

ANNUAL REPORT 2015 - 2016





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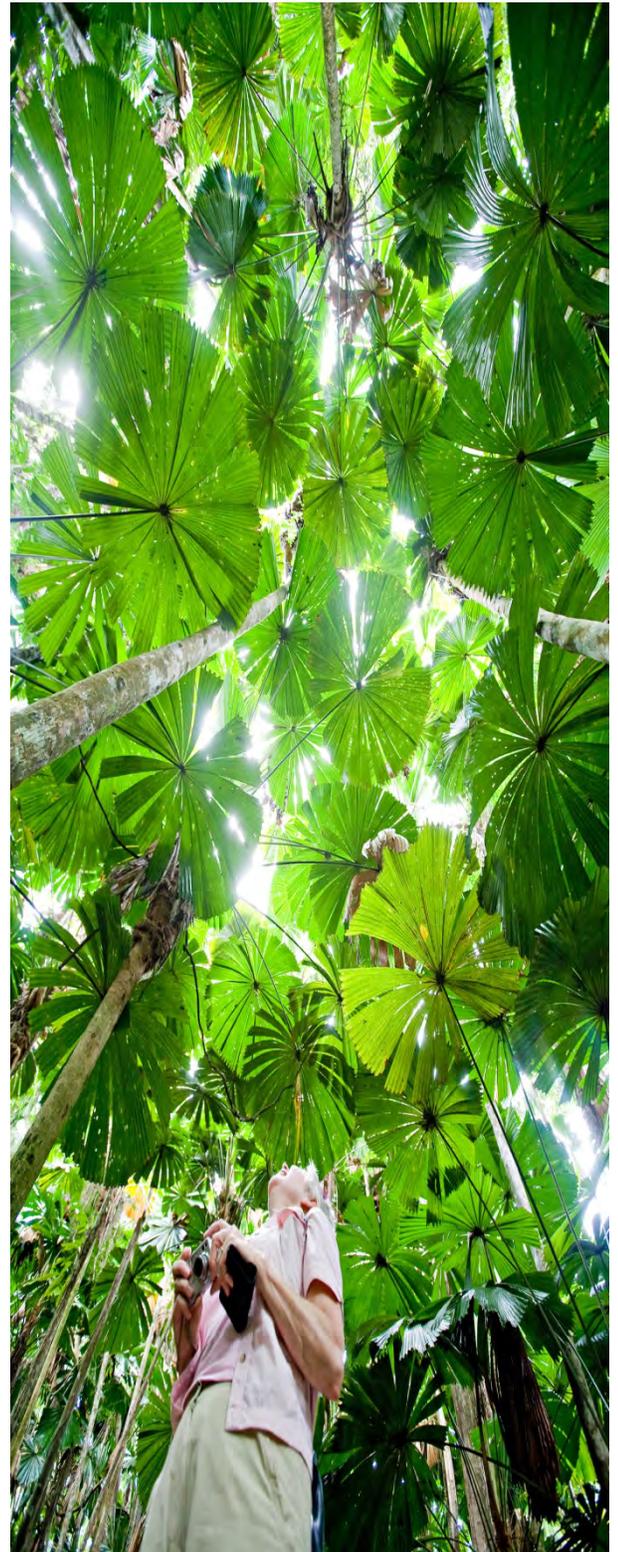
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The Cairns Regional Council local government area encompasses 1,687 km² of land on a narrow coastal strip between the Great Dividing Range and the Coral Sea. It extends from the Eubenangee Swamp (near Mirriwinni) in the south to the Macalister Range (near Ellis Beach) in the north.

The region is part of Australia's Wet Tropics and is framed by the lush World Heritage listed Wet Tropics rainforest in 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 tourist destination.

Acknowledgement of Country

Cairns Regional Council would like to acknowledge the peoples who are 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 Australians who are present.

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.

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Cairns Q 4870

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OUR VISION, PURPOSE, GOALS AND VALUES

Our Vision

- We will value our natural environment, lifestyle and surroundings
- We will support and respect distinctive and vibrant communities
- We will be innovative and creative
- We will 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 Environment 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.



Finished 2015/16 with Surplus



75% of all ratepayers received a rise of 1.5% (or less) on their general rates



\$670,000 to support major sporting events



2015-2016 Budget featured a \$142.7 million Capital Works Program



\$360,000 for economic and industry development



Expenditure of \$228 million on materials and services



\$3 million committed for tourism marketing

COMMUNITY FINANCIAL REPORT

Introduction

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

2015/2016 AT A GLANCE

Cairns Regional Council has performed well throughout the 2015/16 financial year, finishing the year with a \$5.8M operating surplus. Including one-off finance costs of \$21.2M associated with Council's debt restructure, the adjusted operating position is a \$15.4M deficit.

Council continued to invest heavily in community infrastructure by delivering a capital works program in excess of \$145M. 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	281.3
Operating Expenses	275.5
Operating Position	5.8
Debt Restructure Costs	21.2
Adjusted Operating Position	(15.4)
Capital Income	40.1
Capital Expense	17.1
Net Result	7.6
Total Assets:	3,811.2
Total Liabilities	164.8
Net Community Assets	3,646.4
Total Capital Works Expenditure	145.7

The Financial Statements in this report cover a 12 month period ending 30 June 2016. 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 impacted 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.

END OF YEAR FINANCIAL STATEMENTS FOR 2015/2016 AT A GLANCE

Assumptions & Principles

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

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

Council continues to implement the Asset Management Development Program in order to

facilitate sound strategic asset management decisions including the allocation of depreciation funding.

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

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

CORPORATE FINANCIAL STATEMENTS

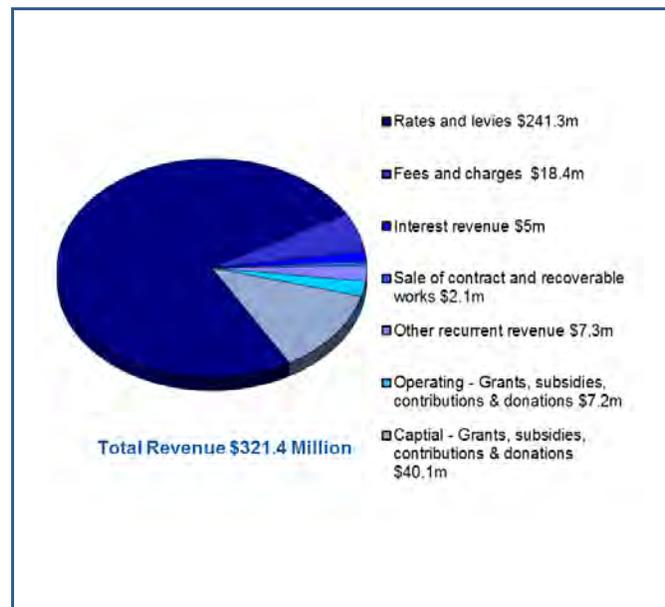
STATEMENT OF COMPREHENSIVE INCOME

Revenue

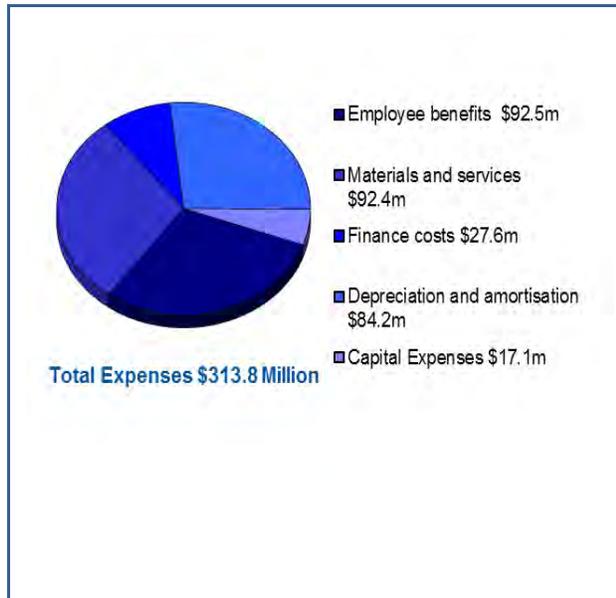
Revenue for the 2015/16 financial year is sourced from various items as shown in the following graph.

More than half of Council's revenue (75.1%) is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations (12.5%), which are received solely for the purpose of funding current and future capital works in order for Council to continue to supply important infrastructure to the community.

Council's contributions income is dependent upon development demand.



Expenses



Materials and services and employee costs make up 58.9% of the total expenditure for Council. Council has a strong labour workforce to provide maintenance, water and waste services, planning, community, sport and cultural services and capital infrastructure for the community.

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

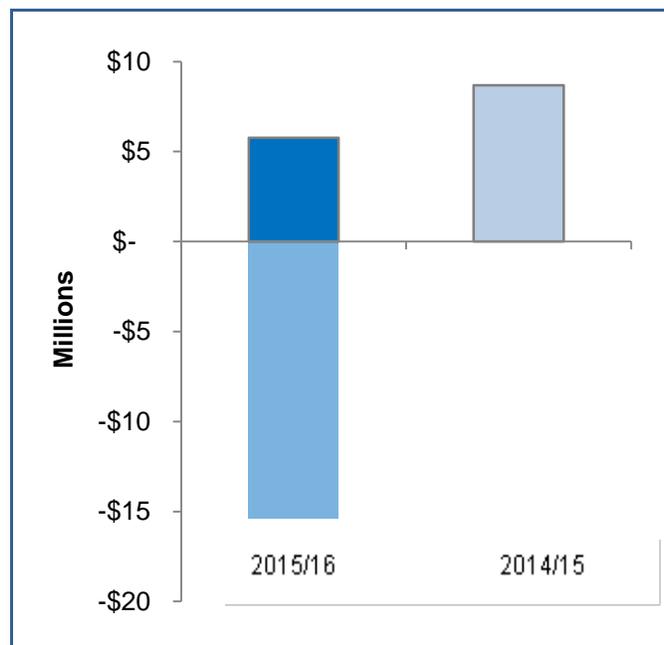
Operating Position

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

The operating position is calculated by taking total operating expenses (\$275.5M) from total operating revenue (\$281.3M) and does not include revenue or expenditure amounts for capital projects.

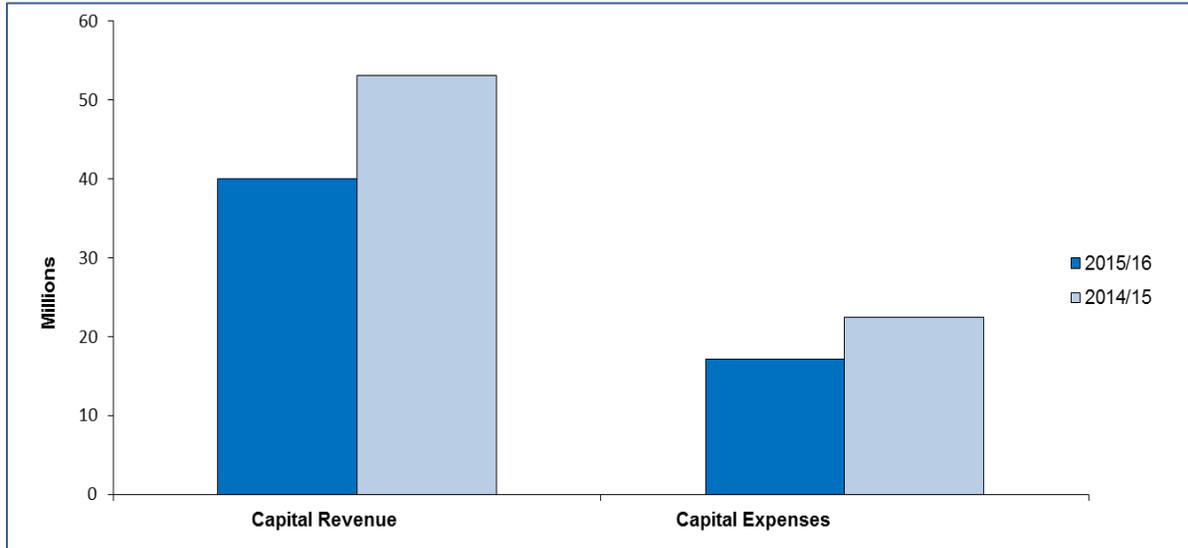
Council's operating position as at 30 June 2016 is a surplus of \$5.8M which has decreased from a surplus of \$8.7M in the 2014/15 financial period. Taking into account debt restructure costs of \$21.2M, the adjusted operating position for 2015/16 is a deficit of \$15.4M.

This graph shows the normalised and adjusted operating position for 2015/16 compared to the 2014/15 financial period.



Net Result

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



Capital revenue represents the following income streams:

- Donated assets – infrastructure assets contributed by developers such as roads, drains, sewerage mains and water mains represent non-cash revenue which is not available for Council operations or future capital expenditure.
- 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(a) and 7 of the Financial Statements.

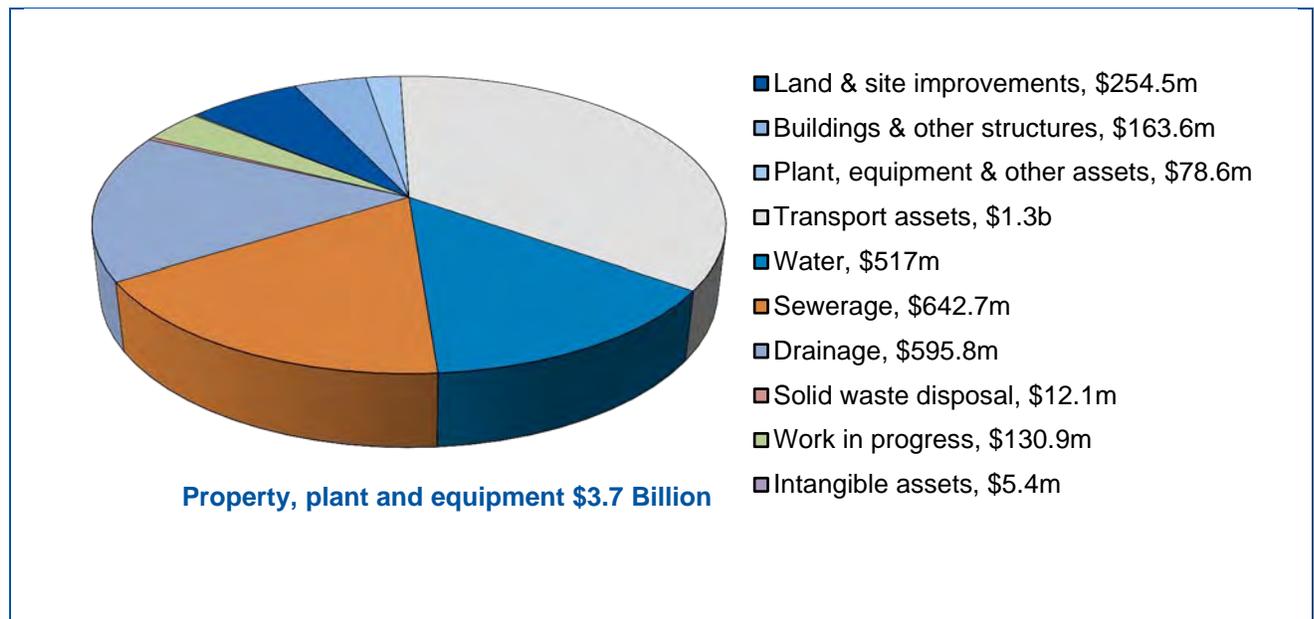
STATEMENT OF FINANCIAL POSITION

Assets

	2015/16 \$ Million	2014/15 \$ Million
Current Assets	95.7	123.9
Non-Current Assets	3,715.5	3,524.6
Total Assets	3,811.2	3,648.5

Council assets as at 30 June 2016 total \$3.8 Billion. This includes \$95.7 Million of current assets (liquid assets or amounts due to be received within twelve months) and \$3.7 Billion of non-current assets. Property, plant and equipment makes up 97.5% of total assets.

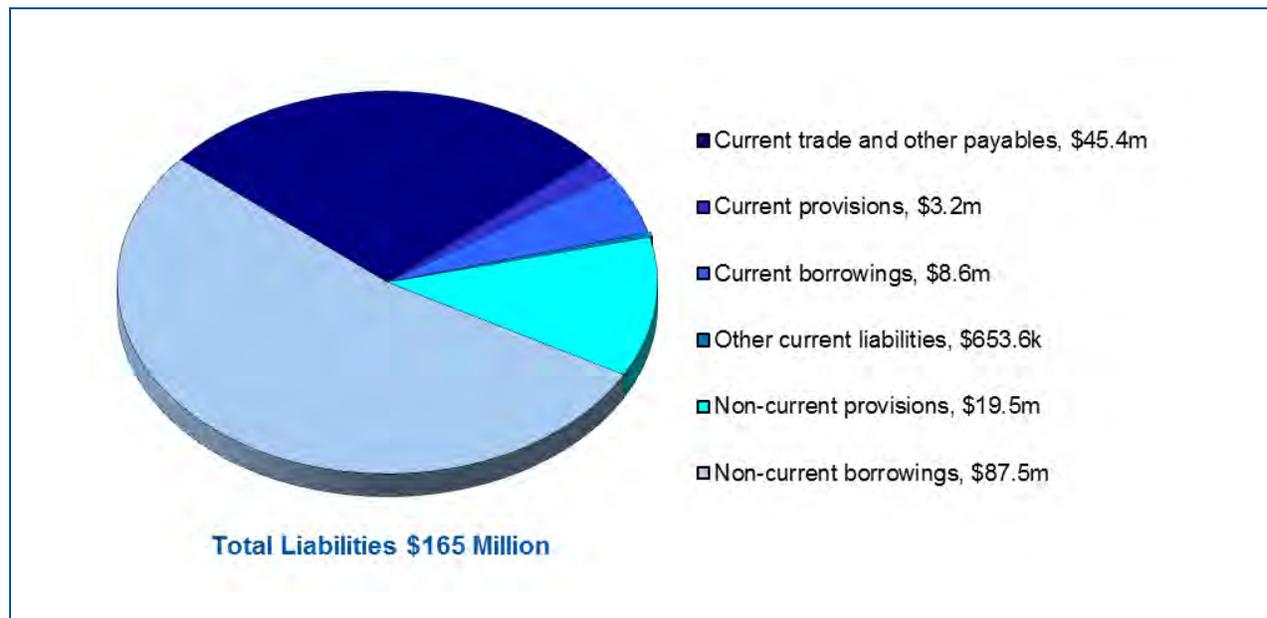
The following graph shows a breakdown of property, plant and equipment by asset category.





Liabilities

	2015/16 \$ Million	2014/15 \$ Million
Current Liabilities	57.8	47.8
Non-Current Liabilities	107.0	87.2
Total Liabilities	164.8	135.0



Total liabilities as at 30 June 2016 are \$165 Million. This includes \$57.8 Million of current liabilities (due to be paid out within twelve months) and \$107 Million of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements.

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

Borrowings

On 29 June 2016 Council undertook a restructure of its existing loans in order to realise long term 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 and will be offset by future interest savings in excess of this amount. The loan balance at year end is just over \$96 Million.

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

	2015/16 \$ Million	2014/15 \$ Million
Current Borrowings	8.6	4.2
Non-Current Borrowings	87.5	74.9
Total QTC Borrowings	96.1	79.1

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.

	2015/16 \$ Million	2014/15 \$ Million
Principal	4.2	3.9
Interest	5.6	5.4
Total Debt Service Payments	9.8	9.3

As at 30 June 2016 Council's debt per rateable property is \$1,320.

SUSTAINABILITY RATIOS

Ratio	Description	Formula	Benchmark	2015/16	2014/15	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%	102.97%	89.25%	<input checked="" type="checkbox"/>
		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%	24.57%	3.91%	<input checked="" type="checkbox"/>
		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%	2.05%*	3.04%	<input checked="" type="checkbox"/>
		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

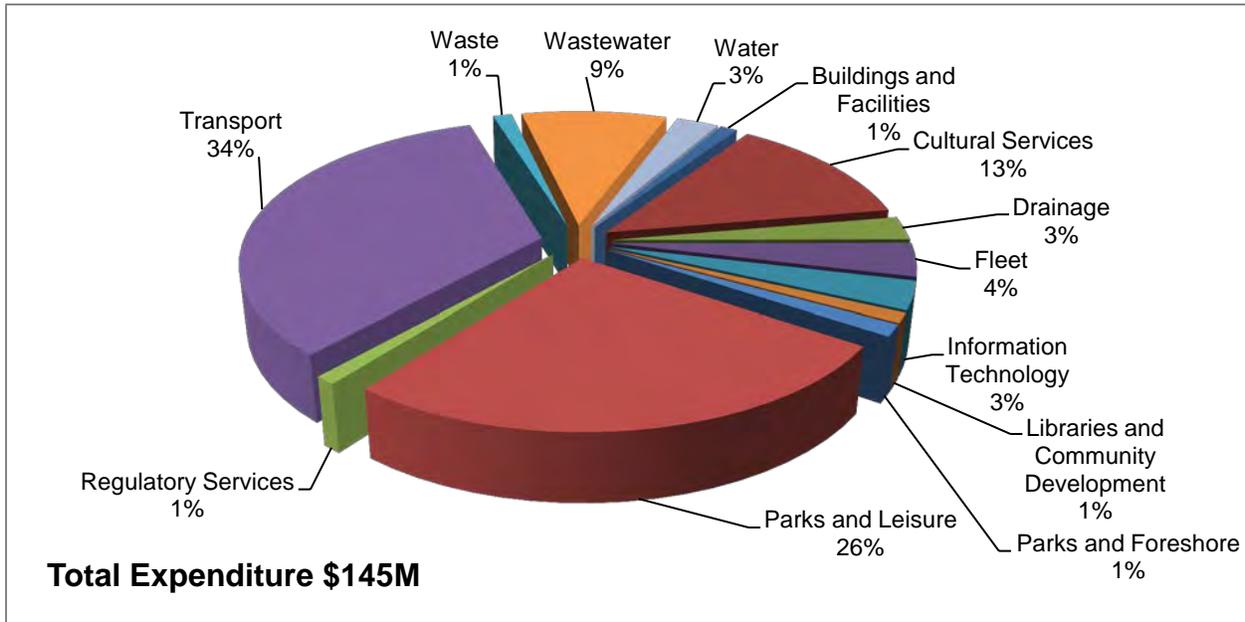
Council has finished the 2015/16 financial year with a \$5.8M operating surplus and has continued strong investment in community infrastructure through the delivery of a capital works program in excess of \$145 Million.

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 \$162 Million per annum whilst maintaining an average rates rise within CPI expectations over a 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 2015/16 financial year expenditure on capital works was \$145m. The following table provides a breakdown of the capital works for 2015/16 by asset category.





Capital Works Highlights

Council incurred expenditure on the following capital works projects during the period 1 July 2015 to 30 June 2016.

Major Items	\$
Cultural Services	
School of Arts	2,037,477
The Precinct – Cairns Performing Arts Centre	5,717,468
The Precinct – Munro Martin Parklands	8,555,469
Machans Beach Roackwall	853,538
	\$ 16,310,440

Parks and Leisure	
Alley Park – 2 Additional Fields	1,520,274
Tobruk Pool Re-Development	13,525,054
Walker Road Sporting Facilities	6,151,621
Martyn St Sporting Reserve	3,261,349
Flecker Conservatory	396,004
Chinese Gardens	964,670
	\$25,818,972

Transport and Mobility	
R2R Aumuller St, Mulgrave Rd to Gatton St	4,902,364
Shields Street Heart – Stage 1	7,161,777
Shields Street Heart – Stage 2 & 3	1,384,697
Suburban Enhancement Program (SEP)	5,020,272
Road Infrastructure Renewals	40,075,143
	\$ 58,551,254

Water and Waste Infrastructure	
Water Infrastructure Renewals and Upgrades	2,833,667
Waste Water Infrastructure Renewals and Upgrades	12,850,028
	\$ 15,683,695

PARTICULAR RESOLUTIONS

Copy of the resolutions made under section 250(1)

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

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

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

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

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

At Council's Governance Committee Meeting on 15 June 2016 Council adopted the revised Expenses Reimbursement and Support for Elected Representatives, a copy of the resolution is below.

2. REVIEW OF COUNCILLOR GENERAL POLICIES..... 11
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RICHARDSON / MANNING

RECOMMENDATION:

It is recommended that Council adopts the following revised General Policies:

1. Code of Conduct for Councillors
2. Expenses Reimbursement and Support for Elected Representatives
3. Councillor / Staff Interaction Protocol
4. Management of Confidential Information
5. Development Interaction Guidelines

carried

List of the resolutions made under section 206(2)

Thresholds also reported in Note 1 of EOY statements.



COUNCILLORS

Councillors Remuneration

The following table shows the total Councillors' remuneration payments for the 12 months period from 1 July 2015 to 30 June 2016.

Div	Elected Member	Total Remuneration Payment \$	* Super Contributions \$	Total \$	FBT Expense \$
Mayor	Bob Manning	165,211	19,825	185,036	6,936
1	Steve Brain**	77,337	9,280	86,617	832
	Brett Moller***	20,664	2,480	23,144	-
2	John Schilling	97,625	11,715	109,340	8,496
3	Cathy Zeiger	97,625	9,744	107,369	4,071
4	Terry James	112,644	13,517	126,161	-
5	Richie Bates	97,625	11,715	109,340	-
6	Linda Cooper	97,625	9,274	106,899	27,126
7	Max O'Halloran	97,625	11,715	109,340	-
8	Jessie Richardson	97,625	11,715	109,340	21,378
9	Greg Fennell****	76,585	9,190	85,775	22,520
	Brett Olds*****	21,415	2,034	23,449	-

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

** Steve Brain did not contest the 2016 Local Government Elections payments only include 1 July 2015 to 4 April 2016

*** Brett Moller was elected as Division 1 Councillor at 2016 Local Government Elections, payments only include from 4 April 2016 to 30 June 2016.

**** Greg Fennell was defeated at the 2016 Local Government Elections, payments only include 1 July 2015 to 31 March 2016

***** Brett Olds was elected as Division 9 Councillor at the 2016 Local Government Elections, payments only include from 31 March 2016 to 30 June 2016.

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.

The table below shows the total reimbursement costs to Councillors for the 12 month period from 1 July 2015 to 30 June 2016 under this policy.

Div	Elected Member	Vehicle Reimbursement \$	Vehicle Cost \$
Mayor	Bob Manning	-	10,595
1	Steve Brain*	12,088	-
	Brett Moller	-	-
2	John Schilling*	15,260	-
3	Cathy Zeiger	7,192	-
4	Terry James*	2,003	-
5	Richie Bates	-	-
6	Linda Cooper*	27,607	-
7	Max O'Halloran	-	-
8	Jessie Richardson*	29,181	-
9	Greg Fennell*	23,911	-
	Brett Olds	1,364	-
Total		118,606	10,595

* Included in the above Vehicle Reimbursement amounts paid in 2015/2016 are reimbursements for prior year claims that were processed incorrectly, these amounts are:

- Steve Brain \$765 for the period 2012 to 2015
- John Schilling \$7,746 for the period 2012 to 2015
- Terry James \$408 for the period 2012 to 2015
- Linda Cooper \$22,900 for the period 2008 to 2015
- Jessie Richardson \$19,595 for the period 2012 to 2015
- Greg Fennell \$15,743 for the period 2012 to 2015

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

Mayor

- Separate office accommodation with Secretarial and Executive Assistant Support.

Deputy Mayor

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

Other Councillors

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

Other Facilities

- 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 stationery 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 includes 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.

Councillor Attendance at Council Meetings

The following table displays the Councillors' attendance at Council meetings for the period of 1 July 2015 to 06 April 2016.

For the period 01 July 2015 – 06 April 2016		Ordinary	Planning & Economic	Community Services	Governance	Infrastructure	Water & Waste
		10	6	6	6	6	6
Name	Membership	Total Number of Meetings					
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.	10	5	5	5	5	5
Steve Brain	Previously Member of Planning & Economic and Water & Waste Committee	9	5	-	-	-	5
John Schilling	Chair of Infrastructure Committee, Member of Planning & Economic and Governance	10	6	-	6	6	-
Cathy Zeiger	Chair of Sport & Community Services, Member of Planning & Economic, Community Services, Cultural Services, Infrastructure Committee	10	5	5	-	5	-
Terry James	Chairperson of Planning & Economic Committee, Member of Planning & Economic and Infrastructure Committee	10	6	-	-	5	-
Richie Bates	Chair of Water & Waste Committee, Member of Planning & Economic, Community Services and Cultural Services	10	5	5	-	-	5
Linda Cooper	Previously Chair of Governance Committee until 11 May 2016, Chair of Cultural Services Committee as of 11 May 2016, Member of Planning & Economic	9	6	-	6	-	-
Max O'Halloran	Chair of Community Services Committee until 11 May 2016, Member of Planning & Economic and Sport & Community Services and Water & Waste Committee	10	6	5	-	-	5
Jessie Richardson	Member of Planning & Economic and Community Services, Cultural Services, Sport & Community Services and Governance Committee	10	5	5	5	-	-
Greg Fennell	Previously Member of Planning & Economic and Infrastructure, Water & Waste Committee	10	6	-	-	6	6

Following the Local Government Election held on the 19 March 2016 Steve Brain resigned (Division 1) and Greg Fennell was defeated (Division 9). Brett Olds (Division 1) and Brett Moller (Division 9) were sworn in on 6 April 2016.

At the May Council Meeting a new Committee Structure was adopted which saw Planning and Economic changed to Planning & Environment and Community Services split into two separate Committees; Sport & Community and Cultural Services.

The following table displays the Councillors' attendance at Council meetings for the period of 06 April 2016 to 30 June 2016.

For the period 06 April 2016 to 30 June 2016		Ordinary	Special	Planning & Environment	Sport & Community	Cultural Services	Governance	Infrastructure Services	Water & Waste
Name	Membership	Total Number of Meetings							
		4	2	1	1	1	1	1	1
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.	4	2	0	1	1	1	1	1
Brett Moller	Chair of Governance Committee, Member of Water & Waste, Infrastructure	4	2	1	-	-	1	1	1
John Schilling	Chair of Infrastructure Committee, Member of Planning & Economic and Governance	4	2	1	-	-	1	1	-
Cathy Zeiger	Chair of Sport & Community Services, Member of Planning & Economic, Community Services, Cultural Services, Infrastructure Committee	4	2	1	1	1	-	1	-
Terry James	Chairperson of Planning & Economic Committee, Member of Planning & Economic and Infrastructure Committee	4	2	1	-	-	-	1	-
Richie Bates	Chair of Water & Waste Committee, Member of Planning & Economic, Community Services and Cultural Services	4	2	1	-	1	-	-	1
Linda Cooper	Previously Chair of Governance Committee until 11 May 2016, Chair of Cultural Services Committee as of 11 May 2016, Member of Planning & Economic	4	2	1	-	1	1	-	-
Max O'Halloran	Chair of Community Services Committee until 11 May 2016, Member of Planning & Economic and Sport & Community Services and Water & Waste Committee	4	2	1	1	-	-	-	1
Jessie Richardson	Member of Planning & Economic and Community Services, Cultural Services, Sport & Community Services and Governance Committee	4	2	1	1	1	1	-	-
Brett Olds	Member of Planning & Economic, Sport & Community Services, Water & Waste Committee	4	2	1	1	-	-	-	1

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.

Councillor Conduct & Performance	
Section 186 (d) the total number of the following during the year -	
(i) Orders and recommendations made under section 180 (2) or (4) of the Act;	Nil
(ii) Orders made under section 181 of the Act	Nil
Section 186 (e) each of the following during the year -	
(i) The name of each Councillor for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act;	Nil
(ii) A description of the misconduct or inappropriate conduct engaged in by each of the Councillors;	Nil
(iii) A summary of the order or recommendation made for each Councillor	Nil

Section 186 (f) the number of each of the following during the year -	
(i) Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act;	Nil
(ii) Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act;	Nil
(iii) Complaints referred to the Mayor under section 176(3)(a)(ii) or (b)(i) of the Act;	4
(iv) Complaints referred to the department's chief executive under section 176C(4)(a) of the Act;	2
(v) Complaints assessed by the Chief Executive Officer as being about official misconduct;	Nil
(vi) Complaints heard by a regional conduct review panel;	Nil
(vii) Complaints heard by the tribunal;	Nil
(viii) Complaints to which section 176C(6) of the Act applies;	Nil

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*.

Queensland Ombudsman also conducted a review of Council complaint management process, Complaints General Policy and Administration instruction.

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

Item	Result
The number of administrative action complaints made to the local government	834
The number of administrative action complaints resolved by the local government under the complaints management process	829
The number of administrative action complaints not resolved by the local government under the complaints management process	11

Item	Result
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*

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
Bob Manning – Mayor	China	Premier’s Official Mission to China	16,004
Total Overseas Travel for Councillors & Employees			16,004

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

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 2015/16 financial year, Council provided the following community grants:

- **Arts and Cultural Grant Streams**
 - Regional Arts Development Fund (RADF)
 - Cultural Infrastructure Grant
- **Community Development Grant Streams**
 - Community Development Grants
- **Sport and Recreational Grant Streams**
 - Young People in Sport Grants
 - Go Clubs Grants
 - Sports Events Tourism Grants

- **General Grant Streams**
 - Arts and Culture, Community and Go Clubs In-Kind Assistance
 - Mayor's Discretionary Fund
- **Event Grant Streams**
 - Local Community Festival and Event Grants
 - Developmental Event Grants
 - Major Event Grants
 - Major Local Community Facility Development Activity
- **Economic Development Grant Streams**
 - Economic Diversification Fund
 - Industry Development Fund
- **Environmental Sustainability**
 - Community Sustainability Grant
 - Sustainability Enrichment Program
- **Rates Based Financial Assistance**
- **Young Animal Protection Society (YAPS) Financial Assistance**

Details on these grants and recipients are set out below.

Arts & Culture Grant Streams

Regional Arts Development Fund (RADF)

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

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



Applicant	Description	Amount \$
Robbi Neal	Developing regional skills	2,000
Sarah Botham	Developing regional skills	1,850
Shirley Lyn	Developing regional skills	1,640
Elizabeth Smyth	Developing regional skills	1,508
Suellen Maunder	Developing regional skills	1,452
Sue Hayes	Developing regional skills	1,000
Shana Hosino	Developing regional skills	996
Ruby Boussard	Developing regional skills	985
Gondwana Children's Councillor	Round 1	10,000
Travis Bain	Round 1	10,000
Elizabeth Hunter	Round 1	9,980
Anthony Ring	Round 1	9,910
CADCAI	Round 1	7,217
JUTE	Round 1	6,829
Ink Masters	Round 1	5,702
Kick Arts	Round 1	3,500
Cairns Youth Orchestra	Round 1	1,500
Sasi Victoire	Round 2	10,000
Junkie Uncle	Round 2	9,075
Saltwater Basketry Group	Round 2	8,877
Mulgrave Shire Historical Society	Round 2	8,427
Elizabeth Smyth	Round 2	6,838
Angela Murphy	Round 2	6,230
Young Adult Adventurous Writers in the North	Round 2	5,812
ARC Disability Services Inc.	Round 2	5,489
Tropic Arts Assoc Inc.	Round 2	5,000
Emmaline Anderson	Round 2	4,993

Applicant	Description	Amount \$
"City of Cairns" Festival of Highland and Irish Dancing Ass. Inc.	Round 2	2,502
Olivia Azzopardi	Small Arts Grant	550
Eva Wanganeen	Small Arts Grant	500
Munganbana Norman Miller	Small Arts Grant	500
Brealyn Sheehan	Small Arts Grant	500
Sasi Victoire	Small Arts Grant	500
Jeremiah Johnson	Small Arts Grant	500
Fiona Allison	Small Arts Grant	500
Heather Koowootha	Small Arts Grant	500
Anna Eglitis	Small Arts Grant	500
Lou Van Rikxoort	Small Arts Grant	480
Gloria Webb	Small Arts Grant	453
Emmaline Anderson	Small Arts Grant	350
REACH	Strategic Initiative	20,000
Meet the Curators Project	Strategic Initiative	1,009
Total Regional Arts Development Fund (RADF)		\$176,154

Cultural Infrastructure Grant

Applicant	Description	Amount \$
Cairns & District Junior Eisteddfod Assn. Inc.	Replacement of roof 69-71 Greenslopes St	43,159
ARC Disability Services Inc	Accessible bathroom facilities/ storage	40,000
Cairns Little Theatre	Construct workshop & covered area, 49-53 Greenslopes St	40,000
Cairns Choral Society	Seating system	40,000
The German-Austrian-Swiss Association FNQ Inc	Accessible bathroom facilities/ storage	38,000
Cairns Brass Inc	Disabled facilities, access, storage shed	28,946

Applicant	Description	Amount \$
Cairns Bridge Club	Internal/External Renovations Greenslopes St	25,000
Friends of Cominos House Inc	Storage shed	18,690
UMI Arts Ltd	Open shed structure	13,848
Kickarts Contemporary Arts Ltd	LED luminaries gallery Two Abbott St cairns	9,946
The Young Company	Acoustically treat the Theatre Space	7,113
Total Cultural Infrastructure Grants		\$304,702

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	Description	Amount \$
Anglicare	CBD Community Patrol	60,000
Queensland Museum Network	Professional Museum Services	21,818
Cairns Show Association	Electrical upgrades at Cairns showgrounds	20,000
The Roman Catholic Trust Corporation	Ngulpa Ngulpa womens group activities 2016	5,500
Far North Queensland African Community Assn	African child day 2016 with Tiger AFL Club	5,000
FNQ Wildlife Rescue Assoc Inc	Wildlife care training	4,750
Act For Kids	Early education program	4,696
Creche & Kindergarten Assoc	Supporting diversity at Kindergarten	4,519
Yorkeys Knob Community Progress Association	YKCPA admin equipment	3,870
St Vincent De Paul Society	Repair of donation bins	3,850

Applicant	Description	Amount \$
FNQ Hmong Youth Society Inc.	Down Park Edmonton Hall	3,500
U3A Cairns	Safety and security	3,412
Edge Hill/Whitfield Neighbourhood Watch	Neighbourhood watch	2,222
Heartkids Queensland Incorporated	Two feet and a heart beat	1,917
Total Community Development Grants		\$145,054

Sport and Recreational Grant Streams

Young People in Sports Grants

The Young People in Sport (YPIS) grant 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.

Recipient	Sport
Australian Rafting Federation	U19 World Rafting Championships Girls Team
Ronan Weber	2015 BMX World Titles
Lachlan Jennings	Open Gym Basketball Premier Championship
Nicholas Gamble	USA Emerging Tour (Basketball)
Jack Goodwin	Cairns United Futsal Club Inc
Cian Church	Cairns United Futsal Club Inc
Ronan Weber	2016 BMX World Titles
Nadege Mindel	2016 Australian Gymnastics Championships
Monet Visser	2016 Australian Gymnastics Championships



Recipient	Sport
Holly Dunn	2016 Australian Gymnastics Championships
Anna Kuroda	2016 Australian Gymnastics Championships
Leah Everist	2016 Australian Gymnastics Championships
Haney Martens	2016 Australian Gymnastics Championships
Joshua Jennings	U14 Australian Basketball Championship – Dolphin Team
Trent Jensen	U14 Australian Basketball Championship – Dolphin Team
Ky Stattmann	U14 Australian Basketball Championship – Dolphin Team
Ky Stattmann	U14 Australian Basketball Championship
Jonathon Fuatavai	U15 National Volleyball Championships
Trent Jensen	Australian U14 Boys Basketball Club Championships
Joshua Jennings	U15 Boys Australian Basketball Club Championship
Riley Clarke	U18 National Basketball Championships
Kody Stattmann	U18 National Basketball Championships
Oscar Homan	Australian Junior Track & Field Championships
Taylor Gunton	Australian Little Athletics Championships
Matthew Reichardt	U15 Men's National Hockey Tournament
Tamuri Wigness	U16 National Basketball Championships
Souths Hockey	U18 2016 National Hockey Titles
Ryan Runnalls	U16 Australian Basketball Championship
Kody Strattman	U17 World Basketball Championships
Chloe Marginov	Barron Valley Gymnastics: Boarder Challenge
Nathan Pullen	Surf Life Saving Junior State Titles
Tamuri Wigness	U14 Australian Basketball Championship – Dolphin Team
Tamuri Wigness	U14 Australian Club Basketball Championship
Total Young People in Sport Grants	
\$10,910	

Go Club Grants

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 \$
Barrier Coast Archery Incorporated	Spectator/competitor shade sail	5,000
Cairns Eagles Australian Football Club Inc	Eagles shade structure	5,000
Kangaroos Boxing & Fitness Association	Shade cover Vico Oval	5,000
Marlin Coast Rangers Football Club Inc	Shade structure	5,000
Northern Beaches Judo Club	Shaded waiting pick-up area	5,000
Cairns Motorcycle Club Inc	Shade sail over community supporters grand stand	4,795
Total Go Club Grants – Go On Get Sun Smart		\$29,795

Go Clubs – Greener Building Initiative

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

Applicant	Project	Amount \$
Cairns Eagles Australian Football Club Inc	Implementation of water & electrical saving devices	2,000
Total Go Club Grants – Greener Building Initiative		\$2,000

General Grant Streams

Arts and Culture, Community, 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.

Arts & Culture In-Kind Assistance

Applicant	Project	Amount \$
Cairns Art Society	Artists of the North exhibit	5,000
Cairns Tropical Pride	Pride Fair Day	5,000
Peninsula Art Educators Association	Energy Exhibition	5,000
Tropical Arts	MacBeth	5,000
AustraNesia Creative & Cultural Support	The AustraNesia Festival	4,800
Cairns & Region Multicultural Association	Tropic Wave Festival	3,980
Cairns Bands	Cairns Bands	3,292
Japanese Society of Cairns	Use of Esplanade	3,000
Pacific Communities Council FNQ	Pasifika Festival	3,000
QLD Aids Council	Cairns Tropical Mardi Gras QLD Aids Council	3,000
Mountain Bike Australia Championships	Australian National Enduro Champs Equipment Hire	3,000
ABC Far North QLD	ABC Open- Tanks hire	2,970
Ricky Beresford	Exhibition - 43 Others Projects	2,651
Deadly Dozen	Residency and Exhibition	2,165
PNG & Wantoks Association	PNG 40th Independence Anniversary	2,086
Hepatitis Qld	Living art and Cairns Hepatitis Action Team	1,984
UMI Arts Ltd	Big Talk One Fire	1,957
Centenary Lakes Churches of Christ	Carols on Collins	1,798
UMI Arts Ltd	UMI Arts Indigenous Markets 2015	1,612
Coral Sea Expedition	Ghost Net Art Project: BGVC Hire	1,121
Palm Cove Foundation	Jazz on the Green	1,027
Abriculture	Gimuy Fish Festival: BGVC Venue Hire	789
Cairns Little Theatre	Materials collection	736
KickArts	WILLIAM YANG Residency No. 5 Collins Av	500
Cairns Municipal Band	70th Birthday Concert	460
Jute Theatre	ION lighting	250
Holloways Beach Markets Community	Use of Holloways Beach park - Carols on the	140

Applicant	Project	Amount \$
	beach	
Mulgrave District Chamber of Commerce	Use of Norman Park	140
Animal Education Day	Waste & Recycling Collection	33
End Credits Film Club	Starry Night Cinema	28
Total Arts and Cultural In-Kind Assistance Grants		\$66,519

Community Development In-Kind Assistance

Applicant	Project	Amount \$
Positive Ageing Cairns	Positive Ageing Fair	3,471
Yorkeys Knob Residents Association	Festival of the Knob	3,098
AFL Qld	Opening Ceremony 2015 AFL Diversity Cup	3,000
Cairns Branch Qld Council of Unions	Labour Day Celebrations	3,000
Edmonton Storm	Edmonton Storm Super 9's Carnival - Use of Barlow Park	3,000
Manoora Community Assoc	Manoora Christmas Party	2,581
Cootharinga North QLD	Inclusive Communities	2,464
Cairns Pirates	Aeroglen Touch Fields	2,374
Melanoma Institute Australia	Melanoma Institute Australia	2,212
Edmonton Lions Club	Christmas Carols at Edmonton	1,935
World Wide Sports Agency Pty Ltd	Crocodile Trophy	1,799
Trinity Beach Tennis Club	Removal of Golden Canes	1,695
Anglicare North QLD	Homelessness Prevention	1,580
Ronald McDonald House	Ronald McDonald Xmas Lights Ride	1,579
CAFNEC (Cairns & Far North Environment Centre)	Cairns Climate March	1,406
Positive People Inc	World AIDS Day ceremony	1,274
Lifeline	Uniting Care Community	1,159
Leukaemia Foundation of QLD	Light the night	1,150

Applicant	Project	Amount \$
Cairns District Guides	Fill Ruts in Driveway	1,113
Sands Queensland	Walk to Remember	1,010
Welcome to Australia	Walk Together Cairns	991
Youth Services Providers	Annual Meter Hood	985
Cairns COUCH	Superheroes and Villains Fun Run	926
Freestyle Roller Sports Association	A Day in the Park	782
PCY Pacific Communities Council	Pasifika Youth Games	731
Cancer Council QLD	Walk for Women	705
RSPCA	Millions Paws Walk	694
IFYS (Integrated Family & Youth Service)	Child Protection Week	687
Street Level Youth Care	Coastwatchers park - Christmas Day Dinner	676
Rare Friends FNQ	Rare Disease day Fun Run & Walk: Venue & Marquee Hire	647
Cairns Central	City Centre Alive	615
Trinity Beach Tennis Club	Installation of Rubbish Bins	602
Royal Australian Navy	HMAS Cairns Navy Week	600
Leukaemia Foundation of QLD	Line Marking new Car parks	449
Leukaemia Foundation of QLD	Halloween Disco	436
Australia Japan Society FNQ	Sister Cities BBQ Hire	418
Blue September	Fathers Day Challenge	369
Family Daycare South Cairns	Tree removal	301
Heartkids QLD	Feet & a Heartbeat Charity Walk: Funship Parklands Venue Hire	263
The Beagle Club of QLD	Curlew BBQ hire	253
Mulgrave District Chamber of Commerce	Animal Education Day	140
Yorkeys Knob Residents Association	Christmas Carols at Yorkeys Knob	127
Children's Cancer Institute	Townsville to Cairns Bike Ride	125
Clifton Beach Tennis Club	Purchase Picnic Table and facilitate	43

Applicant	Project	Amount \$
Gordonvale Carols in the Park	Waste & Recycling Collection	33
Carols at Yorkeys	Waste & Recycling Collection	25
Total Community Development In-Kind Assistance Grants		\$53,523

Go Club In-Kind Assistance (Essentials)

Applicant	Project	Amount \$
Bar Barrier Coast Archery	Install 20mm Water Service	2,999
Clifton Beach Tennis Club	Purchase Picnic Table and facilitate	2,792
Australian Squash Association	Portable Grandstand hire	2,741
Football QLD	Install Pathway to Match: Endeavour Park	2,487
Cairns BMX Club Inc	Removal of Fig Tree	2,364
Cairns Hockey Association	Replace gutter and colorbond	1,779
Cairns Eagles Australian Football Club	Tree Removal & Trimming	1,738
Barrier Coast Archery	Barrier Coast Archery	1,445
Cairns Netball Association	Paint Gutters	912
AFL Cairns	AFL Premiership game	901
Freshwater Horse & Pony Club	Servery Points	697
Earlville Pony Club	Waste & Recycling Collection	234
Earlville Pony Club	Waste & Recycling Collection	114
Total Go Clubs In-Kind Assistance (Essentials) Grants		\$21,203

Go Club In-Kind Assistance (Field Maintenance)

Applicant	Project	Amount \$
Aeroglen Touch Football	Spread top dressing sand on 3 x touch fields	4,273
Marlin Coast Rangers Football Club	Turf package	3,016

Applicant	Project	Amount \$
Cairns Cricket Assoc	Spread top dressing sand	3,003
Barrier Coast Archery	Cut grass	1,002
Brothers League Club	Turf Maintenance	800
Cairns Eagles Australian Football Club	Turf Package	619
Total Go Clubs In-Kind Assistance (Field Maintenance) Grants		\$12,713

Total In-Kind Assistance	\$153,954
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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	Project	Amount \$
Mulgrave District Chamber of Commerce	Donations for Carols	3,000
NQ Women's Legal Service	Donation towards booth at the Cairns Women's Lifestyle Expo highlighting their services	2,300
Australian Volunteer Coastguard Cairns	Donation to purchase an intercom system for Coast Guard Boat based in Cairns	1,825
Cairns PCYC	Project Booyah for (4) laptop computers	1,788
Mulgrave District Chamber of Commerce	Donations for Carols and Animal Education Day	1,580
Yorkeys Knob Residents Assoc Inc	Donation towards "Carols at Yorkeys Knob" Community event	1,450
Lions Club of Cairns	"World Festival of Magic" tickets for special needs & underprivileged children	1,100
Cairns Art Society	Donation for prize for the Cairns Art Society's Annual Exhibition	1,000

Applicant	Project	Amount \$
Holloways Beach Markets	Donation towards "Carols on the Beach" and Seniors Xmas Party	1,000
NQ Regional Netball Academy	Netball kit and Fitness kit	900
Edmonton Community Kindergarten	Donation towards the purchase of rest beds and wall racks	800
Immune Deficiencies Foundation	Donation to support local special needs children attending Annual Special Children's Festival Circus Quirkus	600
Ribbons Ladies Game Fishing Club	Donation towards the purchase of trophies	500
Stratford and Freshwater Community Association	Donation for Stratford Street Party	500
RSL Babinda Sub-branch	Donation towards 'RSL Christmas Wonderland event in December	500
Koori Kids Cairns	Donation towards printing & distribution for NAIDOC School Week Competition	450
UN Youth Conference Qld	Donation towards costs for Cairns conference	420
Australian Decorative and Fine Arts Society	Advertising a series of lectures on various topics pertaining to the Arts	250
Prince of Monaco	Gift for Prince of Monaco from CRC - 2016 Australia Day Award recipient for Cultural Award – Aunty Evelyn Lowah visiting Monaco	200
Total Mayor's Discretionary Fund		\$20,163

Event Grants Streams

Local Community Festival and Event Grants

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

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

Applicant	Project	In-Kind	Amount \$
Cairns & District Chinese Association	Chinese New Year (City Theming) - Resource and Performance Agreement	5,000	30,000
Babinda Harvest Festival	Babinda Harvest Festival - Community anchor event & Truck Banners	2,700	15,975
The Great Pyramid Race & Country Fair Assoc. Inc	Platinum Sponsorship for great pyramid race & country fair	4,135	14,390
Positive Ageing Cairns	Positive Ageing Fair 2015		14,000
Cairns Festival of Performing Arts	90th North Qld Eisteddfod Cairns 2016		10,000
Pacific Communities Council of FNQ Inc	Pasifika Festival		5,000
Abriculture	Gimuy Fish Festival		5,000
Tourism Palm Cove	Palm Cove 2015 New Years Eve Fireworks		5,000
Cairns & District Family History Society	Shadows of the past		5,000
Far North QLD Hospital Foundation	Mount Fanklin Cardiac Challenge		5,000
Yorkeys Knob Residents Association	Festival of the Knob		5,000
Inkmasters	Inkfest 2016		4,000
End Credits Film Club	CBD Pop-up cinebar		3,780
Cairns Bhutanese Community	Dasaln & Deepawell		3,500
Cairns Indonesian-Australian Society	Shadows of the past		2,500
The Pyjama Foundation Ltd	Christmas party for love of learning mentoring program		2,000
Smithfield Mountain Bike Park	Maintenance	921	
Far North Queensland FC	Use of Barlow Park	27,955	
Northern Pride	Use of Barlow Park	38,778	
Cairns & District Junior Eisteddfod Association	Cairns & District Junior Eisteddfod Theatre Hire	25,000	
NRL	NRL Preseason Trial Match	18,984	

Applicant	Project	In-Kind	Amount \$
Cairns Show Association	Cairns Show 2015	15,515	
Cancer Council QLD	Relay for Life 2015	115	
Cairns Hockey Association	Australian Men's Masters Hockey Championships	5,819	
Total Local Community Festival & Events Grants		\$144,922	\$130,145

Developmental Event Grants

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

Developmental Events have the potential to develop into major events within three years. Typically this type of event attracts 500-1,000 participants/overnight visitors and has strong local support.

Applicant	Project	In-Kind	Amount \$
North Queensland Sports Foundation	LGA Contribution		32,731
Cairns Indigenous Arts Fair	Cairns Indigenous Arts Fair	77,839	
Boxing QLD	Cairns Coral Sea Challenge		5,000
Tourism Palm Cove	Reef Feast	1,479	
Total Development Event Grants		\$79,318	\$37,731

Major Event Grants

To secure, nurture and grow a diverse portfolio of major events that will create economic growth, promote Tropical North Queensland (TNQ) nationally and internationally, generate positive social and cultural 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 1,000-2,000 participants/overnight visitors staying in Cairns for 2-10 days.

Applicant	Project	In-Kind	Amount \$
USM Events	Cairns Airport Adventure Festival	15,525	317,000
Tourism Events QLD - Cycling Events	Cycling Australia International Mountain Bike Events		131,000
Brisbane Roar Football Club	Hyundai A-League Match - Brisbane Roar vs. Wellington Phoenix		100,000
Tourism Events QLD - AFL	Funding AFL Home and Away Competition games in Cairns 2015.		100,000
Tennis Australia	Sponsorship pro tour event		30,000
Wide World Sports Agency (Crocodile Trophy 2014)	Crocodile Trophy		30,000
MTB World Cup Events	Track and Road Maintenance	222,704	
Volleyball Australia	Beach Volleyball Continental Cup Final	100,772	
The Far North QLD Amateur Turf Club	Cairns Amateurs	27,687	
Total Major Event Grants		\$366,688	\$708,000

Major Local Community Facility Development Activity

Applicant	Project	Amount \$
Cairns Historical Society - Museum Association	R&P Agreement	225,790
NQ Sports Foundation - NQ Games	NQ Games	30,000
Total Major Local Community Facility Development Activity		\$255,790

Sports Events Tourism Grants

Applicant	Project	Amount \$
BMX QLD	2016 BMX QLD State Championships	17,000
BMX National	2016 BMX National Series	11,000
Mountain Bike Australia	Mountain Bike Australia National Enduro Championships	7,500
Baseball Australia	U25 Baseball National Championships	6,000
Hockey QLD	2016 Hockey QLD Open Men's Championships	5,200
Tennis QLD	Bronze Level Junior Tennis Championships	1,100
Sports Marketing Australia Pty Limited	2016 BMX QLD State Championships	2,200
Sports Marketing Australia Pty Limited	2016 Hockey QLD Open Men's Championships	2,200
Sports Marketing Australia Pty Limited	Mountain Bike Australia National Enduro Championships	2,200
Sports Marketing Australia Pty Limited	U25 Baseball National Championships	2,200
Total Sports Events Tourism Grant		\$56,600

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	Amount \$
Tourism Tropical North Queensland - R&P Agreement	Cairns and Great Barrier Reef Pop-Up Shop Japan; TNQ Domestic Campaign 15-16; Race to World Champs; Leisure & Event Marketing Initiative	2,012,500
Tourism Tropical North Queensland and Cairns Airport Tourism Funding Agreement	International Route Marketing	700,000

Applicant	Project	Amount \$
Advance Cairns	Funding of core Advance Cairns services to achieve economic growth in Cairns	200,000
Chamber of Commerce & Industry	Service Level Agreement & delivery of 4 workshops during Qld Small Business Week	25,000
The Space	Start-up and Innovation Program	20,000
Tourism Tropical North Queensland - Tourism Innovation Conference	Sponsorship of Business Leader Panel at the Tourism Innovation Conference.	15,000
Babinda Information Centre	Funding for Babinda Information Centre	12,000
Babinda Task Force	Funding for Babinda District Community Association (Babinda Taskforce)	7,500
Dive QLD	Malaysia international Dive Expo (MIDE)	4,088
Tourism Tropical North Queensland - Event Attraction Fund	2018 International Handbell Ringing Symposium	1,871
Total Economic Diversification Fund		\$2,997,959

Industry Development Fund

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

Applicant	Project	Amount \$
Study Cairns Inc.	Resource and Performance Agreement	30,000
Superyacht Group	Resource and Performance Agreement	30,000
Total Industry Development Fund		\$60,000

Environmental Sustainability Grant Streams

Community Sustainability Grants

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

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

Applicant	Project	Amount \$
Animal Welfare Cairns	Solar Power System Installation	5,000
REAP Food Rescue	Food Rescue and Education	4,112
TropFutures Mentor Program	Professional Development Day	3,000
Cairns Turtle Rehabilitation Centre	Workplace giving donations	2,276
JCU Community Garden	Construction of Food	2,000
Trinity Beach Community Kindy	Waste Management and Skill Enhancing	1,950
Bayview Heights Community Kindy	BHCK Sustainable Energy Project	1,755
Marlin Coast Community Garden	Upgrade of Community Garden	1,364
Cairns Tafe Community Childcare	Installation of Chicken Pen and Chickens	758
Australian Quoll Conservancy	Purchase of Camera's	236
Cairns Area Fish Stocking Group	Barramundi Stock	227
Police Citizens Youth Club	Creation of PCYC SAC Community Garden	182
Total Climate Change & Sustainability Grants		\$22,860

Sustainability Enrichment Program

Applicant	Project	Amount \$
Holloways Beach Environmental Education Centre	R&P Agreement	15,000
Total Sustainability Enrichment Program		\$15,000

Rates Based Financial Assistance

Recipient	Recipients	Amount \$
Not for Profit Community Groups	127 Recipients	644,912
Not for Profit Sporting & Recreation Groups	66 Recipients	193,837
Cairns Show Association	1 Recipient	42,318
Total		\$881,067

YAPS Financial Assistance

Total Young Animal Protection Society Grants	\$35,000
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Sponsorships

Applicant	Purpose	Amount \$
Cairns Taipans	Annual Sponsorship 2015/16	125,000
Planning Institute Australia	Bronze Sponsorship of the 2016 Planning Congress in Brisbane	6,000
Cairns Innovation Hub	Pitch Night Sponsorship at Botanical Gardens	1,364
Skill 360 Australia	Training Sponsorship	1,000
Australian Institute of Architects	AIA 2015 Cairns Open Home Sponsorship	500
Total Sponsorships		\$133,864

Donations

Applicant	Purpose	Amount \$
Cairns & District Junior Rugby League	Donation	20,000
The Salvation Army	Red Shield Appeal	5,750
Cairns Turtle Rehabilitation Centre	Workplace Giving Donations	2,276
Far North QLD Hospital Foundation	Mount Franklin Cardiac Challenge	1,000
Total Donations		\$29,026

ASSESSMENT OF PROGRESS TOWARDS 5-YEAR CORPORATE PLAN

The annual report for a financial year must contain the chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan

The Corporate Plan 2013 – 2018 was adopted by Council on 25 June 2013. This document provides strategic direction of all activities to be undertaken by Council over the next five (5) financial years. Based on this Corporate Plan, Council will ensure that key services and projects will be delivered in current and future financial years through the annual Operational Plan. Specifically each Operational Plan activity is linked to Corporate Plan strategic goals.

2015/2016 Corporate Performance

1.0 COMMUNITY

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

Outcomes

- Annual functional exercise for Local Disaster Management was conducted on 26 November 2015. Culturally and Linguistically Diverse People and new immigrant's sessions were conducted with Bhutanese and Burmese groups. A review of the draft Recovery Plan and the Community Support Sub-Plan (incorporating the Homeless Plan) was completed and reported to the Local Disaster Management Group.
- Cairns Regional Council's Road Safety Video for Roadside Workers was officially launched on 29 September 2015. TV, radio and billboard advertising was utilised throughout the year.



- Council received funding under the 2015-2016 RACQ Get Ready Queensland grant program to assist local governments to further position Queensland as Australia's most disaster-resilient state.
- Cairns Northern Cycleway from Greenbank Road completed.
- Moody Creek flood mitigation works and Kanimbla detention basin were completed and flood levee walls in Manoora completed.
- Cairns Festival held a successful launch event on July 2016. The event featured performances from groups who were participating in the Cairns Festival.
- Cairns Festival was highly successful in 2015 with the theme "Celebrating our Cultural Diversity". It is estimated that across all of 2015's Cairns Festival's programmed events, 75,000 people interacted, participated and most importantly engaged.



- Bike Education was delivered in primary schools under the Healthy Active School Program (HAST) in partnership with the State Government with the current HAST program due for completion at the end of the school year.
- Redlynch Connection Path was completed and open for use. This shared path is proving to be extremely popular for recreational and commuting users.
- Botanic Gardens Conservatory construction was completed with exceptional positive community feedback received.

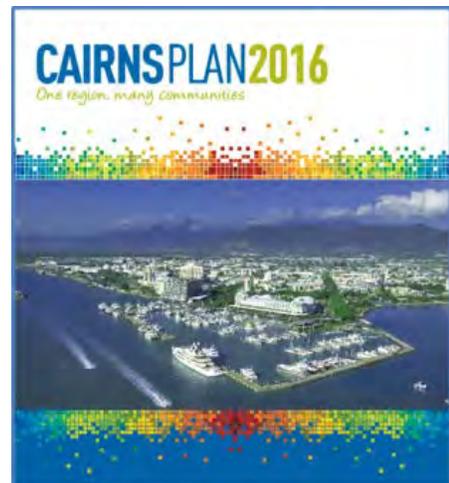


- There were a number of key successful events including enLIGHTenment at the Cairns City Library, the Grand Parade, Sunday on the 'Nard, free performance of Circa's Beyond at Fogarty Park, the Block Party, Carnival on Collins and fantastic representation from the multi-cultural community.



- The Northern Cycleway (Aeroglen to Freshwater) construction was complete, allowing an important connecting path. It is planned to hold a Community Bike Ride in celebration of this soon to be extremely popular recreational path.

- Annual library booksale was held at the Cairns Showgrounds from 7-9 August.
- The 70th Annual Children's Book Week was held from 22-28 August. Events included displays, themed dress-up Story Times and Baby Rhyme Times; and library tours and outreach.
- Demand Management Strategy Endorsed by Cairns Regional Council in November.
- Implementation of Indigenous Mentoring Program by Councils First Peoples Employment Coordinator.
- Cairns hosted the 2015 NRL Premiers, the North Queensland Toyota Cowboys, at Barlow Park in October with a crowd of more than 5,000 turning out to meet their idols.
- The Local Laws Review progressed through final stages to Council adoption and commenced on 1 March 2016.
- The FIRST 5 FOREVER (f5f) program was publicly launched on 19 March across the region with activities conducted in all libraries
- Following approval from the Minister for Infrastructure, Local Government and Planning on the 19 February 2016, Council adopted the CairnsPlan 2016 on 24 February 2016. The new scheme commenced on 1 March 2016 and aligned with the commencement of Council's new local laws.



2.0 ECONOMY

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

Outcomes

- Drainage Data and Transport Network Plans were provided as part of the preparation of the Local Government Infrastructure Plan. These plans have been included in the draft Local Government Infrastructure Plan.
- Skilling for Work traineeships in the areas of Construction and Conservation Land Management with 12 trainees commencing in various depot locations on the 18 July 2016. These 12 trainees have been appointed from Councils existing work for the dole participants.
- 87 Work for the dole places hosted across 3 Council activities providing opportunities for employment pathways.
- Water Main replacement at Redlynch Intake Road and Richardson Street were completed
- Council hosted the WMAA WasteQ 2015 conference at the Tanks Arts Centre. The focus of the two day conference program was on 'Regional Waste Management – Opportunities and Challenges'.
- Cairns was officially announced as the new home of the IRONMAN Asia Pacific championships for the next three years (2016-2018). One of only five regional Championships races in the world, the famous event will attract top athletes from across the world to Cairns to participate in the event.
- 2016 Mountain Bike World Cup: 65 teams and over 35 countries have registered for the second round of the 2016 UCI Mountain Bike World Cup from 23-24 April 2016. Approximately 300 of the world's best Cross Country and Downhill riders, and up to 15,000 spectators, are expected to join in the festivities which start with a Red Bull riding demo at the Cairns Esplanade.



3.0 ENVIRONMENT

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

Outcomes

- Tree database was finalised for use to manage trees with a focus on the CBD.
- Tree planting and replacement program was developed for throughout the Cairns region.
- Cairns Road Safety Action Plan was developed and accepted by Road Safety, Traffic and Transport Advisory Committee.
- Council's Water Security Strategy was endorsed by the Water and Waste Committee in September 2016 followed by the subsequent ratification at Councils September Ordinary Meeting.
- Water Demand Management Community Education Plan was commenced.
- Waste Rediscovered recyclable sculpture exhibition held where ten local artists took disused and discarded objects and materials and gave them a new meaning and new value as sculptured works of art. There were acquisitive prizes of \$2,500 each for two sculptures which will be on permanent display at the Council Buy Back Shop and Materials Recovery Facility for at least one year after the exhibition.
- The "Green Arrow" trail construction has been completed as a part of the Whitfield trail network improvements. The opening was held on 8 October.
- Mount Whitfield North Drainage Management Plan was completed. Prioritisation has been given to works to be included in the 2016/2017 Capital Works Program. Council has made a funding submission under 'Building our Regions' program.
- The 2014/15 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 2014/15.



4.0 GOVERNANCE

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

Outcomes

- A comprehensive three (3) year Capital Works plan was developed as part of the 2015/16 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.
- Cairns Regional Council's Local Government Elections were held on 19 March 2016, the results of the election had the majority of Councillors returning to their divisions, with changes to Division 1 with Brett Moller the successful candidate and Division 9 where Brett Olds was the successful candidate.
- Financial sustainability indicators all indicated a favourable financial position as at 30 June 2016 as anticipated.
- Cairns Regional Council's Annual Training and Excellence Awards were held on 19 November 2015. Four categories were included in the awards; Training, Safety, Connecting and Recognition of Excellence with 84 Nominations received for 17 Awards on offer.



- Council awarded the management lease for the Tobruk Memorial Pool centre management



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 2015/16 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

Introduction

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;
 - 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:

- Aumuller Street Upgrade
- Northern Beaches Leisure Trail
- Alley Park Sports Fields
- Lake Placid Recreation Area
- Stony Creek Road Pathway
- Walker Road Sporting Facilities
- Aeroglen Cycleway
- Suburban Enhancement Program
- City Centre Alive – Shields Street Heart Stage 1
- CBD streetscape upgrades
- Annual road improvement works (asphalt, reseal, kerb renewal and rehabilitation)
- Annual drainage infrastructure renewal and improvement projects

The Unit 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:

- Ergon Energy - Footpath Repairs Lake Street
- Department of Transport and Main Roads – Bluewater Boat Ramp, Replace Grouted Rock Shoulder

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
 - 91% completion rate achieved
- 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

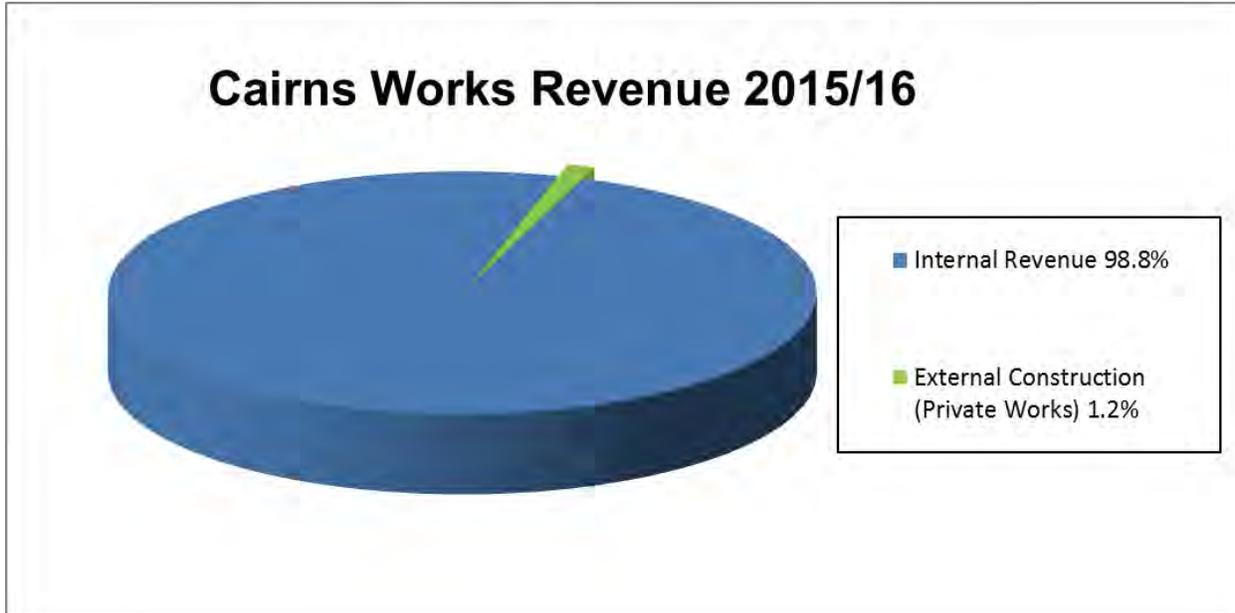
No significant changes were made to the CWC Annual Performance Plan in the previous financial year.

Directions the Local Government gave to the Unit

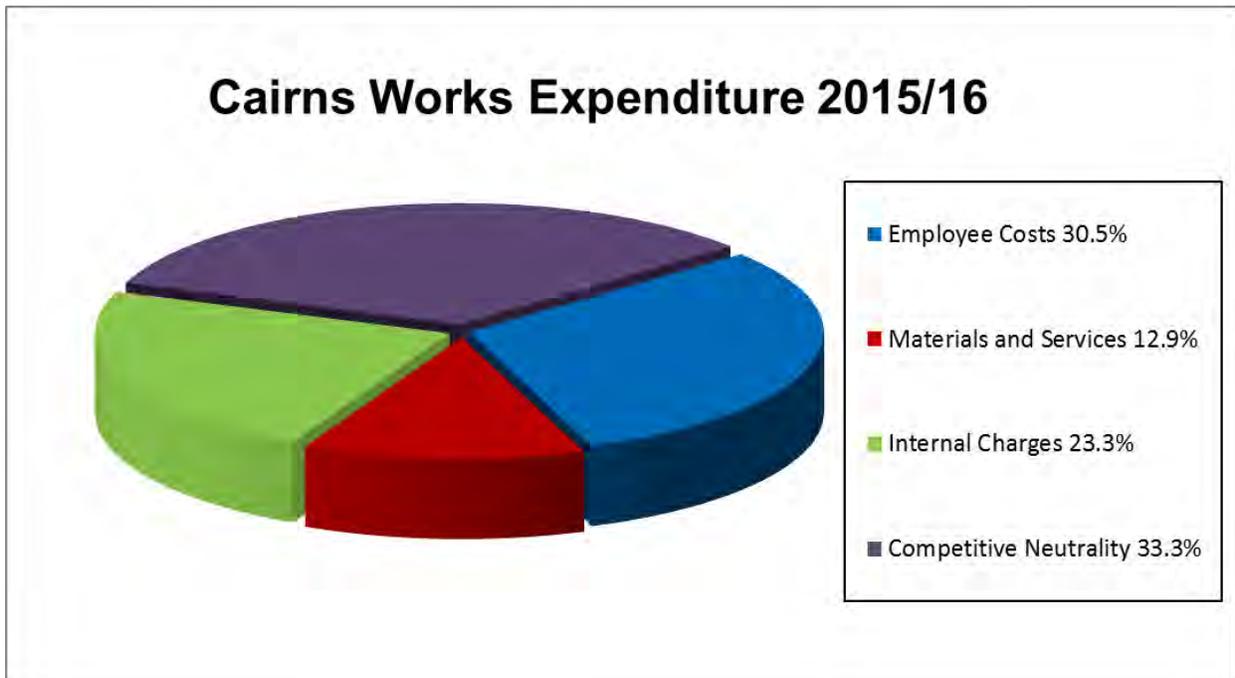
Council provides ongoing directions to the CWC business unit regarding the scope and timing of construction works to be delivered. The result of those directions includes the major projects listed above.

Cairns Works Financial Indicators

Cairns Works actual income was received from the following sources:



Cairns Works actual expenditure was allocated as shown below:



**Cairns Works
Operating Statement**

For the year ended 30 June 2016

	2015/16 Actual ‘\$000	2015/16 Budget ‘\$000
Operating Revenue		
Miscellaneous Revenue	37	1,756
Internal Revenue	2,936	2,882
Total Operating Revenue	2,973	4,638
Operating Expenditure		
Employee Benefits	906	968
Materials and Services	2,065	2,946
	2,971	3,914
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	2	724
Capital Items		
Contributions	-	-
Other Capital Contributions	-	-
Subsidies and Grants	-	-
INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX	2	724
Income Tax Benefit / (Expense)	1	217
Dividend Income / (Expense)	1	507
	2	724
INCREASE / (DECREASE) IN OPERATING CAPACITY AFTER INCOME TAX	-	-

Cairns Water & Waste

Overview

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

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

Water and Waste has three service delivery areas comprising water supply, wastewater collection and treatment, and waste services. For reporting purposes under National Competition Policy, Water and Waste is classed as providing two significant business activities, these being water and wastewater (collectively) and waste services. Both the Water and Waste businesses are considered 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.

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

Water Supply Operations

Water and Waste operates 12 water supply schemes. The main water sources are the Copperlode Falls Dam and Behana Creek which supply the area from Gordonvale to Palm Cove. The small southern communities draw water from a number of intakes on local streams.

Principal assets include:

Major Water Sources	Copperlode Falls Dam (Lake Morris) Behana Creek
Major Treatment Plants	Freshwater Creek at Tunnel Hill
Minor Intakes	Ten (10) minor (rural) intakes
Kilometres of Mains	2,166 kilometres

Major Capital Work projects undertaken within the water supply system in 2015/16 were;

- Behana Mulgrave Water Supply Scheme, including temporary intake for pilot treatment plant
- Behana Creek Intake Pipeline - upgrade of crossing over the Mulgrave River
- Water meter replacement program
- Red Hill Reservoir - Installation of Dedicated Outlet Main

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 (WWTPs) plants are a combination of activated sludge and biological treatment processes, with the two larger plants also having membrane filtration processes. The smaller plants treat effluent to a secondary standard, while the larger plants treat to tertiary standards. The management of the systems is covered by a Development Approval issued by the Department of Energy and Water Supply.

Principal assets include:

Major Treatment Plants	6
Wastewater Pump Stations	179
Kilometres of Mains	1,270 kilometres

Major Capital Work projects undertaken within the wastewater system in 2015/16 were:

- Upgrade of SPS J
- Southern WWTP - upgrade of dewatering system
- Rising Main Augmentation of SPS K
- Sewer Main and Manhole Rehabilitation Program 15/16

Cairns Resource Recovery

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

Principal assets include:

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

Major capital works undertaken within Waste Services in 2015/16 were:

- Land acquisition at the Portsmith Landfill (Lyons Road).
- Materials Recovery Facility - replacement of baler.

Annual Statement of Operations

Water and Waste's 2015/16 Annual Performance Plan (the Plan) is the agreement with Cairns Regional Council to deliver water, wastewater and solid waste services. The Plan describes Water and Waste's scope of activities, responsibilities, service to customers, the environment, asset management and its financial policies.

Water and Waste's mission during 2015/16 was:

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

In all undertakings Water and Waste strives to deliver services to the Cairns community in a manner which as a minimum, meets both Council and community expectations. This is achieved through economic, social and environmental objectives being assessed in all stages of Water and Waste operations from long term planning through to operational delivery.

Amendments to Annual Performance Plan

Water and Waste has reported against the Plan on a quarterly basis throughout the 2015/16 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

Water and Waste also provides the following services:

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

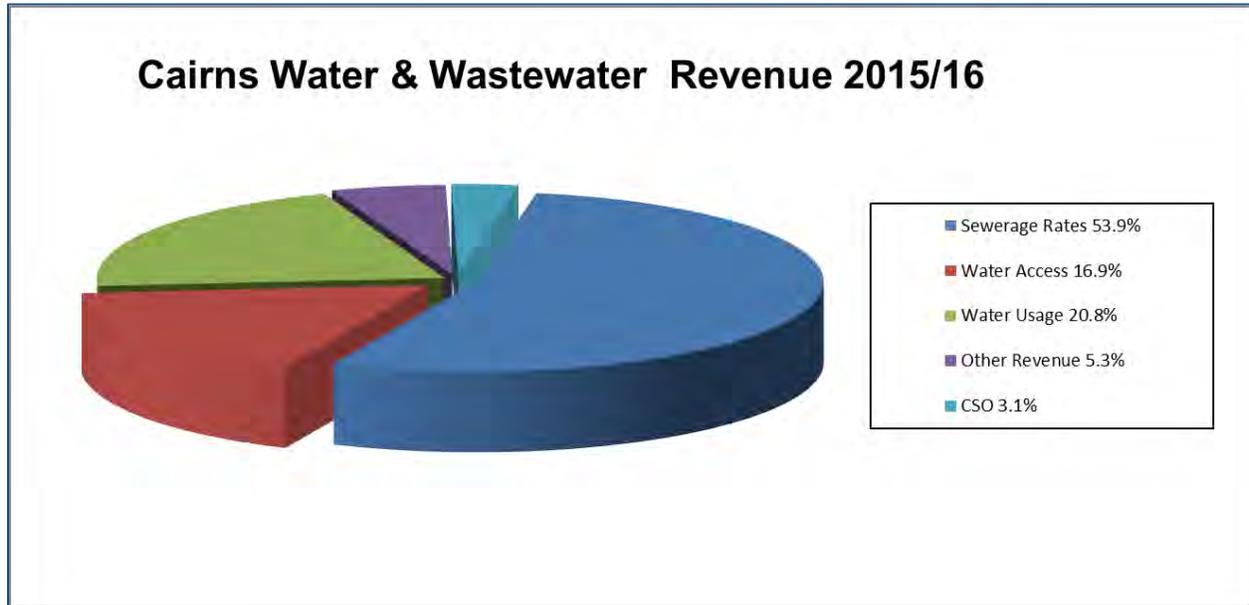
Community Service Obligations carried out by Water & Waste are as follows:

Activities	Community Service Obligation Description	2015/16
Type 1 Activities		
Water		
	Service Locations	89,296
	Fire Hydrants Maintenance	476,337
	Access Charges forgone	435,821
	Water Charges forgone	1,712,628
	Total	2,714,082
Wastewater		
	Service Locations	82,226
	Access Charges forgone	1,036,362
	Total	1,118,588
Solid Waste Management		
	Free dumping general waste	409,829
	Free disposal vouchers	12,000
	Free dumping vegetation	306,291
	Free mulch	188,479
	Free transportation costs between transfer stations	69,607
	Rates based financial assistance	46,530
	Schools recycling	27,980
	In kind waste and recycling collections	5,498
	Total	1,066,214

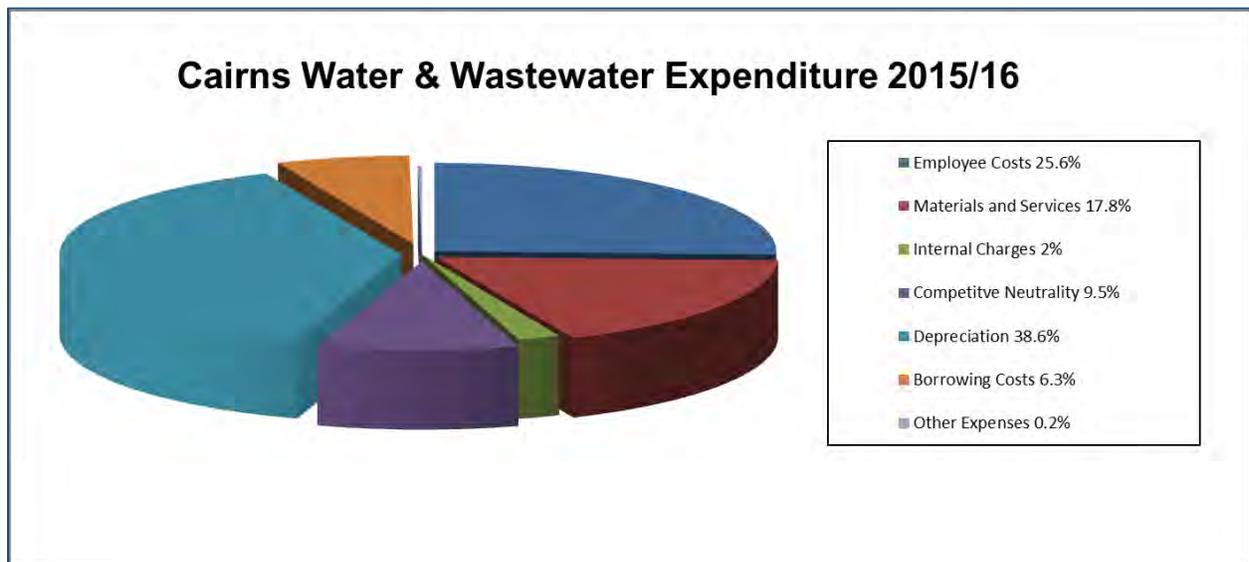
A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to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

Financial Indicators – Water & Wastewater

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



Water and Wastewater actual resources were allocated the following way:

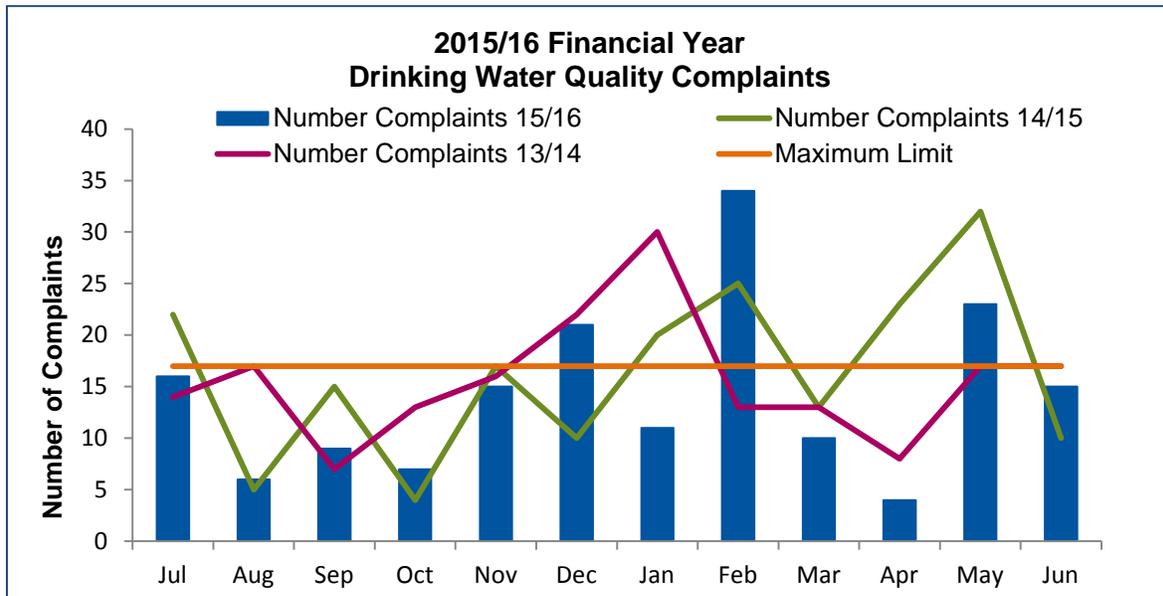


A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

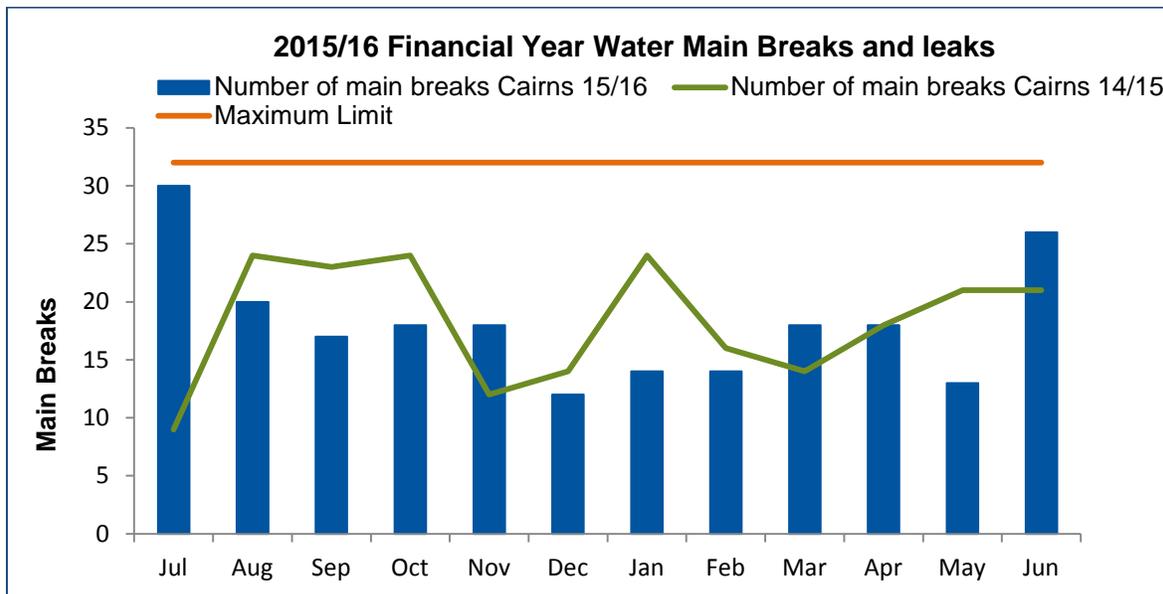
Service Indicators – Water & Wastewater Services

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

Water

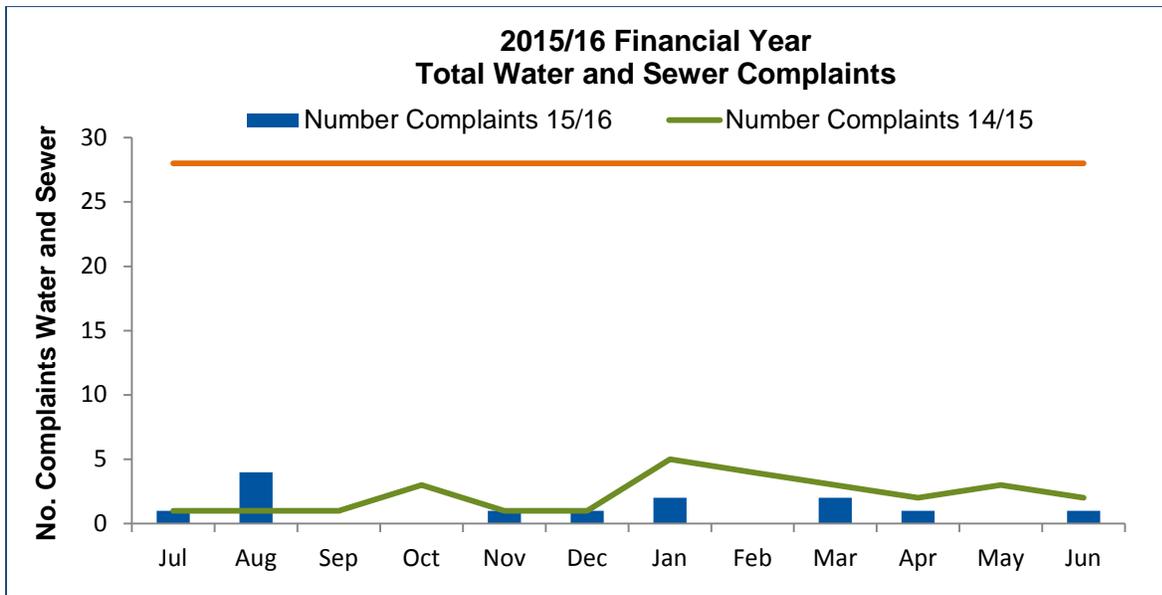


Drinking water complaints are at their lowest within the last 3 years, with 171 recorded complaints in 15/16 in comparison with 196 in 14/15 and 187 in 13/14. Complaints focused on quality areas such as taste, odour and colour often following works being conducted in the area.



Main breaks for 15/16 were slightly lower than 14/15 with 218 in total as compared to 220 in 14/15. The total number recorded in 13/14 was at 204 which remain the lowest within the past 3 years. The result is still meeting the expected operational target.

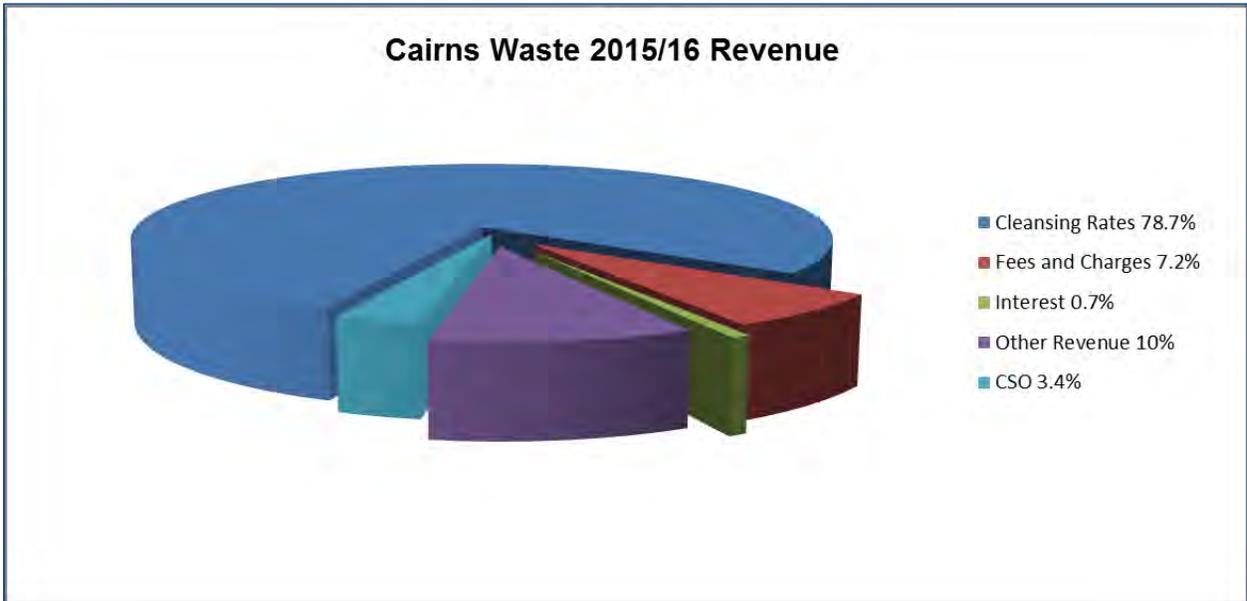
Wastewater



Complaints for the 15/16 year reduced to 13 in total as opposed to 27 from the year prior. The months of September, October, February and May received no complaints. Overall, Overall, the level of complaints are well under the proposed target.

Financial Indicators – Waste Service Quality

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

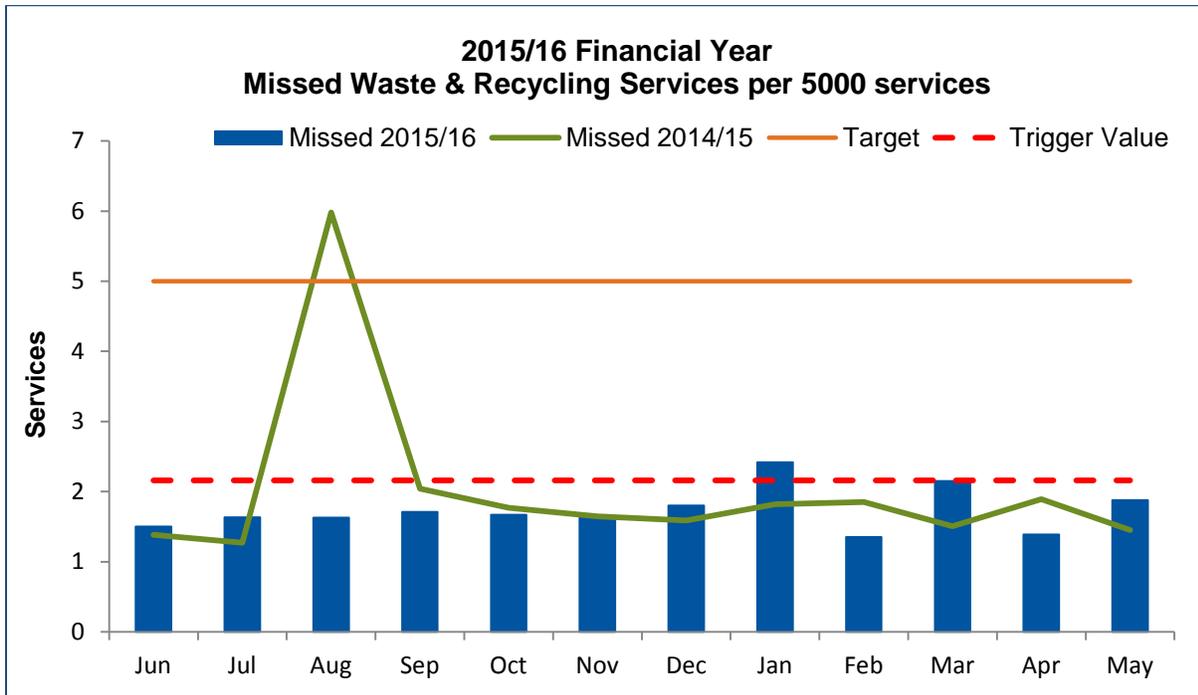


Waste's actual resources were allocated the following way:

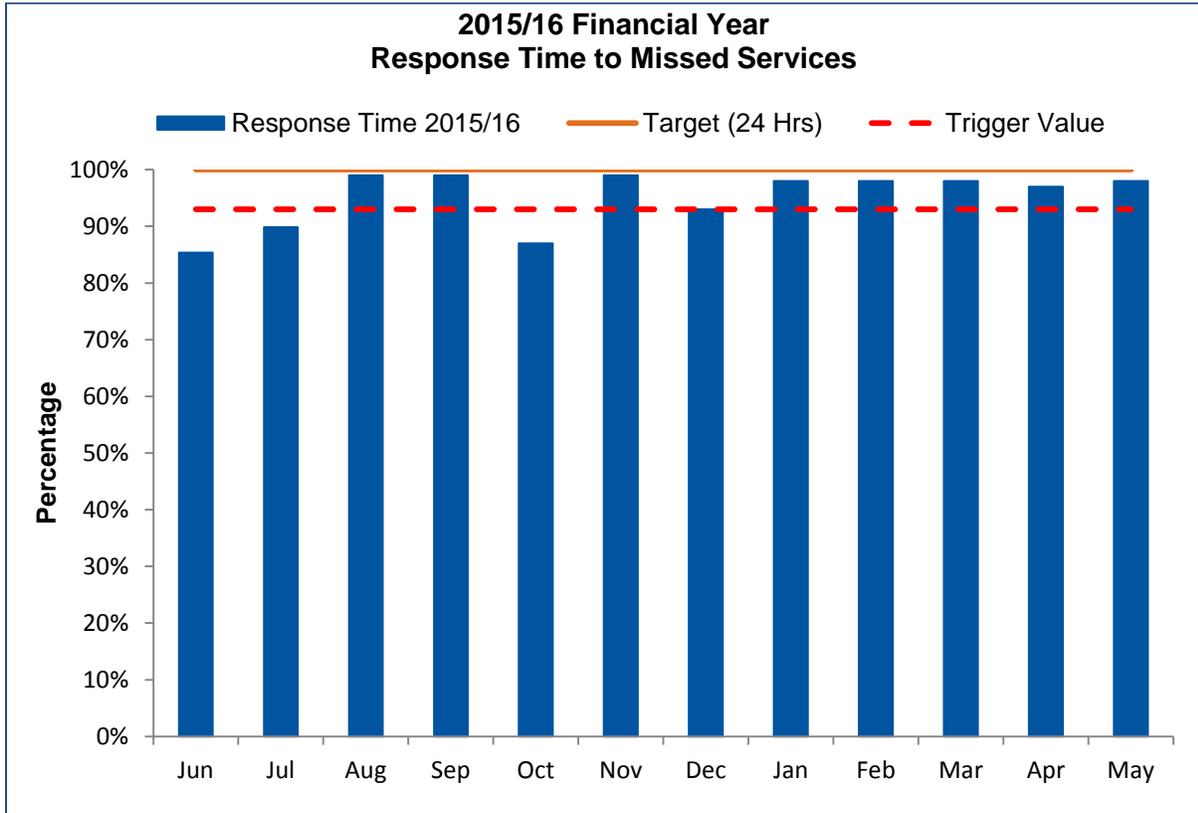


A detailed breakdown of all revenue and expenses associated with Water and Waste activities can be found in the Financial Statements.

Service Indicators – Waste Services



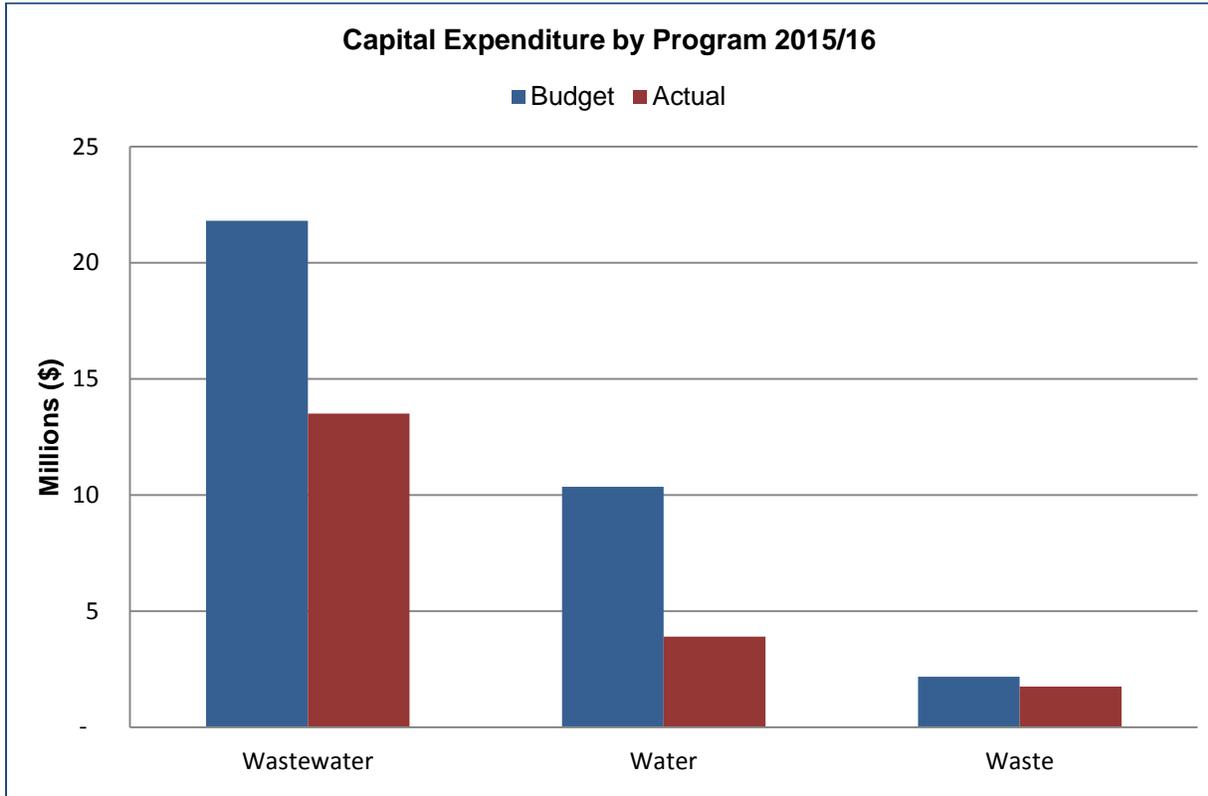
Missed services by the contractor averaged 1.81 missed services per 5,000 services completed compared to 2.07 in 14/15. This is below the target of 5 per 5,000 with the trigger value only being exceeded once in January 2016.



Missed service response by the contractor averaged 95% for the 15/16 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 \$19.2 million. This expenditure was 56% of the budgeted amount of \$34.3 million.



A significant review of the drivers and timing of projects within the 2015/16 capital works program resulted in several major projects being re-scoped or re-scheduled. This translated to an under-spend in 2015/16 but provides the framework for a more efficient spend in future years.

Cairns Water Operating Statement

For the year ended 30 June 2016

	2015/16 Actual '\$000	2015/16 Budget '\$000
Operating Revenue		
Net rates and utility charges	111,574	111,166
Fees and charges	4,698	5,207
Interest	971	1,039
Miscellaneous revenue	823	816
Total Operating Revenue	118,066	118,229
Operating Expenditure		
Employee Benefits	21,775	21,450
Materials and services	21,231	22,573
Depreciation and amortisation expenses	32,808	34,456
Finance Costs	5,462	5,163
Total Expenses	81,276	86,642
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS & INCOME TEST	36,790	34,587
Capital Items		
Gain / (Loss) on disposal of property, plant & equipment	(3,299)	-
Contribution	4,117	6,100
Contributed assets	4,319	2,982
Other Capital Contributions	25	-
Subsidies and Grants	-	-
	5,161	9,082
INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX	41,951	43,669
Income Tax Benefit / (Expense)	(12,585)	(12,206)
Dividend Income / (Expense)	(20,906)	(22,381)
INCREASE / (DECREASE) IN OPERATING CAPACITY AFTER INCOME TAX	8,460	9,082

Cairns Waste Operating Statement

For the year ended 30 June 2016

	2015/16 Actual '\$000	2015/16 Budget '\$000
Operating Revenue		
Net rates and utility charges	24,949	24,863
Fees and charges	2,268	2,349
Interest	237	223
Miscellaneous revenue	3,183	2,971
Total Operating Revenue	30,637	30,406
Operating Expenditure		
Employee Benefits	3,697	3,525
Materials and services	19,909	19,678
Depreciation and amortisation expenses	679	771
Finance Costs	176	175
Total Expenses	24,462	24,149
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS & INCOME TEST	6,175	6,257
Capital Items		
Gain / (Loss) on disposal of property, plant & equipment	(22)	-
Total Capital Items	(22)	-
INCREASE / (DECREASE) IN OPERATING CAPABILITY BEFORE TAX	6,154	6,257
Income Tax Benefit / (Expense)	(1,846)	(1,877)
Dividend Income / (Expense)	(4,308)	(4,380)
INCREASE / (DECREASE) IN OPERATING CAPACITY AFTER INCOME TAX	-	-

SPECIAL RATES OR CHARGES

During the 2015/16 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 2015/16 financial year where tenderers who had submitted a tender to Council were invited to change their tenders. This related to the following contract;

Contract No.	Contract Name	Notification Details	Date Issued	Details of Tender Specification Change
2535	Martyn St Reserve Redevelopment	Open Tender	29/08/2015	Additional scope of work – change to playing surface

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

The annual report for a financial year must contain a summary of all concessions for rates and charges granted.

Rates and Concessions

1. Pensioner Remission

- (a) A rebate of 40 per cent of the General Rate up to a maximum of \$1,350 per annum was granted to all pensioners whose applications met the eligibility criteria set down in Council's Pensioner Policy and were also submitted within the required time frames.
- (b) The upper limit of total remission did not exceed 5 per cent of Council's total net general rates, therefore the 40 per cent remission was not required to be reduced on a pro rata basis in line with policy.

2. Retirement Village Remissions

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

3. Rates Based Financial Assistance

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

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

4. Independent Relief Tribunal

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

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

The main role of the Tribunal is to recommend, in certain circumstances, the most appropriate form of assistance to those ratepayers experiencing serious hardship and, as a result, are

unable to pay their rates and charges. The policy only applies to the principal place of residence of the ratepayer and no commercial benefit can be derived from the property. Additionally, not for profit recreation, sporting and community groups that are already receiving rates based financial assistance, or would be eligible if they did not have rates outstanding, may also apply.

5. 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 2016, 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 2015/16 Internal Audit Plan covered all Departments and included reviews of fixed asset and asset management, purchasing and expenditure, grant application management, coordination and acquittal (income and grant funding), asset management – maintenance planning, and financial and non-financial reporting integrity, information security access and controls for fraud risk assessments.

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 QCA's recommendations on any competitive neutrality complaints.

Council is in receipt of one (1) notice given under section 29 of the *Local Government Regulation 2012* for competitive neutrality complaints. The complaint relates to council's building certifying activity and is still currently under investigation by the Queensland Productivity Commission.

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

Further details on are contained in the Financial Statements.

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 2015 to 30 June 2016 provided to Council's senior contract employees.

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

CAIRNS REGIONAL COUNCIL

Financial Statements

For the year ended 30 June 2016

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<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 2016

		2016	2015
	Note	\$	\$
Income			
Recurrent revenue			
Rates, levies and charges	3(a)	241,265,795	237,771,000
Fees and charges		18,437,599	20,396,677
Interest revenue		4,962,492	5,494,372
Other recurrent revenue	3(b)	9,411,962	14,299,257
Grants, subsidies, contributions and donations		7,196,458	7,659,933
		<u>281,274,306</u>	<u>285,621,239</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(a)	40,063,657	53,078,825
Total revenue		<u>321,337,963</u>	<u>338,700,064</u>
Total income	2(a)	<u>321,337,963</u>	<u>338,700,064</u>
Expenses			
Recurrent expenses			
Employee benefits	5	(92,535,155)	(97,759,170)
Materials and services	6	(92,353,637)	(82,887,587)
Finance costs		(27,572,599)	(6,622,807)
Depreciation and amortisation		(84,206,658)	(89,658,896)
		<u>(296,668,049)</u>	<u>(276,928,460)</u>
Capital expenses			
Capital expenses	7	(17,109,660)	(22,434,303)
		<u>(17,109,660)</u>	<u>(22,434,303)</u>
Total expenses	2(a)	<u>(313,777,709)</u>	<u>(299,362,763)</u>
Net result		<u>7,560,254</u>	<u>39,337,301</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus		125,442,087	4,123,836
Total other comprehensive income for the year		<u>125,442,087</u>	<u>4,123,836</u>
Total comprehensive income for the year		<u>133,002,341</u>	<u>43,461,137</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 2016

		2016	2015
	Note	\$	\$
Current assets			
Cash and cash equivalents	8	26,209,662	29,657,599
Short term deposits	9	30,500,000	60,500,000
Trade and other receivables	10(a)	36,112,599	30,720,187
Inventories		2,848,589	2,981,717
Total current assets		<u>95,670,849</u>	<u>123,859,503</u>
Non-current assets			
Property, plant and equipment	11(a)	3,710,119,647	3,513,670,028
Intangible assets		5,377,749	10,883,036
Total non-current assets		<u>3,715,497,396</u>	<u>3,524,553,064</u>
Total assets		<u>3,811,168,245</u>	<u>3,648,412,567</u>
Current liabilities			
Trade and other payables	12	45,433,352	38,652,972
Provisions	13	3,168,314	3,759,418
Borrowings	14	8,586,737	4,181,248
Other		653,571	1,186,093
Total current liabilities		<u>57,841,974</u>	<u>47,779,731</u>
Non-current liabilities			
Provisions	13	19,468,719	12,369,090
Borrowings	14	87,460,554	74,869,088
Total non-current liabilities		<u>106,929,273</u>	<u>87,238,178</u>
Total liabilities		<u>164,771,247</u>	<u>135,017,909</u>
Net community assets		<u>3,646,396,999</u>	<u>3,513,394,657</u>
Community equity			
Asset revaluation surplus		1,108,421,771	982,979,684
Retained surplus/(deficit)		2,537,975,228	2,530,414,973
Total community equity		<u>3,646,396,999</u>	<u>3,513,394,657</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 2016

Note	2016 \$	2015 \$
Cash flows from operating activities		
Receipts		
General rates and utility charges	241,006,065	236,671,135
Rental and levies, fees and charges	17,954,661	21,845,362
Operating grants, subsidies and contributions	7,170,032	7,666,399
Interest received	5,189,555	5,226,347
Other revenue	4,031,376	16,200,282
Payments		
Payments to suppliers	(82,451,770)	(92,301,957)
Payments to employees	(92,850,762)	(97,175,493)
Interest expense	(5,571,622)	(5,430,992)
Net cash inflow from operating activities	20 94,477,535	92,701,083
Cash flows from investing activities		
Grants, subsidies, contributions and donations for capital acquisitions:		
Capital contributions	11,918,599	13,159,986
Government subsidies and grants	10,404,996	10,548,971
Payments for property, plant and equipment	(145,079,437)	(113,683,757)
Payments for intangible assets	(2,080,148)	(2,578,923)
Proceeds from the sale of non-current assets	1,076,235	9,368,868
Net movement in short term deposits	30,000,000	(30,500,000)
Net cash outflow from investing activities	(93,759,755)	(113,684,855)
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	(4,165,717)	(3,854,921)
Net cash outflow from financing activities	14 (4,165,717)	(3,854,921)
Net decrease in cash and cash equivalents held	(3,447,937)	(24,838,693)
Cash and cash equivalents at beginning of the financial year	29,657,599	54,496,292
Cash and cash equivalents at end of the financial year	8 26,209,662	29,657,599

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 2016

Note	Asset revaluation surplus	Retained surplus/ (deficit)	Total
	\$	\$	\$
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
Minor correction to non-current assets opening balance	-		-
Balance as at 30 June 2016	1,108,421,771	2,537,975,228	3,646,396,999

Balance as at 1 July 2014	978,855,848	2,491,072,070	3,469,927,918
Net result	-	39,337,301	39,337,301
Other comprehensive income for the year			
Increase in asset revaluation surplus	4,123,836	-	4,123,836
Minor correction to non-current assets opening balance	-	5,603	5,603
Balance as at 30 June 2015	982,979,684	2,530,414,973	3,513,394,657

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 2016

1 Significant accounting policies

1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

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

Recurrent/Capital classification

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

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

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 Regional Gallery Limited and Cairns River Improvement Trust.

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

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, 2 are currently filled by Council representatives. Council also provides the majority of the trusts operating income.

The accounts of Cairns Regional 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 2016

1.6 Adoption of new and revised Accounting Standards

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

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. Generally council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities are the only new accounting standards with a future application date that is expected to have a material impact on council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to council, which means that council will disclose more information about related parties and transactions with those related parties.

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.

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

AASB 15 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.

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

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 1.12(c), Note 1.12(e) and Note 11(b)
- Developer contribution credits - Note 1.15
- Annual leave - Note 1.14(b) and Note 12
- Long service leave - Note 1.14(e) and Note 13
- Contingent liabilities - Note 17

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

1.8 Revenue recognition

a) Rates and levies

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

b) Grants and subsidies

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

c) Non-cash contributions

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

d) Fees and charges

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

1.9 Cash and cash equivalents

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

1.10 Receivables

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

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

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

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

1.11 Investments

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

1.12 Property, plant and equipment

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

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

a) Acquisition of assets

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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

b) Capital and operating expenditure

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

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

c) Valuation

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

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

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

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

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

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

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

d) Capital work in progress

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

e) Depreciation

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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(b).

1.13 Payables

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

1.14 Liabilities - employee benefits

a) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 12 as a payable.

b) Annual leave

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

c) Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 12 as a payable.

d) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 18.

e) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 13 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 2016

1.15 Other provisions

Developer contribution credits

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

The provision is classified as current where payment is expected to be settled within 12 months and is classified as non-current where payment is not expected to be settled within 12 months. Where payment for the trunk infrastructure assets is not expected to be settled within 12 months, the value of the payment is discounted using an average of the Consumer Price Index for the year with resulting changes to the provision recognised as an operating expense.

Further details can be found in Note 20.

1.16 Borrowings and borrowing costs

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

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

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

1.17 Asset revaluation surplus

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

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

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

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

1.18 Taxation

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

The Type 1 and 2 activities of Council (as noted in Note 22) pay an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 2009*.

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

2 Analysis of results by function

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

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

Year ended 30 June 2015

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

2 Analysis of Results by Function

(b) Components of Council functions

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

Finance

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

Human Resources and Organisational Change

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

Planning and Environment

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

Infrastructure Services

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

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

Community, Sport and Cultural Services

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

Cairns Water

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

Cairns Resource Recovery

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

Cairns Works

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

Cairns Regional Council

Notes to the financial statements For the year ended 30 June 2016

	2016	2015
Note	\$	\$
3 Revenue analysis		
(a) Rates, levies and charges	1.8(a)	
General rates	106,448,011	105,125,317
Separate rates	661,470	613,052
Water	20,561,436	20,015,933
Water consumption	25,312,586	26,317,639
Sewerage	65,738,541	63,765,644
Garbage charges	24,948,512	24,262,595
Rates and utility charge revenue	<u>243,670,556</u>	<u>240,100,181</u>
Less: Pensioner remissions	<u>(2,404,761)</u>	<u>(2,329,181)</u>
Net rates and utility charges	<u><u>241,265,795</u></u>	<u><u>237,771,000</u></u>
(b) Other recurrent revenue		
Contract and recoverable works	2,152,762	5,783,306
Reimbursements and cost recoveries	1,077,782	1,388,561
Sundry and other recurrent revenue	6,181,418	7,127,389
	<u>9,411,962</u>	<u>14,299,257</u>
4 Grants, subsidies, contributions and donations	1.8(b)	
(a) Capital – grants, subsidies, contributions and donations are analysed as follows:		
(i) Monetary revenue designated for capital funding purposes:		
Government subsidies and grants	1.8(b) 10,404,996	11,316,186
Contributions	<u>11,918,598</u>	<u>13,136,984</u>
	<u>22,323,594</u>	<u>24,453,170</u>
(ii) Non-monetary revenue received:		
Developer assets contributed by developers at fair value	1.8(c) 17,740,063	28,625,655
Total capital grants, subsidies, contributions and donations	<u><u>40,063,657</u></u>	<u><u>53,078,825</u></u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
5 Employee benefits			
Total staff wages and salaries		76,150,506	75,104,906
Councillors' remuneration		1,185,706	1,056,244
Annual, sick and long service leave entitlements		12,965,766	13,551,621
Superannuation	18	9,361,703	9,081,164
		<u>99,663,681</u>	<u>98,793,936</u>
Other employee related expenses		4,372,530	3,927,305
		<u>104,036,211</u>	<u>102,721,240</u>
Less: Capitalised employee expenses		(11,501,056)	(4,962,071)
		<u><u>92,535,155</u></u>	<u><u>97,759,170</u></u>

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

	2016 employees	2015 employees
Total Council employees at the reporting date:		
Elected members	10	10
Administration staff	624	622
Depot and outdoors staff	486	537
Total full time equivalent employees	<u>1,120</u>	<u>1,169</u>

6 Materials and services

Agency and temporary employment services	6,330,314	4,081,721
Audit of the Annual Financial Statements by the Auditor-General of Queensland	237,165	194,000
Communication and IT	3,723,425	3,370,997
Donations paid and grants to community groups	6,101,608	4,934,641
Electricity	8,273,796	8,500,356
External services and hire	21,016,114	21,970,565
Garbage collection services	16,860,090	16,609,150
Other materials and services	19,205,088	12,669,412
Rentals - operating leases	774,991	601,837
Repairs and maintenance	9,831,046	9,954,907
	<u>92,353,637</u>	<u>82,887,587</u>

7 Capital expenses

(Gain)/loss on sale of capital assets	7,356,277	(1,180,239)
Loss on write-off of non-current assets	9,753,383	22,847,326
Other Capital Expenditure	-	767,216
	<u>17,109,660</u>	<u>22,434,303</u>

Cairns Regional Council

Notes to the financial statements For the year ended 30 June 2016

	Note	2016 \$	2015 \$
8 Cash and cash equivalents	1.9		
Cash in operating bank account	21	1,405,257	1,173,406
Cash in other banks and on hand	21	51,740	26,840
Deposits and investments held with QTC	21	24,752,665	28,457,353
Balance per Statement of Cash Flows		<u>26,209,662</u>	<u>29,657,599</u>

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

Unspent government grants and subsidies	1,675,654	270,241
Unspent developer contributions	40,574,845	35,706,282
Funds set aside and held in reserves for future projects	570,153	2,151,210
Total unspent restricted cash for capital projects	<u>42,820,652</u>	<u>38,127,733</u>

Cash, deposits and investments are held with the Commonwealth Bank of Australia in a normal business cheque account and through deposits with various institutions including Queensland Treasury Corporation, National Australia Bank, Bendigo Bank, Cairns Penny Savings and Loans and ECU Australia.

9 Short term deposits

Current fixed short term investments	30,500,000	60,500,000
Unrestricted	21	<u>60,500,000</u>
		<u>30,500,000</u>

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

	Note	2016 \$	2015 \$
10 Trade and other receivables			
a) Current	1.10		
Rateable revenue and utility charges		15,775,120	15,353,834
Water charges		3,209,590	3,654,114
Fees and charges		1,630,871	1,257,177
Accrued interest on investments		344,238	571,301
Grants receivable		1,750,099	1,723,673
Other accrued revenue		4,763,173	4,512,479
Other debtors		6,968,333	2,531,363
Less: impairment provision	10(b)	<u>(1,377,475)</u>	<u>(1,647,121)</u>
		33,063,949	27,956,820
Prepayments		3,048,650	2,763,367
		<u>36,112,599</u>	<u>30,720,187</u>

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

b) Impairment provision

Opening balance at 1 July	1,647,121	1,467,047
Receivables written off in period	(394,644)	(198,766)
Provisions recognised	124,998	378,840
Closing balance at 30 June	10(a)	<u>1,377,475</u>
		<u>1,647,121</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

11 Property, plant and equipment a) 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	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Values										
Opening gross value	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	-	-	-	-	-	-	-	-	148,074,586	148,074,586
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 ARS	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 between 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	130,911,666	5,129,766,655

Accumulated depreciation and impairment

Opening balance	26,110,789	134,862,454	49,926,896	263,885,518	473,179,663	311,999,621	79,985,185	7,185,413	-	1,347,135,539
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 ARS	(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 accumulated depreciation and impairment balance	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
Net value 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	130,911,666	3,710,119,647

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 2015

11 Property, plant and equipment a) Movements in property, plant and equipment 2015

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 2014	253,126,261	300,754,640	70,192,258	1,630,980,312	948,832,080	890,024,771	647,633,819	17,240,413	140,912,511	4,899,697,065
Additions at cost	-	-	-	-	-	-	-	-	109,123,723	109,123,723
Contributed assets at valuation	-	-	-	9,068,812	4,757,067	5,467,006	9,332,770	-	-	28,625,655
Disposals	3,157,871	7,022,936	9,914,745	59,574,733	11,691,608	22,467,674	2,247,195	2,380,608	(118,457,370)	-
Write-offs	(7,219,818)	(150,000)	(3,616,828)	-	-	-	-	-	-	(10,986,646)
Revaluation adjustment	(150,210)	(5,510,312)	(1,154,906)	(21,004,764)	(3,485,581)	(4,026,995)	(2,195,272)	(127,898)	(1,706,708)	(39,362,646)
Revaluation adjustment to the ARS	12,773,622	6,076,739	-	(167,650,617)	4,123,079	14,501,313	3,884,280	-	-	(126,291,584)
Internal transfers to other asset classes	(3,636,985)	(20,639,793)	24,373,195	(96,417)	-	-	-	-	-	-
Closing gross value as at 30 June 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
Accumulated depreciation and impairment										
Opening balance as at 1 July 2014	26,478,343	134,642,846	33,967,106	384,460,917	460,780,013	287,203,272	73,922,311	6,615,310	-	1,408,070,118
Depreciation provided in period	2,210,843	11,763,525	7,601,913	28,304,053	13,591,066	18,268,873	6,431,637	627,880	-	88,799,790
Disposals	-	(93,981)	(2,704,036)	-	-	-	-	-	-	(2,798,017)
Write-offs	(58,715)	(4,320,234)	(939,427)	(6,110,038)	(2,486,944)	(2,195,149)	(352,648)	(57,777)	-	(16,520,932)
Revaluation adjustment to the ARS	(601,583)	2,907,966	-	(142,723,841)	1,295,528	8,722,625	(16,115)	-	-	(130,415,420)
Internal transfers to other asset classes	(1,918,099)	(10,037,668)	12,001,340	(45,573)	-	-	-	-	-	-
Closing balance as at 30 June 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
Total written down value as at 30 June 2015	231,939,952	152,691,756	49,781,568	1,246,986,541	492,738,590	616,434,148	580,917,607	12,307,710	129,872,156	3,513,670,028
Residual value			8,904,547							
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	-	-	-	-	-	-	-	-	79,253,376	79,253,376
New assets	-	-	-	-	-	-	-	-	29,870,347	29,870,347
Total additions	-	-	-	-	-	-	-	-	109,123,723	109,123,723

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

11 Property, plant and equipment

b) Fair Value Measurements

(i) Valuation processes and valuers

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

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

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

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

The following table categorises fair value as either Level 2 or Level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as Level 1. There have been no transfers between Level 1 and Level 2 of the hierarchy.

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

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016. Comparative information has been provided for 30 June 2015.

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	139,480.85	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	3,500,581

As at 30 June 2015

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

(iii) Useful lives

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

(iv) Valuation techniques used to derive fair values

Land and site improvements (Level 2 and 3)

Land and site improvements were comprehensively revalued effective 30 June 2013 by independent valuer, Knight Frank. Desktop reviews have been subsequently undertaken in 2014, 2015 and 2016, 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.

Cairns Regional Council

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For the year ended 30 June 2016

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

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

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 and 2016, again by Knight Frank, to determine fair value as at 30 June each year.

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

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

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 DRC, or added value, of these improvements.

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

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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 our previous inspection, as well as the position location and underlying area designations afforded to the assets.

Some assets in the other structures class were internally revalued effective 30 June 2013. Valuations were carried out by Council Officers with relevant knowledge and experience in the area. Typically the assets revalued internally represented those assets where it was not cost effective to undertake an external revaluation due to the geographically distributed nature of the asset, individual "minor" asset costs or difficulty in accessing the asset concerned. In determining the valuation for 30 June 2016, 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'.

Infrastructure assets (Level 3)

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

CRC was measured by reference to the reproduction cost or replacement cost using the modern equivalent asset, as appropriate to the particular asset. All cost calculations have been based on the estimated current costs at 30 June 2016. 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.

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

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

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

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

Cairns Regional Council

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For the year ended 30 June 2016

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 2016 based on a review of price movements for labour, plant and materials (specific to Cairns). An indexation factor of 1.65% has been 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 remaining useful lives (RUL). In addition, Council ensures defect notifications are inspected and actioned in a timely manner to conserve the roads condition. As at 30 June 2016, 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, roads 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

Bridge assets were comprehensively valued by Council as at 30 June 2016.

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 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.

A site inspection was conducted by FORCECOR on all assets in accordance with the Department of Transport and Main Roads Inspection Manual. 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.

Valuation unit rates (replacement costs) for road bridges were calculated based on previous road bridge valuations, adjusted for movements within the QLD Road and Bridge Index produced by the Australian Bureau of Statistics. These unit rates were reviewed against recently constructed projects and found to be a reasonable representation of CRC. As a result of the review, replacement costs decreased by an average of 1.1% mainly due to the removal of bridges not controlled by Council.

Valuation unit rates (replacement costs) for pedestrian bridges were calculated from first principles. Supplier quotations and actual installation costs were used to develop base unit rates across 5 structure types being timber, steel, concrete, fibre and culvert pedestrian bridges. As a result of the detailed review, the average replacement cost for pedestrian bridges increased by an average of 5.98%.

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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. This resulted in a favourable impact upon RUL and accumulated depreciation as timely maintenance and renewals have favourably impacted the overall condition of bridge assets. Additionally, there were no major weather events during the year which would have required an adjustment to the RUL.

Footpaths

Footpath assets were internally valued by Council as at 30 June 2016. Suitably qualified officers developed a condition assessment methodology and a unit rate methodology which were used to condition rate and value all footpath assets.

The condition assessment methodology was based on the Institute of Public Works Engineering Australasia standards where condition is determined based on levels of service as opposed to physical appearance. A full stocktake was undertaken by Council staff comprising physical inspections of footpath assets.

Unit rates were internally developed based upon data compiled from recently completed projects. Further analysis of this data was undertaken to derive adjustment factors to reflect cost differentials for rural, suburban, high density and CBD locations. As a result of the detailed review, the replacement costs for footpaths increased by an average of 5.98%.

In determining the level of accumulated depreciation, footpaths were assessed on the construction material which exhibited different useful lives.

The RUL was calculated based on the condition assessments performed. This resulted in a favourable impact upon RUL and accumulated depreciation as timely maintenance and renewals have favourably impacted the overall condition of footpath assets.

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 2016 based on a review of price movements for labour, plant and materials (specific to Cairns). An indexation factor of 1.65% has been 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.

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Water and Sewerage

Council's water and sewer mains pipe network was comprehensively valued by independent valuers, Cardno (Qld) Pty Ltd, effective 30 June 2016. 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.

Fair values for all other water and sewerage assets were determined by independent valuers, Cardno (Qld) Ltd as part of an indexation valuation. This resulted in the following indexes being applied:

- Index water reservoirs by 3%
- Index water pump stations by 5%
- Index sewer pump stations and sewer treatment plant assets by 2%
- All other asset sub classes remained unchanged

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

The desktop 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 dams and treatment plants, it is occasionally not likely to have actual contract data available which leads to reliance on professional opinions and indexation as tools for updating the unit rates of such asset classes.

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

The condition of underground sewer and water pipes is progressively updated after any maintenance or capital works are performed on the pipes and also as a result of Council's rolling program of CCTV inspections. This information was reviewed with the entire inventory reaggregated based on the combination of size, material, depth, soil type and development activity to derive a condition rating between 1 and 5.

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 sewer mains decreased by 1.90% decreasing replacement cost by \$12M as a result of the removal of components which will not be required in future replacement costs. The average unit rates for water mains rose resulting in an average increase in cost of 11.6% increasing replacement cost by \$84M.

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

The condition rating of underground assets were updated by Council's maintenance crew from routine operations and constructions.

The total life for PVC water pipes was increased from 80 years to 100 years based on updated condition assessment data. This was the only material change to RUL.

The 2016 comprehensive revaluation of sewer and water mains 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. The degradation curve, used to determine RUL based on asset condition, was also reassessed following the collection of more accurate data which also had favourable impacts on accumulated depreciation.

A comprehensive valuation of water resevoirs, pump stations, dams, treatment plants and intake structures is scheduled for 2017.

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 2016 which resulted in an index of 2% 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.

Cairns Regional Council

Notes to the financial statements For the year ended 30 June 2016

	2016	2015
Note	\$	\$
12 Trade and other payables		
Current		
Creditors and accruals	1.13 32,646,479	25,472,698
Annual leave	1.14(b) 10,669,734	11,086,006
Sick leave	1.14(c) 1,855,962	1,813,945
Other entitlements	261,177	280,323
	<u>45,433,352</u>	<u>38,652,972</u>
13 Provisions		
Current		
Developer contribution credits	1.15 2,049,271	2,665,723
Long service leave	1.14(e) 1,119,043	1,093,695
	<u>3,168,314</u>	<u>3,759,418</u>
Non-current		
Developer contribution credits	1.15 7,476,211	429,029
Long service leave	1.14(e) 11,992,508	11,940,061
	<u>19,468,719</u>	<u>12,369,090</u>
Details of movements in provisions:		
Long service leave		
	1.14(e)	
Balance at the beginning of the financial year	13,033,756	12,871,639
Long service leave entitlements arising	1,875,665	2,017,126
Long service leave entitlements paid	(1,797,870)	(1,855,009)
Balance at end of financial year	<u>13,111,551</u>	<u>13,033,756</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

14 Borrowings	Note	2016	2015
		\$	\$

Unsecured borrowings

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

Details of borrowings at the reporting date are:

Current

Queensland Treasury Corporation	8,586,737	4,181,248
	<u>8,586,737</u>	<u>4,181,248</u>

Non-current

Queensland Treasury Corporation	87,460,554	74,869,088
	<u>87,460,554</u>	<u>74,869,088</u>

Details of movements in borrowings:

Queensland Treasury Corporation

Opening balance at beginning of financial year	79,050,337	82,905,258
Proceeds from borrowings	95,549,513	-
Loans extinguished	(74,386,842)	-
Principal repayments	(4,165,717)	(3,854,921)

Book value at end of financial year	<u>96,047,291</u>	<u>79,050,337</u>
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Loan market value at the reporting date	<u>96,301,079</u>	<u>97,033,965</u>
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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	10,226,594	9,915,220
Later than 1 year but not later than 5 years	43,527,744	42,202,434
Later than 5 years	59,753,798	70,600,968
	<u>113,508,136</u>	<u>122,718,622</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
15 Commitments for expenditure			
a) Contractual commitments			
Contract for Other commitments:			
Not later than 1 year		19,092,772	16,559,419
Later than 1 year but not later than 5 years		9,021,402	18,386,814
Later than 5 years		833,787	7,234,827
		<u>28,947,961</u>	<u>42,181,060</u>

b) Capital commitments

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

Capital assets		76,861,486	26,849,755
		<u>76,861,486</u>	<u>26,849,755</u>
Not later than 1 year		70,798,026	26,849,755
Later than 1 year but not later than 5 years		6,063,460	-
		<u>76,861,486</u>	<u>26,849,755</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 2016 should not exceed:

1,157,500	916,080
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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:

21	3,028,714	3,187,988
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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 2015, 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 2015, the financial statements of Local Government Mutual Queensland reported a members' equity balance of \$33,510,366 (2014: \$27,397,130).

b) Loan and bank guarantees

Loans and bank guarantees to community organisations	829,851	307,694
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Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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*.

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.

Any amount by which either fund 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 2012. The actuary indicated that the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience.

The scheme has three elements referred to as:

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

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*. 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 fund 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.

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

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 2015. The actuary indicated that "At the valuation date of 1 July 2015, 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 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Council made less than 4% of the total contributions to the plan in the 2015/16 financial year. The next actuarial investigation will be conducted as at 1 July 2018.

	Note	2016 \$	2015 \$
The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:	5	9,239,043	8,964,604
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	122,659	116,561

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

Note	2016	2015
	\$	\$
19 Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	19,253	98,109
Security deposits	3,745,270	4,167,607
Unclaimed monies	55	-
	<u>3,764,578</u>	<u>4,265,716</u>

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

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

Net result attributable to Council	7,560,254	39,337,301
Non-cash operating items:		
Depreciation and amortisation	84,206,658	89,658,896
Debt restructure	21,162,671	-
	<u>105,369,329</u>	<u>89,658,896</u>
Investing and development activities:		
Capital grants, subsidies and contributions	(40,063,657)	(53,078,825)
Profit/(loss) on disposal of non-current assets	7,356,277	(1,180,239)
Capital expenses	9,753,383	23,614,542
	<u>(22,953,997)</u>	<u>(30,644,522)</u>
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	(5,107,129)	1,135,447
(Increase)/decrease in inventories	133,128	(424,145)
Increase/(decrease) in payables	3,499,946	(8,789,709)
Increase/(decrease) in provisions	6,508,525	1,996,766
Increase/(decrease) in other liabilities	(532,522)	431,050
	<u>4,501,948</u>	<u>(5,650,591)</u>
Net cash inflow from operating activities	<u>94,477,535</u>	<u>92,701,083</u>

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

21 Financial instruments

a) Financial risk

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

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

Council does not enter into derivatives.

i) Credit risk

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

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

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

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

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

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents - bank	8	1,405,257	1,173,406
Cash and cash equivalents - on hand	8	51,740	26,840
Cash and cash equivalents - QTC	8	24,752,665	28,457,353
Investments with approved deposit taking institutions	9	30,500,000	60,500,000
Receivables - rates	10	18,984,710	19,007,948
Receivables - other	10	14,079,239	8,948,872
Other credit exposures			
Guarantee	17(a)	3,028,714	3,187,988
Total		92,802,325	121,302,408

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 2016

Other financial assets

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

Trade and other receivables

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

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

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

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

	2016	2015
	\$	\$
Receivables		
Fully performing	27,186,478	21,244,767
Past due		
Less than 30 days	1,969,321	3,044,184
31 to 60 days	298,336	431,079
61 to 90 days	38,117	63,331
Over 90 days	6,620,346	5,936,826
Impaired	1,377,475	1,647,121
Total	37,490,074	32,367,308

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 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
	\$	\$	\$	\$	\$
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>
2015					
Trade and other payables	25,472,698	-	-	25,472,698	25,472,698
Loans - QTC	9,722,286	38,889,142	70,111,371	118,722,798	79,050,337
	<u>35,194,983</u>	<u>38,889,142</u>	<u>70,111,371</u>	<u>144,195,496</u>	<u>104,523,035</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 2016

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 2016

22 National Competition Policy

Activities to which the Code of Competitive Conduct is applied

Definition of Activities:

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

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

The significant business activity thresholds are required to be reviewed and gazetted each year by the Minister. As per Section 19 of the Local Government Regulation 2012 the following thresholds applied for 2015/16:

Business activities (Type 1 & 2):

- a) for water and sewerage combined activities - \$ 13.6 million
- b) for other activities - \$9 million

Type 3 Section 47 of the *Local Government Act 2009* requires that the Code of Competitive Conduct (CCC) be applied to the following 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 8); and
 - ii) is prescribed under a regulation.

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

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

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

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

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

Type 1 commercialised business units of Council include:

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

Details of Community Service Obligations for Type 1 activities for the period ended 30 June 2016 are:

Activities	CSO Description	2016 \$	2015 \$
Water	Service locations	89,296	84,306
	Fire Hydrants Maintenance	476,337	540,276
	Access charges forgone	435,821	429,381
	Usage Charges forgone	1,712,628	1,592,057
	Total	2,714,082	2,646,020
Wastewater	Service locations	82,226	90,685
	Access Charges forgone	1,036,362	1,021,046
	Total	1,118,588	1,111,731
Cairns Works	Water charges	(17,875)	(17,492)
Waste Services	Free dumping general waste	409,829	560,584
	Free disposal vouchers	12,000	11,500
	Free dumping vegetation	306,291	307,869
	Free mulch	188,479	43,601
	Free transportation costs between transfer stations	69,607	68,653
	Rates based financial assistance	46,530	43,812
	Schools Recycling	27,980	29,921
	In Kind Waste & Recycling Collections	5,498	4,712
	Total	1,066,214	1,070,652

The Type 3 activities listed below are those to which the Code of Competitive Conduct applies for the period ended 30 June 2016:

	Ticket Link	Car Parking	Caravan Parks	Building Certification	Design Services
	\$	\$	\$	\$	\$
Revenue for services provided to Council	15,667	-	-	-	859,041
Revenue for services provided to external clients	338,466	283,820	234,205	281,468	264
Community service obligations net of charges	24,585	(2,143)	4,625	-	-
Sub total	378,718	281,677	238,830	281,468	859,305
Less: Expenditure					
Employee Costs	1,239	-	-	82,374	289,550
Materials and Services	391,155	-	118,242	170,148	445,552
Depreciation	-	195,715	91,517	-	20,307
Other Expenditure	-	289,829	-	-	-
Expenditure Total	392,394	485,544	209,759	252,522	755,409
Surplus/(deficit)	(13,676)	(203,867)	29,071	28,946	103,896

Cairns Regional Council

Notes to the financial statements

For the year ended 30 June 2016

	Fleet Services	Survey Services	Project Services	Facilities Management
	\$	\$	\$	\$
Revenue for services provided to Council	17,550,290	413,836	881,907	5,535,586
Revenue for services provided to external clients	292,992	-	(466)	49,609
Community service obligations net of charges	-	-	-	2,081
Sub total	17,843,282	413,836	881,441	5,587,276
Less: Expenditure				
Employee Costs	3,970,944	108,358	620,518	1,488,651
Materials and Services	10,155,563	223,872	371,392	4,846,615
Depreciation	3,671,377	12,905	-	581,829
Other Expenditure	-	-	-	129,048
Expenditure Total	17,797,884	345,135	991,910	7,046,143
Surplus/(deficit)	45,398	68,701	(110,469)	(1,458,867)

Description of CSO's provided to business activities:		2016	2015
		\$	\$
Activities	CSO Description		
Ticket Link	Assistance to community hirers	24,585	24,103
Car Parking	Water charges	(2,143)	(2,143)
Caravan Parks	Rental revenue forgone	4,625	4,625
Facilities Maintenance	Equipment revenue forgone to state government agencies	2,081	2,081

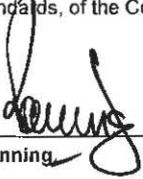
Cairns Regional Council

Management Certificate For the year ended 30 June 2016

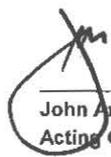
These general purpose financial statements have been prepared pursuant to Sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

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



Bob Manning
Mayor



John Andrejic
Acting Chief Executive Officer

Date: 12 / 10 / 2016

Date: 12 / 10 / 2016

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cairns Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Cairns Regional Council, which comprises the statement of financial position as at 30 June 2016, 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 certificates given by the Mayor and Acting Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Cairns Regional Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

C. G. Strickland



C G STRICKLAND CA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Cairns Regional Council

Current-year Financial Sustainability For the year ended 30 June 2016

Measures of Financial Sustainability

	How the measure is calculated	Target	30 June 2016 Result
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	(5%)
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	103%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	25%

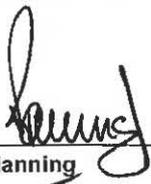
Note 1 - Basis of Preparation

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 2016.

Certificate of Accuracy For the year ended 30 June 2016

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
 Acting Chief Executive Officer

Date: 12 / 10 / 2016

Date: 12 / 10 / 2016

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Cairns Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Cairns Regional Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Acting Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Cairns Regional Council, for the year ended 30 June 2016, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters - Electronic Presentation of the Audited Statement

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

C G STRICKLAND CA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Cairns Regional Council

Appendix A

For the year ended 30 June 2016

**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 2016**

Measures of Financial Sustainability

	Measure	Target	Actuals at 30 June 2016	Projected for the years ended									
				30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	(5%)	0%	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%	25%	44%	48%	51%	53%	53%	52%	57%	68%	74%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	103%	112%	119%	97%	88%	82%	81%	78%	78%	73%	

Cairns Regional Council's Financial Management Strategy

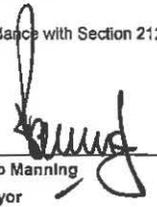
Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery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

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

**Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2016**

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
 Acting Chief Executive Officer

Date: 12, 10, 2016

Date: 12, 10, 2016