



# CAIRNS

# Regional Council

# 2019-20 Annual Report





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# Cairns Regional Council Mayor and CEO message



*Bob Manning  
Mayor*



*John Andrejic  
Chief Executive Officer*

There is no doubt that the 2019-20 financial year will be recorded as one of the most extraordinary periods in the history of Cairns Regional Council, and, indeed, for all three levels of Government in Australia, as a result of the COVID-19 pandemic.

The onset of coronavirus in the third quarter of the financial year required an immediate, considered and effective response by the organisation so as to adapt to the challenging economic and social changes generated by the crisis.

Council developed a suite of assistance measures designed to provide some relief for business through the waiving of charges and extension of payments, as well as a Financial Hardship Policy developed to assist residents with the payment of rates and providing relief to lessees.

The effect on revenue streams and the additional funding required to bring works forward to stimulate the economy resulted in Council finishing the 19/20 year with a \$1.6M deficit, compared to a \$236,000 surplus the previous year.

Council started the year with the release of a \$316M balanced Budget which was based on a rate rise of 1.5% – the sixth consecutive rate rise below CPI – and continued strong investment in community infrastructure, with a \$165.5M capital works program across the city.

Of note was Council's expenditure of more than \$394M during the financial year on materials and services associated with delivering the works program, and for maintenance, renewals and other services delivered to the community. Perhaps more importantly, 87 per cent of this expenditure was invested locally.

Projects were delivered across the length and breadth of the city, with \$50.6M spent on the road network and footpaths, including major works such as the refurbishment of the Redlynch village intersection, upgrades to Mill Road, Edmonton and Lake Morris Road, the Magazine / Arnold Street project, the major upgrade to McGregor Road, Smithfield, and the signalisation of Bicentennial /Robert Road, Edmonton.

In addition, the redevelopment of Florence Street was also largely completed, and more than \$4.3M spent on footpaths.

In the sporting and cultural sector, \$17.5M was spent on improving sporting and recreational facilities including \$2M to progress the Northern Beaches Leisure Trail, \$2.9M on playgrounds, \$1.8M on public swimming pools, \$4.2M on roofs for the Martyn Street Netball Centre and the International Tennis Centre as well as \$1.15M on Alley Park at Gordonvale.

An investment of more than \$54.5M was spent on improving water and waste facilities, with \$3.3M spent to create mini solar farms at Council's wastewater treatment plants that will generate 1.7mW of energy per year, and \$6M on the major upgrade of the Materials Recovery Facility which will boost the amount of waste diverted from landfill to 85-90% and double its processing capacity to 30,000 tonnes a year.

These projects are critical components of Council's broader agenda to achieve desirable environmental outcomes, based on our commitment as a Reef Guardian Council and with the knowledge that the community highly values the protection of our unique natural environment.

It was with this in mind that the first ever Cairns Youth Climate Summit was held in November 2019 to enable students from 15 high schools to share their aspirations for the future. Their valuable feedback and ideas will help shape Council's policy and actions to address climate change over the next 10 years.

Clearly the year ahead holds many challenges for the overall Cairns region.

As most organisations did at the beginning of the coronavirus crisis, our Council focused on "survival and response", but it is time now to look towards planning for the future. To that end, Council has collaborated with more than 100 local charity organisations, government agencies, education providers, businesses, industry groups and peak bodies to develop the COVID-19 Cairns Local Recovery Plan.

This is a detailed list of staged tasks and actions – both completed and planned – that will help transform post-COVID Cairns into a more resilient and diverse community and economy.

With four new Councillors welcomed into the Chamber after the Local Government election in March, Council will continue with its strong civic leadership and decision making and will undertake all actions necessary to help the economy and our community find a new normal.

*Bob Manning  
Mayor*

*John Andrejic  
Chief Executive Officer*

# Cairns Regional Council Vision, Goals and Purpose

Our purpose - To serve the community

## Our vision



Value our natural environment, lifestyle and surroundings



Support and respect distinctive and vibrant communities



Be innovative and creative, grow and diversify our economy

## Our Goals



### ECONOMY

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



### NATURAL ASSETS

That our iconic natural assets are maintained, enhanced and connected



### LIVEABILITY

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

## STRATEGIC OBJECTIVES

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

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

- Maintain the region's relaxed nature
- Improve transport
- Enhance wellbeing and safety in the community
- Ensure our communities are prepared for disasters
- Provide equal services, employment and education opportunities to everyone



# Cairns Regional Council Vision, Goals and Purpose

## Our Goals



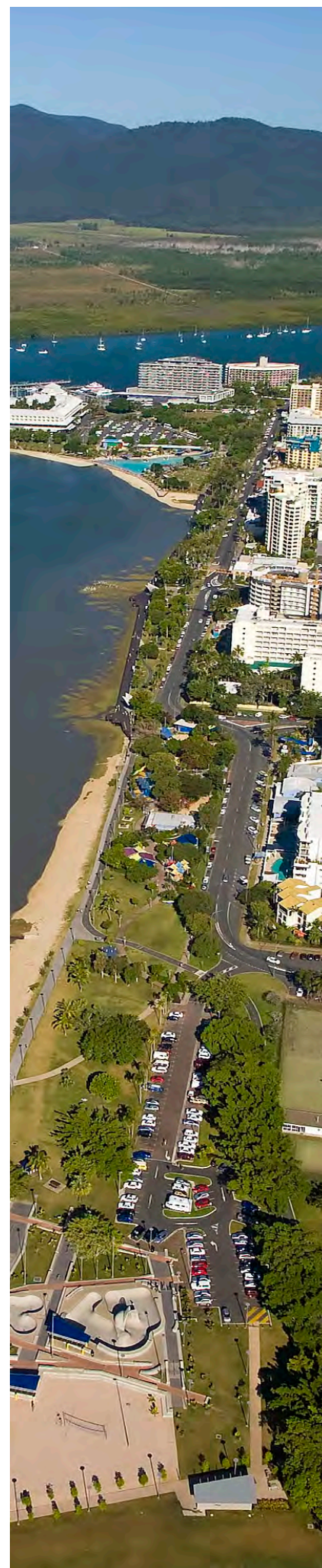
A vibrant, inclusive and healthy community with access to services and facilities that reflect its unique character, roles and needs



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

## STRATEGIC OBJECTIVES

- Support a rich and diverse culture through accessible public facilities and community initiatives
- Be recognised as the Arts and Cultural Capital of Northern Australia
- Build vibrancy through community events and activities
- Support social and community groups
- Culture, heritage and place are valued, shared and celebrated
- Deliver best value customer service to the community
- Encourage an organisational culture of continuous improvement and business efficiencies
- Collaborate and build working partnerships between community and government to plan and deliver better services
- Consider decision-making based on collaboration, transparent and accountable leadership
- Promote a safety culture of 'everyone home safe and well today and everyday'



# Cairns Regional Council 2019/20 Results At a Glance



This community financial report shows a summary of the Council's Financial Statements with the aim of providing understandable information to 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 be useful indicators of Council's performance.

2019/20 has been an extraordinary year for Council as well as the general community. The financial impact of COVID-19 on Council has been significant and has resulted in Council finishing the year with a \$1.6M operating deficit. Refer to note 1 of the Financial Statements for further information on these impacts.

The operating position includes a one-off implementation cost of \$3.5M associated with Enterprise Resource Planning (ERP) software. The adjusted operating position is a \$5.1M deficit. This expenditure was in line with budget expectations, however due to a change in accounting treatment, was moved from capital expenditure to operating expenditure.

Council continued to invest heavily in community infrastructure by delivering a capital works program in excess of \$165.5M.

	\$ Million
Operating Revenue	313.2
Operating Expenses	314.8
<b>Operating Position</b>	<b>(1.6)</b>
ERP Implementation	3.5
<b>Adjusted Operating Position</b>	<b>(5.1)</b>
Capital Income	43.1
Capital Expenses	15.6
<b>Net Result</b>	<b>22.4</b>
Total Assets	4,131.6
Total Liabilities	276.0
<b>Net Community Assets</b>	<b>3,855.6</b>
<b>Total Capital Works Expenditure</b>	<b>165.5</b>



# Cairns Regional Council

## 2019/20 Results At a Glance

The Financial Statements in this report cover a 12-month period ending 30 June 2020. 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 any given point in time.
- **Statement of Cash Flows** - reports how revenue received and expenses paid impact on Council's cash balances.
- **Statement of Changes in Equity** - presents a summary of transfers to and from equity accounts including retained surplus, capital and other reserves.
- **Notes to the Financial Statements** - provides a detailed breakdown of all significant items in the Financial Statements and what these items represent.
- **Long-Term Measures of Financial Sustainability** - presents three sustainability indicators that have been set up by the Department of Local Government, Racing and Multicultural Affairs to help monitor the long-term sustainability of all councils across Queensland.

## Background

### Assumptions and Principles

Under the requirements of the *Local Government Regulation 2012*, Council is required to prepare general purpose Financial Statements for the 2019-20 financial year. This report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

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

The business activities of Cairns Water and Cairns Resource Recovery (Cairns Waste) 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.

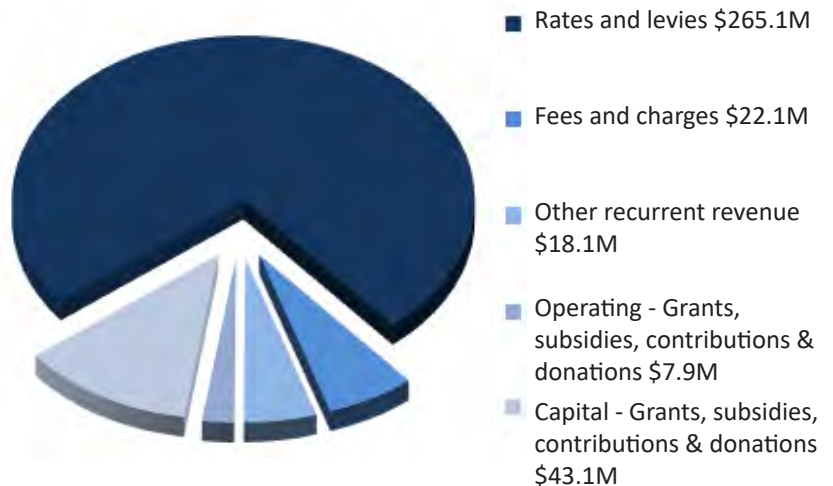
# Cairns Regional Council Corporate Financial Statements

## Statement of comprehensive income

### Revenue

Revenue for the 2019/20 financial year is sourced from various items as shown in the graph at right.

The majority of Council's revenue (74.4% is sourced from net rates and utility charges. Another significant source of revenue is capital grants, subsidies and donations (12.1%, which are received solely for the purpose of funding current and future capital works in order for Council to continue to supply important infrastructure to the community.

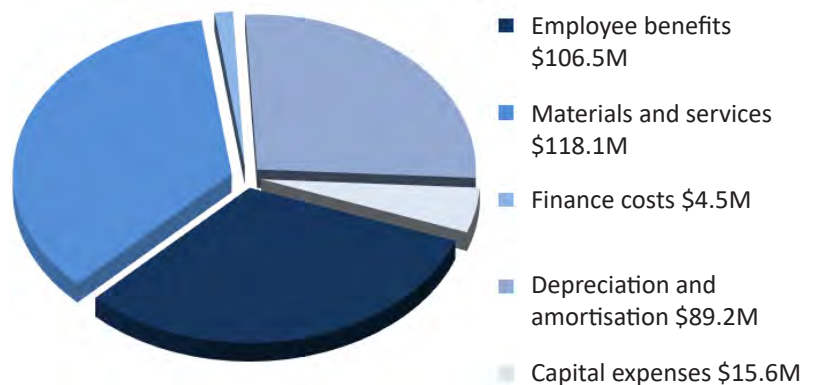


**Total Revenue \$356.3 million**

### Expenses

Materials and services and employee costs make up 67.3% of the total expenditure for Council. Council has a strong labour workforce to provide maintenance, water and waste services, planning, community, sport and cultural services and capital infrastructure for the community.

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



**Total Expenses \$333.9 million**



# Cairns Regional Council Corporate Financial Statements

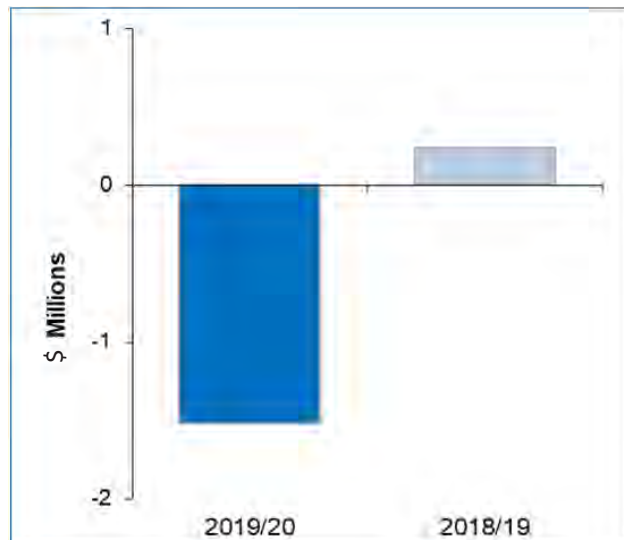
## Operating position

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 (\$314.8M) from total operating revenue (\$313.2M) and does not include revenue or expenditure amounts for capital projects.

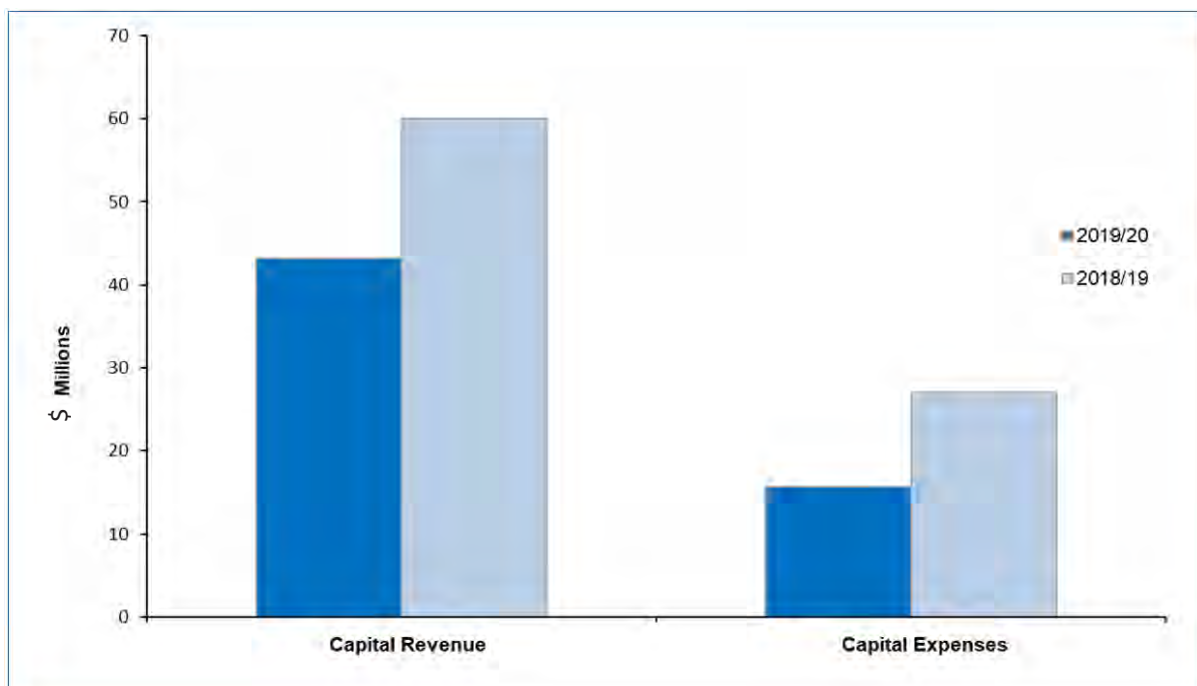
Council's operating position as at 30 June 2020 is a deficit of \$1.6M which has decreased from a surplus of \$236K in the 2018/19 financial period.

This graph shows the operating position for 2019/20 compared to the operating position for the 2018/19 period.



## Net results

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



# Cairns Regional Council Corporate Financial Statements

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 notes 4 and 7 of the Financial Statements.

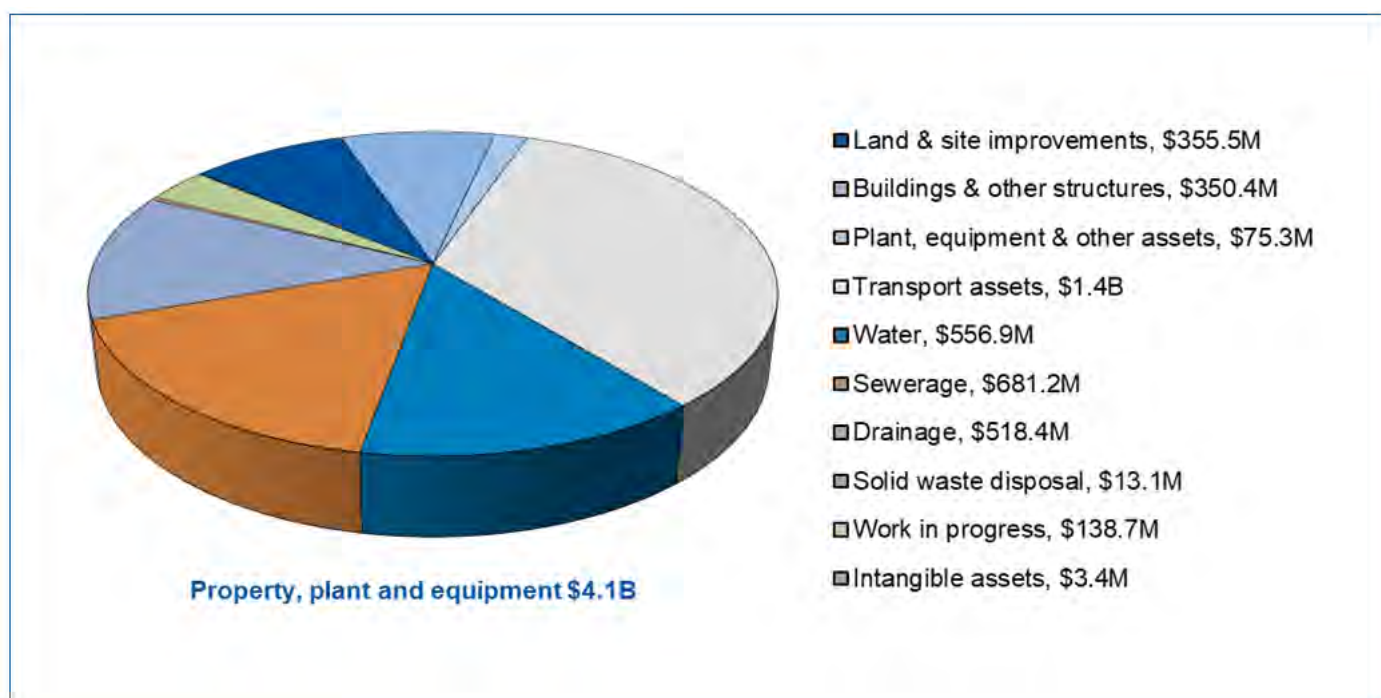
## Statement of financial position

### Assets

	2019/20	2018/19
	\$ Million	\$ Million
Current assets	63.3	57.3
Non-Current assets	4,068.3	3,950.6
<b>Total assets</b>	<b>4,131.6</b>	<b>4,007.9</b>

Council assets as at 30 June 2020 total just over \$4.1B. This includes \$63.3M of current assets (liquid assets or amounts due to be received within 12 months) and \$4.1B of non-current assets. Property, plant and equipment makes up 98.5% of total assets.

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



# Cairns Regional Council Corporate Financial Statements

## Statement of financial position

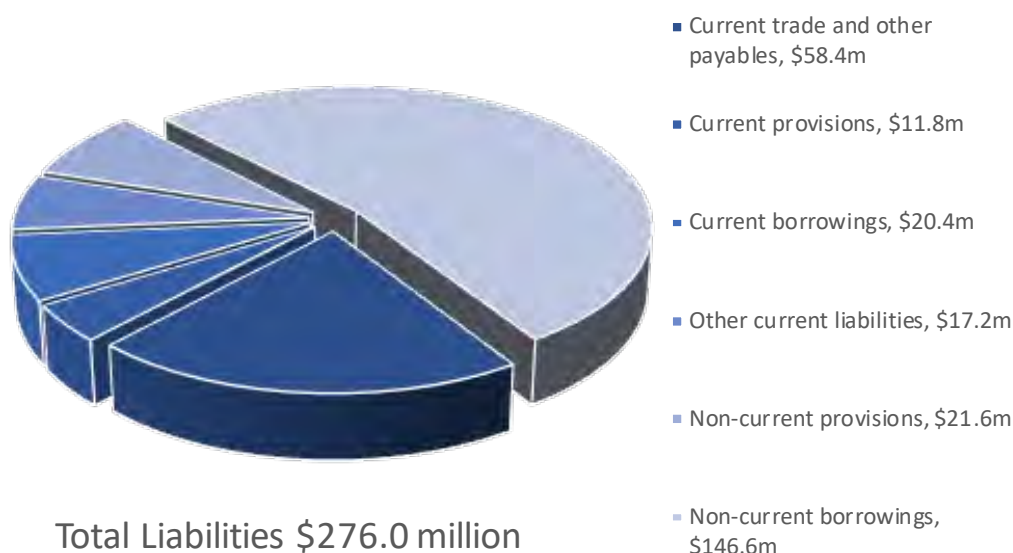
### Liabilities

	2019/20	2018/19
	\$ Million	\$ Million
Current liabilities	107.8	75.6
Non-Current liabilities	168.2	128.2
<b>Total liabilities</b>	<b>276.0</b>	<b>203.8</b>

Total liabilities as at 30 June 2020 are \$276M. This includes \$107.8M of current liabilities (due to be paid out within 12 months) and \$168.2M of non-current liabilities. Liabilities mostly consist of loans, amounts owing to suppliers and amounts owing to employees for leave entitlements.

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

The following graph shows a breakdown of liabilities by category.





# Cairns Regional Council Corporate Financial Statements

## Statement of financial position

### Borrowings

During the year, Council drew down \$60.0M of new loans with QTC to assist in the funding of Council's capital works program. The total loan balance at year end was \$167.0M.

Council also maintains a Working Capital Facility with QTC which had no drawdowns as at 30 June 2020. During 2019/20, the available facility was increased from \$60M to \$120M to meet short term cash deficits resulting from COVID-19 impacts.

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

	2019/20	2018/19
	\$ Million	\$ Million
Current Borrowings	20.4	14.3
Non-Current Borrowings	146.6	106.9
<b>Total QTC Borrowings</b>	<b>167.0</b>	<b>121.2</b>

Principal and interest repayments are made on these borrowings on a monthly basis in accordance with the terms and conditions set by QTC. The repayment terms are reviewed on a regular basis 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.

	2019/20	2018/19
	\$ Million	\$ Million
Principal	14.2	11.8
Interest	2.8	2.4
<b>Total Debt</b>	<b>17.0</b>	<b>14.2</b>

As at 30 June 2020 Council's debt per rateable property is \$2,279 (2019: \$1,665).

# Cairns Regional Council Corporate Financial Statements

## Statement of financial position

### Sustainability ratio

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

Sustainability Ratios						
Ratio	Description	Formula	Benchmark	2019 / 20	2018 / 19	Within Limits
<b>Asset sustainability ratio</b>	This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	$\frac{\text{Capital Expenditure on renewals}}{\text{Depreciation expense}}$	>90%	102%	106%	✓
<b>Net financial liabilities ratio</b>	This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	$\frac{\text{Total Liabilities less Current Assets}}{\text{Total Operating Revenue}}$	<=60%	68%	48%	✗ <sup>1</sup>
<b>Operating surplus ratio</b>	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$	0-10%	(0.5%)	0%	✗ <sup>2</sup>
<b>Adjusted operating surplus ratio*</b>	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes.	$\frac{\text{Adjusted Net Operating Surplus}}{\text{Total Operating Revenue}}$	0-10%	(2%)*	(2%)*	✗ <sup>3</sup>

1 The net financial liabilities ratio is outside DLGRMA benchmarks as a result of additional debt draw downs in 2019/20. These draw downs were required to fund Council's capital works program.

2 The operating surplus ratio (excluding ERP costs of \$3.5M) is outside DLGRMA benchmarks as a result of COVID-19 impacts on Council.

3 Including ERP costs of \$3.5M, the adjusted operating surplus ratio is (2%). This expenditure was in line with budget expectations, however due to a change in accounting treatment was moved from capital expenditure to operating expenditure. As the ERP costs do not form part of Council's routine operating activities, Council is satisfied that it has sufficient revenue to cover operational and capital funding expenditure.

# Cairns Regional Council Corporate Financial Statements

## Conclusion

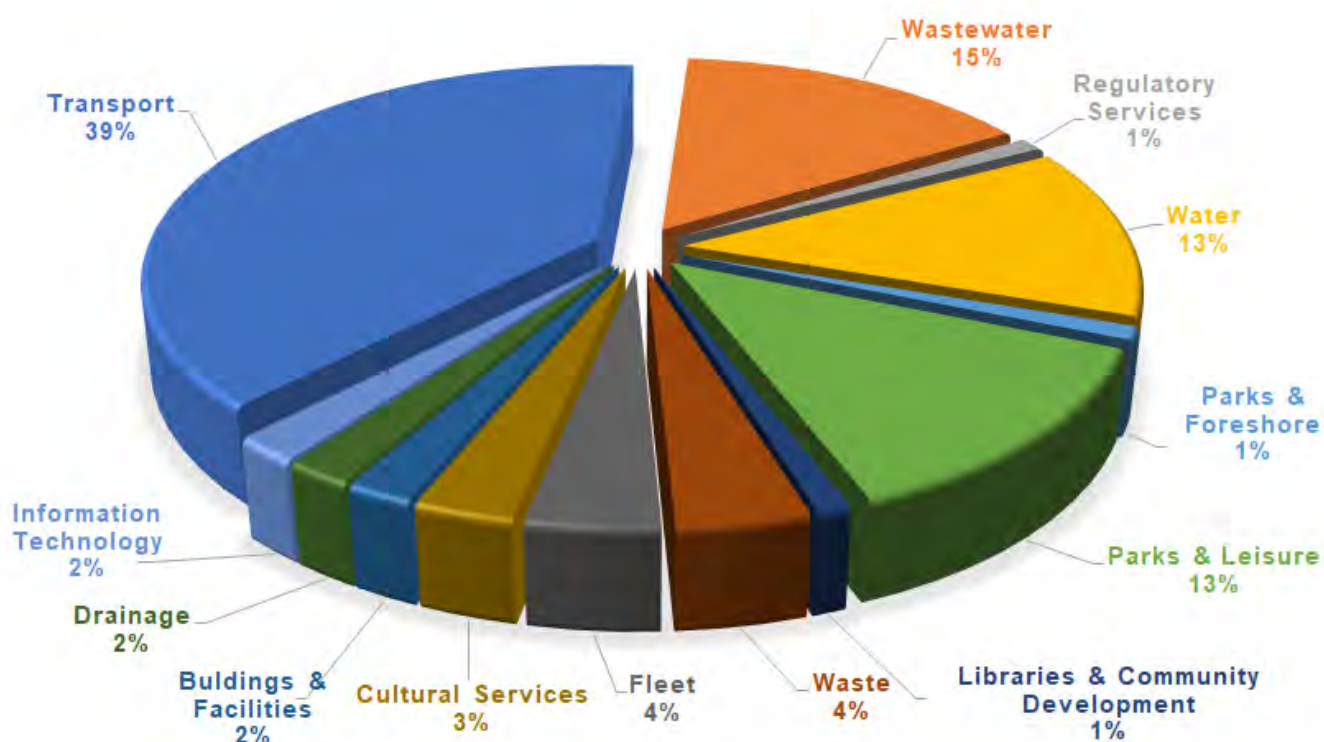
Council has finished the 2019/20 financial year with a \$1.6M operating deficit and has continued strong investment in community infrastructure through the delivery of a capital works program in excess of \$165.5M.

The above results have been significantly impacted by COVID-19 and the full impacts on Council are still unknown. Going forward, Council has adopted a three-year recovery plan that has endeavoured to strike a balance between maintaining essential service levels, the delivery of the capital works program, providing economic stimulus and keeping rates affordable. Additionally, Council has developed a Financial Hardship Policy which provides extended repayment plans and interest waivers for ratepayers adversely affected by COVID-19.

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

## Capital works highlights

During the 2019/20 financial year, expenditure on capital works was \$165.5M. The following graph provides a breakdown of the capital works for 2019/20 by asset category.





# Cairns Regional Council Capital Works Projects

## Capital works highlights

Council incurred expenditure on the following capital works projects during the period 1 July 2019 to 30 June 2020.

	Amount \$'000
<b>CULTURAL SERVICES</b>	
Courthouse refurbishment	2,999
Munro Martin Park - back of house upgrade	1,082
	<b>4,081</b>
<b>PARKS AND LEISURE</b>	
Playground renewals	2,974
Cairns international tennis centre roof	2,405
Northern beaches leisure trail	2,130
Aquatic renewals	1,875
Martyn Street netball centre roof	1,793
Alley Park amenities upgrade	1,158
Green Patch upgrade	1,106
	<b>13,441</b>
<b>TRANSPORT AND MOBILITY</b>	
Road infrastructure new roads	13,936
CBD Masterplan - Florence Street upgrade	7,703
Suburban Enhancement Program (SEP)	6,779
Road infrastructure renewals	5,885
Pavement rehabilitation	4,843
Footpath renewals	4,314
Redlynch Village - intersection upgrade	2,862
Signalisation - Robert / Bicentennial Roads	2,313
Natural Disaster Relief and Recovery Arrangement - TC Nora Lake Morris Road	2,005
	<b>50,640</b>
<b>WATER AND WASTE INFRASTRUCTURE</b>	
Waste Water infrastructure renewals and upgrades	24,314
Water infrastructure renewals and upgrades	21,483
Materials Recovery Facility - Masterplan upgrade	6,016
Waste Water Treatment Plant installation of ground mounted solar	2,759
	<b>54,572</b>

# Cairns Regional Council Councillors

## Councillor remuneration

The following table shows the total Councillors' remuneration and Fringe Benefits Tax payments for the period from 1 July 2019 to 30 June 2020.

DIV	ELECTED MEMBER	TOTAL REMUNERATION PAYMENT \$	*SUPER CONTRIBUTIONS \$	TOTAL \$	FBT EXPENSE
M	Bob Manning	179,410	21,529	200,939	9,328
1	Brett Moller	106,016	12,722	118,738	11,008
2	Rob Pyne	17,139	1,628	18,767	-
	John Schilling**	88,877	10,665	99,542	7,409
3	Cathy Zeiger	106,016	10,071	116,087	3,186
4	Terry James	122,324	14,679	137,003	-
5	Amy Eden	17,139	2,057	19,196	-
	Richie Bates**	88,877	10,665	99,542	-
6	Kristy Vallely	17,139	2,057	19,196	-
	Linda Cooper***	88,877	8,443	97,320	2,231
7	Max O'Halloran	106,016	12,722	118,738	-
8	Rhonda Coghlan	17,139	2,057	19,196	-
	Jessie Richardson***	88,877	10,665	99,542	4,320
9	Brett Olds	106,016	10,582	116,598	6,811

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

\*\* Councillor was not re-elected to position following March 2020 Local Government Election

\*\*\* Councillor did not contest at the 2020 Election

# Cairns Regional Council Councillors

## Expenses reimbursement and facilities

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

The table below shows the total reimbursement costs to Councillors for the 12 month period from 1 July 2019 to 30 June 2020 under this policy.

DIV	ELECTED MEMBER	VEHICLE REIMBURSEMENT \$	VEHICLE COST \$
M	Bob Manning	-	9,125
1	Brett Moller	15,032	-
2	Rob Pyne	-	-
	John Schilling**	4,587	-
3	Cathy Zeiger	5,382	-
4	Terry James	-	-
5	Amy Eden	776	-
	Ritchie Bates**	-	-
6	Kristy Vallely	-	-
	Linda Cooper***	3,331	-
7	Max O'Halloran	-	-
8	Rhonda Coghlan	896	-
8	Jessie Richardson***	5,197	-
9	Brett Olds	13,385	-
	<b>TOTAL</b>	<b>48,586</b>	<b>9,125</b>

\*\* Councillor was not re-elected to position following March 2020 Local Government Election

\*\*\* Councillor did not contest at the 2020 Election



# Cairns Regional Council Councillors

## Expenses reimbursement and facilities

In accordance with the Expenses Reimbursement and Support for Elected Representatives General Policy, 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 devices such as 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 and amenities for business use. Meeting/committee room usage is on a Councillor priority basis
- Councillors are provided with a telephone in the Council Administration building and a mobile telephone
- Each Councillor will be provided with a device, 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 device will be provided with appropriate hardware and software applicable to enable Councillors to perform their role.
- Upon receipt of a claim with relevant receipts, up to a maximum amount will be reimbursed to Councillors for home communication expenditure

# Cairns Regional Council Councillors

## Meeting attendance - previous term

In October 2019 Council resolved to adopt a Standing Committee Structure in addition to the two Ordinary Meetings currently scheduled per month. The following tables display the Councillors attendance at Council meetings for the period of 1 July 2019 to 11 March 2020.

	Mayor Manning	Division 1 Cr Moller	Division 2 Cr Schilling	Division 3 Cr Zeiger	Division 4 Cr James	Division 5 Cr Bates	Division 6 Cr Cooper	Division 7 Cr O'Halloran	Division 8 Cr Richardson	Division 9 Cr Olds
<b>Ordinary Meetings</b>										
(15 held)	13	14	15	15	14	14	14	15	14	15
<b>Special Meetings</b>										
(1 held)	1	1	1	1	1	0	1	1	1	1

<b>Standing Committee "A" Meetings</b>							
	Mayor Manning	Division 1 Cr Moller	Division 3 Cr Zeiger	Division 4 Cr James	Division 6 Cr Cooper	Division 9 Cr Olds	
(6 held)	5	5	6	6	5	6	

<b>Standing Committee "B" Meetings</b>					
	Mayor Cr Manning	Division 3 Cr Zeiger	Division 4 Cr James	Division 6 Cr Cooper	
(6 held)	4	6	6	5	

<b>Standing Committee "C" Meetings</b>					
	Mayor Cr Manning	Division 3 Cr Zeiger	Division 4 Cr James	Division 6 Cr Cooper	
(6 held)	4	6	6	5	

<b>Standing Committee "D" Meetings</b>					
	Mayor Manning	Division 3 Cr Zeiger	Division 4 Cr James	Division 9 Cr Olds	
(6 held)	4	6	6	6	

# Cairns Regional Council Councillors

## Meeting attendance - current term

Local Government Elections were held on 28 March 2020 and the following table depicts Councillor attendance at Council Meetings for the new Council. The Council Standing Committees adopted at the Council Ordinary Meeting on 23 October 2019 were dissolved at the Post Election Meeting on 16 April 2020.

The following table displays the Councillors' attendance at Council meetings for the period 16 April 2020 to 30 June 2020.

	Mayor Manning	Division 1 Cr Moller	Division 2 Cr Pyne	Division 3 Cr Zeiger	Division 4 Cr James	Division 5 Cr Eden	Division 6 Cr Vallely	Division 7 Cr O'Halloran	Division 8 Cr Coghlan	Division 9 Cr Olds
<b>Ordinary Meetings</b>										
(5 held)	5	5	5	5	5	5	5	5	5	5
<b>Special Meetings</b>										
(1 held)	1	1	1	1	1	1	1	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*.

On 21 May 2018 the *Local Government (Councillor Complaints) and Other Legislation Amendment Bill 2018* received ascent. The Bill amends the *Local Government Act 2009* and the *Public Service Act* to provide a simpler, more streamlined system for making, investigating and determining complaints about councillor conduct in Queensland. The reforms established the Independent Assessor and the Office of the Independent Assessor to investigate and deal with the conduct of councillors where it is alleged or suspected to be inappropriate conduct, misconduct or, when referred to the Independent Assessor by the Crime and Corruption Commission (CCC), corrupt conduct.

Number of Councillor Conduct orders and disciplinary actions 01 July 2019 - 30 June 2020		
Subsection of the LGA	Description	Number
150I(2)	Chairperson makes an order for unsuitable meeting conduct	2
150AH(1)	Disciplinary action against a councillor for inappropriate conduct	NIL
150AR(1)	Disciplinary action against a councillor for misconduct	NIL

# Cairns Regional Council Councillors

## Conduct and performance of Councillors

### Summary of Councillor Conduct decisions, orders and recommendations 1 July 2019 - 30 June 2020

Name of Councillor	Description of the unsuitable meeting conduct, inappropriate conduct or misconduct	Summary of the decision, order or recommendation made for each councillor.
Cr Bates	The conduct of the Councillor demonstrated a lack of respect for the Chairperson that continued despite the Chairperson having given a caution and then a warning to the Councillor.	During Council's Ordinary Meeting held on 12 February 2020, the Chairperson made an order reprimanding a Councillor pursuant to section 150I(2)(a) of the <i>Local Government Act 2009</i> (Qld) on the basis that the Chairperson reasonably believed that the conduct of the Councillor during that meeting amounted to unsuitable meeting conduct.
Cr Bates	The conduct of the Councillor demonstrated a lack of respect for the Chairperson that continued despite the Chairperson having already given an earlier caution, warning and reprimand to the Councillor and also because the Councillor was not discharging his responsibilities as a Councillor to desist from continuing with the conduct after a reprimand order was given.	During Council's Ordinary Meeting held on 12 February 2020, the Chairperson made an order requiring a Councillor to leave the meeting pursuant to section 150I(2)(b) of the <i>Local Government Act 2009</i> (Qld) on the basis that the Chairperson reasonably believed that the conduct of the Councillor during that meeting amounted to unsuitable meeting conduct.

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

complaints referred to the assessor under section 150P(2)(a) of the Act by local government entities for the local government;	11
matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	NIL
notices given under section 150R(2) of the Act;	NIL
notices given under section 150S(2)(a) of the Act;	NIL
decisions made under section 150W(a), (b) and (d) of the Act;	NIL
referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act;	NIL
occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor;	NIL
applications heard by the conduct tribunal about the alleged misconduct of a councillor;	1

## Overseas travel

The annual report for a financial year must contain information about any overseas travel made by a Councillor or a local government employee in an official capacity during the financial year. There was no overseas travel in 2019/20.



# Cairns Regional Council Complaints Management

## Administrative action complaints

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

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

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

### The following table provides a summary of Administrative action complaints during 2019/20:

The number of Administrative Action Complaints made in the reporting period	718
The number of Administrative Action Complaints resolved in the reporting period	722*
the number of Administrative Action Complaints outstanding at 1 July 2020	0
the number of Administrative Action Complaints that were made in a previous financial year and resolved in 2019/20	4

\*This number includes Administrative Action Complaints, internal reviews and employee complaints from the public.

### Assessment of Council's Performance

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

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

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

- 24 were substantiated,
- 85 were not substantiated and
- 8 were inconclusive

Reasons for the Administrative Action Complaints were due to:

- 8 lack of contact/communication from Council,
- 1 from re-occurrence,
- 2 for process/procedure failure
- 19 for customer expectation/Council decision.

1 Administrative Action Complaint was escalated to an internal review by the customer.

30 internal reviews were undertaken resulting in 162 recommendations being made to the departments for consideration. Of those recommendations:

- 7 were not accepted
- 33 were actioned
- 129 recommendations are ongoing or outstanding
- 33 recommendation that are ongoing or outstanding from 2018/19

1 internal review was accepted as an external review by the Ombudsman. Recommendations were received and have been completed.

# Cairns Regional Council Complaints Management

## Administrative Action Complaints

### Public Section Ethics

Council provides the following implementation statements regarding the action taken during the 2019/20 Financial Year to comply with the following section:

#### *Preparation of Codes of Conduct*

Cairns Regional Council has the following Codes of Conduct:

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

#### *Education and Training*

Council's Corporate Induction Program ensures all staff appointed to positions at Council are aware of and understand their rights and obligations under the Code of Conduct. During 2019/20, Council conducted Code of Conduct refresher sessions for all staff.

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

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

### Business Activity Complaints

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

# Cairns Regional Council

## Expenditure on Grants

### Grants

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

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

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

In the 2019/20 financial year, Council provided the following community grants and discretionary funds:

- **Discretionary Funds**
- **Sports and Recreation**
  - Young People In Sport
  - Go Clubs Infrastructure Assistance
  - Go Clubs In Kind: Field Maintenance
  - Go Clubs In Kind: Essentials
- **Arts and Cultural**
  - Regional Arts Development Fund (RADF)
  - Arts and Cultural In Kind
  - Arts and Cultural Infrastructure
- **Community Services**
  - Community Services
- **Events**
  - Major Tourism Events
  - Local Community Events
  - Regional Events
  - Events In Kind
  - Sports Tourism Events
  - Christmas and New Year's Events
- **Economic Development**
- **Sustainability**
  - Community Sustainability
  - Nature-based Learning
- **Other Support**
  - Major Local Community Facility Development Activity
  - Major Community Infrastructure
  - Donations
  - Rates Based Financial Assistance
  - Sponsorship

# Cairns Regional Council

## Expenditure on Grants

### Discretionary funds

A councillor may allocate the Councillor's discretionary funds under section 202 of the *Local Government Act 2009* in any of the following ways:

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

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

	Total budget (\$)	Each Councillor (\$)	Mayor (\$)
Capital works of Council that are for a community purpose	270,000	30,000	-
Other community purpose	15,000	-	\$15,000

**Prescribed amount for Council for the 2019/20 financial year was \$114,116**

### Mayor discretionary fund

All Mayoral Discretionary Fund allocations were made for other community purposes:

Date	Person or Organisation (if applicable)	Description	Amount \$
31-Aug-19	Lions Club of Cairns	Sponsorship of tickets to World Festival of Magic	455
11-Sep-19	The Agile Project	Donation towards vet bills	500
16-Oct-19	Cairns Special Childrens Christmas Party	Cairns Special Children's Christmas Party	500
23-Oct-19	FNQ Taiwanese Friendship Association	Donation for Eat Street Event	500
30-Oct-19	Cairns Athletics Inc.	Donation for speakers	500
30-Oct-19	Cairns Crocs Triathlon Club	Donation for trophies	500
06-Nov-19	Marlin Coast Bowls Club	Donation to travel and accommodation for Ladies State Titles	500
20-Nov-19	Cairns Arts Society Inc.	Sponsorship of Best in Show at Art Exhibition	1,000
18-Dec-19	Cairns Dementia Support	Hire of venue	480
08-Jan-20	Launchpad for Life	Donation to Manunda Community Christmas Party	500
25-May-20	The Salvation Army Cairns	Red Shield Appeal 2020	6,000
<b>TOTAL FOR MAYORAL DISCRETIONARY FUND</b>			<b>11,435</b>



# Cairns Regional Council

## Expenditure on Grants

### Discretionary funds

#### Councillor discretionary fund

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

DIVISION 1 - COUNCILLOR BRETT MOLLER			
Date	Person or Organisation (if applicable)	Description	Amount \$
20-Sep-19		Skillion carport, Babinda Library car park, Munro St	8,000
08-Oct-19		Pacific Park footpath	22,000
<b>TOTAL FOR DIVISION 1</b>			<b>30,000</b>
DIVISION 2 - COUNCILLOR JOHN SCHILLING (July-19 till March-20)			
Date	Person or Organisation (if applicable)	Description	Amount \$
15-Nov-19	Mulgrave Cricket Club	Security measures at Mulgrave Cricket Club	810
15-Nov-19	southside Commets FC	Covered roof at Walker Road	29,190
<b>TOTAL FOR DIVISION 2</b>			<b>30,000</b>
DIVISION 3 - COUNCILLOR CATHY ZEIGER			
Date	Person or Organisation (if applicable)	Description	Amount \$
24-Sep-19		Woree Suburban entrance signs	23,000
24-Sep-19		Coolabah Close solar lights	7,000
<b>TOTAL FOR DIVISION 3</b>			<b>30,000</b>
DIVISION 4 - COUNCILLOR TERRY JAMES			
Date	Person or Organisation (if applicable)	Description	Amount \$
29-Nov-19		Kanimbla BMX track embellishments	20,000
04-Dec-19		Callum Street crossing	10,000
<b>TOTAL FOR DIVISION 4</b>			<b>30,000</b>
DIVISION 5 - COUNCILLOR RICHIE BATES (July-19 till March-20)			
Date	Person or Organisation (if applicable)	Description	Amount \$
08-Oct-19		Esplanade Petanque court renewal	14,000
10-Jan-20		SafeST school upgrade	16,000
<b>TOTAL FOR DIVISION 5</b>			<b>30,000</b>

# Cairns Regional Council Expenditure on Grants

## Discretionary funds

### Councillor discretionary fund

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

#### DIVISION 6 - COUNCILLOR LINDA COOPER (July-19 till March-20)

Date	Person or Organisation (if applicable)	Description	Amount \$
20-Sep-19		Byron Terrace Park facilities upgrades	30,000
<b>TOTAL FOR DIVISION 6</b>			<b>30,000</b>

#### DIVISION 7 - COUNCILLOR MAX O'HALLORAN

Date	Person or Organisation (if applicable)	Description	Amount \$
28-Aug-19		Card Street Park - dog fence, signage	12,000
17-Jan-20	Brothers Rugby League FC	Irrigation and lights at Stan Williams Park	18,000
<b>TOTAL FOR DIVISION 7</b>			<b>30,000</b>

#### DIVISION 8 - COUNCILLOR JESSIE RICHARDSON (July-19 till March-20)

Date	Person or Organisation (if applicable)	Description	Amount \$
18-Sep-19	Barron Bulls Rugby Union FC	Storage shed at Barron Bulls RUFC	30,000
<b>TOTAL FOR DIVISION 8</b>			<b>30,000</b>

#### DIVISION 9 - COUNCILLOR BRETT OLDS

Date	Person or Organisation (if applicable)	Description	Amount \$
29-Sep-19	Marlin Coast Bowls Club	Marlin Coast Bowls Club sewerage connection	30,000
<b>TOTAL FOR DIVISION 9</b>			<b>30,000</b>

**TOTAL FOR DISCRETIONARY FUNDS 281,435**

# Cairns Regional Council

## Expenditure on Grants

### Community grants

#### Sport and Recreation

##### Young People in Sport

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. This grant is not available to school based sporting events, such as Peninsula.

Applicant	Sport	Amount \$
Cairns Basketball Incorporated	U14 Club Championship Basketball	1,000
Pace Running & Multisport	Austalian Cross Country Team Championships	1,000
Cairns Junior Ten Pin Bowling	Australian Junior Championships	700
Cairns Basketball Incorporated	Basketball National Chamionships	300
Ellis Beach Surf Life Saving Club Inc	Surf Lifesaving	100
<b>TOTAL FOR YOUNG PEOPLE IN SPORT GRANT</b>		<b>3,100</b>

##### Go Clubs Infrastructure Assistance Grant

Applicant	Description	Amount \$
Edmonton Junior Rugby League	Concrete slab	8,564
Freshwater Tennis Club	Court surface upgrade	8,000
Half Moon Bay Golf Club	ULP diesel storage & tanks	8,000
Redlynch Razorbacks Rugby League	Players/parent shade structure	7,500
Barron River Cricket Association	Shade sail replacement	3,936
Barron Valley Gymnastics Club Inc.	Amenities upgrade	2,425
Holloways Cairns Croquet Club	Bench seating	1,575
<b>TOTAL FOR GO CLUBS INFRASTRASTUCTURE ASSISTANCE GRANT</b>		<b>40,000</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Sport and recreation

#### Go Clubs Infrastructure In Kind Assistance (field maintenance)

To provide standard turf packages to clubs to ensure turf surfaces at facilities under lease or management agreement are managed to appropriate standards.

Applicant	Description	Amount \$
Leichardt Junior Soccer Club Inc.	Turf maintenance	1,819
Redlynch Equestrian Association	Top dress and aerate grass arena July 2019	1,683
Stratford Dolphins Football Club Inc.	Field renovation: top dress field	1,386
Stratford Dolphins Football Club Inc.	Turf maintenance	1,355
JCU Strikers Football Club Inc.	Aeration and topdressing of main field at Calanna Park	1,252
Kangaroos Rugby League Club	Turf maintenance aerating of fields	685
<b>TOTAL FOR GO CLUBS INFRASTRUCTURE IN KIND ASSISTANCE (FIELD MAINTENANCE) GRANT</b>		<b>8,181</b>

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

To provide services that can be delivered by Council that support improved asset management initiatives (maintenance).

Applicant	Description	Amount \$
Babinda Harvest Festival Inc.	Babinda Harvest Festival loading ramp	4,812
Cairns Golf Club Inc.	Annual drainage cleanout 2019	4,380
Mulgrave Combined Cricket Association Inc.	Water bubbler installation	3,711
Gordonvale Men's Shed Inc.	Installation of lighting and power outlet	3,689
Edge Hill Memorial Bowls Club	Paint club rooms	2,764
Leichardt Junior Soccer Club Inc.	Tree pruning & root removal	1,900
Cairns Basketball Incorporated	Repair asphalt in carpark	1,034
Barron Trinity Sports Club Inc.	Fence post installation	564
Cairns Youth and Recreation Centre Inc.	Carpark line markings	527
Earlville Pony Club	Waste/recycling collection	505
<b>TOTAL FOR GO CLUBS IN KIND ASSISTANCE (ESSENTIALS) GRANT</b>		<b>23,886</b>

**TOTAL FOR SPORT AND RECREATION 75,168**



# Cairns Regional Council Expenditure on Grants

## Community grants

### Arts and culture

#### Regional Arts Development Fund

The Regional Arts Development Fund program focuses on the development of quality arts and arts practice for regional communities.

Applicant	Description	Amount \$
The Jute Theatre Company	City of the Arts Hero 19/20	25,000
Charmaine Armstrong	Flame Arts Access 19/20	1,000
Holly Farnan	Flame Arts Access 19/20	1,000
Madeline Lydiard	Flame Arts Access 19/20	1,000
Olivia Azzopardi	Flame Arts Access 19/20	1,000
Tina Seaton	Flame Arts Access 19/20	1,000
Beth Cheong	Flame Arts Access 19/20	342
Alison Lee	Individual Professional Development 18/19	1,500
Sue Lee	Individual Professional Development 18/19	1,500
Diana Parker	Individual Professional Development 18/19	1,491
Katerini Manolatos	Individual Professional Development 19/20	1,500
Rubina Kimia	Individual Professional Development 19/20	1,000
Rebecca Ralfe	Individual Professional Development 19/20	438
Co-Lab (Anthony Ball)	RADF Major Round 1 19/20	10,000
Rebecca Youdell (Bonemap)	RADF Major Round 1 19/20	9,900
Ashleigh Lawrence	RADF Major Round 1 19/20	9,831
Austronesia Creative & Cultural Support	RADF Major Round 1 19/20	8,958
UMI Arts Ltd	RADF Major Round 1 19/20	8,776
Melanie Stevens	RADF Major Round 1 19/20	8,580
Melanie Sorenson	RADF Major Round 1 19/20	5,283
Kirsty Nancarrow	RADF Major Round 2 19/20	10,000
Nat Trimarchi	RADF Major Round 2 19/20	10,000
Hayley Gillespie and Amber Grossman	RADF Major Round 2 19/20	9,488
Cairns and District Family History Society	RADF Major Round 2 19/20	9,048
Narelle Nicol	RADF Major Round 2 19/20	7,200

# Cairns Regional Council Expenditure on Grants

## Community grants

### Arts and culture

#### Regional Arts Development Fund continued

Applicant	Description	Amount \$
Cairns Historical Society (Cairns Museum)	RADF Major Round 2 19/20	7,000
Liz Christensen	RADF Major Round 2 19/20	6,432
Jasmine Bryan	RADF Major Round 2 19/20	2,910
Lia Pa'apa'a	RADF Returned Funds 18/19	-130
Amber Grossman	Small Arts Grant 18/19	398
ARC DISABILITY SERVICES INC	Small Arts Grant 19/20	700
Abi Muir	Small Arts Grant 19/20	500
Mulgrave Shire Historical Society Inc.	Small Arts Grant 19/20	500
Joshua Percival	Small Arts Grant 19/20	494
Beth Cheong	Small Arts Grant 19/20	301
Jack Andrew Jans	Small Arts Grant 19/20	300
Access Arts CPL	Towards an Arts & Disability Strategy 18/19	20,500
Lenine Bourke	Young Creatives 18/19	3,000
Georgia Byrne	Young Creatives 18/19	500
<b>TOTAL REGIONAL ARTS DEVELOPMENT FUND</b>		<b>188,240</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Arts and culture

#### Arts and Culture In-kind Assistance

The Arts and Cultural in-kind assistance grant aims to support arts and culture by making Council venues, resources and capabilities available for cultural projects and activities to support arts and cultural projects and activities that make a positive creative contribution to the region.

Applicant	Description	Amount \$
Cairns Choral Society Inc.	Gala Spectacular October 2019	5,000
Melanie Stevens	The Soap Opera - Creative Development 2019 & 2020	5,000
Natalia Mann	The Sonic Earth 2019	5,000
Peninsula Art Educators Association (PAEA)	Energy Student Art Exhibition 30/8/19 to 8/10/19	5,000
Tropical Arts Association Inc	Shakespeare at the Tanks "2GEN#CNS"	4,800
Cairns & District Junior Eisteddfod Association	Cairns Eisteddfod Gala Concert 2019	4,361
Red Cross	Art Exhibition Our Journey Homelessness to Housing	4,165
Soul Song Choir Inc.	Soul Song Annual Celebration Concert	4,000
CRATE 59	TEN exhibition celebrating 10 years of CRATE 59	3,997
Alliance Francaise de Cairns	French Film Festival 2019	3,731
Nintiringanyi Indigenous Corp	Mirki & Australian Ballet Show	658
S Victoire	Hire of Artist in Residence Venue for Alice in the Antipathie	382
<b>TOTAL REGIONAL ARTS CULTURE IN KIND ASSISTANCE GRANT</b>		<b>46,094</b>

#### Arts and Culture Infrastructure Grant

The Arts and Cultural Infrastructure Grant aims to provide financial assistance to arts and cultural organisations that wish to pursue building or material enhancements to their premises.

Applicant	Description	Amount \$
Cairns Choral Society Inc.	Replacement of theatre drapes, tracking & lighting	50,000
Edge Hill Whitfield Progress Association	Replace northern wall of the building	49,526
Cairns Junior Choral Society Inc.	Fence replacement & install kitchen cabinets	22,837
<b>TOTAL ARTS AND CULTURAL INFRASTRUCTURE GRANT</b>		<b>122,363</b>

**TOTAL ARTS AND CULTURAL 356,697**

# Cairns Regional Council Expenditure on Grants

## Community grants

### Community services

#### Community Services

Applicant	Description	Amount \$
Queensland Police Service	Cairns Safer Streets Contribution	25,000
Far North Queensland Volunteers Inc	Volunteers in Action	4,000
Independent Living Association	IWD 2020	4,000
Spinal Life Australia	Take My Seat Challenge	4,000
YEP Entrepreneurship Facilitators	Big Fish Young Starters Weekend	4,000
Cairns Regional Community Development and ATSI Corporation	Mabo Day Celebration 2020	3,603
Inkmasters Cairns	Artist First! Print Workshops	3,550
UMI Arts Ltd	NAIDOC Week 2020 Celebration	3,316
Crime Stoppers Queensland Cairns –VAC	Promotional Activities (Vehicle Wrapping)	3,112
Cairns & District Senior Citizens Association	Movere - September 2019	2,676
Tenants Queensland	Rental Assistance Award Program	2,277
Warhaven Social Club	Inclusive Activities for Residents	1,616
Marlin Coast Meals on Wheels	30th Birthday Celebration	1,360
Cairns Children's Museum	STEAM	750
ARC Disability Services Inc.	Project Ability - September 2019	500
Diversicare	Welcome to Country for Harmony Day 2020	500
State Library Queensland	NAIDOC Week 2019	8,640
Cairns & Region Multicultural Association Inc. (CARMA)	CARMA Multicultural Festival 2019	5,546
FNQ Thai Cultural Community	Thai Cultural Festival 2019 (Loy Kra Thong)	5,080
Cambodian-Australian Buddhist Temple Association Inc.	Cambodian New Years Eve Festival	4,807
Clontarf Foundation	Clontarf Foundation Employment Forum	4,487
Cairns Indian Association Inc.	Festival of Colour- Holi	3,144
Spiritual Learning Centre Australia Inc.	Cairns Deepawali Festival 2019	2,592
ARC Disability Services Inc.	DAW 2019	2,220



# Cairns Regional Council Expenditure on Grants

## Community grants

### Community services

#### Community Services continued

Applicant	Description	Amount \$
Cairns & Hinterland Hospital and Health Service	Taking time - Mental Health Expo 2019	1,093
The Salvation Army Cairns	Salvation Army Caroling at the Esplanade Plaza 2019	425
FNQ African Community Association	FNQACA Welcome Xmas BBQ	225
Tenants Queensland	International Tenants Day 2019	137
Haus of Blackstar	Unity Picnic and Outreach Sexual Health Clinic	282
<b>TOTAL COMMUNITY SERVICES GRANT</b>		<b>102,937</b>
<b>TOTAL COMMUNITY SERVICES</b>		<b>102,937</b>

### Events

#### Major Tourism Events

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

Applicant	Description
USM Events Pty Ltd T/A Ironman Australia	Cairns Airport Adventure Festival (Ironman)
Targa Australia Pty Ltd	Targa Great Barrier Reef
Swimming Australia Ltd	Australian Dolphins Swim Team Training Camps

# Cairns Regional Council Expenditure on Grants

## Community grants

### Events

#### Local Community Events

These grants support organisations in the delivery of events that are for the benefit of local communities. 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 the Cairns region specifically for the event.

Applicant	Description	Amount \$
Cairns Show Association	Cairns Show 2019	46,734
Babinda Harvest Festival Inc.	Babinda Harvest Festival	24,898
The Great Pyramid Race	The Great Pyramid Race 2019	22,982
Cairns District Rugby League Inc.	KenFrost Homes Challenge	16,435
Tourism Palm Cove	New Years Eve 2019	16,421
Cancer Council Queensland	Relay for Life 2019	13,231
Tropical Writers Inc.	Cairns Tropical Writers Festival 2020	10,000
International Legends of League Pty Ltd	International Legends of League	9,900
Mulgrave Combined Cricket Association Inc.	Phil Tracker Minniecon Indigenous Cricket Carnival	7,000
Cancer Council Queensland	Cairns Virtual Relay	6,500
Hekili Outrigger Canoe Club Inc	Great Barrier Reef Ocean Challenge 2020	5,500
Cairns Drag & Pride NQ	Haus of Drag Extravaganza	5,000
Bats and Trees Society of Cairns	Bats and Trees Festival 2020	4,000
German Austrian Swiss Association FNQ	Oktoberfest	4,000
Papua New Guinea & Wantoks Association Cairns Inc.	Independence Family & Cultural Day 2019	3,805
Committee for Waste Reduction	Tropical Steampunk Upcycled Workshops	3,000
Surf Life Saving Queensland North Queensland Branch	Surf Life Saving Awards of Excellence and 70th Anniversary Exhibition	2,800
Redlynch Valley Community Group Inc.	Tunnel of Terror Halloween Event	2,545
Launchpad for Life	Birrimba Gathering Together	2,500
Inkmasters Cairns	InkFest 2020	2,000
Cairns Indonesian Australian Association Inc.	Indonesian Festival	1,818
World Wide Sports Agency	Crocodile Trohpy 2019	1,573
Far North Queensland FC Ltd	Friendly Match: Sydney FC vs FNQ XI	968
Rotary Club of Sunrise Cairns	Resource and Performance Agreement	394
UMI Arts Ltd	Big Talk One Fire Indigenous Cultural Festival	290
Yorkeys Knob Residents Association Inc.	Festival of the Knob	125
<b>TOTAL LOCAL COMMUNITY EVENT GRANTS</b>		<b>214,418</b>

# Cairns Regional Council

## Expenditure on Grants

### Community grants

#### Events

##### Regional events

These grants nurture and grow a diverse portfolio of events that will drive economic development, raise the profile of the Tropical North Queensland region nationally and internationally, generate positive social and cultural benefits and inspire the residents of Tropical North Queensland. Regional events build a sense of local pride, foster confidence and strengthen the local community. They have the potential to develop into major events within three years.

Applicant	Description	Amount \$
Cairns & District Chinese Association Inc. (CADCAI)	Great Barrier Reef Chinese New Year	25,208
Cairns Jockey Club	Red Beret Cairns Cup	4,332
FNQ Amateur Turf Club	Cairns Amateurs Carnival	55,043
Handpicked Events	Grass is Greener 2019	50,000
North Queensland Sports Foundation (NQSF) Ltd	Sports Foundation Membership	39,665
Queensland AIDS Council	Cairns Pride Festival 2019	23,855
RT Event Enterprises	Red Hot Summer Tour 2019	-5,000
Sydney Football Club Pty Ltd	Training Camps	25,000
Tennis Queensland	Cairns Tennis International Pro Tour 2019-21	30,985
Tourism Palm Cove	Reef Feast 2019	2,574
Tourism Palm Cove	Reef Feast 2020	14,566
Cairns Indigenous Arts Fair	Cairns Indigenous Arts Fair	192,200
<b>TOTAL REGIONAL EVENT GRANTS</b>		<b>458,428</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Events

#### Events In-kind Assistance

To provide assistance to organisations that wish to host events that make a positive contribution to community and quality of life in the Cairns Region.

Applicant	Description	Amount \$
Babinda & District Pony Club	All Breeds Championship Dog Show	276
Cairns Bonsai Society Inc.	Cairns Bonsai Society's 30th Birthday	2,814
Cairns Sexual Assault Service	Reclaim the Night	416
Cairns Volleyball Association Inc.	Pairs Beach Volleyball Tournament	706
Cancer Council Queensland	Relay for Life	1,773
Chabad of RARA Ltd	Chanukka	1,454
FNQ Taiwanese Friendship Association	Taiwanese Eat Street	3,590
Gordonvale Turf Club	Gordonvale Races	401
Gordonvale Turf Club	Gordonvale Races - 05/10/2019	330
Indigenous Marathon Foundation	NAIDOC Deadly fun Run	958
Lifeline Cairns Regoin	Out of the Shadows Walk	1,309
Mind Australia	R U Okay Day	953
Mix Tape Media	Beach Netball Festival	221
Muscular Dystrophy Queensland	Cairns Ride Walk Roll 2019	233
Playgroup Queensland	Cairns Messy Play May	1,083
Rotarty Club of Cairns Trinity Inc.	Cairns Walk Against Ice	926
Rotarty Club of Cairns Trinity Inc.	Cairns Rotary Duck Race 2019	2,526
Rotary Club of Mareeba Incorporated	Trinity Beach Vibe Sunday Craft Beer Session 2019	585
Sahaja Yoga Cairns	Music & Meditation Under the Stars	1,685
SANDS Australia	SANDS Walk to Remember	456
Smile with Kids	Cairns City of Hope	2,698
The Japanese Society of Cairns	Japan Bon Dance Festival	3,445
World AIDS Day Committee	World Aids Day	889
<b>TOTAL EVENTS IN KIND ASSISTANCE</b>		<b>29,729</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Events

#### Sports Tourism Events

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

Applicant	Description	Amount \$
Beach Netball Pty Ltd	Beach Netball Festival	24,406
Australian Indigenous Basketball Inc.	2019 Australian Indigenous Basketball National Tournament	13,000
DanceSport Australia Ltd	North Queensland DanceSport Championships	10,000
Baseball QLD Inc.	Hosting Fee for 2019 U16 State Titles	8,000
Australian Pole Sports Federation Inc.	Australian Pole Sports Championships 2020	7,000
Cairns Basketball Incorporated	Basketball U14 Boys State Championships	5,000
Sports Marketing Australia Pty Ltd	Resource and Performance Agreement	2,200
Sports Marketing Australia Pty Ltd	Payment for securing Beach Netball Festival	2,200
<b>TOTAL SPORTS TOURISM EVENTS GRANTS</b>		<b>71,806</b>

#### Christmas and New Year's Events

The Christmas and New Year's Events Grant supports support organisations in the delivery of Christmas or New Year's themed events that are for the benefit to local communities.

Applicant	Description	Amount \$
Babinda District Community Association Inc.	Christmas in Babinda	3,821
Cairns Arts Society Inc.	Christmas Artisan Fair	3,549
Gordonvale District Chamber of Commerce Inc.	Carols in the Park	3,821
FNQ German Austrian Swiss Association Inc.	Nikolaus (German Christmas)	1,500
Holloways Beach Markets Inc.	Holloways Beach Christmas Carols	1,598
Launchpad for Life (on behalf of Manoora Community Garden)	Green Christmas	1,500
Redlynch Valley Community Group Inc.	Christmas Fair	1,598
Yorkeys Knob Residents Association Inc.	Carols at Yorkeys Knob	1,598
Remote Area Aboriginal & Torres Strait Islander Child Care (RAATSICC)	3MPride Community Christmas Celebration	1,462
Generations Church Ltd	Edmonton Carols by Candlelight	1,092
Ronald McDonald House Charities North Australia	Christmas Lights on the Move	1,669
<b>TOTAL CHRISTMAS AND NEW YEAR'S EVENT GRANTS</b>		<b>23,208</b>

**TOTAL EVENT GRANTS 797,590**



# Cairns Regional Council Expenditure on Grants

## Community grants

### Economic development

#### Economic Development Grant Streams

Applicant	Description	Amount \$
Tourism Tropical North Queensland (TTNQ)	Resource and Performance Agreement	3,400,000
Cairns International Education Providers Incorporated	Resource and Performance Agreement	200,000
QANTAS Freight/Air Niugini	Resource and Performance Agreement	67,902
Citizens of the Great Barrier Reef Foundation	Resource and Performance Agreement	50,000
Super Yacht Group- Great Barrier Reef Inc.	Resource and Performance Agreement	30,000
Babinda Information Centre	Resource and Performance Agreement	12,000
JUTE Theatre Company	Art Investment Snowball	11,021
Babinda District Community Association Inc.	Resource and Performance Agreement	7,500
Tourism Tropical North Queensland (TTNQ)	Chair's Award for Excellence 2019	7,105
<b>TOTAL ECONOMIC DEVELOPMENT GRANT</b>		<b>3,785,528</b>

**TOTAL ECONOMIC DEVELOPMENT GRANT STREAMS 3,785,528**

### Environment and sustainability

#### Community sustainability

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

Applicant	Description	Amount \$
Cairns Area Fish Stocking Group	Resource and Performance Agreement	20,000
Holloways Beach Environmental Education Centre	Resource & Performance Agreement	5,000
Committee for Waste Reduction	Community workshops	4,960
Half Moon Bay Golf Club	Solar system installation	4,500
Manoora Community Garden	Event equipment and signage	4,353
Cairns and District Beekeepers	Community bee keepers workshops	3,834
C&K Balaclava Community Kindergarten	Rainwater tank	2,564
Machans Beach State School P&C Association	Edible garden upgrades	2,250
Gordonvale Community Garden Inc.	Composting equipment	700
<b>TOTAL COMMUNITY SUSTAINABILITY GRANTS</b>		<b>48,161</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Environment and sustainability

#### Nature-based learning

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

Applicant	Description	Amount \$
Balaclava State School	Great Barrier Reef Excursion	2,000
Hambledon State School	Great Barrier Reef Excursion	2,000
Isabella State School	Holloways Beach Enviro Ed Centre Excursion	2,000
Trinity Bay State High School	Hartleys Crocodile Adventures Excursion	1,651
St Joseph's School Cairns	Frankland Islands Excursion	1,650
Trinity Beach State School	Great Barrier Reef Excursion	1,500
Whitfield State School	Recycling and Acquarium Excursion	1,500
Smithfield State High School	Cattana Wetlands Excursion	1,480
Babinda State School	Fitzroy Island Reef Camp	1,000
Freshwater Christian College	Great Barrier Reef Excursion	1,000
Woree State High School	Port Douglas Ecosystems Excursion	1,000
Woree State High School	Great Barrier Reef Excursion	1,000
Cairns State High School	Green Island Geography Excursion	907
Cairns State Special School	Tinaroo Environmental Education Centre	804
Gordonvale State School	Cairns Dome Excursion	500
<b>TOTAL NATURE-BASED LEARNING GRANTS</b>		<b>19,992</b>
<b>TOTAL ENVIRONMENT AND SUSTAINABILITY GRANTS</b>		<b>68,153</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Other support

Major local community facility development activity			
Applicant		Description	Amount \$
Cairns Historical Society North Queensland Inc.		Resource and Performance Agreement	266,350
FNQROC		Resource and Performance Agreement	156,000
Mulgrave Settlers Museum		Maintenance and Electricity Supplement	21,080
Board of Queensland Museum		Resource and Performance Agreement	20,258
Bats and Trees Society of Cairns		Resource and Performance Agreement	15,000
Animal Welfare League of Qld		AWLQ NDN program - Council funding contribution for subsidised cat desexing	13,636
Northern Pride Rugby League Club Inc.	Football	Resource and Performance Agreement	52,834
Cairns & District Association	Junior Eisteddfod	Resource and Performance Agreement	31,928
<b>TOTAL MAJOR LOCAL COMMUNITY FACILITY DEVELOPMENT ACTIVITY</b>			<b>577,086</b>

Major Community Infrastructure			
Applicant		Description	Amount \$
River Improvement Trust		Resource and Performance Agreement	200,000
<b>TOTAL MAJOR COMMUNITY INFRASTRUCTURE</b>			<b>200,000</b>

Donations			
Applicant		Description	Amount \$
Cairns Turtle Rehabilitation Centre		CRC Workplace Giving	4,545
Stratford and Freshwater Association	Community	Lets talk about it Project	500
<b>TOTAL DONATIONS</b>			<b>5,045</b>

# Cairns Regional Council Expenditure on Grants

## Community grants

### Other support

Rates-based Financial Assistance		
		Amount \$
Not For Profit Community Groups	146 Recipients	956,700
Not For Profit Sporting & Recreation Groups	83 recipients	452,818
Cairns Show Association	1 receipt	39,800
<b>TOTAL RATES BASED FINANCIAL ASSISTANCE</b>		<b>1,449,318</b>

Sponsorship		
Applicant	Description	Amount \$
Taipans Basketball Incorporated	2019/20 NBL Season	125,000
News Corp Australia	Future Tourism Marketing	15,165
Cowboys Rugby League Football Limited	Season 2020 Partnership- QRWL NQ Gold Stars	10,000
Cairns Convention Centre	Annual Sign-on Day	5,000
Conference Design Pty	Coast to Coast Conference	2,727
Cairns Business Women's Club	Sponsor CBWC Awards 2020 Small Business of the Year Award	2,700
Trade and Investment Queensland	Breakfast with Queensland's Commissioners Event	2,273
QLD Government (Office of Industrial Relations)	Safe Work Month Breakfast Forum	1,200
Travis Bain	Understory Film Festival Prize	1,000
Vasco Gonsalves	Understory Film Festival Prize	1,000
RAIA Queensland	FNQ AIA Awards	750
James Cook University	JCU Sustainability & Planning Students	600
Andrian Rayner	Understory Film Festival Prize	500
Renee Wilson	Understory Film Festival Prize	500
Thaine Wood	Understory Film Festival Prize	500
LGMA Awards	LGMA Awards	455
<b>TOTAL SPONSORSHIP</b>		<b>169,370</b>

**TOTAL OTHER 2,400,819**

**TOTAL EXPENDITURE ON GRANTS 7,868,326**

# CORPORATE PLAN

2017 – 2022

AT A GLANCE

Cairns  
Regional  
COUNCIL

## OUR VISION

- Value our natural environment, lifestyle and surroundings
- Support and respect distinctive and vibrant communities
- Be innovative and creative, grow and diversify our economy

## OUR PURPOSE

*To serve the community*

## OUR STRATEGY

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

# OUR STRATEGIC GOALS

### ECONOMY

#### WHAT WE WANT TO SEE IN 2022

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

#### STRATEGIC OBJECTIVES

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

#### HOW WE WILL MEASURE OUR PERFORMANCE

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

### NATURAL ASSETS

#### WHAT WE WANT TO SEE IN 2022

That our iconic natural assets are maintained, enhanced and connected

#### STRATEGIC OBJECTIVES

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

#### HOW WE WILL MEASURE OUR PERFORMANCE

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

### LIVEABILITY

#### WHAT WE WANT TO SEE IN 2022

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

#### STRATEGIC OBJECTIVES

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

#### HOW WE WILL MEASURE OUR PERFORMANCE

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

### COMMUNITY & CULTURE

#### WHAT WE WANT TO SEE IN 2022

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

#### STRATEGIC OBJECTIVES

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

#### HOW WE WILL MEASURE OUR PERFORMANCE

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

### SERVING THE COMMUNITY

#### WHAT WE WANT TO SEE IN 2022

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

#### STRATEGIC OBJECTIVES

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

#### HOW WE WILL MEASURE OUR PERFORMANCE

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





# Cairns Regional Council Corporate Plan

## Assessment of progress towards Corporate Plan

On the 26 June 2017, Council adopted the Corporate Plan 2017-2022. This document provides strategic direction for all activities to be undertaken by Council over the five (5) financial years ending 30 June 2022. 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 Plans. Specifically, each Operational Plan activity is linked to the Corporate Plan's strategic goals. The Chief Executive Officer's assessment of Council's progress in 2019-2020 towards the five-year Corporate Plan and Annual Operational Plan is outlined below.

It should be noted that COVID-19 has had a significant impact on Council's operations in 2019-20. These impacts were not envisaged at the time the 2019-20 Operational Plan that was adopted by Council on 3 July 2019. Council has implemented a range of initiatives in response to COVID-19, which included the establishment of specific governance structures to oversee the local response to the pandemic. This governance structure included:

- A Local Leadership Committee (LLC) comprised of Mayor Bob Manning, State Member for Cairns Michael Healy and Federal Member for Leichhardt the Hon Warren Entsch
- A Human and Social Sub-Committee (HSSC) chaired by Council's Manager Community Development with a range of external stakeholders also represented. The purpose of the HSSC is to support and help coordinate response and recovery activities related to human and social systems of the Cairns region in response to the impacts of COVID-19
- An Economic Response and Recovery Sub-Committee (ERRSC) chaired by Council's Chief Executive Officer with a range of external stakeholders represented. The purpose of the ERRSC is to support and help coordinate the economic recovery of the Cairns region in response to the impacts of COVID-19

Council dedicated significant resources to support the activities of the above committees to ensure a coordinated and effective response.

In addition, there have been a range of impacts to Council's usual operating activities during the year as a result of social distancing and other measures/restrictions implemented by various levels of government in response to COVID-19. Council has proactively worked with representatives of Queensland Government departments and agencies as well as other stakeholders to assist (where relevant) with the implementation of such measures and to minimise the disruption to Council's service deliver.





# 1. ECONOMY

## WHAT WE WANT TO SEE IN 2022

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

### Key outcomes/progress

- **Economic Development Strategy** - Comprehensive review of Council’s Economic Development Strategy 2018-2022 undertaken, which has informed its continued implementation. This has included adaptation in response to COVID-19
- **Cairns 2050 Shared Vision** - Ongoing implementation and advocacy relating to the vision and Council’s State and Federal Advocacy Priorities documents, which were endorsed in December 2019
- **Babinda and Gordonvale Economic Development Plans** – Updated plans were endorsed by Council in September 2019 and implementation has been ongoing
- **Funding for Tourism** – Continued implementation and management of Council’s Resource and Performance Funding Agreement with Tourism Tropical North Queensland (TTNQ) with \$3.4 million in funding provided to TTNQ for the year ended 30 June 2020
- **Industry Support** – Review and ongoing management of Council’s Resource and Performance Funding Agreements with Super Yacht Group Great Barrier Reef Inc., Study Cairns Inc., Citizens of the Great Barrier Reef Foundation Limited and Taipans Basketball Incorporated (sponsorship agreement)
- **University Engagement and Collaboration** – Entry into a new five-year Memorandum of Understanding (MoU) with James Cook University and ongoing collaboration and engagement with James Cook University and CQUniversity pursuant to Council’s MoUs with both universities across a range of projects and initiatives
- **Procurement** – Delivery of the 2019-2020 State of Procurement Report which highlighted that Council’s operations delivered a \$677 million positive economic impact for the Cairns community with 86% of procurement expenditure spent locally
- **Cairns Investment Prospectus** – Development and distribution of an updated Cairns Investment Prospectus providing a suite of information supporting the case for private sector investment in Cairns.







## 2. NATURAL ASSETS

### WHAT WE WANT TO SEE IN 2022

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



Cairns Region Biosecurity Plan  
2019 – 2024

#### Key outcomes/progress

- **Biosecurity Plan** – Ongoing implementation of Council’s Biosecurity Plan with specific weed, pest and engagement programs in progress incorporating annual reviews for effectiveness and refinement
- **Operational Fire Strategy** - Strategy adopted by Council in September 2019. Fuel load reduction burns, fire trail maintenance, training and related tactical plans are in progress with annual reviews for effectiveness and refinement
- **Litter and Illegal Dumping** – Continued implementation of Council’s Litter and Illegal Dumping Action Plan including continued support for the Plastic Free Cairns Program and appointment of two Illegal Dumping Compliance Officers for a 12-month period, utilising funding from the Queensland Government Illegal Dumping Partnerships Program to support compliance and education initiatives
- **Materials Recovery Facility** – Commenced construction of Council’s upgraded Materials Recovery Facility (MRF) which will result in a significant increase in the volume of recyclable materials able to be diverted from landfill
- **Coastal Hazard Adaptation Strategy (CHAS)** – Strategy development continues. Coastal hazards have been mapped, risk assessment of priority assets undertaken and initial rounds of stakeholder and traditional owner engagement completed
- **Energy Management Plan** – Installation of 1.8MW of ground and roof mounted solar at Council’s five major waste water treatment plants with local businesses engaged in construction. This is expected to be completed in August 2020. A number of further initiatives are in progress or under investigation including options to transition to LED streetlights
- **CO<sup>2</sup> Emissions** – A detailed investigation into the options available to Council to set new renewables and emissions target for 2030 is currently being undertaken and due for completion in 2020-21
- **State of the Environment Report** - The 2019 State of the Environment Report was presented to Council at its Ordinary Meeting on 22 July 2020 and outlines the continued progress made by Council on a range of environmental and sustainability performance initiatives



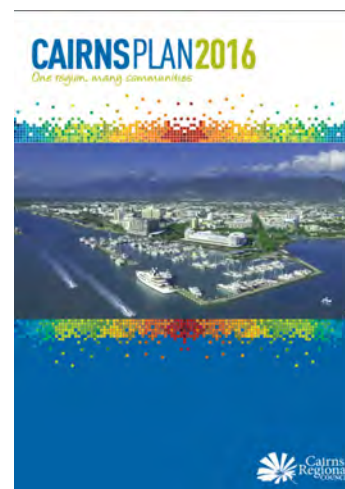
## 3. LIVEABILITY

### WHAT WE WANT TO SEE IN 2022

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

#### Key outcomes/progress

- **Northern Beaches Leisure Trail** – Implementation is ongoing with the Clifton Beach to Palm Cove section of trail now 90% complete. Path alignment through Machans Beach and Holloways Beach has been approved and contract for the construction of a pedestrian bridge over Barr Creek has been awarded
- **Road and Transport Network Advocacy** – Ongoing participation in the Cairns Traffic Advisory Committee. Participation in project meetings associated with the delivery of the Smithfield Bypass, Bruce Highway Southern Access Corridor and Edmonton to Gordonvale upgrade projects. Specific advocacy activities to the State and Federal Governments relating to future upgrades required on the Bruce Highway, Captain Cook Highway, Cairns Western Arterial Road and Kuranda Range Road Transport corridors
- **Florence Street Upgrade Project** – Project is now well advanced with signalisation of intersections and street and footpath upgrades delivered. Project completion expected by August 2020
- **CCTV Strategy** – A range of initiatives have been implemented including: new contracts awarded for CitySafe services and CCTV monitoring; CCTV software upgrade completed; and server room relocation is progressing
- **Planning Scheme** – Council endorsed the Major Amendment to the Planning Scheme to proceed to the State Interest Review at Council's Ordinary meeting on 24 June 2020
- **Esplanade Dining Precinct** – Council has approved the fast-tracked delivery of this \$28 million project. Stage 1 works commenced in July 2020
- **Council Pound Facility** – Engaged contract for detailed design of new facility based on concept design and quantity surveyor review
- **Natural Disaster Resilience** – Three resilience projects funded and planning commenced:
  - Insurance levels research in Cairns region
  - Business preparedness and response
  - Ecosystem services disaster resilience capacity



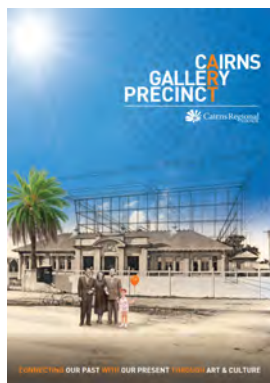




## 4. COMMUNITY & CULTURE

### WHAT WE WANT TO SEE IN 2022

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



### Key outcomes/progress

- **Munro Martin Parklands** – The upgrade of back of house facilities at Council’s Munro Martin Parklands venue was delivered during the year providing improvements to both spectator and performer experience
- **‘Old’ Cairns Courthouse** – Heritage refurbishment and restoration works on the ‘old’ Cairns Courthouse building located on Abbott Street has continued and is due for completion in December 2020
- **Cairns Gallery Precinct** – The business case for the Cairns Gallery Precinct project (utilising funding provided by the Queensland Government) was completed in early 2019 and Council resolved to proceed with the project subject to securing funding for two thirds of the project’s capital cost from the Queensland and/or Federal Government. Advocacy activities to seek commitments for this external funding are ongoing
- **Antisocial Behaviour (Advocacy and Collaboration)** – Regular attendance by Council Officers at Homelessness Taskforce meetings and regular engagement with the Queensland Police Service and other service providers to address antisocial behaviour within Cairns, particularly in the city centre
- **Cairns Strategy for Culture and the Arts 2022** – The Cairns Strategy for Culture and the Arts 2022 was endorsed by Council in March 2018 and implementation has been ongoing. A report on the progress made in Year 1 (2018-2019) against the three priority objectives contained in the strategy was presented to Council’s Ordinary Meeting on 27 November 2019
- **First Peoples Advisory Committee** – Council has continued to convene regular meetings the First Peoples Advisory Committee (FPAC) during 2019-2020. FPAC provides comment, feedback and direction on issues that relate to Aboriginal and Torres Strait Islander people and their communities. Meeting minutes are published on Council’s website





## 4. COMMUNITY & CULTURE CONT.

### Key Outcomes/Progress

- **Community and Cultural Grant Programs** – Through a range of programs, Council provides financial and in-kind assistance to eligible community groups and organisations for cultural, social, sport and economic development initiatives. Implementation of these programs has been ongoing throughout 2019-2020
- **Events Strategy** – Continued implementation of Council’s Event Strategy (albeit with delivery adversely impacted by COVID-19) with key events supported during 2019-2020 including:

Event	Date
Red Hot Summer Festival	April 2019
7 Cairns Marathon Festival	April 2019
Cairns Airport IRONMAN Cairns Asia Pacific Championships	June 2019
Cairns Show	July 2019
Relay for Life	July 2019
Swimming Australia, Australian Dolphins Training Camps	July 2019
Cairns Cup	August 2019
Reef to Reef	August 2019
Gordonvale Pyramid Race	August 2019
Targa Great Barrier Reef	September 2019
Cairns Amateurs	September 2019
Cairns Tennis International	September 2019
Sydney FC Training Camp and Trial Match	September 2019
Cairns Pride Festival	October 2019
Grass is Greener	October 2019
Reef Feast	October 2019
Crocodile Trophy	October 2019
Babinda Harvest Festival	October 2019
Australian Indigenous Basketball Championships	December 2019
Chinese New Year	January 2020
Cowboys vs Broncos NRL Trial Match	February 2020



# 5. SERVING THE COMMUNITY

## WHAT WE WANT TO SEE IN 2022

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

### Key outcomes/progress

- Fiscal Responsibility and Stability** – An operating deficit of \$1.6m was incurred for the 2019-2020 financial year reflecting the adverse impacts of COVID-19 on Council’s financial operations. Council’s 2020-2021 budget was adopted on 1 July 2020. The 2020-2021 budget has been developed to take into account the anticipated impacts and response to COVID-19 and provides for a 1.8% rate rise, a record \$181 million capital works program as well as a range of other initiatives
- Capital Works Program** – Delivery of \$165.5M in capital works across a variety of Council operations for the 2019-2020 financial year
- Technology One Business Improvement (TOBI) Program** – Council has commenced implementation of a new enterprise software system that will result in efficiency and customer service improvements across the organisation. Release one (procurement and finance) was successfully launched in March 2020
- Customer Satisfaction** – Customer satisfaction remains a high priority for Council. Council has performed well in this regard, achieving an external customer satisfaction index of 82%
- Asset Management System** – Updates and upgrades to Council’s asset management systems have been implemented to provide improved information for effective management and maintenance of capital assets
- Cairns Water Supply: Levels of Service Review** – Levels of Service (LoS) in water supply terms refers to the long-term assessment of performance (e.g. restriction frequency and severity) against the cost to provide the service at a certain level of risk (e.g. associated with a shortfall in supply). A comprehensive review of Council’s LoS in this regard was completed during the year with modifications to the performance targets within the existing LoS framework for Cairns adopted by Council on 11 December 2019
- Demand Management (Water) Strategy** – Various initiatives either implemented or ongoing include: bulk water meter audit, development of demand management analytics and reporting, successful delivery of phase one of Council’s Smart Water Meters project





# Cairns Regional Council Commercial Business Unit

## Cairns Water & Waste

### Overview

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

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

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

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

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

### Water supply

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

#### Principal assets include:

**Major Water Sources** Copperlode Falls Dam (Lake Morris)

Behana Creek (Intake)

**Major Treatment Plant** Freshwater Creek Water Treatment Plant at Tunnel Hill

**Minor Intakes** Fourteen (14) minor intakes

**Kilometres of Mains** ~2,212.23 kilometres\*

\*Data sourced from 20/21 Asset Management Plan Water Assets #4954376v7

\*Data sourced from 18/19 SWIM report

Major Capital Works projects undertaken within the water supply system in 2019/2020 were:

- Continuation of the Smart Water Meters Project \$572K
- Refurbishment of Freshwater Creek Water Treatment Plant (Filter 4 Upgrade) \$1.22M
- Water Main Replacement FY19/20 Program \$3.5M
- Yorkeys Knob Trunk Water Main (McGregor Road to Yorkeys Knob Road) \$1.55M and
- Henley Hill No. 3 Water Reservoir Refurbishment \$836K

### Wastewater obligations

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

#### Principal assets include:

**Major Treatment Plants** 6

**Sewage Pumping Stations** 180

**Kilometres of Mains** ~1,311.7 kilometres\*

\*Data sourced from 20/21 Asset Management Plan Wastewater Assets #4954281v8 and SWIM data 19/20

\*Data sourced from 18/19 SWIM report

Major Capital Work projects undertaken within the wastewater system in 2019/20 were:

- Commencement of Lilly St Sewer pump station (SPSK) replacement \$1.49M
- In situ Sewer Main and Manhole Refurbishment Program 2019/20 \$3.29M
- Northern and Southern Wastewater Treatment Plant membrane replacement \$1.55M
- Sewer Pump station R1 upgrade \$1.55M
- Sewer Pump station S1 upgrade \$1.45M and
- Babinda Wastewater Treatment Plant primary sedimentation tank and associated works \$1.42M

# Cairns Regional Council Commercial Business Unit

## Cairns Water & Waste

### 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 Reduction & Recycling Strategy 2018-2027](#).

#### Principal assets include:

<b>Materials Recovery Facility</b>	Portsmith
<b>Regional Container Processing Facility</b>	Portsmith
<b>Waste Transfer Stations</b>	Portsmith Smithfield Gordonvale Babinda Bramston Beach
<b>Buy Back Shop</b>	Portsmith
<b>Closed Landfills</b>	Portsmith Babinda Gordonvale White Rock Machans Beach Yorkeys Knob
<b>Waste Treatment &amp; Disposal</b>	Portsmith

(Contractual arrangement with a commercial entity SUEZ Environment to accept, treat and dispose of Council waste in an Advanced Resource Recovery Facility)

Major Capital Work projects undertaken within the wastewater system in 2019/20 financial year:

- Materials Recovery Facility Equipment renewal \$1.75M;
- Materials Recovery Facility New Shed \$4.5M and
- Portsmith Transfer Station Infrastructure upgrades \$650K

#### Annual Statement of Operations

Water and Waste's 2019/20 Annual Performance Plan (the Plan) was the agreement with Cairns Regional Council to deliver water, wastewater and solid waste services. The Plan described Water and Waste's scope of activities, responsibilities, service to customers, the environment, asset management and its financial policies.

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

The *Water Supply (Safety and Reliability) Act 2008* s 115 requires water service providers to prepare and publish Customer Service Standards (CSS's). The Customer Service Standards are intended to protect customers where there is no contract between them and the water service provider. This is to ensure customers are adequately informed about the service they are receiving, the level of service they can expect to experience and how they interact with the provider.

#### Amendments to annual performance plan

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 (Cairns Water)
- 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
- Aggregation, processing, recovery and disposal of domestic, commercial and not-for profit charitable self-hauled waste and recycling.
- Environmental monitoring and management of closed landfills
- Trade waste services
- Review of plumbing applications, plumbing approvals
- Community education programs

Water 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 plans for Water & Wastewater
- Installation of new water supply & wastewater services
- Miscellaneous maintenance services for water & wastewater
- NATA Accredited Services at Council's Water laboratory
- Buy Back Shop
- Business Recycling
- Regional Container Processing

# Cairns Regional Council Commercial Business Unit

## Cairns Water & Waste

### Community service obligations

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

<b>Activities</b>	
<b>Water</b>	<b>\$</b>
Service locations	20,184
Fire hydrants maintenance	730,934
<b>Total</b>	<b>751,118</b>
<b>Wastewater</b>	
Service locations	47,658
<b>Total</b>	<b>47,658</b>
<b>Solid waste management</b>	
Free disposal general waste	315,767
Free disposal green waste	268,275
Free mulch	206,466
Schools recycling	31,010
In-kind waste and recycling collections	12,538
<b>Total</b>	<b>834,056</b>

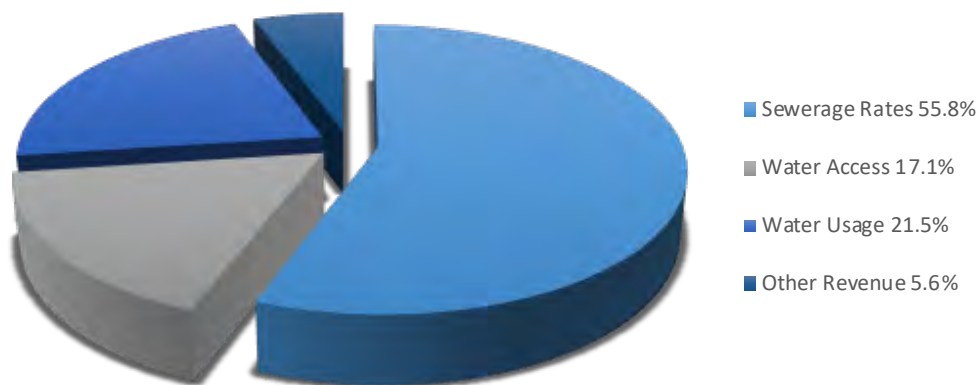
# Cairns Regional Council Commercial Business Unit

## Water and Wastewater services

### Financial indicators

#### Cairns Water & Wastewater revenue 2019/20

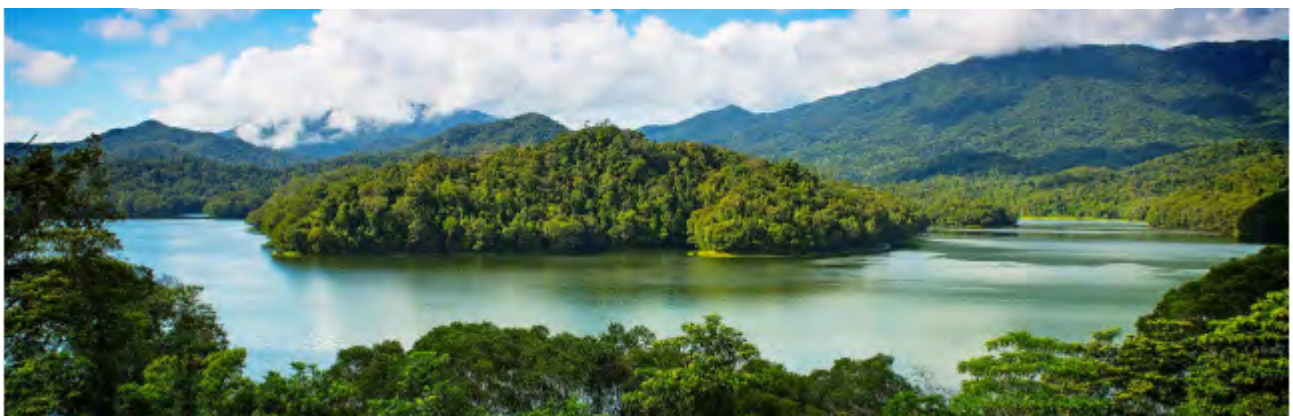
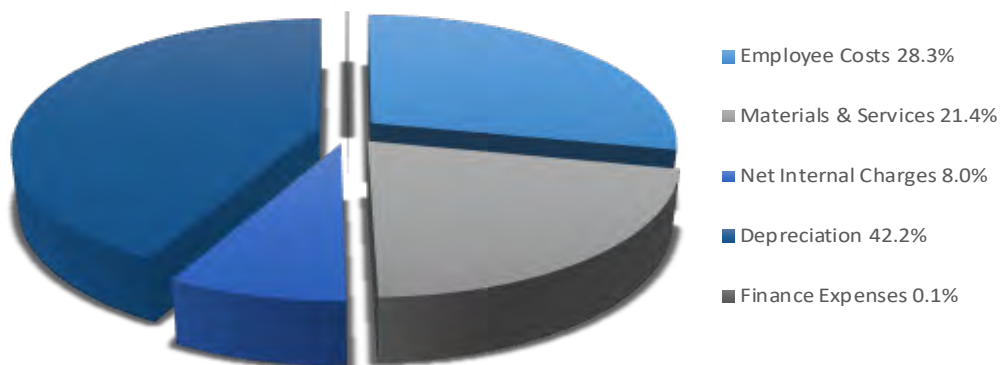
Water and Wastewater actual income was received from the following sources:



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#### Cairns Water & Wastewater expenditure 2019/20

Water and Wastewater actual resources are allocated the following way:





# Cairns Regional Council Commercial Business Unit

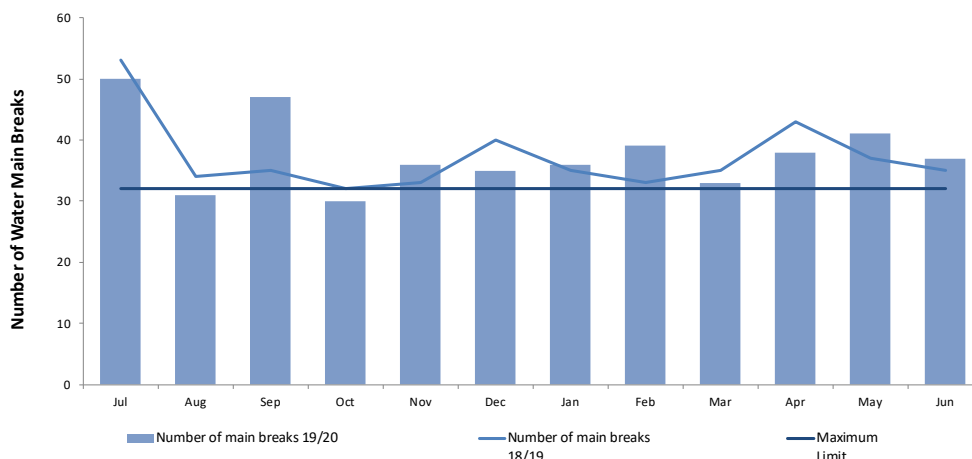
## Water and Wastewater services

### Cairns Water & Wastewater revenue 2019/20

Water and Waste reported on the Key Performance Indicators (KPIs) to Council on a quarterly basis during 2019/20. Graphs showing the performance for each indicator by month are displayed below.

Performance Indicator	Target
<b>Water supply</b>	
1 Total water main breaks (QG4.5/AS8)	18 per 100km Main
2 Incidence of unplanned interruptions - Water (QG4.7/CS17)	50 per 1,000 properties
3 Average response time for water incidents (bursts & leaks) (QG4.8/CS66)	120 minutes
4 Water quality complaints (QGA4.10/CS9)	3 per 1,000 properties
<b>Sewerage system</b>	
5 Total sewerage main breaks and chokes (QG4.6/AS39)	16 per 100 km
6 Average response time for sewerage incidents (including main breaks and chokes) (QG4.9/AS65)	120 minutes
<b>Customer complaints</b>	
7 Water quality complaints (S)	per 1,000 properties per year
8 Total water and sewerage complaints (QG4.11/CS13)	10 per 1,000 properties

### Water supply



In 2019/20 financial year (FY), the total number of water main breaks was slightly higher with eight more breaks accounted for compared to 18/19 FY. Two of the twelve months did not exceed the maximum limit. July saw a spike of breaks caused by pipe corrosion.

Throughout the year, there was a variety of contributing factors leading to the main breaks identified including age of pipe, pipe deterioration, corrosion, environmental conditions and tree root damage. Pipe bedding movement around water mains could have also impacted on the number of breaks. This data is utilised to inform and develop the Infrastructure Asset Renewal Programme.

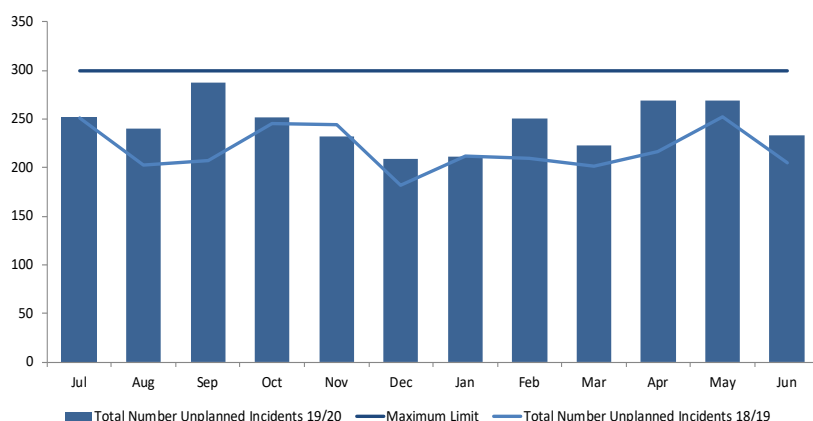
# Cairns Regional Council Commercial Business Unit

## Water and Wastewater services

### Water supply

The number of unplanned interruptions did not reach the maximum limit in any month throughout the year.

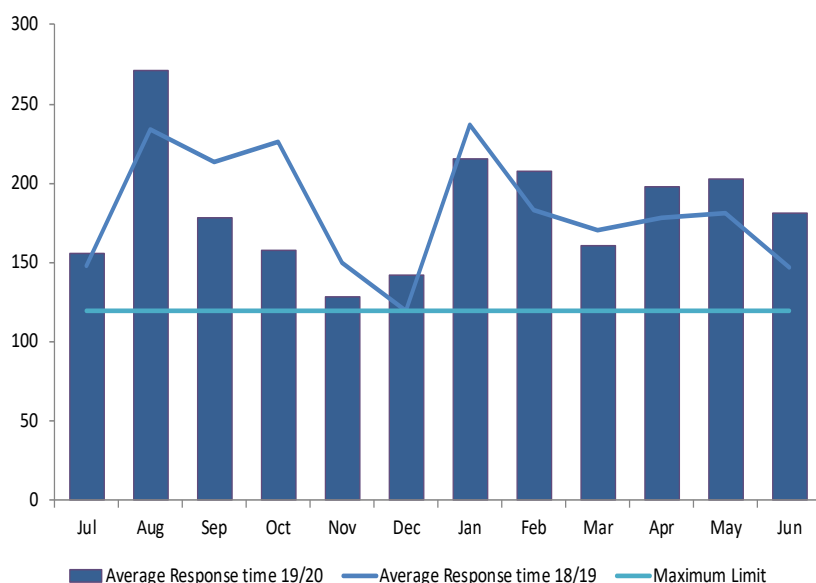
Incidence of unplanned interruptions



Average response time for water incidents

The targeted average response time was not met for any month throughout the 2019/20 FY. This data includes average response time to all incidents where urgent water incident response times were recorded together with non-urgent response times. Changes were made to the data collection for this indicator during the 19/20 reporting period. Urgent and non-urgent incident response times were also tracked separately to give a more accurate representation of operational performance.

Typically, non-urgent incidents will have a longer response time due to the nature of the incident. Please see below graph for a breakdown of the urgent incidents. Non-urgent is a leaking water meter. Urgent is major leak in hydrants/valves or main break.



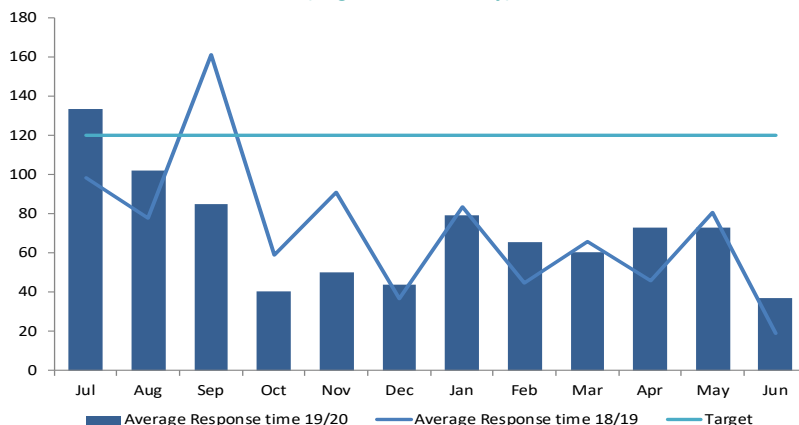
# Cairns Regional Council Commercial Business Unit

## Water and Wastewater services

### Water supply

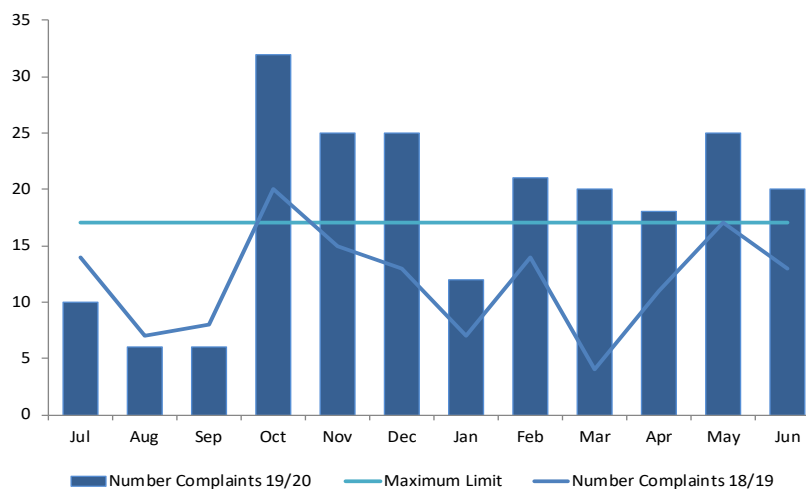
Average response time to urgent breaks in water pipes, achieved a satisfactory result for all months except July, which exceeded the maximum limit.

Average response time for water incidents  
(Urgent Breaks Only)



The total number of water quality complaints in 2019/20 increased by 77 compared to 18/19. October through to December saw very dry weather. The spike in drinking water quality complaints could be attributed to the higher than normal water demand and increased velocity in the main pipe causing mixing of sediment that has settled in the system. In February, five internal plumbing issues caused a small spike in complaints. March through to July, the complaints were over target, however, there were a number of major trunk water main shut downs during this period that may have contributed to these higher results.

Drinking water quality complaints



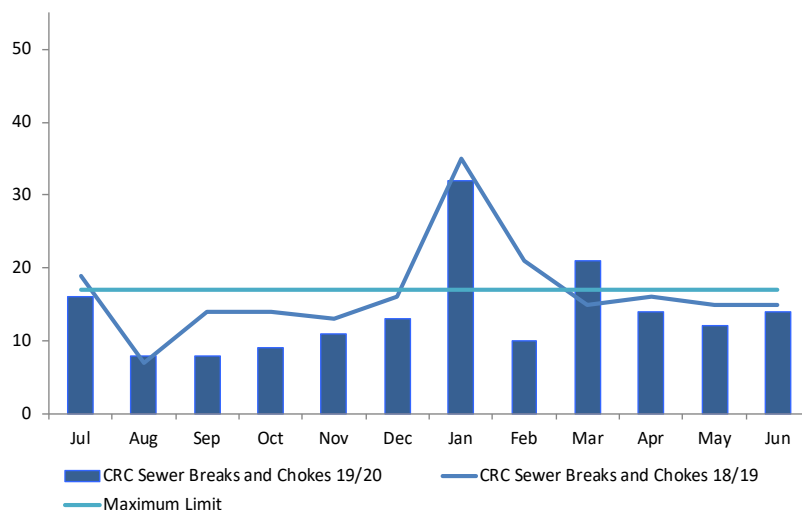
# Cairns Regional Council Commercial Business Unit

## Water and Wastewater services

### Sewerage system

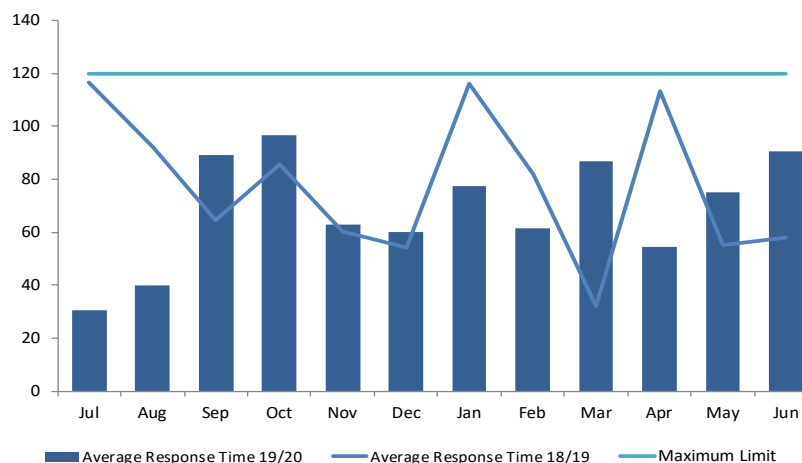
The total number of sewer main breaks and chokes were below target for the first 6 months of the financial year. In January, the maximum limit was exceeded due to high rainfall and infiltration in to the sewer network. There were a higher than normal number of chokes and blocks during March to the end of the financial year. This was related to the sewer network being impacted by the community using alternative materials during the COVID-19 event where toilet paper was in low supply. A social media campaign was introduced to manage this issue. There were no third party breaks recorded throughout the financial year.

Number of sewer breaks & chokes



The average response times to sewerage incidents were below the KPI each month in 2019/20.

Average response time to sewerage incidents





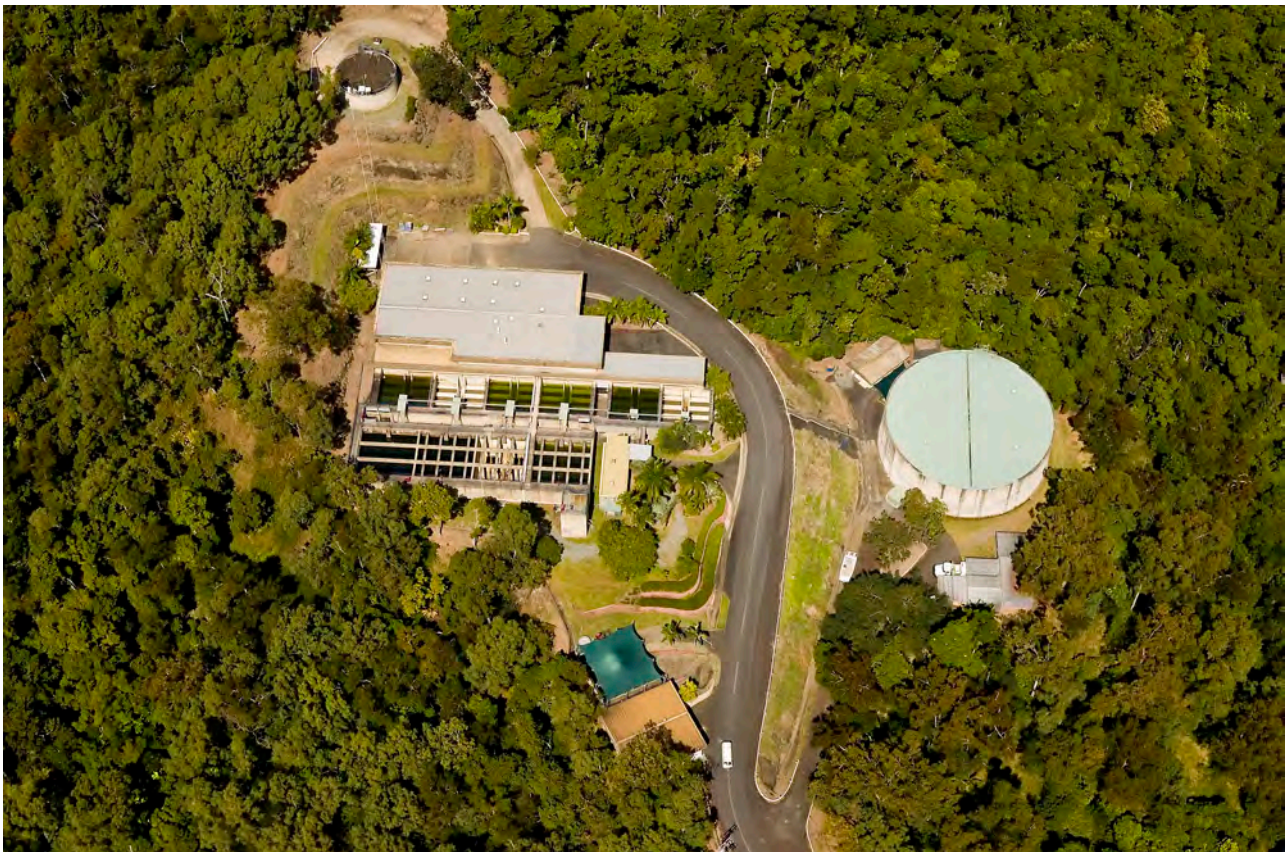
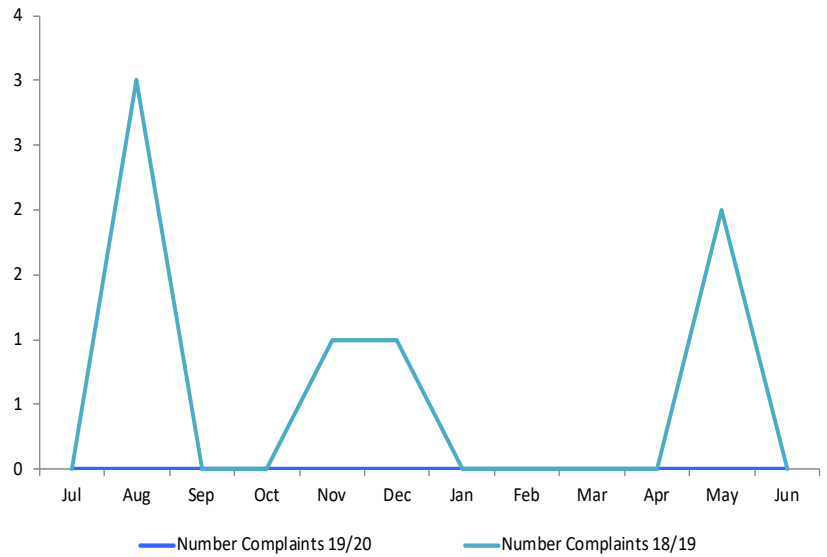
# Cairns Regional Council Commercial Business Unit

## Water and Wastewater services

### Customer complaints

No water and sewerage complaints were received for 2019/20 financial year. This indicator was well under target levels.

Total water and sewerage complaints



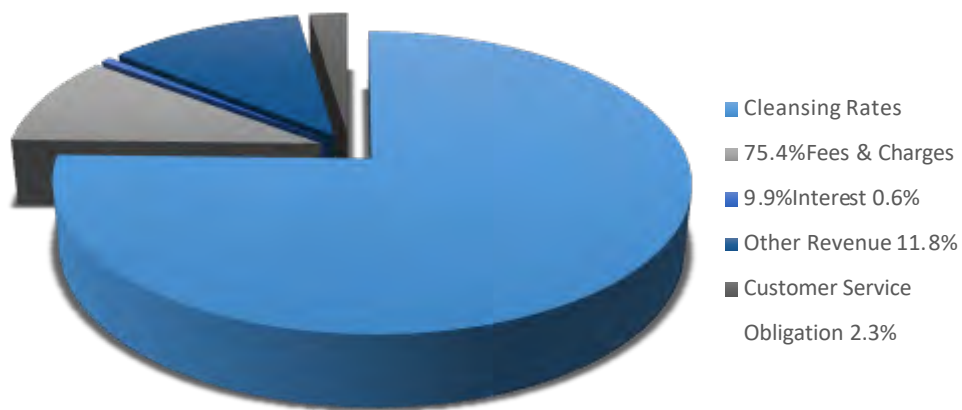
# Cairns Regional Council Commercial Business Unit

## Waste services

### Financial indicators

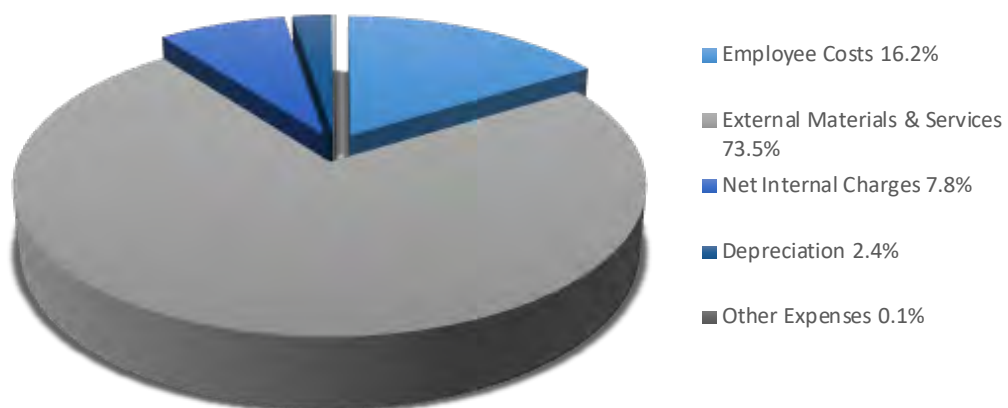
#### Cairns waste revenue 2019/20

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



#### Cairns waste expenditure 2019/20

Waste's actual resources were allocated the following way:





# Cairns Regional Council Commercial Business Unit

## Waste services

### Waste services

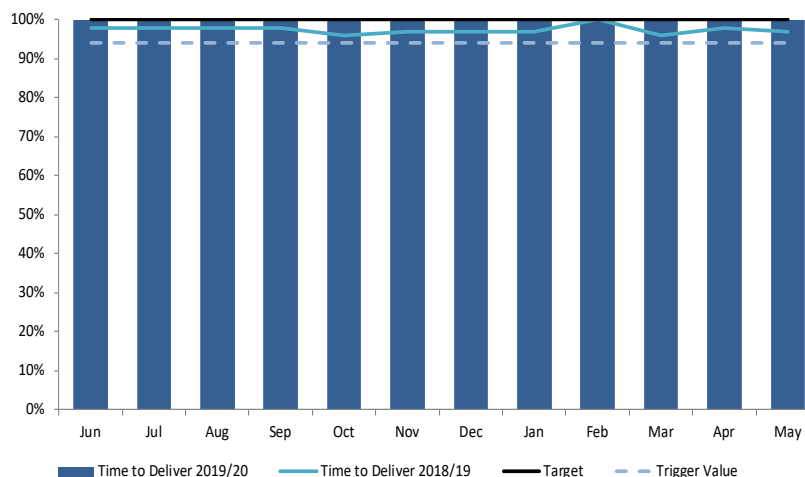
#### Service indicators

Water and Waste reported on the following KPIs to Council on a quarterly basis during 2019/20. Graphs showing the performance for each indicator by month are displayed below.

Performance indicator	Target
<b>Effective collection of residential waste</b>	
1 New bin delivery	100% within 48 hours
2 Missed services - kerbside waste	Less than or equal to 1 per 1,000 services
3 Response time to missed services - kerbside waste	100% within 24 hours
4 Missed services - kerbside recycling	Less than or equal to 1 per 1,000 services
5 Response time to missed services - kerbside recycling	100% within 24 hours
6 Response time to repair/replacement requests - kerbside waste and recycling	100% within 24 hours

The time taken to deliver new waste & recycling bins were performed satisfactory. Over 1,300 requests were received for new bins (100% completed within 48hrs).

Time taken to deliver new waste & recycling bins



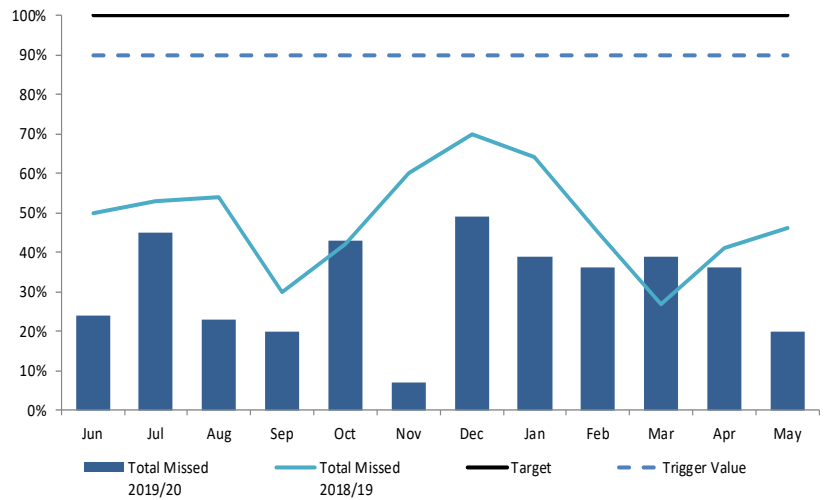
# Cairns Regional Council Commercial Business Unit

## Waste services

### Waste services

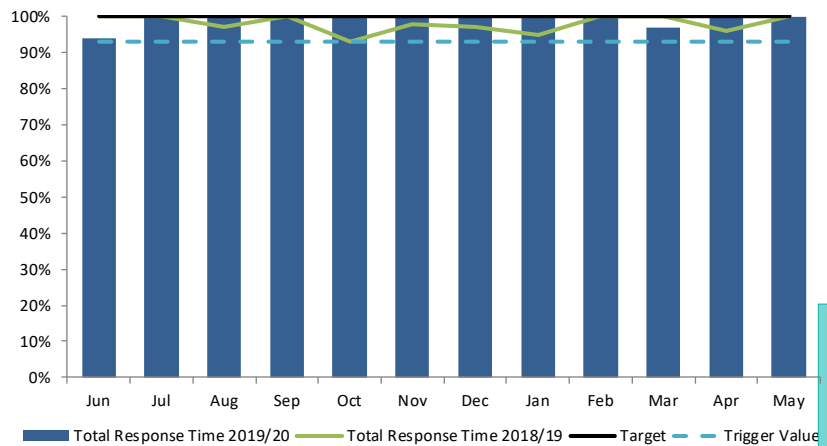
The missed services for kerbside waste & recycling figures were satisfactory. Over 4.5M collections with 285 missed (0.01% missed bins).

Missed waste & recycling services per 5,000 services



The Response time to missed services kerbside waste & recycling was performed satisfactorily. 283 of the 285 missed services were responded to within 24hrs (99.30% completed within 24hrs).

Response time to missed services



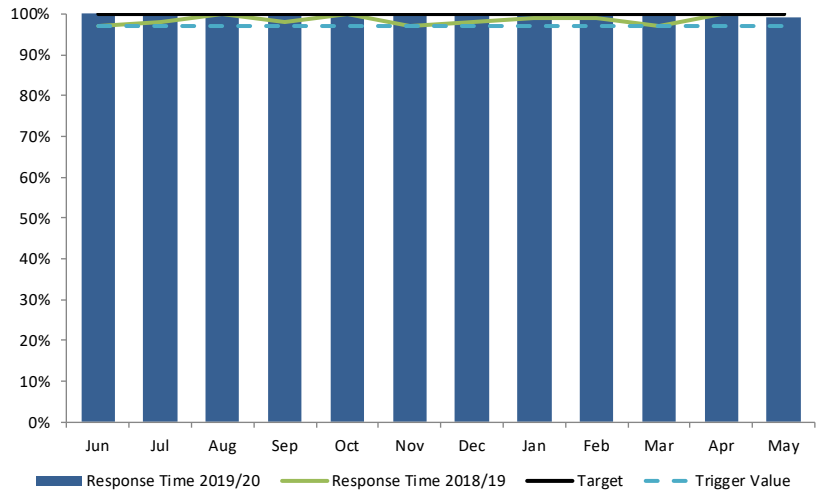
# Cairns Regional Council Commercial Business Unit

## Waste services

### Waste services

The response time to repair / replacement requests for kerbside waste & recycling was performed satisfactorily. 4,474 of the 4,490 repair requests were responded to within 48hrs. (99.92% completed within 48hrs).

Response time to repair / replacement requests - kerbside waste & recycling

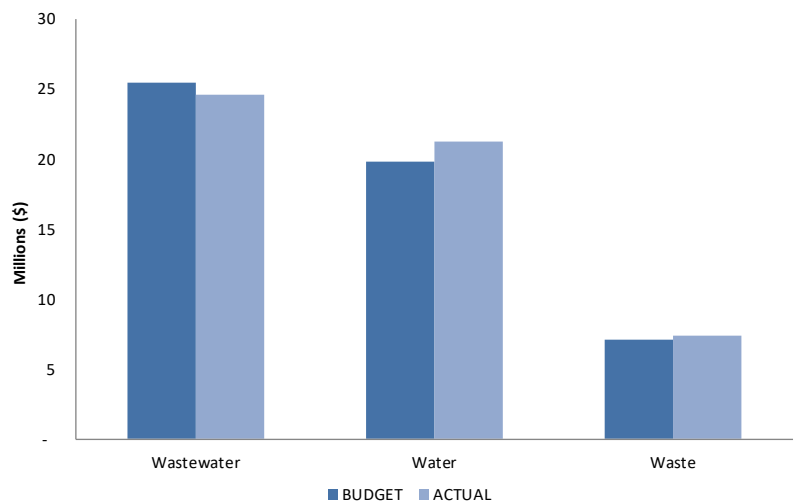


### Capital works

Capital Works delivered by Water and Waste for Water, Wastewater and Waste Management totalled \$53.2 million. This expenditure was 102% of the budgeted amount of \$52.4 million.

Capital expenditure by program

A great deal of effort was focused on pre-planning. Resource allocation of projects was undertaken prior to the start of the year. This translated into exceptional results where the department was able to deliver allocated capital budget across 126 approved water, wastewater and waste projects.



# Cairns Regional Council

## Commercial Business Unit

### Water and Wastewater services operating statement

	2019/20 Actual \$000	2019/20 Budget \$000
<b>Operating revenue</b>		
Net rates and utility charges	124,451	124,280
Fees and charges	5,705	5,078
Interest	939	1,096
Miscellaneous revenue	952	966
<b>Total operating revenue</b>	<b>132,047</b>	<b>131,420</b>
<b>Operating expenditure</b>		
Employee benefits	24,142	23,238
Materials and services	25,029	24,790
Depreciation and amortisation expenses	35,961	36,883
Finance costs	72	-
<b>Total expenses</b>	<b>85,203</b>	<b>84,911</b>
<b>OPERATING CAPABILITIES BEFORE CAPITAL ITEMS &amp; INCOME TAX</b>	<b>46,844</b>	<b>46,510</b>
<b>Capital Items</b>		
Gain/(Loss) on disposal of property, plant and equipment	( 7,375 )	( 2,721 )
Contributed assets	2,850	7,369
Other capital contributions	714	1,960
Subsidies and grants	1,226	2,269
<b>Total capital items</b>	<b>( 2,585 )</b>	<b>8,877</b>
<b>INCREASE/(DECREASE) IN OPERATING CAPABILITY BEFORE TAX</b>	<b>44,259</b>	<b>55,387</b>
Income tax benefit/(expense)	( 13,278 )	( 16,616 )
Dividend income/(expense)	( 26,192 )	( 34,542 )
<b>INCREASE/(DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX</b>	<b>4,789</b>	<b>4,229</b>

# Cairns Regional Council

## Commercial Business Unit

### Waste Services operating statement

	2019/20 Actual \$000	2019/20 Budget \$000
<b>Operating revenue</b>		
Net rates and utility charges	27,737	27,713
Fees and charges	3,636	3,335
Interest	223	274
Miscellaneous revenue	4,349	4,826
<b>Total operating revenue</b>	<b>35,945</b>	<b>36,148</b>
<b>Operating expenditure</b>		
Employee benefits	4,838	4,676
Materials and services	23,631	22,886
Depreciation and amortisation expenses	730	731
Finance costs	3	-
<b>Total expenses</b>	<b>29,202</b>	<b>28,293</b>
<b>OPERATING CAPABILITIES BEFORE CAPITAL ITEMS &amp; INCOME TAX</b>	<b>6,743</b>	<b>7,855</b>
<b>Capital items</b>		
Gain / (loss) on disposal of property, plant and equipment	( 426 )	( 186 )
Contributed assets	-	-
Other capital contributions	-	-
Subsidies and grants	1,517	3,000
<b>Total capital items</b>	<b>1,090</b>	<b>2,814</b>
<b>INCREASE/(DECREASE) IN OPERATING CAPABILITY BEFORE TAX</b>	<b>7,833</b>	<b>10,669</b>
Income tax benefit/(expense)	( 2,350 )	( 3,201 )
Dividend income/(expense)	( 3,967 )	( 4,468 )
<b>INCREASE/(DECREASE) IN OPERATING CAPABILITY AFTER INCOME TAX</b>	<b>1,517</b>	<b>3,000</b>



# Cairns Regional Council

## Summary of Rates and Concessions

### Additional information

#### Special rates and charges

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

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

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

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

#### Bluewater Canal -

- a. An amount of \$2,067.92 to be levied on each lot identified on the map marked Bluewater Canal
- b. An amount of \$1,033.96 to be levied on each lot identified on the map marked Bluewater Canal
- c. A total amount of \$223,335.36 for Bluewater Marina
- d. A total amount of \$142,754.08 for Yorkeys Knob Marina

**Riverside Parade** - An amount of \$1,000 to be levied on each lot identified on the map marked Riverside Parade.

#### Registers

The following registers are held by Cairns Regional Council:

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

# Cairns Regional Council

## Summary of Rates and Concessions

### Rebates and concessions

#### 1. Council Pensioner Remission

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

#### 2. Retirement Village Remission

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

#### 3. Rates Based Financial Assistance

This policy allows Council to consider applications for remission of general rates, water access charges and sewerage charges from not for profit recreation, sporting and community groups whose applications met the eligibility criteria set down in Council's Rates Based Financial Assistance Policy and were also submitted within the required time frames

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. Financial Hardship Policy

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

#### 5. Independent Rates Relief Tribunal

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

# Cairns Regional Council

## Additional information

### Internal audit

The annual report for a financial year must contain a report on the internal audit for the financial year.

Council's Internal Audit function provides independent, objective assurance activities in accordance with an approved strategic, risk-based internal audit plan. The role, scope and purpose of the Internal Audit function is understood and supported by the organisation.

The Internal Audit function works collaboratively with management to implement recommended improvements to systems, processes, work practices, compliance and business effectiveness. The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2020, 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 2019/20 Internal Audit Plan covered all Departments and included reviews of fraud risk and ethical conduct, project management practices, Customer Request Management (CRM) and complaints management, accounts receivable and debtor management practices, building and facilities management and waste management practices.

### Particular resolutions

List of the resolutions made under section 06(2). Thresholds reported in Note 10 of the end of year financial statement.

### Summary of investigation notices

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

During the 2019/20 financial year Council was not in receipt of any Queensland Productivity Commission notices of investigation under section 49. During the same period Council was not in receipt of any Queensland Productivity Commission recommendations on any competitive neutrality complaints under section 52(3).

### Beneficial enterprises

Cairns Regional Council does not have any beneficial enterprises.

### Senior management remuneration

The following table shows the range of total remuneration packages for the 12 month period from 1 July 2019 to 30 June 2020 provided to Council's senior contract employees.

The total remuneration packages payable (excluding superannuation) in 2019/20 to senior management was \$2,071,055.

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

### Invitations to change tenders

There was one instance during the 2019/20 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
2710	CCTV & Condition Rating of Underground Drainage Assets 2019/20	Open Tender	28/09/2019	Reduction in scope (length of CCTV required)







# CAIRNS REGIONAL COUNCIL

## Financial Statements

For the year ended 30 June 2020

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



# Cairns Regional Council

## Statement of Comprehensive Income

For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
<b>Income</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	265,115,364	259,162,924
Fees and charges		22,071,476	22,113,850
Other recurrent revenue	3(b)	15,798,916	14,872,471
Grants, subsidies, contributions and donations		7,955,578	7,884,483
		<u>310,941,334</u>	<u>304,033,728</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4	43,120,248	59,772,978
<b>Total revenue</b>		<u>354,061,582</u>	<u>363,806,706</u>
Interest received		2,286,494	3,189,165
<b>Total income</b>	2(b)	<u>356,348,076</u>	<u>366,995,871</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(106,476,401)	(104,089,933)
Materials and services	6	(118,034,212)	(116,480,016)
Finance costs		(4,520,298)	(3,629,504)
Depreciation and amortisation		(89,249,101)	(89,654,847)
		<u>(318,280,012)</u>	<u>(313,854,300)</u>
<b>Capital expenses</b>			
Capital expenses	7	(15,648,979)	(26,890,108)
		<u>(15,648,979)</u>	<u>(26,890,108)</u>
<b>Total expenses</b>	2(b)	<u>(333,928,991)</u>	<u>(340,744,408)</u>
<b>Net result</b>		<u>22,419,085</u>	<u>26,251,463</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus		47,859,472	(8,259,498)
<b>Total other comprehensive income for the year</b>		<u>47,859,472</u>	<u>(8,259,498)</u>
<b>Total comprehensive income for the year</b>		<u><u>70,278,557</u></u>	<u><u>17,991,965</u></u>

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

The comparatives have not been restated on adoption of AASB 15 and 1058 and therefore the comparative information is presented using the previous standards relating to revenue.

## Cairns Regional Council

### Statement of Financial Position as at 30 June 2020

		2020	2019
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	8	3,760,541	14,712,154
Trade and other receivables	9(a)	57,372,744	40,425,896
Inventories		2,188,568	2,153,699
<b>Total current assets</b>		<u>63,321,853</u>	<u>57,291,749</u>
<b>Non-current assets</b>			
Property, plant and equipment	10(b)	4,064,858,287	3,947,266,915
Intangible assets		3,398,103	3,318,441
<b>Total non-current assets</b>		<u>4,068,256,390</u>	<u>3,950,585,356</u>
<b>Total assets</b>		<u>4,131,578,243</u>	<u>4,007,877,105</u>
<b>Current liabilities</b>			
Trade and other payables	11	58,417,093	55,145,927
Provisions	12	11,829,135	5,004,617
Borrowings	13	20,381,599	14,340,524
Revenue received in advance		17,171,165	1,098,407
<b>Total current liabilities</b>		<u>107,798,992</u>	<u>75,589,475</u>
<b>Non-current liabilities</b>			
Provisions	12	21,583,689	21,318,485
Borrowings	13	146,588,660	106,858,739
<b>Total non-current liabilities</b>		<u>168,172,349</u>	<u>128,177,224</u>
<b>Total liabilities</b>		<u>275,971,341</u>	<u>203,766,699</u>
<b>Net community assets</b>		<u>3,855,606,902</u>	<u>3,804,110,406</u>
<b>Community equity</b>			
Asset revaluation surplus		1,220,584,128	1,172,724,656
Retained surplus		2,635,022,774	2,631,385,750
<b>Total community equity</b>		<u>3,855,606,902</u>	<u>3,804,110,406</u>

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

*The comparatives have not been restated on adoption of AASB 15 and 1058 and therefore the comparative information is presented using the previous standards relating to revenue.*

## Cairns Regional Council

### Statement of Cash Flows

For the year ended 30 June 2020

	2020	2019
Note	\$	\$
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
General rates and utility charges	255,973,040	257,433,701
Rental and levies, fees and charges	17,546,293	23,953,547
Operating grants, subsidies and contributions	7,955,578	7,884,483
Interest received	2,286,493	3,189,165
Other revenue	16,061,602	11,863,443
<b>Payments</b>		
Payments to employees	(105,392,670)	(102,218,600)
Payments to suppliers	(128,796,860)	(106,665,539)
Interest expense	(2,821,508)	(2,392,200)
<b>Net cash inflow from operating activities</b>	19 <u>62,811,968</u>	<u>93,048,000</u>
<b>Cash flows from investing activities</b>		
Grants, subsidies, contributions and donations for capital acquisitions:		
Capital contributions	7,424,676	10,409,379
Government subsidies and grants	19,167,755	30,399,195
Payments for property, plant and equipment	(146,645,723)	(150,095,551)
Payments for intangible assets	(1,252,618)	(704,980)
Proceeds from the sale of non-current assets	1,771,333	2,772,630
<b>Net cash outflow from investing activities</b>	<u>(119,534,577)</u>	<u>(107,219,327)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	20 60,000,000	22,250,000
Repayment of borrowings	20 (14,229,004)	(11,768,793)
<b>Net cash outflow from financing activities</b>	<u>45,770,996</u>	<u>10,481,207</u>
Net decrease in cash and cash equivalents held	<u>(10,951,613)</u>	<u>(3,690,120)</u>
Cash and cash equivalents at beginning of the financial year	14,712,154	18,402,274
<b>Cash and cash equivalents at end of the financial year</b>	8 <u>3,760,541</u>	<u>14,712,154</u>

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

*The comparatives have not been restated on adoption of AASB 15 and 1058 and therefore the comparative information is presented using the previous standards relating to revenue.*

## Cairns Regional Council

### Statement of Changes in Equity

For the year ended 30 June 2020

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

<b>Balance as at 1 July 2018</b>	1,180,984,154	2,605,134,287	3,786,118,441
Net result	-	26,251,463	26,251,463
Other comprehensive income for the year			
Increase in asset revaluation surplus	(8,259,498)	-	(8,259,498)
<b>Balance as at 30 June 2019</b>	1,172,724,656	2,631,385,750	3,804,110,406

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

*The comparatives have not been restated on adoption of AASB 15 and 1058 and therefore the comparative information is presented using the previous standards relating to revenue.*

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 1 Significant accounting policies

#### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

#### 1.2 Basis of consolidation

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

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

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

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

#### 1.3 New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019. The standards which had a material impact on reported position, performance and cash flows were those relating to revenue.

Council has assessed the impact of AASB 16 *Leases* on its lease arrangements, which was found to be immaterial. Council does not intend to apply AASB 16 to these arrangements, due to immateriality.

Refer to the change in accounting policy note 23 for transition disclosures for AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of NFP Entities*.

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020. These standards have not been adopted by Council and will be included in the financial statements on their effective date. The standards are not expected to have a material impact upon Council's future financial statements.

#### 1.4 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.



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 1.4 Critical accounting judgements and key sources of estimation uncertainty

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

- Valuation of property, plant and equipment - Note 10
- Annual leave - Note 11
- Developer contribution credits - Note 12
- Long service leave - Note 12
- Contingent liabilities - Note 16
- Financial instruments - Note 22

### 1.5 Taxation

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

The significant business activities of Council (as noted in Note 24) pay an income tax equivalent to Council in accordance with the requirements of the *Local Government Act 2009*.

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

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

### 1.6 Impact of COVID-19

COVID-19 was declared a worldwide pandemic by the World Health Organisation in March 2020. The most significant impacts have been and will continue to be on Council revenue streams, which consequently impact a number of items on the Statement of Financial Position.

Some revenue impacts are by choice, as is the case with the initiatives that Council has taken to date in response to COVID-19, others are a consequence of the reduced activity as a result of the lockdowns and economic downturn:

- Response measures
  - Outdoor Dining Fee waivers
  - Reduction in commercial rent
  - Extended payment terms on fees and charges
  - Extended rates due date and interest waivers
  - Developer incentives
- Reduced activity
  - Parking revenue
  - Developer contributions
  - Fees and charges generally
  - Rates growth through increase in rateable assessments

Whilst the lockdowns have had a temporary impact on some of the services Council provides, Council operations and therefore expenses have largely been unaffected.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 1.6 Impact of COVID-19

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

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

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

As a result of the decreases to revenue detailed above, Council's cash flow has been impacted resulting in increased utilisation of the Working Capital Facility. The impacts to cash are a mixture of both temporary and permanent differences, which will be further influenced by the timing in the easing of restrictions and the subsequent economic recovery.

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

#### Trade and other receivables

A number of residents have been adversely affected by the pandemic and unable to meet their usual financial commitments to Council within standard timeframes, which has caused an increase in the balance of trade and other receivables. Council expects this balance to remain inflated until such time as the economy recovers to pre-COVID levels.

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

In line with standard procedures, the balance of non-rate debts was reviewed for collectability and allowance made, where appropriate, for impairment. This resulted in a slight increase to Council's loss allowance for 2019/20. Due to the immaterial value of non-rates debts, Council does not anticipate any significant impacts from COVID-19 to these debts.

#### Property, plant and equipment

Council assessed its property, plant and equipment for indicators of a significant and volatile change in value as at 30 June 2020 (which are generally where values have changed by 20 per cent or more).

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

The valuation of Land is considered more susceptible to changes in value as it is heavily impacted by market conditions. The results of Council's assessment as at 30 June 2020 identified a decline in the volume of land sales, however at this stage there is limited evidence of material changes to the value of land.

Taking into account COVID-19 impacts, Council is satisfied that the value of its property, plant and equipment at 30 June 2020 is materially correct. Council will continue to review for indicators of a material change in value over the 2020/21 financial year, and will make any required adjustments accordingly.

#### Trade and other payables and provisions

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 2 Analysis of Results by Function

#### (a) Components of Council functions

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

##### **Finance**

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

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

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

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

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

##### **Infrastructure Services**

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

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

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

##### **Cairns Water**

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

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

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

## Cairns Regional Council

Notes to the financial statements  
For the year ended 30 June 2020

### 2 Analysis of results by function

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

#### Year ended 30 June 2020

Functions	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring		Capital				Recurring	Capital					
	Grants	Other	Grants	Other									
2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Finance	6,122,577	160,856,492	7,823,246	-	(45,786,238)	129,016,077	3,511,824	(155,625)	3,657,473	7,013,672	128,362,128	136,029,749	340,335,271
Human Resources and Organisational Change	539,766	13,722	65,000	-	-	618,488	(11,839,640)	(2,950)	-	(11,842,590)	(11,286,152)	(11,224,102)	8,301,001
Planning and Environment	422,366	12,840,438	112,775	-	-	13,375,599	(22,162,479)	(96,376)	-	(22,258,855)	(8,899,655)	(8,883,256)	24,341,368
Infrastructure Services	22,922	5,966,184	9,004,556	13,436,112	-	28,429,774	(89,811,845)	(7,180,052)	-	(96,991,897)	(83,822,739)	(68,562,123)	2,035,616,299
Community, Sport and Cultural Services	832,927	3,404,448	6,372,722	-	-	10,610,097	(41,444,146)	(412,972)	-	(41,857,118)	(37,206,771)	(31,247,021)	367,984,590
Cairns Water	15,000	134,892,028	1,226,016	3,563,197	(2,859,568)	136,836,673	(164,142,455)	(7,374,650)	39,469,647	(132,047,458)	7,374,652	4,789,215	1,332,359,697
Cairns Resource Recovery	-	36,778,800	1,516,624	-	(834,056)	37,461,368	(41,871,133)	(426,354)	6,352,742	(35,944,745)	426,353	1,516,623	22,640,017
Total Council Continuing Operations	7,955,578	354,752,112	26,120,939	16,999,309	(49,479,862)	356,348,076	(367,759,874)	(15,648,979)	49,479,862	(333,928,991)	(5,052,184)	22,419,085	4,131,578,243

#### Year ended 30 June 2019

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									
2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Finance	6,075,271	162,835,769	45,455	-	(49,542,244)	119,414,251	(39,561,291)	258,809	3,667,536	(35,634,946)	83,475,041	83,779,305	339,131,978
Human Resources and Organisational Change	464,709	158,305	24,000	-	-	647,014	(10,528,103)	(19,047)	-	(10,547,150)	(9,905,089)	(9,900,136)	4,526,983
Planning and Environment	141,416	16,186,286	169,163	-	-	16,496,865	(21,770,928)	-	-	(21,770,928)	(5,443,226)	(5,274,063)	20,180,219
Infrastructure Services	300,927	2,777,053	17,111,035	21,619,057	-	41,808,072	(91,481,135)	(14,341,217)	-	(105,822,352)	(88,403,155)	(64,014,280)	1,956,868,577
Community, Sport and Cultural Services	902,160	4,562,357	10,956,746	100,000	-	16,521,263	(40,827,080)	(7,968,603)	-	(48,795,683)	(35,362,563)	(32,274,420)	355,055,081
Cairns Water	-	131,614,283	1,637,171	8,110,351	(3,038,567)	138,323,238	(128,756,758)	(4,544,696)	42,741,548	(90,559,906)	42,560,506	47,763,332	1,315,250,094
Cairns Resource Recovery	-	34,414,138	-	-	(628,970)	33,785,168	(34,138,786)	(275,354)	6,800,697	(27,613,443)	6,447,079	6,171,725	16,864,173
Total Council Continuing Operations	7,884,483	352,548,191	29,943,570	29,829,408	(53,209,781)	366,995,871	(367,064,081)	(26,890,108)	53,209,781	(340,744,408)	(6,631,407)	26,251,463	4,007,877,105

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 3 Revenue

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

2020 accounting policy:

Rates and utility charges are recognised as revenue when Council obtains control over the assets comprising these receipts, which is the beginning of the rating period to which they relate. Prepaid rates are recognised as revenue received in advance on the Statement of Financial Position until the beginning of the rating period. All rates and utility charges are recognised at a point in time in accordance with AASB 1058.

2019 accounting policy:

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.

	<u>2020</u>	<u>2019</u>
	\$	\$
General rates	116,342,326	114,116,371
Special rates	991,859	939,878
Water	22,592,671	22,102,286
Water consumption	28,348,143	27,919,352
Sewerage	73,719,675	71,420,611
Cleansing charges	27,736,558	27,044,178
Rates and utility charge revenue	<u>269,731,232</u>	<u>263,542,676</u>
Less: rebates	(4,615,868)	(4,379,752)
Net rates and utility charges	<u><u>265,115,364</u></u>	<u><u>259,162,924</u></u>

#### (b) Other recurrent revenue

Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

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

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

Contract and recoverable works	6,039,480	3,053,871
Reimbursements and cost recoveries	1,879,909	2,274,189
Sundry and other recurrent revenue	7,879,527	9,544,411
	<u><u>15,798,916</u></u>	<u><u>14,872,471</u></u>

### 4 Grants, subsidies, contributions and donations

2020 accounting policy:

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



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 4 Grants, subsidies, contributions and donations

2020 accounting policy (continued):

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

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

2019 accounting policy:

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

Non-cash contributions 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.

	<b>AASB 1058</b>	
	<b>\$</b>	
<b>Revenue recognised at a point in time</b>		
Revenue relating to grants for assets controlled by Council	3,875,299	
Contributions	16,999,309	
<b>Revenue recognised over time</b>		
Revenue relating to grants for assets controlled by Council	22,245,640	
Total	<u>43,120,248</u>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Capital – grants, subsidies, contributions and donations are</b>		
(i) Monetary revenue designated for capital funding purposes:		
Government subsidies and grants	26,120,939	29,943,570
Contributions	6,611,893	10,660,522
	<u>32,732,832</u>	<u>40,604,092</u>
(ii) Non-monetary revenue received:		
Developer assets contributed by developers at fair value	10,387,416	19,168,886
<b>Total capital grants, subsidies, contributions and donations</b>	<u><u>43,120,248</u></u>	<u><u>59,772,978</u></u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

	2020	2019
Note	\$	\$
<b>5 Employee benefits</b>		
Employee benefits are all forms of consideration given in exchange for services rendered by employees. They are expensed as the related service is provided.		
Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.		
Total staff wages and salaries	85,303,642	83,140,667
Councillors' remuneration	1,209,026	1,172,808
Annual, sick and long service leave entitlements	15,274,089	15,768,697
Superannuation	10,820,376	9,981,056
	<u>112,607,133</u>	<u>110,063,228</u>
Other employee related expenses	3,855,791	4,276,769
	<u>116,462,924</u>	<u>114,339,997</u>
Less: Capitalised employee expenses	(9,986,523)	(10,250,064)
	<u>106,476,401</u>	<u>104,089,933</u>
	<b>2020</b>	<b>2019</b>
Total Council employees at the reporting date:	<b>employees</b>	<b>employees</b>
Elected members	10	10
Council Employees	1,179	1,177
Total full time equivalent employees	<u>1,189</u>	<u>1,187</u>

## 6 Materials and services

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

Agency and temporary employment services	6,643,360	7,025,979
Audit of the Annual Financial Statements by the Auditor-General of Queensland	181,700	173,136
Communication and IT	6,429,727	5,616,007
Donations paid and grants to community groups	7,637,194	8,073,707
Electricity	9,325,595	9,869,084
External services and hire	28,775,534	25,930,974
Garbage collection services	17,972,424	16,266,859
Other materials and services	13,375,678	16,591,857
Rental and lease expenses	580,664	559,995
Repairs and maintenance	27,112,336	26,372,418
	<u>118,034,212</u>	<u>116,480,016</u>

Total audit fees quoted by the Queensland Audit Office relating to the 2019/20 financial statements are \$190,500 (2019: \$179,000)

## 7 Capital expenses

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

Loss on disposal of capital assets	12,688,821	18,978,790
Loss on write-off of non-current assets	2,960,158	7,911,318
	<u>15,648,979</u>	<u>26,890,108</u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 8 Cash and cash equivalents

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

	Note	2020 \$	2019 \$
Cash at bank	22	3,709,447	216,104
Cash on hand	22	42,104	38,880
Deposits and investments held with QTC	22	8,990	14,457,170
Balance per Statement of Cash Flows		<u>3,760,541</u>	<u>14,712,154</u>

Externally and internally imposed expenditure restrictions at the reporting date include:

Unspent government grants and subsidies	4,244,935	8,533,994
Funds set aside and held in reserves for future projects	397,893	479,555
Waste levy refund received in advance	-	973,758
Total unspent restricted cash	<u>4,642,828</u>	<u>9,987,307</u>

### 9 Trade and other receivables

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

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

Interest is charged on outstanding rates at a rate of 9.83% 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.

	Note	2020 \$	2019 \$
<b>9 Trade and other receivables</b>			
<b>a) Receivables (financial instruments)</b>			
Rateable revenue and utility charges		26,040,224	19,779,699
Water charges		6,443,033	3,362,315
Fees and charges		2,168,273	3,021,947
Grants receivable		717,222	1,487,285
Other debtors		3,046,988	2,463,817
Less: loss allowance	9(b)	(1,461,763)	(604,775)
		<u>36,953,977</u>	<u>29,510,287</u>
<b>Receivables (non-financial instruments)</b>			
Other accrued revenue		11,674,028	6,005,851
GST receivable		5,117,669	2,199,013
Prepayments		3,627,070	2,710,745
		<u>20,418,767</u>	<u>10,915,609</u>
<b>Total current receivables</b>		<u>57,372,744</u>	<u>40,425,896</u>
<b>b) Loss allowance</b>			
Opening balance at 1 July		604,775	1,647,281
Receivables written off in period		(245,448)	(525,421)
Impairments recognised/(derecognised)		1,102,436	(517,085)
Closing balance at 30 June	9(a)	<u>1,461,763</u>	<u>604,775</u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### a) i) Recognition

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

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

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

#### ii) Measurement

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

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

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

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

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

#### iii) Depreciation

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

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

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

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### a) iii) Depreciation

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

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

#### iv) Impairment

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.



## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

#### 10 Property, plant and equipment

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

Asset class	Land and site improvements	Buildings and other structures	Plant, equipment and other assets	Transport assets	Water	Sewerage	Drainage	Solid waste disposal	Work in progress	Total
Basis of measurement Fair Value Category	Fair Value Levels 2 & 3 \$	Fair Value Levels 2 & 3 \$	Cost \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Cost \$	\$
<b>Asset Values</b>										
Opening gross value as at 1 July 2019	371,711,112	451,777,214	147,011,234	1,678,992,518	1,148,477,150	1,031,304,176	645,084,744	20,889,469	109,566,509	5,604,814,126
Additions at cost	-	-	-	-	-	-	-	-	164,602,227	164,602,227
Contributed assets at valuation	-	-	-	3,932,962	1,222,564	1,627,083	3,604,807	-	-	10,387,416
Internal transfers from work in progress	12,995,664	15,971,330	16,109,551	40,281,853	16,062,815	23,187,187	7,004,710	920,467	(132,533,577)	-
Disposals	(133,990)	-	(5,101,973)	-	-	-	-	-	-	(5,235,963)
Write-offs	(49,423)	(1,773,439)	(4,027,274)	(7,752,251)	(5,664,675)	(5,360,834)	(6,410)	(44,981)	(2,960,158)	(27,639,445)
Revaluation adjustment to the asset revaluation surplus	2,064,249	8,774,162	-	33,426,984	20,196,718	(9,165,770)	13,141,110	351,939	-	68,789,392
Internal transfers between asset classes	-	38,296	-	-	-	(38,296)	-	-	-	-
Closing gross value as at 30 June 2020	386,587,612	474,787,563	153,991,538	1,748,882,066	1,180,294,572	1,041,553,546	668,828,961	22,116,894	138,675,001	5,815,717,753
<b>Accumulated depreciation and impairment</b>										
Opening balance as at 1 July 2019	27,702,209	114,524,842	74,328,076	345,482,660	616,279,516	330,304,049	140,773,671	8,152,188	-	1,657,547,211
Depreciation provided in period	2,817,875	8,716,290	11,717,401	22,177,263	14,680,845	20,470,045	6,609,038	697,736	-	87,886,493
Depreciation on disposals	-	-	(3,620,088)	-	-	-	-	-	-	(3,620,088)
Depreciation on write-offs	(7,967)	(1,272,238)	(3,758,347)	(1,350,990)	(3,385,771)	(2,087,616)	(1,815)	(19,326)	-	(11,884,070)
Revaluation adjustment to the asset revaluation surplus	622,083	2,422,153	-	7,256,071	(4,222,733)	11,657,122	3,044,431	150,793	-	20,929,920
Internal transfers to other asset classes	-	9,672	-	-	-	(9,672)	-	-	-	-
Closing accumulated depreciation	31,134,200	124,400,719	78,667,042	373,565,004	623,351,857	360,333,928	150,425,325	8,981,391	-	1,750,859,466
Net value at 30 June 2020	355,453,412	350,386,844	75,324,496	1,375,317,062	556,942,715	681,219,618	518,403,636	13,135,503	138,675,001	4,064,858,287
Residual value			9,125,322							
Range of estimated useful life in years	10-100	15-150	3-50	15-100	10-150	9-100	10-150	20-100		
Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	77,384,538	77,384,538
New assets	-	-	-	-	-	-	-	-	68,333,490	68,333,490
Non-infrastructure additions	-	-	-	-	-	-	-	-	18,884,199	18,884,199
Total additions	-	-	-	-	-	-	-	-	164,602,227	164,602,227

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

#### 10 Property, plant and equipment

##### b) Movements in property, plant and equipment 2019

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 Category	Fair Value Levels 2 & 3 \$	Fair Value Levels 2 & 3 \$	Cost \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Fair Value Level 3 \$	Cost \$	\$
<b>Asset values</b>										
Opening gross value as at 1 July 2018	358,553,020	372,174,384	135,408,304	1,715,576,793	1,113,862,096	992,393,510	616,142,972	20,444,805	150,947,868	5,475,503,752
Additions at cost	-	-	-	-	-	-	-	-	148,567,455	148,567,455
Contributed assets at valuation	-	-	-	5,907,024	3,748,387	3,445,446	6,068,029	-	-	19,168,886
Internal transfers from work in progress	9,853,238	73,350,001	20,565,088	19,271,380	12,043,718	31,433,863	14,921,097	599,111	(182,037,496)	-
Disposals	(353,944)	-	(5,920,506)	-	-	-	-	(40,000)	-	(6,314,450)
Write-offs	(44,964)	(1,784,670)	(2,908,569)	(22,316,748)	(2,405,935)	(7,133,349)	(79,447)	(492,455)	(7,911,318)	(45,077,455)
Revaluation adjustment to the asset revaluation surplus	3,668,199	7,265,653	-	(38,771,605)	21,228,884	11,164,706	8,032,093	378,008	-	12,965,938
Internal transfers to other asset classes	35,563	771,846	(133,083)	(674,326)	-	-	-	-	-	-
Closing gross value as at 30 June 2019	371,711,112	451,777,214	147,011,234	1,678,992,518	1,148,477,150	1,031,304,176	645,084,744	20,889,469	109,566,509	5,604,814,126
<b>Accumulated depreciation and impairment</b>										
Opening balance as at 1 July 2018	25,017,425	104,987,626	68,426,252	303,959,841	591,689,055	335,625,714	132,427,833	7,593,780	-	1,569,727,526
Depreciation provided in period	2,328,233	7,610,784	12,731,800	23,860,199	14,561,826	20,048,611	6,560,895	663,316	-	88,365,664
Depreciation on disposals	-	-	(3,983,307)	-	-	-	-	(20,846)	-	(4,004,153)
Depreciation on write-offs	(11,010)	(578,354)	(2,826,323)	(9,007,421)	(1,336,499)	(3,754,356)	(17,986)	(235,313)	-	(17,767,262)
Revaluation adjustment to the asset revaluation surplus	352,901	2,203,678	-	26,965,463	11,365,134	(21,615,920)	1,802,929	151,251	-	21,225,436
Internal transfers to other asset classes	14,660	301,108	(20,346)	(295,422)	-	-	-	-	-	-
Closing accumulated depreciation	27,702,209	114,524,842	74,328,076	345,482,660	616,279,516	330,304,049	140,773,671	8,152,188	-	1,657,547,211
Net value at 30 June 2019	344,008,903	337,252,372	72,683,158	1,333,509,858	532,197,634	701,000,127	504,311,073	12,737,281	109,566,509	3,947,266,915
Residual value			9,269,068							
Range of estimated useful life in years	10-100	15-150	3-50	15-100	10-150	9-100	10-150	20-100		
Additions comprise:										
Renewals	-	-	-	-	-	-	-	-	80,238,089	80,238,089
New assets	-	-	-	-	-	-	-	-	42,535,992	42,535,992
Non-infrastructure additions	-	-	-	-	-	-	-	-	25,793,374	25,793,374
Total additions	-	-	-	-	-	-	-	-	148,567,455	148,567,455

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### c) Valuation

##### (i) Valuation processes

Non-current physical assets measured at fair value are revalued as necessary so the carrying amount of each class does not materially differ from its fair value at reporting date. 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 of the asset class being physically inspected and a replacement cost being arrived at from first principles. 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.

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.

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, in any, in the revaluation surplus of the asset.

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

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

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

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

###### Land (Level 2)

Land values were comprehensively revalued effective 30 June 2018 by independent registered valuer APV Valuers and Asset Management. Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

A desktop review was undertaken in 2020 by APV to determine fair value effective 30 June 2020 resulting in an indexation factor of 0% being applied across all land categories.

###### Buildings and other structures (Level 2 and Level 3)

The previous comprehensive valuation for buildings and other structures (excluding swimming pools) was performed by APV as at 30 June 2018. The current use of each building was presumed to be its highest and best use. During the revaluation process, two buildings were assessed on market value principles, which are deemed to be their fair value based on level 2 inputs. The fair value has been derived from sale prices of comparable properties after adjusting for differences in key attributes such as property size.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### c) Valuation

Specialised buildings where inputs required significant professional judgement are classified as level 3. Where buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement cost with a modern equivalent having similar service potential. Replacement cost is determined through a combination of APV's database, Rawlinson's Construction Guide or similar guides, benchmarking against other valuations and development of costs using APV's model for specific asset types. The most significant inputs into this valuation approach were price per square metre.

Condition assessments were performed at the time of revaluation by APV for the purposes of assessing the level of accumulated depreciation and remaining useful life for depreciation purposes. Assets capable of disaggregation into significant components are componentised and depreciated separately based on their estimated useful life and expected pattern of consumption of their future economic benefit. This includes splitting each component where applicable into the short-term and long-life (recyclable) sub-components consistent with the AASB 116 residual value clarification. The long-life and short-life sub-component information is combined to give a weighted average amount for the relevant asset component. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

A desktop review was undertaken in 2020 by APV to determine fair value effective 30 June 2020 resulting in an indexation factor of 2% being applied.

#### Infrastructure assets (Level 3)

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

CRC was measured by reference to the reproduction cost or replacement cost using the modern equivalent asset, as appropriate to the particular asset. Unit cost rates are calculated on a full cost of replacement basis with a new asset, including components that may not need to be replaced such as earth works. All cost calculations have been based on the estimated current costs at 30 June 2020. In all cases the assets have been disaggregated sufficiently to ensure a reliable measure of cost and service capacity.

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. The factors vary according to the type of work, the location and local conditions, and are detailed against each asset category further below.

During 2020, Council engaged external valuers to assess the replacement cost unit rates for Sewerage and Water Mains infrastructure assets. CRC for remaining infrastructure classes was determined at 30 June 2020 based on a review of price movements for labour, plant and materials (specific to Cairns). An indexation factor of 1.71% was applied to water, sewerage and waste assets and 2.07% for the remaining infrastructure assets.

#### Transport (including roads, kerb and channel, medians and roundabouts)

Transport assets were comprehensively valued by Council with inputs from external consultants Cardno (Qld) Ltd and Phaze Solutions Pty Ltd effective 30 June 2019. Council categorises its transport infrastructure into sub-classes of roads (formation, wearing course and pavement), kerb & channel, roundabouts, medians, traffic signals and street lighting. Each sub-class is componentised based on cost to construct, material type and useful life to facilitate valuations and depreciation calculations.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### c) Valuation

Unit rates for transport assets (excluding traffic signals and street lighting) were developed by Cardno, who previously undertook a review of the internally developed valuation unit rates in 2015. Cardno's cost models include inputs from the following sources:

- Cardno internal client database;
- Cardno Cairns office contract data;
- Councils schedule of rates as developed for 2015 valuation purposes (based on Far North Queensland Region of Councils (FNQROC) prescribed standards); and
- Councils recent contract and preferred supplier agreement (PSA) data.

In determining accumulated depreciation, assets were allocated a condition rating between 1 and 5, which was used to estimate remaining useful life (RUL). Where inspections were conducted, the assets condition was determined based on visual record. Where inspections were not conducted, the RUL was extrapolated on an age basis.

#### Bridges and Footpaths

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

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

#### Drainage

Drainage assets were subject to a comprehensive valuation process effective 30 June 2018 with inputs from external consultants, Cardno (Qld) Ltd and FlowPro Pty Ltd. Similar assets are aggregated by physical characteristics, dimensions, depth and environmental parameters to ensure a reliable measure of cost and service capacity as well as deterioration of estimated RUL.

Suitably qualified officers developed a condition assessment methodology which was used to condition rate all drainage assets. A complete stocktake of Council's drainage network was then undertaken based upon Council's mapping data. Appropriate sample sizes were determined for inspection, ratings were applied and extrapolated based on the condition assessment methodology. All samples were statistically representative of the relevant asset category. Inspections of pipes, culverts and associated infrastructure were carried out via CCTV by FlowPro Pty Ltd. All other inspections were undertaken by Council officers.

In determining accumulated depreciation, assets were allocated a condition rating between 1 and 5, which was used to estimate RUL. Where inspections were conducted, the assets condition was determined based on visual record. Where inspections were not conducted, the RUL was extrapolated on an age basis.

#### Water and Sewerage

A comprehensive valuation of water and sewerage assets was last undertaken by independent valuers, Cardno (Qld) Ltd as follows:

- Above ground sewerage assets effective 30 June 2019
- Sewerage and water mains effective 30 June 2020
- Above ground water assets effective 30 June 2017

CRC 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.



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 10 Property, plant and equipment

#### c) Valuation

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

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

In determining accumulated depreciation, assets were allocated a condition rating between 1 and 5, which was used to estimate RUL. Where inspections were conducted, the assets condition was determined based on visual record. Where inspections were not conducted, the RUL was extrapolated on an age basis.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 11 Trade and other payables

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

#### Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

#### Annual leave

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

#### Sick leave

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

#### Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 17.

	2020	2019
	\$	\$
<b>Current</b>		
Creditors and accruals	43,715,703	41,226,439
Annual leave	12,370,094	11,593,614
Sick leave	1,917,832	1,952,855
Other entitlements	413,464	373,019
	<u>58,417,093</u>	<u>55,145,927</u>

### 12 Provisions

#### Long service leave

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

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 12 Provisions

#### Developer contribution credits

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

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

	2020 \$	2019 \$
<b>Current</b>		
Developer contribution credits	10,489,013	3,666,493
Long service leave	1,340,122	1,338,124
	<u>11,829,135</u>	<u>5,004,617</u>
<b>Non-current</b>		
Developer contribution credits	7,438,390	7,491,356
Long service leave	14,145,299	13,827,129
	<u>21,583,689</u>	<u>21,318,485</u>

#### Details of movements in provisions:

##### Long service leave

Balance at the beginning of the financial year	15,165,253	14,280,240
Long service leave entitlements arising	1,637,230	2,623,528
Long service leave entitlements paid	(1,317,062)	(1,738,515)
Balance at end of financial year	<u>15,485,421</u>	<u>15,165,253</u>

##### Developer contribution credits

Balance at the beginning of the financial year	11,157,849	10,952,056
Developer contribution credits arising	8,012,598	205,793
Developer contribution credits paid	(1,243,044)	-
Balance at end of financial year	<u>17,927,403</u>	<u>11,157,849</u>

### 13 Borrowings

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

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

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

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 13 Borrowings

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

#### Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation. All borrowings are in Australian dollars and carried at amortised cost. No assets have been pledged as security by Council for any liabilities, however all loans are guaranteed by the Queensland Government. Expected final repayment dates vary from 15 June 2023 to 15 June 2030.

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

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

#### Working capital facility

A working capital facility of \$120,000,000 has been established with the Queensland Treasury Corporation. As at 30 June 2020 there were no working capital drawdowns.

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

	2020	2019
	\$	\$
<b>Current</b>		
Queensland Treasury Corporation (QTC)	20,100,349	14,059,274
Economic Development Queensland (EDQ)**	281,250	281,250
	<u>20,381,599</u>	<u>14,340,524</u>
<b>Non-Current</b>		
Queensland Treasury Corporation (QTC)	144,901,160	104,889,989
Economic Development Queensland (EDQ)**	1,687,500	1,968,750
	<u>146,588,660</u>	<u>106,858,739</u>
Loan market value at the reporting date	<u>170,848,373</u>	<u>122,771,212</u>

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

\*\*This is an interest free loan over 9 years obtained from Economic Development Queensland as part of the Priority Development Infrastructure Co-Investment Program. The funds were used to construct trunk sewerage infrastructure at Mount Peter and are unsecured.

The funds were received in September 2018 with repayment to be made in 8 equal instalments over the loan period. There are 7 instalments remaining to be paid. The loan has been measured at amortised cost and not fair value. The benefit of the interest free terms has not been brought into account in these financial statements due to materiality.

### 14 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	10,523,000	10,642,000
Later than 1 year but not later than 5 years	44,239,115	45,295,848
Later than 5 years	13,099,568	24,381,904
	<u>67,861,683</u>	<u>80,319,752</u>

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

	2020	2019
Note	\$	\$
<b>14 Commitments for expenditure</b>		
<b>a) Contractual commitments</b>		
<b>Contract for Other commitments:</b>		
Not later than 1 year	24,374,757	25,128,726
Later than 1 year but not later than 5 years	41,080,616	42,566,646
Later than 5 years	13,398,078	21,578,208
	<u>78,853,451</u>	<u>89,273,580</u>
<b>b) Capital commitments</b>		
Commitment for the construction of capital assets contracted for at the reporting date but not recognised as liabilities are as follows:		
Capital assets	38,955,778	13,146,892
	<u>38,955,778</u>	<u>13,146,892</u>
Not later than 1 year	38,226,703	13,146,892
Later than 1 year but not later than 5 years	729,075	-
	<u>38,955,778</u>	<u>13,146,892</u>
<b>15 Events after the reporting date</b>		
There were no material financial adjusting events after the reporting date.		
<b>16 Contingent liabilities</b>		
<b>a) Contingent liabilities</b>		
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 2020 should not exceed:	230,000	275,000
	<u>230,000</u>	<u>275,000</u>
Additional claims may exist, however, these have not been quantified to date.		
Cairns Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is:		
	22(a) <u>3,108,646</u>	<u>2,919,934</u>
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 2020, 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 2019, the financial statements of Local Government Mutual Queensland reported a members' equity balance of \$76,992,954 (2018: \$75,834,341).		
<b>b) Loan and bank guarantees</b>		
Loans and bank guarantees to community organisations	22(a) <u>1,273,031</u>	<u>1,625,840</u>



## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

#### 17 Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB 119 *Employee Benefits* because LGIAsuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of Council.

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date". Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

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

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

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	2020	2019
Note	\$	\$
Superannuation contributions made to the Regional Defined Benefits Fund in this period for the benefit of employees was:	534,727	577,551
The amount of superannuation contributions paid by Cairns Regional Council to the superannuation scheme in this period for the benefit of employees was:	10,155,107	9,288,516
Cairns Regional Council also contributes to the superannuation scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:	130,542	114,989
Total superannuation contributions paid by Council:	5 <u>10,820,376</u>	<u>9,981,056</u>

Council expects to make contributions to the Regional Defined Benefits Funds of \$505,614 in 2020/21.

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

#### 18 Trust funds held for outside parties

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

	2020	2019
	\$	\$
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	22,256	96,985
Security deposits	3,228,729	3,666,547
	<u>3,250,985</u>	<u>3,763,533</u>

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

Net result attributable to Council	22,419,085	26,251,463
Non-cash operating items:		
Depreciation and amortisation	89,249,101	89,654,847
	<u>89,249,101</u>	<u>89,654,847</u>
Investing and development activities (non-cash):		
Capital grants, subsidies and contributions	(43,120,248)	(59,772,978)
Capital expenses	15,648,979	26,890,108
Changes in accounting policy	23 (18,782,061)	-
	<u>(46,253,330)</u>	<u>(32,882,870)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(10,806,448)	(2,981,754)
(Increase)/decrease in inventories	(34,869)	83,702
Increase/(decrease) in payables	(8,154,497)	11,103,808
Increase/(decrease) in provisions	320,168	885,013
Increase/(decrease) in revenue received in advance	16,072,758	933,791
	<u>(2,602,888)</u>	<u>10,024,560</u>
<b>Net cash inflow from operating activities</b>	<u>62,811,968</u>	<u>93,048,000</u>

#### 20 Reconciliation of liabilities arising from finance activities

<b>Loans</b>		
As at 1 July	121,199,263	110,718,056
Cash proceeds from borrowings	60,000,000	22,250,000
Cash repayments of borrowings	<u>(14,229,004)</u>	<u>(11,768,793)</u>
At at 30 June	<u>166,970,259</u>	<u>121,199,263</u>

#### 21 Transactions with Related Parties

##### a) Controlled Entities

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

During the year, Council provided funding to Cairns Art Gallery with a total value of \$1,209,151 (2019: \$1,407,451) under a three year funding agreement effective 1 July 2017 to 30 June 2020. A funding agreement to be effective from 1 July 2020 is currently being drafted, it is expected to be finalised in August 2020. Council provided payment to Cairns River Improvement Trust with a total value of \$200,000 (2019: \$200,000) as required by legislation. In addition, the premises occupied by Cairns Art Gallery are provided to them by Council for a nominal annual amount. Both entities are dependent on funding provided by Council.

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 21 Transactions with Related Parties

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

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

	2020	2019
	\$	\$
Short-term employee benefits	3,596,667	3,588,023
Post-term benefits	340,619	358,837
Long-term benefits	54,488	47,772
Termination benefits	-	109,810
<b>Total</b>	<u>3,991,774</u>	<u>4,104,442</u>

Detailed remuneration disclosures are provided in the annual report.

#### c) Transactions with other related parties

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

Employee expenses for close family members of KMP	1,347,496	1,088,528
Professional services	18,085	16,204
Construction services	121,631	-
	<u>1,487,212</u>	<u>1,104,732</u>

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

A company controlled by a KMP provided professional services to Council during the year. A further 2 entities controlled by close family members of KMP provided professional and construction services to Council during the year. All transactions occurred through an arm's length process under normal terms and conditions. There were no other material transactions with other related parties during the year. All transactions with other related parties occurred at arm's length and under Council's normal terms and conditions.

#### d) Outstanding balances

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

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

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

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

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

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

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

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

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

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 22 Financial instruments and financial risk management

#### a) Financial risk

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

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

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

Council does not enter into derivatives.

#### i) Credit risk

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

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

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

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

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

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

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Cash and cash equivalents - bank	8	3,709,447	216,104
Cash and cash equivalents - on hand	8	42,104	38,880
Cash and cash equivalents - QTC	8	8,990	14,457,170
Receivables - rates		32,483,257	23,142,014
Receivables - other		4,470,720	6,368,274
<b>Other credit exposures</b>			
Local Government Workcare guarantee	16(a)	3,108,646	2,919,934
Loan and bank guarantees	16(b)	1,273,031	1,625,840
<b>Total</b>		<u>45,096,195</u>	<u>48,768,216</u>

#### 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 2020

### 22 i) Credit risk

#### *Other financial assets*

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

#### *Trade and other receivables*

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

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

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

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

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

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

	2020	2019
	\$	\$
<b>Receivables subject to impairment</b>		
Fully performing	1,985,462	2,871,871
Past due		
31 to 60 days	77,846	201,434
61 to 90 days	138,340	105,832
Over 90 days	2,103,977	1,471,014
Total gross carrying amount	<u>4,305,625</u>	<u>4,650,151</u>
Less: loss allowance	(1,461,763)	(604,775)
	<u><u>2,843,862</u></u>	<u><u>4,045,376</u></u>
<b>Receivables not subject to impairment</b>		
Rates and charges	34,110,115	25,464,911
	<u>34,110,115</u>	<u>25,464,911</u>
	<u><u>36,953,977</u></u>	<u><u>29,510,287</u></u>

### ii) Liquidity risk

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

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

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

## Cairns Regional Council

### Notes to the financial statements

For the year ended 30 June 2020

#### 22 ii) Liquidity risk

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 13. The following lines of credit were available at the end of the reporting period.

	2020	2019
	\$	\$
QTC working capital facility - limit	120,000,000	60,000,000
Available at 30 June	120,000,000	60,000,000

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

Total contractual cash flows	0 to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
<b>2020</b>					
Trade and other payables	43,715,703	-	-	43,715,703	43,715,703
Loans - QTC	23,122,210	92,475,787	62,545,183	178,143,180	165,001,509
Loans - EDQ	281,250	1,125,000	562,500	1,968,750	1,968,750
	<u>67,119,163</u>	<u>93,600,787</u>	<u>63,107,683</u>	<u>223,827,633</u>	<u>210,685,962</u>
<b>2019</b>					
Trade and other payables	41,226,439	-	-	41,226,439	41,226,439
Loans - QTC	16,761,625	67,067,927	47,386,705	131,216,257	118,949,263
Loans - EDQ	281,250	1,125,000	843,750	2,250,000	2,250,000
	<u>58,269,314</u>	<u>68,192,927</u>	<u>48,230,455</u>	<u>174,692,696</u>	<u>162,425,702</u>

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

#### iii) Market risk

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

##### *Interest rate risk*

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

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

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

#### b) Fair value

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

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

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



# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 23 Change in accounting policy

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of NFP Entities* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019. The impacts of adopting these standards and associated transition disclosures are provided below:

#### Revenue standards - AASB 15 and 1058

The following options have been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements.
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019.

#### *Changes in accounting policy on adoption of AASB 15 and 1058*

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications, which will be under Council's control and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses. Depending on progress of construction at year end, a portion of the grant may be accrued and recognised as an asset, or deferred and recognised as a liability which is then progressively recognised as revenue as Council satisfies its performance obligations under the grant. Previously, such grants are recognised as revenue when received.

Where operating grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. The performance obligations and payment terms are varied depending on the terms of the grant agreement. As such, each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral or accrual, and continue to be recognised as revenue as soon as they are controlled.

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time, these receipts will be recognised as a liability (unearned revenue). Previously, these amounts were recognised as revenue in the period in which they were received. There will be no impact upon the recognition of other fees and charges.

#### *Opening balances on transition at 1 July 2019*

	Balance at 01-Jul-19
	\$
Accrued revenue (capital grants)	2,170,608
Revenue received in advance (capital grants)	(8,259,137)
Revenue received in advance (prepaid rates)	(12,693,532)
	<u>(18,782,061)</u>

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 23 Change in accounting policy

*Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards*

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

	Carrying amount as reported (\$)	Adjustments (\$)	Carrying amount if previous standards had been applied (\$)
<u>Statement of Financial Position at 30 June 2020</u>			
Trade and other receivables			
Accrued revenue	11,674,028	(4,815,026)	6,859,002
Contract liabilities	(17,171,165)	16,983,866	(187,299)
Retained Surplus	(2,635,022,774)	(12,168,840)	(2,647,191,614)
	<u>(2,640,519,911)</u>	<u>-</u>	<u>(2,640,519,911)</u>
<u>Statement of Comprehensive Income for the year ended 30 June 2020</u>			
Recurrent Revenue			
Rates, levies and charges	265,115,364	1,110,024	266,225,388
Grants, subsidies, contributions and donations	7,955,578	100,000	8,055,578
Capital Revenue			
Grants	43,120,248	(7,823,245)	35,297,003
	<u>316,191,190</u>	<u>(6,613,221)</u>	<u>309,577,969</u>

The adjustments above relate to the recognition of contract assets and liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004. It also relates to the deferral of prepaid rates recognition to the beginning of the relevant rating period rather than on receipt of funds under AASB 1004.

#### Statement of Cash Flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

#### **Lease standard - AASB 16**

Council has assessed the impact of AASB 16 *Leases* on its lease arrangements:

##### Leases in which Council is a lessee

Council has elected not to recognise certain operating leases under the AASB 16 as they have been assessed as being low-value assets under the standard. The impact of applying AASB 16 to Council's remaining leases was found to be immaterial, both individually and in aggregate. Therefore, Council does not intend to apply AASB 16 to these arrangements. The lease expense relating to these leases will continue to be recognised in the Statement of Comprehensive Income on a straight-line basis.

##### Leases in which Council is a lessor

No significant impact is expected for leases in which Council is a lessor.

##### Peppercorn Leases

Council is the lessee of a number of leases for which no or little lease payments are made. The leases are generally between 3 and 25 years and require payments between \$1 and \$2,000 per annum. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide.

These arrangements have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not believe that the leases in place are material, either individually or in aggregate.

# Cairns Regional Council

## Notes to the financial statements

For the year ended 30 June 2020

### 24 National Competition Policy

#### Significant Business Activities of Council are:

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

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

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

The CSO represents an activity's costs, which would not be incurred if the activity's primary objective was to make a profit. 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 Council.

Below are the Activity Statements for the Significant Business Activities of which the Code of Competitive Conduct applies for the 2019/20 financial year, as required by *Section 35 of the Local Government Regulation 2012*.

#### 2019/20 Activity Statements

Significant Business Activities	Cairns Water \$	Cairns Resource Recovery \$
Revenue		
Services provided to the Council	19,097,362	2,568,091
Services provided to external clients	136,836,666	37,461,368
Community Service Obligations (net of charges)	798,776	834,056
<b>Revenue Total</b>	<b>156,732,805</b>	<b>40,863,515</b>
Less: Expenditure		
Employee Costs	26,959,501	4,837,930
Materials and Services	42,107,221	27,033,617
Depreciation	35,960,937	729,708
Other Expenditure	20,723,945	2,779,009
<b>Expenditure Total</b>	<b>125,751,603</b>	<b>35,380,264</b>
<b>Surplus/(Deficit) Before Dividend</b>	<b>30,981,201</b>	<b>5,483,250</b>

#### 2019/20 Community Service Obligations

Activities	CSO Description	2020 \$
<b>Water</b>	Service locations	20,184
	Fire Hydrants Maintenance	730,934
	Total	<u>751,118</u>
<b>Wastewater</b>	Service locations	47,658
	Total	<u>47,658</u>
<b>Waste Services</b>	Free dumping general waste	315,767
	Free dumping vegetation	268,275
	Free mulch	206,466
	Schools Recycling	31,010
	In Kind Waste & Recycling Collections	12,538
	Total	<u>834,056</u>

## Cairns Regional Council

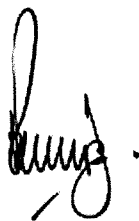
### Management Certificate

For the year ended 30 June 2020

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements as set out on pages 1 to 34 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

23 September 2020



**John Andrejic**  
Chief Executive Officer

23 September 2020

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cairns Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Cairns Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

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

At the date of this auditor's report, the available other information in Cairns Regional Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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



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

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

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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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



Patrick Flemming  
as delegate of the Auditor-General

24 September 2020

Queensland Audit Office  
Brisbane

# Cairns Regional Council

## Current-year Financial Sustainability Statement For the year ended 30 June 2020

### Measures of Financial Sustainability

	How the measure is calculated	Target	30 June 2020 Result
<b>Operating surplus ratio*</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	(2%)
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	Greater than 90%	102%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	68%

\* Included in the operating surplus ratio is \$3.5M of Enterprise Resource Planning software implementation costs that are not expected to be recurrent. Council is satisfied that it has sufficient revenue to cover operational and capital funding expenditure.

#### Note 1 - Basis of Preparation

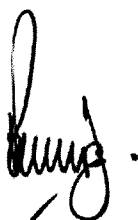
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2020.

#### Certificate of Accuracy

For the year ended 30 June 2020

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

23 September 2020



**John Andrejic**  
Chief Executive Officer

23 September 2020

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Cairns Regional Council

### Report on the current year financial sustainability statement

#### Opinion

I have audited the accompanying current year financial sustainability statement of Cairns Regional Council (the council) for the year ended 30 June 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 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 2020 has been accurately calculated.

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

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

At the date of this auditor's report, the available other information in Cairns Regional Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



Patrick Flemming  
as delegate of the Auditor-General

24 September 2020

Queensland Audit Office  
Brisbane

## **Cairns Regional Council**

### **Appendix A**

For the year ended 30 June 2020

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



## Cairns Regional Council

### Long-Term Financial Sustainability Statement (Unaudited)

Prepared as at 30 June 2020

#### Measures of Financial Sustainability

	Measure	Target	Actuals at 30 June 2020	Projected for the years ended								
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
<b>Operating surplus ratio*</b>	Net result divided by total operating revenue	Between 0% and 10%	(2%)	(1%)	(1%)	0%	0%	0%	0%	0%	0%	0%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue	not greater than 60%	68%	78%	71%	65%	57%	69%	79%	72%	61%	47%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	102%	121%	97%	103%	96%	82%	89%	108%	95%	95%

\* Included in the operating surplus ratio for the year ended 30 June 2020 is \$3.5M of Enterprise Resource Planning software implementation costs that are not expected to be recurrent. Council is satisfied that it has sufficient revenue to cover operational and capital funding expenditure.

#### Cairns Regional Council's Financial Management Strategy

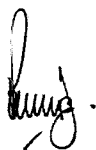
Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have the above three sustainability indicators that have been set by the Department of Local Government, Racing and Multicultural Affairs 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 2020

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  
23 September 2020



**John Andrejic**  
Chief Executive Officer  
23 September 2020