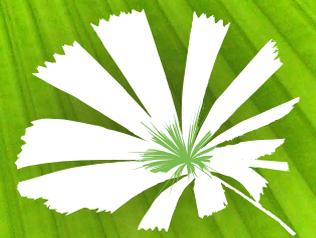


ANNUAL REPORT 2016 - 2017



Cairns
Regional
COUNCIL



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Bob Manning
Mayor



John Andrejic
CEO

MAYOR/CEO MESSAGE

2016-17 ANNUAL REPORT

Looking back on 2016-17, this has been a particularly significant year in the growth of the Cairns region. Financially, Cairns Regional Council remains among the strongest performing councils in Queensland and has once again delivered an operational surplus, achieved through effective and efficient governance and operations.

Council started the financial year with a balanced budget that put an emphasis on service delivery and included a record capital works program for our region. Investment in capital projects brings flow-on benefits both economically and in terms of liveability, as new and improved community assets and infrastructure are delivered.

Construction started on the Cairns Performing Arts Centre just as works concluded on the spectacular Munro Martin Parklands. The official opening of the Parklands by Queensland Governor Paul de Jersey, and featuring Opera Queensland, set this Council on a path to become the Arts and Culture Capital of Northern Australia.

The purchase of the Heritage-listed Courthouse Hotel has provided us with an opportunity to create a unique art precinct right in the centre of our CBD and further feeds into the vision for the city. Completion of the Shields Street Heart and other improvement projects in the CBD have contributed to increased investor confidence in Cairns, in turn triggering a level of commercial development activity that has not been seen for many years.

A modest rates increase of just 1.5 per cent was delivered for the third consecutive year – testament to the strong financial management that has been a priority for this Council. We have identified a clear objective to do more with less; to continually find improvements in how we do business.

During 2016-17, a focus was placed on connecting with our community and genuinely listening to the myriad ideas, concerns and opinions that our residents wished to express. This resulted in the Our Cairns survey – the most thorough engagement program ever undertaken by this council.

The survey and related engagement activities provided an unprecedented snapshot of the community's vision for the Cairns region. More than 6000 residents contributed to a discussion that led to the development of a new Corporate Plan to guide Council for the next five years. We continue to draw on the results of Our Cairns as a resource for decision making across Council's operations.

This has resulted in a stronger emphasis on suburban amenity, safety, liveability and on valuing and enhancing our natural environment. The achievements of 2016-17 have provided a steady platform for an equally successful 2017-18, drawing from the mantra "Serving the Community" and an objective to do better tomorrow what we do well today.

OUR VISION, PURPOSE, GOALS AND VALUES...

ABOUT THIS REPORT

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

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

ADMINISTRATION CENTRE

119-145 Spence Street
Cairns Queensland 4870

POSTAL ADDRESS

PO Box 359 Cairns Q 4870
Phone: 07 4044 3044
Email: council@cairns.qld.gov.au



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 Mission

- Providing for today, preparing for tomorrow
- Driving change for the better and meeting the challenges and needs of the community

Quadruple Bottom Line

Council's approach reflects a Quadruple Bottom Line approach as recommended by the International Council for Local Government Initiatives (ICLEI) as the most appropriate planning and reporting format for local governments. This approach means that development is managed to achieve social and economic sustainability. At its core, is the simple idea of ensuring a better quality of life for everyone, now and for future generations.



THE REGION AT A GLANCE



162,285
Population



5,230,658

PASSENGERS
THROUGH
THE AIRPORT
PER YEAR

1,250
COUNCIL EMPLOYEES

9 COUNCIL DIVISIONS
{ 1 MAYOR,
9 COUNCILLORS }

ASSETS ON BALANCE SHEET

\$3.85 BILLION

REVENUE

\$340.9 MILLION



AREA
1687
SQKM

The Cairns Region encompasses 1687 square kilometres of land on a narrow coastal strip between the Great Dividing Range and the Coral Sea. It extends from the Eubenangee Swamp (near Mirriwinni) in the south to the Macalister Range (near Ellis Beach) in the north. Cairns city is the principal centre of the region and is centrally located along the coastal strip.



World Heritage Areas
**WET TROPICS
& THE GREAT
BARRIER REEF**

The region is part of Australia's Wet Tropics and is framed by the lush World Heritage listed Wet Tropics rainforest to the west and north and the Coral Sea and World Heritage listed Great Barrier Reef Marine Park to the east. These attributes make the region a world renowned destination.

ACKNOWLEDGEMENT OF COUNTRY: Cairns Regional Council would like to acknowledge the traditional custodians of the land. Council would also like to pay respect to their Elders both past and present and extend that respect to other Indigenous Australian's who are present

16/17 BUDGET HIGHLIGHTS

FINISHED
2016/17
WITH A \$6.4
OPERATING



SURPLUS



2016-17 FEATURED A

\$178.5 M

Capital works Program



EXPENDITURE OF

\$99M

on material & services



66%

OF RATEPAYERS

a rise of 1.5% or less on
their general rates

\$660,000

TO SUPPORT MAJOR
SPORTING EVENTS

\$3M Committed
for tourism
marketing



\$470,000

FOR ECONOMIC AND
INDUSTRY DEVELOPMENT



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

2016/17 RESULTS AT A GLANCE

Cairns Regional Council has performed well throughout the 2016/17 financial year, finishing the year with a \$6.4M operating surplus. Council continued to invest heavily in community infrastructure by delivering a capital works program in excess of \$166M. Council was able to achieve these results with a record low rates rise and without compromising its exceptional service to the community.

	\$ Million
Operating Revenue	289.9
Operating Expenses	283.5
Operating Position	6.4
Capital Income	51.1
Capital Expense	25.4
Net Result	32.1
Total Assets	3,856.9
Total Liabilities	164.3
Net Community Assets	3,692.6
Total Capital Works Expenditure	166.7

The Financial Statements in this report cover a 12 month period ending 30 June 2017. The Financial Statements contained in this report include:

- **Statement of Comprehensive Income** – displays Council’s revenue and expenses with the resulting profit or loss amount known as the net result attributable to Council. This also displays Council’s other comprehensive income.
- **Statement of Financial Position** – displays the assets (what we own), liabilities (what we owe) and community equity (total assets minus total liabilities). Community equity can be a reflection of how healthy the position of Council is at a given point in time.
- **Statement of Cash Flows** – reports how revenue received and expenses paid impact on Council’s cash balances.
- **Statement of Changes in Equity** – presents a summary of transfers to and from equity accounts including retained 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 which have been set by the Department of Local Government, Infrastructure and Planning to help monitor the long-term sustainability of all councils across Queensland.

BACKGROUND

ASSUMPTIONS AND PRINCIPLES:

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

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

Council continues to implement its Asset Management Plans in order 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 or any specific reserves primarily established to fund capital works. Operating activities or recurrent expenditure cannot be funded by borrowings.

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

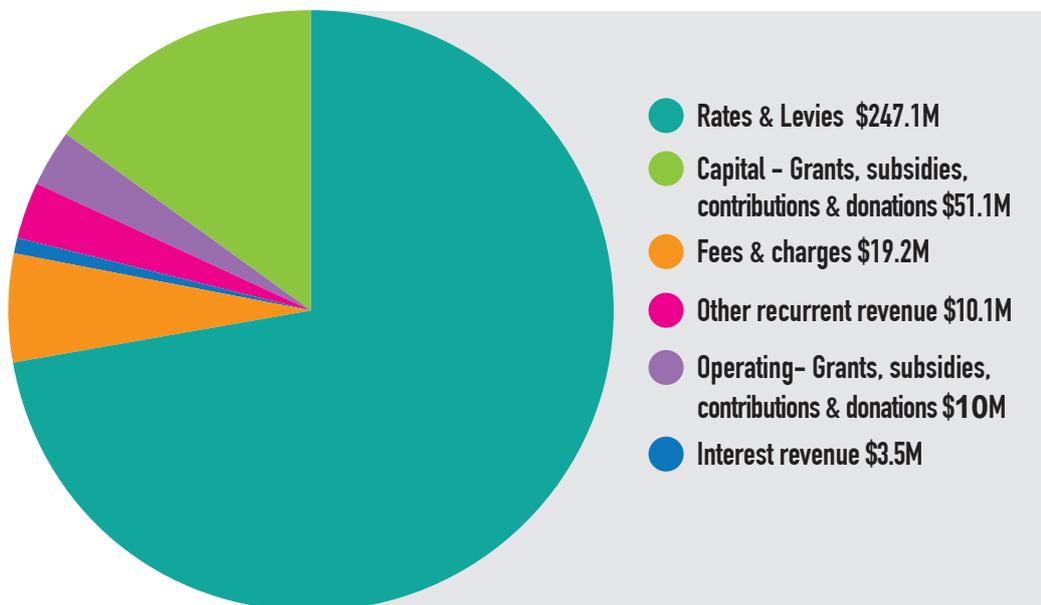
CORPORATE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

REVENUE:

Revenue for the 2016/17 financial year is sourced from various items as shown in the following graph.

TOTAL REVENUE \$341.0 MILLION



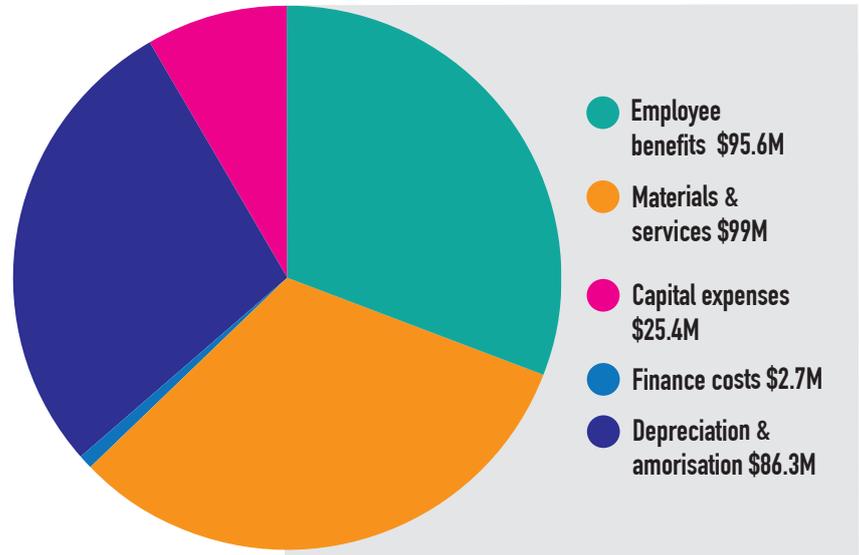
Nearly three quarters of Council's revenue (72.5%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations (15.0%), which are received solely for the purpose of funding current and future capital works in order for Council to continue to supply important infrastructure to the community.

EXPENSES:

Materials and services and employee costs make up 63.0% of the total expenditure for Council. Council has a strong labour workforce to provide maintenance, water and waste services, planning, community, sport and cultural services and capital infrastructure for the community.

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

TOTAL EXPENSES \$308.9 MILLION



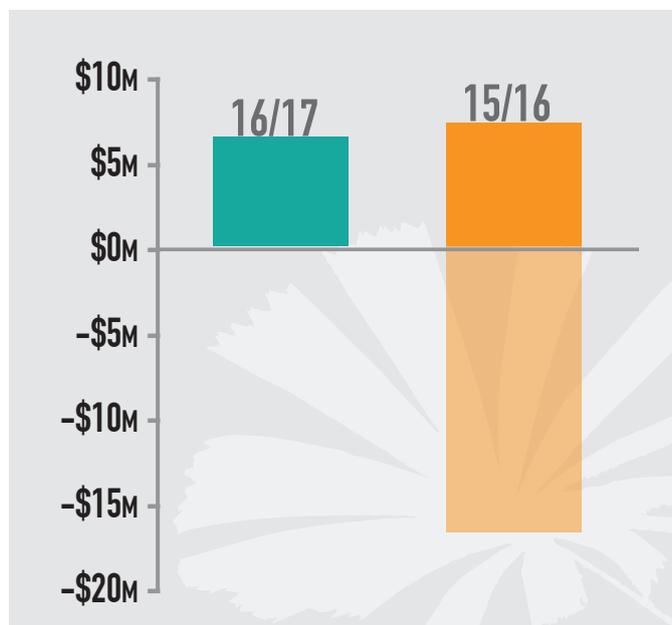
OPERATING POSITION:

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

Comment:

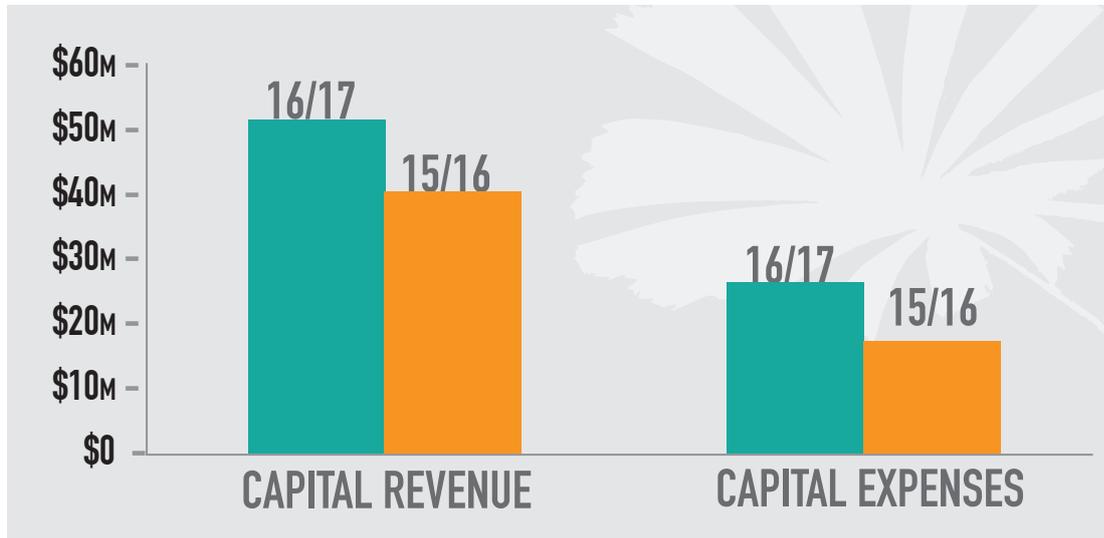
The operating position is calculated by taking total operating expenses (\$283.5M) from total operating revenue (\$289.9M) and does not include revenue or expenditure amounts for capital projects.

Council's operating position as at 30 June 2017 is a surplus of \$6.4M which has increased from a surplus of \$5.8M in the 2015/16 financial period (note, taking into account debt restructure costs of \$21.2M incurred in 2015/16, the adjusted operating position for 2015/16 is a deficit of \$15.4M).



This graph shows the operating position for 2016/17 compared to the normalised and adjusted operating position for the 2015/16 period.

NET RESULT:



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

Capital revenue represents the following income streams:

- Donated assets – infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue which is not available for Council operations or future capital expenditure.
- Developer contributions – cash contributions made by developers to fund future infrastructure assets have restrictions placed on their use and are constrained to capital reserves.
- Government subsidies and grants – this represents income received for the sole purpose of funding capital works projects.

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

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

STATEMENT OF FINANCIAL POSITION

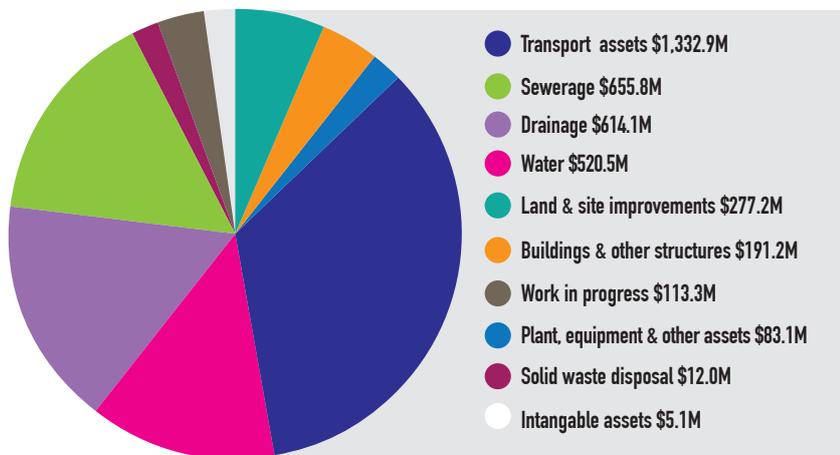
ASSETS

	2016/17 \$ Million	2015/16 \$ Million
Current Assets	51.7	95.7
Non-Current Assets	3,805.2	3,715.5
Total Assets	3,856.9	3,811.2

Comment:

Council assets as at 30 June 2017 total just under \$3.9B. This includes \$51.7M of current assets (liquid assets or amounts due to be received within twelve months) and \$3.8B of non-current assets. Property, plant and equipment makes up 98.7% of total assets.

PROPERTY, PLANT & EQUIPMENT \$3.8B



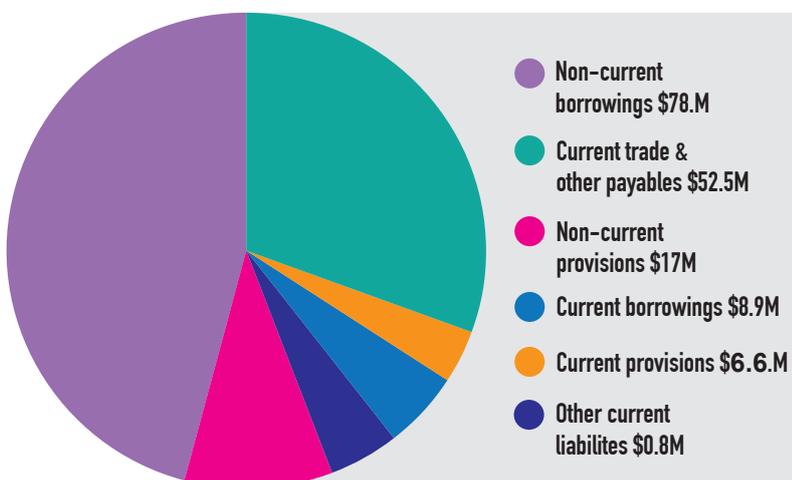
LIABILITIES

	2016/17 \$ Million	2015/16 \$ Million
Current Liabilities	68.7	57.8
Non-Current Liabilities	95.6	107.0
Total Liabilities	164.3	164.8

Comment:

Total liabilities as at 30 June 2017 are \$164.3M. This includes \$68.7M of current liabilities (due to be paid out within twelve months) and \$95.6M of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements. Interest bearing liabilities represent the largest component within Council's liabilities and consist of loans from Queensland Treasury Corporation (QTC). Council loan borrowings are discussed further in the Queensland Treasury Debt section. The following graph shows a breakdown of liabilities by category.

TOTAL LIABILITIES \$164.3 MILLION



BORROWINGS

During the year, a Working Capital Facility of \$30M was established with the Queensland Treasury Corporation (QTC). There were no working capital drawdowns as at 30 June 2017 and no other new loans were taken out during the year. The loan balance at year end is \$87.5M.

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

	2016/17 \$ Million	2015/16 \$ Million
Current Borrowings	8.9	8.6
Non-Current Borrowings	78.6	87.5
Total QTC Borrowings	87.5	96.1

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 in order to ensure that the expected loan term aligns with market movements.

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

	2016/17 \$ Million	2015/16 \$ Million
Principal	8.5	4.2
Interest	1.6	5.6
Total Debt Service Payments	10.1	9.8

As at 30 June 2017 Council's debt per rateable property is \$1,217.

SUSTAINABILITY RATIOS

Ratio	Description	Formula	Bench mark	2016/17	2015/16	Within limits
Asset Sustainability Ratio	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	Capital expenditure on renewals	>90%	101%	103%	✓
		Depreciation expense				
Net financial liabilities ratio	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	Total Liabilities less Current Assets	<=60%	39%	25%	✓
		Total Operating Revenue				
Operating surplus ratio	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	Net Operating Surplus	0-10%	2%	2%*	✓
		Total Operating Revenue				

* Including debt restructure costs of \$21.2M, the adjusted operating surplus ratio would be -5.47% which is outside the DILGP benchmark. As the difference in the operating position is a non-cash item, Council is satisfied that it has sufficient revenue to cover operational and capital funding expenditure.

CONCLUSION

Council has finished the 2016/17 financial year with a \$6.4M operating surplus and has continued strong investment in community infrastructure through the delivery of a capital works program in excess of \$166M.

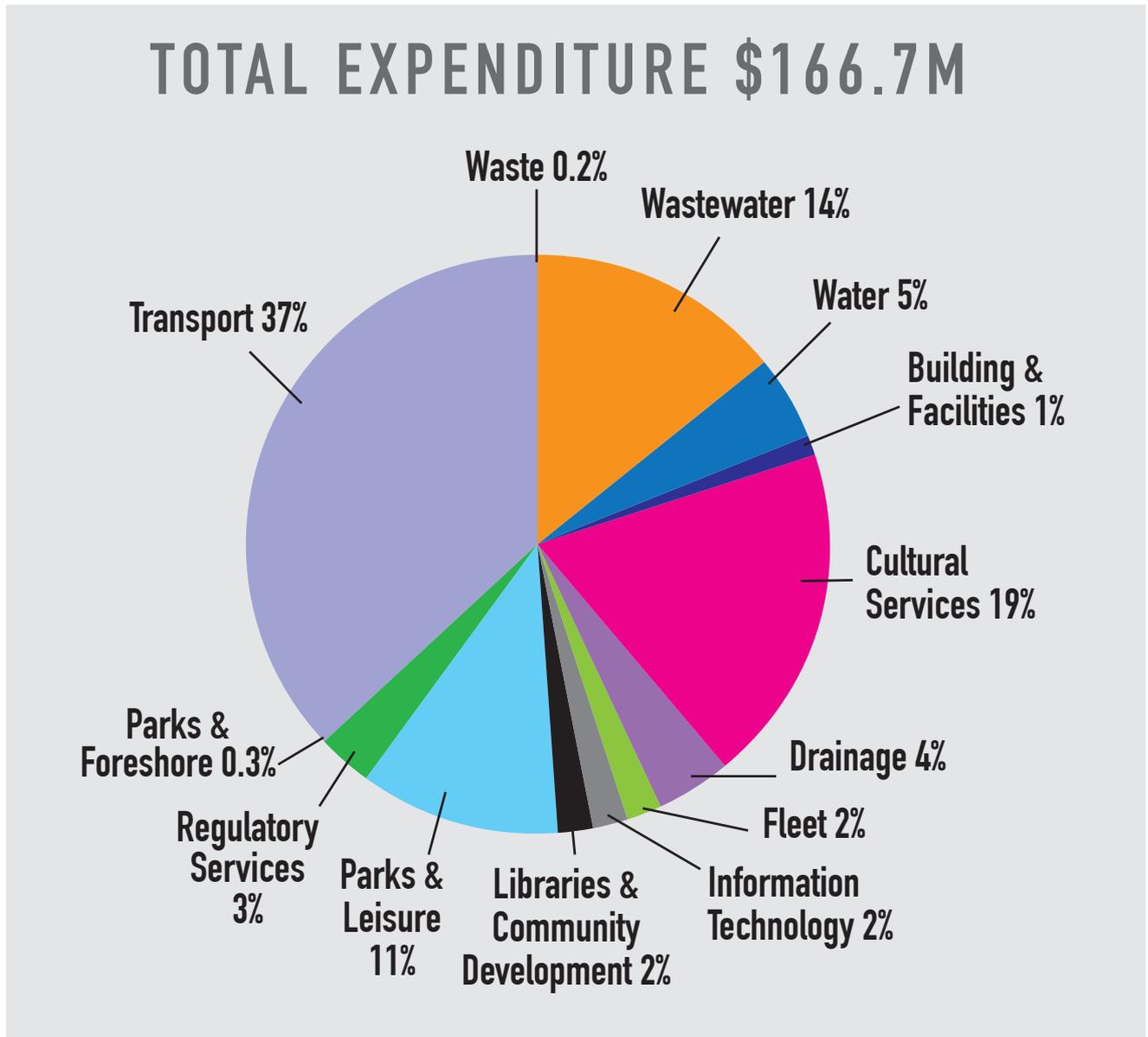
The above results leave Council well placed for the future with long term modelling indicating Council's ability to maintain outstanding levels of service, continue investment in infrastructure with an annual capital works program averaging \$161M per annum whilst maintaining an average rates rise within CPI expectations over the 10 year period.

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

CAPITAL WORKS PROJECTS

During the 2016/17 financial year expenditure on capital works was \$166.7M.

The following table provides a breakdown of the capital works for 2016/17 by asset category.



Capital Works Highlights

Council incurred expenditure on the following capital works projects during the period 1 July 2016 to 30 June 2017.

Major Items	\$
CULTURAL SERVICES	
The Precinct - Cairns Performing Arts Centre	\$16,141,370
School Of Arts and Museum Fit Out	\$6,663,114
Courthouse Hotel Acquisition	\$6,127,561
The Precinct - Munro Martin Parklands	\$2,088,718
	\$31,020,763
PARKS AND LEISURE	
Walker Road Sporting Facilities	\$4,668,256
Mann Street Cycleway	\$1,634,096
Petersen Park Development	\$1,397,917
Esplanade Northern Lawn Sport Precinct	\$1,097,713
Martyn Street Sporting Reserve	\$577,149
	\$9,375,131
TRANSPORT AND MOBILITY	
Shaft Street Pump Station	\$2,599,092
Deep Creek Bridge	\$2,599,326
Rudge Bridge	\$3,107,408
Collins Avenue Bridge	\$3,207,921
Suburban Enhancement Program (SEP)	\$4,357,006
Shield Street Heart Stage 3	\$7,430,265
Road Infrastructure New and Upgraded Roads	\$15,781,899
Road Infrastructure Renewals	\$21,462,919
	\$60,545,836
WATER AND WASTE INFRASTRUCTURE	
Water infrastructure Renewals and Upgrades	\$5,452,886
Waste Water Infrastructure Renewals and Upgrades	\$13,231,745
	\$18,684,631

PARTICULAR RESOLUTIONS

List of the resolutions made under section 206(2)
 Thresholds reported in Note 1 of EOY statements.

COUNCILLORS

Councillors Remuneration
 The following table shows the total Councillors' remuneration and Fringe Benefits Tax payments for the 12 month period from 1 July 2016 to 30 June 2017.

Div	Elected Member	Total Remuneration Payment \$	*Super Contributions \$	Total \$	FBT Expense
M	Bob Manning	168,503	20,220	188,723	14,832
1	Brett Moller	99,570	11,949	111,519	8,493
2	John Schilling	99,570	11,949	111,519	7,574
3	Cathy Zeiger	99,570	9,459	109,029	3,991
4	Terry James	114,888	13,787	128,675	-
5	Richie Bates	99,570	11,949	111,519	-
6	Linda Cooper	99,570	9,459	109,029	2,864
7	Max O'Halloran	99,570	11,949	111,519	-
8	Jessie Richardson	99,570	11,949	111,519	4,139
9	Brett Olds	99,570	9,459	109,029	4,867

Councillors Expenses Reimbursement and Facilities Provided

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy (1:02:04), Councillors are provided with expenditure reimbursements for their vehicles as well as incidental costs such as mobile phone costs, meals and taxi fares associated with Council business.

Div	Elected Member	Vehicle Reimbursement \$	Vehicle Cost \$
M	Bob Manning	-	10,969
1	Brett Moller	13,096	-
2	John Schilling	4,879	-
3	Cathy Zeiger	5,659	-
4	Terry James	-	-
5	Richie Bates	-	-
6	Linda Cooper	4,413	-
7	Max O'Halloran	-	-
8	Jessie Richardson	6,510	-
9	Brett Olds	8,423	-
		42,980	10,969

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

OTHER FACILITIES

- Councillors are provided with access to a facsimile, scanner, printer, photocopier and paper shredder for business use.
- Council will provide to each Councillor the necessary stationary and personalised letterhead including postage costs, for the undertaking of duties directly associated with their position.
- Councillors are provided with fully maintained and serviced meeting/committee rooms, kitchen amenities and ablution facilities, which include the supply and laundering of bath linen.
- Meeting/committee room usage is on a Councillor priority basis.
- Councillors are provided with a council landline telephone in the Council Administration building and a mobile telephone.
- Each Councillor will be provided with a single standard laptop and an iPad, as defined by Council's Information Services Branch that can be used both at the Council work location and at the Councillor's home office. Each laptop and iPad will be provided with appropriate hardware and software applicable to enable Councillors to perform their role. Council supplied laptops, iPads and mobile telephones may only be used for Council related work. Support for the Council supplied laptops, iPads and peripheral devices will be provided through the Information Services call centre (within standard business hours). If rectification requires more than phone support the Council provided laptop or peripheral devices will be returned to Spence Street office by the Councillor.
- Upon receipt of a claim with relevant receipts, a maximum amount of \$600, per annum, will be reimbursed to Councillors for home communication expenditure.

MAYOR

- Separate office accommodation with Secretarial and Executive Assistant Support.

DEPUTY MAYOR

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

OTHER COUNCILLORS

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

COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

The following table displays the Councillors' attendance at Council meetings for the period of 1 July 2016 to 30 June 2017.

For the period 01 July 2016 to 30 June 2017		Ordinary	Special	Planning & Environment	Sport & Community	Cultural Services	Governance	Infrastructure Services	Water & Waste
Name	Membership	Total Number of Meetings							
		13	2	10	9	9	10	10	10
Bob Manning	The Mayor serves as the Ex-Officio of all of the Council's Standing Committees and serves as Chairperson at Council's Ordinary Meeting.	13	2	8	6	7	6	7	7
Brett Moller	Chair of Governance Committee, Member of Planning & Environment Committee, Water & Waste Committee and Infrastructure Services Committee.	13	2	10	8	8	10	10	10
John Schilling	Chair of Infrastructure Services Committee, Member of Planning & Environment Committee and Governance Committee.	13	2	10	9	9	10	10	10
Cathy Zeiger	Chair of Sport & Community Services Committee, Member of Planning & Environment Committee, Cultural Services Committee and Infrastructure Services Committee	12	2	9	9	9	9	9	9
Terry James	Chairperson of Planning & Environment Committee, Member of Planning & Environment Committee and Infrastructure Services Committee	13	2	9	9	9	10	10	10
Richie Bates	Chair of Water & Waste Committee, Member of Planning & Environment Committee, and Cultural Services Committee.	12	2	10	9	8	10	9	9
Linda Cooper	Chair of Cultural Services Committee, Member of Planning & Environment Committee and Governance Committee.	13	2	9	9	9	10	10	9
Max O'Halloran	Member of Planning & Environment Committee, Sport & Community Services Committee and Water & Waste Committee	13	2	10	9	9	10	10	10
Jessie Richardson	Member of Planning & Environment Committee, Cultural Services Committee, Sport & Community Services Committee and Governance Committee	12	2	8	9	9	9	10	9
Brett Olds	Member of Planning & Environment Committee, Sport & Community Services Committee and Water & Waste Committee	13	2	9	9	9	10	10	10

CONDUCT AND PERFORMANCE OF COUNCILLORS

To ensure appropriate standards of conduct and performance are maintained by Councillors, a code of conduct has been adopted and a process is in place to deal with complaints. The Code of Conduct for Councillors sets out the standards of behaviours expected of Councillors of Cairns Regional Council. The requirements of the code are in addition to the roles, responsibilities and obligations of Councillors set out in the Local Government Act 2009.

Complaints recorded in accordance with Section 186(1) of the <i>Local Government Regulation 2012</i>		
(i)	Complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act;	3
(ii)	Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	0
(iii)	Complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act;	1
(iv)	Complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	1
(v)	Complaints assessed by the chief executive officer as being about official misconduct;	0
(vi)	Complaints heard by a regional conduct review panel;	0
(vii)	Complaints heard by the tribunal;	0
(viii)	Complaints to which section 176C(6) of the Act applied.	0
Section 186 (d) the total number of the following during the year-		
(i)	Orders and recommendations made under section 180 (2) or (4) of the Act;	0
(ii)	Orders made under section 181 of the Act	2
Orders/recommendations in accordance with Section 186(d) of the <i>Local Government Regulation 2012</i>		
(i) The name of each councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act;	(ii) A description of the misconduct or inappropriate conduct engaged in by each of the councillors;	(iii) A summary of the order or recommendation made for each councillor
Councillor Richie Bates S181	Comments made to the media prior to matter being considered by Council.	Determined by the Department of Infrastructure, Local Government and Planning – a) An order reprimanding Councillor for the inappropriate conduct; and b) An order that any repeat of the inappropriate conduct be referred to the regional conduct review panel as misconduct
Councillor Richie Bates S181	Disrespectful communication with Council employee	Determined by the Mayor – a) An order reprimanding the Councillor for the inappropriate conduct

ADMINISTRATIVE ACTION COMPLAINTS

Cairns Regional Council is committed to the principles of natural justice and fairness in all administrative complaint dealings.

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

Reports highlighting all administrative complaints are reviewed by the Executive Team each month.

- *The number of administrative action complaints made to the local government - 998*
- *The number of administrative action complaints resolved by the local government under the complaints management process - 985*
- *The number of administrative action complaints not resolved by the local government under the complaints management process - 13*
- *The number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year - NIL*

PUBLIC SECTOR ETHICS ACT 1994 S23

Section 23

The Chief Executive Officer of a public sector entity must ensure that each annual report of the entity includes an implementation statement giving details of the action taken during the reporting period to comply with the following sections:

S15 Preparation of codes of conduct

Cairns Regional Council has the following Codes of Conduct:

- Code of Conduct for Councillors
- Code of Conduct (staff)
- Code of Conduct for Contracted Security Providers

S21 Education and training

Council's Corporate Induction Program ensures all staff appointed to Council are aware of and understand their rights and obligations under the Code of Conduct (staff)

S22 Procedures and practices of public sector entities

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

OVERSEAS TRAVEL

The annual report for a financial year must contain information about any overseas travel made by a Councillor or local government employee in an official capacity during the financial year.

Name/Position	Destination	Purpose	Amount \$	Note
Graham O'Byrne - General Manager Water & Waste	Vietnam	Workshop on water quality management and technological innovation	-	1
Ben Millar - Principal Engineer Strategy, Assets & Planning	Vietnam	Workshop on water quality management and technological innovation	-	1
Toni Veronese - Quality & Compliance Officer	Vietnam	Workshop on water quality management and technological innovation	-	1
Bob Manning - Mayor	China	Meet with China Southern Airlines as part of Queensland's connecting with Asia strategy	5,468	
Total Overseas Travel for Councillors & Employees			5,468	

This overseas travel was fully funded by the Australian Water Association under its Water Operator Partnership program

EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS

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.

ARTS AND CULTURAL GRANT STREAMS

Regional Arts Development Fund (RADF)

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

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

In the 2016/17 financial year, Council provided the following community grants:

- **Arts and Cultural Grant Streams**
 - Regional Arts Development Fund (RADF)
 - Arts and Cultural Infrastructure Grants
- **Community Development Grant Streams**
 - Community Development Grants
- **Sport and Recreational Grant Streams**
 - Young People in Sport Grants
 - Go Clubs Grants
 - Sports Tourism Marketing Grants
- **General Grant Streams**
 - Arts and Cultural, Community and Go Clubs In-Kind Assistance
 - Major Community Infrastructure
 - Major Local Community Facility Development Activity
 - Mayor's Discretionary Fund
- **Event Grant Streams**
 - Local Community Event Grants
 - Regional Event Grants
 - Major Event Grants
- **Economic Development Grant Streams**
 - Economic Diversification Fund
 - Business Excellence and Innovation Grants
- **Environmental Sustainability**
 - Community Sustainability Grant
 - Nature-Based Learning Grant
- **Rates Based Financial Assistance**
- **Young Animals Protection Society (YAPS) Financial Assistance**

ARTS AND CULTURAL GRANT STREAMS

Regional Arts Development Fund (RADF)

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

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

Applicant	Description	Amount \$
REACH	Strategic Initiative	20,000
Gondwana Indigenous Childrens Choir	Round 1	10,000
Centacare Cairns	Round 1	10,000
Tristan Barton Music	Round 1	5,000
Priscilla Ong	Round 1	5,000
Cairns Museum	Round 1	5,000
Lifers Richard Mindenhall	Round 1	5,000
The Young Company Theatre Ltd	Round 1	4,997
Kathryn Ash	Round 1	4,950
Lit Sung Goong Temple	Round 1	3,445
End Credits Film Club	Round 1	2,581
Clinton Freeman	Round 2	13,334
Elizabeth Hunter	Round 2	10,000
Christy Van Der Heyden	Round 2	10,000
Inkmasters Cairns	Round 2	9,997
Sio Tusa	Round 2	9,647
Paul Bong	Round 2	8,600
Kickarts Contemporary Arts Ltd	Round 2	8,000
Greta Stanley	Round 2	7,326
Rebecca Ralfe	Round 2	3,656
Cairns Youth Orchestra	Round 2	2,550
Shane Kane	Round 2	2,500
Ashleigh Lawrance	EcoArts Grant	1,235
Robyn-Glade Wright	ECOarts Grant	1,500
The Young Company Theatre Ltd	ECOarts Grant	1,500
Catharine Hassall Guillaume Brugman	Individual Professional Development	2,000
Anthony Brian Lewis	Individual Professional Development	1,500
Stephanie Marko	Individual Professional Development	1,430
Travis Bain	Individual Professional Development	1,310
Rosie Miller	Small Arts Grant	1,236
Craig Hoy	Small Arts Grant	500
Yixuan Ruan	Small Arts Grant	500
Leigh Boswell	Small Arts Grant	500
Tim Allan	Small Arts Grant	500
Mami Tannake	Small Arts Grant	500
Wendy Mocke	Small Arts Grant	450
E Kerlin, L Johnson, E Mitchell, C Price	Small Arts Grant	441
O. Azzopardi	Small Arts Grant	200
Arianna Davis	Small Arts Grant	90
TOTAL REGIONAL ARTS DEVELOPMENT FUND (RADF)		\$176,975

Arts and Cultural Infrastructure Grants

The Cultural Infrastructure grant stream aims to provide financial assistance to cultural organisations that wish to pursue building or material enhancements for their premises.

Applicant	Project	Amount \$
Kickarts Contemporary Arts Ltd	Upgrade Tungsten Halogen Track	50,000
Cairns & District Chinese Association Inc	Planning - building design development including architectural design	50,000
Cairns Junior Choral Society Inc	Renovations & Extensions to Hall	45,455
Cairns Brass In.	New Storage Shed	29,726
Cairns Junior Choral Society Inc	Construction of extension along western side of hall	15,524
The Young Company Theatre Ltd	Climatically Treat Theatre Space	11,971
Gem Club Edge Hill	Roof Repair	5,000
TOTAL ARTS AND CULTURAL INFRASTRUCTURE GRANTS		\$207,676

COMMUNITY DEVELOPMENT GRANT STREAMS

Community Development Grants

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

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

Applicant	Project	Amount \$
Department of Communities, Child Safety & Disability Services	Contribution to Manoora Community Centre	140,000
Queensland Rugby Union Ltd	Cairns West Community Engagement & Capacity Building Project	27,500
Smithfield Child Care Centre	Roof Preparations	14,795
PCC FNQ	Youth Week	4,545
Indigenous Job Connections	Community Hub Homework Club	4,500
Far North QLD African Community Association	International Day of the African Child	4,000
Cairns Surf Life Saving Club Inc	Purchase furniture for Education & Training	4,000
Meals on Wheels Marlin Coast	Packaging Products	4,000
Cairns PCYC	Youth Week 2017 Hip Hop Workshops	2,727
Youth Empowered Towards Independence (YET)	3M Pride Community Program	2,500
Playgroup QLD	National Playgroup Week	2,392
PCYC Edmonton	Youth Week	1,818
Cairns & District Rugby League Inc.	Contribution to event to commemorate 50 year anniversary of Foley Shield Premiership	1,767
Wuchopperen	Youth Week	1,364
FNQFRSA	Youth Week Expo	750
Centacare Cairns	Ngulpa Ngulpa Women's Group Activities (Mooroobool Hub)	(500)
TOTAL COMMUNITY DEVELOPMENT GRANTS		\$216,158

SPORT AND RECREATIONAL GRANT STREAMS

Young People in Sport Grants

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

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

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

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

In the case of members of a representative team, the level of support will be restricted to \$1,000 per team per representative event.

Recipient	Sport
Cairns Athletics Inc.	Australia Athletic Championship Sydney
Cairns Basketball Inc.	U14 Boys & Girls Nationals Newcastle
Cairns Netball Association Inc.	Netball QLD State Age Championships
Cairns United Futsal Club Inc. - Harry Plasto, Matias Versang, and Cameron La	FAF National Futsal Championship - Adelaide
Pace Running and Multi-Sport Inc. - Clio Ozanne-Jaques	World Junior Cross Country Uganda
Marlin Coast Athletics Club - Joshua Lush	INAS World Athletics Championships
Cairns BMX Club Inc. - Wade Mundie	UCI World Championships
Cairns BMX Club Inc. - Shannon Petre	UCI World Championships
Cairns Motorcycle Club Inc. - Navrin Grothues, Samuel Hudson, Brock McLeish	QLD MX Titles
Saints Hockey Club Inc. - Liv McArthur	Australian U15 Girls Hockey Championship
Marlin Coast Athletics Club - Jamiee Atkins	Australian Junior Athletics Championships
Marlin Coast Athletics Club - Olli Boltz	Australian Little Athletics Championships
Cairns Hockey Association Inc. - Aidan Schenk	U15 Mens National Championships
Cairns Hockey Association Inc. - Matthew Reichard	U15 Mens National Championships
Cairns Basketball Inc. - Indi Bowyer	Australian Junior Basketball Championships
North Queensland Surf Lifesaving Youth Branch Team - Anastasia Wynberg, Arjan Wynberg	Youth State Championships
Mulgrave Athletics Inc. - Courtney Banaghan	QLD School Sport 13-19 Yrs Track & Field Championships
Cairns Basketball Inc. - Kody Stattman	U18 National Basketball Champion

GO CLUBS GRANTS

a) Go Clubs – Go on Get Sun Smart

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

Applicant	Project	Amount \$
Stratford Dolphins Football Club	Permanent Shade Area	5,000
Marlin Coast Swimming Club	Provide shade sail for young swimmers and volunteers	4,982
Total Go Clubs – Go on Get Sun Smart		\$9,982

b) Go Clubs – Infrastructure Assistance Grants

The Go Clubs Infrastructure Assistance Grants aims to assist clubs with the development of improved facilities.

Applicant	Project	Amount \$
Stratford Dolphins Football Club	Club House Roof Renovation	11,000
Half Moon Golf Club Inc.	Disabled Toilets	10,000
Ellis Beach Surf Life Saving Club	Bunk Beds in Dormitories Competitive Grant Round 2016/17	9,944
Kangaroos Junior Rugby League Club	Kiosk Awning Competitive Grant Round 2016/17	9,000
Gordonvale Golf Club Inc.	Clubhouse Upgrade	7,000
Total Go Clubs - Infrastructure Assistance Grant		\$46,944

SPORTS TOURISM MARKETING GRANTS

Applicant	Project	Amount \$
Professional Golfers Assoc. of Australia Ltd	2016 PGA Cairns Classic	7,420
Total Sports Tourism Marketing		\$7,420

GENERAL GRANT STREAMS

Arts and Cultural, Community and Go Clubs In-Kind Assistance

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

a) Arts and Cultural In-Kind Assistance

Applicant	Project	Amount \$
Cairns Art Society Inc.	Artists of the North Exhibition	10,000
Cairns Tropical Pride Inc.	Tropical Mardi Gras 2016	5,000
Maureen Cameron	The Gift of Music Charity Concert 2016	5,000
Peninsula Art Educators Assoc.	Energy Art Exhibition 2016	5,000
Inkmasters Cairns	Print Exhibition 2016	5,000
Tropical Arts Association Inc.	Shakespeare at Tanks - Taming of the Shrew	5,000
Japanese Society of Cairns	Japanese Bon Dance Festival 2016	5,000
Cairns and Region Multicultural Association	Tropic Wave Festival 2016	4,990
Cairns Photographic Society	Doc's Day Off Exhibition	4,613
FNQ African Community Association	International Day of the African Child	4,352
Priscilla Ong	City Faces Exhibition	3,796
Pau Enterprises Indigenous Co	Cultural Collective	3,205
O. Azzopardi	Solo Exhibition (Fine Arts)	3,057
M. Tannaka	Music Event Photograph	2,248
Cairns Regional Gallery	Cairns Regional Gallery	1,659
Papua New Guinea & Wantoks Ass Inc.	PNG Cultural & Family Day 2016	1,483
Lions Club of Cairns Barrier Inc.	FNQ Emergency Services Charity Ball 2016	1,427
Uniting Care Community	Family Fun Day 2016	1,281
YAAWIN Writers Group	YAAWIN Anthology Book Launch	705
Tropical FYAH	So you think you can Dancehall	592
Kickstart Cairns Toastmasters	Kickstart Cairns Toastmasters	509
R. Scott	Illuminate Cairns 2016	170
Saltwater Creek Baksetry Group	Botanic Basketry	61
Total Arts and Cultural In-Kind Assistance		\$74,146

b) Community Development In-Kind Assistance

Applicant	Project	Amount \$
Cairns NAIDOC Committee	NAIDOC Week Family Fun Day 2016	3,000
Youth Empowered Towards Independence (YETI)	FNQ Same Sex Gender Diverse Formal 2016	3,000
FNQ Volunteers Inc.	FNQ Volunteers Expo	3,000
Cairns Mens Shed	Equipment for Working Shed	2,859
St Vincent de Paul Society Queensland	Annual Parking Meters	1,969
Lifeline Cairns Region	Out of the Shadows Walk - World Suicide Prevention Day 2016	1,831
FNQ Emergency Services Charity Ball Committee	FNQ Emergency Services Charity Ball 2016	1,536
Youth Service Providers	Annual Parking Meters	985
The Lakes Church	Church in the Park 2016	877
Cairns Bhutanese Community Inc.	Bhutanese Weaving Exhibition 2016	406
Total Community Development In-Kind Assistance		\$19,46

c) Go Clubs In-Kind Assistance

Applicant	Project	Amount \$
Kangaroos Rugby League Club Inc.	Upgrade Power	13,509
Cairns Yacht Club Inc.	Tree maintenance	4,083
Souths Football Club Inc.	Lock up storage area Club House	3,936
Scouts Far North Region	Plumbing Services	3,835
Clifton Beach Tennis Club	Members seating and bike rack	3,706
Gordonvale Golf Club Inc.	Grounds Maintenance	3,569
Ivanhoes Rugby League	Clubhouse Maintenance	3,422
Marlin Coast Bowls Club	Grounds Maintenance	3,365
Cairns Redsox Softball Club Inc.	Building Maintenance	2,987
Barron Valley Sports Club Inc.	Drainage	2,806
Half Moon Golf Club Inc.	Tree maintenance	2,659
Marlin Coast Rangers Football Club Inc.	Tree maintenance	2,613
Kangaroos Boxing & Fitness Assoc	Upgrade Water Services	2,512
Rotary Club of Cairns Mulgrave	Rotary Duck Race 2016	2,160
Cairns Target Shooting Club	Tree maintenance	2,078
Cairns Golf Club	Grounds Maintenance	1,822
Cairns Speedway Riders Assoc.	Barrier Reef 1000 Speedway	1,560
Saints Hockey Club	Tree maintenance	999
Kangaroos Rugby League Club Inc.	Tree maintenance	752
Cairns City Lions Senior AFL Club	Grounds Maintenance	289
Trinity Beach Tennis Club	Tree maintenance	120
Total Go Clubs In-Kind Assistance (Essentials)		\$62,779

Go Clubs In-Kind Assistance (Field Maintenance)

Mulgrave Combined Cricket	Fuller Park Treatment of Funnel Ants	2,082
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Go Clubs In-Kind Assistance (Field Maintenance) \$2,082

Total In-Kind Assistance \$158,469

Major Community Infrastructure Grant

Applicant	Project	Amount \$
Russell Heads Progress Association	Assistance Renewal Works	
	Pontoon/Dredge/Groyne Structure	25,000

Total Major Community Infrastructure Grants \$25,000

Major Local Community Facility Development Activity

Applicant	Project	In-Kind	Amount \$
Cairns Historical Society	Resource & Performance Agreement		327,563
Queensland Museum	Museum Development Officer Dr Jo Wills - Professional services		21,818
NQ Sports Foundation	NQ Games	6,354	
Total Major Event Grants		\$6,354	\$349,381

Mayor's Discretionary Fund

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

Applicant	Description	Amount \$
Cairns & District Chinese Association Inc	Donation towards cultural exchange trip to Bendigo 2017	2,000
Babinda RSL Sub Branch	Donation towards 2016 Babinda Christmas Wonderland Experience	1,500
COUCH	Blockout Decal	1,329
Lions Club of Cairns	Donation towards 2016 World Festival of Magic	1,000
Gondwana Indigenous Childrens Choir	Gondwana Indigenous Children's Choir - Trip to Vienna	1,000
Marlin Coast Bowls Club	Donation towards State Pennant Finals	1,000
Cairns Art Society Inc.	CRC Award Sponsorship	1,000
Lioness Club of Cairns	Donation towards purchase of club photocopier	688
Mulgrave District Chamber of Commerce	Donation towards Annual Community Carols	500
Azure TNQ	Donation towards sport equipment for Junior Triathlon Development	500
Edge Hill Tennis Club	Donation to purchase tables & chairs for covered area next to courts	500
Edge Hill Tennis Club	Tennis Nets	500
Saints Hockey Club	50 Year Club Commemorative Shirts	500
Pace Running	Donation towards travel costs for National Cross Country Championships	500
IFYS Limited	Donation towards Foster Care Christmas Party	500
Holloways Beach Markets Inc	Community Card Night/Battery Operated Candles	500
Holloways Beach Markets Inc	Holloways Beach Seniors Lunch	500
Stratford Freshwater Community Association Inc.	Donation towards Annual SAFCA Street Party	500
Edmonton Pony Club	Place Ribbons for Gymkhana 2017	500
Special Childrens Christmas Party	Special Childrens Christmas Party 2017	500
Stratford Bowls Club	65th Anniversary Celebrations - Mens & Ladies Competition	500
Yorkeys Knob Residents Association	Donation towards Annual Community Carols	500
Immune Deficiency Foundation Australia	Circus Quirkus	480
Koon Kids	Koon Kids Supporting NAIDOC Week 2017	450
St Vincent de Paul Society Queensland	Donation towards the Vinnies Community Sleepout	273
Cairns Road Crash Rescue Team	World Rescue Challenge	250
Transplant Australia	World Transplant Games in Spain	250
Ribbons Ladies Game Fishing Club	Donation towards purchase of Trophies for Ladies Game Fishing Tournament	250
Trinity Anglican School	CRC Awards for Citizenship, 2016 Speech Night Awards	227
Children's Cancer Institute Australia	Donation towards the Townsville to Cairns Bike Ride Cycling for Cancer research	182
Cairns & District Junior Eisteddfod	Trophy Sponsorship	118
Holloways Beach Markets Inc	Holloways Beach Markets Fund	(212)
Total Mayor's Discretionary Fund		\$18,785

EVENT GRANT STREAMS

Local Community Event Grants

To assist and support local organisations and individuals in the provision of traditional festivals or culturally significant events for their local community. Local community events serve to enrich the lives of residents and celebrate important occasions for the community. These events do not usually attract visitors from outside of town specifically for the event.

Applicant	Project	In-Kind	Amount \$
Cairns Show Association	Cairns Show 2016	6,177	28,411
Babinda Harvest Festival	Babinda Harvest Festival	788	20,000
The Great Pyramid Race & Country Fair Assoc. Inc	The Great Pyramid Race & Country Fair	4,504	14,390
Cairns Bhutanese Community Inc.	6th Interstate Bhutanese Soccer Tournament		10,000
Positive Ageing Cairns Inc.	PACI Office Steady Steps Program 2016		10,000
Cairns Waitangi Day Committee	Waitangi Day 2017	2,433	7,567
Headspace Cairns	Headspace Tobruk Youth Celebration		5,652
Abriculture	GIMUY Fish Festival		5,000
Cairns Multicultural Committee	Tropic Wave Festival 2016		5,000
Mulgrave District Chamber of Commerce	Animal Education Day Norman Park Gordonvale		5,000
Lions Club of Cairns	Under 18 Illumination		5,000
Cairns Tropical Writers Festival	Cairns Tropical Writers Festival		5,000
Australian Bat Society Inc	Cairns Bat Festival 2017		5,000
Cairns Bhutanese Community Inc.	Dasain and Tihar Festival 2016		3,500
Cairns Potters Club	Biennial National Ceramics Exhibition		3,000
Cairns Indian Association Inc	CIA Annual Cultural Program		3,000
Edmonton PCYC	Youth Week Expo		2,940
St Johns Community Care Ltd	Seniors Week Celebration		2,720
Yorkeys Knob Residents Association	Festival of the Knob		2,000
Machans Beach Community Association	Machans Beach Super Suburb 2017		1,500
Cairns & District Chinese Association Inc	Chinese New Year Festival	255	1,354
Northern Pride Rugby League	Northern Pride Rugby League	46,202	
FNQ Heat FC	FNQ Heat Home Games & Training	25,360	
Cairns & District Junior Eisteddfod	Cairns Junior Eisteddfod 2016	25,000	
Cancer Council	Relay for Life 2016	22,411	
Diversicare	Cultures in Harmony	6,000	
Pacific Communities Council of FNQ Inc	Pasifika Festival	5,988	
Carols Rock Impact	Carols by Candlelight Edmonton	4,277	
Australia Arakenese Assoc.	Arakanese New Year Festival 2016	3,000	
Ronald McDonald Family Retreat	Christmas Lights Ride 2016	2,726	
Cairns MTB Club Inc.	Gravitate Urban Night	2,516	
Pacific Communities Council of FNQ Inc	Annual Pasifika Youth Games	2,143	
FNQ Hospital Foundation	Spooky Spectacular	1,570	
Family Planning QLD	Reclaim the Night	1,337	
Cairns Volleyball Association	Cairns Beach Volleyball Series	1,322	
Rock Impact Incorporated	Australia Day at Sugarworld Gardens	1,042	
Cairns Street Chaplains	Cairns Street Chaplains Launch	788	
FNQ Roller Sports Assoc.	FNQ Freestyle Roller Sports	746	
Australia Japan Society in FNQ	Sister Cities BBQ Hire for Japan Okonomiyaki Visit	430	
Leukaemia Foundation	Worlds Greatest Shave	252	
FNQ African Community Association	African Community Xmas BBQ	248	
Playgroup QLD	National Playgroup Week	241	
Total Local Community Events		\$167,755	\$146,034

REGIONAL EVENT GRANTS

To nurture and grow an event that will drive economic development, raise the profile of Cairns nationally, generate positive social and cultural benefits and inspire residents of Cairns.

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

Applicant	Project	In-Kind	Amount \$
Cricket Australia	Cricket Australia XI vs Pakistan		
Three Day/Night Tour Match		1,461	46,010
NQ Sports Foundation	LGA Annual Contribution		33,065
Cairns & District Chinese Association Inc	Chinese New Year Festival	1,104	30,000
Tennis Australia	2016 Cairns Tennis International		30,000
World Wide Sports Agency	Crocodile Trophy		30,000
Study Cairns Inc	ANZA workshop & pre & post inbound education agent families 2017		27,400
Reef Feast	Reef Feast Palm Cove 2016	2,054	20,000
Cairns Tropical Pride Inc.	Tropical Mardi Gras 2016		15,000
Cairns Ukulele Club	2016 Cairns Ukulele Festival		15,000
Far North Queensland Amateur Turf Club	Cairns Amateurs Races	19,148	5,331
Cairns Indigenous Arts Fair	Cairns Indigenous Arts Fair	88,089	
Total Regional Event Grants		\$111,855	\$251,806

MAJOR EVENT GRANTS

To grow a diverse portfolio of major events that will drive economic development of the region, promote Tropical North Queensland nationally and internationally, generate positive social, cultural and environmental benefits and inspire the residents of TNQ.

These are events that will attract significant numbers of event visitors, participants or media from outside the region and result in substantial and measurable outcomes in the region in which they are held. Typically this type of event should attract 25,000-50,000 participants/overnight visitors staying in Cairns for 2-10 days.

Council has also financially supported the following Major Events:

- Cairns Airport Adventure Festival (Ironman)
- Mountain Bike Events
- AFL and NRL Premiership Matches
- Beach Volley Ball Continental Cup

ECONOMIC DEVELOPMENT GRANT STREAMS

Economic Diversification Fund

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

Applicant	Project	In-Kind	Amount \$
Tourism Tropical North Queensland	Annual Payment		1,500,000
Tourism Tropical North Queensland	Project Based Funding		500,000
Cairns Airport	Funding Agreement		300,000
Advance Cairns	Annual Contribution		250,000
Study Cairns Inc	Resource & Performance Agreement		62,000
Advance Cairns	Deloitte Access Regional Investment Prospectus		53,566
Superyacht Group	Resource & Performance Agreement		30,000
Babinda Information Centre	Babinda Revitalisation		12,000
QLD Police Australian Football Club	National Police AFL Championships		10,300
Babinda District Community Association	Babinda Revitalisation		7,500
Sports Marketing Australia	BMX Australia National Series		2,200
Hawker Pacific	Hawker Pacific - International PT6 Customer Day (5 x Gift Hampers)		475
Social Change Accelerator Networking Program	Social Change Accelerator Networking Program	854	
Total Economic Diversification Fund		\$854	\$2,728,041

Business Excellence & Innovation

Applicant	Project	In-Kind
Tropical Innovation Awards	Tropical Innovation Awards	2,033
Total Business Excellence & Innovation		\$2,033

ENVIRONMENTAL SUSTAINABILITY GRANT STREAMS

Community Sustainability Grants

The Community Sustainability Grant provides financial assistance to not-for-profit community groups and organisations to implement projects, events, community and educational programs which: save energy or water, reduce waste, promote active travel or sustainable food production, improve local biodiversity or build capacity for best practice in sustainability.

Applicant	Project	Amount \$
Holloways Beach Environmental Centre	Sustainability Enrichment Program 2016/17	5,000
Holloways Beach Environmental Centre	Sustainability Enrichment Program 2017/18	5,000
Manoora Community Garden	Shed	5,000
Permaculture Cairns	Permaculture Workshops	3,000
Cairns & Far North Environment Centre	Boomerang Bags Cairns Chapter	3,000
Cairns Youth & Recreation Centre Inc.	LED Lighting & Installation	2,631
Cairns BMX Club	Purchase & Install Solar panels	2,500
Children for Change Inc	Fitzroy Island Trip	2,500
Rubber Side Down Cycling Collective	Workshop Development & Bicycle Maintenance Classes	2,000
Total Community Sustainability Grant		\$30,631

Nature-based Learning Grant

The Nature-based Learning Grant stream provides financial assistance to eligible schools to deliver school excursions that connect children with nature in a way that results in a greater awareness and appreciation of sustainable living and the natural world.

Applicant		Amount \$
Bentley Park College	Bus Hire for Botanic Gardens and Boat fees for Reef Excursion	2,200
Woree State School	Bus Transport to Cattana Wetlands, Turtle Rehab Centre, MRF, Hartley's Crocodile Farm, Holloways Beach Environmental Education Centre	2,000
Trinity Beach State School	Boat fees for Reef Excursion	2,000
Mirriwinni State School	Fitzroy Island Excursion	1,920
Trinity Bay High School	Boat fees for Reef Excursion	1,800
Redlynch State College	Boat fees for Reef Excursion	1,500
Cairns State High School	Orpheous Island & Kuranda Rainforestation	1,500
Edge Hill State School	Kuranda Rainforestation Excursion	1,500
Cairns School of Distance Education	School Camp	1,500
Isabella State School	Great Barrier Reef Excursion	1,500
Bartle Frere State School	Bus hire to MRF Excursion	770
Gordonvale State School	Excursion to Butterfly Sanctuary	480
Total Nature-based Learning Grant		\$18,670

RATES BASED FINANCIAL ASSISTANCE

	2016/17	Amount \$
Not For Profit Community Groups	132 recipients	606,380
Not For Profit Sporting & Recreation Groups	84 recipients	316,991
Cairns Show Association	1 recipient	38,652
		\$962,023

YAPS FINANCIAL ASSISTANCE

Total Young Animals Protection Society \$35,000

SPONSORSHIPS

Applicant	Description	Amount \$
Taipans Basketball Inc.	2016/17 Sponsorship	125,000
Tourism Tropical North Queensland - TNQ Industry Awards for Excellence Sponsorship - Industry Awards Partner -Innovation Excellence		12,000
FNQ Heat FC	Season Sponsorship	10,000
Cairns Indigenous Arts Fair	Art Award Sponsorship	10,000
Cairns State High School	Cairns State High School Centenary Celebration	9,091
Tropical North Queensland Innovation Awards 2016	Tropical North Queensland Innovation Awards 2016	7,364
Queensland Government	QLD Disability Conference 2016 - Gold Partner Sponsor	5,000
Office of Fair & Safe Work QLD	Safe Work Month Breakfast Cairns	5,000
Cairns Business Women's Club (CBWC)	CBWC Inspire, Inform & Educate Conference Sponsorship	4,000
Cairns Chamber of Commerce	Cairns Business Excellence Awards -Sponsorship for Community Contribution Award	3,000
Cairns Business Women's Club (CBWC)	Cairns Business Women's Club (CBWC) 31st Annual Business Awards - Cairns Regional Council GOLD Sponsor	2,000
James Cook University	JCU's student academic prize program	545
Australian Institute of Architects	Cairns Open House	500
Total Sponsorships		\$193,500

DONATIONS

Applicant	Description	Amount \$
Cairns Turtle Rehabilitation Centre	Workplace Giving Donations	5,000
The Salvation Army	Red Shield Appeal	5,850
Total Donations		\$10,850

CORPORATE PLAN

2017 - 2022 AT A GLANCE



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 circular regional economy that supports the growth of new and existing industry and business activities whilst enhancing the local lifestyle and providing long term employment opportunities

STRATEGIC OBJECTIVES

- Over the next 5 years our strategic objectives are;
- 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 through access to technology and resources

HOW WE WILL MEASURE OUR PERFORMANCE

- Diversify and Enhance the economy
- Employment growth and tourism numbers
- Attendance numbers and economic return on events across the region
- Economic policies for development & investment and other cohorts are established.
- Smart Communities initiatives developed

NATURAL ASSETS

WHAT WE WANT TO SEE IN 2022

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

STRATEGIC OBJECTIVES

- Over the next 5 years our strategic objectives are;
- 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

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

- Over the next 5 years our strategic objectives are;
- 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

- Over the next 5 years our strategic objectives are;
- Support a rich and diverse culture through accessible public facilities and community initiatives.
 - Become the Arts 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

- Over the next 5 years our strategic objectives are;
- 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 everyday

HOW WE WILL MEASURE OUR PERFORMANCE

- Delivery of capital projects in line with key milestones and agreed cost targets
- Balance Budget or Councils Sustainability Ratio?
- Rates Benchmarking
- Our Cairns survey 2019
- Proportion of on-line customer interaction
- Customer Satisfaction Index



The operational Plan for 2016/17 was based on the Corporate Plan 2013 – 2018 which was adopted by Council on 25 June 2013 and was superseded by the Corporate Plan 2017-2022. The Chief Executive Officer's assessment of Council's progress in 2016/17 towards implementing the 5 year Corporate Plan and annual Operational Plan is shown below.

COMMUNITY & CULTURE

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



OUTCOMES

The redeveloped Munro Martin Parklands was officially opened in August with a comprehensive season of free and ticketed high profile performing arts events embracing a diverse range of genre from Queensland Ballet to Opera Queensland to International Grammy Award Winners.

Alley Park Masterplan Stage 1 - construction of new parking areas, additional two fields, irrigation and lighting

Green Space, Our Place Volunteer Program grown to now include 15 volunteer groups across multiple Council locations.

The refurbishment and extension of School of Arts building began in March 2016 and was completed in March 2017 this included restoration of the Art Deco awning and façade.

Shields Street Heart Project Stage 2 completed. In this stage, the Lake Street to Abbott Street section was transformed into an urban parkland. Key project elements include beautification works to recreate a rainforest experience, and contemporary lighting for atmosphere at night.

Mann Street Cycleway completed which offers the community a safer, appealing and more convenient cycling route through the city.

Completion of Walker Road Sporting Precinct Stage 2 which includes cricket ovals and rectangular fields. Completion of Gordonvale Library refurbishment making it a more modern, efficient and contemporary library facility and customer service centre.

Cairns Festival ran from 26 August - 4 September, featuring a diverse range of free events including the Festival Parade, Family Film Nights, Carnival on Collins, and Sunday on the Nard.

New Flood ALERT station and flood camera installed at Freshwater Creek and Resilience Scorecard developed as a framework for understanding our community

12 traineeships recruited and completed as part of the Skilling for Queensland initiative.

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



OUTCOMES

Council resolved to adopt the **Cairns Local Government Infrastructure Plan** on 28 June 2017.

Economic development plans for **Babinda and Gordonvale** endorsed by Council with four strategic focus areas being tourism development & promotion, Business & industry development, Improved connectivity and cooperation between all levels of Government in the delivery of services.

Development of Library partnerships to deliver learning and technology workshops including Tech Savvy Seniors workshops and robotics and coding workshops.

Council's Reef Guardian Plan 2016-2017 endorsed by Council in November 2016.

Major partner of the 2016 **Mountain Bike World Cup** which attracted 300 international riders from 35 countries.

Secured the return of **international cricket** back to Cairns for the first time since 2004, with Cricket Australia XI playing Pakistan in a tour match at Cazalys.

Major Partner for the **NRL Premiership match** between the South Sydney Rabbitohs and North Queensland Cowboys which saw 14,923 people attend.

Eight awards presented at Council's annual **Innovation Awards** on 16 November 2016.

Major partner for the **AFL Premiership match** between the Western Bulldogs and Gold Coast Suns which saw 8,509 people attend.

Council's **Nature-Based Learning Grants** provided to 13 schools (1389 students). These grants fund a range of excursions including trips to the reef and rainforest.

ENVIRONMENT

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



OUTCOMES

ECOfiesta delivered on 28 May 2017 celebrating sustainable living in Tropical North Queensland.

New access from **Redlynch Connector Road** (Portelli Road) constructed allowing the community access from Redlynch Intake Road roundabout through to St Andrew's Catholic College and Redlynch Sports Complex

Council undertakes **flying fox deterrent activities** near the Esplanade Lagoon plaza to allow for tree trimming.

The 2015/16 **State of the Environment Report** was finalised and is available on line. The Statement of Environment report summarises Cairns Regional Council's environmental and urban sustainability initiatives in 2015/16.

Waste and Recycling and Water Conservation education program commenced in schools

Reef Guardian Action Plan 2016/17 prepared

Asbestos audit of all Council facilities completed and asbestos register created for future management of facilities

As part of the **Community Sustainability grants** 2016/17 program over \$30,000 of grants provided to not-for-profit community groups and organisations to implement projects, events, community and educational programs which: save energy or water, reduce waste, promote active travel or sustainable food production, improve local biodiversity or build capacity for best practice in sustainability

Collins Avenue Bridge replacement completed at an expenditure of more than \$3.2million.



GOVERNANCE

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



OUTCOMES

New Corporate Plan 2017 – 2022 endorsed by Council on 26 June 2017. Our Cairns community engagement project undertaken, with 6446 people responding to a broad-ranging community survey.

Commenced negotiations on Council's **Enterprise Bargaining Agreement**.

Manual handling **training** to Council's high risk manual handling areas implemented

Legislative Compliance Framework investigated and suitable software determined

Implementation of **SafetyCircle initiative** throughout Council including 1147 employees completing training This initiative supports a culture of continuous improvement and open communication

Council's **Voice of Our Customer program** reviewed and updated to ensure relevance to community expectations

A comprehensive three (3) year **Capital Works plan** was developed as part of the 2016/17 Annual Budget process. Performance against this plan is monitored through the new Capital Works Approval and Reporting process.

An overarching **10-year financial plan** has also been developed as part of the budget process and is incorporated into Council's long term financial planning.

Financial sustainability indicators all indicated a favourable financial position as at 30 June 2017 as anticipated.

Cairns Regional Council's **Annual Training and Excellence Awards** were held on 22 November 2016. Four categories were included in the awards; Training, Safety, Connecting and Recognition of Excellence with 144 Nominations received for 15 Awards on offer

OTHER ISSUES RELEVANT TO OPERATIONS & PERFORMANCE

The annual report for a financial year must contain other issues relevant to operations and performance. Council is not aware of any other issues relevant to making an informed assessment of its operations and performance in the 2016/17 financial year.

ANNUAL OPERATIONS FOR EACH COMMERCIAL BUSINESS UNIT

The annual report for a financial year must contain information about the annual operations for each commercial business unit.

CAIRNS WORKS

Cairns Works Construction (CWC) is a commercialised business unit of Cairns Regional Council (CRC). Section 190 of the Local Government Regulation 2012 states that a local government's annual report for a financial year must include an annual operations report for each commercial business unit.

The annual operations report contains the following information for the previous financial year:

- (a) Information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan;
- (b) Particulars of any changes made to the unit's annual performance plan for the previous financial year;
- (c) Particulars of the impact the changes had on the unit's –
 - i. Financial position; and
 - ii. Operating surplus or deficit; and
 - iii. Prospects;
- (d) Particulars of directions the local government gave the unit.

UNIT'S OBJECTIVES

CWC's mission is to safely construct civil engineering projects for Cairns Regional Council and external clients that are on time, within budget and to specification.

The high level objectives of the CWC business unit are:

- Deliver capital works construction projects including transport and drainage infrastructure, and other civil works.
- Undertake construction work for external clients including the Queensland Department of Transport and Main Roads.

NATURE AND EXTENT OF BUSINESS ACTIVITY

CWC provides civil engineering construction services to Cairns Regional Council in the areas of:

- Transport,
- Drainage,
- Parks and foreshores.

Major projects undertaken during the year include:

- Collins Avenue Bridge
- McLean Street Upgrade
- Alley Park Sports Fields
- Walker Road Sporting Facilities Stage 2
- Logmier Road Stage 1A
- Suburban Enhancement Program
- City Centre Alive – Shields Street Heart Stage 2
- CBD streetscape upgrades
- Annual road improvement works (asphalt, reseal, kerb renewal and rehabilitation)
- Annual drainage infrastructure renewal and improvement projects

The Branch also engages in the provision of civil projects to external customers including State agencies and the private sector. Major projects undertaken during the year include:

- Department of Transport and Main Roads – Asphalt Surfacing Captain Cook Highway / Collins Avenue

UNIT'S FINANCIAL AND NON-FINANCIAL PERFORMANCE TARGETS

Financial Performance Targets:

Section 175 (3) of the Local Government Regulation 2012 states that:

- (3) A local government may omit information from the copies of the annual performance plan made available to the public if—
 - (a) the information is of a commercially sensitive nature to the commercial business unit
 - (b) the information is given to each of the local government's councillors.

Financial performance targets are commercially sensitive to the business unit; hence they are not presented in this annual operations report but have been provided to Council separately.

NON-FINANCIAL PERFORMANCE TARGETS:

The following are CWC's key non-financial performance targets:

- **Completion of construction projects on time and within budget.**
 - *The majority of CWC's projects were delivered on time and within budget.*
- **Minimum 80% completion rate for Workplace Health and Safety - Monthly Action Plans**
 - *Monthly Action Plans were replaced by the "SafetyCircle ®" Workplace Health and Safety system.*
 - *100% completion rate achieved for Monthly Circle Meetings since the implementation of the SafetyCircle ® in March 2017.*
- **Minimum 80% completion rate for Workplace Health and Safety – Rectification Action Plans for low to medium risk items and minimum 100% completion rate for high risk items.**
 - *100% completion rate achieved.*
- **75% customer satisfaction through Voice of Customer Surveys.**
 - *The most recent Voice of Customer Survey was conducted in March 2015 and achieved 90% customer satisfaction*

CHANGES TO THE ANNUAL PERFORMANCE PLAN

No Significant changes were made to the CWC Annual Performance Plan in the previous financial year.

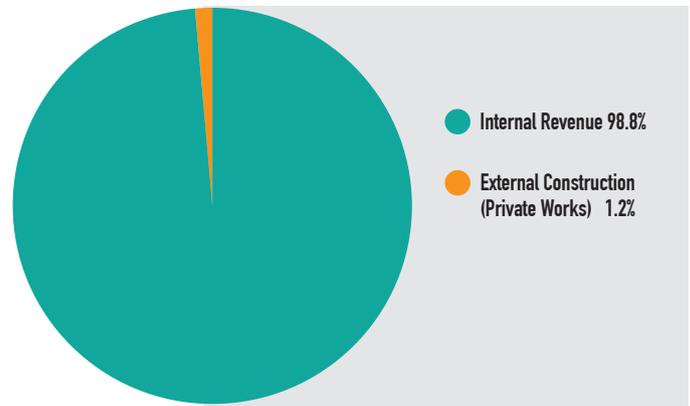
DIRECTIONS THE LOCAL GOVERNMENT GAVE THE UNIT.

Council provides ongoing directions to the CWC business unit regarding the scope and timing of construction works to be delivered. The result of those directions includes the major projects listed above.

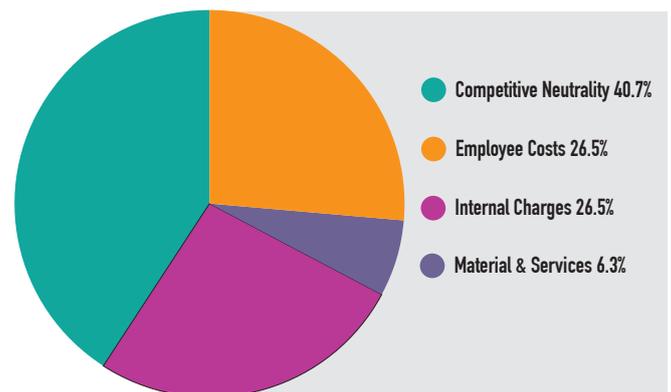
CAIRNS WORKS FINANCIAL INDICATORS

Cairns Works actual income was received from the following sources:

CAIRNS WORKS REVENUE



CAIRNS WORKS EXPENDITURE



CAIRNS WORKS OPERATING STATEMENT

For the year ended 30 June 2017

	2016/17 Actual '\$000	2016/17 Budget '\$000
Operating Revenue		
Miscellaneous revenue	23	1,385
Internal revenue	1,999	2,453
Total Operating Revenue	2,022	3,838
Operating Expenditure		
Employee benefits	734	710
Materials and services	2,047	3,014
Total Expenses	2,781	3,724
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(759)	114
Capital Items		
Contributions	-	-
Other capital contributions	-	-
Subsidies and Grants	-	-
INCREASE/(DECREASE) IN OPERATING CAPABILITY BEFORE TAX	(759)	114
Income tax benefit/(expense)	-	61
Dividend income/(expense)	-	143
INCREASE/(DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX	(761)	(90)

CAIRNS WATER & WASTE

Overview

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

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

For reporting purposes under National Competition Policy, Water and Waste is classed as providing two significant business activities, these being water and wastewater (collectively) and waste services. Both the Water and Waste businesses are considered a significant business activity under the Local Government Act 2009. Accordingly, these businesses have been commercialised under this legislation and report to Council as such.

In early 2016, Water and Waste developed a clear strategic direction and has committed to the Vision to be the lead water and waste service provider in a tropical environment. Water and Waste will be the industry and community leader by building relationships and capability, having the right people and the right culture and using efficient processes to deliver effective results to the community.

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

WATER SUPPLY

Water and Waste operates 10 water supply schemes. The main water sources are the Copperlode Falls Dam and Behana Creek which supply the area from Gordonvale to Palm Cove. The small southern communities draw water from a number of intakes on local streams.

Principal assets* include:

Major Water Sources Copperlode Falls Dam (Lake Morris)
Behana Creek (Intake)

Major Treatment Plant Freshwater Creek Water Treatment Plant at Tunnel Hill

Minor Intakes Nine (9) minor (rural) intakes

Kilometres of Mains 2,169.2 kilometres

** From 2015-16 SWIM Data*

Major Capital Work projects undertaken within the water supply system in 2016/17 were:

- Construction of Caravonica water main \$6.2M
- Water main replacement programs \$2.09M
- Construction of water main in Northern Beaches - Western Bypass to Shale St \$1.7M
- Construction of Pilot plant Behana Mulgrave Water Supply Scheme \$1.7M

Wastewater Operations

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

Principal assets* include:

Major Treatment Plants 6

Sewage Pumping Stations 179

Kilometres of Mains 1,258.2 kilometres

** 2015-16 SWIM Data*

Major Capital Work projects undertaken within the wastewater system in 2016/2017 were:

- Construction of rising main at Sewer Pump Station T1 \$2.8M
- Relining of sewer infrastructure \$2.3M
- Replacement of pumps at Sewer Pump Station DC1 \$2.0M
- Construction of rising main at Sewer Pump Station K \$1.5M

WASTE (RESOURCE RECOVERY)

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

Principal assets Include:

Materials Recovery Facility	Portsmith
Waste Transfer Stations	Babinda
	Gordonvale
	Portsmith
	Smithfield
	Bramston Beach
Buy Back Shop	Portsmith
Closed Landfills	Portsmith
	Babinda
	Gordonvale
	White Rock
	Machans Beach
	Yorkeys Knob

Waste Treatment and Disposal Contractual arrangement with a commercial entity SUEZ Environment to accept, treat and dispose of Council waste at an Advanced Resource Recovery Facility Major capital works undertaken within Waste Services in 2016/17 were:

- Transfer Station Master Plan \$283k
- Portsmith Landfill purchase of pumps \$37k

ANNUAL STATEMENT OF OPERATIONS

Water and Waste's 2016/17 Annual Performance Plan (the Plan) is the agreement with Cairns Regional Council to deliver water, wastewater and solid waste services. The Plan describes Water and Waste's scope of activities, responsibilities, service to customers, the environment, asset management and its financial policies.

Water and Waste's strategic Vision is 'To be the lead water and waste service provider in a tropical environment'. In all undertakings Water and Waste strives to achieve service provision to the Cairns community in a manner which maximises both Cairns Regional Council and community ideals. This is achieved through economic, social and environmental objectives being assessed in all stages of Water and Waste operations from long term planning through to operational delivery. The Water Supply (Safety and Reliability) Act 2008 s.115, requires water service providers to prepare and publish Customer Service Standards. According to the Water Supply (Safety and Reliability) Act 2008 s.113 the purpose is to ensure customers who do not have a contract with the service

provider for the supply of registered services (a service contract) are protected by standards relating to the supply.

AMENDMENTS TO ANNUAL PERFORMANCE PLAN

Water and Waste has reported against the Plan on a quarterly basis throughout the 2016/17 financial year, during which time there were no structural amendments to the Plan.

KEY DELIVERABLES

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

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

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

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

Water and Waste also provides the following services:

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

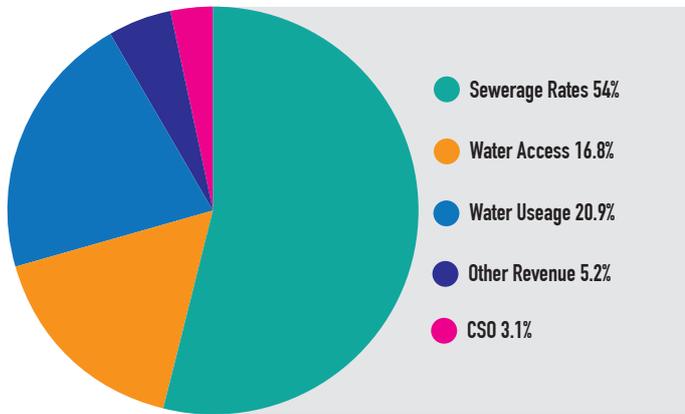
A Community Service Obligation arises when a government specifically requires a public a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake.

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

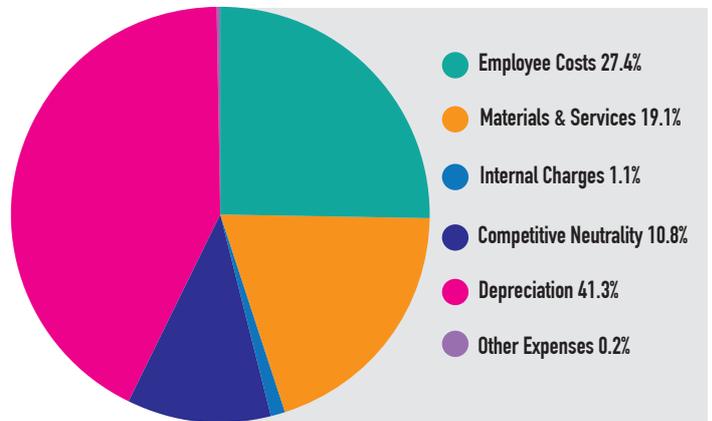
- Free Green Waste Disposal
- Free Mulch

FINANCIAL INDICATORS – WATER AND WASTEWATER

WATER & WASTE REVENUE



WATER & WASTE EXPENDITURE



SERVICE INDICATORS – WATER AND WASTEWATER SERVICES

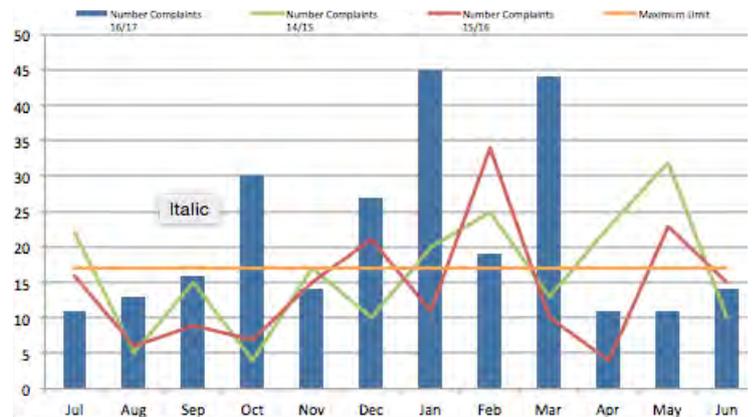
Water and Waste reports on the following service indicators as part of a benchmarking exercise. Listed below are some of the indicators reported on a monthly basis to Council.

16/17 FINANCIAL YEAR- TOTAL WATER & SEWERAGE COMPLAINTS



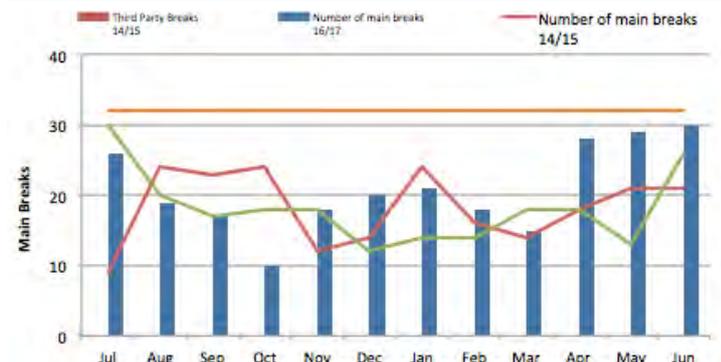
Complaints for the 16/17 year significantly reduced to a total of 2 as opposed to a total of 13 in 15/16 and a total of 27 in 14/15. Overall, the level of complaints is well under the proposed target.

16/17 FINANCIAL YEAR-DRINKING WATER QUALITY COMPLAINTS



The total number of complaints received rose in 2016/2017 compared to previous years. The increase is attributed to significant works that were undertaken, with complaints increased during these events and focused on quality aspects such as taste, odour and colour.

16/17 FINANCIAL YEAR-WATER MAIN BREAKS AND LEAKS

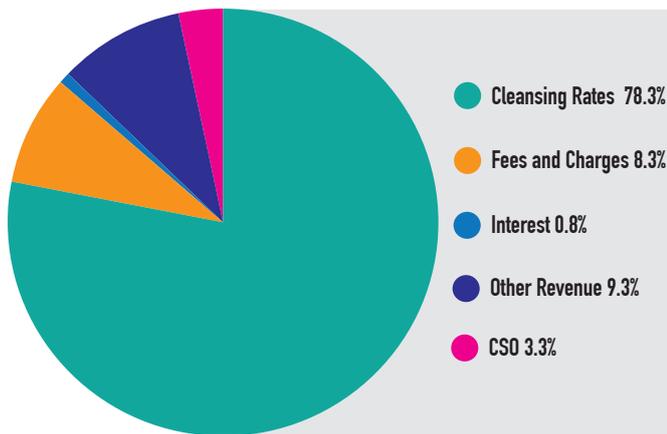


Main breaks for 16/17 were higher than 15/16 but all months were below the maximum limit of 32 and meeting the expected operational target.

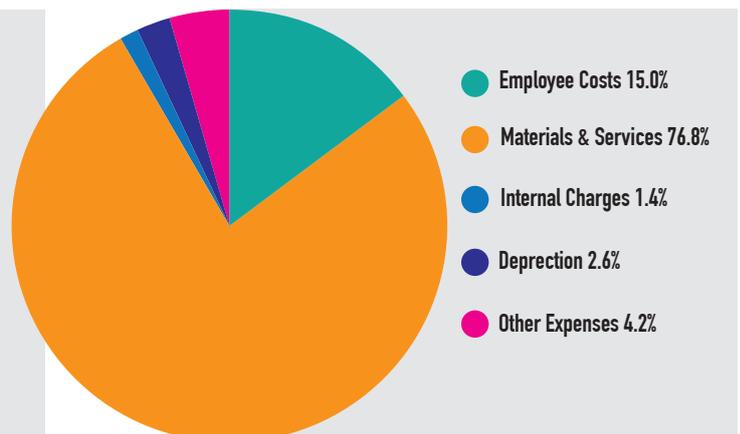
FINANCIAL INDICATORS – WASTE SERVICES

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

CAIRNS WASTE REVENUE



CAIRNS WASTE EXPENDITURE



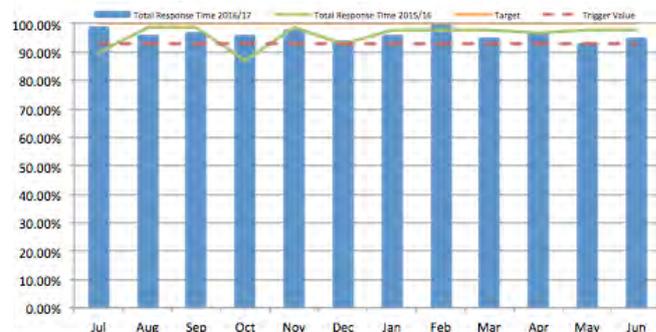
SERVICE INDICATORS – WASTE SERVICES

16/17 FINANCIAL YEAR- MISSED WASTE & RECYCLING SERVICES PER 5000 SERVICES



Missed services by the contractor averaged 1.88 missed services per 5,000 services completed compared to 1.79 in 15/16. This is below the target of 5 per 5,000 with the trigger value only being reached once in May 2016.

16/17 FINANCIAL YEAR- RESPONSE TIME TO MISSED SERVICES

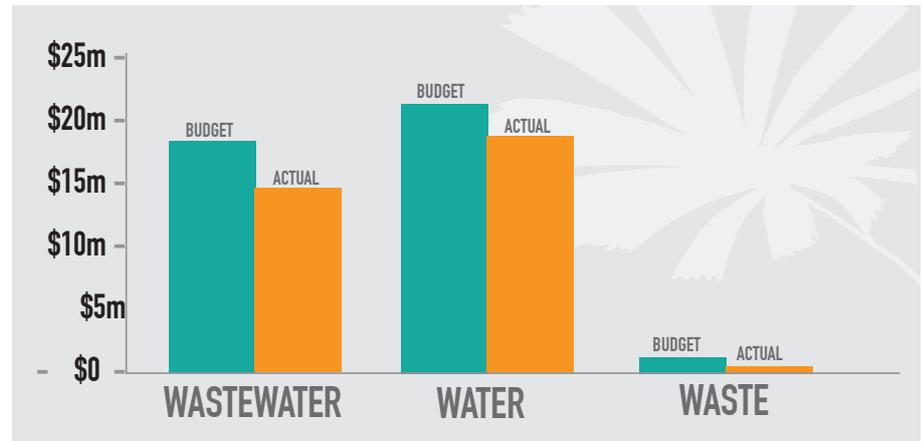


Missed service response by the contractor averaged 97% for the 16/17 reporting period which is below the target of 100%, but, above the trigger value of 93%.

CAPITAL WORKS

Capital Works delivered by Water and Waste for Water, Wastewater and Waste Management totalled \$33.03 million. This expenditure was 83% of the budgeted amount of \$39.94 million.

A significant review of the drivers and timing of projects within the 2016/2017 capital works program resulted in several major projects being re-scoped or re-scheduled. This translated to an under-spend in 2016/2017 but provides the framework for a more efficient planning and consequent spend in future years.



CAIRNS WATER OPERATING STATEMENT

For the year ended 30 June 2017

	2016/17 Actual \$'000	2016/17 Budget \$'000
Operating Revenue		
Net Rates and Utility Charges	114,588	114,339
Fees and Charges	4,661	5,032
Interest	1,024	1,005
Miscellaneous Revenue	812	1,823
Total Operating Revenue	121,085	122,199
Operating Expenditure		
Employee Benefits	22,273	22,265
Materials and Services	21,416	25,808
Depreciation and Amortisation Expenses	33,582	34,613
Finance Costs	201	2,883
Total Expenses	77,471	85,570
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS & INCOME TEST	43,614	36,629
Capital Items		
Gain / (Loss) on disposal of Property, Plant & Equipment	(2,264)	(2,830)
Contributions	1,522	5,365
Contributed Assets	9,039	2,308
Other Capital Contributions		
Subsidies and Grants		
Total Capital Items	8,297	4,843
INCREASE/(DECREASE) IN OPERATING CAPABILITY BEFORE TAX	51,911	41,472
Income Tax Benefit / (Expense)	(14,053)	(10,989)
Dividend Income / (Expense)	(27,298)	(17,967)
INCREASE/(DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX	10,561	12,516

CAIRNS WASTE OPERATING STATEMENT

For the year ended 30 June 2017

	2016/17 Actual '\$000	2016/17 Budget '\$000
Operating Revenue		
Net Rates and Utility Charges	25,617	25,506
Fees and Charges	2,701	2,286
Interest	259	246
Miscellaneous Revenue	3,057	2,960
Total Operating Revenue	31,634	30,998
Operating Expenditure		
Employee Benefits	3,928	3,600
Materials and Services	20,516	19,867
Depreciation and Amortisation Expenses	694	813
Finance Costs	-	92
Total Expenses	25,138	24,372
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS & INCOME TEST	6,496	6,626
Capital Items		
Gain / (Loss) on disposal of Property, Plant & Equipment	-	-
Contributions	-	-
Contributed Assets	-	-
Other Capital Contributions	-	-
Subsidies and Grants	-	-
Total Capital Items	-	-
INCREASE/(DECREASE) IN OPERATING CAPABILITY BEFORE TAX	6,496	6,626
Income Tax Benefit / (Expense)	(2,074)	(1,988)
Dividend Income / (Expense)	(4,421)	(4,638)
INCREASE/(DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX	-	-

SPECIAL RATES OR CHARGES

During the 2016/17 Financial Year Cairns Regional Council did not enter into any agreement with any other local government to conduct any joint government activity or levy any special rates or charges.

INVITATIONS TO CHANGE TENDERS

The annual report for a financial year must contain the number of invitations to change tenders under section 228(7) during the year.

There was one instance during the 2016/17 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. 55278

Contract Name Lake Street Carpark Building Upgrade

Notification Details Open Tender

Date Issued 26/5/2017

Details of Tender Specification Change

Minor changes to drawings, specifications and schedules.

REGISTERS

The annual report for a financial year must contain the list of registers kept by the local government.

The following registers are held by Council:

- Asbestos Register
- Asset Register
- Conflict of Interest / Material Personal Interest Declaration Register
- Corporate Risk Register
- Council's Local Laws Register
- Embargo Register
- Environmentally Relevant Activity Register
- Fleet Disposal Register
- Local Heritage Register
- Legal Matter Register
- Matman Equipment Register
- Mayor Discretionary Fund Register
- Resident Evacuation & Recovery Register
- Register of Benefits (including Gifts)
- Register of Code of Conduct Matters
- Register of Cost Recovery Fees
- Register of Council Meeting Minutes
- Register of Delegations (including financial)
- Registers of each of Council's approved procurement arrangements, Approved Contractor lists, Register of Pre-Qualified Suppliers, and Preferred Supplier Arrangements
- Register of Election Gifts and Benefits
- Register of Interests Chief Executive Officer
- Register of Interests Councillors
- Register of Interests Senior Contract Employees
- Register of tree removal and replacement projects
- Road Register
- Vegetation Protection Local Law Register

CONCESSIONS FOR RATES AND CHARGES

REBATES AND CONCESSIONS

1 Council Pensioner Remission

a) A rebate of 40 per cent of the General Rate up to a maximum of \$1,350 per annum was granted to all pensioners whose applications met the eligibility criteria set down in Council's Pensioner Policy and were also submitted within the required time frames.

b) The upper limit of total remission did not exceed 5 per cent of Council's total net general rates, therefore the 40 per cent remission was not required to be reduced on a pro rata basis in line with policy.

2. Retirement Village Remission

a) A remission was extended to retirement villages (as classified under Land Use Code 21), where a legal entity separate to the residents was the owner and the pensioners were responsible for paying the rates, to the extent that residents of the village were pensioners.

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

3. Rates Based Financial Assistance

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

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

4. Independent Rate Relief Tribunal

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

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

5. 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.

6. Concealed Leaks

Financial assistance is available to offset larger than normal water accounts due to existence of a concealed leak for residential and non-profit community organisations. Written applications must be submitted to Cairns Regional Council for approval.

INTERNAL AUDIT REPORT

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 2017, 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 and the key underpinning document is the Corporate Risk Register. Council's 2016/17 Internal Audit Plan covered all Departments and included reviews of Capital Works Programme Development and reporting, Payroll and Human Resources Practices, Development Approvals – Infrastructure Charges Management & Collection and a follow up assessment of Water Management Practices.

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 for competitive neutrality complaints and any responses made by the Local Government in response to the Queensland Productivity Commission's recommendations on any competitive neutrality complaints.

During the 2016/17 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).

BENEFICIAL ENTERPRISES

Cairns Regional Council does not have any beneficial enterprises.

SENIOR MANAGEMENT REMUNERATION

The annual report of a local government must state the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government; and the number of employees in senior management who are being paid each band of remuneration.

The following table shows the range of total remuneration packages for the 12 month period from 1 July 2016 to 30 June 2017 provided to Council's senior contract employees.

Package Range	Number of senior contract employees within package range
\$200,000 to \$299,999	7
\$300,000 to \$399,999	1

CAIRNS REGIONAL COUNCIL

Financial Statements

For the year ended 30 June 2017

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Addendum to the Financial Statements	Appendix A
<p>The following unaudited statement is attached to provide additional information that Council considers will provide the reader with more useful information in the process of interpreting these financial statements. This additional report is not required under the Australian Accounting Standards and therefore does not form part of the audited financial statements.</p>	
Long-Term Measures of Financial Sustainability	1

Cairns Regional Council

Statement of Comprehensive Income For the year ended 30 June 2017

		2017	2016
	Note	\$	\$
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	247,117,580	241,265,795
Fees and charges		19,210,807	18,437,599
Interest revenue		3,488,181	4,962,492
Other recurrent revenue	3(b)	10,094,537	9,411,962
Grants, subsidies, contributions and donations		9,993,838	7,196,458
		<u>289,904,943</u>	<u>281,274,306</u>
Capital revenue			
Grants, subsidies, contributions and donations	4	51,073,035	40,063,657
Total revenue		<u>340,977,978</u>	<u>321,337,963</u>
Total income	2(b)	<u>340,977,978</u>	<u>321,337,963</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(95,569,634)	(92,535,155)
Materials and services	6	(98,961,738)	(92,353,637)
Finance costs		(2,666,277)	(27,572,599)
Depreciation and amortisation		(86,287,419)	(84,206,658)
		<u>(283,485,068)</u>	<u>(296,668,049)</u>
Capital expenses			
Capital expenses	7	(25,417,908)	(17,109,660)
		<u>(25,417,908)</u>	<u>(17,109,660)</u>
Total expenses	2(b)	<u>(308,902,976)</u>	<u>(313,777,709)</u>
Net result		<u>32,075,002</u>	<u>7,560,254</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		14,113,194	125,442,087
Total other comprehensive income for the year		<u>14,113,194</u>	<u>125,442,087</u>
Total comprehensive income for the year		<u>46,188,196</u>	<u>133,002,341</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 2017

		2017	2016
	Note	\$	\$
Current assets			
Cash and cash equivalents	8	12,920,470	26,209,662
Short term deposits	9	-	30,500,000
Trade and other receivables	10(a)	36,563,088	36,112,599
Inventories		2,222,055	2,848,589
Total current assets		<u>51,705,613</u>	<u>95,670,849</u>
Non-current assets			
Property, plant and equipment	11(b)	3,800,134,133	3,710,119,647
Intangible assets		5,069,951	5,377,749
Total non-current assets		<u>3,805,204,084</u>	<u>3,715,497,396</u>
Total assets		<u>3,856,909,697</u>	<u>3,811,168,245</u>
Current liabilities			
Trade and other payables	12	52,521,292	45,433,352
Provisions	13	6,588,731	3,168,314
Borrowings	14	8,876,462	8,586,737
Other		751,657	653,571
Total current liabilities		<u>68,738,142</u>	<u>57,841,974</u>
Non-current liabilities			
Provisions	13	16,953,135	19,468,719
Borrowings	14	78,633,225	87,460,554
Total non-current liabilities		<u>95,586,360</u>	<u>106,929,273</u>
Total liabilities		<u>164,324,502</u>	<u>164,771,247</u>
Net community assets		<u>3,692,585,195</u>	<u>3,646,396,999</u>
Community equity			
Asset revaluation surplus		1,122,534,965	1,108,421,771
Retained surplus/(deficit)		2,570,050,230	2,537,975,228
Total community equity		<u>3,692,585,195</u>	<u>3,646,396,999</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 2017

Note	2017 \$	2016 \$
Cash flows from operating activities		
Receipts		
General rates and utility charges	246,182,091	241,006,065
Rental and levies, fees and charges	19,122,310	17,954,661
Operating grants, subsidies and contributions	9,938,122	7,170,032
Interest received	3,832,419	5,189,555
Other revenue	10,729,545	4,031,376
Payments		
Payments to suppliers	(86,703,897)	(82,451,770)
Payments to employees	(94,709,122)	(92,850,762)
Interest expense	(1,624,298)	(5,571,622)
Net cash inflow from operating activities	20 106,767,170	94,477,535
Cash flows from investing activities		
Grants, subsidies, contributions and donations for capital acquisitions:		
Capital contributions	7,683,790	11,918,599
Government subsidies and grants	21,339,677	10,404,996
Payments for property, plant and equipment	(171,658,416)	(145,079,437)
Payments for intangible assets	(524,653)	(2,080,148)
Proceeds from the sale of non-current assets	1,140,844	1,076,235
Net movement in short term deposits	30,500,000	30,000,000
Net cash outflow from investing activities	(111,518,758)	(93,759,755)
Cash flows from financing activities		
Proceeds from borrowings	-	95,549,513
Loans extinguished	-	(74,386,842)
Debt restructure costs	-	(21,162,671)
Repayment of borrowings	14 (8,537,604)	(4,165,717)
Net cash outflow from financing activities	(8,537,604)	(4,165,717)
Net decrease in cash and cash equivalents held	(13,289,192)	(3,447,937)
Cash and cash equivalents at beginning of the financial year	26,209,662	29,657,599
Cash and cash equivalents at end of the financial year	8 12,920,470	26,209,662

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 2017

	Asset revaluation surplus	Retained surplus/ (deficit)	Total
	\$	\$	\$
Balance as at 1 July 2016	1,108,421,771	2,537,975,228	3,646,396,999
Net result	-	32,075,002	32,075,002
Other comprehensive income for the year			
Increase in asset revaluation surplus	14,113,194	-	14,113,194
Balance as at 30 June 2017	1,122,534,965	2,570,050,230	3,692,585,195

Balance as at 1 July 2015	982,979,684	2,530,414,973	3,513,394,657
Net result	-	7,560,254	7,560,254
Other comprehensive income for the year			
Increase in asset revaluation surplus	125,442,087	-	125,442,087
Balance as at 30 June 2016	1,108,421,771	2,537,975,228	3,646,396,999

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 2017

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

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

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

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

Disposal of non-current assets are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses.

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

1.2 Statement of compliance

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

1.3 Basis of consolidation

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.

1.4 Constitution

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

1.5 Date of authorisation

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

1.6 New and revised Accounting Standards

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in note 21.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to be applicable to Council's future financial statements are:

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

AASB 15 *Revenue from Contracts with Customers* is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 16 *Leases* is effective from 1 January 2019. This standard introduces new recognition and measurement criteria which may result in previously off balance sheet leases, i.e. operating leases, becoming recognised and accounted for on balance sheet. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

Council is still reviewing whether the above standards will have a material impact on its financial statements. To date no material impact has been identified.

AASB 1058 *Income of Not-for-Profit Entities* is effective from 1 January 2019 and will replace AASB 1004 *Contributions*. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact on revenue from this standard. To date the following impact has been identified:

At 30 June 2017, Council had received prepaid rates totalling \$11 million. These rates are recognised in the Statement of Comprehensive Income. If Council had applied AASB 1058 this year, these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$11 million.

1.7 Critical accounting judgements and key sources of estimation uncertainty

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

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

- Valuation of property, plant and equipment - Note 11
- Annual leave - Note 12
- Developer contribution credits - Note 13
- Long service leave - Note 13
- Contingent liabilities - Note 17

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

1.8 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation. Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the 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 24) 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.

1.9 Voluntary change in accounting policy

Council has voluntarily changed policy in respect to AASB 123 *Borrowing Costs* effective from 1 July 2016. Further information regarding the impact of this change in accounting policy is presented in Note 23.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

2 Analysis of Results by Function

(a) Components of Council functions

The activities relating to the 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.

The program provides the strategic planning and the provision of essential transport, drainage and parks infrastructure, maintenance, construction and operational services to the community. It also facilitates the coordination of Council's capital projects delivery.

Community, Sport and Cultural Services

Community, Sport and Cultural Services manages a number of the region's public facilities; including the Botanical Gardens, Sugarworld, 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 Works

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

2 Analysis of results by function

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

Year ended 30 June 2017

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									
	2017	2017	2017	2017									
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Finance	8,468,382	172,669,435	-	-	(62,807,638)	118,330,179	(32,706,469)	(2,296,994)	-	(35,003,463)	85,623,710	83,326,716	283,288,291
Human Resources and Organisational Change	368,678	30,348	-	-	-	399,026	(10,022,222)	-	-	(10,022,222)	(9,623,196)	(9,623,196)	2,476,560
Planning and Environment	66,046	11,199,116	-	-	-	11,265,162	(21,140,763)	-	736,621	(20,404,142)	(9,138,980)	(9,138,980)	11,149,678
Infrastructure Services	17,309	931,270	17,219,783	19,117,382	-	37,285,744	(49,910,431)	(18,794,047)	3,783,101	(64,921,377)	(45,178,751)	(27,635,633)	2,069,803,262
Community, Sport and Cultural Services	1,073,422	3,620,634	4,119,894	55,000	-	8,868,950	(45,855,198)	(2,063,217)	292,346	(47,626,069)	(40,868,796)	(38,757,119)	254,317,838
Cairns Water	-	121,085,348	-	10,560,976	-	131,646,324	(118,821,697)	(2,263,650)	46,332,383	(74,752,963)	48,596,034	56,893,361	1,220,379,545
Cairns Resource Recovery	-	31,633,990	-	-	-	31,633,990	(31,633,990)	-	6,460,527	(25,173,463)	6,460,527	6,460,527	15,355,973
Cairns Works	-	1,548,603	-	-	-	1,548,603	(36,201,936)	-	5,202,659	(30,999,277)	(29,450,674)	(29,450,674)	138,549
Total Council Continuing Operations	9,993,837	342,718,744	21,339,677	29,733,358	(62,807,638)	340,977,978	(346,292,706)	(25,417,908)	62,807,637	(308,902,976)	6,419,874	32,075,002	3,856,909,696

Year ended 30 June 2016

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									
	2016	2016	2016	2016									
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Finance	5,601,061	162,797,472	-	250,000	(53,590,227)	115,058,306	(49,601,598)	(6,822,090)	-	(56,423,688)	65,206,708	58,634,618	316,080,555
Human Resources and Organisational Change	356,887	41,051	-	-	-	397,938	(9,811,322)	-	-	(9,811,322)	(9,413,383)	(9,413,384)	560,343
Planning and Environment	90,916	10,692,510	-	-	-	10,783,426	(21,463,249)	(3,430)	555,372	(20,911,307)	(10,124,450)	(10,127,881)	8,357,443
Infrastructure Services	16,920	1,840,482	6,819,298	20,553,342	-	29,230,042	(76,927,901)	(5,272,392)	7,677,957	(74,522,336)	(67,392,543)	(45,292,294)	2,044,944,719
Community, Sport and Cultural Services	1,130,674	3,556,588	3,585,698	394,966	-	8,667,926	(47,034,946)	(1,691,034)	282,142	(48,443,838)	(42,065,542)	(39,775,912)	217,552,778
Cairns Water	-	118,065,942	-	8,460,353	-	126,526,295	(114,766,758)	(3,299,184)	37,800,508	(80,265,434)	41,099,692	46,260,861	1,206,904,554
Cairns Resource Recovery	-	30,637,060	-	-	-	30,637,060	(30,615,533)	(21,530)	6,282,606	(24,354,457)	6,304,132	6,282,603	16,576,392
Cairns Works	-	36,970	-	-	-	36,970	(36,970)	-	991,643	954,673	991,643	991,643	191,461
Total Council Continuing Operations	7,196,458	327,668,075	10,404,996	29,658,661	(53,590,227)	321,337,963	(350,258,277)	(17,109,660)	53,590,228	(313,777,709)	(15,393,743)	7,560,254	3,811,168,245

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

3 Revenue analysis

(a) Rates, levies and charges

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

	2017	2016
	\$	\$
General rates	108,764,771	106,448,011
Separate rates	657,411	661,470
Water	21,019,895	20,561,436
Water consumption	26,050,054	25,312,586
Sewerage	67,480,653	65,738,541
Garbage charges	25,619,962	24,948,512
Rates and utility charge revenue	<u>249,592,746</u>	<u>243,670,556</u>
Less: Pensioner remissions	<u>(2,475,166)</u>	<u>(2,404,761)</u>
Net rates and utility charges	<u><u>247,117,580</u></u>	<u><u>241,265,795</u></u>

(b) Other recurrent revenue

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

Contract and recoverable works	2,199,712	2,152,762
Reimbursements and cost recoveries	1,420,141	1,077,782
Sundry and other recurrent revenue	6,474,684	6,181,418
	<u>10,094,537</u>	<u>9,411,962</u>

4 Grants, subsidies, contributions and donations

Grants and subsidies

Grants, subsidies and contributions are recognised as revenue when Council obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

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

Capital – grants, subsidies, contributions and donations are

(i) Monetary revenue designated for capital funding purposes:

Government subsidies and grants	21,339,677	10,404,996
Contributions	7,683,790	11,918,598
	<u>29,023,467</u>	<u>22,323,594</u>

(ii) Non-monetary revenue received:

Developer assets contributed by developers at fair value	22,049,568	17,740,063
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Total capital grants, subsidies, contributions and donations	<u><u>51,073,035</u></u>	<u><u>40,063,657</u></u>
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Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
5 Employee benefits			
Total staff wages and salaries		74,681,383	76,150,506
Councillors' remuneration		1,126,015	1,185,706
Annual, sick and long service leave entitlements		13,680,948	12,965,766
Superannuation	18	9,143,451	9,361,703
		<u>98,631,797</u>	<u>99,663,681</u>
Other employee related expenses		6,169,050	4,372,530
		<u>104,800,847</u>	<u>104,036,211</u>
Less: Capitalised employee expenses		(9,231,213)	(11,501,056)
		<u><u>95,569,634</u></u>	<u><u>92,535,155</u></u>

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

	2017 employees	2016 employees
Total Council employees at the reporting date:		
Elected members	10	10
Administration staff	640	624
Depot and outdoors staff	472	486
Total full time equivalent employees	<u><u>1,122</u></u>	<u><u>1,120</u></u>

6 Materials and services

Agency and temporary employment services	5,830,973	6,330,314
Audit of the Annual Financial Statements by the Auditor-General of Queensland	180,628	237,165
Communication and IT	4,245,872	3,723,425
Donations paid and grants to community groups	6,036,404	6,101,608
Electricity	9,017,420	8,273,796
External services and hire	22,983,149	21,016,114
Garbage collection services	16,785,100	16,860,090
Other materials and services	15,279,241	11,307,479
Rentals - operating leases	757,311	774,991
Repairs and maintenance	17,845,640	17,728,654
	<u><u>98,961,738</u></u>	<u><u>92,353,637</u></u>

7 Capital expenses

(Gain)/loss on disposal of capital assets	21,145,611	7,356,277
Loss on write-off of non-current assets	4,272,297	9,753,383
	<u><u>25,417,908</u></u>	<u><u>17,109,660</u></u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

8 Cash and cash equivalents

Cash and cash equivalents 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 deposits are held with the Commonwealth Bank of Australia in a normal business cheque account and in an at call investment account with the Queensland Treasury Corporation.

	Note	2017 \$	2016 \$
Cash in operating bank account	22	265,609	1,405,257
Cash in other banks and on hand	22	34,240	51,740
Deposits and investments held with QTC	22	12,620,621	24,752,665
Balance per Statement of Cash Flows		<u>12,920,470</u>	<u>26,209,662</u>

Externally and internally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies		5,939,319	1,675,654
Unspent developer contributions		29,180,111	40,574,845
Funds set aside and held in reserves for future projects		948,730	570,153
Total unspent restricted cash for capital projects		<u>36,068,160</u>	<u>42,820,652</u>

The amount of restricted cash for capital projects exceeded the total amount of cash and cash equivalents held at 30 June 2017. In addition to cash and cash equivalents, Council has access to a working capital facility of \$30M from the Queensland Treasury Corporation which can be utilised for this purpose if required. This was increased to \$60M subsequent to year-end.

9 Short term deposits

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

Council had no short term deposits as at reporting date.

Current fixed short term investments		-	30,500,000
Unrestricted	22	<u>-</u>	<u>30,500,000</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

10 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 generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. All known bad debts were written-off at 30 June.

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

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors received.

	2017	2016
Note	\$	\$
a) Current		
Rateable revenue and utility charges	16,358,809	15,775,120
Water charges	3,120,041	3,209,590
Fees and charges	1,031,420	1,630,871
Accrued interest on investments	-	344,238
Grants receivable	1,805,814	1,750,099
Other accrued revenue	5,370,113	4,763,173
Other debtors	6,509,427	6,968,333
Less: impairment provision	10(b) (1,374,484)	(1,377,475)
	<u>32,821,140</u>	<u>33,063,949</u>
Prepayments	<u>3,741,948</u>	<u>3,048,650</u>
	<u><u>36,563,088</u></u>	<u><u>36,112,599</u></u>
b) Impairment provision		
Opening balance at 1 July	1,377,475	1,647,121
Receivables written off in period	(163,215)	(394,644)
Provisions recognised	160,224	124,998
Closing balance at 30 June	10(a) <u>1,374,484</u>	<u>1,377,475</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

11 Property, plant and equipment

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

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

i) Acquisition of assets

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

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

ii) Capital and operating expenditure

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

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

iii) Valuation

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

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

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

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

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

Further details on the valuation of assets is contained in Note 11(c).

iv) Capital work in progress

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

v) Depreciation

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

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

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments and subsequent estimation of remaining useful lives performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class are shown in Note 11(c).

vi) Asset revaluation surplus

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

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

11 Property, plant and equipment b) Movements in property, plant and equipment 2017

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 \$	Cost \$	\$				
Asset Values										
Opening gross value as at 1 July 2016	279,184,646	304,213,708	128,145,708	1,577,300,701	1,073,848,300	932,071,140	683,958,662	20,132,123	130,911,670	5,129,766,658
Additions at cost	-	-	-	-	-	-	-	-	165,865,441	165,865,441
Contributed assets at valuation	-	-	-	6,036,519	4,341,364	4,697,863	6,973,822	-	-	22,049,568
Internal transfers from work in progress	23,001,164	35,806,038	16,470,692	46,823,823	17,698,136	21,156,929	17,803,272	494,709	(179,254,763)	-
Disposals	(488,123)	-	(2,564,802)	-	-	-	-	-	-	(3,052,925)
Write-offs	(39,442)	(3,010,934)	(2,204,635)	(23,395,091)	(3,629,387)	(2,038,046)	(800,578)	-	(4,272,297)	(39,390,410)
Revaluation adjustment to the asset revaluation surplus	6,001,270	6,348,259	-	-	(4,671,579)	9,366,133	-	-	-	17,044,083
Internal transfers between asset classes	(2,765,442)	-	-	1,804,111	-	-	961,330	-	-	-
Closing gross value as at 30 June 2017	304,894,073	343,357,071	139,846,963	1,608,570,063	1,087,586,834	965,254,019	708,896,508	20,626,832	113,250,051	5,292,282,415
Accumulated depreciation and impairment										
Opening balance as at 1 July 2016	24,648,724	140,590,529	49,518,271	262,489,991	556,875,022	289,404,630	88,134,459	7,985,384	-	1,419,647,010
Depreciation provided in period	3,014,154	11,139,815	10,828,728	19,852,109	14,561,331	18,511,862	6,909,921	670,494	-	85,488,414
Depreciation on disposals	-	-	(1,708,668)	-	-	-	-	-	-	(1,708,668)
Depreciation on write-offs	(268)	(1,453,088)	(1,858,168)	(6,993,354)	(2,443,738)	(1,437,337)	(23,410)	-	-	(14,209,363)
Revaluation adjustment to the asset revaluation surplus	-	1,852,325	-	-	(1,909,295)	2,987,859	-	-	-	2,930,889
Internal transfers to other asset classes	18,209	-	-	229,887	-	-	(248,096)	-	-	-
Closing accumulated depreciation and impairment balance	27,680,819	152,129,581	56,780,163	275,578,633	567,083,320	309,467,014	94,772,874	8,655,878	-	1,492,148,282
Net value at 30 June 2017	277,213,254	191,227,490	83,066,800	1,332,991,430	520,503,514	655,787,005	614,123,634	11,970,954	113,250,051	3,800,134,133
Residual value			9,269,462							
Range of estimated useful life in years	10-100	15-60	3-50	15-100	10-150	9-100	10-150	20-100		
Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	75,339,156	75,339,156
New assets	-	-	-	-	-	-	-	-	69,030,825	69,030,825
Non-infrastructure additions	-	-	-	-	-	-	-	-	21,495,460	21,495,460
Total additions	-	-	-	-	-	-	-	-	165,865,441	165,865,441

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

11 Property, plant and equipment b) Movements in property, plant and equipment 2016

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 \$	Cost \$	\$				
Asset values										
Opening gross value as at 1 July 2015	258,050,741	287,554,210	99,708,464	1,510,872,059	965,918,253	928,433,769	660,902,792	19,493,123	129,872,156	4,860,805,567
Additions at cost	-	-	-	-	-	-	-	-	148,074,589	148,074,589
Contributed assets at valuation	250,000	-	-	5,842,347	2,134,733	2,183,993	7,328,990	-	-	17,740,063
Internal transfers from work in progress	11,138,253	39,838,280	19,495,147	38,826,126	18,685,418	9,557,025	4,891,648	266,566	(142,698,463)	-
Disposals	(77,426)	-	(4,616,905)	(52,894)	-	-	-	-	-	(4,747,225)
Write-offs	(581,798)	(17,320,674)	(657,255)	(4,803,261)	(1,132,989)	(1,064,105)	(17,626)	(19,350)	(4,336,613)	(29,933,671)
Revaluation adjustment to the asset revaluation surplus	10,404,876	8,190,990	167,160	26,267,187	88,242,885	(6,655,667)	10,818,120	391,784	-	137,827,335
Internal transfers to other asset classes	-	(14,049,098)	14,049,098	349,137	-	(383,875)	34,738	-	-	-
Closing gross value as at 30 June 2016	279,184,646	304,213,708	128,145,709	1,577,300,701	1,073,848,300	932,071,140	683,958,662	20,132,123	130,911,669	5,129,766,658
Accumulated depreciation and impairment										
Opening balance as at 1 July 2015	26,110,789	134,862,454	49,926,896	263,885,518	473,179,663	311,999,621	79,985,185	7,185,413	-	1,347,135,539
Depreciation provided in period	2,354,903	10,958,586	9,687,644	20,644,369	13,332,473	19,005,670	6,720,294	654,084	-	83,358,023
Depreciation on disposals	-	-	(3,391,836)	(18,684)	-	-	-	-	-	(3,410,520)
Depreciation on write-offs	(248,905)	(15,443,991)	(439,676)	(2,393,812)	(754,990)	(527,230)	(2,273)	(10,405)	-	(19,821,282)
Revaluation adjustment to the asset revaluation surplus	(3,568,063)	3,869,586	79,136	(19,859,792)	71,117,876	(40,841,513)	1,431,726	156,292	-	12,385,248
Internal transfers to other asset classes	-	6,343,894	(6,343,894)	232,390	-	(231,917)	(473)	-	-	-
Closing balance as at 30 June 2016	24,648,724	140,590,529	49,518,270	262,489,989	556,875,022	289,404,631	88,134,459	7,985,384	-	1,419,647,008
Total written down value as at 30 June 2016	254,535,922	163,623,179	78,627,439	1,314,810,712	516,973,278	642,666,509	595,824,203	12,146,739	130,911,669	3,710,119,650
Residual value			9,139,758							
Range of estimated useful life in years	10-100	15-60	3-50	15-100	10-100	9-100	10-150	20-100		
Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	75,861,139	75,861,139
New assets	-	-	-	-	-	-	-	-	48,942,498	48,942,498
Non-infrastructure additions	-	-	-	-	-	-	-	-	23,270,949	23,270,949
Total additions	-	-	-	-	-	-	-	-	148,074,586	148,074,586

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

11 Property, plant and equipment

c) Fair Value Measurements

(i) Valuation processes and valuers

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

Asset Class	Revaluation Type	Name of Valuer
Land	Indexed	Knight Frank
Site Improvements	Indexed	Management Valuation
Buildings & Other Structures	Indexed	Knight Frank
Swimming Pools	Comprehensive	Management Valuation and Kirratech Pty Ltd
Transport Assets		
Road Network	Indexed	Management Valuation
Road Bridges	Indexed	Management Valuation
Pedestrian Bridges	Indexed	Management Valuation
Footpaths	Indexed	Management Valuation
Drainage	Indexed	Management Valuation
Water Assets		
Water Mains Pipe Network	Indexed	Cardno (Qld) Ltd
Other Water Assets	Comprehensive	Cardno (Qld) Ltd
Sewerage Assets		
Sewer Mains Pipe Network	Indexed	Cardno (Qld) Ltd
Other Sewerage Assets	Indexed	Cardno (Qld) Ltd
Solid Waste Disposal Assets	Indexed	Cardno (Qld) Ltd

(ii) Recognised fair value measurements

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

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

The following table categorises fair value as either Level 2 or Level 3 in accordance with AASB 13. Council does not have any assets measured at fair value which meet the criteria for categorisation as Level 1. There have been no transfers between Level 1 and Level 2 during the year, nor between levels 2 and 3.

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

The table presents the Council's assets measured and recognised at fair value at 30 June 2017. Comparative information has been provided for 30 June 2016.

As at 30 June 2017

Asset Class	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	214,586	-	214,586
Site Improvements	-	62,628	62,628
Buildings and Other Structures	23,930	167,298	191,228
Transport Assets	-	1,332,991	1,332,991
Drainage	-	614,124	614,124
Water Assets	-	520,504	520,504
Sewerage Assets	-	655,787	655,787
Solid Waste Disposal Assets	-	11,971	11,971
Total	238,516	3,365,303	3,603,819

As at 30 June 2016

Asset Class	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	200,613	-	200,613
Site Improvements	-	53,923	53,923
Buildings and Other Structures	24,142	139,481	163,623
Transport Assets	-	1,314,811	1,314,811
Drainage	-	595,824	595,824
Water Assets	-	516,973	516,973
Sewerage Assets	-	642,667	642,667
Solid Waste Disposal Assets	-	12,147	12,147
Total	224,755	3,275,826	3,500,582

(iii) Valuation techniques used to derive fair values

Land and site improvements (Level 2 and 3)

Land and site improvements were comprehensively revalued effective 30 June 2013 by independent valuer, Knight Frank. Desktop reviews have been subsequently undertaken in 2014, 2015, 2016 and 2017, again by Knight Frank, to determine fair value as at 30 June each year.

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

Specialised assets do not have an active market and have been valued using the "Current Replacement Cost" (CRC) approach. Where only land is involved, the replacement of the asset is the primary consideration. Where there is an active market for land of that type, the market value approach has been applied to establish the replacement cost of the asset. This approach has been taken with all "Specialised" land.

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

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

Buildings and other structures (Level 2 and Level 3)

Buildings and other structures were comprehensively revalued effective 30 June 2013 by independent valuer, Knight Frank. Desktop reviews have been subsequently undertaken in 2014, 2015, 2016 and 2017, again by Knight Frank, to determine fair value as at 30 June each year.

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

The first category, specialised assets, include structural improvements located on freehold or Council controlled land that is of a specialised nature constrained for various purposes. Specialised assets do not have an active market and have been valued using the CRC approach.

Non-specialised assets in this valuation are those for which there is an active and identifiable market. They include vacant or improved property that do not form part of a specialised property holding.

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

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

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

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

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

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

In both cases observable inputs have included available building cost information, building cost indices, built form functionality and physical characteristics based on previous inspections, as well as the position location and underlying area designations afforded to the assets.

Cairns Regional Council

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For the year ended 30 June 2017

Assets in the "Other Structures" class were internally revalued effective 30 June 2013. Valuations were carried out by Council Officers with relevant knowledge and experience in the area. Typically the assets revalued internally represented those assets where it was not cost effective to undertake an external revaluation due to the geographically distributed nature of the asset, individual "minor" asset costs or difficulty in accessing the asset concerned. In determining the valuation for 30 June 2017, the index determined by Knight Frank for the general construction industry for the Cairns region was considered the most appropriate for application to the Other Structures sub-class.

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

A comprehensive valuation of buildings and other structures is scheduled for 2018.

Swimming Pools (Level 3)

Swimming Pool assets were comprehensively valued by Council and an external consultant, Kirratech Pty Ltd, as at 30 June 2017.

The comprehensive valuation process undertaken involved the collection and review of asset information, condition based assessment and scoring, review and update of unit rates as well as the review of asset useful and remaining useful lives ('RUL').

CRC for these assets was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life. As a result of the review, replacement costs increased by an average of 2%.

A site inspection was conducted by Kirratech Pty Ltd on all assets. The purpose of the inspection was to:

- Confirm the existence and extent of the assets as indicated by records;
- Confirm details and measurements;
- Obtain further information on the assets; and
- Determine current condition allocating a condition rating between 1 and 5.

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

The RUL was estimated based on the assets condition and age. This assessment was made on the basis that maintenance and renewal schedules for the assets were adhered to and defect notifications were inspected and actioned in a timely manner. This resulted in a favourable impact upon RUL and accumulated depreciation as timely maintenance and renewals have favourably impacted the overall condition of swimming pool assets. Additionally, there were no major weather events during the year which would have required an adjustment to the RUL.

Infrastructure assets (Level 3)

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

CRC was measured by reference to the reproduction cost or replacement cost using the modern equivalent asset, as appropriate to the particular asset. All cost calculations have been based on the estimated current costs at 30 June 2017. In all cases the assets have been disaggregated sufficiently to ensure a reliable measure of cost and service capacity.

In developing the respective unit rates current schedules of asset structure, estimates of cost for similar projects and allowances for ground conditions and locality have all been considered.

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

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

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

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

Transport

The last comprehensive valuation of transport assets was undertaken effective 30 June 2015. As part of the comprehensive valuation, unit rates were developed for each asset category in the transport network. The methodology for each was determined based on the most appropriate inputs.

CRC for transport assets was determined at 30 June 2017 based on a review of price movements for labour, plant and materials (specific to Cairns). This review found price movements to be static for the year ended 30 June 2017 which resulted in no indexation being applied.

Council's roads are inspected at least once a year with higher order roads inspected twice a year. Council has a rolling road maintenance and renewal program to ensure road assets are well maintained. This minimises any impacts on RUL. In addition, Council ensures defect notifications are inspected and actioned in a timely manner to conserve the roads condition. As at 30 June 2017, there has been no major weather events that would have required an adjustment to the remaining useful lives of Council's transport network.

A comprehensive valuation of transport assets is scheduled for 2019.

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

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

Bridges and Footpaths

The last comprehensive valuation of bridge and footpath assets was undertaken effective 30 June 2016. As part of the comprehensive valuation, similar assets were aggregated to ensure a reliable measure of cost and service capacity as well as deterioration of estimated RUL.

CRC for bridge and footpath assets was determined at 30 June 2017 based on a review of price movements for labour, plant and materials (specific to Cairns). This review found price movements to be static for the year ended 30 June 2017 which resulted in no indexation being applied.

A comprehensive valuation of bridge and footpath assets is scheduled for 2020.

In determining the level of accumulated depreciation, bridge and footpath assets were disaggregated into significant components which exhibited different useful lives.

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For the year ended 30 June 2017

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

Drainage

The last comprehensive valuation of drainage infrastructure was undertaken effective 30 June 2014. As part of the comprehensive valuation, similar assets were aggregated to ensure a reliable measure of cost and service capacity as well as deterioration of estimated remaining useful life.

CRC for drainage assets was determined at 30 June 2017 based on a review of price movements for labour, plant and materials (specific to Cairns). This review found price movements to be static for the year ended 30 June 2017 which resulted in no indexation being applied.

A comprehensive valuation of drainage assets is scheduled for 2018.

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives. The value of excavation works associated with the development of unlined open drains are considered non-depreciable as they have unlimited lives.

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

Water and Sewerage

Council's above ground water assets were comprehensively valued by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2017. These assets include dams, pump stations, reservoirs, intake structures and treatment plants. All remaining Water and Sewerage assets were subject to an indexation review, also conducted by Cardno (Qld) Pty Ltd.

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

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

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

This indexation review resulted in the following indexes being applied:

- Index manholes by 3.5%
- Index sewer pump stations, sewer treatment plant assets and telemetry infrastructure by 2.0%
- All other asset sub classes remained unchanged

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

Cardno's unit rates were derived from the following sources:

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

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

The average cost of dams, pump stations and intake structures increased between 1-2%. The average cost of treatment plants increased by 9% as a result of changes to the asset hierarchy which were made to enable more efficient reporting and asset management. The average cost of reservoirs decreased 1%, again as a result of changes to the asset hierarchy.

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

The total life for the dam spillway was increased from 80 to 150 years in order to align the life of the spillway with the dam embankment. The total life of pipework was increased from 60 to 80 years and the total life for telemetry was increased from 10 to 20 years based on updated condition assessment data. These were the only material change to RUL.

The 2017 comprehensive revaluation of pump stations, treatment plants and intake structures resulted in a decrease in accumulated depreciation. This movement is mostly attributable to a reassessment of remaining useful lives due to higher condition ratings as a result of asset maintenance. Accumulated depreciation for reservoirs and dams increased as a result of minor changes to the asset hierarchy used for the revaluation.

A comprehensive valuation of sewerage treatment plants and pump stations is scheduled for 2019. Water and sewerage main assets are scheduled to be comprehensively revalued in 2020.

Solid Waste Disposal

A comprehensive valuation of solid waste disposal assets was undertaken by independent valuers, Cardno (Qld) Ltd, effective 30 June 2014. Cardno have undertaken an indexation valuation in 2017. This review found price movements to be static for the year ended 30 June 2017 which resulted in no indexation being applied.

A comprehensive valuation of solid waste disposal assets is scheduled for 2018.

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

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

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

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Notes to the financial statements

For the year ended 30 June 2017

12 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.

Annual leave

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

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 the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 18.

	2017	2016
	\$	\$
Current		
Creditors and accruals	39,564,852	32,646,479
Annual leave	10,697,818	10,669,734
Sick leave	1,935,357	1,855,962
Other entitlements	323,265	261,177
	<u>52,521,292</u>	<u>45,433,352</u>

13 Provisions

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned 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 2017

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.

	2017	2016
	\$	\$
Current		
Developer contribution credits	5,461,600	2,049,271
Long service leave	1,127,131	1,119,043
	<u>6,588,731</u>	<u>3,168,314</u>
Non-current		
Developer contribution credits	4,277,768	7,476,211
Long service leave	12,675,367	11,992,508
	<u>16,953,135</u>	<u>19,468,719</u>
Details of movements in provisions:		
Long service leave		
Balance at the beginning of the financial year	13,111,551	13,033,756
Long service leave entitlements arising	2,679,420	1,875,665
Long service leave entitlements paid	(1,988,473)	(1,797,870)
Balance at end of financial year	<u>13,802,498</u>	<u>13,111,551</u>
Developer contribution credits		
Balance at the beginning of the financial year	9,525,482	3,094,752
Developer contribution credits arising	6,569,911	12,171,660
Developer contribution credits paid	(6,356,025)	(5,740,930)
Balance at end of financial year	<u>9,739,368</u>	<u>9,525,482</u>

14 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 next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

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 June 2026.

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

Working capital facility

A working capital facility of \$30,000,000 has been established with the Queensland Treasury Corporation. There were no working capital drawdowns as at 30 June 2017.

Subsequent to reporting date, an increase to Council's working capital facility was approved by the Queensland Treasury Corporation. The new facility limit is \$60,000,000.

Details of borrowings at the reporting date are:

	2017	2016
	\$	\$
Current	8,876,462	8,586,737
	<u>8,876,462</u>	<u>8,586,737</u>
Non-Current	78,633,225	87,460,554
	<u>78,633,225</u>	<u>87,460,554</u>
Details of movements in borrowings:		
Opening balance at beginning of financial year	96,047,291	79,050,337
Proceeds from borrowings	-	95,549,513
Loans extinguished	-	(74,386,842)
Principal repayments	(8,537,604)	(4,165,717)
	<u>87,509,687</u>	<u>96,047,291</u>
Book value at end of financial year		
	<u>86,163,972</u>	<u>96,301,079</u>
Loan market value at the reporting date		

On 29 June 2016 Council undertook a restructure of its existing loans in order to realise savings in interest expense. Debt to the value of \$74,386,842 was extinguished and new debt to the value of \$95,549,513 for a term of 10 years was recognised. The difference of \$21,162,671 was recognised as a finance cost in the Statement of Comprehensive Income.

15 Commitments for expenditure

a) Contractual commitments

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

Contract for Regional Waste Management Facility:

Not later than 1 year	10,323,000	10,226,594
Later than 1 year but not later than 5 years	43,938,079	43,527,744
Later than 5 years	47,451,287	59,753,798
	<u>101,712,366</u>	<u>113,508,136</u>

Contract for Other commitments:

Not later than 1 year	22,850,410	19,092,772
Later than 1 year but not later than 5 years	40,089,970	9,021,402
Later than 5 years	32,714,189	833,787
	<u>95,654,569</u>	<u>28,947,961</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

15 Commitments for expenditure

b) Capital commitments

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

	2017	2016
Note	\$	\$
Capital assets	66,536,827	76,861,486
	<u>66,536,827</u>	<u>76,861,486</u>
Not later than 1 year	66,536,827	70,798,026
Later than 1 year but not later than 5 years	-	6,063,460
	<u>66,536,827</u>	<u>76,861,486</u>

16 Events after the reporting date

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

17 Contingent liabilities

a) Contingent liabilities

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

Various claims are pending against Council. In the opinion of Council's solicitor the potential loss on all claims as at 30 June 2017 should not exceed:

1,323,713	1,157,500
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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	2,805,852	3,028,714
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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 2016, 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 2016, the financial statements of Local Government Mutual Queensland reported a members' equity balance of \$42,676,161 (2015: \$33,510,366).

b) Loan and bank guarantees

Loans and bank guarantees to community organisations

1,135,756	829,851
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Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

18 Superannuation

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

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

The scheme has three elements referred to as:

- The City Defined Benefits Fund which covers former members of the City Super Defined Benefits Fund.
- The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments, and
- The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

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

As at the reporting date the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2016. The actuary indicated that "At the valuation date of 1 July 2016, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."

In the 2016 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 65 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 councils. Council made less than 4% of the total contributions to the plan in the 2016/17 financial year. The next actuarial investigation will be conducted as at 1 July 2018.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:	5	9,020,780	9,239,043
Cairns Regional Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:	5	122,671	122,659

19 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. 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.

	2017 \$	2016 \$
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	29,021	19,253
Security deposits	3,727,127	3,745,270
Unclaimed monies	55	55
	<u>3,756,203</u>	<u>3,764,578</u>

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

Net result attributable to Council	32,075,002	7,560,254
Non-cash operating items:		
Depreciation and amortisation	86,287,419	84,206,658
Debt restructure costs	-	21,162,671
	<u>86,287,419</u>	<u>105,369,329</u>
Investing and development activities:		
Capital grants, subsidies and contributions	(51,073,035)	(40,063,657)
Profit/(loss) on disposal of non-current assets	21,145,611	7,356,277
Capital expenses	4,272,297	9,753,383
(Increase)/decrease in accrual for capital expenditure	5,792,971	(2,995,154)
	<u>(19,862,156)</u>	<u>(25,949,151)</u>
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	(450,489)	(5,392,412)
(Increase)/decrease in inventories	626,534	133,130
Increase/(decrease) in payables	7,087,940	6,780,380
Increase/(decrease) in provisions	904,833	6,508,526
Increase/(decrease) in other liabilities	98,086	(532,522)
	<u>8,266,904</u>	<u>7,497,102</u>
Net cash inflow from operating activities	<u>106,767,169</u>	<u>94,477,535</u>

Cairns Regional Council

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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 \$1,339,904 (excluding GST) and to Cairns River Improvement Trust with a total value of \$200,000 (excluding GST). In addition, the premises occupied by Cairns Art Gallery are provided to them by Council for a nominal annual amount.

Both entities are dependent on funding provided by Council. Funding support has been agreed to by the Council for the 2016/17 financial year.

The Local Government Superannuation Scheme is also a related entity of Council. Details including contributions made during the year are disclosed in Note 19.

b) Transactions with key management personnel (KMP)

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive management. The compensation paid to KMP for 2016/17 comprises:

	2017
	\$
Short-term employee benefits	3,371,830
Post-term benefits	379,662
Long-term benefits	44,491
Termination benefits	102,419
Total	<u>3,898,402</u>

Detailed remuneration disclosures are provided in the annual report.

c) Transactions with other related parties

There were no 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 2017

22 Financial instruments

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.

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

Council does not enter into derivatives.

i) Credit risk

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

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

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

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

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents - bank	8	265,609	1,405,257
Cash and cash equivalents - on hand	8	34,240	51,740
Cash and cash equivalents - QTC	8	12,620,621	24,752,665
Investments with approved deposit taking institutions	9	-	30,500,000
Receivables - rates	10	19,478,851	18,984,710
Receivables - other	10	13,342,289	14,079,239
Other credit exposures			
Guarantee	17(a)	2,805,852	3,028,714
Total		48,547,462	92,802,325

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 2017

Trade and other receivables

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

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

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

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Receivables		
Fully performing	29,175,765	27,186,478
Past due		
Less than 30 days	497,920	1,969,321
31 to 60 days	254,913	298,336
61 to 90 days	80,525	38,117
Over 90 days	6,553,965	6,620,346
Impaired	1,374,484	1,377,475
Total	<u>37,937,572</u>	<u>37,490,074</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 is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and term deposits, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 14. The following lines of credit were available at the end of the reporting period.

	<u>2017</u>	<u>2016</u>
	\$	\$
QTC working capital facility	30,000,000	-
Available at 30 June	30,000,000	-

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
	\$	\$	\$	\$	\$
2017					
Trade and other payables	39,564,852	-	-	39,564,852	39,564,852
Loans - QTC	10,877,198	43,508,791	43,328,165	97,714,154	87,509,687
	<u>50,442,050</u>	<u>43,508,791</u>	<u>43,328,165</u>	<u>137,279,006</u>	<u>127,074,539</u>
2016					
Trade and other payables	32,646,479	-	-	32,646,479	32,646,479
Loans - QTC	10,792,788	43,540,950	54,227,127	108,560,865	96,047,291
	<u>43,439,267</u>	<u>43,540,950</u>	<u>54,227,127</u>	<u>141,207,344</u>	<u>128,693,770</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.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

iii) Market risk

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

Interest rate risk

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

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 14.

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 2017

23 Change in accounting policy

AASB 123 *Borrowing Costs*

Council has voluntarily changed policy in respect to AASB 123 *Borrowing Costs* effective from 1 July 2016. As a result of the change, Council will capitalise borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 July 2016. Previously borrowing costs were recognised as an expense when incurred.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* the effects of the application on prior periods have been considered and were found to be immaterial. From 1 July 2016 all borrowing costs incurred in connection with qualifying assets were capitalised, this policy shall continue to be applied for future years.

The change in policy ensures that borrowing activities are more closely aligned to their business use.

The following table summarises the impact of the change on Council's financial statements for the period ending 30 June 2017:

	2017
	\$
Statement of Comprehensive Income	
Finance Costs	(688,220)
Statement of Financial Position	
Property, plant and equipment	688,220
Statement of Cash Flows	
Interest expense	(688,220)
Payments for property, plant and equipment	688,220

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

24 National Competition Policy

Activities to which the Code of Competitive Conduct is applied

Definition of Activities:

1) Significant Business Activities

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

- a) is conducted in competition, or potential competition, with the private sector (including off-street parking, quarries, sporting facilities, for example); and
- b) has expenditure for the previous financial year that exceeds the thresholds set by a regulation (the Significant Business Activity thresholds)

The Significant Business Activity thresholds are required to be reviewed and gazetted each year by the Minister. As per Section 19(2) of the *Local Government Regulation 2012* the following thresholds applied for 2016/17:

- for water and sewerage combined activities - \$ 13.75 million
- for other activities - \$9.2 million

Significant Business Activities of Council are:

- Cairns Water which manages the water and wastewater activities.
- Cairns Works which manages the construction of capital works projects including roads, drains, parks and minor works and providing services to external clients.
- Cairns Resource Recovery which manages the solid waste activities.

2) Prescribed Business Activities

Mandatory application of the Code of Competitive Conduct (CCC)

Section 47 of the *Local Government Act 2009* requires that the CCC be applied to the following activities:

- a) Roads activity means a business activity that involves:
 - i) constructing or maintaining a State controlled road, that the State put out to competitive tender or
 - ii) submitting a competitive tender in relation to –
 - i. constructing or maintaining a road in the local government area, that the local government put out to competitive tender; or
 - ii. constructing or maintaining a road in another local government area that the local government put out to competitive tender.
- b) A building certifying activity is a business activity that:
 - i) involves performing building certifying functions (within the meaning of the Building Act, section 10); and
 - ii) is prescribed under a regulation.

Discretionary application of the CCC

Section 47(7) of the *Local Government Act 2009* requires that Council must decide by resolution whether to apply the CCC to:

Any other business activity that has expenditure for the previous financial year that exceeds the thresholds set by a regulation. (the Prescribed Business Activity threshold)

The Prescribed Business Activity threshold is required to be reviewed and gazetted each year by the Minister. As per Section 39(1) of the *Local Government Regulation 2012* the threshold for 2016/17 is \$325,000.

If it is decided that CCC is not to apply to a business activity that exceeds this threshold, the reasons as to why the CCC was not applied must be included in the resolution.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

Voluntary Application of the CCC

Council may also elect to apply the CCC to any other business activity it decides to as per *Section 47(9) of the Local Government Act 2009*. For CCC purposes, Council defines a business activity as:

- i) trading in goods and services to clients in competition with the private sector; or
- ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself.

Prescribed Business Activities of Council are:

- Ticket Link which provides ticketing services for events held at many venues in Far North Queensland.
- Car Parking which operates several paid off-street car parking facilities.
- Caravan Parks which operates the Bramston Beach Caravan Park.
- Building Approvals which is a building certifying activity (this business activity ceased on 1 March 2017).

Applying the 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 Statement summaries for the Significant and Prescribed Business Activities of which the Code of Competitive Conduct applies for the 2016/17 financial year, as required by *Section 35 of the Local Government Regulation 2012*.

2016/17 Activity Statement

	Ticket Link	Car Parking	Caravan Parks	Building Approvals
	\$	\$	\$	\$
Revenue for services provided to Council	2,503	433	-	-
Revenue for services provided to external clients	330,005	1,681,377	106,988	101,780
Community service obligations net of charges	25,500	(304)	4,718	-
Sub total	358,008	1,681,506	111,706	101,780
Less: Expenditure				
Employee Costs	-	80,488	-	30,666
Materials and Services	382,788	527,545	99,029	70,692
Depreciation	-	300,496	38,653	-
Other Expenditure	-	25,192	-	-
Expenditure Total	382,788	933,721	137,682	101,358
Surplus/(deficit)	(24,780)	747,785	(25,976)	422

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2017

2016/17 Community Service Obligations

Significant Business Activities

Activities	CSO Description	2017 \$	2016 \$
Water	Service locations	187,687	89,296
	Fire Hydrants Maintenance	508,346	476,337
	Access charges forgone	442,359	435,821
	Usage Charges forgone	1,713,627	1,712,628
	Total	<u>2,852,019</u>	<u>2,714,082</u>
Wastewater	Service locations	53,423	82,226
	Access Charges forgone	1,051,908	1,036,362
	Total	<u>1,105,331</u>	<u>1,118,588</u>
Cairns Works	Water charges	<u>(18,713)</u>	<u>(17,875)</u>
Waste Services	Free dumping general waste	416,147	409,829
	Free disposal vouchers	10,640	12,000
	Free dumping vegetation	288,738	306,291
	Free mulch	106,834	188,479
	Free transportation costs between transfer stations	76,058	69,607
	Rates based financial assistance	46,896	46,530
	Schools Recycling	26,150	27,980
	In Kind Waste & Recycling Collections	6,508	5,498
	Donations of buy back items to charity	2,400	-
Total	<u>980,371</u>	<u>1,066,214</u>	

Prescribed Business Activities

Activities	CSO Description	2017 \$	2016 \$
Ticket Link	Assistance to community hirers	<u>25,500</u>	<u>24,585</u>
Car Parking	Water charges	<u>(304)</u>	<u>(2,143)</u>
Caravan Parks	Rental revenue forgone	<u>4,718</u>	<u>4,625</u>

Management Certificate
For the year ended 30 June 2017

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 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



John Andrejic
Chief Executive Officer

Date: 11 / 10 / 17

Date: 11 / 10 / 17

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 2017, 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 2017, 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 of Queensland 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 of Queensland Auditing Standards*.

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

Other information in the council's annual report

Other information comprises the information included in Cairns Regional Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information prepared and approved by the Councillors was the current year financial sustainability statement and long-term financial sustainability statement and the annual report.

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 council for the financial report

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

The council is 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.

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 2017:

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



Patrick Flemming
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Cairns Regional Council

Current-year Financial Sustainability For the year ended 30 June 2017

Measures of Financial Sustainability

	How the measure is calculated	Target	30 June 2017 Result
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	2%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	101%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	39%

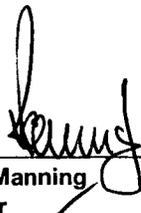
Note 1 - Basis of Preparation

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 2017.

Certificate of Accuracy For the year ended 30 June 2017

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



John Andrejic
 Chief Executive Officer

Date: 11 / 10 / 17

Date: 11 / 10 / 17

Cairns Regional Council

Appendix A

For the year ended 30 June 2017

**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
Prepared as at 30 June 2017**

Measures of Financial Sustainability

	Measure	Target	Actuals at 30 June 2017	Projected for the years ended								
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	39%	49%	51%	50%	51%	50%	59%	71%	77%	64%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	101%	128%	95%	91%	95%	92%	86%	77%	69%	68%

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 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 2017**

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



John Andrejic
Chief Executive Officer

Date: 11 / 10 / 17

Date: 11 / 10 / 17