

“Emerging Strength”

2009/10

TOWNSVILLE CITY COUNCIL ANNUAL REPORT



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Annual Report objectives

Each year, the council is required to produce an Annual Report to review our performance and achievements for the past financial year.

Our 2009/10 Annual Report is significant in that it reports against our organisation's first Corporate Plan, which was adopted in March 2009, following the amalgamation of the previous Townsville and Thuringowa Councils and NQ Water.

This document is an overview of how we have performed and what we have achieved; an insight into our operations and financial position and our commitment to continue serving the needs of our community and stakeholders into the future.

The new *Local Government Act 2009* came into effect on 1 July 2010. Additionally, the *Local Government (Transitional) Regulation 2010* includes extra provisions for inclusion in the Council's Annual Report.

Feedback

Townsville City Council is committed to providing a comprehensive, easy to read Annual Report. To assist in producing future reports, we would appreciate your feedback by completing a feedback form online at www.townsville.qld.gov.au or at the end of this report.

Contacting the council

Locations	103 Walker Street, Townsville 86 Thuringowa Drive, Thuringowa Central
Postal Address	PO Box 1268 Townsville QLD 4810
Opening hours	8.30am - 5pm, Monday to Friday
Phone	(07) 4727 9000 - Business hours (07) 4727 8999 - Emergency after hours
Text the council	048 TELL TCC (048 8355 822)
Fax	(07) 4727 9050
Email	enquiries@townsville.qld.gov.au



1.0

OUR CITY IN 2009/10

OUR CITY

1.0 OUR CITY IN 2009/10

1.1 About our city

Townsville is widely regarded as the largest tropical city in Australia and the 'capital' of North Queensland.

In 2008, the city in its current form emerged following the amalgamation of the former Townsville and Thuringowa local government areas. Townsville evolved as the largest city in northern Australia, eclipsing both Cairns and Darwin in population.

Townsville, with a population of approximately 180,000, provides the northern link for State and Federal Governments, as well as for private enterprise in primary and secondary industries, mining, commerce, retail, community and cultural services.

The city covers an area of 3,733 sq km. Townsville's natural landscape is diverse, ranging from cool highland rainforests, to the Great Barrier Reef and to the dry, open outback.

While a relaxed regional centre, Townsville boasts infrastructure and services to match metropolitan centres. Education extends from over 100 state and private schools to trade and technical colleges, James Cook University and a teaching hospital.

Some of the distinguishing characteristics of the city which contribute to its growing and resilient economy include:

- economic growth significantly stronger than national and state averages.
- location of a major defence force base.
- the third busiest port in Queensland.
- internationally recognised university.
- one of the busiest hospitals in Queensland.
- large airport used commercially and by the defence forces.
- industrial smelters and refineries.

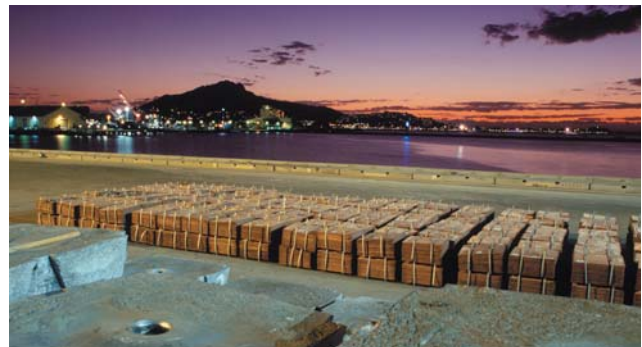
Significant development over the next 20 years is expected in the residential, commercial and industrial sectors. Townsville combines a booming and balanced economy with an enviable lifestyle. The city has affordable and diverse housing options with growing community and cultural infrastructure and is an attractive holiday destination for tourists.

1.2 The year in review

The Townsville City Council entered its second year post-amalgamation focusing on strengthening its organisation following significant upheaval to structures, procedures and systems.

The council spent \$237.5 million in capital works during the 2009/10 year.

The record capital works spend saw significant progress made on Townsville's Big 5 - the five largest capital works projects, all of which will be completed by the end of 2011. They are the Murray Sports Complex construction, the Flinders Street redevelopment, water and wastewater upgrades, Building Better Local Roads Program and the Townsville Civic Theatre extensions.



The council also commenced an investment of \$30 million in the city's drainage network over a three year period to better protect the community from flooding. The drainage package includes a roll-out of projects identified in the council's Local Flood Mitigation Strategy, developed early in 2009.

Less significant in expenditure, but important for the city's lifestyle and amenity, was the commencement of refurbishments of the Tobruk, Long Tan and Kokoda Memorial Pools. These capital works follow-through on recommendations in the Aquatic Facilities Master Plan which was developed to guide the future of public pools in the city.

The council delivered a range of new facilities to increase opportunities for grass roots sporting and recreational activities across the community. Highlights include new clubhouses and playing facilities in the final stage of the Murray Sports Complex and the start of construction of the Kalynda Chase Tennis Centre.

Activity at the city's major sporting precinct located in the suburb of Murray increased, with major improvements for cricket, AFL, basketball, darts, BMX, horse sports, cycling, rugby league, netball and junior football. The Murray redevelopment includes the multi-sports Townsville RSL Stadium which will be built in the next 18 months. Council and the State Government are contributing \$12.2 million towards the projects with the remaining \$3.0 million coming from the Federal Government.

Support for young people, seniors, events and grants in the 2009/10 year aimed to promote an active, safe and engaged community.

The \$721,000 Riverway Skate Park at Pioneer Park was completed in late 2009. Grants of more than \$2 million were distributed to arts and cultural groups, sporting and recreation clubs, and not-for-profit community organisations.

Protection and enhancement of the city's natural environment remained a priority focus for the council. A total of \$5.32 million was spent to continue supporting those engaged in future sustainability and active protection of the natural environment. A highlight was the reconstruction of the Rowes Bay foreshore which was battered during the 2008/09 king tides and prolonged wet season.

Additionally, the council continued priority access works at the Northern Beaches, with further funding applied for under disaster recovery arrangements with the State Government.

Townsville residents love their lifestyle and events. The 2009/10 year saw the inaugural running of the Townsville 400 V8 supercar race. The council then joined with the Australian Defence Force to host Townsville's major military sky show to celebrate The Strand's tenth birthday. The landmark event was one of many the council supported and organised to make Townsville the lifestyle capital of the country.

Townsville claimed the Ergon Energy North Queensland Tidy Town Award for 2009. The city was also named the region's Conservation Champion. The Ergon Energy Tidy Towns competition focuses on fostering sustainable communities.

CityLibraries won a Queensland Heritage Award for its Sir Robert Philp Lecture Series on the history of the Townsville region. At a ceremony in Brisbane in August, CityLibraries received a silver Governor's Heritage Award, organised by the National Trust of Queensland.



1.3 Key projects at a glance

Water and wastewater upgrades

The council's biggest ticket item for 2009/10 was the continuation of a massive upgrade of Townsville's water and wastewater network, with \$122 million spent this year and construction starting in September 2009. The centrepiece of the project is a complete upgrade of Townsville's oldest sewerage treatment plant at Mount Saint John, with the facility's capacity set to be more than doubled. The Mount Saint John plant will be transformed into a modern, regional facility that will meet Townsville's future growth demands for decades to come.



Building better local roads

Council's \$83 million Building Better Local Roads Program included \$42 million for the fast-tracked construction of North Shore Boulevard. The project aims to ease traffic congestion to the growing northern beaches suburbs of the city and is predicted to carry up to 14,000 vehicles each day at its ultimate capacity. The Building Better Local Roads Program included numerous projects on local roads and streets aimed at easing traffic congestion and bringing local roads up to standard after a record wet season. The council reconstructed, resealed and resurfaced roads to provide more permanent repairs to the worst affected areas.

Flinders Street redevelopment

Flinders Street, Townsville's main street in the centre of the central business district, is undergoing a major overhaul. The project aims to restore character to our main street and reinvigorate the city centre. The initial design was completed in late 2009, following extensive community engagement. Two-thirds of the funding for the \$56.6 million project was secured from the Federal and State Governments. Construction commenced on Flinders Street East in October. The main street sections of Flinders Street are on schedule to be completed in early 2011.



Townsville Civic Theatre extensions

The \$13.8 million major extension to the Townsville Civic Theatre is being funded jointly by the Townsville City Council and the State Government through the Q150 Legacy Infrastructure Program. The extension will transform the theatre into a modern, multi-purpose arts centre that will encourage greater community use. Some parts of the construction were opened during the year, with the project to be completed by Christmas 2010. New facilities include a rehearsal space, function room, meeting room and kitchen, more space for technical staff, workshop areas, additional toilet facilities, lift access to the two upper floors, improved disability access and improved box office and administration areas.

Townsville RSL Stadium

Tenders were awarded and construction commenced on the Townsville RSL Stadium at Murray. The stadium is part of a \$25.8 million upgrade of the Murray Sports Complex, a partnership between Townsville City Council, the State Government, Federal Government and sporting groups. The redevelopment includes the new Sports Centre, upgrades to sports fields, irrigation, lighting and amenities. To cope with the increased usage of the precinct, there will be more car parks and improved road and bikeway networks.



2.0

THE COUNCIL

THE COUNCIL

2.0 THE COUNCIL

2.1 Report from the Mayor

I am pleased to present the 2009/10 Annual Report of the Townsville City Council.

It is our aim to make this report not only informative, but reader-friendly. As our customers and stakeholders, I encourage you to let us know if there is any additional information you would like to see included in the report in future years. This report must conform to the standards set out under the *Local Government Act 2009* and associated regulations. It is also one of our means of reporting our achievements back to the community.

This year's Annual Report has been themed around "emerging strength". Our council's journey began with amalgamation in March 2008, when three organisations with different goals, structures and cultures merged. The 2009/10 year represents our first full year of operation under our Corporate Plan and every indication is that we are emerging from the disruption of amalgamation as a strong and sustainable organisation.

The 2009/10 financial period has been a busy one in which we have commenced or continued an impressive array of programs, many of which will culminate in the next reporting period. On the infrastructure front, we pushed forward with council's biggest capital works spend. This effort will see the construction of significant community facilities in sports, the arts, economic development and road networks.

We commenced council's biggest ever community engagement program, *Speak Up Townsville*, which will provide valuable input into our Community Plan and City Plan. The goal has been to talk to as many residents as possible, and incorporate their themes, concerns and hopes for the future into these important directional documents.

On the financial front, we have reversed the trend of both the State and Federal Governments which have put themselves into large deficits in these tight financial times. Our deficit has reduced again significantly and we are looking to run in surplus in the coming two years.

The 2009/10 year has been a tough assignment, but we have embraced the challenge to get the council's finances sorted, to stop living beyond our means, to secure partnerships with the business and government sectors and to contribute to the growth of the region's economy.

I particularly thank our CEO, Ray Burton, our executive team and council's financial services staff for their help during this period. Thank you to the city's Councillors for their support in setting priorities for the future and making what have sometimes been difficult decisions, especially those who served on committees and consultative bodies.

Cr Les Tyrell OAM
Mayor of Townsville



Senator Jan McLucas, Cr Les Tyrell OAM and State Member for Townsville, Mandy Johnstone, mark the start of the Flinders Street redevelopment project.

2.2 Our Councillors

Representing the community

Councillors represent the needs and interests of the local community. Townsville city has an undivided council, with no formally legislated wards or divisions. The individual Councillors have agreed to adopt areas of responsibility geographically across the city. While this model allows for a focus on individual suburbs, it also reinforces that all Councillors are responsible for decisions made in the best interest of the entire city.



Front left to right - Cr Deanne Bell (Alice River, Bohle Plains, Condon, Granite Vale, Gumlow, Hervey Range, Pinnacles, Rangewood, Rupertswood), **Deputy Mayor Cr David Crisafulli** (Aitkenvale, Cranbrook, Douglas, Lavarack Barracks), **Mayor Cr Les Tyrell OAM**, **Cr Jenny Lane** (Kelso, Rasmussen) and **Cr Trevor Roberts** (Alligator Creek, Arcadia, Barringha, Brookhill, Calcium, Cape Cleveland, Cluden, Cungulla, Florence Bay, Horseshoe Bay, Julago, Majors Creek, Mount Elliot, Mount Stuart, Nelly Bay, Nome, Oak Valley, Picnic Bay, Reid River, Roseneath, Ross River, Stuart, Toonpan, West Point, Woodstock, Wulguru)

Back left to right - Cr Tony Parsons (Bohle, Cosgrove, Gulliver, Heatley, Mount Louisa, Vincent), **Cr Brian Hewett** (Kirwan north of Laguna Avenue and Charles Street to Dalrymple Road), **Cr Natalie Marr** (Kirwan south of Laguna Avenue to Ross River Road), Thuringowa Central), **Cr Dale Last** (Annandale, Idalia, Rosslea), **Cr Ray Gartrell** (Currajong, Hyde Park, Mundingburra, Mysterton, Pimlico), **Cr Suzanne Blom** (Balgol Beach, Beach Holm, Black River, Blue Hills, Bluewater, Bluewater Park, Burdell, Bushland Beach, Clemant, Crystal Creek, Deeragun, Jensen, Lynam, Mount Low, Mystic Sands, Mutarnee, Paluma, Puroon Park, Rollingstone, Saunders Beach, Shaw, Toolakea, Toomulla, Yabulu), **Cr Vern Veitch** (Belgian Gardens, Castle Hill, Garbutt, Mount St John, North Ward, Pallarenda, Rowes Bay, Shelly Beach, Town Common) and **Cr Jenny Hill** (Hermit Park, Oonoonba, Railway Estate, South Townsville, Townsville City).

Councillor Code of Conduct

The *Local Government Act 2009* and associated regulations require council to report:

- the total number of breaches of the local government's Code of Conduct committed by Councillors as decided during the year by the local government
- the name of each Councillor decided during the year by the local government to have breached the code, a description of how the Councillor breached the code, and details of any penalty imposed by the local government on the Councillor
- the number of complaints about alleged code of conduct breaches by Councillors, other than frivolous or vexatious complaints, that were referred to the conduct review panel during the year by the local government or the Chief Executive Officer
- the number of recommendations made to the local government by the conduct review panel during the year that were adopted, or not adopted, by the local government
- the number of complaints resolved under the local government's general complaints process during the year and the number of those complaints that related to an alleged breach by a Councillor of the local government's code of conduct
- the number of complaints made to the Ombudsman, and notified to the local government, during the year about decisions made by the local government in relation to enforcement of its code of conduct

There were no breaches to report during the 2009/10 financial year. There were 12 complaints resolved under the council's general complaints process.

2.0 THE COUNCIL

Councillor remuneration

The *Local Government Act 2009* and associated regulations require council to provide particulars of expenses, remuneration and the facilities provided to each councillor.

Councillor	Salary	Amalgamation Loading	Company Superannuation
L R Tyrell	134,830	9,605	17,332
D F Crisafulli	96,334	6,934	9,294
D B Bell	84,774	6,209	10,918
S J Blom	84,774	6,209	10,918
R A Gartrell	84,774	6,209	10,918
B A Hewett	87,342	6,209	11,226
J L Hill	84,774	6,209	10,918
J Lane	87,342	6,209	11,226
D R Last	87,342	6,209	11,226
N D Marr	87,342	6,209	11,226
A J Parsons	84,774	6,209	10,918
T J Roberts	84,774	6,209	10,918
V M Veitch	87,342	6,209	11,226

Councillor expenses

The *Local Government Act 2009* and associated regulations require council to provide particulars of the expenses incurred by, and the facilities provided to, each councillor.

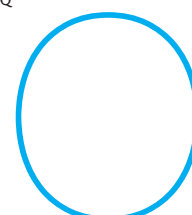
Councillor	Travel	Hospitality	Total
L R Tyrell	4,185.32	1,180.14	5,365.46
D F Crisafulli	2,364.03	172.19	2,536.22
D B Bell	6,392.35	0.00	6,392.35
S J Blom	76.82	0.00	76.82
R A Gartrell	5,278.12	209.10	5,487.22
B A Hewett	6,551.29	50.00	6,601.29
J L Hill	0.00	0.00	0.00
J Lane	707.76	0.00	707.76
D R Last	1,696.78	39.00	1,735.78
N D Marr	207.91	0.00	207.91
A J Parsons	4,457.70	0.00	4,457.70
T J Roberts	1,037.30	0.00	1,037.30
V M Veitch	425.73	0.00	425.73

Councillors have been provided with the facilities required to reasonably perform the role of Councillor as outlined the Councillor Facilities Policy in this report.

Councillors were provided with Mandatory professional development opportunities which included AICD (Australian Institute of Company Directors) and LGAQ Governance for Elected Members annual updates. These are considered council business and no costs have been reported.

Councillors have been provided with the facilities required to reasonably perform the role of Councillor as follows:

- Personal Protective Equipment
- Mobile Telecommunication Facilities
- Home Office Facilities or Council Office Facilities
- Administrative Support
- Vehicle Use (council supplied vehicle or reimbursement of business use for private vehicle).



3.0

THE COUNCIL ORGANISATION

ORGANISATION

3.0 THE COUNCIL ORGANISATION

3.1 Report from the CEO



The 2009/10 financial year focused on leaving the challenges of amalgamation behind, to emerge with a strong conviction for customer service and creating a culture of transparency and service within our workforce.

Our goal last year was the provision of uninterrupted and efficient service to our residents while we put our organisation together internally. With initial structures and systems in place, the 2009/10 financial period has been one of focusing externally and providing excellent service and continual review and improvement.

One of our best achievements for the year has been to continue our path of efficient financial management within our organisation. At the time of amalgamation, this city was facing the potential to run at large losses each year, spending more than \$58 million than what we were receiving in revenue. It was predicted that we would continue to struggle financially for more than a decade.

Through sound financial management, efficiency reviews and good governance, we have once again significantly reduced our operating loss over the 2009/10 year.

I cannot emphasise enough how important strong financial management is to the future of our city. We have reversed the trend of large financial losses, and we have done so in a difficult and changing climate of economic hardship. We are beset by rising fuel costs with the removal of the fuel subsidy, increases in electricity costs, higher labour costs and

the continual reduction of Federal and State Government financial support, as funding requirements are shifted from other spheres of government to councils.

Our development income has also reduced as a result of the global financial crisis. A downturn in commercial and residential building activity has seen a marked reduction in this stream of council income.

Our strength as an organisation is evidenced by our financial achievements this period. We brought down our budget on June 30, ready for the start of the new financial year. I present an unqualified audit report as part of this Annual Report and our financial statements received no critical areas of concern from the Queensland Audit Office. These are sound indicators of good governance and management which have been the result of teamwork by Councillors and staff toward a commitment to timeliness, accuracy and transparency.

Internally, we focused on managing the changes in our workplace, our systems and our organisation culture. Our internal change program, Make it Better, drives projects to improve our processes, communication and reporting. I am continually pleased by the level of commitment and support that I see in our staff as they focus on outcomes and most importantly, customer service.

I thank the Mayor and Councillors for their guidance and support during the year and congratulate the management and staff of council on the year's achievements. I commend this Annual Report as an excellent historical record of council's emerging strength.

Ray Burton
Chief Executive Officer



3.2 Strategic direction

In March 2009, Townsville City Council adopted its Corporate Plan 2009 – 2014, and the 2009/10 financial period is the first full year of operation and reporting against this plan as an amalgamated entity.

The Corporate Plan is council's principal long-term planning document, which identifies the issues and priorities for council over the next five years and beyond. It sets out council's plan to meet the present and future needs of our community by identifying a clear vision for the future, our mission and the values which are fundamental to how we operate and make decisions.

The Corporate Plan is the document from which other council plans, strategies, policies and processes are created. The Corporate Plan also fulfils the council's statutory obligation outlined in the *Local Government Act 2009* and associated regulations.

Below is an abstract from the Townsville City Council Corporate Plan 2009 – 2014. A full copy of the plan is available at www.townsville.qld.gov.au

Our vision: Townsville – vibrant, progressive and a great lifestyle.

Our mission: Working with our community to provide quality services through commitment and leadership.

Our guiding principles: At Townsville City Council we are committed to making decisions responsibly and acting with integrity, honesty and respect.

We value:

Our staff: Our staff are our most valuable asset and we will treat everyone with fairness and equity. We value learning teams and a collaborative approach to deliver the best service for our customers.

Our community: We will work with our community and business stakeholders to help build a healthy, progressive and prosperous city.

Our environment: We will provide stewardship to maintain, protect and enhance our natural environment.

In order for Townsville City Council to achieve the outcomes of economic, social and environmental sustainability and responsible governance, the following strategies have been developed and included as part of council's 2009 – 2014 Corporate Plan.

Goal 1: Economic sustainability

- A robust, prosperous economy which provides opportunities for business and investment
- An integrated approach to city and regional planning, infrastructure provision and service networks which support a growing city

- An attractive place to live which encourages a diversity of business investment, development and employment opportunities
- Infrastructure that meets community needs.

Goal 2: Environmental sustainability

- Our environment is valued, protected and healthy
- Sustainable balance between urban development and the natural environment
- Council is recognised as an industry leader in environmental stewardship
- Environmentally sustainable behaviours are embraced by the community
- Climatic effects on our community, natural and built environment are minimised.

Goal 3: Social sustainability

- A safe place and home to a vibrant and healthy community
- A cohesive and self reliant community
- Our community has access to relevant and timely services that meet its needs and expectations
- A city rich in art and creativity which values its cultural heritage
- Efficient disaster management.

Goal 4: Responsible governance

- Transparent and accountable local government
- A competent, productive and contributing workforce
- Innovative solutions which service our community's expectations
- Excellence in financial management to ensure future sustainability of council.

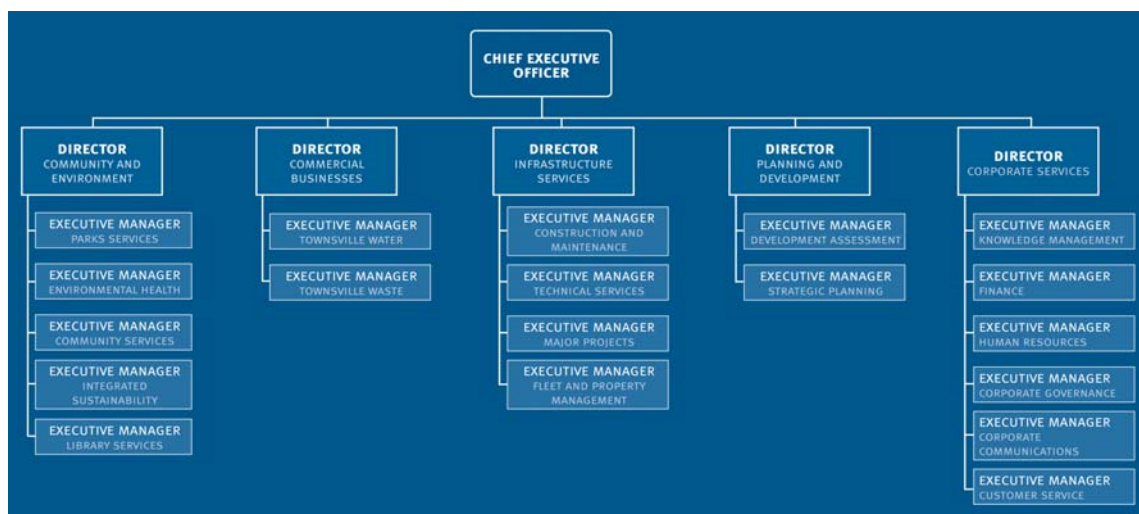
3.3 Scope of business

Townsville City Council is a local government authority duly constituted pursuant to the provision of the *Local Government Act 2009* and associated regulations.

The council performs functions of local government set out in the *Local Government Act 2009* and associated regulations and is charged with the good rule and government of its local authority area. The following outlines the responsibilities of each of the council's divisions and departments, based on the organisational structure of the council as at 30 June 2010.



3.0 THE COUNCIL ORGANISATION



3.4 Our Executive Management Team



Front left to right - Ken Diehm, Gavin Lyons, Kim Corrie, Neil Allen, Angelo Licciardello

Ray Burton Chief Executive Officer

Ray commenced his position as Chief Executive Officer of Townsville City Council in 2008, bringing with him 32 years experience at an executive level in local government.

Ray was previously the Chief Executive Officer at Pine Rivers Shire Council for five years prior to the council amalgamations and served as the Interim and then Acting Chief Executive Officer of the new Moreton Bay Regional Council, just north of Brisbane.

Prior to his time with Pine Rivers, Ray held the position of Community Development General Manager at Maroochy Shire Council on the Sunshine Coast, where he was subsequently appointed as the Deputy CEO. Ray has held a number of executive council positions throughout regional Victoria, including 10 years as CEO at the City of Bendigo Council.

Gavin Lyons Director Community and Environment Division

Gavin has over 35 years experience in local government in the Townsville region, with 17 of these years at an executive level. Gavin started his career as a Cadet Health Surveyor with Townsville City Council in 1974 and progressed his way through various health-related positions. He was appointed Manager of Environmental Services at Thuringowa City Council in 1993 and subsequently Director of Environmental Services in 1998.

With a suite of qualifications and training in the fields of public health and management, Gavin was recognised for his management skills in 2002, being awarded the Australian Institute of Management Professional Manager of the Year for North Queensland. In recognition of his work for Brothers Leagues Club, he was awarded the Clubs Queensland Director of the Year in 2007.

Ken Diehm

Director Commercial Businesses Division

Ken started his career in accounting in 1984 when he enrolled to study a Bachelor of Commerce Degree at James Cook University, while working full time at Queensland Rail. Since completing his degree, Ken held a number of senior accounting positions with Townsville City Council before leaving to start his own business as a consultant specialising in National Competition Policy reform.

Ken was appointed as the CEO of NQ Water in 2001 and has overseen a number of significant projects, including the restructure of the bulk water business, preliminary work on Best Practice Pricing and the Ross Dam upgrades. While no longer actively involved in the accounting profession, Ken attributes his success to the solid platform this field has provided him with, and is continuing his professional development by undertaking Masters Degrees in Business Administration and Dispute Resolution.

Neil Allen

Director Infrastructure Services Division

Neil has a wealth of experience in local government after working for nearly 30 years in the sector. Following amalgamation, Neil was appointed as the Director Infrastructure Services in August 2008. Prior to this appointment, Neil was the Engineering Services Director for the former Townsville City Council.

Neil was employed as the head of the Engineering Services Department at the Bathurst City Council for 10 years and also held various positions at councils throughout New South Wales.

Neil was the licensee, on behalf of Bathurst Council, for the world famous Mt Panorama racing circuit, and was also involved in the organisational restructures that occurred in New South Wales following council amalgamations in 2004.

Angelo Licciardello

Director Planning and Economic Development Division

Angelo was appointed as the Director of Planning and Economic Development for the new Townsville City Council in September 2008. Angelo was well versed in the demands of the position, having held it with the council prior to amalgamation from April 1994 to March 2001. Angelo commenced his professional career as a lawyer after completing a Bachelor of Arts and Bachelor of Law at the University of Queensland. He was employed in the Department of Justice and the Attorney General in 1979 and later as the legal advisor for the Queensland Police Commissioner for a period of two years, followed by a move to Townsville to accept a position as the Manager of Legal Services for Townsville City Council in 1994.

Angelo has considerable experience in a commercial setting, having held the position as Project Director of Delfin Lend Lease Townsville from 2001 to 2007 and operating his own property development consultancy.

Kim Corrie

Director Corporate Services Division

Kim has an extensive local government background, having worked at an executive level in local government in New South Wales, the Northern Territory and Queensland. Kim started her career in finance for an electricity board before taking positions with Dubbo City Council, Katherine Town Council, the Northern Territory Department of Local Government, Bland Shire Council and Thuringowa City Council.

Kim attributes her passion and success in local government to her positions with small councils across various states and territories, allowing her to broaden her knowledge and multi-skill across various areas.

Kim's qualifications include a Bachelor of Business (Accounting) and a Master of Business (Corporate Governance and HR Management). Kim is a results orientated person who enjoys the diversity and challenges of local government.

3.5 Department summary

Community and Environment Services Division

Community and Environment Services is responsible for the community-based services and facilities of council's programs, liaison with relevant government departments and community organisations, public health services, parks and streetscape development and broader environmental issues.

- Parks Services is responsible for the development and maintenance of Townsville's magnificent parks and open space areas that provide a range of recreational and sporting opportunities for both residents and visitors.
- Environmental Health Services manages aspects relating to environmental health within the community including physical, chemical and biological factors that impact on human health.
- Community Services delivers spaces, facilities, programs and activities that are relevant to the community for sport and recreation, performing arts, galleries and community planning and services.
- Integrated Sustainability Services is responsible for researching and collating integrated environmental management and advising council on implementation.
- Library Services (known externally as CityLibraries Townsville) provides a full range of public library services to members and visitors, as well as a corporate research service to council staff and councillors.

3.0 THE COUNCIL ORGANISATION

Commercial Businesses Division

The Commercial Businesses Division is responsible for the management and delivery of council's significant business activities of Townsville Water and Townsville Waste.

- Townsville Water is the water service provider for the Townsville area. Townsville Water services approximately 153,500 residents, equating to more than 62,000 residential customers and over 3,000 commercial customers with water supplies and sewerage services.
- Townsville Waste is responsible for kerbside collection, kerbside recycling, treatment, processing and disposal of solid waste.

Infrastructure Services Division

Infrastructure Services provides the technical management, planning, construction, maintenance and operation of the city's roads and drainage infrastructure.

- Construction and Maintenance is responsible for managing the city's local roads and drainage infrastructure.
- The Technical Services Department is a multidisciplinary group which manages investigations, design and survey and business support for all Infrastructure Services functions within council. The department also facilitates emergency management for all of council.
- Fleet and Property Maintenance manage the operation of council's building-related assets. They provide technical support, an in-house workshop and a graphics team for council's signage, and are responsible for the organisation's plant and motor vehicles.
- Major Projects is responsible for the planning and delivery of large, high profile projects. Major Projects is working to create a sustained project management culture through the development and management of a council-wide project management methodology suitable to council's environment and reflecting best practice.

Planning and Development

Planning and Development is responsible for ensuring that proposed developments contribute positively to the social amenity and economic aspects of this growing city and ensure that development is consistent with the expectation of the community through the use of City Plan 2005 and the City of Thuringowa Planning Schemes.

- The Development Assessment team is responsible for coordinating the assessment of development applications throughout council.
- Strategic Planning is concerned with the forward planning of council's major infrastructure, the development of the City Plan, economic development and maintenance and promotion of Townsville's heritage.

Corporate Services Division

Working with our customers, the Corporate Services team enables council to deliver our organisational outcomes through stewardship, governance and innovative business solutions.

- Knowledge Management provides council with information technology, a service desk, operations and applications, correspondence management, geospatial services and IT governance affecting the department and all of council.
- Financial Services is the steward of council finances and also provides services such as inventory, accounts payable and accounts receivable.
- Human Resources - People Performance provides assistance to the organisation in the key areas of recruitment and selection, employee relations, benefits and remuneration, workplace health and safety and organisational development.
- Corporate Governance provides high level support by implementing and monitoring best practice governance and legal frameworks. This ensures council achieves its overall outcomes in a way that enhances confidence in the organisation, its actions and its decisions.
- Corporate Communications has a variety of functions within council, including marketing, media relations, special events, protocol, corporate sponsorship, maintaining the council's public website and internal communications with employees.
- The Customer Service Centre is the gateway to council services and the main contact point for external customers. The centre provides a one-stop-shop for council enquiries through its call centre and customer reception counters.



4.0

TOWNSVILLE CITY COUNCIL PERFORMANCE

PERFORMANCE

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

Each year, our community, our Councillors and staff provide input into our annual operational plan, which guides council's direction and activities over the coming year and consequently affects our budget and resourcing.

The below list provides a snapshot of the measurable outputs delivered during the 2009/10 financial year.

More detailed information about the services council provides or its performance can be gathered from the council's Quarterly Performance Reports which are available on council's website.

Key achievements for the year

- Successful completion of the CBD Parking Strategy and free Eyre Street car park and commencement of the Aplin Street car park extension.
- We now have a *Bikeways and Walkways* in Townsville guide about sustainable transport and safe, community-friendly access to bikeways across the city.
- Significant progress of the Flinders Street Redevelopment Project with commencement of the new road and removal of light poles in Flinders Street East.
- Securing funding to upgrade lighting on the Riverway Practice Oval which will allow greater capacity for sporting events.
- Providing easier access to council through the introduction of 'Text the Council' for residents.
- Improving recreational access to the Barnicle Street boat ramp following significant community engagement and consultation.
- Completing a strategic study on waste sites in Townsville to ensure environmental best practice collection and disposal.
- Developing Townsville's growth prediction model in collaboration with the State Government which will contribute the planning and building of a sustainable city.
- Commencing *Speak Up Townsville*, the most significant community engagement and consultation program held to inform the development of the Community Plan and City Plan.
- Commencing the Wastewater Upgrade Project and significant progress on the Water Supply Upgrade network in the Northern Beaches.
- Near completion of the \$13.8 million Townsville Civic Theatre extension.
- Near completion of the North Shore Boulevard.

Economic sustainability

A robust, diverse and sustainable economy

Deliverable:	2009/10 result
Total length of council controlled roads	1,613 km
Total length of council controlled pathways	313 km
Total length of stormwater pipes	574 km
Number of new dwelling/unit complex applications approved within the city	1,422
Total value of new dwelling/unit complex applications approved within the city	\$421.47 m
Number of new commercial building applications approved within the city	332
Value of new commercial building applications approved within the city	\$182.69 m
Total value of all building applications approved within the city	\$677.14 m
Total value of council's major contracts (over \$15,000) awarded	\$207.8 m
The total volume of potable urban water supplied	36,775 megalitres
Number of public amenities maintained by council	66
Investment in capital infrastructure	\$256.1 m

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

Environmental sustainability

Effective management and protection of our natural and built environment through sustainable growth and development.

Deliverable:	2009/10 result
Total area of parks maintained by council	1,874 ha
Total staff hours spent mowing, pruning and gardening	394,119 hrs
Number of dogs registered within Townsville	32,283
Total number of kerbside general refuse bins collected	4.09 m
Total number of kerbside recycling bins collected	1.79 m
Number of free tipping vouchers redeemed	131,219
Number of free native plants given away to the community	6,084
Area of mosquito breeding sites treated	2,300 ha

Social sustainability

An inclusive and safe community that creates and enhances opportunities for social engagement and well-being.

Deliverable:	2009/10 result
Total attendance at council run events	114,463
Public attendance at The Strand precinct	1.22 m
Number of lawn mowing services provided to eligible residents	5,408
Number of individual library items loaned	1.09 m
Number of public Internet bookings through council's libraries	91,130
Total attendance at council's galleries	87,874
Total attendance at the Townsville Civic Theatre/Riverway Arts Centre	125,691
Total attendance at the Reid Park Pit Complex (other than for Townsville 400)	14,848
Total attendance at Tony Ireland Stadium	216,782
Total attendance at council-owned pools	215,518
Attendance at council's parklands for formal ceremonies and events	579,584
Attendance at council's community centres	117,388
Total number registered as part of the Pensioner Transport Subsidy Scheme (PTSS)	31,315
Total value of grants distributed to the community	\$2 m
Total council contracted security patrol hours at public locations	28,600 hrs

Responsible governance

Responsible leadership where decisions are made in a considered and transparent manner.

Deliverable:	2009/10 result
Total number of customer calls taken through council's call centre	197,568
Number of customers served in person at council's Customer Service Centres	63,624
Number of unique visits to council's website	399,112
Number of Right to Information requests received by council	28
Number of staff employed by the council	1,702
Percentage of customers rating their initial customer contact with council's Customer Service Centre as good or excellent	89%
Number of tenders called by the council	61
Number of Ordinary and Standing Committee Meetings held	99
Operating result (reduced deficit)	Deficit \$18.6 m

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

4.1 Economic sustainability

A robust, diverse and sustainable economy

Our desired outcome

A robust, prosperous economy which provides opportunities for business and investment.

The strategies we will implement in order to achieve this outcome are:

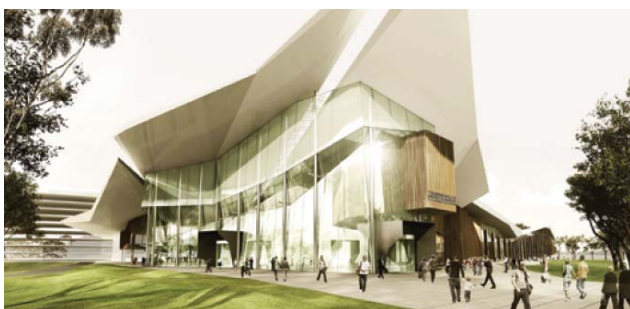
- Develop economic strategies in conjunction with future planning for the region.
- Promote business innovation, best practice and investment to ensure competitiveness and opportunity.
- Investigate and assist the development of emergent industries and businesses.
- Pursue industry investment and assist industry response to significant economic change.
- Engage with regional, state and national stakeholders in the creation of a strong and resilient economy.

Economic development for the city

The Townsville City Economic Development Strategic Plan 2011-2016 is due for completion in late November 2010. The project consists of an overarching strategy with plans including:

- Productive Precincts Development Plan
- Infrastructure Development Plan
- Marketing Promotion and Investment Attraction Plan
- Local Tourism Precincts Development Plan
- Skills and Business Development Plan.

The 2009/10 year saw significant progress made towards securing projects which will change the landscape of the city and have the potential to bring investment and development to the region.



Townsville Entertainment and Convention Centre (TECC)

The existing TECC was built in 1993, primarily as an indoor sports and entertainment facility, with limited capacity for conventions and exhibitions. For Townsville to take its place as a major business events location, the construction of a new entertainment and convention centre is required. Townsville City Council is pursuing the development of a state-of-the-art, \$127 million entertainment and convention centre that would be located at Dean Street in the central business district. This new centre would provide the infrastructure to enable Townsville's business events sector to match the city's long-established role as an economic, sporting and cultural capital.

Townsville Ocean Terminal

The Townsville Ocean Terminal development is a State Government initiative. Initially valued at \$92 million, the State Government requested that the Townsville City Council contribute \$30 million to the project. The council rejected the request, citing a lack of council remit, authority (outside city boundary), equity and financial capacity as significant reasons for not making a contribution. The council committed to make an in-kind contribution in the form of the completion of engineering and construction of the realignment of Perkins Street at a cost of \$4.84 million. The Federal Government made a commitment of a further \$3.5 million with the State Government also providing a further \$3 million. This funding should ensure that a revised \$75 million project will proceed.

Farmers' Market

A feasibility study for a local farmers' market has been completed and a business case presented to the North Queensland Development Alliance steering committee. Meetings have commenced with the growers and a number of locations around the city are being considered as potential homes for the enterprise.

Port Eastern Access Rail Corridor

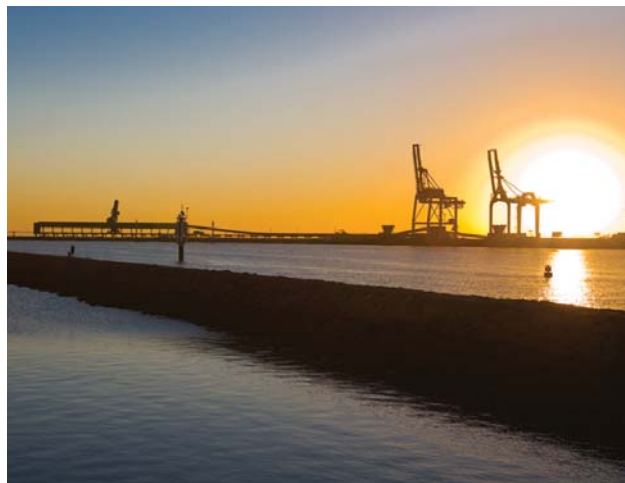
The council continues to lobby both Queensland Rail and the State Government for the development of the Port Eastern Access Rail Corridor between the main North South line and the Port of Townsville. This would significantly reduce pressure and traffic delays within the Townsville urban area. The feedback through the year was that the rail corridor would be constructed as demand intensifies.

Our desired outcome

An integrated approach to city and regional planning, infrastructure provision and service networks which support a growing city.

The strategies we will implement in order to achieve this outcome are:

- Engage residents and stakeholders in the development of a shared vision for a sustainable Townsville and region.
- Develop an integrated approach to city and regional planning and infrastructure provision to reflect the aspirations of the community.



A long term perspective

The council has strategically brought its forward planning units into one department, so that the areas responsible for its land use, infrastructure, economic, heritage and urban renewal planning can work collectively to achieve better outcomes for the community. Many opportunities are being identified to minimise the council's future infrastructure costs and improve lifestyle, social and economic opportunities by integrating with the land use planning for the future.

eplanning

Preparation for stage one of eplanning was carried out throughout the financial period, ready for the roll out in July 2010. Eplanning provides an integrated electronic development assessment process for customers and staff. Modules of the program currently in place allow customers to conduct property and land use enquiries, as well as track the progress of their development applications. Stage two will add the facility to prepare and lodge applications electronically. The end result will be a 'one-stop shop' for development applications, saving time and money for everyone involved.

Shaping Townsville's future

The council has commenced the development of a new planning scheme for the City of Townsville. Substantial consultation has occurred amongst various council departments and State Government agencies that rely upon the City Plan to deliver outcomes for city.



The *Speak-Up Townsville* community consultation initiative for the development of the Community Plan will establish a vision for Townsville, with the information also feeding into the development of council's future planning scheme.

Developing the City Plan will include wide-ranging community and industry engagement with everyone invited to contribute during key milestones of the project. Important milestones for input and submissions are Stage 2 (Future Land Use Strategy) and Stage 3 (Drafting the Scheme).

The council's City Plan Unit has carried out initial consultation with State Government agencies. A State Agency Workshop has been held, and representatives from the Department of Infrastructure and Planning are also working with the project team. Key industry groups will also be invited to contribute to Major Policy Studies and other project milestones.

For the first time, council has a consolidated growth model to ensure that all council planning is undertaken on a consistent platform. The council's Strategic Planning Unit has developed a growth model that distributes government growth forecast for 20 plus years for the local government area. The purpose of this model is to ensure a consistent set of agreed assumptions for the purpose of infrastructure planning and service provision. Perhaps one of the most powerful features is the ability to test scenarios to determine relative impacts of the different options, informing decision making on the relative merits between planning options. The model distributes population demographics on five year horizons and can project with reasonable consistency to 2046.

Our desired outcome

An attractive place to live which encourages a diversity of business investment, development and employment opportunity.

The strategies we will implement in order to achieve this outcome are:

- Provide and maintain efficient and effective infrastructure to support growth and development.
- Undertake urban planning and design to create an attractive place to live, work and visit.
- Increase the city's profile through marketing initiatives, the delivery of festivals and events and support for other community-based activities.
- Promote the city's distinctive physical character and strong sense of place and identity.

City Heart development

Following 12 months of consultation and design, construction on the new \$56.6 million Flinders Street redevelopment project commenced in March 2010. This redevelopment will pave the way for the revitalisation of Townsville's main street retail precinct. With construction well underway, the council's focus is now shifting to stimulating investment in the city centre. Activities and strategies are being developed to attract new retailers to create the vibrant shopping heart that Townsville needs.

The council is currently undertaking a master planning study of Townsville's broader central business district. The City Centre Master Plan Study will steer the development of Townsville's CBD over the next decade, guide infrastructure planning and development for incorporation into Townsville's new planning scheme as part of a statutory planning instrument. The City Centre Master Plan Study is scheduled to be complete in March 2011.

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

A city of events

The Townsville City Council's special events program had many highlights during 2009/10. Carols By Candlelight, held in early December, welcomed a capacity crowd in excess of 18,000 people at Strand Park. Anzac Day 2010 was commemorated with 2,000 returned servicemen and women from East Timor, Afghanistan and Iraq joining the Anzac Day Parade, making it the biggest parade ever conducted in Townsville and the biggest Anzac Day parade in Queensland for the year.

The V8 Supercars roared into town for the first time in July 2009, and the council staged several events around the race days, welcoming the teams and fans to the city in grand style. In June 2010, two of council's environmental celebrations were combined to form the Townsville Ecofiesta and Smart Lifestyle Expo, which was the biggest environmental festival of its kind in regional Queensland.

The largest single event council produced in the 2009/10 financial year was the Townsville Air Display and Family Fireworks Spectacular. This partnership between the Australian Defence Force and the Townsville City Council saw over 80,000 people pack the full length of The Strand for a day and night of military aircraft and stunning fireworks displays, including the appearance of the USAF Thunderbird aerobatic team.

The council's markets program produces both the Cotters Markets and the Strand Night Markets. In late 2009, the council entered into a partnership agreement with the Thuringowa Rotary Club to hand over management of the markets program to the service organisation. This new arrangement has enabled both markets to continue with all profits from the markets being returned to the community through the many charitable projects of Rotary. In 2009, 51 Cotters Markets were staged and eight Queensland Country Credit Union Strand Night Markets were held. An estimated 344,530 people attended the markets program during the year.



Our desired outcome

Infrastructure that meets community needs.

The strategies we will implement in order to achieve this outcome are:

- Plan and provide timely and sustainable infrastructure.
- Provide asset management practices which reflect the community's expectations regarding service levels and its ability to pay.

Priority infrastructure planning

In 2009/10, the council continued to introduce infrastructure charges to recover the costs from developers for major infrastructure required to service our growing community. The infrastructure charges policies for roads, drainage, water and sewerage were all updated to reflect the best forward planning available to council. Costs on behalf of the Department of Transport and Main Roads (DTMR) for the State Government controlled road network are also recovered. To help minimise the impact on the development community, a subsidy regime of 33% on transport infrastructure charges was introduced and maintained.

The council's draft first edition Priority Infrastructure Plans (PIPs), which will eventually replace the policy infrastructure charges, were completed and submitted to the State Government in December 2009. The PIPs are still being reviewed by the QCA, and are due to be reported to Department of Infrastructure Planning (DIP). DIP has already provided a draft response, and we are taking action to address the issues raised. Once the issues are addressed to the State Government's satisfaction, the council will be able to consult the wider community on the proposed PIPs.

Traffic modelling

The council, in partnership with the Queensland Department of Main Roads and Transport, completed the first iteration of the strategic traffic modelling for the major roads across Townsville. This modelling uses forecasted populations through to the year 2031 to determine the traffic throughout the city road network, which enables the council to determine its future road requirements. In five-year increments, it estimates the required road upgrades. This information allows the council to also set up strategic traffic count locations to ensure actual upgrades are delivered on time. This is the first time that forward planning work of this nature for our road network has been done for our entire city.

A detailed traffic analysis model for the CBD and South Townsville area has also been developed and will be used in conjunction with the CBD Master Planning project to determine upgrades in the road network for this important area of our city.

Flood modelling

The council commenced a project to determine the flood levels and extents across the urban areas of the city. The Urban Flood Level Constraints Map project determines the flood constraints of the urban areas for the entire city. A detailed project management plan was completed which included the program schedule and a priority listing of areas to be investigated. The council purchased the applicable software to enable the modelling to commence. Analysis has commenced in accordance with the priority listed areas.

Additionally, the council completed the Bohle River to Black River flooding assessment report for existing development and future urbanised catchments. This study identified flood levels and extents for the Bohle River, Black River, Saunders Creek and Stony Creek. Our corporate GIS will be updated to incorporate digital flood layers developed from the project. The project has also identified the need for flood mitigation measures to address impacts of future development and alleviate some issues adjacent to existing development.

Infrastructure projects

Through the development of the 10 Year Capital Works Plan and Capital Works Implementation Program, the council is in a position to commence scoping its projects well in advance of their delivery. This approach has enabled council to achieve better long term outcomes for the community. Some of the major programs of works which have been fully delivered in the past year include:

- \$3.8 million in kerb and channel replacement
- \$7 million in road preventative maintenance programs
- \$6 million in road reconstruction works
- \$2 million in pathway installations

Improving the overall condition of the road network has been a focal point over the past year. It will ensure that our local roads perform better during the wet season, providing a safer transportation system.

Major projects

Townsville City Council's major projects program has seen significant progress made on our five largest capital works projects, which will be completed by the end of 2011. They are the Townsville International Sports Centre (Townsville RSL Stadium) construction, North Shore Boulevard, the Flinders Street redevelopment, water and wastewater upgrades and the Townsville Civic Theatre extensions.

All five projects have taken shape this year and will contribute to a better amenity and lifestyle for our city. The majority of projects are running to schedule despite one of the biggest wet seasons in recent years.

The first stages of the \$13.8 million Townsville Civic Theatre extension are now in place, providing enhanced rehearsal and theatre space to the Townsville community. The Flinders Street Redevelopment Project (\$56.6 million) has moved forward rapidly. The former pedestrian mall is being converted

to a two-way calm traffic street with wide, shaded footpaths and improved parking availability.

The massive upgrade of Townsville's water and wastewater networks is now underway. The \$96 million upgrade to the Douglas Water Treatment Plant and construction of 40ML/day treatment facilities at Kinduro and Crystal Creek are mostly complete, with commissioning and capacity testing currently underway.

The wastewater project (\$189 million) began in September 2009 and encompasses a complete upgrade of Townsville's oldest sewerage treatment plant at Mount Saint John, with the facility's capacity set to be more than doubled.

Construction of North Shore Boulevard is ahead of schedule, and is designed to ease traffic congestion and bring local roads up to standard after a record wet season. The North Shore Boulevard project includes the construction of a new 7km two lane arterial road and two bridges from North Shore to Mount Low Parkway.

Townsville RSL Stadium is now well under way with a scheduled completion date of April 2011. The sporting venue includes three indoor courts with seating for up to 2,000 spectators and will play a secondary role as a post-disaster recovery centre.



4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

4.2 Environmental sustainability

Environmental Sustainability - Our environment is valued, protected and healthy.

Our desired outcome

Our environment is protected, valued and healthy.

The strategies we will implement in order to achieve this outcome are:

- Provide strategic and integrated planning and policy development to sustain our environment.
- Implement biodiversity and natural area management, protection and conservation programs.
- Maintain and enhance the environmental values of identified significant natural areas.
- Recognise and respect places of natural and heritage significance.
- Implement effective coastal, landcare and catchment management programs.

Effective management and protection of our natural and built environment through sustainable growth and development was top of mind throughout the 2009/10 business year. Our ongoing intention is to achieve the protection of our environment, ensuring it is highly valued and its health is maintained.

Integrated planning and policy development

Council departments have collaborated and inclusion has been a primary focus throughout the 2009/10 business year. The aim has been to provide a strategic, integrated approach toward planning and policy development to sustain our precious environment.

During 2009/10, we successfully developed planning checklists to assist development assessment officers with assessing Stormwater Quality Management Plans. This program will be widened in the following financial year to include other environmental obligations. The Eco-city Plan for Townsville is being developed with input from community-based sustainability workshops, and the council's community engagement program for its Community Plan. The Eco-city Plan integrates sustainability and draws together often divergent community visions for a protected, valued and healthy environment. It is expected this plan will be finished in the final quarter of 2011.

The council's Integrated Sustainability Services (ISS) Department commenced progressively implementing the Integrated Environmental Management System through:

- Completion of a Climate Change Risk Assessment and Action Plan. This risk assessment and associated action plan will assist council staff to keep climate change top of mind in their normal operating environments.
- Finalisation of the Black Ross (Townsville) Water Quality Improvement Plan which involved networking to ensure integration toward strategic policy direction and fostering close working partnerships and collaborations between departments. This has also included incorporating environmental and sustainability issues into the developing City Plan.

- Development of a framework for organisation-wide greenhouse gas (GHG) reporting, to assist in the future National Greenhouse and Energy Reporting process. ISS also worked with Fleet Services to assess current fuel usage and estimate baseline GHG emissions.
- Supporting council departments to obtain or maintain environmental permits, compliance and planning approvals for activities affecting waterways, wetlands and marine environments.
- Providing training to industry and council officers on erosion and sediment control best practices.
- Advancing the Draft Water Sensitive Urban Design guidelines to help improve water quality management in new developments and preparation of a Waterway Management Plan for Louisa Creek.

Teams within council have delivered initiatives to ensure Townsville parks and open spaces are strategically planned with sustainable future directions. Initiatives included:

- Review of current operations to ensure best practice process, sustainability and maintenance of service levels.
- Development of new landscape design and project management frameworks to ensure compliance with relevant strategies and legislation.
- Development of a water efficiency plan that will ensure a strategic approach to water use across all parks, open spaces and landscape areas.
- Development of a three year program that enables strategic forward planning and community participation in future projects.

Conservation programs

Ongoing revegetation, rehabilitation and maintenance programs were implemented for more than 200 significant natural areas across the Townsville landscape. Specialist environmental crews were used to deliver best practise environmental outcomes across coastal, wetland and inland communities with ongoing conservation program principals in place.

During 2009/10, the council contributed significantly to several biodiversity partnership programs including Toad Day Out, the North Queensland Quoll Seekers Network and the Black Throat Finch Recovery Team.

Valuing our significant natural areas

As part of council's ongoing focus on strategic planning, specific site management plans were developed and refined to manage the environmental values of significant areas, including the Bohle River Floodplain, Gustav and Louisa Creeks and the Bohle wetlands.

Activities undertaken during the business year included on-ground rehabilitation and maintenance works in priority wetland areas. These works also aimed to engage the community, improve the areas' hydrological function and restore ecological values through strategic removal of invasive weeds and sediment accumulation. The council focussed on recognising and respecting places of natural and heritage significance during 2009/10, with ongoing maintenance works at the nature refuge at Upper Sleeper Log Creek and Ollera Creek and also at significant sites of natural heritage

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

including Oak Valley Reserve, Stuart Creek Reserve, Horseshoe Bay Wetlands and Page Road Reserve.

Effective coastal, land care and catchment management programs were implemented across Townsville throughout 2009/10. The council workshoped and developed Shoreline Erosion Management Plans for both Rowes Bay and Nelly Bay on Magnetic Island to provide management guidance for priority coastal areas in perpetuity.

Site assessments of land and estuarine environments were conducted for key local coastal sites and included disaster recovery from high tides and storms. The council secured coastal management funding for post-disaster beach restoration. Support continued for the development and implementation of site-specific coastal management strategies for communities experiencing hardship as a result of natural coastal processes.

The council supported residential, business and government participation in Clean Up Australia Day (CUAD) March event and the Great Northern Clean Up. More than 15,000 residents and local groups participated in council's community greening events in partnership with Powerlink and other environmental non-government agencies. Six other local community groups including Bluewater Landcare and Alma Bay Clean Up received assistance during the year.

The council continued its support for Coastal Dry Topics Landcare Incorporated, which undertakes revegetating and environmental management activities with over 10 community subgroups. Conservation Volunteers Australia (CVA) was also assisted to enable the facilitation of community-based Creekwatch groups in Townsville. The *Fairfield Waters Creekwatch* community group was incubated, with the aim to integrate community engagement and on-ground observations into the operational management plan for the area.

Places of natural and heritage significance

Council's seventh annual Heritage Day was held in May at West End Park and Cemetery. An estimated crowd of 4,000 attended the event, more than double the previous year. Nearly thirty heritage-related not-for-profit organisations participated in Heritage Day, and all reported a high level of satisfaction with the event. Visitor and participant feedback from Heritage Day 2010 will be used to enhance the event in 2011.

Popular attractions included:

- Guided tours of the cemetery, led by actors dressed in period costume
- Vintage Chevy bus tours of the cemetery
- Live entertainment
- Sheep shearing demonstrations
- Indigenous food samples
- Shuttle bus service to the nearby National Trust Centre
- Children's activities, including face painting, petting farm and a chair-o-plane



The council developed a City Landscape Strategy to guide development and maintenance of the city's landscape areas. This strategy will promote a landscape vision for the city that is aesthetically pleasing, economically viable and promotes community pride.

Sustainable balance between urban development and the natural environment.

The strategies we will implement in order to achieve this outcome are:

- Adopt urban design principles that maximise efficiency, create a sense of place and promote accessibility to services and employment.
- Preserve and promote Townsville's built heritage and tropical environment
- Implement programs which minimise development impacts and enhance the built environment.

The council resourced a number of programs to promote urban design principles and our sense of place in the tropics. Network clusters are being developed to feed into a Centre of Excellence in Tropical Design for Sustainability and Innovation, and demonstrate practical urban environmental design.

Environmental education and promotion activities included eco-catchment tours of water, energy and nature of the Borrow Pits to Rowes Bay Sustainability Learnscapes. The council undertook school visits and sustainability presentations at conferences and public forums. Environmental business products and services, along with council's community-based sustainability practices and actions for residents were presented at the council's Eco-Fiesta and Sustainability Expo.

Sustainability visits for business, industry professionals and residents were organised at the Rowes Bay Sustainability Environmental Centre to showcase and demonstrate innovative and current solar technologies and environmental products.

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

Environmentally sustainable behaviours are embraced by the community.

The strategies we will implement in order to achieve this outcome are:

- Partner with the community and industry stakeholders to develop and promote environmental protection and sustainability initiatives.
- Implement community based education and involvement for environmental sustainability
- Implement programs in urban water conservation aimed to reduce water use through voluntary behaviour change.

The council continued to implement city-wide energy conservation and the Townsville Solar City Project through partnership with Ergon Energy, Delfin Lend Lease, Honeycombes, Cafalo and the community. Implementation of the council's Citysolar program included supporting the development of a Smart Grid, Smart City bid submission by Ergon Energy for a Queensland project.

To support the Townsville Solar City project, Creek to Coral, Citysolar and Urban Nature, community based capacity building programs included:

- 1,500 students participating in integrated water, energy and nature sustainability education activities
- Over 20 local schools participating in sustainability site visits
- Development of three combined water, energy and nature thematic Learnscapes.

Council's ISS Department implemented a community-based water conservation program, Dry Tropics Watersmart, to foster and assist capacity of community and residents to reduce their residential and commercial water use. The program included the development of a water use demonstration garden as a key community education resource, particularly for students, researchers, commercial business/developers and environmental products and services industries to understand existing practices, opportunities and constraints to having attractive water efficient gardens. The garden showcases and monitors various tropical native and exotic plants and irrigation systems with associated thematically based education materials in order to enable and assist the community to understand the challenge and take action to benefit them.

Under the program, a proactive research program commenced, aiming to understand residential water use behaviours and develop effective strategies and plans to assist residents to voluntarily reduce their own water use. The council also worked with commercial business and industry to enable effective communication on water conservation and technologies.

Council is recognised as an industry leader in environmental stewardship

The strategies we will implement in order to achieve this outcome are:

- Develop and implement an Integrated Water Management Strategy.
- Develop and implement innovative waste management and recycling strategies.
- Minimise greenhouse gas emissions from council's infrastructure, operations and services through sustainable energy practices.

The first stage of the Integrated Regional Water Strategy was completed in 2009/10, and the framework for the strategy in 2010/11 has been prepared in consultation with stakeholders including the Department of Environment and Resource Management. The council has also actively participated in the development of the North Queensland Regional Water Supply Strategy being proposed by the State Government. This will ensure that the studies can complement each other.

The council continued to work in partnership with relevant state and council departments to facilitate a response to the development of an Integrated Water Cycle Strategy for wetlands and waterways. This will be achieved through integrating non-site specific water supply/treatment, wastewater/water recycling and drains, waterways, and wetland management and conservation.

Much of this continues to be supported by implementation of the Creek to Coral partnership, an initiative between the council, state departments, natural resource management groups and the community to ensure improved understanding of urban and rural water cycle and catchment management.

Through this program, the council ensured it maintained our Reef Guardian Council status and ran an internal workshop to identify future directions, vision, strategies and actions in protecting waterways, wetlands and the marine environment from impacts of land based activities in Townsville.

The council engaged with Ergon to support the Townsville Network Demand Management Pilot Project, including:

- An energy Performance Contract (EPC) for both the Walker Street Administration Building and Civic Centre at Thuringowa Drive
- A preliminary energy audit and analysis for a multi-site energy demand reduction assessment for all sites across the entire organisation, and
- Supporting Ergon Energy to engage with council and businesses across Townsville.

Townsville Waste Services successfully negotiated a new tender with VISY Pty Ltd to provide recycling facilities for kerbside collection services. The new contract to commence in January 2011 will see a major improvement in recycling product yields through the processing of glass at VISY's facilities on the Gold Coast.

Federal Government funding was secured to convert three used kerbside collection trucks to a new, innovative role as stationary compactors for cardboard collection. The initiative is the first in North Queensland and is expected to divert an additional 189 tonnes of domestic cardboard and 3,138 tonnes of commercial cardboard from landfill in its first year.

The waste collection fleet implemented a GPS-based mapping and tracking system. The project enabled computerised collection zone mapping and tracking which provided for improved customer service and efficiencies.

A strategic study of Townsville's waste disposal sites was conducted and showed there is approximately thirty years of landfill space left in existing sites. Planning continued for the proposed Magnetic Island Transfer Station, with concept designs developed for further evaluation.

The council was successful in gaining Federal Government funds to recover ozone depleting gas from refrigerators and air conditioners dumped at landfills. A successful drop-off day was conducted with 137 units being de-gassed.

Townsville Waste Services quantified all landfill emissions under the terms of the National Greenhouse and Energy Reporting Act 2007, which establishes a national framework for corporations to report greenhouse gas emissions and energy consumption. This is an important first step in benchmarking existing landfill gas emissions and determining the efficacy of reduction measures being planned.

Climatic effects on our community, natural and built environment are minimised.

The strategy we will implement in order to achieve this outcome is:

- Mitigate and communicate the risks and effects of climate change.

A number of council departments including Townsville Water, Waste Services and ISS audited their greenhouse gas emissions in 2009/10. ISS also started to develop a framework for council-wide GHG reporting, to streamline the process for other departments under the future National Greenhouse and Energy Reporting (NGER) process, soon to be introduced.

The council worked with Ergon and other organisations across Townsville to reduce and minimise climatic effects and the risks of climate change through implementation of the Solar City program, the Network Demand Management Pilot and the Smart Grid, Smart City bid to the Federal Government.

In the 2009/10 financial year, the council increased its total solar energy production by 24.5 kW, facilitated by a 20kW Sliver Solar system and a 3kW Solyandra installation on the Walker Street building roof, and a 1.5kW building-integrated photovoltaic installation at the Rowes Bay Depot. The council was awarded further funding to implement a 40 kW solar array at the Civic Centre on Thuringowa Drive.

The 20kW Sliver Solar installation produced more than 11,300 kWh of power during its first six months of operation, and saved over 10 tons of carbon. This energy reduction can also be combined with the increased comfort levels in the building as a result of a solar reflective white-roof application.

Townsville Water continues to look to the development of sustainable energy practices through the use of a gas driven generator at the Cleveland Bay Purification Plant. Further studies are underway on the feasibility of a wind turbine at the same site. Feasibility studies are also underway on the practicalities of reducing peak power load for Ergon in the electricity grid using council's emergency standby generator capacity.

4.3 Social sustainability

An inclusive and safe community that creates and enhances opportunities for social engagement and well-being.

A safe place and home to a vibrant and healthy community.

The strategies we will implement in order to achieve this outcome are:

- Develop and implement an integrated Community Plan to encourage healthy and active living and enhance the community's social well-being.
- Implement and enforce health regulations to protect the safety and well-being of the community.
- Implement and promote public health and lifestyle programs.

Community planning commences

Speak Up Townsville was launched in May 2010 and is the biggest community engagement initiative council has undertaken. *Speak Up Townsville* will form the centrepiece of the Community Plan, which is the community's long term vision for the City of Townsville. The draft Community Plan will be released for public comment by the end of 2010.

In addition, in 2009/10, the council adopted a Community Engagement Policy and supporting Framework. This will enable a standard approach to community engagement within the council, resulting in more informed decisions, communication and support from the community.

Prevention through education

During the 2009/10 financial year, the council continued to support the RSPCA's PETPEP (Pets and People Education Program) to assist children in the region to better understand animal management. The council conducted 19 school visits reaching approximately 1,900 students. Pupils took away information about how to be a responsible pet owner and the importance of pet health and training.

The Safe and Healthy Townsville program, a Together Townsville initiative in partnership with BHP Billiton, helped to encourage a healthy and active lifestyle through:

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- Installation of Hopscotch stencils at Northshore Leisure Centre, Sunrise Rotary Sister Kenny Park, The Strand and Western Lions Park. Hopscotch stencils have a healthy eating theme with fruit and vegetable pictures and encourage children to get involved in physical activity.
- Rollout of safety grants to local community organisations which aim to make a positive contribution to the quality of life for Townsville residents by providing funding for safety related activities, programs and services.
- Installation of 10,000 Steps signage at the Sunferries terminal and Castle Hill.
- Delivery of a safe and healthy seniors seminar attended by approximately 70 seniors.

In association with our corporate partner, Suncorp, the Sunsafety Program continued to raise awareness of the risks of skin cancer in North Queensland through on-the-ground approaches to inform Townsville residents of sun protective behaviours. Initiatives undertaken by this program included installation of four Sunsafety signs along The Strand, provision of sunscreen dispenser and UV indicator sign at Riverway, installation of sunscreen dispensers at Tony Ireland Stadium and the completion of a Sunsafety Research Report which looked into local attitudes and behaviours towards sun protective measures.

The School Breakfast program is a Together Townsville initiative in partnership with Queensland Nickel and celebrated its first birthday during 2009/10. The program also expanded to six primary schools and two high schools during this period. The program, with the assistance of participating schools and Food Relief, delivers a healthy breakfast to children before school to stimulate increased learning.

Compliance with local laws

Inspection programs targeting licensable premises under a range of local and state laws have been developed and carried out over 2009/10. These programs include scheduled inspections of premises which are licensed for food, environmental protection and flammable and combustible liquids.

An Approved Inspection Program has also been developed to inspect properties in Townsville for dengue mosquito breeding sites. The identification and removal of breeding sites will reduce the potential for dengue fever outbreaks during the wet season and encourage compliance by residents.

The council carried out a survey to ensure the registration of all dogs captured on our systems had been renewed. An inspection was also carried out on premises housing dangerous dogs to ensure compliance with keeping standards.

The council's Environmental Health team regularly inspects building sites to check for erosion and sediment control. A blitz on illegal littering was also conducted, primarily targeting cigarette butt littering which included infringement notices and public education and awareness.

Customer service standards have been developed to respond to client requests including enquires regarding dog nuisances, environmental nuisances, overgrown properties and

abandoned vehicles. These standards will improve service delivery and ensure council meets the expectations of the community.

During 2009/10, the council conducted an educational campaign on local laws through advertising and publicity to increase the community's understanding of issues such as illegal dumping and littering, flammable and combustibles, responsible pet ownership, food safety, environmental nuisance and skin penetration.

A cohesive and self reliant community.

The strategies we will implement in order to achieve this outcome are:

- Actively engage with the community in the development of facilities, services and programs.
- Foster the development of the city as a learning community through the development of sustainable partnerships which enable access to opportunities for lifelong learning.
- Encourage and facilitate the participation and integration of diverse and disadvantaged groups within the community.
- Strengthen community networks to collaboratively deliver community services.
- Provide opportunities for social interaction and community activities to enable people to participate together and celebrate at a variety of venues, places and events.

Partnering in support for our community

The council places significant emphasis on supporting and servicing the people of the community, to enhance their capacity to support and service themselves. This is achieved through the provision of a number of support services including the Regional Schools Therapy Service, the Inclusion Support Agency, the Early Years Information Service, the Vincent Family Support Program and the Worinda Occasional Child Care Centre.

The council's Advisory Committees and Youth Council enabled the voices of diverse and disadvantaged groups to be heard by decision makers. In addition, the council delivered the Active and Healthy Seniors program involving 120 activities and 2,464 participants.

The Home Services Unit provided 12,066 households with repairs, services or modifications that enabled elderly or disadvantaged occupants to remain in their homes. The Pensioner Transport Subsidy Scheme also provided discounts on public transport to 31,315 pensioners. The council supported and participated with community organisations in the operation of the Townsville Community Centres Network, the Upper Ross Community Services Network, the Townsville Safe Communities initiative and Schoolies Week activities.

The council's Community Services Department supported or delivered inter-generational and cross-cultural interaction programs including:

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- Community Garden, involving six ethnic groups growing vegetables that are culturally relevant to them
- Generation Chat program, enabling communication of oral history from community elders to school children
- Yarnin Circle, involving sessions capturing approximately 315 people, and
- ATSI focussed activities on Mabo Day, Coming of the Light, NAIDOC Week and the Elders Dinner.

Grants to community organisations provided support to their operations, activities and events and totalled \$2 million. Some of the more significant organisations and events supported included Greek Fest, Cultural Fest, the Australian Festival of Chamber Music, NAIDOC Week and Youth Week. The council's support for these significant events ensures that the community of Townsville is offered a diverse and exciting yearly events program which supplements the council-run events such as Carols by Candlelight, New Year's Eve, ANZAC Day and Australia Day activities.

Our community has access to relevant and timely services that meet its needs and expectations.

The strategies we will implement in order to achieve this outcome are:

- Plan and provide for community infrastructure and services to meet community needs.
- Develop and implement master plans for the city's open spaces, parks, community, cultural and sport and recreation facilities.

Community facilities planning

Planning for future community facilities and services occurred as part of the development of the Sport and Recreation, Cultural, Seniors, Youth, Women's, Families, Community Safety, Multi-cultural and ATSI Strategic Action Plans, all of which were subject to community engagement at the end of the financial year.

During the year, the council has been developing an open space strategy and individual park masterplans, and is planning for future community facilities as part of the development of the Sport and Recreation Strategic Action Plan and the Cultural Strategic Action Plan.

Townsville City Council operates a number of public facilities for access and use by the community, including six community centres, Tony Ireland Stadium, Tobruk, Long Tan, Northern Beaches Leisure Centre and Riverway pools and the Reid Park Pit Complex.

CityLibraries Townsville

CityLibraries Townsville, through its three branches and mobile services, has continued to provide relevant and timely services focussed on the needs of our customers. At the end of 2009/10, there were 94,896 registered borrowers, more than one million items were borrowed from the collections, and 91,130 internet sessions were booked during the year. An extensive review of the mobile service was conducted which

led to the adoption by council of guidelines for its continued operation. The service now focuses on delivery of library services to residents living in areas distant from a branch.



CityLibraries' program of lifelong learning opportunities continued to grow. During the financial year, 823 workshops or programs for all ages and tastes were offered, ranging from storytime and early literacy programs, to a summer reading program, computer literacy classes and local history programs and events. CityLibraries partnered with many agencies and community groups in offering these programs, including James Cook University, Playgroup Queensland, the Smith Family, and State Library of Queensland. More than 24,000 participants took advantage of these programs, which contribute to the development of Townsville as a learning community.

A city rich in art and creativity which values its cultural heritage.

The strategies we will implement in order to achieve this outcome are:

- Facilitate the showcasing of cultural and artistic talents through local events and exhibitions.
- Promote a community that values its diverse cultures and encourages opportunities for cross-cultural, intergenerational integration.
- Provide opportunities for the community to participate and experience cultural activities and events.



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Art excels

The exhibitions and public programs of Perc Tucker Regional Gallery and Pinnacles Gallery attracted 99,863 patrons in 2009/10. In addition, the biennial Strand Ephemera event in 2009 attracted a record crowd to view the innovative artworks and participate in art activities on Townsville's foreshore recreation precinct, The Strand.

The performances and cultural programs /activities delivered by the council, as well as by private event promoters and community groups at the Civic Theatre and Riverway Arts Centre, attracted 125,691 patrons in 2009/10.

Effective Disaster Management.

The strategy we will implement in order to achieve this outcome is:

- Minimise the effects of, and coordinate, council's response to natural disasters.

Comfort in times of distress

The Disaster Coordination Centre undertook training in November 2009 to coordinate the council's response to natural disasters with the goal to minimise the effects on the local community.

A major exercise in this period saw the council update the Emergency Response Plan. This plan was distributed and workshopped with senior management. The Townsville Local Disaster Management Plan was also updated and released.

As a result of the exercise and training, community advertising on preparing and planning for natural disaster events was carried out. The community messaging process through the Early Warning Network was a huge success with more than 14,000 residents subscribing to the program.



4.4 Responsible governance

Responsible leadership where decisions are made in a considered and transparent manner.

Transparent and accountable local government.

The strategies we will implement in order to achieve this outcome are:

- Develop and implement council's Corporate Governance Framework to ensure strategic planning, compliance with all legislation, policies, Codes of Practice and Standards.
- Implement robust risk management strategies.
- Provide opportunities for community participation in decision making.
- Ensure that the community is informed and educated about matters that impact their lives with opportunities to contribute.
- Provide sound strategic planning and policy development to achieve organisational accountability and sustainability.

Governance for true accountability

The implementation and ongoing management of a robust corporate governance framework has enabled the council to be responsive to legislative change throughout 2009/10. The council has been recognised by the Office of the Information Commissioner for its progress in implementing the requirements of the *Right to Information Act 2009*. In addition, many governance policies and programs have been reviewed and updated in response to the commencement of the *Local Government Act 2009*.

At the centre of council's corporate governance framework is its Corporate Plan, setting the strategic direction for Townsville City Council for 2009 to 2014. The Corporate Plan clearly articulates our vision, mission, goals and outcomes to both our internal and external stakeholders. It outlines the strategies that council will implement over the next five years to deliver its defined outcomes to the community. This financial year has also seen the implementation of the first operational plan and budget for the new council. The operational plan is the organisational response to delivering the first year of the corporate plan.

The performance of council's corporate and operational plans has been monitored through the corporate performance management framework. The council has received quarterly corporate performance reports and a Performance Scorecard report will be delivered to the community early in the new financial year.

The council's corporate governance framework consists of its organisational framework and council's accountability framework. The organisational framework includes those structural elements set in place by legislation, the council and the Chief Executive Officer, that provide leadership and direction for the council.

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Council's committee structure was adopted following amalgamation in 2008, and underwent a significant review. While there were no identified changes to the Standing Committee Structure, the council's advisory committees were reduced from seventeen to seven during 2009/10. The committee focus shifted to a strategic nature of community engagement, promotion, awareness and advocacy.

The organisation's formal management structure was adopted by council on 30 September 2009, with implementation completed by December 2009.

A new policy framework has been instigated with a major review of council's policies undertaken. The review is due to be finalised by the end of June 2011.

In May 2008, the council adopted its Enterprise Wide Risk Management Strategic Framework and Process. This framework ensures that risk management processes are included in the council's corporate planning, budgeting and reporting processes. As a result, council has developed both its strategic and operational risk management profiles. The council's risk management is also integrated with other governance practices such as internal audit, legal and regulatory compliance, disaster management and business continuity, and is a critical part of the council's project management framework. In 2009/10, the council was recognised as an industry leader for its integrated approach to risk management by being awarded the 2009 Local Government Mutual Queensland Risk Management Excellence Award.

The council has actively participated in the State Government Annual Returns program which aims to assess local government sustainability across the state. The process has seen Townsville City Council's Corporate Asset Management program acknowledged as an industry leader in Queensland.

A competent, productive and contributing workforce.

The strategies we will implement in order to achieve this outcome are:

- Foster a culture of employee health, safety and well-being.
- Implement human resource strategies to become an employer of choice.
- Foster diversity, merit and equity, reward and recognition in the workplace.
- Implement human resource practices which align the workforce with the organisation's strategic direction.

Putting our people first

The council undertook a number of initiatives during the 2009/10 year focussed on the development of a safety-conscious workforce supported by strong programs. Initially, these programs have been developed to support the workforce with sound policies and reporting systems which provide a foundation on which to build a safety culture.

Major changes, both structural and strategic, were made to the manner in which recruitment activities are undertaken, resulting in an improvement in the organisation's ability to target and attract candidates.

A simple performance appraisal and development tool was made available during this year to assist managers in linking individuals' objectives to their departmental operational plans. This has also driven a greater focus on outcomes in position descriptions, which will in turn support more effective, targeted selection and recruitment to build overall organisational capability.

Promoting diversity and equality

Section 534(1)(i) of the *Local Government Act 1993* requires council to provide a statement including the information prescribed under a regulation about its activities during the year to implement its plan for equal opportunity in employment.



A Diversity and Equality Management Plan was developed and adopted during this financial year, detailing the council's commitment to the principles of diversity and equality. This management plan identifies actions and responsibilities across council, and achievement of the plan is monitored by the Diversity and Equality Reference Group.

During 2009 /10 initiatives delivered from the Diversity Equality Management Plan included development and delivery of education programs, development and implementation of a mechanism for staff to report incidents of discrimination and the development and delivery of a workplace diversity survey.

Change management

Following the amalgamation of the Townsville and Thuringowa City Councils and NQ Water in 2008, the organisation adopted a change management program entitled 'Make It Better!' (MIB). The program encompassed actions and projects to improve organisational communication and processes. The strategy has been complemented by quarterly scorecards based on staff focus groups, which provide a snapshot of our progress in moving towards a single council entity.

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

One of the projects under the MIB banner, Make it Easier, saw considerable work completed in the area of donated assets, with stakeholders estimating savings to council in the order of millions of dollars. Other MIB projects which recorded significant progress during the period included development of an internal communications framework, communication of the organisational structure and implementation of service standards and improvements in telephone answering capacity.

Employee Health and Wellbeing program

During 2009/10, the Health and Wellbeing Program saw the implementation of a range of initiatives aimed at improving employee physical and psychological functioning and general fitness for work. Such initiatives included bowel cancer screening, influenza and H1N1 (Swine flu) vaccination, promotion of National Diabetes Week, Walk to Work Day and Movember, men's health talks and the Employee Assistance Program. Employee participation in these initiatives for the year was considered successful with 377 staff participating in bowel cancer screening, 539 staff receiving influenza vaccinations and 301 receiving H1N1 (Swine flu) vaccinations.

Workforce planning model

The council established a Workforce Advisory Committee (WAC) to look into the appropriateness of staff structures and numbers required to deliver current council services. The WAC reviewed the submissions from each department and made recommendations to the Executive Management team. To deliver continuing efficiencies, some departments have reviewed their structures again or are planning to do so following the redistribution of functions.

Innovative solutions which service our community's expectations.

The strategies we will implement in order to achieve this outcome are:

- Provide responsive and efficient systems to enable the delivery of council services.
- Develop and implement an efficient and effective point of access for all customer enquiries.
- Develop and implement innovative business improvement solutions.

Serving our customers

The council's one-stop-shops, our Customer Service Centres, were kept busy during the year, answering 202,970 phone enquiries; slightly less than the previous year. Nearly 80% of these enquiries were answered within 20 seconds, with the average speed of answer for the centre last year being 21.5 seconds. Surveying showed that customer satisfaction with initial service contact was close to 89% for the year.

The Townsville City Council was a finalist in the Local Government Category of the Customer Service Institute

Service Excellence Awards for 2009. Customer Service Officer, Adam Bury, took out the Customer Service Professional of the Year for Queensland.

Under the 'Make it Better!' program, the council introduced 'Bee Phone Smart', an initiative designed to improve responsiveness to our customers through more efficient telephone answering. The first round of surveying recorded 14.6% defects, the second round recorded 12.3% defects and the council has set the target for the next round at less than 10% defects.

The 'Smart Service Strategy' was introduced as a whole of council initiative, designed to improve responsiveness and service quality to our customers. It involves the setting of Key Performance Indicators in customer service for each department of the council, which will link to the Operational Plan in coming years.

The council's Customer Charter was reviewed and adopted in February 2010. The charter outlines our commitment to our customers in relation to service levels, attitude and responsiveness to their needs.

Technology to improve service delivery

The council is committed to adopting technology solutions to improve its service delivery. The organisation's aging laptop fleet was replaced, offering users an improved platform for core applications. Our printer fleet was rationalised to provide savings to council in printing costs and delivering a more flexible and responsive printer service. The Thuringowa data centre went green, reducing the running costs of the data centre by lowering the cooling and power costs.

The council updated and moved its intranet site to the SharePoint application; with the move comes a rationalisation in the reduction of maintenance and support costs.

An upgrade of council's recordkeeping ECM product introduced new functionality and a new user friendly web browser environment. The development of a Strategic Recordkeeping Implementation Plan offered the organisation a strategic direction for improving council's recordkeeping to meet business and compliance requirements.

The focus on efficiency and business improvement was demonstrated with the completion of a procurement review to improve information communication technology purchasing and service delivery to internal clients.

A single system was introduced into the geospatial information arena following the migration of our Intranet Mapping Application to Dekho. A further example was the centralisation of land and property administration activities. With the implementation of the new Guardian Disaster Management software came the development and integration of a range of information resources, mapping and applications which support the disaster management processes.

4.0 TOWNSVILLE CITY COUNCIL PERFORMANCE

Excellence in financial management to ensure future sustainability of council.

The strategies we will implement in order to achieve this outcome are:

- Establish and manage long term financial planning to ensure the future sustainability of council.
- Develop and maintain policies and processes to manage financial risk.
- Implement an asset management strategy to ensure financial sustainability and intergenerational equity.

Financial management

The council's long term financial plan is based on ensuring the financial stability and viability of the city. Key objectives include operating and capital works expenditure reviews and associated rating and revenue strategies to ensure the organisation's strong financial position is maintained.

Regular internal management reporting enables sound financial decision making, ensuring regular review of adherence to budget and reinforces the financial responsibility of council. This includes monitoring the cash management of the council to ensure the best return on investment is achieved and the future replacement of community assets are planned appropriately.

Factors which underpin the financial management of council include the development of an Asset Management Strategy, which more clearly identifies and quantifies the policies, strategies, tools, methods and resources required to implement best practice asset management. The continuing development of strategies for the management of community assets will ensure funding allocations more closely align with the renewal requirements of the city's infrastructure.

Asset management

Over the past year, there have been a number of asset management strategies that have been implemented. Renewal models have been established for preventative maintenance programs on the road network. These models, in conjunction with condition data compiled across the road network, have enabled the council to manage the road assets in a more optimal manner. Service standards and targets have been developed for a range of maintenance activities in accordance with consideration for community expectations and budget allocations.

The council has commenced the condition assessment of the older stormwater pipe network to determine strategies to ensure the life of such assets can be extended where possible by rehabilitation treatments. This process ensures that we get the most out of our assets and enables appropriate programs to be established to manage the assets.







5.0

BUSINESS ACTIVITIES

BUSINESS ACTIVITIES

5.0 BUSINESS ACTIVITIES

5.1 Commercial Business Units of Council

Council's most significant business units are Townsville Water and Townsville Waste Services. They were established under the *Local Government Act 1993*, and its principles for commercialised local government businesses, to deliver the best water, sewerage and waste management services to the Townsville community. The principles for local government commercialised businesses require good industry practice and remove the privileges of council ownership in terms of setting prices and conducting the business.

Townsville Water and Townsville Waste Services are departments within council's Commercial Businesses Division. The Commercial Businesses Division was formed in October 2009 to bring together, under the one management structure, council's two commercial business units.

The council did not develop a performance plan for Townsville Water or Townsville Waste Services for 2009/10, pending finalisation of a review to determine the most appropriate structure, responsibilities and performance objectives for the new Commercial Businesses Division. During 2009/10, both Townsville Water and Townsville Waste Services maintained the overall business objectives that had been identified in previous performance plans for the individual business units. Performance plans for both Townsville Water and Townsville Waste Services for the 2010/11 financial year are in development.



5.2 Townsville Waste Services

Townsville Waste is a commercial business unit of council providing solid waste management services to the Townsville community. The core business activities are waste collection, waste disposal and waste recycling.

Townsville Waste Services was formed as a commercialised business unit of council in July 2009, following the amalgamation of the two previous waste businesses of Citiwaste (Townsville City Council) and Thuringowa Waste (Thuringowa City Council).

Townsville Waste Services' vision is:

"To be the service provider of choice in the North Queensland region for solid waste management."

In delivering this vision, Townsville Waste Services commits to:

- Customer service
- Efficiency of operations
- Environmental sustainability
- Returns to council.

Townsville Waste Services:

- Provides domestic kerbside waste and recycling collection services which includes more than 67,000 waste bin lifts and 35,000 recycling bins lifts a week.
- Provides commercial waste and recycling services involving more than 750 commercial recycling bin lifts and more than 1,300 bulk bins per week.
- Operates four landfill sites and four waste transfer stations, receiving over 400,000 tonnes of material at landfills, of which more than 160,000 tonnes was diverted from disposal.

During 2009/10, Townsville Waste Services provided council with a quarterly performance report in the form of a review of the Operational Plan. The quarterly report identifies actual operating results for the quarter and the year to date, compared to approved budget and forecast. In addition to the quarterly operational review, Townsville Waste Services also provides a monthly report to council on a range of other non-financial performance indicators.



5.3 Townsville Water

Townsville Water is a commercial business unit of council providing water and wastewater services to the Townsville community.

Townsville Water was formed as a commercialised business unit of council in July 2009, following the amalgamation of the three previous water businesses of Citiwater (Townsville City Council) and Thuringowa Water (Thuringowa City Council) and NQ Water.

5.0 BUSINESS ACTIVITIES

Townsville Water's vision is:

"To be recognised as a sustainable, innovative and customer focussed business providing quality water products for the benefit of the Townsville community."

Townsville Water provides water services to over 71,700 properties in Townsville and water assets including:

- 2 dams – (Lake Ross and Lake Paluma)
- 2 weirs – (Paluma and Black Weir)
- 2 water treatment plants providing full treatment – (Douglas and Giru)
- 23 pump stations
- 33 reservoirs
- Over 2,260 km of water mains.

Townsville Water provides sewerage collection and treatment for over 63,300 properties. Townsville Water's wastewater assets include:

- 1131km sewer mains
- 170 sewerage pump stations
- 10 wastewater treatment or recycling plants.

Work progressed on two key infrastructure projects in the 2009/10 year. The \$189 million Wastewater Upgrade Project will replace the Mount Saint John Wastewater Treatment Plant with a new state of the art facility and construct 27km of sewerage diversion pipelines. The \$64 million Water Supply Upgrade Project, involving the construction of a new water treatment plant near Rollingstone to service the growing northern suburbs of Townsville, continued throughout the year.

During 2009/10, Townsville Water provided council with a quarterly performance report in the form of a review of the Operational Plan. The quarterly report identifies actual operating results for the quarter and the year to date, compared to approved budget and forecast. In addition to the quarterly operational review, Townsville Water provides a monthly report to council on a range of other non-financial performance indicators.

Cross subsidies and community service obligations

The *Local Government Act 1993* requires council to identify any cross-subsidies between domestic, commercial and industrial consumers of water or sewerage services provided during the financial year. For the 2009/10 financial year there were no identified cross subsidies for water or sewerage services provided.

The Act also requires council to disclose community service obligations carried out during the financial year. Community service obligations and cost for the 2009/10 financial year are:

- Reduced water utility prices for community, sporting, non-profit and charitable groups = \$2,184,746
- Discounts and remissions provided on water utilities charges = \$8,862,608

- Works completed on the Aplins and Gleeson's Weirs = \$100,801
- Discounts and remissions provided on wastewater utilities charges = \$7,331,932
- Works completed on combined house drains = \$120,000

Total community service obligations for the 2009/10 financial year cost \$18,600,087. Townsville Water recovered one hundred percent of the total identified community service obligations from council.





LEGISLATIVE

6.0

LEGISLATIVE INFORMATION

INFORMATION

6.0 LEGISLATIVE INFORMATION

The new *Local Government Act 2009* came into effect on 1 July 2010. Additionally, the *Local Government (Transitional) Regulation 2010* includes extra provisions for inclusion in the council's Annual Report.

Section 4 of the *Local Government (Transitional) Regulation 2010* states that the provisions of the *Local Government Act 1993* in relation to the Annual Report must apply for the period that ended on 30 June 2010 –

- (a) Chapter 7, part 8 of the 1993 Act;
- (b) The repealed *Local Government Finance Standard 2005*, part 4 and part 7, division 6.

Cooperation between local governments

The *Local Government Act 1993* requires council to report 'details of action taken in relation to, and expenditure on, a service, facility or activity:

- (i) for which the local government made and levied a special rate or charge for the financial year, and
- (ii) supplied by another local government under arrangements entered into under Section 59'.

Council had no details to report for the year under this section.

Changes to council tenders

Section 534(1)(b) of the *Local Government Act 1993* requires

council to report 'a list of all action taken under section 488(2) during the year'.

Tenderers were invited to change the following tenders to take into account a change in the tender specifications during 2009/10:

- T5229 Supply & Construction of Shaw Road 200mm Diameter Water Main
- T5415 Supply of Banking Services

Expressions of interest

Section 534(1)(c) of the *Local Government Act 1993* requires council to report 'a list of all resolutions made during the year under section 489(1)'.

The following expressions of interest were called during 2009/10:

- T 5520 Flinders Street Redevelopment Construction Services
- T 5653 Security and Gatehouse Services at Picnic Bay Waste Management Facility
- T 5706 Billboard and Other Advertising in Public Spaces

Council registers

Section 534(1)(d) of the *Local Government Act 1993* requires council to report 'a list of registers kept by it and open to inspection'. The listed registers open to inspection are:

• Cat and Dog Registry	• Register of Master Plan Applications
• Environmental Impact Statements	• Register of Development Applications
• Environmentally Relevant Activities - Development Approvals	• Register of Interests - Councillors
• Environmental Authorities	• Register of Electoral Gifts
• Development Approvals and Registrations	• Register of Delegations
• Environmental Management Plans	• Register of Enterprises
• Environmental Management Register	• Register of Accreditations, Complaints etc (NCP)
• Environmental Reports	• Register of Local and Subordinate Local Laws
• Monitoring Programs of a Development Approval	• Register of Roads and Road Maps
• Results of Monitoring Programs	• Record of Rateable Parcels of Land
• Transitional Environmental Programs	• Register of Regulatory Fees
• Environmental Protection Orders	• Register of Motions
• Authorised Persons	• Register of Impounded Animals
• Approved Codes of Practice	• Vegetation Protection Register
• Standard Environmental Conditions	• Register of Regulated Infrastructure Charges
• Statement of Interests	• Register of Resolutions about Land Liable to Flooding made under the Building Act 1975
• Other Documents or Information Prescribed Under Regulation	
• Register of Infrastructure Charges	• Register of Exemptions Granted under the the Building Act 1975

Council also makes available other information, including copies of minutes of council and council standing committee meetings on our website www.townsville.qld.gov.au

Rating rebates and concessions

Section 534(1)(e) of the *Local Government Act 1993* requires council to include 'a summary of all rebates and concessions allowed by the local government in relation to rates'. Council operates several policies with reference to rebates and concessions, as detailed below:

Pensioner remissions

The council assists pensioner property owners that remain in their own homes by giving rate relief to ratepayers who are in receipt of a pension payment from Centrelink or the Department of Veterans' Affairs. Townsville City Council provides a remission to eligible pensioners equivalent to 85% of the general rate, up to a maximum of \$800 per annum.

Other remissions

Townsville City Council provides remissions of the general rate to some owners of land whose objects do not include the making of profit, and charitable entities providing charitable purposes, under the Local Government Act and Regulations.

The tendered price for the purchase of council-owned land at Douglas by Glen Alpine Pty Ltd included a condition that rates be remitted until individual land parcels were developed for sale. Council accepted that condition as part of the sale agreement.

Townsville City Council provides a water remission in relation to Goodsell Road, Cape Cleveland.

Council also provides remissions on some water, sewerage and refuse charges in relation to religious, charitable and not for profit organisations and minor remissions of water and utility charges to local entities as directed by council. The total remissions provided by council for 2009/10 was \$5.844 million.

Expense Reimbursement Policy

Section 534(1)(ea) of the *Local Government Act 1993* requires council to provide a copy of the local government's expense reimbursement policy in the Annual Report. This policy provides the mayor and councillors with reimbursement of reasonable expenses incurred in the performance of their roles. A full copy of the Councillor Expenses Reimbursement Policy can be found at Appendix A and the Councillor Facility Policies at Appendix B.

Overseas travel by a Councillor

Name: Cr Les Tyrell OAM
Destination: Guam
Purpose: Participant in the Townsville Enterprise Limited Trade Delegation to Guam
Cost: \$1,550 ex GST

Council decisions during 2009/10

In accordance with section 236(a) of the *Local Government Act 1993*, council is required to adopt annually, a resolution authorising payment of remuneration to Councillors. Council resolved as follows:

Salary

Remuneration for Townsville City Council Elected Members for a Category 6 council, shall be:

- Mayor - 107% of the annual aggregate salary for a Member of Queensland Legislative Assembly as per the Queensland Parliament Member's Entitlements Handbook being \$139,680 for the 2010 calendar year. (Note: maximum per Tribunal Report is 115%)
- Deputy Mayor - 75% of the annual aggregate salary for a Member of Queensland Legislative Assembly as per the Queensland Parliament Member's Entitlements Handbook being \$97,910 for the 2010 calendar year. (Note: maximum per Tribunal Report is 77.5%)
- Committee Chairperson - 68% of the annual aggregate salary for a Member of the Queensland Legislative Assembly as per the Queensland Parliament Member's Entitlements Handbook being \$88,770 for the 2010 calendar year. (Note: maximum per Tribunal Report is 70%)
- Councillors - 66% of the annual aggregate salary for a Member of the Queensland Legislative Assembly as per the Queensland Parliament Member's Entitlements Handbook being \$86,160 for the 2010 calendar year. (Note: maximum per Tribunal Report is 70%)

The remuneration fixed above will be all inclusive and no additional remuneration will be payable for:

- performing higher duties
- annual leave, sick leave or special leave (i.e. bereavement leave), or
- any other benefits otherwise applicable to officers under the Local Government Officers Award.

The remuneration fixed above will be effective from 1 January 2010 until such time as council resolves otherwise.

Amalgamation loading

Councillor Level	01/7/09 to 30/6/10	1/7/10 to 30/6/11
Mayor	\$9,730	\$6,490
Deputy Mayor	\$6,890	\$4,590
Councillor	\$6,170	\$4,120

Councillors are accountable to the Australian Taxation Office for receipt of this income as they are for any other income.

Method of payment and escalation

Remuneration will be paid in equal instalments in line with the normal council pay periods and in accordance with the escalation provisions set out in the Queensland Parliament Members Entitlements Handbook.

Superannuation

Elected members will be entitled to superannuation benefits in respect to their salary in accordance with sections 238 and 238(a) of the *Local Government Act 1993*.

6.0 LEGISLATIVE INFORMATION

Section 534(1)(h) of the *Local Government Act 1993* requires council to provide details of the number of meetings attended by each Councillor during the year. These particulars are contained in the following table:

	STANDING COMMITTEE MEMBERSHIP	ORDINARY COUNCIL	SPECIAL COUNCIL	INFRASTRUCTURE COMMITTEE	COMMERCIAL BUSINESSES COMMITTEE	PLANNING & ECONOMIC DEVELOPMENT COMMITTEE	LIFESTYLE & COMMUNITY DEVELOPMENT COMMITTEE	ENVIRONMENT & SUSTAINABILITY COMMITTEE	COMMUNITY SAFETY & HEALTH COMMITTEE	CORPORATE GOVERNANCE COMMITTEE
ANNUAL TOTAL		12	11	10	11	12	11	10	11	11
L TYRELL	The Mayor is chair of the Commercial Businesses Committee and serves as an ex-ficio member on all other Council Standing Committees	11	10	8	9	7	6	6	7	9
D CRISAFULLI	Chair Planning and Economic Development, Member Corporate Governance and Infrastructure Standing Committees	12	11	9		12	3*		2*	11
D BELL	Member Infrastructure, Lifestyle and Community Development and Corporate Governance Standing Committees	10	10	9			8			11
S BLOM	Member Lifestyle and Community Development, Community Safety and Health and Environment and Sustainability Standing Committees	12	10				11	8	11	
R GARTRELL	Member Commercial Businesses, Planning and Economic Development, Corporate Governance and Environment and Sustainability Standing Committees	10	9		10	10		6		9
B HEWETT	Chair Infrastructure, Member Commercial Businesses, Planning and Economic Development and Community Safety and Health Standing Committees	10	10	10	11	12			11	
J HILL	Member Infrastructure, Corporate Governance and Environment and Sustainability Standing Committees	11	10	9				8		11
J LANE	Chair Lifestyle and Community Development, Member Planning and Economic Development, and Community Safety and Health Standing Committees	12	11			11	11		11	
D LAST	Chair Community Safety and Health Committee, Member Infrastructure, Commercial Businesses and Lifestyle and Community Development Standing Committees	12	10	8	9		9		10	
N MARR	Chair Corporate Governance, Member Commercial Businesses, Lifestyle and Community Development and Community Safety and Health Standing Committees	11	9		8		9		9	10
A PARSONS	Member Commercial Businesses, Planning and Economic Development, Lifestyle and Community Development and Environment and Sustainability Standing Committees	11	8		9	11	11	9		
T ROBERTS	Member Infrastructure, Environment and Sustainability and Corporate Governance Standing Committees	10	10	9				6		9
V VEITCH	Chair Environment and Sustainability, Member Commercial Businesses, Planning and Economic Development and Community Safety and Health Standing Committees	12	11		11	12		9	11	

Consultant expenditure

Section 24(1)(b)(i) of the *Local Government Finance Standard 2005* requires that the local government Annual Report contains a summary of expenditure, for the financial year, for services rendered by a consultant. Townsville City Council has the following to report for the 2009/10 financial year:

Community & Cultural	\$90,781.77
Corporate	\$129,669.21
Environmental	\$33,513.00
Infrastructure	\$169,764.63
Planning and Development	\$252,832.77
Water & Wastewater	\$110,320.00
Total	\$786,881.38

Entertainment or hospitality services

Section 24(1)(b)(ii) of the *Local Government Finance Standard 2005* requires that the local government Annual Report contains a summary of expenditure, for entertainment or hospitality services. Townsville City Council has the following to report for the 2009/10 financial year:

Entertainment (including city events)	\$ 21,928.96
Catering	\$237,945.52
Total	\$259,874.48

Advertising expenditure

Section 24(1)(b)(iii) of the *Local Government Finance Standard 2005* requires that the local government Annual Report contains a summary of expenditure for advertising. Townsville City Council has the following to report for the 2009/10 financial year:

Gallery Services and Performing Arts Services *	\$227,756.31
Recruitment and Selection	\$82,585.56
Classified advertising (tenders, public notices, road works)	\$139,936.38
Events, programs and services	\$464,194.84
Total	\$914,473.09

* \$ 44,852 was recovered for advertising placement and booking services made on

Contributing to the community

Section 24(1)(b)(iv) of the *Local Government Finance Standard 2005* requires that the local government Annual Report contains a summary of expenditure, for grants to community organisations. Townsville City Council has the following to report for the 2009/10 financial year:

Through rates discounts, remissions, subsidies, donations, contributions, rebates, interest-free loans, event sponsorship and other funding, the council contributed \$39.1 million to the community. Major beneficiaries were:

- Community organisations – \$2 million in donations and grants
- Community organisations – \$1 million in donations equivalent to their rates
- Ratepayers receiving discounts (including pensioners) – \$31.3 million
- Pensioner ratepayers – \$4.8 million in Council and other subsidies

Senior staff remuneration

Section 201 of the *Local Government Act 2009* requires that Annual Report of a local government must state-

- (a) the total remuneration packages that are payable (in the year to which the annual report relates) to senior contract employees; and
- (b) the number of senior contract employees who are being paid each of the total remuneration packages.

Townsville City Council has the following to report for the 2009/10 financial year:

- 4 Senior Contract Employees with a total remuneration package in the range of \$200,000 - \$249,999
- 2 Senior Contract Employees with a total remuneration package in the range of \$250,000 - \$299,999
- 1 Senior Contract Employee with a total remuneration package in the range of \$300,000 - \$360,000

Borrowings

Section 23(2)(a) of the *Local Government Finance Standard 2005* requires council to include a summary of its policy about borrowings.

Townsville City Council's Debt Policy is based on sound financial management guidelines.

The policy outlines that:

- Council will not use long-term debt to finance operating activities or recurrent expenditure.
- Council recognises and accepts that infrastructure demands placed upon the council can often only be met through borrowings, but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, which increases the cost of providing capital infrastructure.
- Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new and upgrade capital projects.
- Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.
- When council finances capital projects through borrowings, it will repay the loans in a term not exceeding the life of those assets and in accordance with Queensland Treasury Corporation's borrowing guidelines.
- Council will maintain close scrutiny of its level of debt to ensure its relevant financial sustainability indicators will not exceed the minimum limits recommended by the Queensland Treasury Corporation.

6.0 LEGISLATIVE INFORMATION

- Council will use as its basis for determining funding options the detailed capital works and asset acquisition programs for the next five years, together with the 10 year financial model.
- The council will follow a policy of full debt disclosure in all relevant financial reports.

Land and roads

Section 25 (3) of the *Local Government Finance Standard 2005* requires that the local government annual report contains a note about the total length of roads controlled by the local government. Townsville City Council controls 1,614km of roads.

Section 25 (1) (a-b) of the *Local Government Finance Standard 2005* requires that the local government annual report contains a note about land that is a reserve under the *Land Act 1994* and roads not owned by the local government. With respect to land Townsville City Council has control of:

- (a) 3,904 ha of land that is a reserve under the *Land Act 1994*
- (b) 275 km of roads not owned by the council.

Code of competitive conduct

The *Local Government Act 1993* requires council to identify its business activities for the financial year and resolve which business activities to which it will apply the code of competitive conduct for a financial year. The only fully commercialised business units within Townsville City Council are Townsville Water and Townsville Waste Services.

Under section 766 of the *Local Government Act 1993* council resolved to apply the code of competitive conduct to the following business activities undertaken by council:

- Property services
- Off street parking
- Townsville Wholesale Nursery
- Performing arts
- Fleet services
- Construction and maintenance.

APPENDIX A - COUNCILLOR EXPENSES REIMBURSEMENT POLICY

1. POLICY STATEMENT

To provide the Mayor and Councillors with reimbursement of reasonable expenses incurred in the performance of their roles.

2. PRINCIPLES

This Councillor Expenses Reimbursement Policy complies with the Statement of Principles, set out in the Department of Local Government guidelines:

No private benefit to be derived

Facilities provided to Councillors are for the sole use of Councillors in undertaking their duties and must be used responsibly and appropriately.

Reasonable Expenses Reimbursement

Councillors should not be financially disadvantaged when carrying out their roles, and should be fairly and reasonably compensated in accordance with community expectations.

Public accountability and transparency

The use of the provided facilities will be open for review to the extent appropriate to the proper performance of a Councillor's responsibilities.

Public perceptions and community expectations

The council will provide only those facilities reasonably necessary for the efficient performance of a Councillor's responsibilities.

Equity and Participation

To maximise equity and the participation of Councillors from diverse backgrounds and circumstances, this Councillor Expenses Reimbursement Policy expressly permits the reimbursement of expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as a disability or cultural responsibilities.

3. SCOPE

This policy applies to the Mayor and Councillors for the reimbursement of expenses incurred by them in undertaking their roles.

4. RESPONSIBILITY

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by the Mayor and Councillors.

5. DEFINITIONS

Council business - This is official business of a Councillor as generally described in Part 2, Divisions 1 and 2 of the *Local Government Act 1993*, conducted on behalf of, and approved by, council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the council. Council business should result in a benefit being achieved either for the local government and/or the local government area.

**** Participating in a community group event or being a representative on a board not associated with council is not regarded as council business.**

Reasonable - Councillors must make sound judgements and consider what is prudent, responsible and acceptable to their communities when determining reasonable levels of expenditure.

Expenses - Council will reimburse Councillors for their reasonable and necessary expenses incurred or to be incurred when discharging their duties as Councillors.

Professional Development - Attendance at workshops, courses, seminars and conferences that improve Councillors' skills relevant to the role of Councillor. Mandatory Professional Development is the title that applies when the council resolves that all Councillors must attend the event. Discretionary Professional Development is the title used to describe all professional development that is not Mandatory Professional Development.

6. POLICY

The council will reimburse Councillors for expenses as set out in this policy. In addition to the expenses expressly referred to in the section of this Policy headed *Expense Categories*, the council will reimburse other expenses that are necessarily incurred to allow the participation of Councillors who experience unusual barriers to participation, such as a disability or cultural responsibilities.

Expense Categories

1. Professional development

The council will reimburse expenses incurred for:

- all mandatory professional development; and
- discretionary professional development up to a maximum of \$5,000 (indexed to CPI annually) during a single local government term; and
- the Australian Institute of Company Directors Diploma Course tailored for local government held in Townsville.

2. Travel as required to represent Council

The council will reimburse local, interstate and overseas travel expenses (e.g. flights, car, accommodation, meals and associated registration fees), deemed necessary to achieve the business of council when:

- a Councillor is acting as an official representative of council; and
- the activity/event and travel have been endorsed by resolution of council.

Councillors must travel via the most direct route, using the most economical and efficient mode of transport. The amount of the reimbursement will be the actual amount expended by the Councillor, or where an actual amount cannot be directly substantiated, an equivalent mileage allowance.

NOTE: Any fines incurred while travelling in council-owned vehicles or privately owned vehicles when attending to council business, will be the responsibility of the Councillor incurring the fine.

2.1. Travel bookings

All Councillor travel approved by council will be booked and paid for by council. Economy class is to be used where possible although council may approve business class in certain circumstances. Airline tickets are not transferable and can only be procured for the Councillor's travel on council business. They cannot be used to offset other unapproved expenses (e.g. cost of partner or spouse accompanying the Councillor).

2.2. Travel transfer costs

Any travel transfer expenses associated with Councillors travelling for council approved business will be reimbursed, e.g. trains, buses and ferry fares. Councillors will be issued with Cabcharge cards for use where they are required to travel by taxi to undertake duties relating to the business of council.

2.3. Private vehicle usage

When a Councillor has decided to not receive a council vehicle under the Councillor Facilities Policy, payment for use of the Councillor's private vehicle on council business will be reimbursed to the Councillor on a kilometre rate as set out in the Australian Taxation Office allowable deductions for motor vehicles.

In other circumstances, Councillor's private vehicle usage will be reimbursed by council if the:

- travel has been endorsed by council resolution;
- claim for mileage is substantiated with log book details; and
- total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

2.4. Accommodation

All Councillor accommodation for council business will be booked and paid for by council.

Accommodation should be selected that provides:

- council with the best price value; and
- convenient to the conference/meeting.

Council will pay for reasonable expenses incurred for overnight accommodation when council business requires a Councillor to obtain accommodation away from the Councillor's residence.

2.5. Meals

Councillors will be reimbursed for the actual cost of meals when:

- the councillor incurs the cost personally;

- the meal was not provided within the (registration) costs of the approved activity/event/travel; and
- the Councillor can produce documents sufficient to verify the actual meal cost.

If a Councillor cannot produce a receipt for a meal they have purchased then a Statutory Declaration must be completed to claim the reimbursement. No alcohol will be paid for by council.

2.6. Incidental allowance

A daily allowance to cover incidental items necessary for travel is provided to Councillors, eg. newspapers, magazines, snacks including tea and coffee, drinks and personal items.

- The daily allowance for travel within Australia is \$20 per day.
- The daily allowance for international travel is \$40 per day.

2.7. Cabcharge Facility /Reimbursement for public transport tickets (rail, ferry, bus)

Councillors will be provided with a Cabcharge facility and reimbursement of costs for public transport utilised to attend official council functions outside the Townsville City Council area only. *(This is in addition to the reimbursement of costs set out in the section of this policy dealing with Travel Transfer Costs).*

3. Hospitality Expenses

The Mayor will be reimbursed up to \$6,000.00 per annum for hospitality expenses deemed necessary in the conduct of council business.

Councillors will be reimbursed up to \$500.00 per annum for hospitality expenses deemed necessary in the conduct of council business.

APPENDIX B - COUNCILLOR FACILITIES POLICY

1. POLICY STATEMENT

To provide the Mayor and Councillors with the facilities necessary for the efficient performance of their roles.

2. PRINCIPLES

This Councillor Facilities Policy complies with the Statement of Principles set out in the Department of Local Government guidelines:

No private benefit to be derived

Facilities provided to Councillors are for the sole use of Councillors in undertaking their duties and must be used responsibly and appropriately.

Reasonable Expenses Reimbursement

Councillors should not be financially disadvantaged when carrying out their roles, and should be provided with facilities necessary for the efficient performance of their roles, and in accordance with community expectations.

Public accountability and transparency

The use of the provided facilities will be open for review to the extent appropriate to the proper performance of a Councillor's responsibilities.

Public perceptions and community expectations

The council will provide only those facilities reasonably necessary for the efficient performance of a Councillor's responsibilities.

Equity and Participation

To maximise equity and the participation of Councillors from diverse backgrounds and circumstances, this Councillor Facilities Policy expressly permits the provision of facilities that are necessary to allow the participation of Councillors who experience unusual barriers to participation, such as a disability or cultural responsibilities.

3. SCOPE

This policy applies to the Mayor and Councillors for the provision of Council owned facilities to assist them in undertaking their roles.

4. RESPONSIBILITY

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by the Mayor and Councillors.

5. DEFINITIONS

Council business - This is official business of a Councillor as generally described in Part 2, Divisions 1 and 2 of the *Local Government Act 1993*, conducted on behalf of, and approved by, council where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve business continuity for the council. Council business should result in a benefit being achieved either for the local government and/or the local government area. *** Participating in a community group event or being a representative on a board not associated with council is not regarded as council business.*

Facility - Facilities provided by Council to Councillors are the 'tools of trade' required to enable them to perform their duties with efficiency and at a standard appropriate to fulfil their professional role for the community.

6. POLICY

The council will provide Councillors with facilities as set out in this policy. In addition to the facilities expressly referred to in the section of this Policy headed Facilities, the council will provide other facilities that are necessary to allow the participation of Councillors who experience unusual barriers to participation, such as a disability or cultural responsibilities.

Facilities

Councillors will be provided with facilities that enable them to perform the role of a Councillor throughout the Townsville local government area. All facilities provided to Councillors remain the property of council and must be returned to council when a Councillor's term expires.

The facilities provided will be:

6.1 Personal Protective Equipment

6.1.1 All necessary personal protective (safety) equipment for use on official council business or inspections e.g. safety helmets, boots, vests etc.

6.2 Mobile Telecommunication Facilities

6.2.1 Mobile Telephone – Nokia 6210 or similar.

6.2.2 Personal calls made by Councillors via the mobile telephone are to be reimbursed to council via the appropriate administrative procedure.

6.3 Home Office Facilities

6.3.1 Laptop with docking station, standard MS Windows software and broadband internet connectivity (including wireless connectivity);

6.3.2 Home office telephone (see also section 6.4.5);

6.3.3 Personal calls made by Councillors via the home office telephone are to be reimbursed to Council via the appropriate administrative procedure;

6.3.4 Multi-function printer, scanner, facsimile machine;

6.3.5 Individual stationery supply and name badge;

6.4 Council Office Facilities at Walker Street and Thuringowa Drive consisting of limited:

6.4.1 Office space (some dedicated offices and other shared office space);

6.4.2 Laptop docking stations;

6.4.3 Access to office facsimile machines, printers and scanners;

6.4.4 Telephone access;

6.4.5 For Councillors who choose to use the council office facilities as their principal office, a dedicated telephone line will be made available at the council office, but the number of their home office telephone line will not be advertised.

6.5 Administrative Support

6.5.1 Limited administrative support to all Councillors;

6.5.2 Full administrative support for the Mayor and Deputy Mayor.

6.6 Vehicle Use

6.6.1 Councillors may either claim reimbursement for business use of their own vehicle (see the Councillor Expenses Reimbursement Policy); or

6.6.2 Elect to receive a council vehicle on the following conditions:

- Councillors will be provided with a fully maintained 4 or 6 cylinder motor vehicle which shall be used for council business.
- Fuel cards are provided for each vehicle and motor vehicle insurance is covered by council.
- Private use of this vehicle is permitted on the basis that Councillors reimburse council for the percentage of private use based on log book records in accordance with the Australian Taxation Office legislation.
- The amount to be reimbursed will be calculated according to the Fringe Benefits Tax legislation.
- Any motor vehicle provided to a Councillor will remain the property of council, and must be surrendered to an authorised representative of council upon expiry of the term of the Councillor.



7.0

FINANCES FOR THE YEAR

FINANCES

7.0 FINANCES FOR THE YEAR

7.1 Community Financial Report

Introduction

The Community Financial Report is a brief summary of the information contained in council's financial statements for the period 1 July 2009 to 30 June 2010 and is intended to provide the reader with an overview of council's financial position as at 30 June 2010.

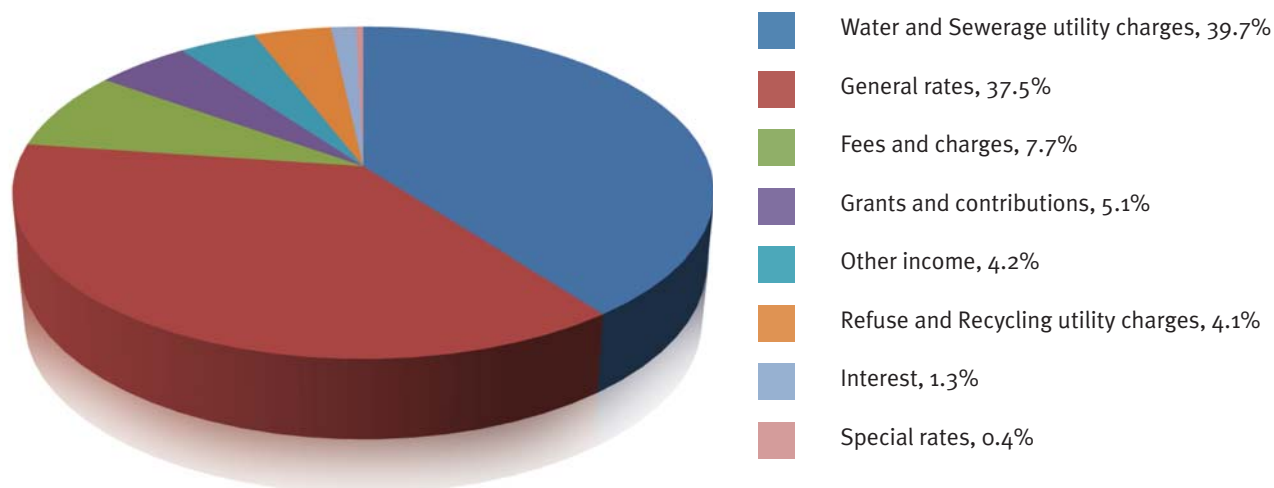
This Community Financial Report has been prepared pursuant to Section 502(1)(b) of the *Local Government Act 1993* and is designed to provide an easy to understand summary and analysis of council's financial results and financial position. To obtain a more detailed understanding of council's financial results and financial position you should read the Financial Statements and accompanying Notes included in the annual report.

Simplified Income Statement for the year ended 30 June 2010

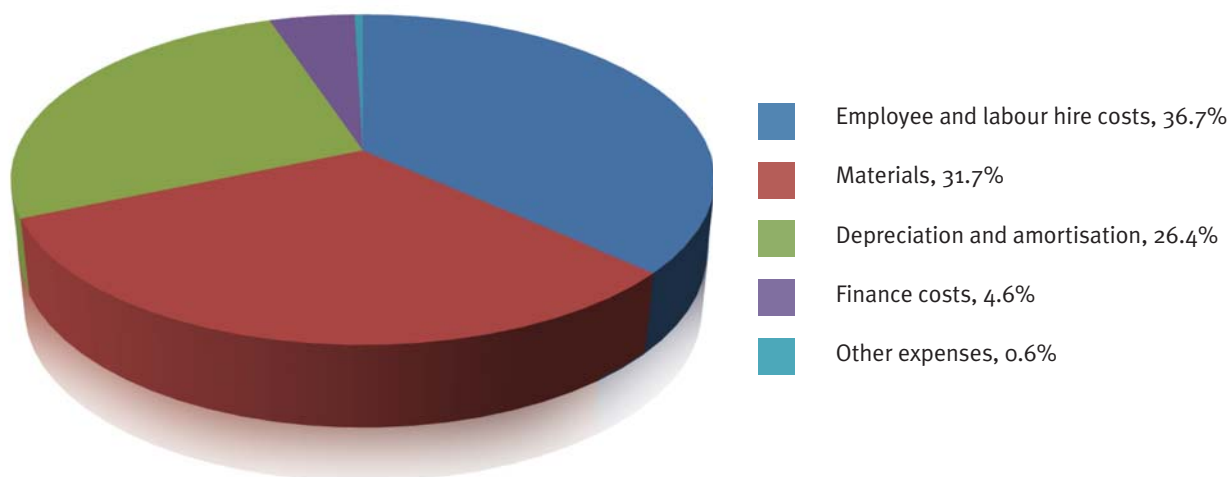
	\$000	\$000
Operating revenue	337,322	
less Discounts and remissions	(37,216)	
less Operating expenses	(303,929)	
less Interest and finance charges	(14,754)	
Surplus/(deficit) from operations		(18,577)
add Capital grants and contributed assets		157,048
less Asset disposals and write-downs		(3,930)
Net result for the period		134,541

Simplified Balance Sheet as at 30 June 2010

	\$000
What we have in the bank	183,379
What we own	3,634,072
What we are owed	34,218
Our total assets	3,851,669
What we owe our suppliers and employees	105,782
What we have borrowed	371,610
Our total liabilities	477,392
Net community assets (wealth)	3,374,277

How we earned our operating revenue: (\$337,322.000 before discounts given)**Operating Revenue:**

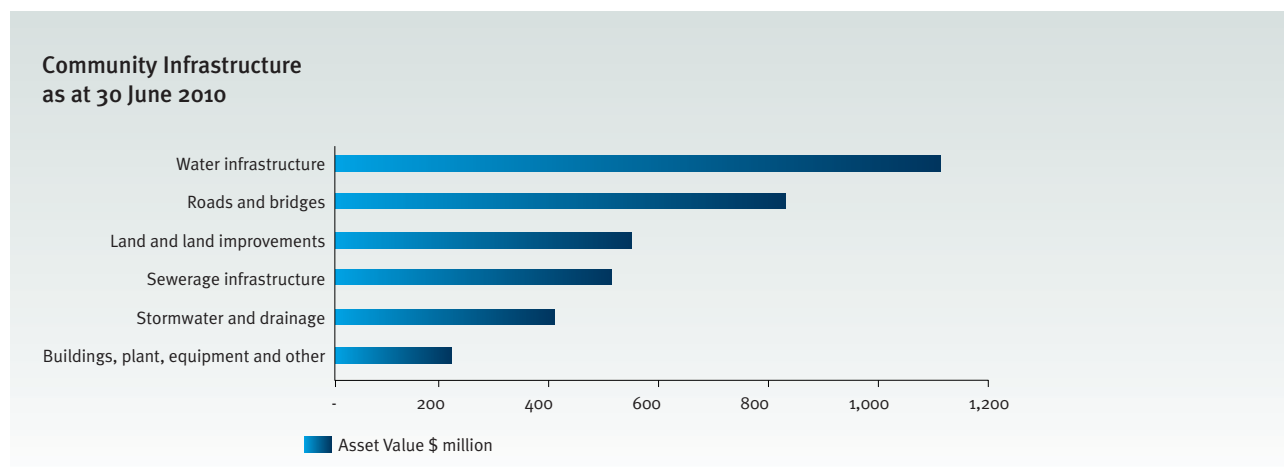
Council endeavours to maximise its revenue from sources other than rates by actively pursuing grants and subsidies from the State and Federal Government and seeking appropriate contributions from the property development industry. Fees and charges, and utility charges are generally applied on a full cost recovery basis to ensure as much as possible the user pays. These strategies assist in minimising the reliance on the general rate to fund council's operations.

How we utilised our operating expenses (\$318,683,000)**Operating Expenses:**

Council is actively working to reduce its operating expenditure through identifying efficiencies and ensuring value for money on purchases. Council has also reviewed the corporate structure and identified specific strategies in its budget. The 2010/11 budget outlines a financial plan to reduce council's operating deficit by 2012/13. The 2010/11 budget can be accessed on our website. Depreciation and amortisation make up a major component of our operating expenses. This item represents an allocation of the use or deterioration of the community infrastructure over the expected life of the infrastructure. Council is well progressed on developing detailed asset management plans for each category of infrastructure to ensure the best value and longest life is achieved for each asset. Townsville City Council is one of the leaders in local government for asset management.

7.0 FINANCES FOR THE YEAR

The community infrastructure we manage



Community Infrastructure:

Council owns and manages over \$3.5 billion worth of infrastructure providing benefits directly to the community. The 2010/11 budget outlines a further \$1 billion investment in community infrastructure over the next five years.

The accounting standards require council to ensure that its infrastructure assets are recorded at fair value. To achieve this, council completed a revaluation of relevant classes of assets in 2009/10. The revaluation resulted in a net increase in valuation of \$97 million, around 3%. The revaluation also took into account an assessment of the assets' condition and remaining useful life. Any increase in valuation will in turn affect the depreciation associated with the asset. Again, it is council's progressive approach to asset management that ensures our assets are optimised and that the community benefits from the greatest value possible.

Financial sustainability indicators

	Actual as at 30 June 2010	Target
Interest coverage ratio The extent to which council's operating revenues are committed to interest expense.	3%	>0%<10%
Operating surplus ratio The extent to which revenues raised cover operational expenses or are available for capital funding purposes.	-6%	>0%<15%
Net financial liabilities ratio The extent to which the net financial liabilities of council can be serviced by its operating revenues.	83%	<60%
Working capital ratio The extent to which council has liquid assets available to meet short term financial obligations.	2.9:1	>1:1
Asset consumption ratio The extent to which council's physical assets have aged.	67%	>40%<80%

Comment:

Financial ratios provide a useful snapshot of the financial status and trends. The key financial ratios shown above measure council's performance in achieving its financial management objectives.

The 2010/11 budget outlines additional financial ratios that council uses to monitor its financial performance and assess its financial sustainability. A number of those ratios are based upon the operating surplus/deficit.

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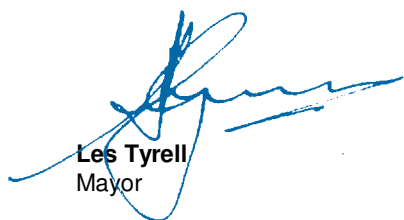
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These general purpose financial statements have been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standard 2005* (the Standard) and other prescribed requirements.

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

1. the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
2. the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the financial performance and cash flows of Townsville City Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



Les Tyrell
Mayor

Dated this 20th day of October 2010



Ray Burton
Chief Executive Officer

Dated this 20th day of October 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
Revenue			
Other income	2	300,106	308,610
Gain on restructure of local government entities	2	157,048	95,855
Total revenue	3	-	3,041,827
		<u>457,154</u>	<u>3,446,292</u>
Materials and services used		(100,917)	(128,733)
Employee benefits expense		(116,993)	(140,608)
Finance costs	3	(14,754)	(17,608)
Depreciation and amortisation expense	3	(83,982)	(137,366)
Impairment of property, plant and equipment	3	(1,069)	-
Other expenses	3	(4,299)	(26,246)
Share of net profits of joint venture		(599)	(493)
Total expenses		<u>(322,613)</u>	<u>(451,054)</u>
Profit for the year		<u>134,541</u>	<u>2,995,238</u>
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment		100,000	147,760
Impairment of infrastructure assets		(3,262)	-
Other comprehensive income for the year		<u>96,738</u>	<u>147,760</u>
Total comprehensive income for the year		<u>231,279</u>	<u>3,142,998</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$000	2009 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	183,379	97,446
Trade and other receivables	6	32,651	23,021
Inventories	7	2,255	2,026
Other assets	13	1,636	412
		<u>219,921</u>	<u>122,905</u>
Assets classified as held for sale	8	9,230	-
TOTAL CURRENT ASSETS		<u>229,151</u>	<u>122,905</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	1,567	1,381
Investments accounted for using the equity method	9	27,559	28,158
Property, plant and equipment	11	3,587,595	3,273,366
Intangible assets	12	5,405	4,882
Other non-current assets	13	392	-
TOTAL NON-CURRENT ASSETS		<u>3,622,518</u>	<u>3,307,787</u>
TOTAL ASSETS		<u>3,851,669</u>	<u>3,430,692</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	55,912	45,957
Borrowings	16	17,793	11,823
Short-term provisions	17	3,323	2,587
Other current liabilities	15	1,958	2,171
TOTAL CURRENT LIABILITIES		<u>78,986</u>	<u>62,538</u>
NON-CURRENT LIABILITIES			
Trade and other payables	14	12,609	6,451
Borrowings	16	353,817	189,979
Other long-term provisions	17	31,980	28,726
TOTAL NON-CURRENT LIABILITIES		<u>398,406</u>	<u>225,156</u>
TOTAL LIABILITIES		<u>477,392</u>	<u>287,694</u>
NET ASSETS		<u>3,374,277</u>	<u>3,142,998</u>
EQUITY			
Reserves	18	292,341	200,937
Retained earnings		3,081,936	2,942,061
TOTAL EQUITY		<u>3,374,277</u>	<u>3,142,998</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
		\$000	\$000	\$000	\$000
Balance at 15 March 2008		-	-	-	-
Profit for the year		2,975,191	-	-	2,975,191
Total other comprehensive income for the year		-	152,765	-	152,765
Total comprehensive income for the year as reported in the 30 June 2009 financial statements		2,975,191	152,765	-	3,127,956
Correction of error	25	20,047	(5,005)	-	15,042
Restated total comprehensive income for the year		2,995,238	147,760	-	3,142,998
Transfers from retained earnings to general reserves		(53,177)	-	53,177	-
Balance at 30 June 2009		2,942,061	147,760	53,177	3,142,998
Balance at 1 July 2009		2,942,061	147,760	53,177	3,142,998
Profit for the year		134,541	-	-	134,541
Total other comprehensive income for the year		-	96,738	-	96,738
Transfers to retained earnings from general reserve		5,334	-	(5,334)	-
Balance at 30 June 2010		3,081,936	244,498	47,843	3,374,277

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$000	2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		398,057	383,821
Payments to suppliers and employees		(200,956)	(277,582)
Interest received		3,840	8,118
Finance costs		(14,754)	(16,327)
Net cash provided by/(used in) operating activities	22a	<u>186,187</u>	<u>98,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,824	5,348
Proceeds from sale of investments		-	15
Proceeds from loans to community organizations		2	37
Purchase of property, plant and equipment		(273,246)	(128,118)
Purchase of intangible assets		(641)	(1,257)
Net cash provided by/(used in) investing activities		<u>(270,061)</u>	<u>(123,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		181,852	41,100
Repayment of borrowings		(12,045)	(13,575)
Net cash provided by/(used in) financing activities		<u>169,807</u>	<u>27,525</u>
Net increase/(decrease) in cash held		85,933	1,580
Cash and cash equivalents at beginning of financial year	5	<u>97,446</u>	<u>95,866</u>
Cash and cash equivalents at end of financial year	5	<u><u>183,379</u></u>	<u><u>97,446</u></u>

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Townsville City Council.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the *Local Government (Transitional) Regulation 2010*, *Local Government Act 1993*, the *Local Government Reform Implementation Regulation 2008* and the *Local Government Finance Standard 2005*.

Pursuant to Part 1B of the *Local Government Act 1993* and in accordance with the *Local Government Reform Implementation Regulation 2008*, the Townsville City Council was formed on 15 March 2008 as a consequence of the amalgamation of the former Thuringowa and Townsville City Councils and Townsville Thuringowa Water Supply Joint Board.

The *Local Government Reform Implementation Regulation 2008* and the *Local Government Reform Implementation (Transferring Areas) Amendment Regulation (No.1) 2008* transferred the assets and liabilities of the former Thuringowa and Townsville City Councils and Townsville Thuringowa Water Supply Joint Board to the Townsville City Council as at the changeover date, 15 March 2008.

Pursuant to section 159YQ of the *Local Government Act 1993* and sections 26 and 35 of the *Local Government Reform Implementation Regulation 2008*, financial statements for the 2009 financial period were prepared for the period 15 March 2008 to 30 June 2009. The 2010 financial period is from 1 July 2009 to 30 June 2010.

Assets and liabilities of the former Councils and water board have been recognised by Townsville City Council on 15 March 2008 at the previous book values of the transferor local government entities. This is shown as income in the comparative figures of the Statement of Comprehensive Income.

Townsville City Council adopted consistent accounting policies from its commencement date of 15 March 2008. In some cases, this resulted in adjustment to the measurement of assets and liabilities transferred as at 15 March 2008. These accounting policy alignment adjustments are included in the values shown in the comparative figures of the Statement of Comprehensive Income.

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impact is in the following accounting treatments:

- the offsetting of revaluation and impairment gains and losses within a class of assets
- the timing of the recognition of non-current reciprocal grant revenue; and
- the value in use of an asset is equal to the depreciated replacement cost when determining the recoverable amount of an asset for the purposes of impairment testing.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Council uses the Australian Dollar as its functional currency and its presentation currency.

The Townsville City Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the Management Certificate is signed.

(a) Taxes

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST).

The commercial businesses of the Council pay an income tax equivalent to the Council in accordance with the requirements of the *Local Government Act 1993*.

Where a commercial business of the Council is subject to the 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 of the commercial business units.

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

(b) Inventories

Raw materials and stores

Inventories are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour, and an appropriate portion of variable and fixed overheads. The cost of significant categories of inventory are based on weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal charge; or
- goods to be used for the provision of services at no or nominal charge.

These goods are valued at the lower of cost and replacement cost.

Land held for sale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets except where it is anticipated that the land will not be sold within 12 months. Land held beyond 12 months is reported as non-current inventory. Profits arising upon sale of land are recognised on the signing of a valid unconditional contract of sale.

(c) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as, financial assets and investment property that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(d) Assets under construction

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The costs of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour and other costs directly attributable to bring the asset to the location and condition for it to operate in the manner intended.

(e) Property, Plant and Equipment**Recognition and measurement**

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including all costs incurred in preparing the assets ready for use or for restoring the asset at the end of its life to meet specific environmental obligations.

Non-monetary assets, including property, plant and equipment, received in the form of grants or contributions are recognised as assets and revenues at fair value by Council valuation.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Items of property, plant and equipment with a total value of less than \$5,000, except for land and network assets (an aggregate of interrelated assets), are treated as an expense in the period of acquisition. All other items of property, plant and equipment are capitalised.

Revaluation

Land, Buildings, Infrastructure and Other assets are measured at fair value, in accordance with AASB116 Property, Plant and Equipment and the *Local Government Finance Standard 2005*. All other non-current assets, principally plant and equipment, are measured at cost. Where there is no active market, assets will be valued at their replacement cost less depreciation. Where assets are not required, and intended to be disposed of fair value is the anticipated net sale proceeds. Assets recently purchased are shown in the financial statements at their historical cost less accumulated depreciation. Assets within each class of property, plant and equipment carried at fair value are revalued as necessary, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date.

Revaluations were undertaken in accordance with AASB 116 Property, Plant and Equipment, *Local Government Finance Standard 2005* and Council Policy.

The valuation methods used for each class of property, plant and equipment assets are:

Class of Property, Plant and Equipment	Valuation Method
Land	Fair Value
Buildings	Fair Value
Plant and equipment	Cost
Land improvements	Fair Value
Road and bridge network	Fair Value
Water	Fair Value
Sewerage	Fair Value
Drainage	Fair Value
Other assets	Fair Value

Valuations of non-current assets which were current as at 30 June 2010 were determined on the following basis:-

i) Land

Land was valued as at 31 March 2009 on a fair value basis (market value) established by independent valuations performed by Paul Ellis (AAPI) (Registered Valuer No. 2242) of Rushton Assetval Pty Ltd in accordance with Queensland Treasury Guidelines for establishing the fair value of assets.

The class as a whole was assessed by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June 2010. Management have determined that on the basis of this assessment the reported balances represent fair value at balance date.

ii) Land Improvements

Land improvements were valued as at 31 March 2009 at their respective replacement cost established by independent valuations performed by Ben Walpole, B.Quantity Surveying, Herron Todd White. Assets within this category have been subcategorised into items of similar nature, functions and/or location.

The class as a whole was assessed by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June 2010. Management have determined that on the basis of this assessment the reported balances represent fair value at balance date.

iii) Buildings

Buildings, including fixed plant, fixtures and fittings, were valued as at 31 March 2009 at their respective replacement cost established by independent valuations performed by Paul Ellis (AAPI) (Registered Valuer No. 2242) and Bill Crothers (AAPI) (Registered Valuer No.1942) of Rushton Assetval Pty Ltd. Where a market value exists, this has been used to determine the valuation.

The class as a whole was assessed by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June 2010. Management have determined that on the basis of this assessment the reported balances represent fair value at balance date.

iv) Plant and equipment

The Council has determined that individual items of plant and equipment with a cost in excess of \$1,000,000 are of high value to the local government. There are no items which meet this criteria.

All other items of plant and equipment are measured on a cost basis. Council's plant & equipment assets are valued at historical cost as per the provisions in AASB 116 Property, Plant and Equipment.

v) Road and bridge network

- Infrastructure roads were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, taking into account any expired portion of its useful life.
- Infrastructure bridges were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, taking into account any expired portion of its useful life.
- Boat Ramps were valued as at 31 March 2009 at their respective replacement cost established by qualified Council staff, using current price catalogues taking into account any expired portion of its useful life.

The class as a whole was assessed by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June 2010. Management have determined that on the basis of this assessment the reported balances represent fair value at balance date.

vi) Water, Sewerage and Drainage assets

These classes of assets as a whole were assessed for material changes in value as at 30 June 2010. On the basis of this assessment all pipe networks were revalued as at 30 June 2010 at their respective replacement costs by qualified council staff and external valuers, taking into account any expired portion of their useful lives.

The valuation process was performed as follows:

- Drainage pipe networks were revalued at their replacement cost based on assessments by G. Jordan BE (Civil), B Econ, MBA, RPEQ and CPEng of Lemmah Pty Ltd
- Water and Sewerage pipe networks were revalued at their replacement cost based on assessments by Council employee J. Ballard BE(Hons), MEnvSc, RPEQ and CPEng

All other water, sewerage and drainage assets whose carrying values were deemed not to materially differ from fair value at balance date were last comprehensively valued as at 31 March 2009.

vii) Other assets

Other assets comprises entirely of Cultural assets and Council has decided to revalue these progressively on the basis of medium, over a period of five years. The time frame for the progressive revaluation of the cultural assets is:

Cultural asset (medium)	Next Revaluation Date
Paintings	2010/11
Prints	2014/15
Ceramics	2012/13
Drawings and Photographs	2011/12
Other	2014/15

The class as a whole was assessed by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June 2010. Management have determined that on the basis of this assessment the reported balances represent fair value at balance date.

Land under roads

Land under roads acquired before 30 June 2008 are recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Townsville City Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by Council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

Depreciation

Non-Current assets, with the exception of Land and Other assets, having a limited useful life, are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets as follows:

Class of Property, Plant and Equipment	Useful Life
Buildings	15 - 50 years
Plant and equipment	5 - 15 years
Land improvements	10 - 100 years
Road and bridge network	10 - 150 years
Water	7 - 150 years
Sewerage	25 - 80 years
Drainage	25 - 100 years

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period to reflect the consumption of the service potential of respective assets.

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

(f) Leases

Leases of plant and equipment under which Council assumes substantially all the risks and benefits of ownership are classified as finance leases and amortised on a straight line basis over the term of the lease or where it is likely Council will obtain ownership of the asset, over the life of the asset. Other leases are classified as operating leases.

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

In recording and reporting lease arrangements as lessor, Council records in the Statement of Financial Position the lease premiums related to the asset and records as revenue in the current period the amount of the lease premium which is regarded as having been earned in the current period based on the pattern of benefits received by the lessee.

The Council has no finance leases in this reporting period.

(g) Financial Instruments

Townsville City Council has categorised the financial assets and financial liabilities held at balance date as follows:

Financial Assets	Categorisation
Cash	Financial assets available for sale (at cost)
Receivables	Loans and receivables (at amortised cost)
Financial Liabilities	Categorisation
Payables	Financial liability (at cost)
Borrowings	Financial liability (at amortised cost)

Financial assets and financial liabilities are presented separately, offsetting has not been applied.

The fair value of financial assets and liabilities must be estimated in a way that permits it to be compared with its carrying amount. Disclosure of fair value is not presented when the carrying amount is a reasonable approximation of fair value.

The fair value of financial instruments is determined as follows:

- The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

- The fair value of borrowings, as disclosed in the notes to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.
- The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
- The fair value of trade receivables and payables is assumed to approximate their nominal value less estimated credit adjustments.
- The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately.
- Available for sale financial assets are measured at cost as fair value cannot be reliably measured, therefore no fair value is disclosed.

Loans payable are measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Gains and losses on the early redemption of borrowings are recorded in the statement of comprehensive income.

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

Financial risk management

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

- Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year; and
- Council does not invest in derivatives or other investments of a speculative nature.

When the Council borrows, it borrows from the Queensland Treasury Corporation. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Details of financial instruments and the associated risks are shown at Note 24.

Impairment

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(h) Impairment of Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs of disposal and its value in use.

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

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

(i) Interests in Joint Ventures

The Council's interest in the joint venture is recognised in the statement of comprehensive income and statement of financial position using the equity method, in accordance with AASB 131 Interests in Joint Ventures.

(j) Intangibles

Software assets

Only software assets which have a cost exceeding \$5,000 are recognised as intangible assets. Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition under AASB 138 Intangible Assets. Intangible assets are measured at cost.

Expenditure on software assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised. It has been determined that there is not an active market for any of Council's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and any accumulated impairment losses.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on commonwealth government bonds with terms to maturity that match the expected timing of cashflows.

(l) Provisions

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Restoration liabilities

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable the Council will be liable, or required, to incur costs on the cessation of use of the facility. The provision is measured at the expected cost of the work required, discounted to current day values using market yields on national government bonds. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position, when applicable.

(n) Receivables

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

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June 2010. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council has the power to sell an owner's property to recover outstanding rate receivables, in accordance with the *Local Government Act 1993*, Council does not recognise any impairment on these receivables.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

(o) Revenue and Other Income

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

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.

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is placed in a reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Constrained Works Reserve. Council spends all recurrent grants in the year received and therefore Council has not established a reserve for this purpose.

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

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

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

(p) Trade and Other Payables

Accounts payable have been recognised as a liability for the year ended 30 June 2010 at the time when the amount owed can be measured reliably and when it is probable the account will be paid. This is at the time of the goods being received or the service being performed. The amount recognised for each creditor is based on purchase or contract costs. The amounts are unsecured and are normally settled within 30 working days.

(q) Reserves

Asset Revaluation Surplus

The asset revaluation surplus comprises adjustments relating to changes in fair value of non-current assets. Net incremental changes in the carrying value of classes of non-current assets, since their initial recognition, are accumulated in this account.

General Reserves

These reserves represent wealth which is accumulated within Council to meet specific anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

i) Asset acquisition reserve

This reserve was created for replacement of Council's assets.

ii) Constrained works reserve

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred to Retained Surplus. The balance reported represents funds not yet expended and retained until expended in the manner specified by the contributor.

iii) Constrained recurrent reserve

This reserve is created to ensure sufficient funds are available to enable future expenditure on the purpose for which the funds were received.

iv) Other reserves

These reserves are created to contribute to the future replacement of Council's general infrastructure.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale (qualifying assets), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

(t) Comparative Figures

The Council was formed on 15 March 2008 as a consequence of the amalgamation of the former Thuringowa and Townsville City Councils and Townsville Thuringowa Water Supply Joint Board. Pursuant to Section 159YQ of the Local Government Act 1993 and Sections 26 and 35 of the Local Government Reform Implementation Regulation 2008, financial statements for 2008-09 were prepared for the period 15 March 2008 to 30 June 2009. Therefore comparative figures presented in the financial statements for the year ended 30 June 2010 are for a 15 and a half month period.

The assets and liabilities of the former Thuringowa and Townsville City Councils and Townsville Thuringowa Water Supply Joint Board were transferred to the Townsville City Council on the changeover date.

(u) Rounding of Amounts

The amounts included in the financial report have been rounded to the nearest \$1,000.

(v) Critical Accounting Estimates and Judgments

The preparation of financial statements to conform with Australian equivalents of International Financial Reporting Standards (AIFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the following:

- Impairment of property, plant and equipment assets. Refer to note 11.;
- Impairment of trade and other receivables. Refer to note 6.; and
- Measurement and recognition of provisions. Refer to note 17.

(w) Change in Accounting Policy, Accounting Estimates and Correction of Errors

Under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, Council is required to select and apply accounting policies consistently. The Council has applied consistent accounting policies from their commencement date of 15 March 2008.

Where there are material adjustments to the measurement of opening assets and liabilities as a consequence of aligning accounting policies, changes in accounting estimates or corrections of error, these have been disclosed in note 25.

(x) New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Council has decided not to early adopt. A discussion of those future requirements and their impact on the entity is as follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)
- AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]" (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)
- AASB 2009-8 "Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]" (applicable for annual reporting periods commencing on or after 1 January 2010)
- AASB 2009-9 "Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]" (applicable for annual reporting periods commencing on or after 1 January 2010)
- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010)
- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)
- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)
- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)
- AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2010).

The Council does not anticipate early adoption of any of the above Australian Accounting Standards.

(y) Adoption of new and revised accounting standards

During the current year the Council has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Townsville City Council.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 Presentation of Financial Statements, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income, where applicable. The previous version of AASB 101 did not contain an equivalent concept.

Note 2 Revenue and Other Income

	Note	2010 \$000	2009 \$000
Revenue			
Rates and Utilities Revenue			
— General rates		126,676	114,525
— Special rates		1,268	1,252
— Refuse and recycling utility charges		14,016	14,505
— Water and wastewater fixed utility		57,448	53,590
— Water and wastewater consumption utility charges		76,340	73,641
— Less discounts		(31,372)	(29,069)
— Less pensioner and other remissions		(5,844)	(5,339)
Total Rates and Utilities Revenue		<u>238,532</u>	<u>223,105</u>
Other Revenue			
— Interest received	2(a)	4,572	8,655
— Regulatory fees and charges		10,888	16,705
— Commercial fees and charges		14,981	16,719
— Contributions received for operating purposes		1,566	10,825
— Subsidies and grants received for specific operating purposes		5,866	5,673
— Subsidies and grants received for general operating purposes		9,645	9,374
— Other		14,056	17,554
Total Other Revenue		<u>61,574</u>	<u>85,505</u>
Total Revenue		<u>300,106</u>	<u>308,610</u>
Other Income			
— Contributions received for capital purposes		19,248	24,892
— Subsidies and grants received for capital purposes		92,708	36,272
— Infrastructure assets contributed from external parties		45,092	34,691
Total Other Income		<u>157,048</u>	<u>95,855</u>
Total Revenue and Other income		<u>457,154</u>	<u>404,465</u>
(a) Interest revenue from:			
— financial institutions		3,840	8,095
— other persons		732	560
Total interest revenue		<u>4,572</u>	<u>8,655</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 3 Profit for the Year

	2010 \$000	2009 \$000
(a) Expenses		
Depreciation		
— Buildings	4,779	5,676
— Plant & Equipment	8,391	11,844
— Land Improvements	12,681	12,978
— Road Pavements	20,480	36,315
— Water Infrastructure	16,472	44,558
— Sewerage Infrastructure	15,619	15,573
— Drainage Infrastructure	5,363	8,655
— Other	79	327
Total depreciation expense	<u>83,864</u>	<u>135,926</u>
Amortisation		
— Software assets	118	1,440
Total amortisation expense	<u>118</u>	<u>1,440</u>
Interest expense on financial liabilities not at fair value through profit or loss:		
— Interest and finance charges on loans from financial institutions	13,491	16,795
— Unwinding of discounted provisions	1,263	813
Total interest expense	<u>14,754</u>	<u>17,608</u>
Other expenses		
— Bad and doubtful debts - trade receivables	360	1,258
— Loss on disposal of property, plant and equipment	2,861	3,194
— Loss on revaluation of property, plant and equipment	-	14,697
— Write-off of obsolete stock	21	8
— Other expenses	1,057	7,089
Total other expenses	<u>4,299</u>	<u>26,246</u>
Impairment losses		
— property, plant and equipment	1,069	-
Rental expense on operating leases		
— minimum lease payments	45	107
(b) Significant Revenue and Expenses		
The following significant revenue item disclosed in the Statement of Comprehensive Income is relevant in explaining the financial performance of Council:		
Amalgamation of former local government entities:		
Carrying amount of net assets transferred - Townsville City Council	-	1,576,559
Carrying amount of net assets transferred - Thuringowa City Council	-	734,060
Carrying amount of net assets transferred - Townsville Thuringowa Water Supply Joint Board	-	588,172
Total carrying amount of net assets transferred on restructure of local government entities	<u>-</u>	<u>2,898,791</u>
Adjustments due to alignment of accounting policies, accounting estimates, and corrections of error	-	143,036
Gain on restructure of local government entities	<u>-</u>	<u>3,041,827</u>

Note 4 Auditors' Remuneration

	2010 \$000	2009 \$000
Remuneration of the auditor of the Council for:		
— auditing the financial report	<u>321</u>	<u>150</u>

Note 5 Cash and Cash Equivalents

	Note	2010 \$000	2009 \$000
Cash at bank and in hand		1,256	3,102
Short-term bank deposits		<u>182,123</u>	<u>94,344</u>
	24	<u>183,379</u>	<u>97,446</u>
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		<u>183,379</u>	<u>97,446</u>
		<u>183,379</u>	<u>97,446</u>
(b) Cash not available for general use			
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent contributions, government grants and subsidies		<u>23,710</u>	<u>24,068</u>
		<u>23,710</u>	<u>24,068</u>
(c) Risk exposure			
The Council's exposure to interest rate risk is discussed in note 24. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 6 Trade and Other Receivables

	Note	2010 \$000	2009 \$000
CURRENT			
Trade receivables - rates and utilities		12,169	8,166
Trade receivables - fees and charges		10,712	11,365
Provision for impairment of receivables	6a(i)	(749)	(1,129)
		<u>22,132</u>	<u>18,402</u>
Term receivables		7	134
		<u>7</u>	<u>134</u>
Other receivables		10,512	4,485
Total current trade and other receivables		<u>32,651</u>	<u>23,021</u>
NON-CURRENT			
Trade receivables - rates and utilities		1,474	1,278
		<u>1,474</u>	<u>1,278</u>
Term receivables		93	103
		<u>93</u>	<u>103</u>
Total non-current trade and other receivables		<u>1,567</u>	<u>1,381</u>

(a) Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the Other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 15 March 2008 \$000	Net assets transferred from abolished councils \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30 June 2009 \$000
(i) Current trade receivables	-	218	911	-	1,129
	-	218	911	-	1,129
	Opening Balance 1 July 2009 \$000	Net assets transferred from abolished councils \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30 June 2010 \$000
(i) Current trade receivables	1,129	-	(749)	369	749
	1,129	-	(749)	369	749

Credit risk - Trade and Other Receivables

The Council has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within Note 6. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk to the entity.

The following table details the Council's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Council.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$000	Past due and impaired \$000	Past due but not impaired				Within initial trade terms \$000
			<30 \$000	31-60 \$000	61-90 \$000	>90 \$000	
2010							
Trade and term receivables	24,455	(749)	654	152	1,065	159	21,676
Other receivables	10,512	-	-	-	-	-	10,512
Total	34,967	(749)	654	152	1,065	159	32,188
	Gross Amount \$000	Past due and impaired \$000	Past due but not impaired				Within initial trade terms \$000
			<30 \$000	31-60 \$000	61-90 \$000	>90 \$000	
2009							
Trade and term receivables	21,046	(1,129)	1,248	515	343	1,011	16,800
Other receivables	4,485	-	-	-	-	-	4,485
Total	25,531	(1,129)	1,248	515	343	1,011	21,285

The Council does not hold any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

	Note	2010 \$000	2009 \$000
(b) Financial Assets classified as loans and receivables			
Trade and other Receivables			
— Total Current		32,651	23,021
— Total Non-Current		1,567	1,381
Financial Assets	24	<u>34,218</u>	<u>24,402</u>

Note 7 Inventories

	2010 \$000	2009 \$000
CURRENT		
Raw materials and stores	2,255	2,026
	<u>2,255</u>	<u>2,026</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 8 Assets Classified as Held for Sale

	2010 \$000	2009 \$000
Non-current assets held for sale:		
Land	9,230	-
	<u>9,230</u>	<u>-</u>

Note 9 Investments Accounted for using the Equity Method

	Note	2010 \$000	2009 \$000
Interests in joint venture	10	27,559	28,158
		<u>27,559</u>	<u>28,158</u>

Note 10 Joint Venture**Interest in Joint Ventures**

A joint venture partnership exists between the Perpetual Trustees Queensland Limited as trustee of the Breakwater Island Trust, and the Townsville City Council. The joint venture parties are associated in an unincorporated joint venture known as the Townsville Breakwater Entertainment Centre Joint Venture. The purpose of the joint venture is to design, develop, construct, commission, operate and own the Entertainment Centre.

Townsville City Council, has a 79.8% interest in the Townsville Breakwater Entertainment Centre Joint Venture, whose principal activities are the provision of a venture and ancillary services for the conduct of conventions, exhibitions, sports and entertainment events. Unless otherwise agreed in writing between the joint venturers, the joint venture is limited to the purposes and activities specified in the Townsville Breakwater Entertainment Centre Act 1991.

The joint venture has entered into an agreement with the then Trustee of Breakwater Island Trust and Breakwater Island Limited for the management of the Townsville Entertainment & Convention Centre. Pursuant to the terms of the Management Agreement, Breakwater Island Trust will indemnify the joint venture from any amount by which defined costs exceed operating revenue. Defined costs exclude general rates and land tax, replacement of fixed assets and major repairs. Breakwater Island Trust is entitled to repayment of any indemnity paid in any previous year out of net operating surpluses of the Entertainment Centre.

The Townsville Breakwater Entertainment Centre joint venture is not considered a controlled entity because, in accordance with the Townsville Breakwater Entertainment Centre Act 1991, all decisions of the Management Committee governing the operations of the joint venture require a unanimous decision, except for decisions relating to the giving of notices to the operator about audit qualifications relating to the joint venture financial statements, or in the case of a default event, decisions to give to the defaulting party notice of intention to terminate the agreement.

The entity's share of net assets employed in the joint venture is:

	2010 \$000	2009 \$000
CURRENT ASSETS		
Cash and cash equivalents	1,238	817
Trade and other receivables	63	153
Inventories	32	21
Other assets	2	2
Total current assets	<u>1,335</u>	<u>993</u>
NON-CURRENT ASSETS		
Property, plant and equipment	27,126	27,573
Total non-current assets	<u>27,126</u>	<u>27,573</u>
CURRENT LIABILITIES		
Trade and other payables	880	386
Total current liabilities	<u>880</u>	<u>386</u>
NON-CURRENT LIABILITIES		
Payables	22	22
Total non-current liabilities	<u>22</u>	<u>22</u>
Net interest in joint venture	<u>27,559</u>	<u>28,158</u>

Note 11 Property, Plant and Equipment

	2010 \$000	2009 \$000
LAND AND BUILDINGS		
Land		
— At valuation	411,111	413,601
	<u>411,111</u>	<u>413,601</u>
Buildings		
— At valuation	189,324	167,624
Less accumulated depreciation	(32,240)	(27,560)
	<u>157,084</u>	<u>140,064</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
— At cost	92,516	90,090
Less accumulated depreciation	(43,227)	(39,281)
Less accumulated impairment losses	(98)	-
	<u>49,191</u>	<u>50,809</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$000	2009 \$000
INFRASTRUCTURE ASSETS		
Land improvements		
— At valuation	263,620	223,368
Less accumulated depreciation	(134,623)	(98,820)
Less accumulated impairment losses	(1,532)	-
	<u>127,465</u>	<u>124,548</u>
Road and bridge network		
— At valuation	1,170,357	1,092,048
Less accumulated depreciation	(347,181)	(327,009)
Less accumulated impairment losses	(971)	-
	<u>822,205</u>	<u>765,039</u>
Water assets		
— At valuation	1,660,167	1,499,883
Less accumulated depreciation	(552,637)	(523,638)
Less accumulated impairment losses	(1,347)	-
	<u>1,106,183</u>	<u>976,245</u>
Sewerage assets		
— At valuation	751,601	683,284
Less accumulated depreciation	(244,854)	(250,245)
Less accumulated impairment losses	(383)	-
	<u>506,364</u>	<u>433,039</u>
Drainage assets		
— At valuation	595,543	547,323
Less accumulated depreciation	(192,714)	(183,093)
	<u>402,829</u>	<u>364,230</u>
OTHER ASSETS		
Other assets		
— At valuation	5,163	11,483
Less accumulated depreciation	-	(5,692)
	<u>5,163</u>	<u>5,791</u>
Total Property, Plant and Equipment	<u><u>3,587,595</u></u>	<u><u>3,273,366</u></u>

(a) Fair Value

The classes of assets above, excluding plant and equipment, are all shown at fair value. Assets within these classes are assessed annually to ensure carrying values reflect fair value. Where carrying values materially vary from fair value a revaluation is undertaken. Council policy is to comprehensively revalue all assets excluding Water, Sewerage and Drainage assets every 5 years via independent valuation with the application of appropriate indices in the interim when applicable. All Water, Sewerage and Drainage assets are revalued annually by management on the basis of internal or independent assessments. Refer to Note 1(e). Assets under construction included in the above balances are assessed at balance date to ensure their cost approximates fair value.

(b) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment, including assets under construction, between the beginning and the end of the current financial period.

	Land \$000	Buildings \$000	Plant and Equipment \$000	Land Improvements \$000	Road and bridge network \$000
Balance at 15 March 2008	-	-	-	-	-
Net assets transferred from abolished councils	289,095	141,197	46,010	102,619	751,984
Additions	104,233	7,391	19,182	13,524	53,403
Disposals	-	(96)	(2,539)	(108)	-
Assets classified from held for sale	-	-	-	-	-
Revaluation increments/(decrements)	20,273	(2,752)	-	21,491	(4,033)
Depreciation expense	-	(5,676)	(11,844)	(12,978)	(36,315)
Balance at 30 June 2009	<u>413,601</u>	<u>140,064</u>	<u>50,809</u>	<u>124,548</u>	<u>765,039</u>
Additions	9,240	22,434	8,523	17,130	78,790
Disposals	(2,500)	(635)	(1,652)	-	(539)
Assets classified as held for sale	(9,230)	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation expense	-	(4,779)	(8,391)	(12,681)	(20,480)
Impairment loss	-	-	(98)	(1,532)	(971)
Capitalised finance costs	-	-	-	-	366
Balance at 30 June 2010	<u><u>411,111</u></u>	<u><u>157,084</u></u>	<u><u>49,191</u></u>	<u><u>127,465</u></u>	<u><u>822,205</u></u>

	Water assets \$000	Sewerage assets \$000	Drainage \$000	Other assets \$000	Total \$000
Balance at 15 March 2008	-	-	-	-	-
Net assets transferred from abolished councils	900,805	400,060	351,492	5,749	2,989,011
Additions	49,822	27,226	9,329	369	284,479
Disposals	-	(2,081)	(10)	-	(4,834)
Assets classified from held for sale	-	-	155	-	155
Revaluation increments/(decrements)	70,176	23,407	11,919	-	140,481
Depreciation expense	(44,558)	(15,573)	(8,655)	(327)	(135,926)
Balance at 30 June 2009	<u>976,245</u>	<u>433,039</u>	<u>364,230</u>	<u>5,791</u>	<u>3,273,366</u>
Additions	69,246	91,578	20,038	110	317,089
Disposals	(40)	(487)	-	(832)	(6,685)
Assets classified as held for sale	-	-	-	-	(9,230)
Revaluation increments/(decrements)	78,009	(2,106)	23,924	173	100,000
Depreciation expense	(16,472)	(15,619)	(5,363)	(79)	(83,864)
Impairment loss	(1,347)	(383)	-	-	(4,331)
Capitalised finance costs and depreciation	542	342	-	-	1,250
Balance at 30 June 2010	<u><u>1,106,183</u></u>	<u><u>506,364</u></u>	<u><u>402,829</u></u>	<u><u>5,163</u></u>	<u><u>3,587,595</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$000	2009 \$000
(c) Capitalised Finance Costs		
Finance costs incurred on qualifying assets	1,294	-
Less: Investment revenue earned on borrowed funds	(44)	-
Finance costs capitalised	<u>1,250</u>	<u>-</u>
Capitalisation rate used in the allocation of finance costs	6.48%	0.00%

There were no qualifying assets under construction in the 2009 comparative year.

(d) **Carrying Amount of Property, Plant and Equipment in the Course of Construction**

2010	Opening Balance 1 July 2009 \$000	Net assets transferred from abolished councils \$000	Assets constructed during the period \$000	Assets placed in service during the period \$000	Closing Balance 30 June 2010 \$000
Class of assets in the Course of Construction					
Land	1,038	-	2,531	(479)	3,090
Buildings	11,221	-	6,487	(1,098)	16,610
Plant and equipment	6,277	-	3,598	(6,813)	3,062
Land Improvements	5,955	-	6,501	(4,775)	7,681
Drainage assets	1,020	-	3,321	(901)	3,440
Water assets	55,424	-	65,199	(37,748)	82,875
Sewerage assets	29,742	-	77,136	(10,525)	96,353
Road and bridge network	36,548	-	74,232	(50,696)	60,084
Other assets	292	-	-	(278)	14
	<u>147,517</u>	<u>-</u>	<u>239,005</u>	<u>(113,313)</u>	<u>273,209</u>
2009	Opening Balance 15 March 2008 \$000	Net assets transferred from abolished councils \$000	Assets constructed during the period \$000	Assets placed in service during the period \$000	Closing Balance 30 June 2009 \$000
Class of assets in the Course of Construction					
Land	-	-	1,048	(10)	1,038
Buildings	-	2,044	9,707	(530)	11,221
Plant and equipment	-	3,300	20,075	(17,099)	6,277
Land Improvements	-	8	10,170	(4,224)	5,955
Drainage assets	-	1,345	1,771	(2,097)	1,020
Water assets	-	24,312	48,282	(17,169)	55,424
Sewerage assets	-	75,204	25,479	(70,941)	29,742
Road and bridge network	-	4,637	55,553	(23,642)	36,548
Other assets	-	133	219	(58)	292
	<u>-</u>	<u>110,983</u>	<u>172,304</u>	<u>(135,770)</u>	<u>147,517</u>

(e) **Impairment losses**

The total impairment loss recognised in the statement of comprehensive income during the period amounted to \$4,330,225 and is separately presented in the statement of comprehensive income as impairment of infrastructure assets.

During the year, the redevelopment of three significant infrastructure sites, being Flinders St Mall, Douglas Water Treatment Plant and Mt Saint John Treatment Plant will result in the discontinued use and dismantling of a number of assets in 2011. The recoverable amount of these assets, at balance date, was determined to be less than the carrying value of the assets. This resulted in an impairment loss of \$1,068,872 charged to profit and loss for the year and \$3,261,353 to other comprehensive income for impaired assets that had previously been revalued.

Note 12 Intangible Assets

	2010 \$000	2009 \$000
Software assets		
Cost	13,833	13,192
Accumulated amortisation	<u>(8,428)</u>	<u>(8,310)</u>
Net carrying value	<u>5,405</u>	<u>4,882</u>
Total intangibles	<u>5,405</u>	<u>4,882</u>

Software
assets
\$000

Year ended 30 June 2009

Balance at the beginning of year	-
Net value of assets transferred from abolished Councils	5,017
Additions	1,323
Disposals	(18)
Amortisation charge	<u>(1,440)</u>
Closing value at 30 June 2009	<u>4,882</u>

Year ended 30 June 2010

Balance at the beginning of year	4,882
Additions	641
Amortisation charge	<u>(118)</u>
Closing value at 30 June 2010	<u>5,405</u>

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 13 Other Assets

	2010 \$000	2009 \$000
CURRENT		
Prepayments	1,636	412
	<u>1,636</u>	<u>412</u>
NON-CURRENT		
Prepayments	392	-
	<u>392</u>	<u>-</u>

Note 14 Trade and Other Payables

	Note	2010 \$000	2009 \$000
CURRENT			
Unsecured liabilities			
Trade payables		27,864	16,017
Sundry payables and accrued expenses		28,048	29,940
		<u>55,912</u>	<u>45,957</u>
NON-CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		12,609	6,451
		<u>12,609</u>	<u>6,451</u>
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		55,912	45,957
— Total Non-Current		12,609	6,451
		<u>68,521</u>	<u>52,408</u>
Less annual leave entitlements		(13,565)	(12,512)
Financial liabilities as trade and other payables	24	<u>54,956</u>	<u>39,896</u>

Note 15 Other Current Liabilities

	2010 \$000	2009 \$000
Unearned revenue	1,958	2,171
	<u>1,958</u>	<u>2,171</u>

Note 16 Borrowings

	Note	2010 \$000	2009 \$000
CURRENT			
Unsecured liabilities			
Bank loans		17,793	11,823
Total current borrowings		<u>17,793</u>	<u>11,823</u>
NON-CURRENT			
Unsecured liabilities			
Bank loans		353,817	189,979
Total non-current borrowings		<u>353,817</u>	<u>189,979</u>
Total borrowings	24	<u>371,610</u>	<u>201,802</u>

(a) Loans

The total loan facility has been provided to a limit of \$371,609,745. The amount unused at the reporting date was nil. The loans are unsecured and are all in Australian dollar denominated amounts. Borrowings have been recognised as a liability for the year ended 30 June 2010 at their carrying value.

The fair value of \$387,395,859 represents the value of the loan if Council repaid the loan as at 30 June 2010. As it is the intention of Council to hold the loan for its term, no provision is required to be made in these accounts. The long term component of the loans are held in separate program accounts.

The interest rates of borrowings range from 5.8% to 7.49% for book value rates. Based on the current level of repayment of the book value debt, the expected term of non-current debt varies from 2 to 20 years.

(b) Undrawn borrowing facilities

	2010 \$000	2009 \$000
Unrestricted access was available at balance date to undrawn		
Bank overdraft facility	500	500
Credit card facility	1,970	1,596
	<u>2,470</u>	<u>2,096</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 17 Provisions

	2010 \$000	2009 \$000
CURRENT		
Self Insurance		
Opening balance at beginning of year	1,246	-
Net value of assets transferred from abolished Councils	-	790
Additional provisions raised during year	710	881
Amounts used	(909)	(449)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	57	24
Balance at end of the year	<u>1,104</u>	<u>1,246</u>
Long-term Employee Benefits		
Opening balance at beginning of year	1,341	-
Net value of assets transferred from abolished Councils	-	625
Additional provisions raised during year	1,137	3,676
Amounts used	(1,357)	(2,979)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	61	19
Balance at end of the year	<u>1,182</u>	<u>1,341</u>
Other		
Opening balance at beginning of year	-	-
Additional provisions raised during year	1,037	-
Balance at end of the year	<u>1,037</u>	<u>-</u>
NON-CURRENT		
Self Insurance		
Opening balance at beginning of year	3,104	-
Net value of assets transferred from abolished Councils	-	2,299
Additional provisions raised during year	(1,314)	736
Unused amounts reversed	657	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	142	69
Balance at end of the year	<u>2,589</u>	<u>3,104</u>
Landfill Restorations		
Opening balance at beginning of year	14,024	-
Net value of assets transferred from abolished Councils	-	13,553
Additional provisions raised during year	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	471	471
Balance at end of the year	<u>14,495</u>	<u>14,024</u>
Long-term Employee Benefits		
Opening balance at beginning of year	11,598	-
Net value of assets transferred from abolished Councils	-	7,690
Additional provisions raised during year	34	3,678
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	532	230
Balance at end of the year	<u>12,164</u>	<u>11,598</u>
Other		
Opening balance at beginning of year	-	-
Additional provisions raised during year	2,732	-
Balance at end of the year	<u>2,732</u>	<u>-</u>
Analysis of Total Provisions		
	2010 \$000	2009 \$000
Current	3,323	2,587
Non-current	<u>31,980</u>	<u>28,726</u>
	<u>35,303</u>	<u>31,313</u>

Provision for Self Insurance

A provision of \$3,693,000 has been recognised, for self-insured risks relating to workers compensation claims, based on independent actuarial advice of the estimated liability.

Provision for Landfill Restoration

A provision of \$14,495,000 has been recognised as the present value of the estimated cost of restoring Council's landfill sites to a useable state at the end of their useful life. The total projected cost is \$87,896,332 for the landfill sites. These costs are expected to be incurred between 2011 and 2094.

Provision for Long-term Employee Benefits

A provision of \$13,346,042 has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Other Long-term Liabilities

A provision of \$3,768,816 has been recognised as the present value of the estimated maintenance and operating costs relating to certain areas of which Council is responsible for the Nelly Bay Harbour. The Council has a present obligation to incur these costs due to the issuing of special rate levies billed to the residents of the precinct. These levies are specifically received for the purposes of funding these costs.

Note 18 Reserves

	2010 \$000	2009 \$000
Reserves		
Asset revaluation surplus	244,498	147,760
General reserves	<u>47,843</u>	<u>53,177</u>
	<u>292,341</u>	<u>200,937</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Movements:**Asset revaluation surplus**

Movements in the asset revaluation surplus

At the beginning of reporting period

— Land	147,760	-
— Buildings	-	20,274
— Land Improvements	(1,532)	21,984
— Road Pavements	-	-
— Water Infrastructure	76,662	70,176
— Sewerage Infrastructure	(2,489)	23,407
— Drainage Infrastructure	23,924	11,919
— Other assets	173	-
At the end of the reporting period	244,498	147,760

General reserves

— Constrained works reserve	23,710	24,068
— Asset replacement reserve	4,322	5,304
— Constrained recurrent reserve	6,381	10,375
— Other reserves	13,430	13,430
	47,843	53,177

(i) Constrained works reserve

At the beginning of the reporting period

Transfers from retained earnings for future capital expenditure

Transfers to retained earnings for capital expenditure during the period

At the end of the reporting period

24,068	-
(33,142)	(6,761)
32,784	30,829
23,710	24,068

(ii) Asset replacement reserves

At the beginning of the reporting period

Transfers from retained earnings for future capital expenditure

Transfers to retained earnings for capital expenditure during the period

At the end of the reporting period

5,304	-
(4,211)	(28,276)
3,229	33,580
4,322	5,304

(iii) Recurrent reserves

At the beginning of the reporting period

Transfers from retained earnings for future operating expenditure

Transfers to retained earnings for specific expenditure during the period

At the end of the reporting period

10,375	-
(15,809)	(7,712)
11,815	18,087
6,381	10,375

(iv) Other reserves

At the beginning of the reporting period

Transfers from retained earnings for future operating expenditure

Transfers to retained earnings for specific expenditure during the period

At the end of the reporting period

13,430	-
-	-
-	13,430
13,430	13,430

Note 19 Commitments for Expenditure

	2010 \$000	2009 \$000
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements	4,003	4,391
Payable — minimum lease payments		
— not later than 12 months	874	717
— between 12 months and 5 years	2,516	2,602
— greater than 5 years	613	1,072
	4,003	4,391
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Waste Water Upgrade Program	54,998	68,320
Flinders Mall Redevelopment	23,382	-
Townsville International Sports Centre	11,053	13,430
North Shore Boulevard	10,732	1,357
Kokoda Pool	4,399	4,100
Kalynda Chase Tennis Centre	2,385	3,144
Western Outfall Pressure Main	2,358	-
Angus Smith Drive	2,213	-
Black River Road	2,135	-
Tobruk Pool	2,096	-
Campbell St Flood Diversion Pump Station	1,849	-
Civic Theatre Extension	1,310	-
Long Tan Pool	1,017	-
RURCH Project	498	7,222
Water Supply Upgrade Program	349	3,950
Jezzine Barracks Redevelopment	-	10,000
Other	2,070	4,989
	122,844	116,512

	2010 \$000	2009 \$000
Payable:		
— not later than 12 months	122,844	98,091
— between 12 months and 5 years	-	18,421
— greater than 5 years	-	-
	<u>122,844</u>	<u>116,512</u>
(c) Other Expenditure Commitments		
Other expenditure commitments contracted for:		
Maintenance Services	4,450	-
Sponsorships and Community Contributions	3,630	-
Lifeguard Services	3,111	-
Cleaning Services	2,142	-
Other	275	-
	<u>13,608</u>	<u>-</u>
Payable:		
— not later than 12 months	8,155	-
— between 12 months and 5 years	5,453	-
— greater than 5 years	-	-
	<u>13,608</u>	<u>-</u>

No comparative information was able to be provided as it was management's assessment that it was impractical to do so.

Note 20 Contingent Liabilities

	2010 \$000	2009 \$000
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Guarantees		
Bank guarantees associated with sponsorship	2,000	2,000
Workers compensation self-insurance guarantees	7,032	5,000
	<u>9,032</u>	<u>7,000</u>

The Council provides bank guarantees in relation to sponsorship agreements with local sporting entities, in favor of their respective governing bodies. A new sponsorship agreement has been reached prior to 30 June 2010 with one of the sporting entities, which provides for the release of the previous bank guarantee issued for \$1,000,000. At balance date, formal release of the bank guarantee had not occurred.

State WorkCover authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the estimated liability. Guarantees held at each balance date do not always equal the liability at these dates due to delays in issuing the guarantees. An actuarial assessment of the Council workers compensation claims liability performed on 27 July 2010 has estimated the required self-insurance guarantee to be decreased to \$5,802,000. As at the date of this report, Council is in the progress of arranging the required decrease in bank guarantee. A provision of \$3,693,000 has been recognised, for self-insured risks relating to the workers compensation claims at balance date. Refer to Note 17.

Claims

The Council is a member of the local government mutual 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 loss 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.

At the time of preparation of this report, the financial statements for 30 June 2010 of LGM Queensland were not available. As at 30 June 2009 the financial statements reported an accumulated surplus of \$9,768,415 and it was not anticipated any liability would arise.

Note 21 Operating Functions

Function Information

Identification of reportable functions

The Council has identified its operating functions based on the internal reports that are reviewed and used by executive management in assessing performance and in determining the allocation of resources.

The Council is primarily managed on the basis of product and service offerings since the diversification of Council's operations inherently have different risk profiles and performance assessment criteria. Operating functions are therefore determined on the same basis.

Reportable functions disclosed are based on aggregating operating functions where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- any external regulatory requirements.

Types of products and services by function

- Townsville Water
Includes operation, construction and maintenance of Council's water storage, treatment, distribution and reticulation systems and Council's wastewater disposal and treatment systems.
- Townsville Waste
Includes refuse collection and disposal, and landfill operations & management.
- Community and Environment Services
Includes community services, libraries, art galleries, civic theatre, cultural, recreational facilities, health, parks, environment planning, and parking regulation.
- Planning and Economic Development Services
Includes town planning, development assessment, economic development and special projects.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(v) Infrastructure Services

Includes roads, drainage, infrastructure planning and investigations, urban redevelopment, fleet services and corporate asset management.

(vi) Corporate Services

Includes human resources, payroll, knowledge management, corporate communications, legal services, corporate governance, customer service and finance.

Basis of accounting for purposes of reporting

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Chief Executive Officer as the chief decision maker with respect to operating functions are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Council.

(b) Function assets

Where an asset is used across multiple functions, the asset is allocated to the function that receives the majority of economic value from that asset. In the majority of instances, function assets are clearly identifiable on the basis of their nature and physical location.

Function performance

	Townsville Water \$000	Townsville Waste \$000	Community and Environment Services \$000	Infrastructure Services \$000	Planning and Economic Development Services \$000	Corporate Services \$000	Total \$000
30 June 2010							
REVENUE							
Grant revenue	88,335	8	7,279	73,344	10	5,149	174,125
Other revenue	128,535	21,340	9,926	4,726	7,352	111,150	283,029
Total function revenue	216,870	21,348	17,205	78,070	7,362	116,299	457,154
Total expenditure	74,949	13,982	93,944	84,405	14,117	41,216	322,613
Function net profit	141,921	7,366	(76,739)	(6,336)	(6,754)	75,083	134,541
Total function assets	1,656,517	12,277	254,712	1,662,038	1,575	264,550	3,851,669

	Townsville Water \$000	Townsville Waste \$000	Community and Environment Services \$000	Infrastructure Services \$000	Planning and Economic Development Services \$000	Corporate Services \$000	Total \$000
30 June 2009							
REVENUE							
Grant revenue	41,042	130	12,944	59,976	180	7,455	121,727
Other revenue	121,072	22,041	14,152	4,906	8,364	112,203	282,738
Total function revenue	162,114	22,171	27,096	64,882	8,544	119,658	404,465
Total expenditure	140,980	20,838	130,270	110,527	17,994	30,445	451,054
Function net profit	21,134	1,333	(103,174)	(45,645)	(9,450)	89,213	(46,589)
Total function assets	1,461,279	21,089	262,111	1,364,354	48,846	273,013	3,430,692

Note 22 Cash Flow Information

	2010 \$000	2009 \$000
(a) Reconciliation of Cash Flows from Operating activities with Profit for the year		
Profit for the year	134,541	2,995,238
Non-cash flows in profit		
Gain on restructure of local government entities	-	(3,041,827)
Depreciation	83,864	135,926
Amortisation	118	1,440
Loss on forgiveness of loan receivable	125	-
Net loss on sale of non-current assets	2,861	3,286
Impairment loss on property, plant and equipment	1,069	-
Share of joint venture entity net profit after income tax and dividends	599	493
Fair value gain on infrastructure assets contributed by external parties	(45,092)	(34,691)
Fair value loss/(gain) on revaluation of property, plant and equipment	-	14,697
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(9,945)	21,382
(Increase)/decrease in inventories	(229)	1,605
(Increase)/decrease in other assets	(1,616)	-
Increase/(decrease) in trade payables and accruals	16,119	7,798
Increase/(decrease) in provisions	3,986	(7,382)
Increase/(decrease) in other liabilities	(213)	65
Cash flows from operating activities	<u>186,187</u>	<u>98,030</u>

Note 23 Events After the Reporting Period

There were no material adjusting events after the balance date.

Note 24 Financial Risk Management

The Council's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:-

	Note	2010 \$000	2009 \$000
Financial Assets			
Cash and cash equivalents	5	183,379	97,446
Loans and receivables	6(b)	34,218	24,402
Total Financial Assets		<u>217,597</u>	<u>121,848</u>

	Note	2010 \$000	2009 \$000
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14	54,956	39,896
— Borrowings	16	371,610	201,802
Total Financial Liabilities		426,566	241,698

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

The Council uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, aging analysis in the case of credit risk and maturity analysis in respect of liquidity risk.

a. Credit risk

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

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

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

Credit Risk Exposures

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with commercial banks. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. These deposits are bearing floating interest rates between 5.16% and 5.19% as at 30 June 2010.

Other investments are held with highly rated and regulated financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote. All investments are in domestic currency denomination.

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

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

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

	Note	2010 \$000	2009 \$000
Cash and cash equivalents			
- AA Rated		182,834	96,900
- Non Rated		545	546
	5	<u>183,379</u>	<u>97,446</u>
Receivables			
- Trade receivables - rates		13,643	9,444
- Trade receivables - fees and charges		9,963	10,236
- Term receivables		100	237
- Other receivables		10,512	4,485
		<u>34,218</u>	<u>24,402</u>

b. Liquidity risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 16.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format consistent with what might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Financial Assets - cash flows realisable								
Cash and cash equivalents	183,379	97,446	-	-	-	-	183,379	97,446
Trade, term and loans receivables	32,651	23,021	1,567	1,381	-	-	34,218	24,402
Total anticipated inflows	<u>216,030</u>	<u>120,467</u>	<u>1,567</u>	<u>1,381</u>	<u>-</u>	<u>-</u>	<u>217,597</u>	<u>121,848</u>
	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Financial Liabilities - due for payment								
Bank overdrafts and loans	41,362	25,049	154,509	93,796	409,180	188,236	605,051	307,081
Trade and other payables (excl. est. annual leave)	48,956	39,896	6,000	-	-	-	54,956	39,896
Total contractual outflows	<u>90,318</u>	<u>64,945</u>	<u>160,509</u>	<u>93,796</u>	<u>409,180</u>	<u>188,236</u>	<u>660,007</u>	<u>346,977</u>
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	<u>90,318</u>	<u>64,945</u>	<u>160,509</u>	<u>93,796</u>	<u>409,180</u>	<u>188,236</u>	<u>660,007</u>	<u>346,977</u>
Net (outflow) / inflow on financial instruments	<u>125,712</u>	<u>55,522</u>	<u>(158,942)</u>	<u>(92,415)</u>	<u>(409,180)</u>	<u>(188,236)</u>	<u>(442,410)</u>	<u>(225,129)</u>

c. Market Risk**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation. The entity is also exposed to earnings volatility on floating rate instruments.

The Council does not undertake any hedging of interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Sensitivity Analysis

The following table illustrates sensitivities to Council's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$000	Equity \$000
Year ended 30 June 2010		
+ 1% in interest rates	(1,880)	(1,880)
Year ended 30 June 2009		
+ 1% in interest rates	(1,056)	(1,056)

Note 25 Correction of error, revision of estimates and changes in accounting policy**(a) Correction of prior period errors**

	Adjustment (i) \$000	Adjustment (ii) \$000	Adjustment (iii) \$000	Adjustment (iv) \$000	Adjustment (v) \$000	Adjustment (vi) \$000	Adjustment (vii) \$000	2009 Total \$000
Statement of comprehensive income								
Revenue	-	-	-	-	-	-	3,979	3,979
Gain on restructure of local government entities	6,049	4,591	(250)	(2,684)	19,876	-	(363)	27,219
Finance costs	-	-	-	(471)	-	-	-	(471)
Depreciation and amortisation expense	3,644	-	-	(424)	(6,479)	-	-	(3,259)
Other expenses	-	-	-	-	-	(7,421)	-	(7,421)
Profit for the year	9,693	4,591	(250)	(3,579)	13,397	(7,421)	3,616	20,047
Statement of financial position								
Trade and other receivables	-	-	-	-	-	-	3,979	3,979
Property, plant and equipment	9,693	4,591	(250)	4,232	13,397	(12,426)	-	19,237
Unearned revenue	-	-	-	-	-	-	363	363
Other long-term provisions	-	-	-	7,811	-	-	-	7,811
Net assets	9,693	4,591	(250)	(3,579)	13,397	(12,426)	3,616	15,042
Reserves	-	-	-	-	-	(5,005)	-	(5,005)
Retained earnings	9,693	4,591	(250)	(3,579)	13,397	(7,421)	3,616	20,047
Equity	9,693	4,591	(250)	(3,579)	13,397	(12,426)	3,616	15,042

(i) Recognition of depreciation expense arising from the revision of useful lives in prior periods

During the ongoing monitoring of Council's property, plant and equipment assets, the financial impact of the revision of the useful lives of a number of assets was not recognised in the period in which the revision took place. Consequently, the carrying value of the assets was understated in prior periods.

(ii) Not previously recognised assets existing in prior periods

During the ongoing monitoring of Council's property, plant and equipment assets throughout the 2010 financial year, it was discovered that a number of assets had been omitted from financial reports prior to amalgamation.

(iii) Net loss on disposal of non-current assets occurring in prior periods

During the ongoing monitoring of Council's depreciable assets it was identified that transactions relating to the disposal of certain assets, prior to amalgamation, were not captured correctly in the period of disposal.

(iv) Recognition of provisions for landfill restoration obligations existing in prior periods

During the year it was identified that in prior reporting periods, provisions for Council's obligations to restore a number of landfill sites were not recognised and existing provisions did not accurately recognise the cost of these obligations.

(v) Alignment of accounting policy

During the year it was identified that further adjustments relating to the alignment of the former local government entities accounting policies were required. The adjustments have related to the alignment of policies on the useful lives and residual values of assets that are deemed to have an infinite life, such as earthworks and artworks.

(vi) Measurement of the revaluation of property, plant and equipment assets

During the year it was identified that certain assets of property, plant and equipment were revalued incorrectly. This occurred as a result of two main issues. Firstly, a number of land parcels that were held in trust were revalued and recognised as assets in error. Secondly, a number of assets were incorrectly treated as assets under construction when in fact they were additions to the carrying value of the relevant class of depreciable assets and therefore were not considered properly during the revaluation of the asset class.

(vii) Recognition and measurement of unearned revenue

During the year it was identified that a number of transactions relating to the prepayment of rates and venue hire were not correctly recognised in the prior period. In relation to rate revenue, monies were received in advance of rates billed and this was not recognised as revenue in the period of receipt in accordance with AASB 1004 Contributions. Furthermore, the assumption of a liability for prepaid venue hire was not recognised in the prior period.

(b) Revision of useful lives of property, plant and equipment

During the prior year the estimated total remaining useful lives of certain items of property, plant and equipment were revised. Assuming the assets are held to the end of their estimated useful lives it has been management's assessment that the net effect of the changes will result in a decrease in the depreciation expense for current and future years. It is impracticable to quantify the related amounts due to the volume of assets involved.

(c) Change in accounting policy

The Council has elected to change its accounting policy relating to the disclosure of interests in joint venture entities from proportionate consolidation to the equity method, as prescribed by AASB 131 Interests in Joint Ventures. This change in policy was adopted as Council considered the previous policy was inappropriate as it resulted in the combining of Council's controlled assets with the assets of the joint venture which are jointly controlled. Furthermore, given the nature of the joint venture operations and the lack of integration within Council's core business operations, Council considers the equity method to be the most appropriate disclosure method.

	2010			2009		
	Previous Policy \$000	Adjustment \$000	Restated \$000	Previous Policy \$000	Adjustment \$000	Restated \$000
Statement of comprehensive income						
Revenue	1,893	(1,893)	-	1,630	(1,630)	-
Materials and services used	1,973	(1,973)	-	(1,608)	1,608	-
Depreciation and amortisation expense	519	(519)	-	(514)	514	-
Share of net profits of associates and joint ventures	-	(599)	(599)	-	(493)	(493)
Statement of financial position						
Cash	1,238	(1,238)	-	817	(817)	-
Receivables	63	(63)	-	155	(155)	-
Inventories	33	(33)	-	21	(21)	-
Other assets	2	(2)	-	-	-	-
Investments accounted for using the equity method	-	27,559	27,559	-	28,158	28,158
Property, Plant and Equipment	27,127	(27,127)	-	27,573	(27,573)	-
Trade and other payables	225	(225)	-	333	(333)	-
Other current liabilities	655	(655)	-	53	(53)	-
Other long-term provisions	22	(22)	-	22	(22)	-

Note 26 Controlled entities

On 1 July 2010 Townsville City Council took direct control of the operations of the West End and Belgian Gardens cemeteries formerly operated by the Townsville and Thuringowa Cemetery Trust, a controlled entity of Townsville City Council. The assets and liabilities of the Trust were transferred to council on 30 June 2010.

The last audited financial report for the Cemetery Trust is for the year ended 31 December 2009. The key balances of this report for the year ended 31 December 2009 are:

	2009 \$'000
Statement of comprehensive income for the year ended 31 December 2009	
Revenue	552
Expenses	(524)
Profit for the year	28
Balance Sheet as at 31 December 2009	2009 \$'000
ASSETS	
Current Assets	
Cash and cash equivalents	51
Investments	40
Trade and other receivables	128
Total Current Assets	219
Non-Current Assets	
Property, plant and equipment	591
Total Non-Current Assets	591
TOTAL ASSETS	810
LIABILITIES	
Current Liabilities	
Trade and other payables	133
Short term provisions	20
Total Current Liabilities	153
Non-Current Liabilities	
Other long-term provisions	3
Total Non-Current Liabilities	3
TOTAL LIABILITIES	156
NET ASSETS	654
Equity	
Reserves	121
Retained earnings	533
TOTAL EQUITY	654

Due to the difference in the reporting period and the timing of the transfer of the operations of the Trust, it was not practicable to make adjustments to this financial report. The financial results of the Trust as at 30 June 2010 will not have a material effect on the reported result of the Townsville City Council for the year ended 30 June 2010.

NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES

The following additional information is required by the *Local Government Act 1993* and the *Local Government Finance Standard 2005*, in respect of local government entities only.

Note 27 Superannuation

The Townsville City Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits. The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF).

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

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

The DBF is a defined benefit plan as described in AASB119. The Council is not able to account for the DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions."

Under amendments to the Local Government Act 1993 passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits. Clause 56(e) of the scheme's Trust Deed indicates that any increase in the contribution is limited to 6% of the relevant employee's salary.

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members.

The amount of superannuation contributions paid by Townsville City Council to the scheme in this period for the benefit of employees was \$11,233,183.

Note 28 Trust funds

	2010 \$'000	2009 \$'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	3,707	4,219
Townsville City Council V8 Supercars - Capital Guaranteed Cash Fund	2	1,699
Townsville City Council Mayor's Christmas Tree Appeal	21	15
Townsville City Council Disaster Relief Appeal	-	6
	<u>3,730</u>	<u>5,939</u>

The Townsville City Council performs only a custodial role in respect of these monies.

Note 29 National Competition Policy**Definitions of activities**

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

A significant business activity where the threshold expenditure has been set by the Minister for the 2009-10 financial year as follows:

Type 1	(a) for water and sewerage combined activities - \$39.4 million (b) for other activities - \$23.6 million
Type 2	(a) for water and sewerage combined activities - \$11.8 million (b) for other activities - \$7.9 million

NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES

Council has resolved to commercialise the following activities which fall into the expenditure guidelines above:

Type 1 - Water and Sewerage Services

Type 2 - Cleansing Services (Townsville)

Type 3 - "business activities" of a local government are divided into two categories:

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

Local government may elect to apply a Code of Competitive Conduct (CCC) to their identified type 3(a) business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is mandatory. For the purposes of full cost pricing, costs have been allocated to activities on the basis of direct costs incurred by the activity, while indirect costs have been appropriated on the basis of a model agreed by Council. The allocation basis will be reviewed annually.

Council has resolved in relation to the activities listed below, to implement the following reforms:-

Business activities

Activity	Reform
Roads & Drainage (Transport & Stormwater)	Code of Competitive Conduct (CCC)
Building Certification Unit	Code of Competitive Conduct (CCC)
Fleet Services	Code of Competitive Conduct (CCC)
Nursery (Wholesale Nursery)	Code of Competitive Conduct (CCC)
Learning Centre	Code of Competitive Conduct (CCC)
Property Services	Code of Competitive Conduct (CCC)
Off Street Parking Services	Code of Competitive Conduct (CCC)
Civic Theatre & TicketShop	Code of Competitive Conduct (CCC)

Functions	Revenue for services provided to:		Community Service Obligations	Total Revenue	Less: Expenses	Surplus / (Deficiency)
	Council	External				
	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
Water & Sewerage	1,055	225,713	18,600	245,368	76,713	168,655
Solid Waste	1,225	21,207	957	23,389	16,772	6,617
Roads & Drainage	13,983	45,814	0	59,798	77,180	(17,382)
Fleet Services	19,240	(57)	0	19,183	17,247	1,936
Property Services	19,014	3,301	0	22,314	(4,940)	27,255
TCC Wholesale Nursery	278	818	0	1,096	1,013	84
The Learning Centre	426	532	0	958	1,419	(461)
Building Certification Unit	30	224	0	254	2,315	(2,061)
Off Street Parking Services	11	214	0	225	332	(107)
Civic Theatre & TicketShop	69	2,012	0	2,081	5,472	(3,391)
Total	55,331	299,778	19,557	374,666	193,523	181,144

Community service obligations (CSO)

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective were 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. A full statement of matter is open for inspection.

The information detailed in this note is limited to those activities that are considered to have significant dealings or the potential for significant dealings with the private sector.

NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES

Activities	CSO Description	2010
Type 1 and 2 activities		\$'000
Water & Sewerage	Pensioner Remissions & Other Community Services	18,600
Solid Waste	Cleansing Charge - Pensioner Remission & Other Community	957

Details of competitive neutrality costs / (recoveries) are:-

Activities	2010
Type 1 and 2 activities	\$'000
Water & Sewerage	(346)
Type 3 activities	
Roads & Drainage	(391)
Fleet Services	(87)

To the Mayor of the Townsville City Council

Report on the Financial Report

I have audited the accompanying financial report of the Townsville City Council, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

Independence

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Townsville City Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



M R HYMAN CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

To the Mayor of the Townsville City Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Townsville City Council for the financial year ended 30 June 2010 included on the Townsville City Council's website. The Council is responsible for the integrity of the Townsville City Council's website. I have not been engaged to report on the integrity of the Townsville City Council's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Townsville City Council, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Townsville City Council, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility for the Financial Report

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility

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

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

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

Independence

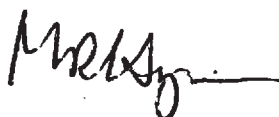
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Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Townsville City Council for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



M R HYMAN CA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Townsville City Council Annual Report 2009/10

Townsville City Council is committed to providing a comprehensive, easy to read Annual Report. To assist us in producing future reports, we would appreciate your feedback.

Please return the completed survey by post to:

Townsville City Council
Reply Paid 1268
Townsville QLD 4810
Or fax (07) 4727 9050

Why did you obtain a copy of council's 2009/10 Annual Report:

- » To be informed of council's activities and progress
- » To be informed of council's financial status
- » To be informed of councillor information
- » As a reference source
- » Other _____

On a scale of 1 (being very poor) to 5 (being excellent), how would you rate the information supplied in this Annual Report?

1 2 3 4 5

How could this document be improved to meet your information needs?

Would you like to be included as part of council's community reference panel, to provide feedback on council issues?

☐ Yes ☐ No

Your Details (only required if you wish to be included in council's community reference panel)

Name _____

Address _____

Email _____

Phone Number _____

Please be assured that the information provided will remain confidential and will not be passed onto any third parties.

Thank you for your feedback.

TOWNSVILLE CITY COUNCIL ANNUAL REPORT 2009/10

“Emerging Strength”