	2020	2020	2020			2020	2020					
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Finance	6,122,577	160,856,492	7,823,246	-	(45,786,238)	129,016,077	3,511,824	(155,625)	3,657,473	7,013,672	128,362,128	136,029,749	340,335,271
Human Resources and Organisational Change	539,766	13,722	65,000	-	-	618,488	(11,839,640)	(2,950)	-	(11,842,590)	(11,286,152)	(11,224,102)	8,301,001
Planning and Environment	422,386	12,840,438	112,775	-	-	13,375,599	(22,162,479)	(96,376)	-	(22,258,855)	(8,899,655)	(8,883,256)	24,341,368
Infrastructure Services	22,922	5,966,184	9,004,556	13,436,112	-	28,429,774	(89,811,845)	(7,180,052)	-	(96,991,897)	(83,822,739)	(68,562,123)	2,035,616,299
Community, Sport and Cultural Services	832,927	3,404,448	6,372,722	-	-	10,610,097	(41,444,146)	(412,972)	-	(41,857,118)	(37,206,771)	(31,247,021)	367,984,590
Cairns Water	15,000	134,892,028	1,226,016	3,563,197	(2,859,568)	136,836,673	(164,142,455)	(7,374,650)	39,469,647	(132,047,458)	7,374,652	4,789,215	1,332,359,697
Cairns Resource Recovery	-	36,778,800	1,516,624	-	(834,056)	37,461,368	(41,871,133)	(426,354)	6,352,742	(35,944,745)	426,353	1,516,623	22,640,017
Total Council Continuing Operations	7,955,578	354,752,112	26,120,939	16,999,309	(49,479,862)	356,348,076	(367,759,874)	(15,648,979)	49,479,862	(333,928,991)	(5,052,184)	22,419,085	4,131,578,243

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 3 Revenue

#### (a) Rates, levies and charges

Rates and utility charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised within trade and other payables on the Statement of Financial Position until the beginning of the rating period to which they relate. All rates and utility charges are recognised at a point in time in accordance with AASB 1058.

	2021	2020
	\$	\$
General rates	119,016,269	116,342,326
Special rates	1,004,689	991,859
Water access	23,216,974	22,592,671
Water consumption	27,390,313	28,348,143
Sewerage access	75,870,101	73,719,675
Cleansing charges	28,477,528	27,736,558
Rates and utility charge revenue	<u>274,975,874</u>	<u>269,731,232</u>
Less: rebates	<u>(4,797,542)</u>	<u>(4,615,868)</u>
Net rates and utility charges	<u><u>270,178,332</u></u>	<u><u>265,115,364</u></u>

#### (b) Fees and charges

Revenue arising from fees and charges are recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods or services being provided. There is no material obligation for council in relation to refunds or returns. Revenue from infringements is recognised on issue of the infringement notice.

Building and property fees	4,703,671	3,867,072
Regulatory and parking fees	6,210,892	5,945,653
Infringement	3,254,027	2,279,687
Water and resource recovery fees	3,723,895	3,805,392
Other fees and charges	7,057,518	6,173,672
	<u><u>24,950,003</u></u>	<u><u>22,071,476</u></u>

#### (c) Other recurrent revenue

Revenue from contract and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance, it is held as a liability in revenue received in advance on the Statement of Financial Position and is recognised as revenue in the period when the service is performed. The contract work carried out is not subject to retentions.

Reimbursements revenue is recognised when the payment is probable and the amount of the payment can be determined, which is after the contract requirement has been delivered. Cost recovery income is recognised when received. Sundry and other recurrent revenue relates to sales of goods and delivery of services. Revenue is recognised at the point in time that either the customer obtains control of the goods (which is generally at delivery) or when the service is rendered.

All other recurrent revenue is recognised in accordance with AASB 15.

Contract and recoverable works	4,269,875	6,039,480
Reimbursements and cost recoveries	2,277,604	1,879,909
Sundry and other recurrent revenue	9,270,458	7,879,527
	<u><u>15,817,937</u></u>	<u><u>15,798,916</u></u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 4 Grants, subsidies, contributions and donations

#### (a) Recurrent grants, subsidies and contributions

Recurrent grants, subsidies and contributions do not have an enforceable performance obligation associated with them and therefore are recognised as revenue when received in accordance with AASB 1058.

	2021	2020
	\$	\$
General purpose grants	9,075,394	7,894,534
Donations	260,139	61,044
	<u>9,335,533</u>	<u>7,955,578</u>

#### (b) Capital grants, subsidies and contributions

##### Capital Grants

All capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications, which will be under Council's control and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed in accordance with AASB 1058. For construction projects, this is generally as the construction progresses in accordance with costs incurred, since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where Council recognises capital grant revenue under AASB 1058 in advance of invoicing the grantor, a contract asset is recognised in trade and other receivables which represents the excess of costs incurred in relation to the construction of the asset over the amount that Council has invoiced the grantor. Where Council receives grant revenue upfront of construction of the asset, this revenue is held as a liability in revenue received in advance and is recognised as revenue over time as the asset is constructed.

##### Donations and Contributions

Contributions received from developers do not have an enforceable performance obligation associated with them and therefore the infrastructure charges are recognised as revenue when received in accordance with AASB 1058.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

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.

Timing of revenue recognition for grants, subsidies and contributions:

	2021		2020	
	Revenue recognised at a point in time \$	Revenue recognised over time \$	Revenue recognised at a point in time \$	Revenue recognised over time \$
Grants and subsidies	2,544,888	25,932,072	3,875,299	22,245,640
Contributions	15,697,141	-	6,611,893	-
Assets contributed by developers	9,666,013	-	10,387,416	-
	<u>27,908,042</u>	<u>25,932,072</u>	<u>20,874,608</u>	<u>22,245,640</u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 4 Grants, subsidies, contributions and donations

#### (b) Capital grants, subsidies and contributions

Capital – grants, subsidies, contributions and donations are analysed as follows:

	Note	2021 \$	2020 \$
(i) Monetary revenue designated for capital funding purposes:			
Government subsidies and grants		28,476,960	26,120,939
Contributions		15,697,141	6,611,893
		<u>44,174,101</u>	<u>32,732,832</u>
(ii) Non-monetary revenue received:			
Developer assets contributed by developers at fair value		9,666,013	10,387,416
<b>Total capital grants, subsidies, contributions and donations</b>		<u><u>53,840,114</u></u>	<u><u>43,120,248</u></u>

### 5 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees. They are expensed as the related service is provided.

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

Total staff wages and salaries		85,454,560	85,303,642
Councillors' remuneration		1,227,662	1,209,026
Annual, sick and long service leave entitlements		16,211,692	15,274,089
Superannuation	17	11,178,279	10,820,376
		<u>114,072,193</u>	<u>112,607,133</u>
Other employee related expenses		3,325,058	3,855,791
		<u>117,397,251</u>	<u>116,462,924</u>
Less: Capitalised employee expenses		(10,552,893)	(9,986,523)
		<u><u>106,844,358</u></u>	<u><u>106,476,401</u></u>

	2021 No. employees	2020 No. employees
Total Council employees at the reporting date:		
Elected members	10	10
Council Employees	1,167	1,179
Total full time equivalent employees	<u>1,177</u>	<u>1,189</u>

### 6 Materials and services

Materials and services are comprised of Council's operational, administrative and repairs and maintenance costs. Expenditure is recognised on an accruals basis once the good or service has been received.

	2021 \$	2020 \$
Agency and temporary employment services	5,801,193	6,643,360
Audit of the Annual Financial Statements by the Auditor-General	190,500	190,500
Communication and IT	7,664,504	6,429,727
Donations paid and grants to community groups	6,522,870	7,637,194
Electricity	8,393,630	9,325,595
External services and hire	26,692,090	28,957,234
Garbage collection services	18,495,275	17,972,424
Other materials	6,876,864	3,927,733
Other services	11,110,292	9,257,445
Rental and lease expenses	569,931	580,664
Repairs and maintenance	21,580,595	27,112,336
	<u>113,897,744</u>	<u>118,034,212</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2020/21 financial statements are \$190,500 (2020: \$190,500).

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 7 Capital expenses

Capital expenses comprise the loss on disposal and write off of capital assets. The gain or loss on disposal is recognised on the date the asset was taken out of service.

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Loss on disposal of capital assets		17,840,973	12,688,821
Loss on write-off of non-current assets		4,964,273	2,960,158
		<u>22,805,246</u>	<u>15,648,979</u>

### 8 Cash and cash equivalents

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

Cash at bank	22	1,395,081	3,709,447
Cash on hand	22	11,760	42,104
Deposits and investments held with QTC	22	7,836,318	8,990
Balance per Statement of Cash Flows		<u>9,243,159</u>	<u>3,760,541</u>

Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use. At the reporting date this balance comprised unspent government grants and subsidies of \$5,522,165 (2020: \$4,244,935).

Internal allocations of cash may be lifted by Council with a resolution. At the reporting date this balance comprised funds set aside and held in reserves for future projects of \$927,006 (2020: \$397,893).

### 9 Trade and other receivables

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

Contract assets represent the excess of costs incurred in relation to the construction of an asset over the amounts that Council has invoiced the grantor.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue. Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables unless the arrears are deemed to be greater than the proceeds Council would receive from the sale of the property.

Interest is charged on outstanding rates at a rate of 8.53% per annum (2020: 9.83%), unless waived under Council's Financial Hardship policy. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors received.

#### (a) Receivables (financial instruments)

Rateable revenue and utility charges		22,534,167	26,040,224
Water charges		2,973,135	6,443,033
Fees and charges		2,637,790	2,168,273
Grants receivable		561,261	717,222
Other debtors		3,020,972	3,046,988
Less: loss allowance	9(b)	<u>(1,469,488)</u>	<u>(1,461,763)</u>
		30,257,837	36,953,977

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 9 Trade and other receivables

#### (a) Receivables (non-financial instruments)

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Other accrued revenue		6,919,789	6,859,002
Contract assets		7,672,994	4,815,026
GST receivable		2,465,318	5,117,669
Prepayments		4,672,471	3,627,070
		<u>21,730,572</u>	<u>20,418,767</u>
<b>Total current receivables</b>		<u><u>51,988,409</u></u>	<u><u>57,372,744</u></u>

#### (b) Loss allowance

Opening balance at 1 July 2020		1,461,763	604,775
Receivables written off in period		(289,407)	(245,448)
Impairments recognised		297,132	1,102,436
Closing balance at 30 June 2021	9(a)	<u><u>1,469,488</u></u>	<u><u>1,461,763</u></u>

### 10 Property, plant and equipment

#### (a) i) Recognition

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment have an asset capitalisation threshold of \$5,000. All other assets have an asset capitalisation threshold of \$10,000 except for land, network assets and complex assets which all have a capitalisation threshold of \$1.

Network assets are an aggregate of interrelated assets that perform a specific service which, individually are likely to be below the capitalisation threshold levels, but collectively are above the capitalisation threshold for their class. Networked assets include computer network assets, leasehold and land improvements.

Land under roads and reserve land which fall under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the Queensland Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

#### ii) Measurement

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.

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

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

Property, plant and equipment received in the form of contributions, are recognised as assets and revenue at fair value where that value exceeds the recognition thresholds for the respective asset class.

Land and improvements, buildings, and all infrastructure assets are measured on the revaluation basis at fair value. Other plant and equipment and work in progress are measured at cost.



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 10 Property, plant and equipment

#### iii) Depreciation

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

Assets are depreciated from the first day of the month following acquisition or, in respect of internally constructed assets, from the first day of the month following the date an asset is completed and commissioned ready for use.

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments and subsequent estimation of remaining useful lives performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class are shown in Note 10(b).

#### iv) Impairment

Property, plant and equipment 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.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 10 Property, plant and equipment

#### (b) Movements in property, plant and equipment 2021

Asset class	Land and site improvements	Buildings and other structures	Plant, equipment and other assets	Transport assets	Water	Sewerage	Drainage	Solid waste disposal	Work in progress	Total
Basis of measurement	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair Value Category	Levels 2 & 3	Levels 2 & 3		Level 3	Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Values</b>										
Opening gross value as at 1 July 2020	386,587,612	474,787,563	153,991,538	1,748,882,066	1,180,294,572	1,041,553,546	668,828,961	22,116,894	137,851,706	5,814,894,458
Additions at cost	-	-	-	-	-	-	-	-	159,530,087	159,530,087
Contributed assets at valuation	-	-	-	3,661,848	4,021,574	1,982,591	-	-	-	9,666,013
Internal transfers from work in progress	12,011,484	19,268,659	13,939,129	62,153,661	15,931,539	22,293,213	5,588,815	17,011,812	(168,198,312)	-
Disposals	(73,388)	(17,375)	(3,195,076)	-	(82,540)	-	-	-	-	(3,368,379)
Write-offs	(81,997)	(1,305,439)	(10,425,100)	(8,717,486)	(4,316,966)	(5,605,787)	(520,534)	(1,762,709)	(3,287,972)	(36,023,990)
Revaluation adjustment to the asset revaluation surplus	1,345,331	7,620,846	-	10,979,477	10,354,535	14,798,776	10,803,857	371,259	-	56,274,081
Internal transfers between asset classes	(31,126,365)	(344,909)	387,212	27,904,136	(95,992)	-	3,222,230	53,688	-	-
Closing gross value as at 30 June 2021	368,662,677	500,009,345	154,697,703	1,844,863,702	1,206,106,722	1,075,022,339	687,923,329	37,790,944	125,895,508	6,000,972,270
<b>Accumulated depreciation and impairment</b>										
Opening balance as at 1 July 2020	31,134,200	124,400,719	78,667,042	373,565,004	623,351,857	360,333,928	150,425,325	8,981,391	-	1,750,859,466
Depreciation provided in period	2,914,806	8,876,966	12,746,634	23,319,380	17,008,075	21,000,117	6,880,189	1,080,130	-	93,826,297
Depreciation on disposals	-	(6,616)	(2,127,895)	-	(18,965)	-	-	-	-	(2,153,476)
Depreciation on write-offs	(20,590)	(540,181)	(6,775,107)	(3,433,645)	(2,761,605)	(2,404,068)	(144,655)	(40,117)	-	(16,119,968)
Revaluation adjustment to the asset revaluation surplus	415,809	2,108,848	-	1,301,348	(6,153,135)	5,344,186	2,565,882	158,695	-	5,741,633
Internal transfers to other asset classes	(5,435,512)	(156,086)	229,059	4,828,446	(61,203)	-	607,066	(11,770)	-	-
Closing accumulated depreciation	29,008,713	134,683,650	82,739,733	399,580,533	631,365,024	384,274,163	160,333,807	10,168,329	-	1,832,153,952
Net value at 30 June 2021	339,653,964	365,325,695	71,957,970	1,445,283,169	574,741,698	690,748,176	527,589,522	27,622,615	125,895,508	4,168,818,318
Residual value			9,020,180							
Range of estimated useful life in years	10-100	15-150	3-50	15-100	10-150	9-100	10-150	20-100		
Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	78,043,044	78,043,044
New assets	-	-	-	-	-	-	-	-	67,980,709	67,980,709
Non-infrastructure additions	-	-	-	-	-	-	-	-	13,506,334	13,506,334
Total additions	-	-	-	-	-	-	-	-	159,530,087	159,530,087

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 10 Property, plant and equipment

#### (b) Movements in property, plant and equipment 2020

Asset class	Land and site improvements	Buildings and other structures	Plant, equipment and other assets	Transport assets	Water	Sewerage	Drainage	Solid waste disposal	Work in progress	Total
Basis of measurement	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair Value Category	Levels 2 & 3	Levels 2 & 3		Level 3	Level 3	Level 3	Level 3	Level 3		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset values</b>										
Opening gross value as at 1 July 2019	371,711,112	451,777,214	147,011,234	1,678,992,518	1,148,477,150	1,031,304,176	645,084,744	20,889,469	109,304,338	5,604,551,955
Additions at cost	-	-	-	-	-	-	-	-	164,041,104	164,041,104
Contributed assets at valuation	-	-	-	3,932,962	1,222,564	1,627,083	3,604,807	-	-	10,387,416
Internal transfers from work in progress	12,995,664	15,971,330	16,109,551	40,281,853	16,062,815	23,187,187	7,004,710	920,467	(132,533,577)	-
Disposals	(133,990)	-	(5,101,973)	-	-	-	-	-	-	(5,235,963)
Write-offs	(49,423)	(1,773,439)	(4,027,274)	(7,752,251)	(5,664,675)	(5,360,834)	(6,410)	(44,981)	(2,960,158)	(27,639,445)
Revaluation adjustment to the asset revaluation surplus	2,064,249	8,774,162	-	33,426,984	20,196,718	(9,165,770)	13,141,110	351,939	-	68,789,392
Internal transfers to other asset classes	-	38,296	-	-	-	(38,296)	-	-	-	-
Closing gross value as at 30 June 2020	386,587,612	474,787,563	153,991,538	1,748,882,066	1,180,294,572	1,041,553,546	668,828,961	22,116,894	137,851,706	5,814,894,459
<b>Accumulated depreciation and impairment</b>										
Opening balance as at 1 July 2019	27,702,209	114,524,842	74,328,076	345,482,660	616,279,516	330,304,049	140,773,671	8,152,188	-	1,657,547,211
Depreciation provided in period	2,817,875	8,716,290	11,717,401	22,177,263	14,680,845	20,470,045	6,609,038	697,736	-	87,886,493
Depreciation on disposals	-	-	(3,620,088)	-	-	-	-	-	-	(3,620,088)
Depreciation on write-offs	(7,967)	(1,272,238)	(3,758,347)	(1,350,990)	(3,385,771)	(2,087,616)	(1,815)	(19,326)	-	(11,884,070)
Revaluation adjustment to the asset revaluation surplus	622,083	2,422,153	-	7,256,071	(4,222,733)	11,657,122	3,044,431	150,793	-	20,929,920
Internal transfers to other asset classes	-	9,672	-	-	-	(9,672)	-	-	-	-
Closing accumulated depreciation	31,134,200	124,400,719	78,667,042	373,565,004	623,351,857	360,333,928	150,425,325	8,981,391	-	1,750,859,466
Net value at 30 June 2020	355,453,412	350,386,844	75,324,496	1,375,317,062	556,942,715	681,219,618	518,403,636	13,135,503	137,851,706	4,064,034,993
Residual value			9,125,322							
Range of estimated useful life in years	10-100	15-150	3-50	15-100	10-150	9-100	10-150	20-100		
<b>Additions comprise:</b>										
Renewals	-	-	-	-	-	-	-	-	77,384,538	77,384,538
New assets	-	-	-	-	-	-	-	-	68,333,490	68,333,490
Non-infrastructure additions	-	-	-	-	-	-	-	-	18,323,076	18,323,076
Total additions	-	-	-	-	-	-	-	-	164,041,104	164,041,104

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 10 Property, plant and equipment

#### (c) Valuation

##### (i) Valuation processes

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. At least every 5 years, Council performs a full comprehensive revaluation performed by a combination of independent, professionally qualified valuers and experienced Council Officers.

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

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the Statement of Comprehensive Income, in that case the increase is taken to the Statement of Comprehensive Income to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is a sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't a sufficient amount available in the surplus, the decrease is recognised in the Statement of Comprehensive Income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the Statement of Comprehensive Income.

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.

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

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

Council's policy is to recognise transfers in and out of the fair value hierarchy at the end of the reporting period. There were no transfers between levels of the hierarchy during the year.

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2021

#### 10 Property, plant and equipment

##### (c) Valuation

##### (ii) Valuation techniques used to derive fair values

Asset Class	Fair Value Level	Valuation Approach	Comprehensive Valuation Date	Valuer	Index Applied	Index Amount	Key Assumptions and Estimates
Land and Site Improvements	2	Market Value	30 June 2018	APV Valuers and Asset Management	Index provided by APV	0.00%	- Current zoning of land - Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as property size)
Land and Site Improvements	3	Current Replacement Cost	30 June 2018	APV Valuers and Asset Management	Index provided by APV	1.00%	- Current replacement cost for a modern equivalent with a similar service potential - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed projects)
Buildings	2	Market Value	30 June 2018	APV Valuers and Asset Management	Index provided by APV	1.70%	- Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as condition)
Buildings and Other Structures	3	Current Replacement Cost	30 June 2018	APV Valuers and Asset Management	Index provided by APV	1.70% for Buildings 1.50% for Other Structures	- Current replacement cost for a modern equivalent with a similar service potential - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database and project costs from recently completed buildings)
Transport Assets - Roads (including kerb and channel, medians and roundabouts)	3	Current Replacement Cost	30 June 2019	Council and Cardno (Qld) Ltd	Index determined by Council	1.62%	- Current replacement cost for a modern equivalent with a similar service potential (including components that may not need to be replaced such as earthworks) - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database, current contract data and costs from recently completed projects) indexed for subsequent changes in construction costs
Transport Assets - Bridges and Footpaths	3	Current Replacement Cost	30 June 2021	Council and APV Valuers and Asset Management	Comprehensively Revalued	Not applicable	- Road hierarchy and soil factors taking into account current condition - Componentisation of costs between bridge super and sub structure - Remaining life of assets including existing conditions
Water Assets - Above Ground	3	Current Replacement Cost	30 June 2021	Cardno (Qld) Ltd	Comprehensively Revalued	Not applicable	- Current replacement cost for a modern equivalent with a similar service potential (including components that may not need to be replaced such as earthworks) - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database, current contract data and costs from recently completed projects) indexed for subsequent changes in construction costs
Water Assets - Mains	3	Current Replacement Cost	30 June 2020	Cardno (Qld) Ltd	Index determined by Council	1.41%	- Development, soil and depth factors taking into account current condition - Remaining lives and physical obsolescence, particularly for underground infrastructure not easily inspected

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2021

#### 10 Property, plant and equipment

##### (c) Valuation

##### (ii) Valuation techniques used to derive fair values

Asset Class	Fair Value Level	Valuation Approach	Comprehensive Valuation Date	Valuer	Index Applied	Index Amount	Key Assumptions and Estimates
Sewerage Assets - Above Ground	3	Current Replacement Cost	30 June 2019	Cardno (Qld) Ltd	Index determined by Council	1.41%	- Current replacement cost for a modern equivalent with a similar service potential (including components that may not need to be replaced such as earthworks) - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database, current contract data and costs from recently completed projects) indexed for subsequent changes in construction costs
Sewerage Assets - Mains	3	Current Replacement Cost	30 June 2020	Cardno (Qld) Ltd	Index determined by Council	1.41%	- Development, soil and depth factors taking into account current condition - Remaining lives and physical obsolescence, particularly for underground infrastructure not easily inspected
Drainage	3	Current Replacement Cost	30 June 2018	Council	Index determined by Council	1.62%	- Current replacement cost for a modern equivalent with a similar service potential (including components that may not need to be replaced such as earthworks) - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database, current contract data and costs from recently completed projects) indexed for subsequent changes in construction costs - Development, soil and depth factors taking into account current condition - Remaining lives and physical obsolescence, particularly for underground infrastructure not easily inspected
Solid Waste Disposal	3	Current Replacement Cost	30 June 2018	Cardno (Qld) Ltd	Index determined by Council	1.41%	- Current replacement cost for a modern equivalent with a similar service potential - Unit rates for construction as at the date of last revaluation (based on industry standard cost guides, valuer database, current contract data and costs from recently completed projects) indexed for subsequent changes in construction costs

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 11 Trade and other 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.

#### 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.

#### Sick leave

Council has an obligation to pay a portion of sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

#### 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 17.

	2021	2020
	\$	\$
<b>Current</b>		
Creditors	11,024,888	15,229,855
Accrued expenses	18,915,697	21,419,085
Other payables	6,834,234	7,066,763
Prepaid rates	14,585,493	13,803,556
Sick leave	1,914,048	1,917,832
Other entitlements	444,433	413,464
	<u>53,718,793</u>	<u>59,850,555</u>

### 12 Provisions

#### Annual leave

A provision for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

#### 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 as a provision.

Where employees have met the prerequisite length of service a probability factor is applied to determine the portion of their entitlement likely to be taken within the next twelve months. This is classified as a current liability, with the remainder classified as non-current.



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 12 Provisions

#### Developer contribution credits

A provision is made for the cost of trunk infrastructure assets constructed by developers on behalf of Council. The provision is raised when construction works are sufficiently progressed that the value and timing of payment can be reliably measured. Corresponding assets are also recognised within work in progress at this time. Where the value of the trunk infrastructure assets cannot be reliably measured, a contingent liability and corresponding contingent asset are disclosed.

The provision is classified as current where payment is expected to be settled within 12 months and is classified as non-current where payment is not expected to be settled within 12 months. Where payment for the trunk infrastructure assets is not expected to be settled within 12 months, the value of the payment is discounted to present value.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Annual leave	12,923,155	12,370,094
Developer contribution credits	19,057,866	10,489,013
Long service leave	1,836,261	1,340,122
	<u>33,817,282</u>	<u>24,199,229</u>
<b>Non-current</b>		
Developer contribution credits	-	7,438,390
Long service leave	13,601,989	14,145,299
	<u>13,601,989</u>	<u>21,583,689</u>

Details of movements in non-employee benefit provisions:

#### Developer contribution credits

Balance at the beginning of the financial year	17,927,403	11,157,849
Developer contribution credits arising	11,571,298	8,012,598
Developer contribution credits paid	(2,602,681)	(200,563)
Developer contribution credits offset against contributions payable to Council	(7,838,154)	(1,042,481)
Balance at end of financial year	<u>19,057,866</u>	<u>17,927,403</u>

### 13 Borrowings

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

Where borrowing costs can be attributed to a specific capital project, the costs are capitalised as part of the qualifying asset during construction. Otherwise, borrowing costs are expensed as finance costs when they are incurred.

Costs that are not settled in the period in which they are incurred are included in payables.

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

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the current financial year and the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than 20 years. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 13 Borrowings

#### Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollars and carried at amortised cost. No assets have been pledged as security by Council for any liabilities, however all loans are guaranteed by the Queensland Government. Expected final repayment dates vary from 15 June 2023 to 15 May 2031.

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

A reconciliation of liabilities arising from finance activities can be found at note 20.

#### Working capital facility

A working capital facility (WCF) of \$120,000,000 has been established with the Queensland Treasury Corporation. As at 30 June 2021 there were drawdowns of \$15,382,241 against the facility. As at 1 July 2021, this facility will decrease to \$60,000,000.

#### Details of borrowings at the reporting date are:

	2021	2020
	\$	\$
<b>Current</b>		
Queensland Treasury Corporation (QTC) Loan	23,406,648	20,100,349
Queensland Treasury Corporation (QTC) WCF	15,382,241	-
Economic Development Queensland (EDQ)**	281,250	281,250
	<u>39,070,139</u>	<u>20,381,599</u>
<b>Non-Current</b>		
Queensland Treasury Corporation (QTC)	151,651,321	144,901,160
Economic Development Queensland (EDQ)**	1,406,250	1,687,500
	<u>153,057,571</u>	<u>146,588,660</u>

The QTC loan market value at the reporting date was \$178,707,973. This represents the value of the debt if Council repaid it at this date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Refer to Note 22 (ii) for further information on market value.

\*\*This is an interest free loan over 9 years obtained from Economic Development Queensland as part of the Priority Development Infrastructure Co-Investment Program. The funds were used to construct trunk sewerage infrastructure at Mount Peter and are unsecured. The funds were received in September 2018 with repayment to be made in 8 equal instalments over the loan period. There are 6 instalments remaining to be paid. The loan has been measured at amortised cost and not fair value. The benefit of the interest free terms has not been brought into account in these financial statements due to materiality.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 14 Commitments for expenditure

#### (a) Contractual commitments

Contractual commitments at the reporting date but not recognised in the financial statements are:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Contract for Regional Waste Management Facility:</b>		
Not later than 1 year	10,682,000	10,523,000
Later than 1 year but not later than 5 years	44,907,557	44,239,115
Later than 5 years	1,474,224	13,099,568
	<u>57,063,781</u>	<u>67,861,683</u>
<b>Contract for Refuse Disposal:</b>		
Not later than 1 year	8,089,000	7,732,119
Later than 1 year but not later than 5 years	27,930,526	27,434,199
Later than 5 years	3,031,392	10,060,357
	<u>39,050,918</u>	<u>45,226,675</u>
<b>Contract for Other commitments:</b>		
Not later than 1 year	23,063,880	16,642,638
Later than 1 year but not later than 5 years	22,934,237	13,646,417
Later than 5 years	2,022,229	3,337,721
	<u>48,020,346</u>	<u>33,626,776</u>

#### (b) Capital commitments

Commitment for the construction of capital assets contracted for at the reporting date but not recognised as liabilities are as follows:

Capital assets	<u>47,449,421</u>	<u>38,955,778</u>
	<u>47,449,421</u>	<u>38,955,778</u>
Not later than 1 year	31,790,684	38,226,703
Later than 1 year but not later than 5 years	15,658,737	729,075
	<u>47,449,421</u>	<u>38,955,778</u>

### 15 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 year ended 30 June 2021

### 16 Contingent liabilities

#### (a) Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	<u>2021</u> \$	<u>2020</u> \$
Various claims are pending against Council. In the opinion of Council's solicitor the potential loss on all claims as at 30 June 2021 should not exceed:	<u>552,674</u>	<u>230,000</u>

Additional claims may exist, however, these have not been quantified to date.

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

22(a)	<u>3,662,892</u>	<u>3,108,646</u>
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Cairns Regional Council is a member of the Local Government Mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises. As at 30 June 2021, the financial statements of Local Government Mutual Queensland reported an accumulated surplus and it is not anticipated any liability will arise. As at 30 June 2020 the financial statements of Local Government Mutual Queensland reported a members' equity balance of \$74,664,079 (2019: \$76,992,954).

#### (b) Loan and bank guarantees

Loans and bank guarantees to community organisations	22(a)	<u>955,911</u>	<u>1,273,031</u>
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### 17 Superannuation

Cairns Regional Council contributes to the LGIASuper Regional Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of Council.

Council may be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them, However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to Council's obligations will only be made on the advice of an actuary.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 17 Superannuation

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

- Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	<b>2021</b>	<b>2020</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
Superannuation contributions made to the Regional Defined Benefits Fund in this period for the benefit of employees was:	454,890	534,727
The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:	10,582,771	10,155,107
Cairns Regional Council also contributes to the superannuation scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:	140,618	130,542
Total superannuation contributions paid by Council:	5 <u>11,178,279</u>	<u>10,820,376</u>

Council expects to make contributions to the Regional Defined Benefits Funds of \$412,442 in 2021/22.

### 18 Trust funds held for outside parties

Council performs only a custodial role in respect of these monies. As the monies cannot be used for Council purposes, they are not brought to account in these financial statements since Council has no control over these assets. Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies paid into the trust account by Council.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	97,114	22,256
Security deposits	<u>3,752,756</u>	<u>3,228,729</u>
	<u>3,849,870</u>	<u>3,250,985</u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 19 Reconciliation of net result attributable to Council to net cash flow from operating activities

	2021	2020
	\$	\$
Net result attributable to Council	<u>33,419,527</u>	<u>22,419,085</u>
Non-cash operating items:		
Depreciation and amortisation	95,122,180	89,249,101
	<u>95,122,180</u>	<u>89,249,101</u>
Investing and development activities (non-cash):		
Capital grants, subsidies and contributions	(53,840,114)	(43,120,248)
Capital expenses	22,805,246	15,648,979
Changes in accounting policy	-	(18,782,061)
	<u>(31,034,868)</u>	<u>(46,253,330)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	7,467,470	(10,806,448)
(Increase)/decrease in inventories	(100,323)	(34,869)
Increase/(decrease) in payables	4,295,684	5,649,059
Increase/(decrease) in provisions	505,890	320,168
Increase/(decrease) in revenue received in advance	(75,812)	2,269,202
	<u>12,092,909</u>	<u>(2,602,888)</u>
<b>Net cash inflow from operating activities</b>	<u><u>109,599,748</u></u>	<u><u>62,811,968</u></u>

### 20 Reconciliation of liabilities arising from finance activities

<b>Short and Long Term Borrowings</b>		
As at 1 July 2020	166,970,259	121,199,263
Cash proceeds from borrowings	30,000,000	60,000,000
Cash repayments of borrowings	(20,224,790)	(14,229,004)
Cash proceeds from working capital facility	105,632,416	152,100,000
Cash repayments of working capital facility	(90,250,175)	(152,100,000)
As at 30 June 2021	<u><u>192,127,710</u></u>	<u><u>166,970,259</u></u>

### 21 Transactions with Related Parties

#### (a) Controlled Entities

Controlled entities of Council are Cairns Art Gallery (incorporating its subsidiary Cairns Regional Gallery Arts Trust) and Cairns River Improvement Trust. Details of controlled entities are disclosed in Note 1.

During the year, Council provided funding to Cairns Art Gallery with a total value of \$1,154,541 (2020: \$1,099,228) under a three year funding agreement effective 1 July 2020 to 30 June 2023. Council provided funding to Cairns River Improvement Trust with a total value of \$200,000 (2020: \$200,000) as required by legislation. In addition, the premises occupied by Cairns Art Gallery are provided to them by Council for a nominal annual amount and electricity costs of \$123,063 were paid by Council on behalf of the Cairns Art Gallery. Both entities are dependent on funding provided by Council.

The Local Government Superannuation Scheme is also a related entity of Council. Details including contributions made during the year are disclosed in Note 17.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 21 Transactions with Related Parties

#### (b) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and executive management. The compensation paid to KMP comprises:

	2021	2020
	\$	\$
Short-term employee benefits	4,254,773	3,596,667
Post-term benefits	434,206	340,619
Long-term benefits	30,216	54,488
Termination benefits	177,748	-
<b>Total</b>	<b>4,896,943</b>	<b>3,991,774</b>

Detailed remuneration disclosures are provided in the annual report.

#### (c) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse. Details of transactions between Council and other related parties are disclosed below:

Employee expenses for close family members of KMP	1,387,335	1,347,496
Professional services	249,984	18,085
Construction services	-	121,631
	<b>1,637,319</b>	<b>1,487,212</b>

Close family members of KMP were employed through an arm's length process in accordance with Council's recruitment policies. They are paid in accordance with the relevant award for the job they perform. The above figure includes all remuneration received by close family members of KMP.

During the year, two entities controlled by KMP provided professional services to Council. A further two entities controlled by close family members of KMP provided professional services to Council during the year. All transactions occurred through an arm's length process under normal terms and conditions. There were no other material transactions with other related parties during the year. All transactions with other related parties occurred at arm's length and under Council's normal terms and conditions.

#### (d) Outstanding balances

There were no material balances outstanding at the end of the reporting period in relation to transactions with related parties. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

#### (e) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

#### (f) Commitments to/from other related parties

Council has no outstanding commitments to/from other related parties.

#### (g) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Cairns Region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates, fees and charges
- Dog registration
- Use of Council facilities such as swimming pools and car parking

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 22 Financial instruments and financial risk management

#### (a) Financial risk

Council is responsible for the establishment and oversight of a risk management framework, together with developing and monitoring risk management policies. Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk. Refer to note 1.6 for disclosure of COVID-19 impacts on Council.

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

Council's audit committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk managements framework in relation to the risks faced by Council. Council's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Council does not enter into derivatives.

#### i) Credit risk

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

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

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

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

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for Council.

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

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
Cash and cash equivalents - bank	8	1,395,081	3,709,447
Cash and cash equivalents - on hand	8	11,760	42,104
Cash and cash equivalents - QTC	8	7,836,318	8,990
Receivables - rates		25,507,302	32,483,257
Receivables - other		4,750,535	4,470,720
<b>Other credit exposures</b>			
Local Government Workcare guarantee	16(a)	3,662,892	3,108,646
Loan and bank guarantees	16(b)	955,911	1,273,031
<b>Total</b>		<b>44,119,799</b>	<b>45,096,195</b>

#### *Cash and cash equivalents*

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 22 i) Credit risk

#### *Other financial assets*

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

#### *Trade and other receivables*

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is generally required within 30 days from invoice date.

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. Council has identified 2 distinctive groupings of its receivables: Rates and Charges and Other Debtors.

Rates and Charges: This group of receivables possess a credit enhancement. Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property. This group includes statutory charges which, when unpaid, are treated in the same manner as rates debts.

Other Debtors: Council identifies other debtors as receivables which are not rates and charges. For these debtors, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Receivables subject to impairment</b>		
Fully performing	1,513,854	1,985,462
Past due		
31 to 60 days	473,535	77,846
61 to 90 days	255,448	138,340
Over 90 days	2,736,556	2,103,977
Total gross carrying amount	<u>4,979,393</u>	<u>4,305,625</u>
Less: loss allowance	(1,469,488)	(1,461,763)
	<u>3,509,905</u>	<u>2,843,862</u>
<b>Receivables not subject to impairment</b>		
Rates and charges	<u>26,747,932</u>	<u>34,110,115</u>
	<u>30,257,837</u>	<u>36,953,977</u>

### ii) Liquidity risk

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

Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation.

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 22 ii) Liquidity risk

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 13. The following lines of credit were available at the end of the reporting period. As at 1 July 2021, this facility will decrease to \$60,000,000.

	2021	2020
	\$	\$
QTC working capital facility - limit	120,000,000	120,000,000
Available at 30 June	104,617,759	120,000,000

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

Total contractual cash flows	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
<b>2021</b>					
Trade and other payables	36,774,819	-	-	36,774,819	36,774,819
Loans - QTC	26,411,266	105,405,758	55,454,868	187,271,892	175,057,969
Loans - EDQ	281,250	1,125,000	281,250	1,687,500	1,687,500
WCF - QTC	15,382,241	-	-	15,382,241	15,382,241
	<u>78,849,576</u>	<u>106,530,758</u>	<u>55,736,118</u>	<u>241,116,452</u>	<u>228,902,529</u>
<b>2020</b>					
Trade and other payables	43,715,703	-	-	43,715,703	43,715,703
Loans - QTC	23,122,210	92,475,787	62,545,183	178,143,180	165,001,509
Loans - EDQ	281,250	1,125,000	562,500	1,968,750	1,968,750
	<u>67,119,163</u>	<u>93,600,787</u>	<u>63,107,683</u>	<u>223,827,633</u>	<u>210,685,962</u>

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

### iii) Market risk

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

#### Interest rate risk

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

Council's loan from Economic Development Queensland is interest free and not subject to interest rate risk.

Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

### (b) Fair value

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

The fair value of borrowings with QTC is based on the market value of the debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed in Note 13.

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2021

### 23 National Competition Policy

#### Significant Business Activities of Council are:

- Cairns Water which manages the water and wastewater activities.
- Cairns Resource Recovery which manages the solid waste activities.

#### Applying the Code of Competitive Conduct (CCC)

Applying the CCC requires the application of full cost pricing, identifying the cost of Community Service Obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

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

Below are the Activity Statements for the Significant Business Activities of which the Code of Competitive Conduct applies for the 2020/21 financial year, as required by Section 35 of the *Local Government Regulation 2012*.

#### 2020/21 Activity Statements

Significant Business Activities	Cairns Water \$	Cairns Resource Recovery \$
Revenue		
Services provided to the Council	15,246,449	3,010,129
Services provided to external clients	140,660,990	39,074,050
Community Service Obligations (net of charges)	745,173	919,919
<b>Revenue Total</b>	<b>156,652,612</b>	<b>43,004,098</b>
Less: Expenditure		
Employee Costs	23,396,220	5,268,831
Materials and Services	41,410,936	27,638,314
Depreciation	38,938,279	1,107,818
Other Expenditure	19,833,030	3,902,554
<b>Expenditure Total</b>	<b>123,578,465</b>	<b>37,917,517</b>
<b>Surplus/(Deficit) Before Dividend</b>	<b>33,074,147</b>	<b>5,086,581</b>

#### 2020/21 Community Service Obligations

Activities	CSO Description	2021 \$
<b>Water</b>	Service locations	4,117
	Fire Hydrants Maintenance	707,793
	Total	<u>711,910</u>
<b>Wastewater</b>	Service locations	33,263
	Total	<u>33,263</u>
<b>Resource Recovery Services</b>	Free dumping general waste	337,731
	Free dumping vegetation	538,887
	Schools Recycling	34,457
	In Kind Waste & Recycling Collections	8,844
	Total	<u>919,919</u>

**Management Certificate**

For the year ended 30 June 2021

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements as set out on pages 1 to 32 present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



**Bob Manning**  
Mayor



**Mica Martin**  
Chief Executive Officer

22 September 2021

22 September 2021

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Cairns Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Cairns Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Cairns Regional Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the councillors for the financial report**

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.



- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.

C G Strickland  
as delegate of the Auditor-General

22 September 2021

Queensland Audit Office  
Brisbane

# Cairns Regional Council

## Current-year Financial Sustainability Statement For the year ended 30 June 2021

### Measures of Financial Sustainability

	How the measure is calculated	Target	30 June 2021 Result
<b>Operating surplus ratio</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	1%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	96%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	72%

### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.

### Certificate of Accuracy

For the year ended 30 June 2021

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

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



**Bob Manning**  
Mayor

22 September 2021



**Mica Martin**  
Chief Executive Officer

22 September 2021

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Cairns Regional Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Cairns Regional Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Cairns Regional Council for the year ended 30 June 2021 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current-year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Cairns Regional Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the councillors for the current-year financial sustainability statement**

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

### **Auditor's responsibilities for the audit of the current-year financial sustainability statement**

My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



C G Strickland  
as delegate of the Auditor-General

22 September 2021

Queensland Audit Office  
Brisbane

# **Cairns Regional Council**

## **Appendix A**

For the year ended 30 June 2021

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

# Cairns Regional Council

## Long-Term Financial Sustainability Statement (Unaudited)

Prepared as at 30 June 2021

### Measures of Financial Sustainability

	Measure	Target	Actuals at 30 June 2021	Projected for the years ended								
				30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030
<b>Operating surplus ratio</b>	Net result divided by total operating revenue	Between 0% and 10%	1%	0%	1%	1%	2%	2%	1%	1%	2%	2%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	96%	85%	84%	103%	81%	79%	82%	71%	67%	67%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue	Not greater than 60%	72%	67%	59%	56%	69%	82%	75%	62%	46%	28%

### Cairns Regional Council's Financial Management Strategy

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

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

### Certificate of Accuracy

#### For the long-term financial sustainability statement prepared as at 30 June 2021

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

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



**Bob Manning**  
Mayor  
22 September 2021



**Mica Martin**  
Chief Executive Officer  
22 September 2021