

2010/11

TOWNSVILLE CITY COUNCIL
ANNUAL REPORT





ANNUAL REPORT OBJECTIVES

Our 2010/11 Annual Report details Townsville City Council's performance for the past financial year in delivering the vision outlined in our Corporate Plan 2009-2014; Townsville – vibrant, progressive and a great lifestyle.

The objectives of this Annual Report are to:

- » Share council's vision and achievements with, and for, the city
- » Engender community pride in the city with its great lifestyle
- » Communicate to local and extended stakeholders our vibrant city as the place to live, work, visit and invest
- » Report on governance and accountability requirements
- » Provide financial results for the year
- » Demonstrate sustainability initiatives
- » Promote council as an employer of choice
- » Celebrate achievements and performance
- » Satisfy government requirements to produce an annual report
- » Provide an insight into operations and council's commitment to continue serving the needs of the community and stakeholders into the future.

The information contained in this report is relevant to Townsville residents and ratepayers, local business owners, potential investors, community groups, government agencies, funding bodies and current and potential staff.



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OUR CITY IN 2010/11

Over the last decade, Townsville has experienced exceptional population and economic growth. It has emerged as one of the most dynamic regional cities in Australia and consistently makes an above average contribution to the Queensland and Australian economies.

The city has unique lifestyle opportunities, well-developed infrastructure and great investment potential.

Townsville covers an area of 3,736 square kilometres and is located about 1,300 kilometres north of Brisbane. The city is framed by Castle Hill and the calm ocean waters of Cleveland Bay, which is protected by Magnetic Island and the Great Barrier Reef.

The Strand foreshore is a landmark urban beachfront development, with more than 10,000 visitors and residents using it every week.

Increasingly, Townsville is being praised as a model for regional development.

Townsville has a dry, tropical climate with lower rainfall than elsewhere in the tropics. On average, Townsville experiences

91 rain days annually, normally between December and April of each year.

Townsville's natural habitats support a wide range of flora and fauna, including 53 mammal species, a large number of reptiles and amphibians including estuarine and freshwater crocodiles and a diverse range of lizard and frog species, and at least 365 bird species. Endangered, vulnerable and rare species are also found, including mahogany gliders, dugongs, cassowaries and northern quolls.

The traditional owners, the Bindal and Wulgurukaba people, are the first known residents of the Townsville area. Captain James Cook mentioned the region after passing through in 1770.

The new local government area was formed in 2008, when the city councils of Townsville and Thuringowa were amalgamated with NQ Water. Prior to this, both cities had a distinct but interconnected history.

At 30 June 2011, the estimated resident population of Townsville was just over 191,000 people, or 4.14% of the state's population. Townsville is rated as one of the top ten



fastest growing local government areas in Queensland (for the 10 years June 2006 – 2016), with a growth rate of 2.4% over this period compared to the state average of 1.9%.

Townsville has a strong and diverse economy. Significant industries include retail, trade, health, education, government, administration and defence, construction, mining, manufacturing, property and business services.

Together, Queensland Rail and the Port of Townsville provide a transport hub for the region's mining and agricultural industries. Our city is a major service centre, and the main centre for government administration outside of Brisbane. A large defence presence due to army and airforce bases located in the city also influences the local economy.

In partnership with the Federal and State Governments, Townsville City Council is continuing to plan for the city's future.

New infrastructure, major projects, industry assistance, research and skills development are being targeted to propel and sustain Townsville's growth.

**'TOWNSVILLE IS AN
EXAMPLE OF WHAT CAN BE
ACHIEVED IN A REGIONAL
CENTRE. TOWNSVILLE HAS
A DIVERSIFIED ECONOMY,
GOOD INFRASTRUCTURE AND
IS REAPING THE REWARDS
THROUGH ECONOMIC
GROWTH AND JOBS
CREATION.'**

*Simon Crean MP, Minister for Regional Development,
SEGRA, 19 October 2010*



REPORT FROM THE MAYOR



The theme of the 2010/11 annual report is “Foundations for the Future”. I am pleased to report that this was a year where we truly laid the foundations of financial sustainability to meet the vision and aspirations of our community.

Our aim in preparing the Council's Corporate Plan and setting our financial management targets this year has been to remain on track to deliver a budget surplus in 2011/12.

At the time of amalgamation in 2008, this city was facing the possibility of operating at enormous losses each year, and it was predicted we would continue to go backwards for more than a decade. Restoring the balance has taken extraordinary commitment and hard work from all of council.

We continue to bring council back on track with these financial improvements, despite a climate of extreme economic hardship. Planning ahead and spending on infrastructure to meet the needs of our growing community ensures our city will remain strong into the future.

The busy 2010/11 financial period has seen a number of major projects completed or nearing completion.

We committed to a record \$337 million capital works program



to stimulate our local economy and ensure the future of jobs and our region's growth.

Excitingly, our five major projects have either come to fruition or were nearing completion during the year. They include the Murray Sports Complex construction, Flinders Street redevelopment, water and wastewater upgrades, Building Better Local Roads Program and the Townsville Civic Theatre extensions. All of these projects contribute enormously to the amenity and lifestyle of our city.

For all these major projects, with the exception only of the roads program, the Federal and State Governments have provided considerable grant funding and I'd like to acknowledge their generous contributions.

Council also committed an investment of \$30 million for 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 council's Local Flood Mitigation Strategy, developed in early 2009.

Less significant in expenditure, but important for the city's lifestyle and amenity, was the refurbishment of the Tobruk,

Long Tan and Kokoda Memorial Pools. These capital works follow through on recommendations made in the Aquatic Facilities Master Plan, which was developed to guide the future of public pools in the city.

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

I would like to thank our Chief Executive Officer, Ray Burton, the council's executive and leadership teams, and all council staff who together have contributed to delivering our Corporate Plan for the city. I would also like to thank the city's Councillors for their support in setting priorities for the future.

Mayor, Les Tyrell OAM

COUNCIL ACHIEVEMENTS



Each year, our community, Councillors and staff provide input into council's annual Operational Plan, which guides council's activities, budget and resourcing for the coming year.

Below is a list of council's key achievements and measurable outputs for the 2010/11 financial year.

- » revitalisation of the Townsville CBD and the opening of Flinders Street to through traffic
- » extension of the Townsville Civic Theatre and upgrade to create a modern, multi-purpose arts centre that will encourage greater community use
- » completion of North Shore Boulevard ahead of schedule, providing a vital link for Townsville's growing suburbs and giving residents an alternate route between Mount Low and the Bruce Highway
- » construction of a new Visitor Information Centre as part of the Flinders Street Redevelopment
- » implementation of the CBD Fringe Parking Strategy, including the provision of 112 free all day car parks at the corner of Eyre and Leichhardt Streets, and up to 400 free all day free car parks in conjunction with Queensland Rail on land near the old railway station at Flinders Street West
- » development of a draft Economic Development Strategic Plan for Townsville
- » delivery of a well attended annual events program
- » delivery of the tourism and marketing programs that encouraged increased economic activity
- » the delivery of the Community Plan and associated Strategic Action Plans
- » establishment of Lifelong Learning Partnerships to help foster the city as a learning community
- » the adoption of a whole-of-council Project Management Framework providing a consistent methodology for managing all projects
- » \$48.7 million funding secured from the Federal Government for the new Townsville Entertainment and Convention Centre
- » completion of a strategic study on waste sites to ensure environmental best practice for the collection and disposal of waste
- » Together Townsville Sponsorships of approximately \$1.1 million
- » adoption of long term strategies for:
 - » managing the city's future growth
 - » major infrastructure networks such as transport, water, stormwater and sewerage
 - » land use (residential, rural, industrial and character precincts).

The Townsville City Council's Report Card for last financial year is a snapshot of how council works to provide quality services to build a healthy, progressive and prosperous city.

- » Council's operating deficit reduced from \$14 million to \$10 million.
- » North Shore Boulevard and associated residential developments increased Townsville's road network by 54km.
- » While residential building development decreased, the value of commercial building applications increased by \$90 million (such as major shopping centre redevelopments, the school at North Shore and commercial developments).
- » Attendance at council swimming pools was down due to the redevelopment of three pools.
- » Continued support for community organisations with an additional \$230,000 provided through council's grants program.
- » A decrease in attendance at council organised events as a result of the extended wet season (carols cancelled).



Report Card 2010/2011

Economic Sustainability »

A robust, diverse and sustainable economy.

Deliverable:	2009/2010 result	2010/2011 result
Maintained total length of council controlled sealed roads	1,403km	1,457km
Maintained total length of council controlled pathways	313km	322km
Maintained total length of stormwater pipes	574km	627km
Number of new dwelling/unit complex applications approved	1,422	1,021
Total value of new dwelling/unit complex applications approved	\$421.47m	\$297.55m
Number of new commercial building applications approved	332	274
Value of new commercial building applications approved	\$182.69m	\$273.35m
Total value of all building applications approved	\$604.14m	\$570.90m
Total value of council's major contracts awarded	\$207.8m	\$186.18m
The total volume of potable urban water supplied	36,775ML	28,837ML
Total sewerage treated	18,989ML	22,125ML
Investment in capital infrastructure	\$256.1m	\$262m

Environmental Sustainability »

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

Deliverable:	2009/2010 result	2010/2011 result
Total area of parks maintained by council	1,874ha	1,875ha
Total staff hours spent mowing, pruning and gardening	394,119 hours	401,714 hours
Total number of kerbside general refuse bin services	4.09 million	4.31 million
Total number of kerbside recycling bin services	1.79 million	1.83 million
Number of free tipping vouchers redeemed	131,219	114,403
Number of free native plants given away to the community	6,084	11,921
Area of mosquito breeding sites treated	2,300ha	2,668ha
Number of community landcare sites supported by council	9	12
Total value of grants received for environmental programs	\$859,106	\$2,095,398

Social Sustainability »

An inclusive and safe community that creates and enhances opportunities for social engagement and wellbeing.

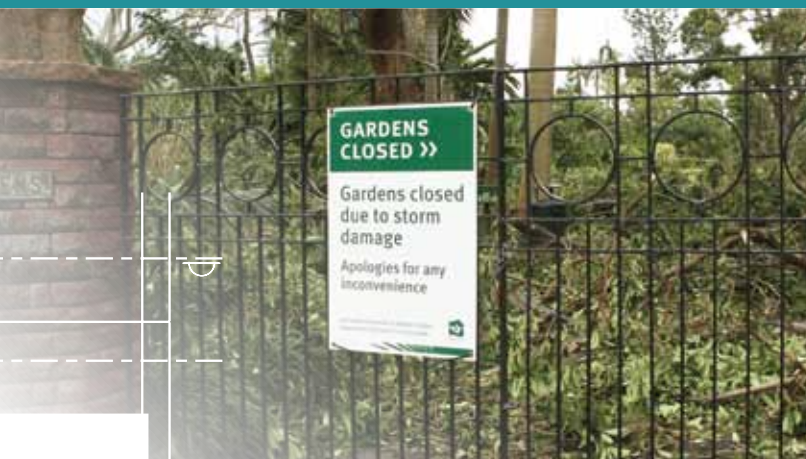
Deliverable:	2009/2010 result	2010/2011 result
Total attendance at council-run events	114,463	103,475
Public attendance at The Strand precinct	1.22 million	1.22 million
Number of individual library items loaned	1.09 million	1.03 million
Number of public internet bookings through council's libraries	91,130	80,939
Total attendance at council's galleries	87,874	93,934
Total attendance at the Townsville Civic Theatre/Riverway Arts Centre	125,691	114,118
Total attendance at the Reid Park Pit Complex (other than the Townsville 400)	14,848	40,180
Total attendance at Tony Ireland Stadium	216,782	185,283
Total attendance at council-owned pools	215,518	147,697
Attendance at council's parklands for formal ceremonies and events	579,584	475,192
Attendance at council's community centres	117,388	106,703
Total number of bus passes used for the Pensioner Transport Subsidy Scheme (PTSS)	324,617	368,092
Total value of grants distributed to the community	\$1.96m	\$2.21m
Total council contracted security patrol hours at public locations	28,600 hours	30,212 hours
Number of dogs registered in Townsville	32,283	34,460

Responsible Governance »

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

Deliverable:	2009/2010 result	2010/2011 result
Total number of customer calls taken through council's call centre	197,568	207,752
Number of customers served in person at council's Customer Service Centres	63,624	89,294
Number of unique visits to council's website	399,112	401,381
Number of Right to Information and Information Privacy requests received by council	28	35
Number of staff employed by the council	1,702	1,717
Percentage of customers rating their initial customer contact with council's Customer Service Centre as good or excellent	89%	88%
Number of tenders called by the council	61	62
Number of Ordinary and Standing Committee Meetings held	99	86
Operating result (reduced deficit)	Deficit \$14m	Deficit \$10m

DISASTER MANAGEMENT



EMERGENCY RESPONSE

Council has an Emergency Response Plan (ERP) to minimise the effects of, and coordinate, council's response to natural disasters. This plan defines the process to be followed in response to natural disasters and the roles and responsibilities of the Emergency Management Team in facilitating these responses. The ERP was reviewed, tested and endorsed by council in late 2010. In early 2011, council's ERP was fully tested during Cyclones Anthony and Yasi. Our response to critical issues was immediate, organised and structured, with divisions and departments of council effectively undertaking their designated roles and responsibilities. Lessons learned from these events are being used to review and update the existing plans and procedures to ensure continual improvement and optimal response to future emergency events.

CYCLONE SUNDAY

Council and Emergency Management Queensland hosted Cyclone Sunday at Strand Park in November 2010. This event provided the community with information on cyclones, their effects and how to prepare effectively. The event featured special guest science guru Dr Karl Kruszelnicki, more than 20 information stalls and the opportunity to win a cyclone emergency kit.

YASI

In the early hours of 3 February 2011, Cyclone Yasi crossed the coast at Mission Beach. The sheer size and force of Yasi meant that even though the eye of the storm was several hundred kilometres away, Townsville still felt the effects of a Category 3 cyclone.

Within hours of the cyclone passing, more than 70 council crews were on the streets of Townsville to begin the massive cleanup, working to ensure roads and critical infrastructure were returned to normal operation. Approximately 80% of the city's roads were open within 48 hours. The assistance of Ergon Energy was required to clear the remaining 20% due to fallen power lines.

During the recovery period from Cyclone Yasi, a 'boil water alert' was issued for a number of suburbs in the city after permanent electricity to some of the city's chlorinators was cut. While Ergon and council worked to repair electricity as a matter of priority, it was several weeks before council was able to cancel the 'boil water alert' for all areas of the city.

Townsville's parks were significantly damaged by the cyclone and park closures were put in place for the safety of the community. The cleanup of the city's damaged vegetation was an enormous task with an estimated 75% of all vegetation affected. Council's roadside green waste collection program began on 4 February and collected 700,000 cubic meters of green waste from 67,310 households over a 44 day period. Council hired nine mulch grinding machines, producing an average of 5,500 cubic metres of mulch each day.



Approximately 84 of council's 300 buildings, including pools, child care centres and community centres, received minor damage such as water or structural damage. All were subject to a report and funding submission to council's insurers and the Federal Government's Natural Disaster Relief and Recovery Arrangements (NDRRA).

In response to Cyclone Yasi:

- » the Disaster Coordination Centre (DCC) operated for seven days, taking more than 2,500 calls for advice and assistance
- » the DCC Facebook page had almost five million interactions and council's website received over 100,000 hits
- » council coordinated a volunteer recovery program with 360 volunteers completing over 660 calls for assistance
- » \$37.79 million dollars worth of emergent works were undertaken
- » 700,000 cubic metres of green waste was collected, which was the largest amount in Townsville's history
- » more than 4,000 defects were logged in 1,000 roads and local streets
- » over 1,000 tonnes of asphalt was used in road repairs
- » the NDRRA claim for the restoration of essential public assets will be in the vicinity of \$80-100 million.



COUNCILLORS

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1. Cr Les Tyrell OAM, 2. Cr David Crisafulli, 3. Cr Natalie Marr, 4. Cr Vern Veitch, 5. Cr Jenny Lane, 6. Cr Brian Hewett, 7. Cr Dale Last, 8. Cr Sue Blom, 9. Cr Ray Gartrell, 10. Cr Jenny Hill, 11. Cr Trevor Roberts, 12. Cr Deanne Bell, 13. Cr Tony Parsons

Councillors represent the needs and interests of the local community. In 2010/11, Townsville city has an undivided council, with no formally legislated wards or divisions. The individual Councillors have agreed to geographic areas of responsibility across the city. While this model allows for a focus on individual suburbs, the legislation reinforces that all Councillors are responsible for decisions made in the best interest of the entire city.

In February 2011, council lodged a submission with the Queensland Parliamentary Law, Justice and Safety Committee to reduce the number of elected Councillors representing the city from 13 including the Mayor to 11 including the Mayor. Council received advice in November 2011 that for the 2012 local government election there would be 10 Councillors plus the Mayor and 10 electoral divisions.

CHIEF EXECUTIVE OFFICER'S REPORT



The 2010/11 financial year focused on delivering to the community the foundations for the future. Rapid economic and population growth over the last decade has required the Townsville City Council to plan and deliver much needed infrastructure for the community. Major projects such as the water supply upgrade project and wastewater upgrade project ensure

the city's ability to cater for the community's current needs, as well as positioning us for the continued growth that the city attracts. Our growth rates continue to surpass most major cities across Australia.

The North Shore Boulevard is another example of the major works delivered this financial year. The new road provides an essential link to developments in the northern beaches and helps to keep our community connected.

One of our more significant achievements for the year has been the delivery 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 \$56 million more than what we were receiving in revenue. I am proud to advise that there has been a significant reduction in council's operating deficit again this year and that our budget for 2011/12 shows a small operating surplus.

The focus on strong financial management provides the foundations for our future. We have reversed the trend of large financial losses and we have done so in a difficult and changing economic climate. Our development income, for example, has reduced as a result of the global financial crisis. A downturn in commercial and residential building activity has seen a reduction in this stream of council income.

The implementation and ongoing management of a robust corporate governance framework has enabled council to be responsive to continued legislative change throughout 2010/11. During 2010, the Queensland Government continued with its reform agenda. An element of this reform entailed the commencement of the new *Local Government Act 2009* and associated regulations on 1 July 2010.

One of the more significant changes included the need for councils to develop, in consultation with its community, a Community Plan. In response, council embarked on one of the largest community engagement programs the city has ever seen. The result sees a visionary Community Plan that will guide both council and external stakeholders in the delivery of services and facilities to our community in years to come. The

community engagement results are also being used to inform the development of the Planning Scheme due for adoption in 2013.

Regional collaboration remains a key focus for council. In addition to regional planning activities such as the North Queensland Regional Organisation of Council's (NQROC) and regional economic planning, we have partnered with our neighbouring local governments to form the Cairns, Townsville and Mackay (CTM) Water Alliance. The CTM Water Alliance focuses on a regional approach to ensure the north remains resilient and compliant with state and national water reform agendas.

Given the majority of our internal structures were in place for 2010/11 and our centralised customer service centres established, the focus shifted to continuous review and improvement. Our internal Expenditure Review Committee has continued to review service delivery with savings identified through reviews such as parks and open space maintenance. The latter review has resulted in a hybrid approach of using both council staff and external contractors to deliver efficient parks services across the city.

Internally, we focused on continuing to manage the ongoing changes in our workplace, our systems and our organisational culture. Our internal change program, 'Make it Better!' drives projects to improve our processes, communication and reporting, with the overall objective of improving efficiency. I am continually pleased by the level of commitment and support that I see in our staff as they focus on customer service and, most importantly, delivering quality outcomes for our community.

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

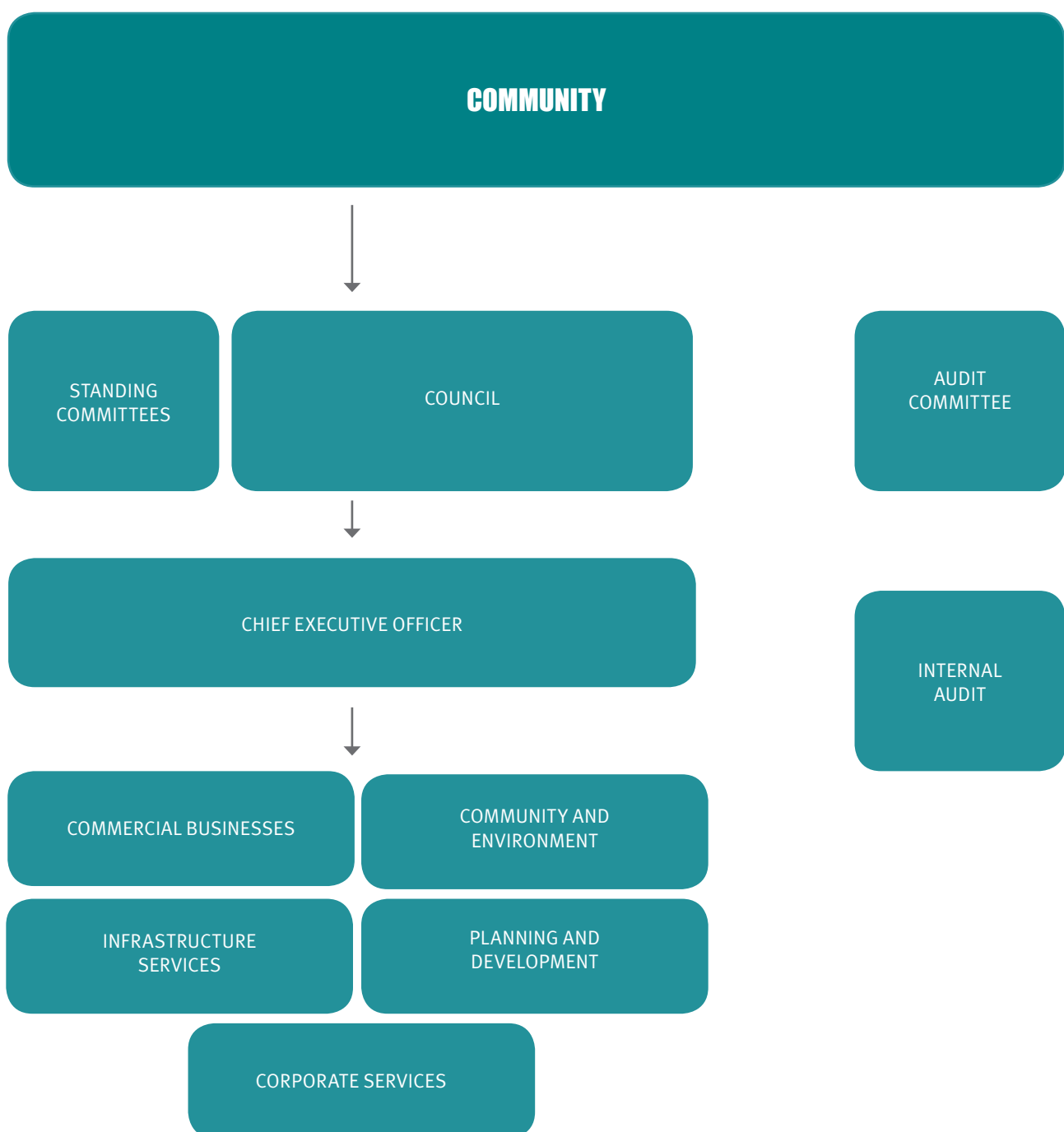
I thank the Mayor and Councillors for their guidance and support during the year and congratulate the management and staff of council on the year's achievements. I look forward to continuing to implement the goals and strategies defined in our Corporate Plan to deliver Townsville as a vibrant, progressive city that is a great place to live.

I commend this Annual Report as an excellent historical record, one which outlines the foundations that council has put in place this year for the future of our city.

CEO, Ray Burton

OUR STRUCTURE AND LEADERSHIP TEAM

The Chief Executive Officer and executive team partner with staff and Councillors in order to deliver expected outcomes to the community. The structure illustrates the interrelationship between the community and key stakeholders with the internal organisation.





RAY BURTON

CHIEF EXECUTIVE OFFICER

Ray commenced as Chief Executive Officer (CEO) of Townsville City Council in 2008, bringing with him 34 years experience at an executive level in local government.

Ray was previously the CEO at Pine Rivers Shire Council for five years prior to the council amalgamations and served as the Interim and then Acting CEO 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.

Ray's qualifications include: Master of Business Administration, Graduate Diploma Local Government, Diploma Institute of Company Directors, Diploma of Business Accounting, Diploma of Business Local Government, Fellow of Local Government Managers Australia, Fellow of Australian Institute of Company Directors and Member International City Managers Association.

"As CEO of Townsville City Council, I am proud to have led the organisation, in partnership with council and the leadership team. In developing policies and strategies that place council on a solid platform for financial sustainability we have turned around a projected \$56 million operating deficit in 2008 to a projected operating surplus in 2012. Our staff and council working together to deliver value for money services to our community is a fantastic outcome and a significant achievement for us all."



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.

"I'm proud to have been involved in developing Townsville's sporting and cultural infrastructure during 2010/11. The completion of the Townsville RSL Stadium, and extensions to the Townsville Civic Theatre have all contributed significantly to Townsville's social fabric."



KEN DIEHM

DIRECTOR COMMERCIAL BUSINESSES DIVISION

Ken holds a Bachelor of Commerce Degree, Masters in Business Administration and is currently completing a Masters in Dispute Resolution. Ken originally started with Townsville City Council in 1986 and held a number of senior accounting positions with the council before leaving in 1999 to start his own business as a consultant specialising in national competition policy reform.

Ken was appointed as the CEO of the Willows Sports Complex Joint Board in 1995 and the CEO of NQ Water in 2001. Ken rejoined the council in 2008 as a Director following the amalgamation of NQ Water with Townsville and Thuringowa City Councils.

Ken has overseen a number of iconic projects in Townsville, including the construction of Dairy Farmers Stadium, the Ross Dam upgrades, the water supply upgrade project and the wastewater upgrade project.

"This year we have started laying the foundations for the future through the delivery of projects such as the water supply and wastewater upgrade projects and the development of the Integrated Water Supply Strategy. These projects are landmark projects that will serve Townsville for many generations to come. Winning the National Award for Innovation in Asset and Financial Management was also a significant highlight. However, the commitment shown by council staff during Cyclone Yasi was without doubt the most inspirational display of dedication during the year."



NEIL ALLEN

DIRECTOR INFRASTRUCTURE SERVICES DIVISION

Neil has a wealth of experience in local government, having worked for over 30 years in the sector, holding director level positions within a number of councils.

Neil has had extensive experience in flood plain management and in delivery of large and complex community infrastructure projects.

Neil has many years involvement in both the engineering aspects of race circuits, having been on the Standards Australia panel which developed the safety guidelines for race circuits, and involved with the management of motorsport events.

As chair of the council's Emergency Management Group and as a member of the Townsville Local Disaster Management Group, Neil is heavily involved with natural disaster response efforts.

"Cyclone Yasi devastated so much of the North Queensland coast in February and it was so rewarding to see the support, commitment and collaborative cross-departmental efforts following the event to help get our community back up on its feet again."



ANGELO LICCIARDELLO

DIRECTOR PLANNING AND DEVELOPMENT DIVISION

Angelo has been the Director of the Planning and Development division since October 2008.

Angelo was Director of Planning and Development at Townsville City Council from 1996 to 2000. From 2001 to 2007, Angelo was Project Director of Delfin Lend Lease in Townsville, which developed and marketed Riverside Gardens and Willow Gardens, two masterplanned residential communities. Later, Angelo worked as a property consultant and was Chairman of the Townsville CBD Renewal Taskforce.

Angelo resigned to take up private sector employment in Townsville in September 2011.

"I am proud to have led council's Planning and Economic Development division on projects such as the Flinders Street redevelopment, developing a masterplan for the CBD precinct and launching the Townsville Land Use Proposal, a proposal that will form the core of the new City Plan."



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 Human Resource Management). Kim is a results oriented person who enjoys the diversity and challenges of local government.

"I am proud of the Corporate Services teams working together to enable council to deliver our organisational outcomes through stewardship, governance and innovative business solutions."

Townsville City Council exists to meet the needs of its community and stakeholders. The council provides an array of services focusing on the environment, family, lifestyle, social and economic development.

To effectively manage the delivery of these services, the council has been structured around the following divisions:

- » Community and Environment
- » Corporate Services
- » Infrastructure Services
- » Planning and Development
- » Commercial Businesses.

COMMUNITY AND ENVIRONMENT 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. It also provides regulatory services including local laws and parking enforcement
- » 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 strategies 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.

COMMERCIAL BUSINESSES DIVISION

The Commercial Businesses Division is responsible for the management and delivery of council's significant business activities, being 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 of refuse and 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 and for the organisation's plant and motor vehicles. They are responsible for the planning and delivery of large, high profile projects and provide technical support, an in-house workshop and a graphics team for council's signage
- » The Technical Services Department is a multi disciplinary group which manages investigations, design and survey, business support for all Infrastructure Services and manages the operation of council's building-related assets
- » Corporate Asset Management is responsible for reviewing and monitoring asset performance to ensure optimal asset lifecycle management
- » Emergency Management is responsible for the facilitation of emergency management for all of council and proactively plans to ensure our community, emergency services, and council staff are prepared for disaster events.

PLANNING AND DEVELOPMENT DIVISION

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

- » The Development Assessment Department, as the name suggests, 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 the maintenance and promotion of Townsville's heritage
- » Development Infrastructure undertakes engineering and infrastructure assessment of urban development applications and audits of development construction, as well as providing regulatory inspections and assessments of the Plumbing/Draining industry.

CORPORATE SERVICES DIVISION

The Corporate Services Division enables council to deliver our organisational outcomes through stewardship, governance and innovative business solutions.

- » Knowledge Management provides council with information technology, help desk facilities, technological operations and applications, correspondence management, geospatial services and information technology 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.
- » Customer Services manage the Customer Service Centre which 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.



CELEBRATING OUR ACHIEVEMENTS



CELEBRATING OUR ACHIEVEMENTS

Council and our staff received a variety of recognition during 2010/11 for combined efforts to improve the services delivered by council.

Local, state and national recognition included:

- » Winning the Asset and Financial Management Category in the **2011 National Awards for Local Government** for the Cairns, Townsville and Mackay (CTM) Water Alliance – Best Practice Pricing and Financial Sustainability Model.
- » Winning the Australian Service in Excellence Award in Queensland Local Government in the **Customer Service Institute of Australia Awards 2010** for the Customer Service Centre.
- » Winning the Local Government Award Category in the **2010 Queensland Safer Communities Awards** for the children's cyclone awareness book "When Bully-Wind Bob Comes to Town".



- » Winning the Communications and Data Category in the in the **2011 Electrical Contractors Association Awards for Excellence** for the Townsville RSL Stadium.
- » Achieving a high commendation for Public Spaces in the **Kidsafe 2010 National Playspace Design Awards** for the Riverway All Abilities Playground.
- » Achieving a high commendation for the Local Government Award Category in the **2010 Queensland Safer Communities Awards** for the "Get Ready for Cyclone Season" awareness brochure.
- » Receiving a commendation for Projects Over \$10 million in the **Institute of Public Works Engineering, Queensland Division, Excellence Awards 2011** for the Townsville Civic Theatre Extension.
- » Being a finalist in the Organisation category in the Climate Change Champions Awards in the **National Climate Change Adaptation Research Facility's 2011 Awards**.
- » Being a finalist for Best Practice in Local Government Award in the **2010 IPAA Queensland Public Sector Excellence Awards** for the Customer Service Centre.
- » Being named the Best Government Department or Agency for the Region in the **2010 Spinal Injuries Association's Inclusive Community Champions Awards for Riverway**.
- » Being named the Best Recreation/Leisure/Entertainment Venue or Precinct for the Region in the **2010 Spinal Injuries Association's Inclusive Community Champions Awards** for The Strand.
- » Being named the Best Sporting Facility 2010 for the Region in the **2010 Spinal Injuries Association's Inclusive Community Champions Awards** for Tony Ireland Stadium.
- » Being named Best Sporting Facility for the Region in the **2011 Spinal Injuries Association's Inclusive Community Champions Awards** for Townsville RSL Stadium.
- » Achieving a commendation for Corporate Social Responsibility at the **Public Relations Institute of Australia 2010 Golden Target Awards** for the Together Townsville Program.



INDIVIDUAL ACKNOWLEDGEMENTS INCLUDED:

JANICE MOODY (BALLARD)

Winner of the Townsville Region Woman in Engineering Award 2010 in the **Townsville Region Engineering Excellence Awards (Engineers Australia)**.

TRISHA FIELDING

Winner for Writing at the **Townsville City Council Arts Awards 2011** for "Flinders Street Townsville: A Pictorial History."

High Commendation for the Governor's Heritage Award at the **National Trust of Queensland Awards 2010** for "Flinders Street Townsville: A Pictorial History."

ADAM BURY

Runner Up for the Above and Beyond category in the **LGMA Qld Service Excellence Award 2011** for excellence in Customer Service.

PENNY CLARINGBULL

Winner **2010 Olvar Wood Fellowship Award** for "Oceanheart" a teen fantasy novel.

KIRSTY CROWE

First Runner Up James Cook University Year Four Honours in the **2011 Queensland Planning Minister's Town Planning Prize** - for her thesis "Managing Growth and Change for Sustainable Futures: The potential for transit oriented development in Townsville."

KELLY STOKES

Second Runner Up for the Townsville Region Young Engineer of the Year 2010 in the **Townsville Region Engineering Excellence Awards (Engineers Australia)**.

TAMARA CUSACK

Scholarship for high academic achievement from Go WEST (Women in Engineering, Science and Technology) from the **University of Southern Queensland**.

ANGELA CUNDY

Finalist in the Customer Service Professional of the Year **Customer Service Institute of Australia Awards 2010**.

IBM SMART CITY

- » Council won a 2011 IBM Smart City Award - Smarter Cities Challenge Grant from global technology company IBM
- » Townsville was the only Australian city and one of only 24 cities world wide to receive the grant, which provides pro bono strategic planning advice from IBM experts to build on the city's credentials in sustainable living initiatives



JANICE MOODY



TRISHA FIELDING



ADAM BURY



PENNY CLARINGBULL

foundations
for the
future

The Corporate Plan identifies the issues and priorities for council over the five year period 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, mission and the values which are fundamental to how we operate and make decisions.

THE CORPORATE PLAN IS THE FOUNDATION 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.

ABSTRACT FROM THE TOWNSVILLE CITY COUNCIL CORPORATE PLAN 2009 – 2014

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.

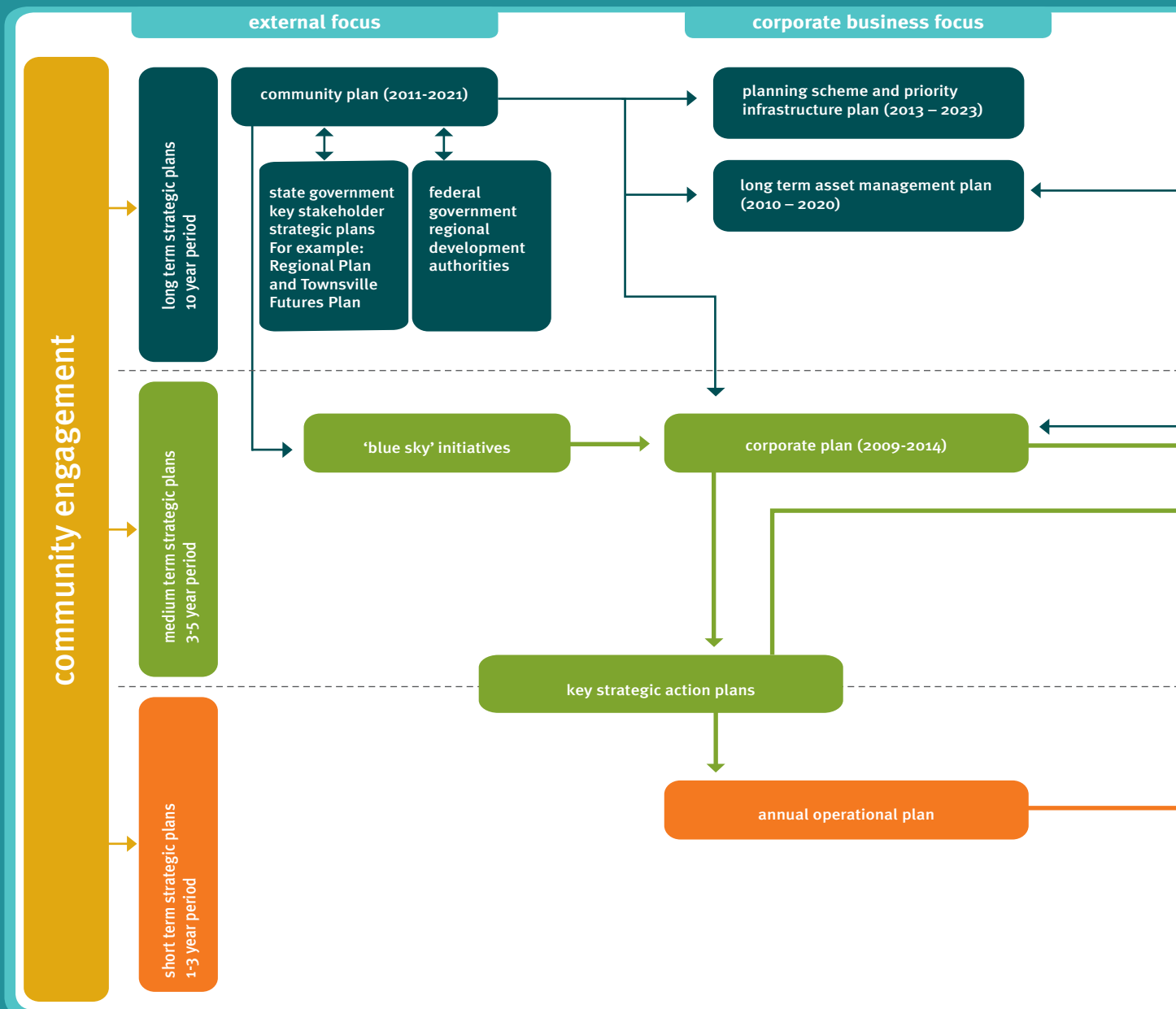
WE VALUE

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.

STRATEGIC PLANNING FRAMEWORK

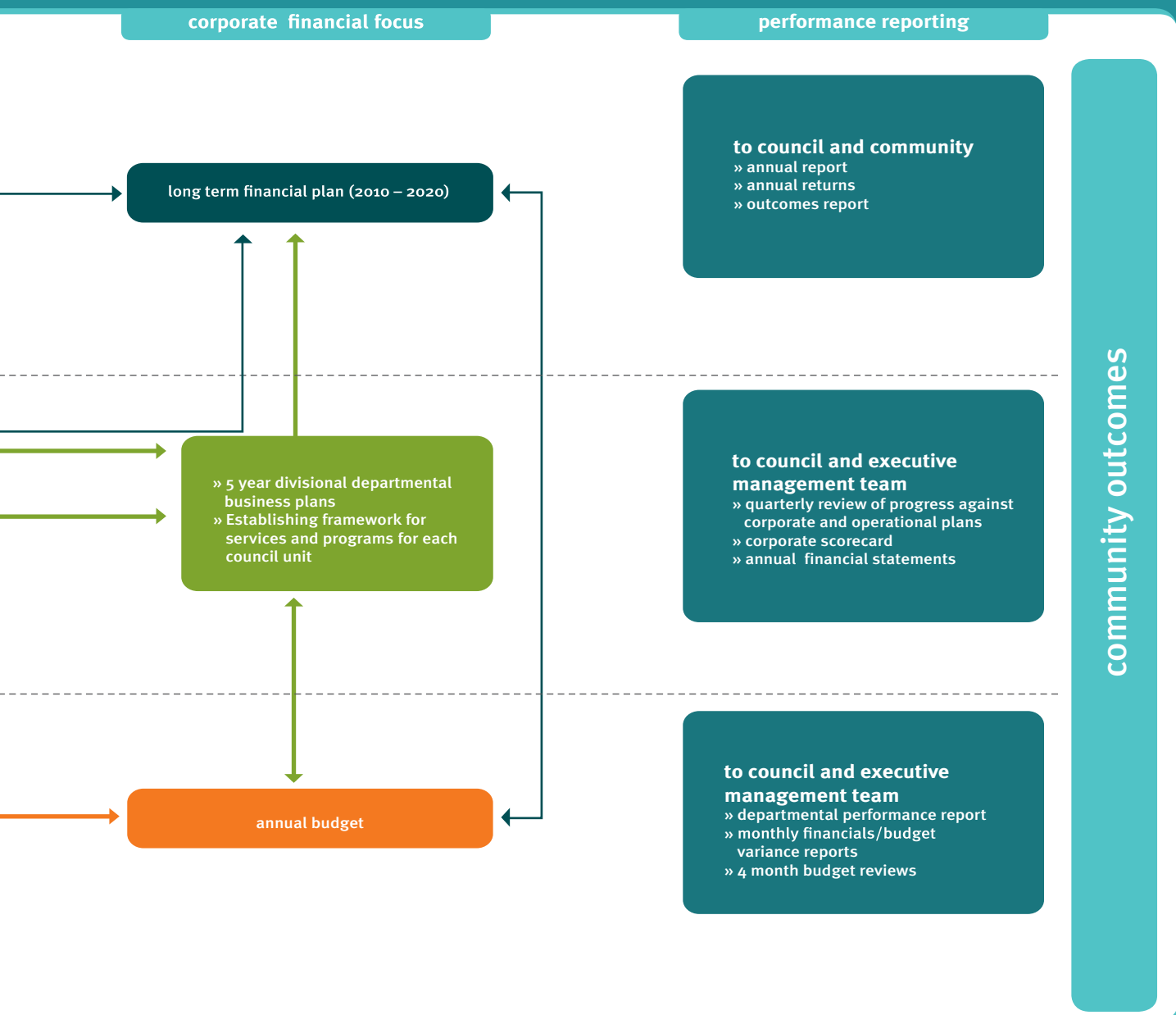




A full copy of the plan is available at www.townsville.qld.gov.au

To allow 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 corporate plan.

GOAL 1	GOAL 2	GOAL 3	GOAL 4
ECONOMIC SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY	RESPONSIBLE GOVERNANCE
<ul style="list-style-type: none"> » A robust, prosperous economy which provides opportunities for business and investment. » An integrated approach to long term planning which supports a growing city. » Infrastructure that meets community needs. 	<ul style="list-style-type: none"> » Effective management and protection of our natural and built environment through sustainable growth and development. » Demonstrated environmental leadership. » Climatic effects on our community, natural and built environment are minimised. 	<ul style="list-style-type: none"> » A safe and healthy community. » A cohesive and self reliant community. » A community with access to services and facilities. » A creative community. 	<ul style="list-style-type: none"> » Transparent and accountable local government. » A competent, productive and contributing workforce. » Excellence in customer service delivery and organisational management.



ECONOMIC SUSTAINABILITY

**{ a robust, diverse
and sustainable
economy }**



A ROBUST, PROSPEROUS ECONOMY WHICH PROVIDES OPPORTUNITIES FOR BUSINESS AND INVESTMENT.



1.1

Promote investment and assist the development of emergent industries and businesses.



1.2

Engage with regional, state and national stakeholders in the creation of a strong and resilient economy.



1.3

Increase the city's profile through marketing initiatives, the delivery of festivals and events and support for other community based activities.



1.4

Promote the city's distinctive physical character and strong sense of place and identity.

AN INTEGRATED APPROACH TO LONG TERM PLANNING WHICH SUPPORTS A GROWING CITY.



1.5

Develop an integrated approach to the long term provision of infrastructure.



1.6

Undertake city and regional planning to reflect the aspirations of the community and create an attractive place to live, work and visit.

INFRASTRUCTURE THAT MEETS COMMUNITY NEEDS.



1.7

Provide and maintain timely and sustainable infrastructure.



1.8

Provide asset management practices which reflect the community's expectations regarding service levels and its ability to pay.

Council engages in a number of activities to promote and assist the development of our regional economy. These activities include high-level intergovernmental relations, policy development and strategic planning for major infrastructure projects and precincts, development, marketing and capacity building for industry and business at all levels. Council is a passionate advocate for the city and supports development projects for tourism, retail, business, industry and educational purposes. Townsville is a rapidly growing city and council has responsibility for ensuring the city's development is sustainable.

PLANNING FOR A STRONG ECONOMIC FUTURE

Following the Queensland Growth Management Summit in March 2010, the State Government identified Townsville as a key centre for North Queensland. Council has worked with the State Government to develop the Townsville Futures Plan. This plan focuses on the economic development opportunities for Townsville and identifies a number of drivers likely to support future growth and prosperity. These include:

- » government services
- » general economy
- » mineral processing and general industry
- » defence
- » education and research.

The State Government has provided a commitment to consider locating government functions in Townsville where appropriate and to locate its offices in the CBD wherever practical. This commitment is a significant gain for Townsville and will assist in achieving a true CBD for the city.

"This blueprint positions Townsville as a vibrant metropolitan city and the key centre for economic and population growth in North Queensland – a second capital city for our vast state."

Premier Anna Bligh

The Townsville Economic Development Strategic Plan 2011 – 2016 has been drafted and is due to be released in conjunction with the Townsville Futures Plan. The plan sets out the key tasks that will support the city's infrastructure and professional skills, attract new investment and tourism activity, while strengthening our CBD and key industrial precincts. The five-year plan incorporates strategies to help build a strong resilient economy. The Townsville Economic Development Strategic Plan includes the following:

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

The Sustainable Economic Growth for Regional Australia

Conference (SEGRA) was held in Townsville in October 2010, attracting over 70 speakers and 200 delegates from all levels of government. Guests included The Hon Simon Crean MP - Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts, policy advisers, industry players, academics and practitioners. SEGRA is recognised as Australia's premier conference on regional Australia and the most credible, independent voice on economic issues affecting regional Australia.

INFRASTRUCTURE FOR THE FUTURE

The \$42 million North Shore Boulevard was opened in October 2010, completed two months ahead of schedule. The seven-kilometre two-lane road provides an alternative link between Mount Low and the Bruce Highway and opens the way for further development in the already popular northern suburbs. In just over six weeks from the official opening over 4,000 cars per day were using the boulevard, reducing pressure on Mt Low Parkway.

"North Shore (Boulevard) is a very important investment into the future growth of the city, and will cater for that growth for many years to come."

Cr Hewett

ABOUT // NORTH SHORE

- » The total length of roadway is 7km
- » 8km of water and sewer mains were constructed as part of the project to service surrounding developments and as part of council's Wastewater Upgrade Project
- » Approximately 130 old car bodies were removed from the site and recycled
- » About 3,000 trees and mangroves were planted to rehabilitate creek banks at Stony and Saunders Creek bridges

The Wastewater Upgrade Project (WUP) is a partnership project between Townsville City Council, State and Federal Governments. It is one of Townsville's biggest ever infrastructure projects with an estimated total cost of \$179 million. WUP is a massive upgrade to the city's sewer infrastructure to ensure the needs of the city's increasing population towards 2025 are met. The centrepiece of the project is a complete upgrade of Townsville's oldest sewerage treatment plant at Mount St John, transforming it into a modern regional facility capable of meeting Townsville's future growth. The project upgraded existing treatment plants to meet *Environmental Protection* 1994 (EPA) requirements. It provided a diversion scheme including four new sewerage pump stations and 27km of pressure mains and decommissioning of three minor sewage treatment plants.



"This centralised wastewater management strategy will ensure Townsville can accommodate its growing population for decades to come."

Member for Townsville Mandy Johnstone

ABOUT // WASTEWATER UPGRADE

- » The Federal Government contributed \$39.18 million
- » State Government contributed \$66.7 million
- » Townsville City Council is contributing the balance of \$73.12 million (at this stage)

The Water Supply Upgrade Project (WSUP) was instigated to guarantee long-term water security, increase capacity and ensure water quality improvements for water supplies in the region over the next 20 years. The project is a partnership between council and the State Government. It includes a new 40 megalitre per day water treatment plant at Kinduro, north of Rollingstone, to supply the expanding northern suburbs and beach communities. This water treatment plant is due to come on line in early September 2011. Also included is a major upgrade to the Douglas Water Treatment Plant to boost water quality and production.

ABOUT // WATER SUPPLY UPGRADE PROJECT

- » The total project cost is \$94.5 million
- » The State Government has contributed \$33.7 million towards the project

The much anticipated redevelopment of Flinders Street into a dynamic, fresh, people-friendly, retail and entertainment precinct was completed in 2010/11. For the first time in 30 years, Flinders Street was opened to slow moving traffic on 18 June 2011. The Flinders Street redevelopment is a \$56.6 million joint council, State and Federal Government project which sees Flinders Street once again fulfil its role as the foremost 'high street' of Townsville. It brings a fresh look and atmosphere to the CBD attracting businesses and visitors. The revamped Flinders Street includes green spaces and shade canopies, wide pedestrian footpaths, additional retail, dining and entertainment venues and a plaza area at Stokes Street to connect Flinders Street to the waterfront.

ABOUT // FLINDERS ST

- » Flinders Street was re-opened to traffic on 18 June 2011
- » Flinders Square was officially opened on 07 July 2011
- » The redevelopment has cost \$56.6 million
- » 60,000 pavers were removed as part of the redevelopment

Council is committed to supporting culture and the arts within the city. In 2010/11, council worked in partnership with the State Government to deliver a \$12.7 million extension to the Townsville Civic Theatre which will provide an exciting venue for residents and visitors. The project has nearly doubled the footprint of the existing theatre from 1,867m² to 3,519m² to include a new rehearsal space with sprung timber floor, a larger refurbished foyer, function room, board room, commercial kitchen, additional space for technical staff, workshop, improved disability access and an upgraded box office and administration area.

"I can think of no better venue for the coming together and celebration of the people, places and stories of the north than this wonderful Civic Theatre, which is this year making its 32nd birthday."

Minister for Roads Craig Wallace

ABOUT // CIVIC THEATRE

- » 165 performances approximately during 2010/11
- » 110,000 patrons attend performances during 2010/11
- » Originally opened on 31 March 1978 by Governor of Queensland Sir James Ramsey
- » The extension project was jointly funded by council (\$6.99m) and the State Government (\$5.739m) through the Queensland 150th Legacy Infrastructure Program

The Townsville RSL Stadium is a world class multipurpose sporting and events complex. The stadium development was co-funded by the three levels of government with council contributing \$3.35 million, the State Government providing \$8.2 million and the Federal Government \$3.05 million. The stadium includes three indoor air-conditioned multi-use playing courts, and seating for up to 2,200 spectators. The star tenant of the new complex is the 'Townsville Fire', Townsville's national womens basketball team. Other resident groups include Townsville's state netball team the 'Steelcats', futsal, volleyball, badminton and The Sporting Wheelies.



“This is a wonderful infrastructure project that encourages participation in sports and will lead to healthier and happier Queenslanders.”

Member for Mundingburra Lindy Nelson-Carr

ABOUT // RSL STADIUM

- » The stadium has 3 multi use playing courts
- » The stadium seats up to 2,200 spectators
- » The stadium cost \$14.6 million to build

A detailed concept plan for a new entertainment and convention centre for the city was developed in 2010/11. Council has successfully secured \$48 million from the Federal Government and negotiations are currently continuing with the State Government to secure the final funding commitment and operational model.

A WELL PLANNED, WELL BUILT CITY

A Growth Prediction Model for Townsville which distributes population and employment across 400 zones has been developed to allow more direct integration with our Infrastructure Planning Models. The establishment of this model in council's Geographic Information System (GIS) will enable automation of future iterations of our infrastructure planning.

To enable informed capital investment decisions into the future a number of 20 year strategic infrastructure plans have been developed. These include:

- » Transport Network Infrastructure Plan for the entire city and a detailed traffic model for the CBD area
- » Stormwater Network Infrastructure Plan for the entire city, with the development of an urban flood level map underway
- » flood modelling for the new development of the city areas (mostly complete, with modelling for existing urban areas currently underway)
- » Water Supply and Wastewater Infrastructure Network Models for the entire city (expected to be complete in 2011/12).

The CBD Master Plan, a visionary and deliverable master plan for the CBD, has been developed and is under review following a positive community consultation. The master plan aims to capture the existing economic momentum of the region and transform the city centre of Townsville into a world-class centre that is both independently successful and contributes to the overall vitality and sustainability of the North Queensland Region. CBD incentives have been implemented to stimulate private sector investment to realise this vision, in particular the achievement of 30,000 people working or living in the CBD by 2030.

Some significant elements in the master plan include:

- » community involvement in the vision for the CBD
- » consideration of transport and infrastructure requirements
- » the development of the new planning scheme
- » an implementation guide for development and investment in the city and for leveraging economic and political opportunities to develop the CBD as the principal activity centre for the region.

During 2010/11, council completed 12 land use strategic studies, culminating in the development of the Townsville Land Use Proposal (TLUP), which outlines the new planning scheme's strategic direction for the next 25 years. The TLUP has been formulated based on best practice planning and science and is guided by the community's vision for Townsville as expressed in the Community Plan.

The CBD Fringe Parking Strategy has enabled the creation of 512 free car parks on the outskirts of the CBD. This strategy has considerably improved the availability of paid parking in the Sturt and Walker Street areas of the CBD, with many inner city workers opting to use the free all day car parks on the edge of the CBD at Dean, Aplin and Leichhardt Streets.

MAINTAINING OUR ASSETS

A maintenance works program for the city's road network has been implemented in 2010/11. It was developed based on a detailed analysis of current road conditions. The road maintenance program aims to prolong the life of the road pavement, reconstruct roads where the road pavement has reached the end of its optimum life and make the necessary improvements to maintain or increase the capacity of the road network as the city grows.

Other road network programs include:

- » kerb and channel replacement to resolve significant kerb failures or drainage issues



- » Shared Pathway Network Program to connect key community hubs such as schools, shopping centres and community facilities
- » Bus Stop Program to ensure the community has optimum access to public transport facilities
- » Bridge Rehabilitation Program to prolong the life of our bridges and improve safety
- » Traffic Signal Program to improve intersection safety and capacity.

“We have a great lifestyle and an important part of living in the city is ensuring our road network is keeping pace with the city’s growth.”

Cr Crisafulli

ABOUT// ROAD IMPROVEMENTS

- » 3.45% of council controlled sealed roads were resealed and overlaid during 2010/11
- » 1.08% cent of council controlled sealed roads were reconstructed 2010/11

Council’s Asset Management Framework is a contemporary asset management strategy which covers each asset class held by council. The Asset Management Strategy 2011-2015 covers the development and implementation of improvement plans and programs for asset creation, operation, maintenance, rehabilitation / replacement, disposal and performance monitoring; it was adopted by council in June 2011. This strategy will ensure that the desired levels of service and other strategic and operational objectives are achieved in balance with available resources. Significant Asset Management Plans adopted in 2010/11 include:

- » Parks Services Asset Management Plan
- » Fleet and Property Management Asset Management Plan
- » Knowledge Management Asset Management Plan.

Park assets and services are provided to meet the community’s need for and enjoyment of open space and recreational facilities within the city. In 2010/11, a Parks Services Asset Management Plan was developed to implement an advanced level of asset management and to guide council in the development of new parks and open spaces, lifecycle management, renewal, the provision of maintenance and the

financial management of park assets. Asset renewal projects are undertaken to ensure community assets such as park furniture and playgrounds are maintained to a high standard and scheduled for replacement as dictated by usage. The renewal process involved researching the site, developing designs, undertaking community consultation and life cycle costing, to ensure sustainable outcomes are delivered.

Some significant park renewal and maintenance projects delivered in 2010/11 included:

- » the restoration of the Gleasons Weir wall for the Gleasons Weir Upgrade
- » the installation of lighting throughout Riverway, the Riverway Skate Park and Peggy Banfield Skate Park
- » full restoration of the Centenary Fountain and lights at Anzac Park to heritage specifications
- » installation of a fenced dog off leash area, pathways, planting, drainage and furniture at Louise Street Park
- » installation of a playground, dog off leash area, pathways, plantings, turf, barbeque, and furniture at the National Park in Railway Estate
- » replacement of the rubber soft fall at The Strand Water Park
- » playground renewals including The Strand, Gardenia, Cranbrook, Saunders Beach, Morindo, Reanna, Sheriff and Victoria Parks.

COLLABORATING FOR A GROWING CITY

Council has continued to maintain strong collaboration with State and Federal Governments and various industry stakeholder agencies. Meetings are held at least quarterly with State and Federal Members, the Port of Townsville and the Townsville Airport. In 2010, funding was sought for projects including a new convention centre, Magnetic Island walkway, solar lighting for Castle Hill, lighting for Tony Ireland Stadium and improvements to state controlled roads.

Council has maintained its financial support (approaching \$800,000) for Townsville Enterprise as the peak regional development organisation to achieve sustainable economic and lifestyle benefits for the region. Council pledged \$10,000 towards the Townsville Enterprise campaign to develop a new brand and promotional campaign for the region to attract visitors to North Queensland.



“We need to ensure our region’s capacity for attracting business investment, residential growth and tourist numbers remains on a steady growth path.”

Cr Crisafulli

During 2010/11, council in conjunction with the Port of Townsville, successfully lobbied for funding from the State and Federal Governments for the \$85 million cruise ship terminal. Work on the cruise ship terminal is due to begin in October 2011, and should be operational by mid 2013. The proposed Wharf 10 terminal will be used initially for cargo, cruise and military vessels and will then be dedicated to cruise and defence ships when future works at the port are completed.

The Cairns, Townsville and Mackay (CTM) Water Alliance was established in 2009, to work together to share resources, improve efficiencies, generate cost savings, deliver an improved level of service to customers and jointly meet the challenges of reform within the water industry. A major project delivered by the CTM Water Alliance and the Queensland Treasury Corporation (QTC) was the development of a Long Term Water Pricing and Financial Sustainability Model. This model will help better predict an accurate pricing structure and capital costs required in the future.

A service level agreement with the North Queensland Small Business Development Centre (NQSBD) was adopted in April 2011. This agreement sets out the key services to be undertaken by the NQSBD, along with related performance criteria and desired outcomes. The NQSBD is important to Townsville as it assists people to develop business skills and provides support and assistance for new business enterprises and for the expansion of existing enterprises.

A SENSE OF PLACE - A DESTINATION OF CHOICE

The Townsville Character Precincts Project has identified precincts that represent the architectural character of Townsville. In 2010/11, council produced a report based on the evaluation of potential character precincts, which has provided the basis for a character precincts overlay. The overlay will be used to produce a schedule of character precincts that can

be incorporated into Townsville’s new planning scheme, to retain the unique character and charm of the city.

Council has developed a Landscape Manual which provides direction and guidelines for the development of the city’s landscape and open spaces. Landscape projects in 2010/11 included the:

- » Charters Towers Road Median Beautification project, which improved the aesthetics of the entries from Ross River, Bowen and Charters Towers Roads to the city
- » construction of Riverway Upper Ross Community Hub (RURCH) at Apex Park to deliver a new style of open space development in the Upper Ross area
- » new park development including playground, fitness circuit, pathways, planting, furniture and shelters at Broadmeadows and Marlynda Parks
- » upgrade of the Riverway Drive median including new turf and avenue planting
- » medians for Nathan Street and Woolcock Street
- » concept designs for Kevin Schreiber, Soroptimist and Framara Park
- » the initial concept designs for Peggy Banfield Park.

Council’s distinctive brand is representative of Townsville’s strong sense of place and identity, and is demonstrated by the prominent signage at major entrances to suburbs in the city and at open spaces and parks. A major re-branding project has been undertaken to convert former Thuringowa and NQ Water branding to that adopted by the amalgamated council. During 2010/11, work continued on updating old signage and rebranding.

Townsville has a strong tourism industry, which offers a diverse range of tourism experiences in one region. Townsville’s main visitor market is holiday makers, followed by those visiting friends and family and business travellers. The majority of visitors are self-drive visitors, which benefit the more remote tourist precincts in the Townsville region. However, due to the reduced accessibility to the region as a result of the recent floods and cyclones, the number of self-drive visitors has declined. In 2010/11, Townsville experienced a larger decline in domestic and international visitation than the Queensland average.



MAJOR PROJECTS DELIVERED

	FLINDERS STREET REDEVELOPMENT	Opening of Flinders Street to through traffic, implementation of CBD Fringe Parking Strategy and the opening of new CBD Visitor Information Centre.
	NORTH SHORE BOULEVARD	Constructed and opened to traffic.
	CIVIC THEATRE UPGRADES	Updates completed (excluding Air-conditioning).
	TOWNSVILLE INTERNATIONAL SPORTS CENTRE	Constructed and opened at the beginning of July 2011.
	WATER SUPPLY UPGRADE PROJECT	Set to be commissioned July 2011.
	WASTEWATER UPGRADE PROJECT	Progressing on track.
	MURRAY SPORTS COMPLEX CONSTRUCTION	Project completed and official opening of the Townsville RSL Stadium held in July 2011.
	KOKODA MEMORIAL POOL REDEVELOPMENT	Reopening celebrated with community fun day event on 1 May 2011.
	TOWNSVILLE ENTERTAINMENT AND CONVENTION CENTRE	Funding of \$48.7m secured and a concept plan forwarded to the State Government.

ENVIRONMENTAL SUSTAINABILITY

our environment is valued,
protected and healthy



EFFECTIVE MANAGEMENT AND PROTECTION OF OUR NATURAL AND BUILT ENVIRONMENT THROUGH SUSTAINABLE GROWTH AND DEVELOPMENT.



2.1

Provide strategic and integrated planning and policy development to sustain our environment.



2.2

Effective management, protection and conservation of our natural environment.



2.3

Preserve and protect places of natural and heritage significance.

DEMONSTRATED ENVIRONMENTAL LEADERSHIP.



2.4

Develop and implement an Integrated Water Management Strategy.



2.5

Develop and implement innovative waste management and recycling strategies.



2.6

Minimise greenhouse gas emissions from council's infrastructure, operations and services through sustainable energy practices.



2.7

Partner with community and industry stakeholders to develop and promote environmental protection and sustainability initiatives.



2.8

Develop and implement environmental compliance programs and promote community awareness.

CLIMATIC EFFECTS ON OUR COMMUNITY, NATURAL AND BUILT ENVIRONMENT ARE MINIMISED.



2.9

Mitigate and communicate the risks and effects of climate change.



Townsville's natural and built environments are important to the future prosperity of the city and its community. Sustainable use of the environment can be achieved by responsible environmental planning strategies. This sustainability requires acknowledgment of international and national standards for integrated environmental management.

PLANNING FOR A SUSTAINABLE TOWNSVILLE

Planning for environmental sustainability has been a key consideration in 2010/11 for our community.

"Open spaces, clean waterways and beaches, Castle Hill walking tracks, well maintained parks with plenty of walking and riding tracks."

Townsville community member 2010

Council has continued to maximise resource recovery and reduction of waste landfill through the implementation of the Queensland Waste Strategy. During 2010/11, council conducted a strategic study of waste sites in Townsville to ensure the community has environmental best practice for the collection and disposal of its waste.

In 2010/11, council developed an Eco-City Plan to guide the city's environmental future. The plan has been shaped by many sectors of the community and provides a broad road map and actions to be taken to ensure a sustainable future. It is anticipated that the plan will contribute to council's future land planning.



ENVIRONMENTAL STEWARDSHIP

The Eco-City Plan contributed to council's success in obtaining the IBM Smarter City Challenge grant of approximately \$400,000. Townsville is the first Australian city and one of just 100 cities worldwide to be awarded the grant from global technology company IBM. The grant provides council in-kind support and access to IBM's specialists, who will analyse and recommend ways to build on Townsville's credentials as a leading city in sustainable living initiatives.

A number of eco-city visioning and community and business workshops have been conducted, including three Smart Grid and Solar City workshops with Ergon Energy.

"We selected Townsville because of its commitment to the use of data to make better decisions, and for its desire to explore and Acton smarter solutions for their most pressing concerns."

*Catherine Caruana-McManus,
IBM Australia Smarter Cities Executive*

During 2010/11, council continued to develop inter-departmental understanding, and practical learnings of energy management and sustainable building. Ergon Energy's Townsville Network Demand Management Project has undertaken energy audits and assessments across 12 high energy use depots and building sites owned and operated by council.

"Council's main role is to educate the community on changing its behaviour in energy consumption. If we can get the community to change their behaviour, it will reduce the amount of their power bill and contribute to a healthier environment."

Cr Veitch

ABOUT // COUNCIL'S ENERGY AUDIT

- » Energy savings 950,000 kWhr (kilowatt hours)
- » Cost savings per annum \$186,000
- » CO2 savings 963 tonnes



Council continues to promote awareness and appreciation of environmental sustainability. We facilitate catchment tours where students tour the catchment and the local environment, including Ross River and Loam Island, learning about water conservation, and the connection between natural resources, biodiversity and people in the urban environment. Council also facilitates interactive experiences at the Rose Bay Sustainability Centre, the Boardwalk and through school visits where students and community members can learn first hand about sustainability projects such as waste reduction, water and energy conservation.

In 2010/11, more than 1,000 school students attended tours or related activities and 21 schools participated in environmental or sustainability related educational activities.

During 2010/11, a significant community consultation program was undertaken involving 480 residents, to gain a better understanding of our community's perception of certain outdoor water use behaviours. This information has been used to develop a behaviour based pilot program to change outdoor water use which will be implemented in 2011/12.

Climate change is an important consideration when planning for the city's future development. In June 2011, Townsville City Council, with the Department of Environment and Resource Management, the Local Government Association of Queensland and the Office of Climate Change, were successful in obtaining funding from the federal Department of Climate Change and Energy Efficiency for the development of climate change adaptation strategies.

Council is a participant in the Cities for Climate Protection (CCP) Partners Program. This innovative program helps local governments and their communities reduce greenhouse gas emissions and their impact on the environment.

Council is a Reef Guardian Council and is committed to the protection, conservation and enhancement of the Great Barrier Reef World Heritage Area for future generations. As a Reef Guardian Council, the organisation is committed to develop an annual action plan which focuses on the four areas of:

- » water management
- » waste management
- » land management
- » community engagement.

Council reviewed and endorsed the Reef Guardian Council Plan in March 2011.

Council staff participated in the Great Barrier Reef Marine Park Authorities (GBRMPA) Reef Guardian Council working group and

also provided the position of Chair to the state-wide Council Water Quality Improvement Plan working group in conjunction with other councils and the Department of Environment and Resource Management.

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

The quality and quantity of water in our waterways is central to the integrity of the environment. Council has a Water Quality Improvement Plan which identifies the most cost effective and timely projects to improve water quality within the region. In 2010/11, an additional \$1 million funding from the Federal Government's Caring for Our Country (CfOC) Natural Resources Management Program was secured. This funding will be used to implement community-based catchment activities centred on weed management, wetland management and waterway recovery projects, to achieve water quality objectives.

During the wet season, the large volume of stormwater places extra pressure on the sewage network and sewer overflows can occur. To reduce the incidences of sewage overflows, council conducts an annual smoke-testing program to identify and repair areas where stormwater infiltrates the city's sewers. Council performs a range of maintenance work to minimise sewer overflows including upgrades to sewerage pump stations, the installation of pressure gauges at pump stations, relining of sewage mains and the purchase of generators to provide emergency power supply at some of the city's pump stations. In 2010/11, council smoke tested the sewers on 4,809 properties and issued 208 notices to property owners to rectify defects.

Council has continued to develop a long term Integrated Water Supply Strategy that considers effluent reuse as a water supply for industry and irrigation. The development of the





Mount St John Wastewater Treatment Plant and finalisation of the Cleveland Bay Wastewater Purification Plant has reduced nutrient load to the environment by 80%. In addition, more than 90% of biosolids produced at our Wastewater Treatment Plants have been beneficially reused. Investigations were undertaken into improving the quality of biosolids for Magnetic Island to allow for their unrestricted use and the beneficial use of biosolids from the Cleveland Bay Purification Plant.

ABOUT // WASTEWATER

- » Townsville has three major wastewater treatment facilities
- » 61,189 properties receive sewage services annually
- » 22,125 ML of sewage was treated in 2010/11

Council is committed to environmentally responsible management of its assets and has implemented a Cleaner Production Plan for waste and landfill. The Cleaner Production Plan will lead to improved products and processes, savings on raw materials and energy, reduced production costs, improved efficiencies with new and improved technologies, a reduction of environmental regulation and improved health and safety of staff, leading to better productivity.

To further enhance environmental management and better manage landfill, council has conducted investigations and finalised a five year trial into alternative landfill capping systems. The trial demonstrated that phytocap, vegetated soil landfill covers, outperform conventional clay capping and will contribute to council's Cleaner Production Plan with reduced leaching and better potential methane management.

Council provides kerbside recycling and general refuse collection and is responsible for the treatment, processing and management of the solid waste disposed at landfills and transfer stations within the Townsville City Council area. During 2010/11, council utilised GPS technologies to improve route collection management, collection times and initiate efficiencies.

To provide a cost effective total waste solution to businesses within Townsville, council expanded the cardboard collection services offered and now also provides a clean office paper collection and recycling service. In partnership with council's recycling provider, a recycling education officer has been employed to promote recycling throughout the Townsville region. The education officer visits schools and community

groups to promote awareness and provide information on waste reduction and recycling.

ABOUT // SOLID WASTE

- » In 2010/11 council collected approximately 4.3 million kerbside general refuse bins and 1.8 million kerbside recycling bins
- » 16,671 tonnes of recycling sent for processing during 2010/11
- » 62% of waste diverted from landfill in 2010/11

SUSTAINABLE ENERGY PRACTICES

In 2009, council instigated a gas to energy recovery system project and awarded a contract for the design, construction, operation and maintenance of a landfill gas collection system at both Stuart and Hervey Range Landfills. In 2010/11, council continued in its planning for gas field and flaring of methane at Hervey Range and Stuart Landfills, with electricity generation to follow at Stuart Landfill.

Council's Citysolar program, forms part of the Townsville Queensland Solar City Project and works within the community to assist in the delivery of innovative projects that showcase renewable energy generation and empower people to think differently about energy use and conservation. Several major Solar Learnsapes, demonstrating cutting edge technology, were completed during 2010/11. These included:

- » the installation of 53 kw Schott photovoltaic system and white solar-reflective paint on the roof at the Thuringowa Civic Centre to minimise heat gain and reduce cooling loads
- » a 54 kw solar installation at Flinders Square and the sustainable community hub building; including a solar-powered TV screen
- » a 2.5 kw retrofit of solar technology on the Rowes Bay Sustainability Centre, which is a demonstration building and school solar demonstration learnscape
- » installation of a solar powered umbrella which is able to charge laptops and mobile phones
- » investment in Queensland's first plug-in hybrid solar powered vehicle, a Toyota Prius, charged by solar power.



"We're continuing to prioritise sustainability projects and programs, which reflects a heightened awareness from our residents of the need to protect and sustain our natural resources."

Cr Veitch

MANAGING, PROTECTING AND PRESERVING OUR NATURAL ENVIRONMENT

Council facilitates community and government partnerships in the management of wetlands, waterways and water management for the region. In 2010/11, extensive wetland rehabilitation works were completed at Fairfield Wetlands (School Lagoon and Oonoonba wetlands), Macarthur Park and in the Ross Creek Lakes (Curralea and Keyatta Lakes).

ABOUT // WETLAND REHABILITATION

- » Over 3,100m³ of aquatic weeds were removed from wetlands during 2010/11
- » Weeds removed included, typha (bulrushes), paragrass, leucaena and umbrella sedge
- » 110 m³ of sediment removed

The Louisa Creek Waterway Management Plan was established to restore the environmental value of the catchment area and manage the floodway. In 2010/11, the second stage of the rejuvenation of the fish habitat and fish passage along Louisa Creek was completed. The works included extensive aquatic land based weed removal including typha, para-grass and guinea grass. Council supported over 12 Landcare and community natural resource management initiatives including Dry Tropics Landcare, Bluewater Catchment Landcare Group, and the Haughton River Catchment Group. Various Coastal Dry Tropics Landcare sites were supported including Oak Valley, Bush Garden, Lou Lister, Water Street, Goodnaloo Creek, Oak Valley, Upper Ross, Riverview Street and Turtle Bridge. Council supported local coast care initiatives at Alma Bay, Toomulla and Geoffrey Bay and excellent outcomes were achieved following Cyclone Yasi in the community recovery phase.

ABOUT // LANDCARE

- » 23 ha of weeds cleared
- » 90ha of revegetation and habitat restoration
- » \$100,000 spent on weed control on council roads

The foreshores of Rowes Bay and Pallarenda offer a rich diversity of seascapes and landscapes which provide extensive recreational and lifestyle opportunities for residents and visitors. Unfortunately, some areas are experiencing shoreline erosion and council has recognised the need to preserve this natural resource. Council's response is through the implementation of the Rowes Bay Environmental Infrastructure Program, with the second phase completed in 2010/11. This program delivered 28,000 tonnes of sand for beach renourishment at Mundy Creek. Other preliminary assessment shoreline erosion plans included Bushland Beach, Saunders Beach and Cunggulla Beach.

"The Rowes Bay Environmental Infrastructure Program will minimise ongoing environmental issues and maintain the amenity of Rowes Bay beach."

Cr Hewett

ABOUT // POST YASI RECOVERY WORK

- » Approximately 300 tonnes of sand was placed along an eroded section of Bushland Beach
- » Removal of 490m² broken footpaths and sand from Soroptimist Park and the Rowes Bay Esplanade

Council continued its commitment to pest management in 2010/11 with Pest Management Plans put in place. Wild Dog Trapping Programs trapped 81 wild dogs and 143 customer requests for assistance with pest weeds and animals were received during 2010/11.



SOCIAL SUSTAINABILITY

{ enhancement of
opportunities for social
engagement and well-being }

A SAFE AND HEALTHY COMMUNITY.



3.1 Improve the safety and well-being of the community through the management of public health risks.



3.2 Plan for and provide active and healthy lifestyle opportunities.



3.3 Coordinate council's response to natural disasters to minimise the effects on the community.

A COHESIVE AND SELF RELIANT COMMUNITY.



3.4 Foster the development of the city as a learning community.



3.5 Encourage and facilitate the participation and integration of residents into the community.



3.6 Strengthen community networks to collaboratively deliver community services.

A COMMUNITY WITH ACCESS TO SERVICES AND FACILITIES.



3.7 Plan for community facilities and services to meet the community's current and future needs.



3.8 Provide community services and facilities to meet the needs of the community.



3.9 Provide community support services to meet the needs of the community.

A CREATIVE COMMUNITY.



3.10 Facilitate and showcase artistic learning and expression through performances, exhibitions, activities and programs.



3.11 Support community participation in cultural activities, programs and events.

Achieved
 On Track
 Not Yet Achieved



The continuing rapid growth of Townsville places increasing demands not only on our transport and infrastructure, but also our communication and social networks. As our population grows, the city faces challenges around social change, transient workforces and affordable housing. It is important that these challenges are taken into consideration when planning for human services such as families, community support, cultural development, recreation and public safety, and their associated infrastructure.

Council continues to be proud of its ability to work with stakeholders across the city to achieve its goals in social sustainability.

THE COMMUNITY'S VISION ENDORSED

In 2010, Townsville City Council embarked on its largest community engagement program, SpeakUp Townsville. More than 7,000 community members provided comments, ideas and visions on how they would like Townsville to be in the next 10 years and beyond. The community input formed the basis of the Townsville Community Plan 2011-2021 and contributed to the establishment of Townsville's Vision: *Leading, creating, connecting: shaping a place to be proud of.*

The Community Plan was adopted by council in June 2011 and is supported by a suite of strategic action plans. These include:

- » Aboriginal and Torres Strait Islander Strategic Action Plan
- » Arts and Culture Strategic Action Plan
- » Community Safety Strategic Action Plan
- » Disability Inclusion Strategic Action Plan
- » Families Strategic Action Plan
- » Multicultural Strategic Action Plan
- » Seniors Strategic Action Plan
- » Sport and Recreation Strategic Action Plan
- » Women's Strategic Action Plan
- » Youth Strategic Action Plan.

"The level of interest and involvement from residents and other sections of the community showed very clearly that people are extremely proud of where they live and want to be heard on what happens in their city."

Cr Lane

ENSURING A SAFE AND HEALTHY COMMUNITY

Council is responsible for monitoring a variety of businesses in our community to ensure the health and safety of residents and the environment. Businesses must handle, store, display and sell food in a safe and suitable condition for consumption. Council monitors the operation of these businesses by licensing, education and enforcement to ensure they are compliant with food legislation. In 2010/11, council conducted its annual program of monitoring food shops, responded to requests for service regarding food businesses and, when appropriate, initiated corrective and specific action relative to legislation. Council is also responsible for ensuring a variety of other businesses comply with state and local laws, including:

- » premises that sell flammable and combustible liquids
- » personal appearance premises such as hairdressing, beauty therapy, body piercing and tattooing outlets
- » environmentally relevant activities that do, or have the potential to, release contaminants into the environment such as motor vehicle workshops, poultry farming, abrasive blasting, boiler making and engineering, surface coating, concrete batching and boat maintenance and repair.

ABOUT // MONITORING COMPLIANCE

In 2010/11:

- » 1,551 inspections of licensed premises were carried out
- » 671 environmental health compliance requests
- » 3,937 regulatory services compliance requests

Owning a pet can provide companionship and happiness. However, everyone who owns an animal must be aware of the responsibility it brings and the community's expectations about responsible pet ownership and management. Council has a duty to ensure the safety for everyone in the community and to ensure that animal ownership does not create health or safety problems. In 2010/11, council's animal management program addressed an increasing number of enquiries and complaints regarding pet ownership. Council has investigated and rectified the majority of issues during that time. New fenced dog off leash areas were installed at National Park, Railway Estate and Louise Street Park, Cranbrook to provide



an area for people and animals to exercise and relax in a safe environment.

ABOUT // ANIMAL MANAGEMENT

- » Cat registration became mandatory from December 2010
- » 34,460 registered dogs in Townsville City Council
- » 1,560 animal related infringement notices were issued
- » 1,602 wandering animals were collected
- » 4,320 compliance complaints were received

“Registration of your dog is not just a legal requirement; it is a measure of care for your animal.”

Cr Last

Dengue Fever is a mosquito borne virus, which occurs in tropical and subtropical areas of the world, including North Queensland. Council runs mosquito management programs each year to control mosquito activities for the benefit of the community and to reduce the incidence of vector borne disease. In 2010/11, council continued to deliver these programs and distributed aerial treatments to 2,668 hectares of the city. In 2010, council and Queensland Health personnel joined forces to inspect residential and commercial properties in approximately six suburbs for potential dengue mosquito breeding sites and provided education to residents about proactive dengue management.

ABOUT // DENGUE

- » 9 reported cases in 2011 (Jan- Jun)
- » 31 reported cases in 2010 (Jan- Dec)

In the interest of public safety and to strengthen council's relationship with the Queensland Police Service, the CCTV network precincts of Flinders Street, The Strand, Riverway and Tony Ireland Stadium were upgraded to digital technology. Monitoring facilities were installed at the Stanley Street Police Station to enable direct police use. A new CCTV camera and system was installed at the pedestrian overpass of Vickers Bridge to enhance community safety.

ABOUT // CCTV

- » 174 CCTV cameras within the city

TOGETHER TOWNSVILLE PARTNERS COMMIT TO PUBLIC HEALTH AND SAFETY

The Together Townsville Program seeks to develop long-term strategic partnerships with corporate and community sectors for the sponsorship of council events. It focuses on initiatives that contribute to long-term solutions to local issues and builds greater social cohesion within the community.

In 2010/11, the number of Together Townsville partners increased to 38, representing a wide variety of industries and services operating both locally and nationally. The program also returned more than \$795,000 cash and \$144,000 in-kind contributions for sponsored initiatives. During the year, 42 initiatives were supported, encompassing a broad spectrum of programs and services such as event sponsorship, youth programs, environmental management promotion and major facility naming rights. Such initiatives included the Sunsafety Program with Suncorp, the Schools Breakfast Program with Queensland Nickel and Food Relief NQ, Safe and Healthy Townsville program with BHP Billiton and the Childcare Options Handbook for 2010 with the Townsville District Early Childhood Association and Willows Shopping Centre.





“Townsville is known as the skin cancer capital of the world and we want our community to take action and protect themselves against the damaging North Queensland sun.”

Cr Last

ABOUT // SUNSAFETY

- » UV levels are high all year round in Townsville
- » 10,000 bucket hats and 12 litres of sunscreen were distributed at the Townsville 400 V8 Supercars event
- » 7 schools across the city participated in the Schools with Pools sunsafety program

ABOUT // SCHOOL BREAKFASTS PROGRAM

- » 9 schools have signed Memorandums Of Understanding for the School Breakfasts Program

ABOUT // SAFE AND HEALTHY TOWNSVILLE

- » Hopscotch stencils were installed in a number of parks within the city
- » Townsville’s first Pool Safety and Water Health Information Expo was held
- » 10,000 steps signage was installed at Alma Bay directing people to walking trails on Magnetic Island
- » Community Safety Grants were distributed to assist local community organisations provide safety related activities, programs and services

In 2010/11, council launched a proactive program to reduce the incidences of graffiti. Incorporating the latest anti-graffiti ideas from other cities and working with police, businesses and government departments to identify offenders and remove graffiti quickly. Council has met its defined service standard of removing 100 per cent of graffiti reported within defined timelines and offensive graffiti reported was removed within 24 hours.

ACTIVE LIFESTYLES

Physical activity is important for everyone, young and old, to help promote a healthy life. Council provides a number of free and low cost physical activity opportunities. City parks, bikeways, walking trails and pools provide many opportunities for children and families to be more physically active. In 2010/11, a new fitness circuit was installed as part of the Broadmeadows Park redevelopment, which will be used by the local community and football club. Several hopscotch locations on shared pathways were created, with hopscotch stencils now in Kalynda Parade, Charles Moroney, Cambridge, Victoria and Aplins Weir Rotary Parks.

ABOUT // POOL ATTENDANCE

Attendance (approximate) during 2010/11 at:

- » Riverway Lagoon - 145,000
- » Riverway Precinct - 480,000
- » The Strand Rock Pool - 67,000
- » The Strand Water Park - 78,000
- » Lifeguard patrolled beaches (Magnetic Island, Balgal and The Strand) – 204,000
- » Council owned pools – 148,000

The Kalynda Chase Tennis Centre was completed during 2010/11. The centre was built to International Tennis Federation standards and will serve the community as well as attracting local, state and national competitions to our city.

“Tennis is a booming sport in Queensland, and this centre will hopefully inspire a new generation of players to pick up the racquet.”

Sports Minister Phil Reeves

During 2010/11, council made significant progress in implementing its Aquatic Facilities Master Plan. Refurbishment at two of the city’s public swimming pools, Long Tan Memorial Pool and Tobruk Memorial Pool, included upgrades to the water circulation, filtration and disinfection systems. Kokoda Memorial Pool also underwent a complete refurbishment, creating a modern family focussed public aquatic facility incorporating a 25 metre program pool, aquatic playground and barbecue areas. The facility is now available for use all year.



"Tobruk has an extremely important place in the social history of Townsville families as one of the most picturesque pools in the country. That proud history continues today and we're certain the pool will be as popular as ever as a result of these works."

Cr Tyrell

ABOUT // TOBRUK

- » Officially opened on November 26, 1951 and was a training site for the 1954 Melbourne Olympic Games

Council is committed to promoting active living within the city, and has undertaken considerable future planning for sport and recreation. Council provides specialist sport and recreation advice to the community, supports sporting clubs, provides grants for sporting pursuits and is currently preparing a Sport and Recreation Action Plan. This plan will encompass outcomes, targets and strategies for the future of sport and recreation in Townsville as a result of research and community engagement sessions.

BUILDING A LEARNING COMMUNITY

Council's goal for Townsville is to be a learning community. Council has continued its commitment to engage all sections of the community in lifelong learning programs, which include book clubs, displays, workshops, author talks, computer and internet training. During 2010/11, 644 lifelong learning programs were offered, 120 of these were provided in partnership with community organisations, with an annual audience of 23,088. The two key areas of focus in 2010/11 were early literacy programs for children and training in the use of computers for target groups such as seniors. An increasing number of these programs are offered in community spaces outside our city's libraries.

Council provides a mobile library for elderly and housebound users and residents in areas more than 15 kilometres from the nearest library branch. The service is provided to approximately 600 elderly residents, either as a delivery to their home, or to one of the many nursing homes within the city. The service provides access to popular fiction, picture books, DVDs, music and magazines.

ABOUT // LIBRARIES

- » Council operates three public libraries across the city offering traditional borrowing services, public use computers, free wireless internet connection, meeting rooms, training and special events
- » 1,031,288 library items were borrowed during 2010/11
- » There are 100,061 registered library members

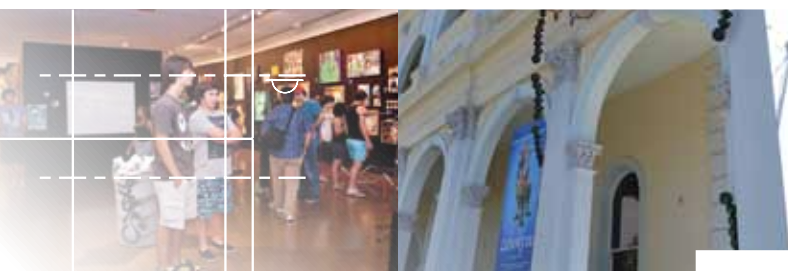
"Our libraries rival those in capital cities across the country in terms of collection and in being at the forefront of new innovation and technology."

Cr Lane

STRENGTHENING AND CONNECTING OUR COMMUNITY

In 2010/11, council successfully obtained funding from Multicultural Queensland and the Safer Suburbs Program to provide library services and programs to Townsville's growing multicultural community. A program has been developed in partnership with the Townsville Intercultural Centre, the Townsville Multicultural Support Group and James Cook University's School of Education, to deliver multicultural programs for a range of age groups. The program offers storytime sessions designed for children aged two to five years, homework help and English sessions with volunteer





tutors from James Cook University for high school students and Café Conversation sessions for migrant adults to discuss seeking employment and adjusting to life in Australia.

Council also facilitates a program of regular social activities for Aboriginal and Torres Strait Islander elders called, Yarnin' Circle. This program aims to bring together Aboriginal and Torres Strait Islander elders to reduce social isolation and to provide information about what is happening in the community. In 2010/11, 17 Yarnin' Circle sessions were held, involving 263 participants.

ABOUT // MULTICULTURAL STORY TIME



- » On 24 June 2011, the first multicultural storytime session was launched at the Aitkenvale Library where songs and stories were read to children in English, Somali and Karen to encourage better understanding of foreign cultures within the community. Locals who attended the launch were treated to a performance by Somali dancers Amal and Intesar who moved to the pounding rhythms and beats of African drummer Mohamad Ali.

Council operates a Community Grants Scheme to support local initiatives and pursuits of excellence by providing financial assistance to community organisations and individuals. In 2010/11, council distributed approximately \$2.2 million to

community organisations and event organisers to assist them to deliver services and activities. There is a range of grants available through this scheme. Significant distributions to grant programs this year included \$66,000 for Sport and Recreation Grants, \$123,000 for Cultural Grants including Arts and \$1.99 million for General Community Grants.

Council operates a Pensioner Transport Subsidy Scheme which entitles eligible pensioners to discounts of up to 80% on the normal fare when travelling on the city's buses or ferries. In 2010/11, eligible community members took more than 368,000 discounted bus and ferry trips.

Council provides a number of services to assist members of the community including Home Services, Regional Therapy Service, the Inclusion Support Agency, Early Years Information Service and Worinda Occasional Child Care Centre.

ABOUT // HOME SERVICES

- » 10,130 individual minor home modifications were undertaken
- » 222 major home modifications were undertaken
- » 4,300 lawn-mowing services were undertaken

ABOUT // COMMUNITY SUPPORT

- » The Regional Therapy Service provided 656 special needs students with assistance
- » The Inclusion Support Agency made 1,113 visits to childcare services in 2010/11 providing childcare services with practical support to help build their capacity to provide a quality inclusive environment for children with additional needs
- » The Early Years Information Service received 3,376 visits from young parents and families for free support, advice and answers to questions about raising children
- » The Worinda Occasional Child Care Centre had an attendance of 8,111 children in 2010/11
- » The Vincent Family Support Program made contact with 365 families at the Vincent State School, Worinda Occasional Child Care Centre and families who live in the suburb of Vincent providing support and information on a wide range of issues that may affect family well being



Council coordinates and develops a number of programs and activities for youth throughout the school holidays. The Summer Holiday Program offered puzzle making workshops, an improvisation challenge, hands on cartooning, parkour workshops, three on three basketball games, youth boot camp, outdoor laser skirmish, a street defence obstacle course, manga art, mime and hip hop, and involved a total of 2,108 participants. The Winter Holiday Program offered a circus skills workshop, acrobatics, manga art, hip-hop, youth music gigs, craft workshops and story time for preschoolers and involved a total of 1,210 participants.

PROVIDING COMMUNITY FACILITIES

A \$12.7 million upgrade at the Townsville Civic Theatre commenced in July 2009 and was the first major upgrade since the venue opened in 1978.

The project included improvements to the front of house area, additional rehearsal, practice and office space, function and meeting space and an upgrade to the administration and technical areas to allow for more efficient operation of the theatre.

During 2010/11, council worked on a number of projects to plan future community facilities including:

- » the Cemeteries Master Plan which will be completed by June 2012
- » Peggy Banfield Park Stage 2
- » the Northern Beaches Community Centre.

Council manages the use of community facilities and open spaces, community centres, Fit for Life, the Reid Park Pit Complex, Riverway, The Strand, Flinders Street and Jezzine Barracks. In 2010/11, there were more than 41,000 bookings with over 2.6 million attendees at council facilities. Council also manages the ongoing occupancy of community facilities with 74 licenses and 132 leases in place.

There are four cemeteries servicing Townsville, which have been in operation since the early 1800's. The cemeteries are located at Belgian Gardens, West End, Manton and Magnetic Island, with Belgian Gardens currently the only fully operational facility. In 2010, council took on the role as the provider of cemetery services for Townsville city after the Townsville Cemetery Trust was dissolved.



VISUAL, CREATIVE AND PERFORMING ARTS

Council manages two galleries, Perc Tucker Regional Gallery and Pinnacles Gallery. Perc Tucker Regional Gallery is the leading museum of art in Townsville with over 2,000 artworks. Pinnacles Gallery is dedicated to the development and nurturing of the region's art scene. In 2010/11, exhibitions featured at the galleries included:

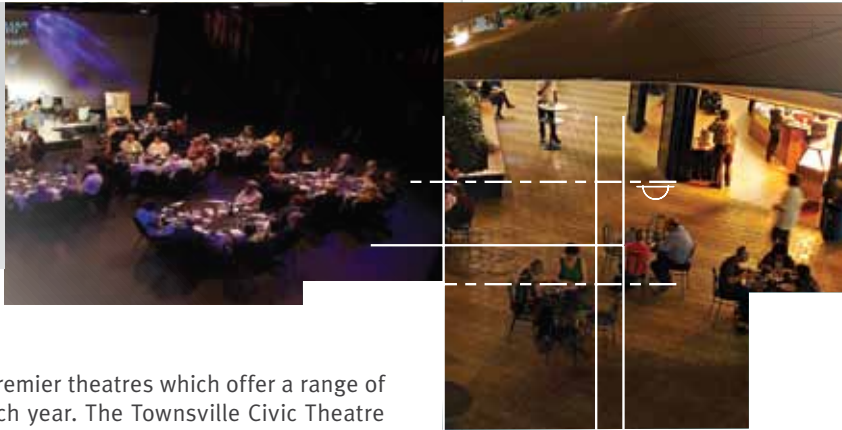
- » The Xstrata Percival Portrait Award with over 160 entries
- » Zookini, featuring wild ceramic creatures and illustrations
- » Framing Conflict: Iraq and Afghanistan, an Australian War Memorial Travelling Exhibition
- » Walkabout, an exhibition by the Barrier Reef Institute of TAFE Aboriginal and Torres Strait Islander Visual Arts students
- » Creative Generations, an exhibition of senior school artwork
- » Transverse, a reflection by international digital and new media artists on culture, language and environment through the visual language of technology
- » Urban DK, an exhibition that investigates the role of street art in institutional art spaces.

ABOUT // GALLERIES

- » Approximately 94,000 people attended Perc Tucker and Pinnacles Galleries in 2010/11

"As one city now it is important we have one regional gallery and Perc Tucker is the obvious choice. It is equally important though that we continue to use Pinnacles for the arts and I can think of no better way of doing that than giving it back to the community to use for grass roots exhibitions."

Cr Tyrell



Council operates two premier theatres which offer a range of quality productions each year. The Townsville Civic Theatre is North Queensland's premier theatre, providing a dynamic range of entertainment and performing arts. The theatre opened in 1978 and offers dance, music, opera, comedy and drama performances from major Australian companies as well as local, national and international performing artists. In 2010/11, the Townsville Civic Theatre hosted performances including:

- » the Creole Choir of Cuba
- » Swan Lake performed by Queensland Ballet
- » Twelfth Night produced by the Bell Shakespeare Company
- » Menopause the Musical
- » the Melbourne Comedy Roadshow.

ABOUT // THEATRES

- » 199 performances at the Civic Theatre during 2010/11
- » 298 performances at the Riverway Arts Centre during 2010/11

The Riverway Arts Centre offers new and unique performances and experiences for all. In 2010/11 the Riverway Arts Centre hosted performances including:

- » Sarah Blasko
- » Jimeoin
- » Dorothy the Dinosaur's Travelling Show presented by The Wiggles
- » Project X with Raw Dance Company featuring tap, hip-hop, acrobatics, live music, percussion and beat-boxing.

CIVIC CELEBRATIONS AND COMMUNITY EVENTS

Council held a number of successful awards and civic ceremonies throughout the year to welcome new residents and recognise members of our community for their outstanding contributions. Monthly citizenship ceremonies and three Welcoming Babies ceremonies were held to extend friendship to our newest citizens by birth or by immigration.

This year's annual council's awards program included recognition of achievers in junior and senior sports, community service, sports administration, youth action, seniors support and environmental management.

Council sponsors community events run throughout the entire year and this year was no exception, with a jam-packed calendar of events. Council stages and supports a diverse program of events for families, youth, seniors and community commemorations.

Significant highlights in council's 2010/11 calendar of events included:

- » McDonald's Dance Expo on The Strand proving a crowd success and establishing the event as premier community dance event for the city - July 2010
- » New Year's Eve celebrations at Reid Park - January 2011
- » Freedom of Entry into the City of Townsville parade for RAAF personnel - March 2011
- » Townsville Eco Fiesta and Smart Lifestyle Expo - the premier environmental festival in North Queensland - June 2011.

"The events the council stages itself and supports in the community are an important part of our great lifestyle here in the north."

Cr Marr

In its second year in the city, the Sucrogen Townsville 400 V8 Supercars event attracted more than 150,000 people over three days. Council provides significant support for the event and the city benefits from both a tourism perspective and economically. The council funds the Townsville 400 Festival Committee, a community based volunteer committee, which focuses on providing information about the month-long calendar of events, welcoming visitors and encouraging people to stay longer in our city.

ABOUT // V8 SUPERCARS




- » The event generated an estimated \$21.9 million net economic benefit
- » 75.3% of all 2010 spectators intended to return in 2011

RESPONSIBLE GOVERNANCE




{ where decisions are made in a considered and transparent manner }





TRANSPARENT AND ACCOUNTABLE LOCAL GOVERNMENT.

- 
4.1 Develop and implement council's Corporate Governance Framework to ensure strategic planning, compliance with all legislation, policies, Codes of Practice and Standards.
- 
4.2 Implement robust risk management strategies.
- 
4.3 Encourage community participation and ensure that the community is informed and educated about matters that impact their lives.

A COMPETENT, PRODUCTIVE AND CONTRIBUTING WORKFORCE.

- 
4.4 Foster a culture of employee health, safety and well-being.
- 
4.5 Implement human resource strategies to become an employer of choice.
- 
4.6 Foster diversity, merit and equity, reward and recognition in the workplace.

EXCELLENCE IN CUSTOMER SERVICE DELIVERY AND ORGANISATIONAL MANAGEMENT.

- 
4.7 Provide responsive and efficient systems to enable the delivery of council services.
- 
4.8 Establish and manage long term financial planning to ensure the future sustainability of council.

 Achieved
  On Track
  Not Yet Achieved

Council is progressively implementing its organisational governance framework. To demonstrate that council effectively operates in a transparent and accountable manner, consideration must be given to more than just the conformance and performance elements of a corporate governance framework. Council's organisational governance framework takes into account the management structures such as council and committee meetings, audit committee and organisational structures. It also considers the significant standards and policies adopted by council such as asset management, procurement, risk management and community engagement. The governance framework is underpinned by a commitment to ethical practices as required by legislation and a commitment to the values and principles in our Corporate Plan. The organisational wide governance framework enables council to report to the community on performance and the outcomes delivered.

INTEGRATING GOVERNANCE

In 2010, council's Strategic Planning Framework was endorsed. The framework demonstrates the linkages and dependencies between council's various planning initiatives and recognises the benefits of integrating major planning strategies to enable appropriate funding of key priorities and service delivery.

Major drivers that place increased emphasis on the integrated planning model included:

- » the commitment to the delivery of the planning scheme for the city
- » increased expectations on local government
- » the need for improved asset management and long term financial planning.

Council's Corporate Plan details the strategies that will be implemented over a five-year period. To ensure we are delivering the desired outcomes for council and the community, the Corporate Plan is reviewed annually and progress is reported quarterly to the Corporate Governance Committee. In 2010/11, additional requirements of the new *Local Government Act 2009* were incorporated into the Corporate Plan. These included the development of the Community Plan and the inclusion of council's plan for measuring our performance.

The performance indicators that council uses to measure performance will be reported through future annual reports and will enable council to benchmark performance against other Queensland local government authorities. Council is currently developing a comprehensive suite of organisational performance measures to report against the Community, Corporate and Operational Plans.

The Strategic Planning Framework which outlines the requirements for council's annual planning cycle, includes the development of council's annual Operational Plan and budget. The Operational Plan for 2011/12 was adopted at the Ordinary

Meeting of council held on 28 June 2011 with the 2011/12 budget adopted at a special meeting held on 30 June 2011.

The *Local Government Act 2009* requires council to include in the Operational Plan a section on managing operational risks. In 2011/12, approximately 40% of council's operating activities outlined in the Operational Plan will contribute to mitigating council's risks.

COMPLYING WITH LEGISLATION

Council has continued to respond to significant legislative changes. In 2010/11, approximately 50 pieces of State legislation were developed or amended and approximately 17 of those Acts impacted directly on local governments state wide.

One of these legislative changes has been the Integrity Act 2009 which introduced Australia's first legislative regulation of the lobbying industry. The Act requires Councillors and public officers to record any dealings with registered lobbyists. To ensure compliance with the Act, council has established a register for contact with registered lobbyists. In 2010/11, council noted one recorded contact with a registered lobbyist.

The *Public Interest Disclosure Act 2010* replaces the *Whistleblowers Act 1994*. It commenced application on 1 January 2011. The disclosure of wrongdoing in council constitutes a public interest disclosure under this Act, which provides protections from reprisal for anyone who makes a public interest disclosure. Council has adopted a policy in relation to public interest disclosures and developed procedures which outline the avenues for staff and members of the public to make a public interest disclosure.

As a result of the 2008 amalgamations and merging of local government areas, council was required to undertake a review of its entire suite of local laws. Reform legislation required that the review and adoption of new local laws be finalised by December 2011. To assist, the State Government revised its suite of model local laws and made seven model local laws available for use by councils.

The adoption of the model local laws will have greater benefits for the community by enhancing consistency in regulatory activities across the whole of Queensland. Residents will have a greater level of assurance that similar laws apply no matter where they live.

Council policies and administrative directives are critical governance documents. In 2010/11, all pre-amalgamation policies of the former Townsville and Thuringowa City Councils and NQ Water were reviewed. The review considered the policies and administrative directives for each of the previous entities and their relevance and application for the



new council. As a result of the review, 62 new policies and 24 administrative directives were adopted in 2010/11.

Significant policies adopted in 2010/11 included:

- » Asset Management Policy
- » Code of Conduct for Staff
- » Complaints Management Policy
- » Community Engagement Policy
- » Outdoor Dining Policy
- » Pensioner Remission Policy
- » Procurement Policy
- » Rate Discount Policy
- » Workplace Health and Safety Policy.

Council has now commenced ongoing management and maintenance of its policy framework to ensure that all existing policies are reviewed every two years. To ensure all staff are aware of and understand current policies, council utilises a software application called PolicyPoint.

The *Right to Information Act 2010* aims to enable the public to participate in government processes and provides the community with greater access to council information. In the 2010/11 financial year, council received 35 applications for access to council documents. Processing these applications required the review of 1,179 documents. The process of deciding on the full or partial release or exemption of these documents takes into account a number of factors to determine whether the release is in the public interest.

Council recognises and is committed to protecting the privacy of individuals and has implemented systems to ensure that the collection, use, disclosure and handling of personal information by council complies with the *Information Privacy Act 2010*.

ABOUT // RIGHT TO INFORMATION

- » 35 right to information requests

The *Local Government Act 2009* required council to adopt by 1 July 2011 “... a complaints management process that effectively manages complaints from their receipt to their resolution...”. Council has implemented a complaints management process which encompasses all complaints regarding council services, administrative actions, competitive

neutrality, the conduct and performance of Councillors, and the conduct and performance of staff. It is designed to ensure that all complaints are managed in a transparent manner and ensures effective and timely resolution. From 1 July 2011, council must maintain a register of complaints to monitor the effectiveness of the complaints management process, to implement process improvements and to analyse and respond to trends into the future.

Council’s strategic decision-making is undertaken through formal statutory meetings of council. The Chief Executive Officer and Executive Management Team, which meet weekly, have responsibility for all decision making that effect the day to day operations of council.

Council’s statutory meetings include one Ordinary Meeting of council per month and seven standing committees. The standing committees are:

- » Infrastructure Committee
- » Commercial Businesses Committee
- » Planning and Economic Development Committee
- » Lifestyle and Community Development Committee
- » Environment and Sustainability Committee
- » Community Safety and Health Committee
- » Corporate Governance Committee.

To promote true, open and accountable decision-making, council prides itself on discussing a large percentage of council reports in an open forum. In 2010/11, 86 council and committee meetings were held, with a total of 534 reports submitted.

ABOUT // COUNCIL MEETINGS

- » 86 Ordinary and Standing Committee Meetings held in 2010/11

MANAGING RISK EFFECTIVELY

Council is recognised as an industry leader in risk management. Effective risk management focuses on achieving council’s objectives in the Corporate and Operational Plans. With council’s business operations expanding and the



requirement to consider a multitude of stakeholders and diversity of service provision, council takes an enterprise wide approach to managing risk.

Council's Enterprise Wide Risk Management Framework incorporates changes to the AS/NZS ISO 31000:2009 – Risk Management – Principles and Guidelines. Risk management is undertaken by every department and incorporated into strategic planning, project management and decision making within council.

In 2010/11, a consolidated review of council's strategic risk profile was undertaken to identify new risks and controls and was adopted by council. The risk review highlighted improved internal controls to help mitigate against the frequency of potential risks occurring. The risk review showed an increased willingness by staff to utilise risk management as a valuable business tool in managing both council's long term strategies and day to day activities.

Council's Management of Fraud and Corruption Policy complements council's Risk Management Framework by identifying controls and strategies to minimise or prevent incidences of fraud and corruption within council. The development and implementation of a formal management plan is currently underway.

Business continuity planning is an important element of good corporate governance and an essential tool for managing council's risk in the event of a significant business interruption. In December 2010, council adopted a Business Continuity Management Policy which recognises the importance of ensuring uninterrupted service delivery. Council's business continuity planning will assist in the prevention and mitigation of the severity of potential business interruptions to the organisation and its stakeholders. Key critical business functions considered in the planning process include the loss of facilities, personnel, information technology, operational resources and assets and the loss of external utilities and services.

Council's site based business continuity management plans are currently being drafted. Once finalised, scenario testing will be conducted. It is anticipated that final plans for all major council sites will be adopted in 2011/12.

In 2010/11, tenders were called for the provision of brokerage services for council's general insurance policies. The tender process enabled council to obtain the most cost effective insurance coverage and minimise the overall financial risk to council.

COMMUNICATING WITH THE COMMUNITY

Council's Customer Service Centre is the gateway to council services and the main contact point for external customers. In 2010/11, the centre managed an increase in call demand of 5,657 calls or 2.7%. This increased demand is attributed to community questions regarding changes to council's billing processes and Cyclone Yasi. Call coaching provided to all customer service representatives in the Customer Contact Centre aims to improve the quality of service delivered to council's customers.

ABOUT // CUSTOMER SERVICE

- » 207,752 calls taken through the Customer Service Centre during 2010/11
- » 89,294 customers served in person at the Customer Service Centre during 2010/11

The cyclone events of Anthony and Yasi in early 2011, highlighted the importance of effective communication with the community. Many hours prior to the cyclones becoming a threat to the Townsville region, council launched a Facebook page and a Twitter account to provide the community with the most up-to-date and accurate information. Post cyclone, council's web and Facebook pages received high praise and were used as a medium to distribute key information regarding the massive clean up undertaken across the city.

Townsville has implemented a number of initiatives to respond to the changing needs of the community. The 'Text the Council' initiative was one of the first SMS text services for residents to contact their council in Australia. This service proved invaluable throughout Townsville's wet season by assisting residents in reporting potholes and enabling council to be more responsive.

Council plays a central role in protecting the community and coordinating the Local Disaster Management Group's response during emergencies. To avoid telecommunication problems, council has established a 1300 number. The 1300 number will help council to safeguard telecommunications during natural disasters and major power outages and to enable council to move call centre operations between locations if required.



To ensure efficient delivery of council's marketing and communication initiatives, significant progress has been made in developing a council wide Marketing and Communications Strategy. This strategy takes a whole-of-organisation approach and assists with determining marketing and communication priorities and efficiencies.

Council also utilises the local media, newspaper, television and radio to inform the community about its services and programs and to respond to current public issues. Council continued to be the "big ticket" item in the local media and responded to an average of five media requests each day throughout 2010/11. In addition, 747 media releases were written, an average of three per working day. The use of advertising to inform on legislative requirements, initiatives and major project works saw more than 900 regulatory and promotional ads placed during the year across a range of mediums.

"The move to the 1300 technology is absolutely critical to ensure the continuity of council communications during cyclones and other emergencies when a reliable phone system is most needed."

Cr Marr

ABOUT // INFORMING OUR COMMUNITY

- » Approximately 33,000 hits per month on council's new website
- » 747 media releases were written during 2010/11

SAFE, HEALTHY AND HAPPY STAFF

Council is committed to fostering a culture of health and well-being for our staff and contributing to building a healthy community. In 2010/11, council launched its Fitness Passport, a program that provides staff and their family members with an opportunity to improve their general health and fitness. Approximately 32% of council staff signed up to the Fitness Passport and were provided with access to a range of health and fitness facilities across the city at an affordable price.

Council has partnered with Queensland Health to offer free health checks for staff. These health checks, known as the Pit Stop Health Check, are being delivered by local health professionals from the Townsville Health Services District Health Promotion Unit. Council aims to ensure as many outdoor staff as possible attend. This program enables the early detection and treatment of preventable diseases and ultimately provides council with the assurance that our staff are fit and healthy. Participation rates in the "Pit Stop" Health Check program have been encouraging for council.

Council also offers staff access to free Bowel Cancer Screening and Influenza Vaccinations. In 2010/11, 34% of council staff received influenza vaccinations. These programs not only have a benefit for council but may also assist in reducing the spread and severity of illnesses within the community.

Council is serious about Workplace Health and Safety (WHS) and recognises its obligations to ensure the health and safety of staff while they are at work. With more than 1,700 staff working in a variety of vocations and locations across our city, some of which may be hazardous, WHS is an essential consideration. Council's robust WHS management systems are integrated into day-to-day activities to achieve a healthier and safer workplace. The WHS system ensures staff are provided with competent supervision, safe systems, safe plant and equipment, suitable instruction in work processes and safe use of equipment.





ABOUT // HEALTHY STAFF

- » 34% of council staff received influenza vaccination
- » 32% of council staff are Fitness Passport members

Council is a licensed self-insurer in accordance with the *Workers' Compensation and Rehabilitation Act 2003* and manages and administers workers' compensation claims made by council staff. There are three options available to council for providing worker accident insurance coverage for staff, and a review undertaken in 2010 demonstrated that significant cost benefits can be gained by council remaining self insured. A condition of licence for self insurers is the requirement for an audit to be undertaken every two years. In 2010, an external safety audit was undertaken. Outcomes of the audit have provided council with a platform to assist in advancing and improving safety management across the organisation.

The purpose of workers' compensation is to protect the interests of staff if injured in the workplace. In 2010/11, a range of activities and initiatives were delivered including:

- » ongoing development and maintenance of council's WHS management system
- » safety compliance auditing of workplaces
- » the continued delivery of prescribed training in the use of plant and equipment.

Council has taken the opportunity to reduce its workers' compensation costs by taking a proactive approach to managing rehabilitation and return to work of injured workers. A new rehabilitation and early return to work program was established which focuses on developing and maintaining a functional suitable duties register to facilitate the early return to work of injured workers. In 2010/11 all but one of council's injured staff members were successfully returned to pre-injury job description and tasks.

BUILDING A BETTER WORKFORCE

Working for a local government can be a rewarding experience and many of our staff enjoy working together to support and strengthen our community. Council recognises that to retain a competent, productive and contributing workforce, the

organisation must work to support and strengthen staff.

Council has a change management program, Make it Better!, which aims to develop a constructive workplace culture and improve the work environment, resulting in improved service delivery to the community.

In 2010/11, a re-evaluation and reinvigoration of the former change management program was undertaken and the change management approach of 'stewardship' has been adopted as a business improvement model suitable for council. Under this new model, projects previously identified in the Make it Better! program of works are now being tasked to individuals and teams across council for completion.

The former Make it Better! program included a systems review project called 'Make it Easier' tasked with implementing effective and efficient processes to meet the long term needs of council. High level reviews were completed in 2010/11 including:

- » donated assets
- » management reporting
- » communications review
- » infrastructure charges
- » rapid improvement methodology.

Council's Smart Service initiative, also a part of Make it Better!, aims to deliver improved levels of responsiveness to customers and includes two phases, Bee Phone Smart, a phone answering standard and Smart Service commitments, an agreed level of service with key performance indicators (KPIs) developed by individual council areas. The Smart Service initiative has delivered outstanding results in 2010/11, with most departments successfully reporting the achievement of their service KPIs to the Make It Better! Steering Committee.

In 2010/11, a critical review of council's recruitment practices was undertaken and a comprehensive recruitment strategy developed to enhance the perception of council as a desirable employer. To support this strategy, many policies, procedures and administrative tools were revised with a focus on attraction, appointment and retention of staff. The recruitment strategy was rebranded around the theme "Building a Better City" and a full set of career information materials targeted at secondary and tertiary students was developed. These information materials were used at a number of career and job seeker expos during the year.

Council's new Trainee and Apprentice Management Plan was completed in 2010/11. During the year, two council-based



apprentices completed their electrical and plumbing trade certificates and nine council trainees completed their qualifications in a range of disciplines including business administration, horticulture, conservation and land management, library and information services and multimedia.

Council is committed to building the capacity of its workforce by providing a range of learning and development opportunities to help individual staff members grow and develop. In 2010/11, a comprehensive training needs analysis was conducted which identified current and future training needs of council staff.

Council designs and develops training programs both internally and in partnership with private training organisations. In 2010/11, council-wide training programs have been implemented for equal employment opportunity (EEO) and bullying and anti-harassment. This training will also be incorporated into the corporate induction program for new staff.

Council's new "Achievement Plan", a staff performance management system, was developed and delivered during 2010/11. The Achievement Plan provides a mechanism for identifying individual training needs, career progression opportunities and for managing staff performance. All staff will receive training in Achievement Planning.

A Workforce Advisory Committee was established in 2009/10 responsible for ensuring that all structure reviews created efficiencies while continuing to deliver our defined service

levels to the community. During the 2010/11 year, council continued the structural review process to ensure responsible and effective organisational structures are in place. Significant structure reviews undertaken since amalgamation include:

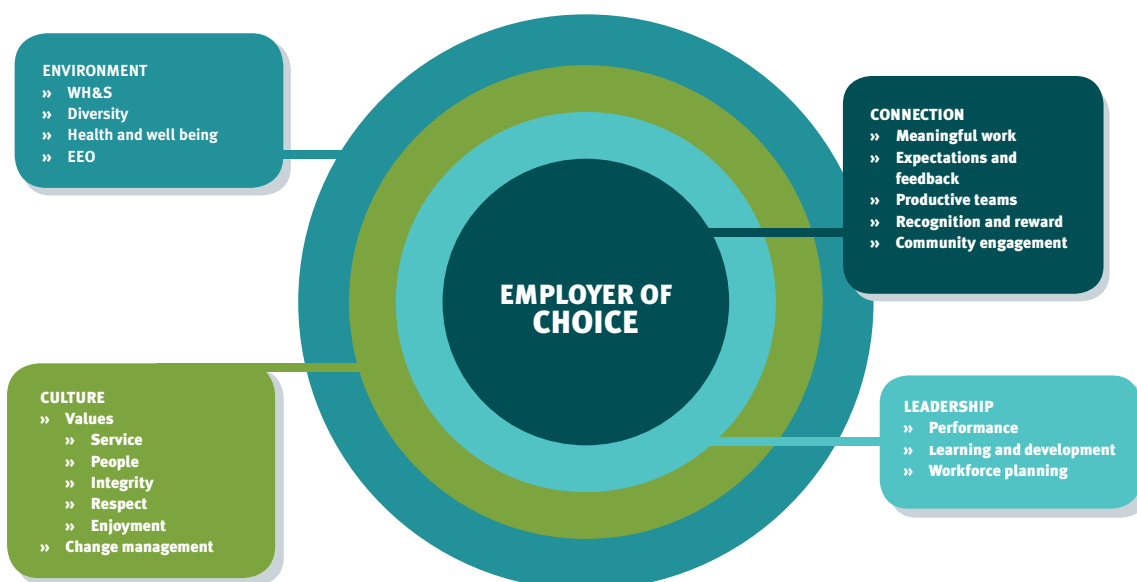
- » September 2009 – council wide management restructure
- » January 2011 – Commercial Businesses restructure
- » April 2011 – Infrastructure Services restructure.

"An important factor during the review has been the patience and involvement of council employees and the engagement of the unions in this whole process. The council is not making change for change sake but putting in place a corporate and operational structure that best meets the service requirements of the city."

CEO Ray Burton

ABOUT // OUR STAFF

- » 1700 staff employed by council
- » 76 apprentices and trainees employed
- » 15 work experience positions offered during the year
- » 39% of council staff are women





OUR DIVERSE WORKFORCE

Council employs approximately 1,700 people who come from a range of cultures, backgrounds and lifestyles. The benefits of this diversity are clear and council staff bring with them different perspectives and ideas, which enhance the outcomes and quality of the work done by council.

In 2010/11, an internal working group was established to revise council's Diversity and Equality Management Plan. The working group was tasked to provide recommendations to council on the development of strategies to:

- » identify and eliminate discrimination and promote equality in the workplace
- » raise awareness of diversity and equality principles
- » celebrate individual differences.

In 2010, council signed a three year Memorandum of Understanding (MOU) for labour services with Brothers Acts of Random Kindness (BARK), a Townsville based not-for profit group supporting long term unemployed indigenous men. Under the arrangement, the BARK participants gain valuable on-the job training and improved job prospects while assisting council in meeting labour needs, with a minimum of 12,000 hours of labour services per year for three years, the equivalent of two crews of three workers.

"This is the most significant indigenous employment project the council has ever undertaken."

Cr Tyrell

Each year, council recognises long serving staff members. In 2010/11, 98 staff members received long service awards. Forty-seven staff members received awards for 10 years service, 21 for 15 years service, nine for 20 years service, five for 25 years service, six for 30 years service, seven for 35 years service, two for 40 years service and one for 45 years service.



ABOUT // LONG SERVICE

- » Council draftsman, Mr Bob Hebden was honoured for his dedication and loyalty to council for 45 years. Mr Hebden has served under seven mayors and observed major changes in the city during that time

"Bob is a great example of someone who has dedicated almost all of his working life to the city and its fitting he is acknowledged today for 45 years of service."

Cr Tyrell

SYSTEMS FOR SERVICE DELIVERY

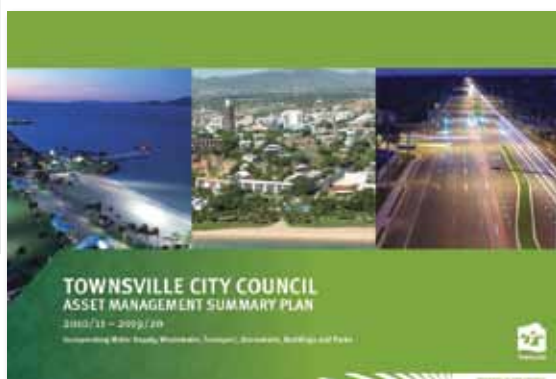
Effective management of council's information technology and knowledge has significant benefits for the community.

To ensure council wide compliance to the *Public Records Act 2002*, in 2010/11 a project review group undertook a compliance assessment and has progressively developed strategies and implementation plans for areas requiring further work. As a result, Operational Recordkeeping Implementation Plans (ORIPs) have been developed and progress upgrades to electronic document management system have been undertaken.

During 2010/11, council's data network was extended with the installation of new fibre-optic cable running between the Aitkenvale Library and the Parks Wellington Street depot, and the Aitkenvale Library and the Bamford Lane depot. This new cable increases council's internal communications capabilities and provides capacity for business continuity should other networks fail.

FINANCIAL MANAGEMENT

Council's Long Term Financial Plan has been developed to ensure the financial stability and viability of the city into the future. Key objectives of the plan include operating and capital works expenditure reviews and consideration of rating and revenue strategies to ensure the organisation's financial position is sustainable in the long term. Various scenarios analysing key economic drivers affecting council's finances are considered in developing the Long Term Financial Plan. Drivers



such as population growth rates, construction cost indices, productivity targets and wage price indices are considered.

Council's financial responsibility is reinforced with regular internal management reports to enable sound financial decision making and regular reviews to ensure organisational adherence to budget. As council is responsible for the management of nearly \$4 billion worth of community assets, the Asset Management Strategy and the ongoing commitment to implement best practice asset management are critical to the achievement of financial sustainability for council. Council's cash management strategies are designed to ensure the best return on investment is achieved and debt is only used where necessary to fund new capital works and ensure a balance of intergenerational equity with respect to funding long-life community assets.

LONG TERM FINANCIAL PLANNING

Council has this year adopted its Long Term Financial Planning Strategy as part of its budget for 2011/12.

The Financial Plan outlines the goals, strategies and policies for managing the council's finances during the 10 year period covered by the plan. It has been developed consistently with the long-term financial forecast, long term Community Plan and council's asset management plans. The forecast provides for the anticipated growth in Townsville. It funds renewal and new capital infrastructure to maintain service levels and supports community growth, with a \$2.13 billion investment in infrastructure over the next 11 years. Debt is used as required to fund new infrastructure and the forecast reflects an overall reduction in debt over the period of the Long Term Financial Plan from \$390 million to \$259 million.

Cash balances will be maintained at levels to provide sufficient liquidity to cover working capital requirements. While expenditure is forecast to grow in line with the increases to council's asset base, there is an expectation for ongoing efficiency gains from council's operations as highlighted in the financial plan.

Council's revenue is forecast to increase in line with the city's growth rates and inflation at around 3.5% per annum over the next 10 years. Revenue, investment, debt, procurement and asset management policies all support the implementation of this financial strategy.

OUR SOCIAL RESPONSIBILITY

Council is committed to managing its finances in a socially responsible manner. A remission of up to 85% of the general rate to a maximum of \$800 is offered to eligible pensioners within the city. This is one of the highest remissions on general rates in Queensland.

Council demonstrated its support for the community following Cyclone Yasi by extending the interest-free period on utility bills current at that time. Residents were also provided with free dumping for a short period in time to take their cyclone waste to the landfills.

ASSET MANAGEMENT

In 2010/11, Townsville was rated by the Department of Local Government and Planning as one of the best performing council's in the state for its asset management plans and practices. Recognition was received for council's management of, and forward planning for, public assets such as roads, recreation facilities, water supply networks, sewerage plants, landfill sites, beaches and bikeways.

Council's asset and service management program is an integration of management, financial, economic and engineering practices applied to physical assets with the objective of providing the required level of services in the most cost effective manner. It ensures council can continue to provide agreed levels of services to its community and remain sustainable in the long term.

During 2010/11, a number of asset management strategies have been implemented and 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.

"Good long-term asset management enables the council to develop forward planning for funding and carrying out works on public facilities when and where they're needed."

CEO Ray Burton

COMMERCIAL BUSINESS UNITS



The *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010* requires that council must include in its annual report an annual operations report for each commercial business unit. Council has two commercial business units as defined by legislation, Townsville Water and Townsville Waste.

The annual operations report for the commercial businesses should contain:

- » information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan
- » particulars of any changes made to the unit's annual performance plan and the impact those changes had on the business unit's
 - » financial position
 - » operating surplus or deficit
 - » prospects
- » particulars of any directions the local government gave to the unit.

Council did not formally develop a performance plan for Townsville Water or Townsville Waste for 2010/11. During the year, a significant review of the businesses was undertaken to determine the most appropriate structure, responsibilities and performance objectives for the commercial businesses. Subsequent to the reviews, annual performance plans for 2011/12 were adopted in conjunction with council's annual Operational Plan.

During 2010/11, Townsville Water and Townsville Waste maintained the overall business objectives that had been identified in previous performance plans for the individual

business units and continued to report achievements against these objectives in monthly report cards to council's Commercial Businesses Committee. Townsville Water and Townsville Waste also provided council with quarterly corporate performance reports as part of council's assessment of its Corporate and Operational Plans.

TOWNSVILLE WATER

Townsville Water is categorised as a Type 1 commercial business unit, providing water and wastewater services to the Townsville community.

Type 1 business activities are defined as those activities of council that have expenditure, for combined water and sewerage services, of at least \$39.4 million. Townsville Water sits within the Commercial Businesses Division and is responsible for the supply of potable water, collection and processing of wastewater and supply of recycled water services.

Townsville Water, as part of its governance requirements, articulated its vision and mission statements as follows:

VISION:

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

MISSION:

To provide safe, reliable, value for money water services for the Townsville community.

Townsville Water provides water services to more than 71,000 properties in Townsville and has water assets including:



- » two dams (Lake Ross and Lake Paluma)
- » two weirs (Paluma and Black Weir)
- » three water treatment plants providing full treatment (Douglas, Northern and Giru)
- » 23 pump stations
- » 37 reservoirs and tanks
- » over 2,260 km of water mains.

Townsville Water provides sewerage collection and treatment for more than 61,000 properties. The wastewater assets include:

- » 1,131km of sewer mains
- » 173 sewage pump stations
- » 10 wastewater treatment or recycling plants.

Work progressed on two key infrastructure projects in the 2010/11 year. The \$179 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.

CROSS SUBSIDIES AND COMMUNITY SERVICE OBLIGATIONS

The *Local Government Act 2009* 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 2010/11 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 for the 2010/11 year totalled \$15,909,488. Following is a breakdown of community service obligations for 2010/11:

- » water discounts and remissions = \$7,416,767
- » wastewater discounts and remissions = \$6,417,032
- » landfill expense from free dumping associated with Cyclone Yasi = \$914,111
- » public place waste services = \$214,251
- » advertising for Speak Up = \$1,200
- » public place bin delivery = \$10,898
- » road litter collections = \$935,229.

TOWNSVILLE WATER 2010/11

SOCIAL SUSTAINABILITY

- » Nine suburbs involving 2,600 properties (4% of total properties) lost water for more than six hours post cyclone Yasi
- » 13 areas involving 2,700 properties were on boiled water alert for up to seven days

ENVIRONMENTAL SUSTAINABILITY

- » 28,837,493 KL of potable urban water was supplied
- » 1,432 ML of water was recycled
- » 2,426 ML of water was supplied to council parks and open spaces
- » an average of 299.22 KL of potable water was supplied per residential connection
- » average daily water consumption was 0.8197 KL per residential property
- » average annual water consumption was 153 KL per non-residential property (excluding bulk water supply)
- » 2,732 ML of water was used by council for the year

ECONOMIC SUSTAINABILITY

- » 61,189 properties were connected to the city's sewerage network
- » 71,374 properties were connected to the city's water supply network
- » 11 broken or burst wastewater mains were repaired
- » 870 water mains were repaired supplying around 2,309 water services
- » 5,739 water meters were repaired or replaced
- » 166 wastewater blockages in council owned sewers and property connections (excluding residential) were attended
- » 192 wastewater manholes were repaired
- » 213 wastewater overflows from council infrastructure (excluding residential) were attended



TOWNSVILLE WASTE SERVICES

Townsville Waste is a Type 2 commercial business unit of council providing solid waste management services to the Townsville community.

Type 2 business units are defined as a business activities (other than water and sewerage) that have expenditure of at least \$8.1 million during the financial year.

Townsville Waste sits within the Commercial Businesses Division and is responsible for waste collection, waste disposal and waste recycling.

Townsville Waste, as part of its governance requirements, articulated its vision and mission statements as follows:

VISION:

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

MISSION:

To provide our customers with a solid waste management service which is equal to or better than our best competitors.

Townsville Waste commits to delivering excellence in customer service and environmental management. Through efficient operations, the business unit is able to maximise its fiscal returns to council.

Townsville Waste provides the following services to the community:

- » domestic kerbside waste and recycling collection services, which includes more than 67,000 waste bin collections per week and 64,000 recycling bin collections per fortnight
- » commercial waste and recycling services involving more than 750 commercial recycling bin collections and more than 1,300 bulk bins per week
- » operation of 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.

TOWNSVILLE WASTE 2010/11

SOCIAL SUSTAINABILITY

- » 5,552 service requests were received regarding waste removal

ENVIRONMENTAL SUSTAINABILITY

- » 3,177 km of roadside litter collection was undertaken
- » 1,512 bins per week were provided in parks and public spaces
- » 89 service requests were received regarding illegal dumping
- » 62% of waste was diverted from landfills for the year
- » 198,000 tonnes of waste was disposed at landfills
- » 16,761 tonnes of recycling waste was sent for processing
- » an average of 10.48% of recycling collected was contaminated with general waste or green waste

ECONOMIC SUSTAINABILITY

- » 64,797 recycling bin collections per fortnight
- » 67,884 general waste bin collections per week

RESPONSIBLE GOVERNANCE

- » 1.02% of residential bin collections were missed on their scheduled day of collection
- » 0.94% of bulk bin collections were missed on their scheduled day of collection

LEGISLATIVE INFORMATION

It is the *Local Government (Finance, Plans and Reporting) Regulation 2010* that articulates the requirement for council to produce an Annual Report. Council must adopt the Annual Report before 30 November in the year after the end of the financial year and provide a copy to the Minister for Local Government. In accordance with this regulation, the Annual Report is one of council's principal planning and accountability documents.

Council must comply with a range of legislative requirements when compiling its Annual Report. The principal legislation that affect council are the:

- » *Local Government Act 2009*
- » *Local Government (Business Enterprises and Activities) Regulation 2010*
- » *Local Government (Finance, Plans and Reporting) Regulation 2010*
- » *Local Government (Operations) Regulation 2010.*

The Annual Report is the primary document in which council reports its annual financial performance. The audited general purpose financial statements and Auditor General's Audit Report can be found from page 83 of this Report.

The Community Financial Report can be found from page 79.

The Annual Report also outlines council's assessment of its performance in implementing its Corporate and Operational Plans as required in section 119(a) of the Act as found on page 21 of this report.

In addition, council is required to comply with specific requirements in numerous other pieces of legislation.

Council has complied with this section of the *Local Government (Finance Plans and Reporting) Regulation 2010* with the Annual Report being adopted by council at its Ordinary Meeting held on 22 November 2011.

LEGISLATIVE COMPLIANCE INDEX

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LOCAL GOVERNMENT (BENEFICIAL ENTERPRISES AND BUSINESS ACTIVITIES) REGULATION 2010

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LOCAL GOVERNMENT (FINANCE, PLANS AND REPORTING) REGULATION 2010

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SIGNIFICANT BUSINESS ACTIVITIES AND COMMERCIAL BUSINESSES

Council's annual report must contain a list of all business activities that council has conducted during the 2010/11 financial year and identify which of those activities are significant business activities. The *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010* defines two types of significant business activities.

- » Type 1 significant businesses are business activities that have expenditure of at least:
 - » for combined water and sewerage services \$40.58 million
 - » for other business activities \$24.31 million.
- » Type 2 significant businesses are business activities that have expenditure of at least:
 - » for combined water and sewerage services \$12.15 million
 - » for other business activities \$8.14 million.

Council must state whether it applied the code of competitive conduct to the significant business activity and, if not, provide the reasoning. Council must also confirm if the business activity is a new activity for the organisation. If the business activity is a new activity for council it must describe the process and outcomes of conducting a public benefit assessment as described in section 46 of the *Local Government Act 2009*.

Council's response to these requirements can be found as part of the general purpose financial statements on page 83 of this report.

Council has two significant business activities, Townsville Water and Townsville Waste. In accordance with legislation, council has resolved that these business activities be conducted as commercial business units.

Section 32 of the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010* requires that council include in its Annual Report an Annual Operations Report for each commercial business unit. This has been addressed on pages 53 to 55 of this report.

In accordance with section 176 of the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*, council must report a summary of complaints and investigations that have been made and a list of the business activities that are accredited in response to competitive neutrality. Council has not received any complaints in 2010/11 that relate to competitive neutrality. Council does not have any accredited business activities.

Section 119 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, requires council to report on investigation notices given for competitive neutrality

complaints, a summary of and decisions made on any referee's recommendations or Queensland Competition Authority Tribunal recommendations.

Council has not received any investigation notices relating to competitive neutrality complaints for the 2010/11 financial year.

EXECUTIVE REMUNERATION

Section 201 of the *Local Government Act 2009* requires that the Annual Report of the local government must include:

- (A) the total remuneration packages that are payable to senior contract employees
- (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 2010/11 financial year:

- » five senior contract employees with a total remuneration package in the range of \$245,000 - \$285,000
- » one senior contract employee with a total remuneration package in the range of \$330,000 - \$370,000.

FINANCE PLANS AND REPORTING

One of the driving forces behind local government reform in 2008 was the need for councils to ensure long term financial sustainability. Through section 112 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, the State Government has legislated that council must include in its Annual Report relevant measures of financial sustainability for the year the annual report has been prepared and the next nine financial years. Council's measures of financial sustainability have been defined in the legislation and are outlined in the table on pages 60 and 61 of this report.

In addition council is required to provide an explanation of how it's financial management strategy is consistent with the long-term financial forecasts.

Council has developed a long-term financial forecast (the Forecast) to help monitor and guide its decision-making to ensure the financial sustainability of council and limit future rate price shocks on the community.

The Forecast provides for the anticipated growth in Townsville city and funds renewal and new capital infrastructure to maintain service levels and support that growth, with a \$2.13 billion investment in infrastructure over 11 years. Debt is used as required to fund new infrastructure however the Forecast reflects an overall reduction in debt over the forecast period, from \$390 million to \$259 million.



Cash balances are maintained at a level to provide sufficient liquidity to cover working capital requirements.

Expenditure is forecast to grow in line with the increases to council's asset base with an expectation for ongoing efficiency gains from council's operations.

Revenue is forecast to increase in line with the growth in Townsville City and rate increases in line with inflation at round 3.5% per annum over the forecast period.

Council has in place a number of policies to support the management of council's finances and the achievement of the long-term financial forecast. These include but are not limited to:

- » Revenue Policy
- » Investment Policy
- » Debt Policy

» Procurement Policy

» Asset Management Policy.

At the Special Meeting held on 30 June 2011 council adopted the Financial Plan 2011/12, which outlines details of the key plans and strategies that are in place to support the achievement of long-term financial forecast and financially sustainable outcomes for the community and council.

PUBLIC INTEREST DISCLOSURE

Council has not received any public interest disclosures for the financial year.

2010-2020 FINANCIAL SUSTAINABILITY RATIOS

SUSTAINABILITY RATIOS	TARGET RATIO	REVISED BUDGET 2010/11
WORKING CAPITAL RATIO (Current Assets / Current Liabilities)	1:1.0	1:2.0
OPERATING SURPLUS RATIO (Net Operating Surplus / Total Operating Revenue) (%)	0.0% - 15.0%	(1.7%)
NET FINANCIAL ASSET / LIABILITY RATIO (Total Liabilities – Current Assets) / Total Operating Revenue (%)	< 60.0%	94.8%
INTEREST COVERAGE RATIO (Net Interest Expense / Total Operating Revenue) (%)	0.0% - 10.0%	2.5%
ASSET SUSTAINABILITY RATIO (Capital Expenditure on the Replacement of Assets (renewal) / Depreciation Expense) (%)	> 90.0%	110.6%
ASSET CONSUMPTION RATIO (Written Down Value of Infrastructure Assets / Gross Current Replacement Cost of Infrastructure Assets) (%)	40.0% - 80.0%	71.1%

The 2010-2020 financial sustainability ratios are as adopted in the 2010/11 budget.

COUNCILLORS

Councillor remuneration is determined by the State Government by 1 December each year. The remuneration applies to the next calendar year and is provided as a percentage range of the State Government Members of the Legislative Assembly salary.

Council must adopt the percentage within that range for remunerating councillors each year.

In addition, council is required to adopt the expenses it will reimburse to councillors and the facilities they will be provided with in order to fulfil their duties.

Council adopted the Councillor Expenses Reimbursement Policy and Councillor Facilities Policies at the Ordinary Meeting held on 28 September 2010.

Council's resolution is as follows:

That council in accordance with section 45 of the *Local Government (Operations) Regulation 2010*:

- » rescind version four of the Councillor Expenses Reimbursement Policy and adopt in its place version five of the Councillor Expenses Reimbursement Policy, as follows.
- » rescind version two of the Councillor Facilities Policy and adopt in its place version three of the Councillor Facilities Policy.

Details of council's remuneration resolution can be found on page 65 of this Report.

BUDGET FORECAST

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1:2.1	1:1.9	1:1.9	1:2.1	1:1.9	1:1.7	1:1.7	1:1.5	1:1.5
(1.7%)	0.7%	1.4%	2.7%	3.0%	2.5%	2.7%	2.8%	2.7%
98.1%	90.8%	83.4%	69.5%	63.6%	64.3%	60.9%	58.5%	59.4%
5.9%	5.5%	5.1%	4.4%	3.9%	3.8%	3.7%	3.5%	3.5%
98.3%	94.6%	95.1%	97.6%	90.3%	93.3%	90.9%	92.1%	92.2%
69.7%	68.2%	66.2%	64.1%	62.0%	59.9%	58.3%	56.6%	55.3%

COUNCILLOR EXPENSES REIMBURSEMENT POLICY

1. POLICY STATEMENT

To provide guidance for reimbursement of reasonable expenses incurred by councillors in discharging their duties and responsibilities.

2. PRINCIPLES

This policy ensures that the council's reimbursement of expenses incurred by councillors is consistent with the local government principles and financial sustainability criteria as defined in the *Local Government Act 2009*.

In addition the principles that underpin this policy are:

- » the use of public monies in the public interest by responsible budgeting and accounting
- » fair and reasonable allocation of council resources (allowances, facilities and other benefits) to enable all councillors to conduct the duties of their office

- » transparent decision-making by public disclosure of policy and resolutions
- » accountability for expenditure and use of facilities through full justification and acquittal.

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

Councillors should not receive a private benefit through their role as a councillor and as such this policy provides for actual reimbursement of legitimate expenses and full disclosure through appropriate accountability requirements.

3. SCOPE

This policy applies to all councillors for the reimbursement of

expenses incurred, or to be incurred, by them in undertaking their responsibilities.

This policy does not provide for salaries or other forms of councillor remuneration. Councillor remuneration is determined annually by the Local Government Remuneration Tribunal.

4. RESPONSIBILITY

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by all councillors and relevant staff.

5. DEFINITIONS

Council business – means the official business of a councillor as generally described in Chapter 2, Part 1 of the *Local Government Act 2009*. 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.

Entertainment and hospitality – means the cost to council of providing entertainment or hospitality as outlined in council's Entertainment and Hospitality Expenditure Policy.

Professional development – includes study tours, attendance at industry workshops, courses, seminars and conferences that improves councillors' skills and knowledge relevant to their responsibilities as councillor.

Training – any facilitated learning activity which is considered by council to be a requirement for councillors to discharge their duties and responsibilities as councillors.

Budget allocation – the budget allocation for councillor expenditure will form part of the Corporate Governance department's budget. Council will approve the upper limit of funding of all forms of professional development, training and representation of council and attendance at other forms of conferences, workshops and the like in its annual budget or as determined by resolution from time to time.

6. POLICY

The council will reimburse councillors for expenses as set out in this policy. Any expenses not provided for by this policy will not be reimbursed without express approval from the Chief Executive Officer.

When considering an application for approval of any matter related to this policy, the council or the Chief Executive Officer must have regard to any relevant budget allocation.

EXPENSE CATEGORIES

6.1 COUNCIL BUSINESS

The council will reimburse expenses incurred in undertaking council business which includes:

- » preparing, attending and participating in council meetings, committee meetings, workshops, strategic briefings, deputations and inspections
- » attending civic functions or civic events to perform official duties or as an official council representative
- » attending public/community meetings, presentation

dinner and annual general meetings where invited as a councillor

- » attending a community event where a formal invitation has been received
- » for the Mayor or a councillor attending on behalf of the Mayor, representing council at Ordinary Meetings, annual general meetings, annual or bi-annual conferences of the North Queensland Local Government Association branch (NQLGA), Local Government Association of Queensland (LGAQ) and Australian Local Government Association (ALGA) are considered council business. The reasonable expenses incurred by any other councillor attending these events will be reimbursed only if the councillor's attendance has been approved by the council.

6.2 PROFESSIONAL DEVELOPMENT

The council will reimburse expenses incurred for council-approved professional development.

Council will endeavour to ensure all councillors have equal opportunity to attend conferences, seminars, courses and workshops within the available budget. A register of councillor attendance and expenditure at professional development events will be developed and made available to councillors.

A budget for councillors professional development expenditure will be approved on an annual basis as part of budget deliberations.

6.3 TRAINING

Attendance at the following annual training programs will be approved as part of the annual budget: councillor induction and orientation programs, the annual Governance for Elected Members (GEM) program facilitated by the LGAQ, programs facilitated by the Department of Infrastructure and Planning and the Australian Institute of Company Directors Diploma Course tailored for local government and held in Townsville are considered requirements for councillors. Councillors' individual training budgets will not be debited for these expenses.

Any additional training programs other than those listed above will require approval from the council or Chief Executive Officer.

6.4 TRAVEL EXPENSES

The council will reimburse local, interstate and overseas travel expenses (e.g. flights, car, accommodation, meals) deemed necessary for undertaking council business and approved professional development. Travel expenses will be debited against the individual councillor's budget allocation.

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.

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

6.4.1 Flight 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 accompanying the councillor).

6.4.2 Travel transfer costs

Cabcharge, Public Transport tickets (rail, ferry, bus)

Councillors will be provided with Cabcharge cards for use where they are required to travel by taxi to undertake duties relating to the business of council.

Any other travel transfer expenses (e.g. trains, buses and ferry fares) associated with travel will be reimbursed on production of original receipts.

6.4.3 Hire Cars

The requirement for a hire car should be identified at the time of seeking council approval for travel. Any subsequent need for a hire car must be approved by the Chief Executive Officer.

6.4.4 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.

A councillor's private vehicle usage will be reimbursed by council if the claim for mileage is substantiated with log book details, and:

- » the travel is within the Townsville local government area and was for council purposes
- » the travel has been approved by the council and the total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers. (If the claim does exceed those flight and taxi costs, then the reimbursement will be limited to the value of the flight and taxi costs).

6.4.5 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
- » convenient to the conference/meeting.

When attending conferences, councillors must take advantage of (any cost savings available from) any package provided by conference organisers and, therefore, stay in the recommended accommodation unless prior approval has been granted by council.

Council may approve alternative accommodation arrangements taking into account the total costs, location, value for money, convenience and traveller safety.

In determining accommodation locations and standards for all councillors, every effort will be made to minimise the total cost associated with attendance at the event.

Travel time to the event, taxi costs, convenience and hotel services will be considered when booking accommodation. When practical and available, accommodation will be arranged within close proximity to the event venue.

One night's accommodation prior to the event will only be approved where travel to the event on the day of commencement is not practical.

All expenses incurred at the accommodation venue other than accommodation and meals must be settled at the time of departure. It is the councillor's responsibility to seek reimbursement of legitimate expenses upon return. Reimbursement must be sought using a travel expenses claim form and will not be approved without original receipts.

6.4.6 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
- » the councillor can produce original 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.

6.4.7 Incidental expenses

Councillors will be reimbursed for incidental items necessary for travel e.g. newspapers, magazines, and snacks including tea, coffee and drinks.

Incidental expenses will be reimbursed to councillors after the event on receipt of original receipts.

6.4.8 Travel Insurance

Council has travel insurance arrangements in place that cover all councillors on authorised council business, conferences and courses etc. Full policy details can be obtained from the Corporate Governance Department.

7. HOSPITALITY EXPENSES

Councillors will be reimbursed hospitality expenses deemed necessary in the conduct of council business and in accordance with the allocated annual budget.

All claims for entertainment and hospitality expenses reimbursement (including partners) must be in accordance with council's Entertainment and Hospitality Expenditure Policy.

8. MEDIA EXPENSES

Media expenses will be reimbursed when the purpose of the media is for the provision of information or education in the public interest. Media expenses reimbursed include:

- » a maximum of four bulk letters and mail outs to constituents in the councillors nominated area
- » a maximum of four notices in school newsletters or other

approved publications advising constituents of their local representative.

All media must comply with council's Advertising and Media Relations policies.

9. ACCOUNTABILITY

Council is accountable to the community in regards to compliance with this policy.

Details are reported in council's Annual Report and will include:

- » the provision of copies of council resolutions resolving to reimburse expenses to councillors
- » a copy of this policy
- » the amount of expenses (including travel, professional development, advertising and hospitality) incurred by each individual councillor
- » details of any overseas travel including councillor names, destination, purpose and all associated costs.

All claims for expenses reimbursement will only be processed using council's approved claim forms with original receipts attached. No claims will be processed through council's petty cash system.

A quarterly report will be provided to councillors detailing expenses in each of the categories that have been reimbursed.

COUNCILLOR FACILITIES POLICY

1. POLICY STATEMENT

To provide councillors with the facilities necessary to efficiently discharge their duties and responsibilities as councillors.

2. PRINCIPLES

This policy ensures that the council's provision of facilities to councillors is consistent with the local government principles and financial sustainability criteria as defined in the *Local Government Act 2009*.

In addition the principles that underpin this policy are:

- » the use of public monies in the public interest by responsible budgeting and accounting
- » fair and reasonable allocation of council resources (allowances, facilities and other benefits) to enable all councillors to conduct the duties of their office
- » transparent decision-making by public disclosure of policy and resolutions
- » accountability for expenditure and use of facilities through full justification and acquittal.

Councillors should not be financially disadvantaged when carrying out their roles, and should be provided with reasonable facilities in accordance with statutory requirements.

Councillors should not receive a private benefit in relation to the provision of facilities and full disclosure through appropriate accountability requirements will be met.

3. SCOPE

This policy is for the provision of facilities to councillors for the purpose of discharging their responsibilities and civic duties.

The provision of facilities will be authorised by the Chief Executive Officer.

This policy does not provide for salaries or other forms of councillor remuneration. Councillor remuneration is determined annually by the Local Government Remuneration Tribunal.

4. RESPONSIBILITY

The Chief Executive Officer is responsible for ensuring this policy is understood and adhered to by all councillors and relevant staff.

5. DEFINITIONS

Council business - means the official business of a councillor as generally described in Chapter 2, Part 1 of the *Local Government Act 2009*. Council business should result in a benefit being achieved either for the local government and/or the local government area.

Facilities - the amenities and tools necessary for councillors to perform their duties efficiently and effectively.

6. POLICY

The council will provide councillors with facilities as set out in this policy.

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 of office expires.

Council will make the following facilities available as required by councillors:

6.1 PERSONAL PROTECTIVE EQUIPMENT AND UNIFORMS

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

6.1.2 Uniforms will not be provided.

6.2 ADMINISTRATIVE SUPPORT

6.2.1 Councillors will be provided with individual stationery supplies and name badge.

Note: All correspondence reflecting the view of council (and not the individual councillor) must be written by council officers, classified as council correspondence and must be recorded in council's record management systems.

6.2.2 Full administrative support for the Mayor and Deputy Mayor.

Note: The Chief Executive Officer is responsible for implementing the organisation structure required to allow the provision of full administrative support.

6.2.3 Limited administrative support to all councillors. As a guide the following are considered limited administrative support functions:

- A) diary management including the management of attendance at functions
- B) coordination and distribution of councillor information
- C) monitoring and reporting of councillor expense accounts
- D) providing an oversight of councillor correspondence and information requests
- E) coordination of councillor travel, training and professional development.

6.3 MOBILE TELECOMMUNICATION FACILITIES

6.3.1 Mobile telephone of a similar standard as those provided to council's senior management.

6.3.2 Personal calls made by councillors via the mobile telephone provided by council are to be reimbursed to council under the Reimbursement of Communication Expenses administrative directive.

6.4 OFFICE FACILITIES

6.4.1 Dedicated full office facilities for the Mayor and Deputy Mayor.

6.4.2 Councillors will have the choice of either home office facilities or (subject to availability) dedicated council office facilities.

6.4.2.2 Home office facilities include:

- A) laptop with docking station and broadband internet connectivity (including wireless connectivity)
- B) home office telephone
- C) personal calls made by councillors via the home office telephone are to be reimbursed to council under the Reimbursement of Communication Expenses administrative directive
- D) appropriate home office equipment for e.g. multi-function printer, scanner, facsimile machine.

6.4.2.3 Council office facilities at Walker Street, Townsville consisting of:

- A) dedicated individual office space
- B) laptop with docking station and broadband internet connectivity (including wireless connectivity)
- C) access to office facsimile machines, printers and scanners
- D) landline telephone access.

6.5 VEHICLE USE

6.5.1 Councillors may either claim reimbursement for business use of their own vehicle (see the Councillor

Expenses Reimbursement Policy); or

6.5.2 Elect to be provided with a council owned vehicle on the following conditions:

- A) Councillors will be provided with a fully maintained 4 or 6 cylinder motor vehicle for the four year term of council which shall be used for council business
- B) fuel cards are provided for each vehicle and motor vehicle insurance is arranged by council
- C) 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 fringe benefits tax legislation
- D) 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.

9. ACCOUNTABILITY

Council is accountable to the community in regards to compliance with this policy.

Details are reported in council's Annual Report and will include:

- » the provision of copies of council resolutions resolving to provide facilities to councillors
- » a copy of this policy
- » the facilities provided to each individual councillor.

A quarterly report will be provided to councillors detailing expenses of the facilities that have been provided.

COUNCILLOR REMUNERATION 2011

That council, pursuant to section 42(5) of the *Local Government (Operations) Regulations 2010* and in accordance with the Local Government Remuneration and Discipline Tribunal Report 2010, adopted the following Remuneration Schedule for the purpose of providing payment of remuneration to Councillors effective from 1 January 2011.

1. SALARY

Remuneration for Townsville City Council Elected Members for a category six council shall be:

MAYOR

107% of the Reference Rate (the annual base salary payable to Members of the Queensland Legislative Assembly on and from 1 January 2010 plus 2.5%) being \$143,170 for the 2011 calendar year.

(Note: maximum per Tribunal Report is 115%).

DEPUTY MAYOR

75% of the Reference Rate (the annual base salary payable to Members of the Queensland Legislative Assembly on and from 1 January 2010 plus 2.5%) being \$98,520 for the 2011 calendar year. (Note: maximum per Tribunal Report is 77.5%).

COMMITTEE CHAIRPERSON

68% of the Reference Rate (the annual base salary payable to Members of the Queensland Legislative Assembly on and from 1 January 2010 plus 2.5%) being \$89,325 for the 2011 calendar year. (Note: maximum per Tribunal Report is 70%).

COUNCILLORS

66% of the Reference Rate (the annual base salary payable to Members of the Queensland Legislative Assembly on and from 1 January 2010 plus 2.5%) being \$86,698 for the 2011 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 (e.g. bereavement leave)

- » any other benefits otherwise applicable to officers under the Local Government Officers Award.

The remuneration fixed above will be effective from 1 January 2011 until such time as council resolves otherwise.

2. AMALGAMATION LOADING (P.A.)

Amalgamation loading for 2010/11 as follows:

» Mayor	\$6,490
» Deputy Mayor	\$4,590
» Councillor	\$4,120

3. 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.

4. SUPERANNUATION

Elected members will be entitled to superannuation benefits in respect to their salary in accordance with section 226 of the *Local Government Act 2009*.

COUNCILLOR REMUNERATION AND SUPERANNUATION**FOR 2010/11 FINANCIAL YEAR**

COUNCILLOR	SALARY	AMALGAMATION LOADING	SUPERANNUATION	TOTAL
L R Tyrell	\$144,071	\$6,690	\$18,091	\$168,852
D F Crisafulli	\$100,985	\$4,731	\$9,514	\$115,230
D B Bell	\$88,867	\$4,246	\$11,174	\$104,287
S J Blom	\$88,867	\$4,246	\$11,174	\$104,287
R A Gartrell	\$88,867	\$4,246	\$11,174	\$104,287
B A Hewett	\$91,562	\$4,246	\$11,497	\$107,305
J L Hill	\$88,867	\$4,246	\$11,174	\$104,287
J Lane	\$91,562	\$4,246	\$11,497	\$107,305
D R Last	\$91,562	\$4,246	\$11,497	\$107,305
N D Marr	\$91,562	\$4,246	\$11,497	\$107,305
A J Parsons	\$88,867	\$4,246	\$11,174	\$104,287
T J Roberts	\$88,867	\$4,246	\$11,174	\$104,287
V M Veitch	\$91,562	\$4,246	\$11,497	\$107,305

The above details the total salary, councillor loading and superannuation paid or provided by the council to, or on behalf of, each of its Councillors during the financial year.



COUNCILLOR EXPENSES			
FOR 2010/11 FINANCIAL YEAR			
COUNCILLOR	CONFERENCES AND TRAVEL	HOSPITALITY	TOTAL
L R Tyrell	\$3,964	\$841	\$4,805
D F Crisafulli	\$470	\$391	\$861
D B Bell	\$319	\$161	\$481
S J Blom	\$0	\$0	\$0
R A Gartrell	\$518	\$152	\$670
B A Hewett	\$2,144	\$179	\$2,324
J L Hill	\$148	\$0	\$148
J Lane	\$1,604	\$0	\$1,604
D R Last	\$2,496	\$0	\$2,496
N D Marr	\$319	\$54	\$374
A J Parsons	\$1,553	\$196	\$1,750
T J Roberts	\$621	\$0	\$621
V M Veitch	\$1,556	\$0	\$1,556

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 Australian Institute of Company Directors course and Local Government Association of Queensland Governance for Elected Members annual updates.

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).

The Annual Report must also contain details of the number of local government meetings that each Councillor attended during the year. Attendance at the monthly Ordinary Meeting and Standing Committee Meetings of council is as follows:

COUNCILLOR MEETING ATTENDANCE RECORD

1 JULY 2010 - 30 JUNE 2011	ORDINARY COUNCIL	SPECIAL COUNCIL
ANNUAL TOTAL	12	11
L TYRELL - Chair of the Commercial Businesses Committee and serves as an ex-officio member on all other Council Standing Committees	12	11
D CRISAFULLI - Chair Planning and Economic Development, Member Corporate Governance and Infrastructure Standing Committees	12	11
D BELL - Member Infrastructure, Lifestyle and Community Development and Corporate Governance Standing Committees	11	7
S BLOM - Member Lifestyle and Community Development, Community Safety and Health and Environment and Sustainability Standing Committees	10	9
R GARTRELL - Member Commercial Businesses, Planning and Economic Development, Corporate Governance and Environment and Sustainability Standing Committees	11	11
B HEWETT - Chair Infrastructure, Member Commercial Businesses, Planning and Economic Development and Community Safety and Health Standing Committees	12	11
J HILL - Member Infrastructure, Corporate Governance and Environment and Sustainability Standing Committees	11	11
J LANE - Chair Lifestyle and Community Development, Member Planning and Economic Development, and Community Safety and Health Standing Committees	12	11
D LAST - Chair Community Safety and Health Committee, Member Infrastructure, Commercial Businesses and Lifestyle and Community Development Standing Committees	12	8
N MARR - Chair Corporate Governance, Member Commercial Businesses, Lifestyle and Community Development and Community Safety and Health Standing Committees	9	11
A PARSONS - Member Commercial Businesses, Planning and Economic Development, Lifestyle and Community Development and Environment and Sustainability Standing Committees	12	11
T ROBERTS - Member Infrastructure, Environment and Sustainability and Corporate Governance Standing Committees	11	11
V VEITCH - Chair Environment and Sustainability, Member Commercial Businesses, Planning and Economic Development and Community Safety and Health Standing Committees	12	10

INFRASTRUCTURE COMMITTEE	COMMERCIAL BUSINESSES COMMITTEE	PLANNING & ECONOMIC DEVELOPMENT COMMITTEE	LIFESTYLE & COMMUNITY DEVELOPMENT COMMITTEE	ENVIRONMENT & SUSTAINABILITY COMMITTEE	COMMUNITY SAFETY & HEALTH COMMITTEE	COPPORATE GOVERNANCE COMMITTEE
9	10	11	10	5	7	11
7	9	5	5	3	4	9
9		11				11
9			9			10
			9	5	6	
	9	9		5		10
9	10	10			6	
9				5		10
		11	10		7	
9	9		8		6	
	9		8		6	9
	10	11	9	5		
7				5		10
	7	8		5	6	

OVERSEAS TRAVEL

Townsville City Council must provide the name and details of any Councillor or local government employee who has travelled overseas in the official capacity of representing council during the financial year. An outline of overseas travel is listed below:

COUNCILLOR CONDUCT AND COMPLAINTS

In accordance with section 114 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, council's Annual Report must contain the number of orders or recommendations made by the Regional Conduct Review Panel or the Mayor in relation to councillor misconduct or inappropriate conduct.

Council must also provide a report on the complaints it has received and dealt with for the financial year in relation to councillors.

For the 2010/11 financial year there have been no orders or recommendations made and no complaints received in relation to councillors.

OVERSEAS TRAVEL FOR 2010/11

NAME	POSITION	DATES OF TRAVEL	DESTINATION	PURPOSE
CR VERN VEITCH	Councillor Chair, Environment and Sustainability Committee	8/9/10 - 17/9/10	Dezhou, China	4th ISCI World Congress - China Solar City Congress
GREG BRUCE	Executive Manager, Integrated Sustainability Services	8/9/10 - 17/9/10	Dezhou, China	4th ISCI World Congress - China Solar City Congress
SUSAN GHELLER	Manager Development Governance	13/9/10 - 17/9/10	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
ANTHONY WILSON	Executive Manager, Knowledge Management	13/9/10 - 17/9/10	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
GAVIN HAMMOND	Executive Manager, Environmental Health	13/9/10 - 17/9/10	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
SUSAN GHELLER	Manager Development Governance	16/1/11 - 21/1/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
GARY EWART	Executive Manager, Townsville Waste Services	16/1/11 - 21/1/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
SHEBA MAGAMBI	Manager - Governance & Performance	16/1/11 - 21/1/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
GREG BRUCE	Executive Manager, Integrated Sustainability Services	27/6/11 - 1/7/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
SUSAN GHELLER	Manager Development Governance	27/6/11 - 1/7/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
ROB SMITH	Manager - Regulatory Services	27/6/11 - 1/7/11	Port Moresby, Papua New Guinea	Management Visit - Project Hetura
KEN DIEHM	Director Commercial Businesses	22/8/10 - 27/8/10	Tokyo, Japan	Site visit Japanese Wastewater Treatment Plant tour
BEN PAYNE	Manager Sport & Recreation	23/11/10 - 28/11/10	Wellington, New Zealand	Sports Management of Australia and New Zealand conference

ADMINISTRATIVE ACTION COMPLAINTS

Council is required to include in its Annual Report a statement about the local government's commitment to dealing fairly with administrative action complaints and how the local government has implemented its complaints management process. This includes an assessment of the local government's performance in resolving complaints under the process.

Requirements under section 115 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* are for council to report the number of:

- » administrative action complaints made to the local government
- » administrative action complaints resolved by the local government under the complaints management process
- » administrative action complaints not resolved by the local government under the complaints management process

- » the number of those complaints not resolved that were made in a previous financial year.

The following report for the 2010/11 financial year is in accordance with the provisions of the general complaints process as outlined in the *Local Government Act 1993*.

COMPLAINTS MADE TO COUNCIL	12
» Complaints resolved under the complaints management process	0
» Complaints not resolved under the complaints management process	0
» Complaints made in a previous financial year	0
» Complaints resolved under the general complaints process	8
» Complaints not yet resolved in 2010/11	4

COST TO COUNCIL	WHO PAID IF NOT COUNCIL
\$0	Self funded
\$0	Attendance at conference was during work hours, however the travel and conference attendance was self funded
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$200	Commonwealth Local Government Good Practice Scheme sponsored by AusAid Cost is related to travel allowance paid in accordance with council's Travel Policy for council officers.
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$0	Commonwealth Local Government Good Practice Scheme sponsored by AusAid
\$280	Travel and accommodation reimbursed by UUA (now Trility), incidental expenses covered under council's travel policy
\$2,060	

SUPPORTING OUR COMMUNITY

Section 119 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* states that council must include a summary of all concessions for rates and charges granted by council in its Annual Report.

Through rates discounts and remissions, council contributed some \$9 million to the community during 2010/11. Rate remissions are detailed below:

RATE REMISSIONS 2010/11		
TYPE	NO. APPROVED	\$ VALUE
General Rate Remissions	190	\$949,050
Refuse Remission	3	\$5,495
Sewerage Remission	329	\$1,232,523
Water Remission	439	\$1,926,730
Pensioner Remissions	10197	\$4,896,540

Section 117 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* requires council to report a summary of grants provided to community organisations and particulars of funds provided from the Mayor's Discretionary Fund.

In the period 1 July 2010 to 30 June 2011, council approved a total of 339 community grants totalling \$2,212,149.01 (ex GST).

COMMUNITY GRANTS APPORTIONED BY TYPE			
TYPE	\$ VALUE (EX GST)	%	NO. APPROVED
Individuals	\$76,194	3.44%	147
Organisations	\$2,135,955	96.56%	192
TOTAL	\$2,212,149	100.00%	339

COMMUNITY GRANTS APPORTIONED BY CATEGORY			
CATEGORY	\$ VALUE (EX GST)	%	NO. APPROVED
Cultural/arts	\$553,186	25.01%	60
Sport and recreation	\$726,020	32.82%	146
General community/family	\$793,975	35.89%	90
Youth	\$93,507	4.23%	23
Environment	\$6,000	0.27%	3
Seniors	\$18,855	0.85%	9
Indigenous	\$20,605	0.93%	8
	\$2,212,149	100.00%	339

COMMUNITY GRANTS APPORTIONED BY PURPOSE			
PURPOSE	\$ VALUE (EX GST)	%	NO. APPROVED
Career	\$19,439	0.88%	13
Equipment	\$6,903	0.31%	5
Festivals/events	\$656,379	29.67%	79
Infrastructure	\$174,411	7.88%	18
Operations	\$1,115,290	50.42%	35
Workshops, publications, exhibitions, performances and attendance at events (travel costs)	\$239,725	10.84%	189
	\$2,212,149	100.00%	339



In 2010/11, the area of grant funding which received the largest value of investment was general community/family based grants (\$793,975).

EXAMPLES OF COMMUNITY/FAMILY BASED GRANTS APPROVED INCLUDE:

LARGER FUNDING (FESTIVALS/EVENTS):

- » \$90,000 – Townsville Intercultural Centre, delivery of the 2010 Cultural Fest event
- » \$50,000 – Stable on the Strand, delivery of the 2010 Stable on the Strand event
- » \$30,000 – Townsville Greek & Cultural Festival, delivery of the 2010 Greek Fest
- » \$20,000 – Northern Beaches Festival Inc., delivery of the 2010 Northern Beaches Festival event.

SMALLER FUNDING (FESTIVALS/EVENTS):

- » \$3,000 – Filipino Australian Affiliation, delivery of the 2010 Filipino Festival
- » \$4,000 – Woodstock & District Sporting Association, delivery of the 2010 Bush Ballads and Bulldust Festival
- » \$2,500 – Cancer Council Queensland, delivery of the 2011 Relay for Life event
- » \$1,879 – Leisure Accessible, delivery of the 2010 “come and try” event for people with a disability.

The second largest area of investment was for sport and recreation projects, programs, events and operational costs (\$726,020).

EXAMPLES OF SPORT, RECREATION, PROGRAM AND EVENTS GRANTS APPROVED INCLUDE:

- » \$35,716 – NQ Sports Foundation, annual levy
- » \$250,000 – North Queensland Cowboys, community program
- » \$50,000 – Townsville McDonalds Crocodiles, School Holiday Hoops Program
- » \$6,000 – NQ Razorbacks, operational support.

The sector of the community which received the third largest investment was the performing arts/cultural sector (\$553,186). Within this sector the greatest level of investment was towards operational expenses for arts/cultural organisations.

EXAMPLES OF PERFORMING ARTS AND CULTURAL GRANTS APPROVED INCLUDE:

- » \$40,000 – Full Throttle Theatre Company, operational expenses
- » \$161,161 – Museum of Tropical Queensland, Community Pass System
- » \$30,000 – Music Centre North Queensland, operational expenses
- » \$10,000 – NQ Ensembles (Barrier Reef Orchestra), operational expenses.

MAYOR'S DISCRETIONARY FUND

The Mayor of Townsville City Council was the only councillor allocated discretionary funds in the 2010/11 budget. The amount of discretionary funds available was \$20,000. However the Mayor only recorded expenditure of \$ 5,130 as follows:

ORGANISATION	PURPOSE	AMOUNT
ELECTRICAL & COMMUNICATIONS ASSOCIATION	Donation towards the Townsville Region Annual Awards	\$200
ALICE RIVER SCOUT GROUP	Donation to assist with purchase of education equipment for an English School as part of "Learn4Life" program in Siem Reap, Cambodia	\$250
THURINGOWA STATE HIGH SCHOOL	Donation to assist students attend 2010 Kids Teaching Kids Coastal Conference	\$250
EAT SO THEY CAN	\$500 donation from Celebrity Shoot Out (Fury Fan Day)	\$500
VARIETY QUEENSLAND CLUB INC	Sponsor four tickets for underprivileged children/families to the 2010 movie day	\$200
SCRIPTURE UNION MINISTRY FUND	Donation to SU Queensland Chaplaincy Anchor Dinner	\$250
RYAN CATHOLIC COLLEGE	Donation for "Council Award" for Year 12 Presentation Night	\$50
ST MARGARET MARY'S COLLEGE	Donation for Dux Award - 2010 Awards Night	\$100
HERMIT PARK STATE SCHOOL	Donation for Community Carols and Year 7 Graduation Ceremony	\$250
QUEENSLAND COUNTRY WOMEN'S ASSOCIATION	Donation to assist with publication of a pictorial record of the Association's 90 years of service to local communities across Queensland	\$100
ASSOCIATION OF INDEPENDENT RETIREES	Donation to assist with the postage of members newsletters to members within Queensland	\$350
COWBOYS SUPPORTERS TEAM INC	Donation to assist with 2010 fundraising initiative	\$300
ROYAL AUSTRALIAN REGIMENT ASSOCIATION NQ	Donation including cost of dinner for Cr Veitch (as Mayor's representative) to attend the annual RARA dinner	\$300

INTERNATIONAL WOMEN'S DAY - UNIFEM	Sponsor two students to attend the International Women's Day Breakfast	\$80
CURRAJONG NEIGHBOURHOOD WATCH COMMITTEE	Donation to assist with Community Bike Engraving Day as part of Community Day at Kokoda Memorial Pool	\$500
MAGNETIC ISLAND COMMUNITY DEVELOPMENT ASSOCIATION	Donation towards Yasi Volunteer Thank you BBQ	\$500
TOWNSVILLE INTERCULTURAL CENTRE	Donation to assist with International Women's Day celebration event	\$250
THE TOWNSVILLE HOSPITAL TROPICAL HEALTH RESEARCH UNIT FOR NURSING AND MIDWIFERY PRACTICE	Donation towards International Nurses' Day	\$200
YOUTH FASHION EXPRESSIONS INC	Donation towards a Trophy Pack for the 2011 Townsville Fashion Bash	\$150
TOWNSVILLE EISTEDDFOD INC	Donation towards a Trophy for Stage Band Under 18 years and under	\$50
ROTARY CLUB OF TOWNSVILLE CENTRAL	Donation to Brad Taylor participating in the 2011 "Banish the Black Dog" Charity Bike Ride	\$100
99.9 LIVE FM	Donation to 99.9 Live FM End of Financial Year Appeal	\$200

LAND AND ROADS

Section 118 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* requires council to include a note in its Annual Report regarding:

- » land that is a reserve under the *Land Act 1994*
- » roads that the local government does not own.

Townsville City Council controls:

- » 1,457 km of sealed roads and 183 km of unsealed roads
- » 132 km of roads the council does not own (Main Roads).

Townsville City Council controls:

- » 4,191.50 ha of land that is a reserve under the *Land Act 1994*.

JOINT LOCAL GOVERNMENT ACTIVITY

The *Local Government (Finance, Plans and Reporting) Regulation 2010* requires council to report details of action taken in relation to, and expenditure on, a service, facility or activity:

- (i) supplied by another local government under an agreement for conducting a joint government activity
- (ii) for which the local government levied special rates or charges for the financial year.

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

CHANGES TO COUNCIL TENDERS

In accordance with section 119(6) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, council is required to report the number of invitations to change tenders during the financial year.

Tenderers were invited to change the following tenders to take into account a change in tender specifications during 2010/11.

T5667 Lake Curralea Pump Station upgrade PSA10D Hindley Street

T6000 Townsville City Council Civic Centre Solar Photovoltaic Project

T6203 Birthday Creek Bridge Replacement

COUNCIL REGISTERS

Council is required to include in its Annual Report a list of registers kept by council and open to public inspection. Council's response to section 119(e) of the *Local Government (Finance, Plans and Reporting) Regulation 2010* is detailed in the table below.

Council also makes available other information, including copies of minutes of Ordinary and Standing Committee meetings on our website at www.townsville.qld.gov.au.

» Cat and Dog Registry

» Environmental Impact Statements

» Environmentally Relevant Activities - Development Approvals

» Environmental Authorities

» Development Approvals and Registration

» Environmental Authorities

» Environmental Management Plans

» Environmental Management Register

» Environmental Reports

» Monitoring Programs of a Development Approval

» Results of Monitoring Programs

» Transitional Environmental Programs

» Environmental Protection Orders

» Authorised Persons

» Approved Codes of Practice

» Standard Environmental Conditions

» Other documents or information prescribed under regulation

» Register of Infrastructure Charges

» Register of Regulated Infrastructure Charges

» Register of Resolutions about Land Liable to Flooding made under the *Building Act 1975*

» Register of Exemptions Granted under the *Building Act 1975*

» Register of Master Plan Applications

» Register of Development Applications

» Register of Interests - Councillors

» Register of Electoral Gifts

» Register of Delegations

» Register of Enterprises

» Register of Accreditations, Complaints etc (NCP)

» Register of Local and Subordinate Local Laws

» Register of Roads and Road Map

» Record of Rateable Parcels of Land

» Register of Regulatory Fees

» Register of Motions

» Register of Impounded Animals

» Register of Impounded Animals

» Vegetation Protection Register

INTERNAL AUDIT

Section 119(g) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, makes provision for council to include in its Annual Report a report on the internal audit for the financial year.

INTERNAL AUDIT FOR THE YEAR 2010/11

Internal Audit Team of two full time staff consisting of:

- » Manager Internal Audit
- » Internal Auditor.

No staff turnover for the 2011 financial year.

External Affiliations:

Institute of Internal Auditors (Aust).....	2
Certified Internal Auditors	1
Chartered Accountants.....	1

The Manager Internal Audit, is responsible to the Chief Executive Officer and council's Audit Committee and is independent of other officers and departments within council. The Manager Internal Audit is responsible for the Internal Audit Unit and specifically assists in ensuring council's corporate goal of "Responsible Governance" is achieved.

The Internal Audit Unit undertakes assurance services in accordance with international standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Assurance services include operational, financial and compliance assurance, involving all of council and covering regulatory requirements, policy and procedures, efficiency and effectiveness of processes and operational performance to assist council in the management of risk.

The Internal Audit Unit applies a risk based approach to its planning and activities. An annual Internal Audit Plan is prepared based on council's risk management plan. The council's Audit Committee reviews, approves and then monitors performance against this plan. For the year ended 30 June 2011, Internal Audit had completed 95% of the Internal Audit Plan. The plan included reviews of procurement contract arrangements, corporate credit cards, discretionary expenditure, payroll systems and operational audits relating to animal, major event and cemetery management.

The role, scope and purpose of the Internal Audit Unit is understood and supported by the organisation. The Internal Audit Unit works collaboratively with management to recommend improvements to systems, processes, work practices, compliance and business effectiveness, remaining independent and objective in the fulfilment of its duties.

COMMITMENT TO PUBLIC SECTOR ETHICS

Section 23 of the *Public Sector Ethics Act 1994* requires council to include in its Annual Report a statement of how it has implemented the requirements of that Act. The *Public Sector Ethics Act 1994* was amended effective 1 January 2011. As a result, council has been required to comply with both the pre-January 2011 and post-January 2011 requirements.

For the period ending 31 December 2010, council is required to provide an implementation statement in relation to the following sections of the Act:

- » section 15 (Preparation of codes of conduct)
- » section 19 (Access to ethics principles and obligations and codes of conduct)
- » section 20 (Inspection of codes of conduct)
- » section 21 (Education and training)
- » section 22 (Procedures and practices of public sector entities).

Council has a formal policy regarding Code of Conduct for Staff which was adopted in May 2009. This policy details the ethics principles and obligations under the *Public Sector Ethics Act 1994*, and is provided to all staff on commencement of employment. It is also available for access on the public website and the council's intranet.

The corporate induction, attendance at which is mandatory for all new staff, includes a specific session which describes the requirements and obligations for all employees under the Code of Conduct. This training is further supported by the use of the online training system "PolicyPoint".

For the period commencing 1 January 2011, council is no longer required to address sections 19 (Access to ethics principles and obligations and codes of conduct) and 20 (Inspection of codes of conduct) of the Act.

The current version (5), of the Code of Conduct for Staff was reviewed on 28 February 2011. This policy details the ethics principles and obligations under the *Public Sector Ethics Act 1994*, and is provided to all staff on commencement of employment.

EQUAL EMPLOYMENT OPPORTUNITY PLAN

Section 119 (h) of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, requires council to include a statement of its activities in implementing its plan for Equal Employment Opportunity (EEO) in its Annual Report.

The following EEO activities were undertaken by council in the 2010/11 financial year.

- » review of the Diversity and Equity Management Plan
- » signing of a Memorandum of Understanding with Brother's with Acts of Random Kindness (BARK), detailing a three year, joint commitment to increase employment opportunities for indigenous people
- » EEO training for all supervisors and staff
- » application process commenced for Australian Centre for Excellence for Local Government (ACELG) 50/50 Vision Gender Equity Awards
- » funding secured to support the development of an Indigenous Employment Strategy
- » various activities promoting and celebrating the Year of Women in Local Government.

SHAREHOLDER DELEGATES FOR CORPORATE ENTITIES

In response to section 119 (i) of the Local Government (Finance, Plans and Reporting) Regulation 2010, council reports that it has no corporate entities or shareholder delegates for corporate entities to report.

FINANCES FOR THE YEAR

The Community Financial Report, Detailed Financial Statements and Independent Auditor's Report are included in the following pages.

COMMUNITY FINANCIAL REPORT 2010/11

INTRODUCTION

The Community Financial Report is a brief summary of the information contained in council's financial statements for the period 1 July 2010 to 30 June 2011 and is intended to provide an overview of council's financial position as at 30 June 2011.

This Community Financial Report has been prepared pursuant to section 103 of the Local Government (Finance, Plans and Reporting) Regulation 2010 and is designed to provide a summary and analysis of council's financial results and financial position. To obtain more detail on council's financial results and financial position please see the Detailed Financial Report and accompanying Notes on page 83 of this Report.

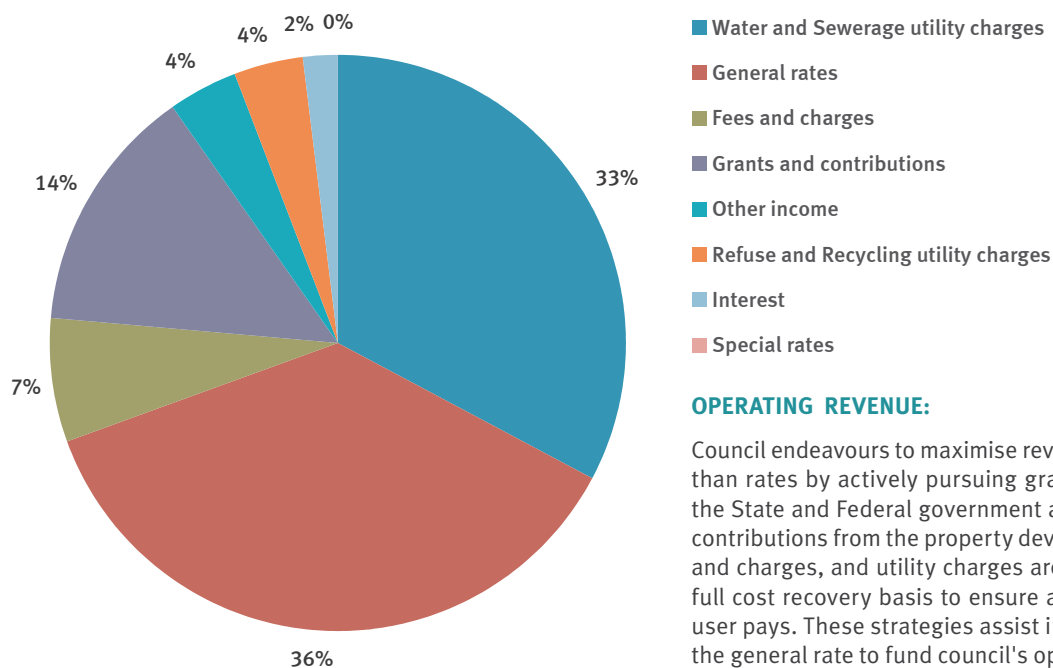
SIMPLIFIED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011	\$000	\$000
OPERATING REVENUE	381,443	
LESS DISCOUNTS AND REMISSIONS	(26,850)	
LESS OPERATING EXPENSES	(349,052)	
LESS INTEREST AND FINANCE CHARGES	(15,190)	
SURPLUS/(DEFICIT) FROM OPERATIONS		(9,649)
ADD CAPITAL GRANTS AND CONTRIBUTED ASSETS		141,447
LESS ASSET DISPOSALS AND OTHER CAPITAL EXPENSES		(5,179)
NET RESULT FOR THE PERIOD		\$126,619

SIMPLIFIED BALANCE SHEET AS AT 30 JUNE 2011	\$000
WHAT WE HAVE IN THE BANK	79,284
WHAT WE OWN	3,731,709
WHAT WE ARE OWED	63,674
OUR TOTAL ASSETS	3,874,667
WHAT WE OWE OUR SUPPLIERS AND EMPLOYEES	122,641
WHAT WE HAVE BORROWED	390,418
OUR TOTAL LIABILITIES	513,059
NET COMMUNITY ASSETS (WEALTH)	\$3,361,608

COMMUNITY FINANCIAL REPORT 2010/11

HOW COUNCIL EARNED OUR OPERATING REVENUE:

(\$381,443K BEFORE DISCOUNTS GIVEN)



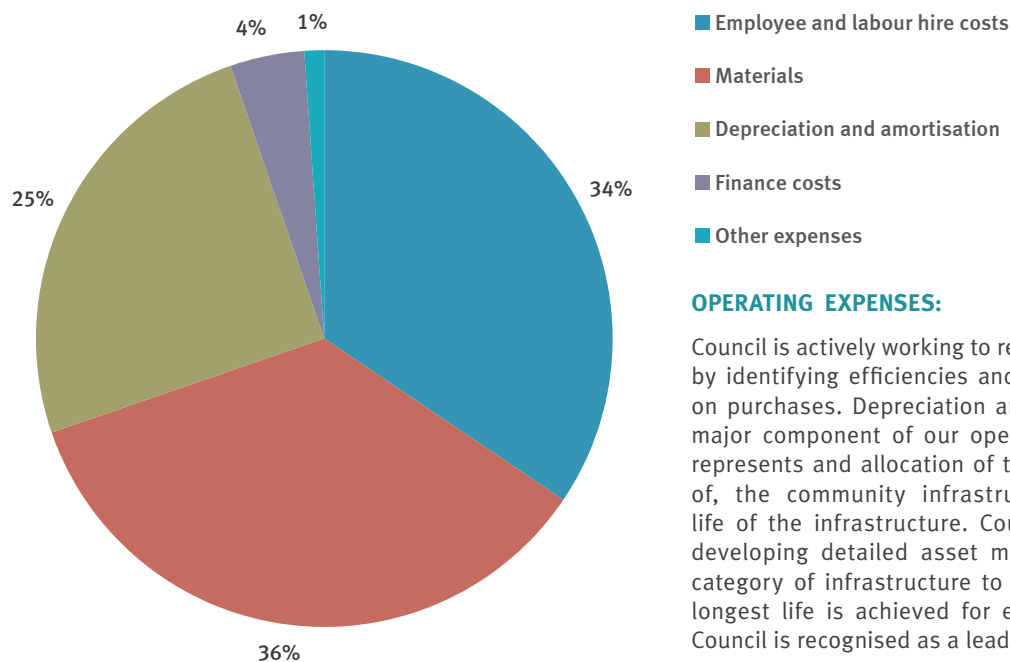
- Water and Sewerage utility charges
- General rates
- Fees and charges
- Grants and contributions
- Other income
- Refuse and Recycling utility charges
- Interest
- Special rates

OPERATING REVENUE:

Council endeavours to maximise 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 reliance on the general rate to fund council's operations.

HOW COUNCIL UTILISED OUR OPERATING EXPENSES:

(\$364,242K INCLUDING INTEREST AND FINANCE COSTS)



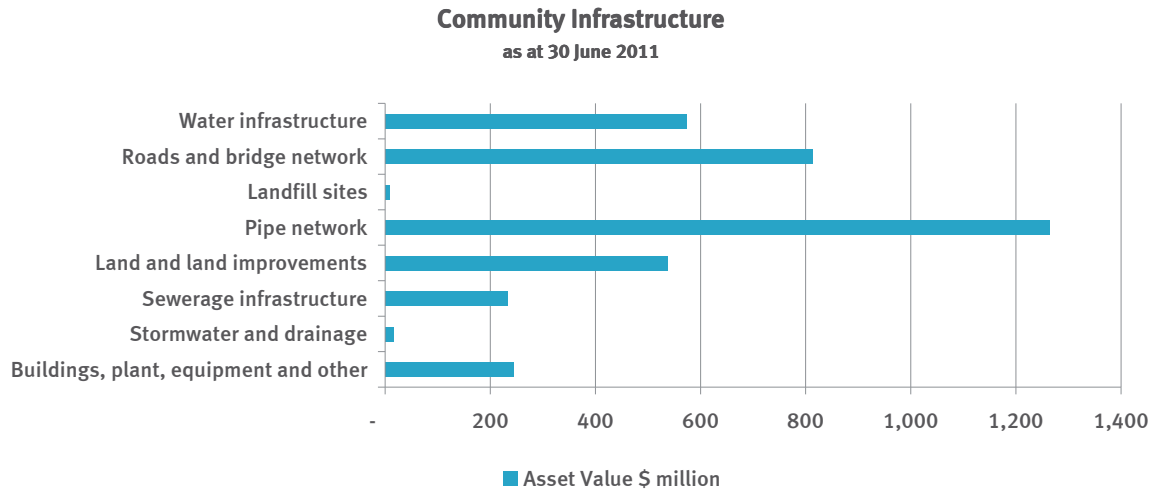
- Employee and labour hire costs
- Materials
- Depreciation and amortisation
- Finance costs
- Other expenses

OPERATING EXPENSES:

Council is actively working to reduce operating expenditure by identifying efficiencies and ensuring value for money on purchases. Depreciation and amortisation make up a major component of our operating expenses. This item represents an allocation of the use or the deterioration of the community infrastructure over the expected life of the infrastructure. Council is well progressed in 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 recognised as a leader in local government asset management.

The 2011/12 Budget outlines council's Financial Plan to achieve an operating surplus by 2011/12. The 2011/12 Budget can be accessed on our website www.townsville.qld.gov.au.

THE COMMUNITY INFRASTRUCTURE COUNCIL MANAGES



COMMUNITY INFRASTRUCTURE:

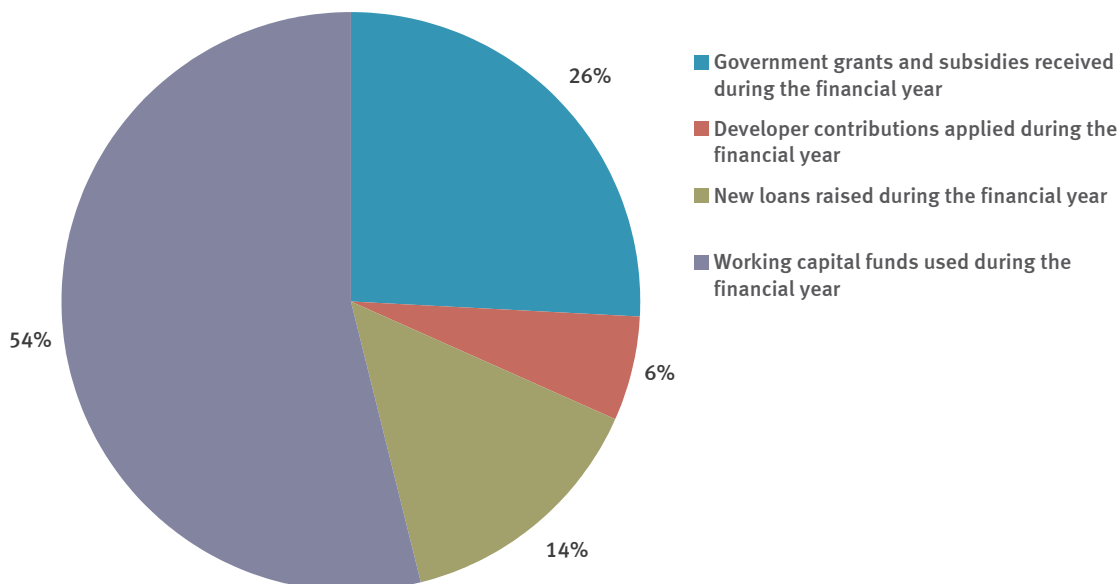
Council owns and manages over \$3.6 billion worth of infrastructure providing benefits directly to the community. The 2011/12 Budget outlines a further \$530 million investment in community infrastructure over the next 3 years.

The accounting standards require council to ensure that infrastructure assets are recorded at fair value. To achieve this council completed a revaluation of certain classes of

assets in 2010/11. The revaluation resulted in a net increase in asset valuation of \$65 million, around 2%. The revaluation also took into account an assessment of the asset's condition and remaining useful life. Any increase in valuation affects the depreciation associated with the asset. Council's progressive approach to asset management ensures our assets are optimised and that the community benefits from the greatest value possible.

HOW COUNCIL FUNDED INVESTMENT IN COMMUNITY INFRASTRUCTURE

(\$276,179K TOTAL FUNDS INVESTED)



FINANCIAL SUSTAINABILITY INDICATORS

	ACTUAL	TARGET
AS AT 30 JUNE 2011		
INTEREST COVERAGE RATIO The extent to which Council's operating revenues are committed to interest expense.	2.3%	0.0% - 10.0%
OPERATING SURPLUS RATIO The extent to which revenues raised cover operational expenses or are available for capital funding purposes.	-2.7%	0.0% - 15.0%
NET FINANCIAL LIABILITIES RATIO The extent to which the net financial liabilities of Council can be serviced by its operating revenues.	102.7%	< 60.0%
WORKING CAPITAL RATIO The extent to which Council has liquid assets available to meet short term financial obligations.	1:1.6	> 1:1.0
ASSET CONSUMPTION RATIO The extent to which Council's physical assets have aged.	66.8%	> 40.0% < 80.0%

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

The 2011/12 Budget outlines additional financial ratios that council uses to monitor its financial performance and assess its financial sustainability.

FINANCIALS

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TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
MANAGEMENT CERTIFICATION

These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

- (i) have been prepared in accordance with the relevant accounting documents; and
- (ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

- (i) the prescribed requirements of the *Local Government Act 2009* and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and
- (iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2011 and of its financial performance and cash flows for the financial year ended on that date.

Les Tyrell
Mayor



Dated this 17th day of October 2011

Ray Burton
Chief Executive Officer



Dated this 17th day of October 2011

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010* \$000
Revenue			
Other income	2	354,593	300,106
Total revenue		<u>496,040</u>	<u>457,789</u>
Employee benefits expense		(125,292)	(116,993)
Materials and services used		(128,734)	(100,917)
Finance costs	3	(15,190)	(15,404)
Depreciation and amortisation expense	3	(91,432)	(84,394)
Impairment of property, plant and equipment	3	(2,201)	(1,069)
Other expenses	3	(5,962)	(4,299)
Share of net profit/(loss) of joint venture		(610)	(599)
Total expenses		<u>(369,421)</u>	<u>(323,675)</u>
Net result for the year		<u>126,619</u>	<u>134,114</u>
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment		63,800	(2,970)
Share of other comprehensive income of joint ventures		2,394	-
Other comprehensive income for the year		<u>66,194</u>	<u>(2,970)</u>
Total comprehensive income for the year		<u>192,813</u>	<u>131,144</u>

*See Note 25 for details regarding the retrospective restatement of comparative figures.

The accompanying notes form part of these financial statements.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$000	2010* \$000	1 July 2009* \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	79,284	183,379	97,446
Trade and other receivables	6	56,055	26,818	23,021
Inventories	7	2,331	2,255	2,026
Other assets	13	1,833	1,639	412
		<u>139,503</u>	<u>214,091</u>	<u>122,905</u>
Assets classified as held for sale	8	9,360	9,230	-
TOTAL CURRENT ASSETS		<u>148,863</u>	<u>223,321</u>	<u>122,905</u>
NON-CURRENT ASSETS				
Trade and other receivables	6	5,766	6,185	1,381
Investments accounted for using the equity method	9	29,342	27,559	28,158
Property, plant and equipment	11	3,685,092	3,390,718	3,175,977
Intangible assets	12	5,584	5,405	4,882
Other non-current assets	13	20	392	-
TOTAL NON-CURRENT ASSETS		<u>3,725,804</u>	<u>3,430,259</u>	<u>3,210,398</u>
TOTAL ASSETS		<u>3,874,667</u>	<u>3,653,580</u>	<u>3,333,303</u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	14	66,365	54,697	45,957
Borrowings	16	17,769	17,793	11,823
Provisions	17	3,491	3,323	2,587
Other current liabilities	15	2,242	1,958	2,171
TOTAL CURRENT LIABILITIES		<u>89,867</u>	<u>77,771</u>	<u>62,538</u>
NON-CURRENT LIABILITIES				
Trade and other payables	14	4,000	6,000	-
Borrowings	16	372,649	353,817	189,979
Provisions	17	46,543	47,197	43,135
TOTAL NON-CURRENT LIABILITIES		<u>423,192</u>	<u>407,014</u>	<u>233,114</u>
TOTAL LIABILITIES		<u>513,059</u>	<u>484,785</u>	<u>295,652</u>
NET ASSETS		<u>3,361,608</u>	<u>3,168,795</u>	<u>3,037,651</u>
EQUITY				
Reserves	18	208,100	159,386	167,688
Retained earnings		3,153,508	3,009,409	2,869,963
TOTAL EQUITY		<u>3,361,608</u>	<u>3,168,795</u>	<u>3,037,651</u>

*See Note 25 for details regarding the retrospective restatement of comparative figures.

The accompanying notes form part of these financial statements.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Retained Earnings	Asset Revaluation Surplus	General Reserves	Total
		\$000	\$000	\$000	\$000
Balance at 1 July 2009 as reported in the 30 June 2010 financial statements		2,942,061	147,760	53,177	3,142,998
Adjustment on correction of error	25	(72,100)	(33,247)	-	(105,347)
Restated total equity at 1 July 2009		<u>2,869,961</u>	<u>114,513</u>	<u>53,177</u>	<u>3,037,651</u>
Net result for the year		134,541	-	-	134,541
Other comprehensive income for the year		-	96,738	-	96,738
Total comprehensive income for the year as reported in the 30 June 2010 financial statements		134,541	96,738	-	231,279
Adjustment on correction of error	25	(427)	(99,708)	-	(100,135)
Restated total comprehensive income for the year		<u>134,114</u>	<u>(2,970)</u>	<u>-</u>	<u>131,144</u>
Transfers to retained earnings from general reserves		5,334	-	(5,334)	-
Restated total equity as at 30 June 2010		<u>3,009,409</u>	<u>111,543</u>	<u>47,843</u>	<u>3,168,795</u>
Balance at 1 July 2010		3,009,409	111,543	47,843	3,168,795
Net result for the year		126,619	-	-	126,619
Other comprehensive income for the year		-	66,194	-	66,194
Transfers to retained earnings from general reserves		17,480	-	(17,480)	-
Balance at 30 June 2011		<u>3,153,508</u>	<u>177,737</u>	<u>30,363</u>	<u>3,361,608</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		412,576	398,057
Payments to suppliers and employees		(247,406)	(200,956)
Interest received		6,610	3,840
Finance costs		(23,688)	(16,004)
Net cash provided by/(used in) operating activities	22	<u>148,092</u>	<u>184,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		5,936	3,824
Proceeds from loans to community organisations		9	2
Purchase of property, plant and equipment		(276,179)	(271,996)
Purchase of intangible assets		(761)	(641)
Net cash provided by/(used in) investing activities		<u>(270,995)</u>	<u>(268,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		40,000	181,852
Repayment of borrowings		(21,192)	(12,045)
Net cash provided by/(used in) financing activities		<u>18,808</u>	<u>169,807</u>
Net increase/(decrease) in cash held		(104,095)	85,933
Cash and cash equivalents at beginning of financial year	5	183,379	97,446
Cash and cash equivalents at end of financial year	5	<u>79,284</u>	<u>183,379</u>

The accompanying notes form part of these financial statements.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

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-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

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

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 2009* and is domiciled in Australia.

The financial report was authorised for issue on the date the management certificate is signed.

(a) New Accounting Standards for application in future periods

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Accounting Standard or Interpretation	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments</i> (December 2009)	1 January 2013
AASB 124 <i>Related Party Disclosures</i> (December 2009)	1 January 2011
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2013
2009-12 <i>Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments</i> (December 2009)	1 January 2011
2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14)</i> (December 2009)	1 January 2011
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2013
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012
AASB 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>	1 January 2013

Management have yet to assess the impact that AASB 9 *Financial Instruments* and 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

The reported results and position of the Council will not change on adoption of the other pronouncements as they do not result in any changes to the Council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Council does not intend to adopt any of these pronouncements before their effective dates.

The Council does not anticipate early adoption of any of the above pronouncements.

(b) Rounding of Amounts

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

(c) Comparative Figures

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Where the Council has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed. For details regarding the restatement of comparative figures, refer to Note 25.

(d) 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:

- Fair value assessments of property, plant and equipment assets. Refer to Note 11;
- Estimated useful life assessments of property, plant and equipment assets. Refer to Note 25 b).
- 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.

(e) 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 2009*.

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.

(f) 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 Taxation 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. The net amount of GST recoverable from, or payable to, the Australian Taxation Office, is shown as an asset or liability respectively in the statement of financial position.

(g) Revenue and Other Income

Revenue

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 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 general reserves until the funds are expended. Unspent non-reciprocal capital grants are placed in the Constrained Works Reserve.

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.

Revenue from the sale of goods is recognised at the point of sale as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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.

Other Income

Council receives cash contributions from property developers to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 Transfers of Assets from Customers these contributions are recognised as revenue when the related service obligations are fulfilled.

The Council may also receive cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies. Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received in accordance with AASB 1004 Contributions.

AASB Interpretation 18 has been applied prospectively from 1 July 2009. All cash contributions were recognised as revenue on receipt prior to 1 July 2009.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the Council obtains control of the assets and becomes liable for any ongoing maintenance. All non-cash contributions are recognised at the fair value of the contribution received.

Grants and subsidies that meet the recognition criteria as Revenue above, but are received for the purpose of constructing assets, are treated as Other Income.

(h) 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.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

(i) 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.

(j) Receivables

Trade receivables are recognised at the fair value of amounts due at the time of sale or service delivery. Trade receivables are generally settled within 30 days from invoice date. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The collectability of receivables is assessed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor such as bankruptcy, liquidation or receivership along with any legal action taken on default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, an impairment loss will be recognised on those receivables over which Council no longer has control. 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.

The amount of the impairment loss is recognised in the net result within other expenses. When a trade receivable for which a provision for impairment loss had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other revenue in profit or loss. All known bad debts were written off at 30 June 2011.

If required the Council has the power to sell an owner's property to recover certain outstanding rate receivables, in accordance with the *Local Government Act 2009*. The Council does not recognise any impairment on these particular rate receivables. However, in recognition of the 3 year period that must lapse prior to collection being pursued via sale of the property, in accordance with the *Local Government (Finance, Plans and Reporting) Regulation 2010*, these receivables are presented as non-current receivables. Additionally, it is Council's policy not to pursue overdue rate receivables from eligible pensioners and therefore any overdue rate receivables to be collected from these customers are presented as non-current receivables.

Other Term receivables, such as 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.

Other receivables includes accrued income and revenue not yet invoiced, along with miscellaneous non-trade debtors such as amounts related to GST receivable.

(k) Inventories

(i) Inventory held for consumption

Raw materials and stores

Raw materials and stores 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.

(ii) Inventory held for sale

Finished goods

Finished goods includes food and beverage products directly purchased and held for resale and nursery stock that is either purchased directly or grown for resale. Food and beverage stock is valued at the lower of cost and net realisable value. Nursery stock is valued at net realisable value in accordance with AASB 102 Inventories. Costs of purchase inventory are determined after deducting rebates and discounts. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land developed and held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs, and holding charges incurred after development is completed, are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

(l) 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 where 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.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 statement of financial position.

(m) 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.

(n) Property, Plant and Equipment

Recognition and measurement

The cost method of accounting is used for the initial recognition of all property, plant and equipment 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 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.

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 Land with a total value less than \$1 and all other property, plant and equipment with a total value of less than \$5,000, are treated as an expense in the period of acquisition. All other items of property, plant and equipment are recognised as assets.

The measurement basis used for determining the gross carrying amount of each class of property, plant and equipment assets are:

Class of Property, Plant and Equipment	Basis of Measurement
Land	Fair Value
Buildings	Fair Value
Plant and equipment	Cost
Landfills	Fair Value
Land improvements	Fair Value
Road and bridge network	Fair Value
Water	Fair Value
Pipe network	Fair Value
Sewerage	Fair Value
Drainage	Fair Value
Other assets	Fair Value

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, Plans and Reporting) Regulation 2010*. 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 depreciated replacement cost. 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 are undertaken in accordance with AASB 116 Property, Plant and Equipment, *Local Government (Finance, Plans and Reporting) 2010* and Council Policy.

Valuations of non-current assets which were current as at 30 June 2011 were determined on the following basis:-

(i) Land

Land assets were valued as at 31 March 2009 on a fair value basis (market value) through valuations performed by Paul Ellis (AAPI) (registered Valuer No. 2242) of Rushton Assetval Pty Ltd.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Land assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of land values at 30 June 2011 referenced the 2011 annual land valuations for Townsville supplied by the Queensland Department of Environment and Resource Management. This was determined by management to be the most appropriate index and resulted in no restatement of the carrying values of land assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(ii) Buildings

Buildings, including fixed plant, fixtures and fittings, were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Building assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of building values at 30 June 2011 referenced the 2011 General Construction Industry (ABS A2333712W) and Non Residential Building Construction Queensland (ABS A2333721X) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of building assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(iii) 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.

The Council's plant & equipment assets are valued at historical cost as per the provisions in AASB 116 Property, Plant and Equipment.

(iv) Landfills

Landfill assets are being disclosed for the first time as a separate asset class for the year ended 30 June 2011. Note 25 c) for details on the change in accounting policy resulting in the creation of new asset classes. Landfill assets are valued at 30 June 2011 by creating a complementary asset equivalent to the future provision for restoration of the landfill sites and depreciating the cost over the effective life of the asset.

The valuation process was performed as follows:

- Commissioning of a report on values and timing by external consultants Aecom on the anticipated life of the landfills and estimated costs to restore the sites to comply with existing licence and environmental requirements.
- Management assessing the report for completeness and accuracy and making amendments based on existing Council policies, expenditure data and future capital expenditure forecasts.

These valuations were determined to materially reflect fair value as at 30 June 2011.

(v) Land improvements

Land Improvements were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Land improvement assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of land improvement asset values at 30 June 2011 referenced the 2011 General Construction Industry (ABS A2333712W) and Non Residential Building Construction Queensland (ABS A2333721X) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of land improvement assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(vi) Road and bridge network

Roads and Bridges were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Road and bridge assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of road and bridge asset values at 30 June 2011 referenced the 2011 Road and Bridge Construction Queensland (ABSA2333727L) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of road and bridge assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(vii) Water assets

Water assets, were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Water assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of water asset values at 30 June 2011 referenced the 2011 General Construction Industry (ABS A2333712W) and Non Residential Building Construction Queensland (ABS A2333721X) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of water assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(viii) Pipe network assets

Pipe network assets are being disclosed for the first time as a separate asset class for the year ended 30 June 2011. Refer to Note 25 c) for details on the change in accounting policy resulting in the creation of new asset classes. Pipe network assets were valued as at 30 June 2011 at their respective depreciated replacement costs by qualified council staff and external valuers, taking into account any expired portion of their useful lives. The term 'network asset' is applied to an accumulation of individual items or components operating as a cohesive whole in the provision of a particular service.

The valuation process was performed as follows:

- Stormwater pipe network assets were revalued at their depreciated replacement cost based on assessments performed by G. Jordan BE (Civil), MBA, RPEQ and CPEng of Lemmah Pty Ltd. The process incorporates a review of unit rates for stormwater drainage with the valuer referring to the rates applied by other Councils utilising a 'first principles' model approach, consultant model rates and consultant greenfield contract rates.

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— Water and Wastewater pipe network assets were revalued at their depreciated replacement cost based on assessments performed by Council employees J. Ballard BE(Hons), MEnvSc, RPEQ and Cpeng and E. Drury, Dip Mgmt. The process incorporates the determination of unit rates by reference to data contained in Rawlisons Australian Construction Handbook plus an assessment of Council's Internal and External costings.

— These valuations were determined by the Council employees above to materially reflect fair value as at 30 June 2011.

Pipe network assets acquired during the financial year ended 30 June 2011 are recognised at cost less depreciation and were not revalued. Management has determined that this method accurately reflects fair value for these assets at 30 June 2011.

(ix) Sewerage assets

Sewerage assets excluding pipelines were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Sewerage assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of sewerage asset values at 30 June 2011 referenced the 2011 General Construction Industry (ABS A2333712W) and Non Residential Building Construction Queensland (ABS A2333721X) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of sewerage assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(x) Drainage assets

Drains excluding pipelines were valued as at 31 March 2009 at their respective depreciated replacement cost determined 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 existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine whether the assets' carrying values materially differ from fair value as at 30 June each year. Drain assets were not subject to independent revaluation in the financial year ended 30 June 2011.

Management's assessment of drain asset values at 30 June 2011 referenced the 2011 General Construction Industry (ABS A2333712W) and Non Residential Building Construction Queensland (ABS A2333721X) indices supplied by the Australian Bureau of Statistics. These were determined by management to be the most appropriate indices and resulted in no restatement of the carrying values of drainage assets being necessary. Management determined that existing carrying values materially reflect fair value as at 30 June 2011.

(xi) Other assets

Other assets were valued as at 30 June 2010 at their respective depreciated replacement cost determined by independent valuations performed by Ms Bettina MacAuley of MacAuley Partners. Where a market value existed, this was used to determine fair value.

Since that valuation, the class as a whole has been assessed annually by management to determine that the assets' carrying values did not materially differ from fair value as at 30 June each year.

No indices have been used to determine the appropriate carrying value as there is no publicly referenced index deemed appropriate by management for the purpose. Management has assessed that the reported carrying values represent fair value at balance date.

Any other assets purchased during the 2010/11 financial year have been recognised at cost, which has been determined by management to equate to fair value.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Townsville City Council 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

Property, plant and equipment assets, with the exception of Land, having a limited useful life, are systematically depreciated 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
Landfills	10 - 15 years
Land improvements	10 - 100 years
Road and bridge network	10 - 150 years
Water	7 - 150 years
Pipe network	50 - 80 years
Sewerage	25 - 80 years
Drainage	25 - 100 years
Other	20 - 100 years

Depreciation is recognised as an expense in the statement of financial performance on a straight line basis over the estimated useful lives of each property, plant and equipment asset.

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.

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.

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.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal and when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying value of the property, plant and equipment, and is recognised net, within either other income or other expenses in the statement of financial performance where appropriate.

(o) 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.

(p) 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. The value in use of an asset is equal to the depreciated replacement cost.

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.

(q) Intangibles

Software assets

Software assets are recognised as intangible assets, where their cost exceeds \$5,000. 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.

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.

Amortisation is based on the cost of a software asset less its residual value. Amortisation is recognised as an expense in the statement of financial performance on a straight-line basis over the estimated useful lives of software assets, from the date that they are available for use. The estimated useful lives for software assets are between 3 and 10 years. Council does not hold any intangible assets with infinite lives.

Amortisation methods, useful lives and residual values are reviewed each reporting date and adjusted if appropriate

(r) Trade and Other Payables

Accounts payable have been recognised as a liability for the year ended 30 June 2011 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.

(s) 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. For details on the assumptions used to determine the expected cost of restoration refer to Note 1 (n) (iv). The provision is measured at the expected cost of the work required, discounted to current day values using market yields on Commonwealth government bonds with terms to maturity that match the expected timing of cashflows. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

(t) 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.

(u) Reserves

Revaluation Surplus

The 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) 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 for the intended purpose.

ii) Asset replacement reserve

This reserve was created for replacement of Council's property, plant and equipment assets.

iii) 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.

(v) 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 values of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.
- The fair values 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 as finance costs.

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.

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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.

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

Under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, where there are material adjustments to the measurement of opening assets and liabilities as a consequence of changes in accounting policies, accounting estimates or corrections of error, these have been disclosed in Note 25.

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Note 2 Revenue and Other Income

	Note	2011 \$000	2010 \$000
Revenue			
Rates and Utilities Revenue			
— General rates		140,180	126,676
— Special rates		201	1,268
— Refuse and recycling utility charges		14,995	14,016
— Water and wastewater utility charges		125,068	133,788
— Less discounts		(18,689)	(31,372)
— Less pensioner and other remissions		(8,161)	(5,844)
Total Rates and Utilities Revenue		<u>253,594</u>	<u>238,532</u>
Other Revenue			
— Interest received	2(a)	7,076	4,572
— Regulatory fees and charges		10,793	10,888
— Commercial fees and charges		15,036	14,981
— Contributions received for operating purposes		2,284	1,566
— Subsidies and grants received for operating purposes		50,492	15,511
— Other		15,318	14,056
Total Other Revenue		<u>100,999</u>	<u>61,574</u>
Total Revenue		<u>354,593</u>	<u>300,106</u>
Other Income			
— Contributions received for capital purposes		16,176	19,248
— Subsidies and grants received for capital purposes		79,050	92,708
— Fair value gain on infrastructure assets contributed by external parties		46,221	45,727
Total Other Income		<u>141,447</u>	<u>157,683</u>
Total Revenue and Other income		<u>496,040</u>	<u>457,789</u>
(a) Interest revenue from:			
— financial institutions		6,038	3,840
— other persons		1,038	732
Total interest revenue		<u>7,076</u>	<u>4,572</u>

Note 3 Expenses

	2011 \$000	2010 \$000
Expenses		
Depreciation		
— Buildings	4,839	4,779
— Plant and equipment	9,291	8,391
— Landfill	685	374
— Land improvements	15,088	12,307
— Road and bridge network assets	20,594	20,480
— Water assets	6,848	6,357
— Pipe network assets	24,718	23,171
— Sewerage assets	8,718	8,092
— Drainage assets	66	246
— Other assets	4	79
Total depreciation expense	<u>90,851</u>	<u>84,276</u>
Amortisation		
— Software assets	581	118
Total amortisation expense	<u>581</u>	<u>118</u>
Interest expense on financial liabilities not at fair value		
— Interest and finance charges on loans from financial institutions	13,851	13,491
— Unwinding of discounted provisions	1,339	1,913
Total interest expense	<u>15,190</u>	<u>15,404</u>
Other expenses		
— Impairment losses - trade receivables	2,090	360
— Net loss on disposal of property, plant and equipment	2,368	2,861
— Write-off of obsolete stock	84	21
— Other expenses	1,420	1,057
Total other expenses	<u>5,962</u>	<u>4,299</u>
Impairment losses		
— property, plant and equipment	2,201	1,069
Rental expense on operating leases		
— minimum lease payments	36	45

(a) Significant Revenue and Expenses

The Queensland Government provides financial assistance to disaster affected communities in Queensland through the Natural Disaster and Recovery Activities program (NDRRA), jointly funded by the Australian Government. The funding is available subject to strict guidelines and only for declared disaster events.

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The Council's net result for the financial year ended 30 June 2011 includes the effect of the following declared disaster events that have impacted the Townsville local government area during the last 3 years.

Event	Year
Tropical Cyclone Yasi	2011
Monsoon Flooding	2010
Tropical Cyclone Olga	2010
Tropical Cyclone Neville	2010
Tropical Cyclone Ului	2010
Tropical Cyclone Paul	2010

The following significant revenue and expense items related to NDRRA events, included in the net result, are relevant in explaining the financial performance of Council for the period.

	2011 \$000	2010 \$000
Recovery of expenditure incurred for NDRRA purposes:		
Grant funding received for operating expenditure incurred for NDRRA purposes	33,092	-
Grant funding received for capital expenditure incurred for NDRRA purposes	901	163
Total grant revenue received for recovery of capital and operating expenditure	<u>33,993</u>	<u>163</u>
Expenditure for costs incurred for NDRRA purposes:		
Operating expenditure incurred for NDRRA purposes	36,369	6,379
Capital expenditure incurred for NDRRA purposes	6,321	246
Total expenditure incurred for NDRRA purposes	<u>42,690</u>	<u>6,625</u>
Total grant funding due to Council for NDRRA purposes and recognised as a Receivable as at 30 June 2011.	9,209	-

Note 4 Auditors' Remuneration

	2011 \$000	2010 \$000
Remuneration of the auditor of the Council for:		
— auditing the financial report	<u>357</u>	<u>321</u>

Note 5 Cash and Cash Equivalents

	Note	2011 \$000	2010 \$000
Cash at bank and in hand		302	1,256
Short-term bank deposits - at call		78,482	181,623
Short-term bank deposits - held to maturity		500	500
	24	<u>79,284</u>	<u>183,379</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>79,284</u>	<u>183,379</u>
	<u>79,284</u>	<u>183,379</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>10,201</u>	<u>23,710</u>
	<u>10,201</u>	<u>23,710</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.

Note 6 Trade and Other Receivables

	Note	2011 \$000	2010 \$000
CURRENT			
Trade receivables - rates and utilities		12,300	7,551
Allowance for impairment of receivables - rates and utilities	6a(i)	(143)	-
Trade receivables - fees and charges		20,969	10,712
Allowance for impairment of receivables - fees and charges	6a(ii)	(2,450)	(749)
		<u>30,676</u>	<u>17,514</u>
Other receivables - Term receivables		14	7
Other receivables - Other		25,365	9,297
Total current trade and other receivables		<u>56,055</u>	<u>26,818</u>

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	2011 \$000	2010 \$000
NON-CURRENT		
Trade receivables - rates and utilities	5,689	6,092
	<u>5,689</u>	<u>6,092</u>
Other receivables - Term receivables	77	93
Total non-current trade and other receivables	<u>5,766</u>	<u>6,185</u>

(a) Allowance For Impairment of Receivables

Current trade and other receivables, excluding other 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. An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in Other expenses.

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

	Opening Balance	Charge for the Year	Amounts Written Off	Unused amount reversed	Closing Balance
	1 July 2010 \$000	\$000	\$000	\$000	30 June 2011 \$000
(i) Current trade receivables - rates and utilities	-	143	-	-	143
(ii) Current trade receivables - fees and charges	749	1,946	(47)	(198)	2,450
	<u>749</u>	<u>2,089</u>	<u>(47)</u>	<u>(198)</u>	<u>2,593</u>

	Opening Balance	Charge for the Year	Amounts Written Off	Unused amount reversed	Closing Balance
	1 July 2009 \$000	\$000	\$000	\$000	30 June 2010 \$000
(i) Current trade receivables - rates and utilities	-	-	-	-	-
(ii) Current trade receivables - fees and charges	1,129	360	(369)	(371)	749
	<u>1,129</u>	<u>360</u>	<u>(369)</u>	<u>(371)</u>	<u>749</u>

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	Within initial trade terms \$000	Past due but not impaired			
				<30 \$000	31-60 \$000	61-90 \$000	>90 \$000
2011							
Trade receivables	38,958	(2,593)	13,284	4,159	5,347	4,116	9,459
Other receivables - Term	91	-	91	-	-	-	-
Other receivables - Other	25,365	-	25,365	-	-	-	-
Total	<u>64,414</u>	<u>(2,593)</u>	<u>38,740</u>	<u>4,159</u>	<u>5,347</u>	<u>4,116</u>	<u>9,459</u>

	Gross Amount \$000	Past due and impaired \$000	Within initial trade terms \$000	Past due but not impaired			
				<30 \$000	31-60 \$000	61-90 \$000	>90 \$000
2010							
Trade receivables	24,355	(749)	21,576	654	152	1,065	159
Other receivables - Term	100	-	100	-	-	-	-
Other receivables - Other	9,297	-	9,297	-	-	-	-
Total	<u>33,752</u>	<u>(749)</u>	<u>30,973</u>	<u>654</u>	<u>152</u>	<u>1,065</u>	<u>159</u>

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

	Note	2011 \$000	2010 \$000
(b) Financial Assets classified as loans and receivables			
Trade and other Receivables			
— Total Current		56,055	26,818
— Total Non-Current		5,766	6,185
Financial Assets	24	<u>61,821</u>	<u>33,003</u>

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Note 7 Inventories

	2011 \$000	2010 \$000
CURRENT		
Raw materials and stores	1,439	1,316
Finished goods	<u>892</u>	<u>939</u>
	<u>2,331</u>	<u>2,255</u>

Note 8 Assets Classified as Held for Sale

	2011 \$000	2010 \$000
Non-current assets held for sale:		
Land	<u>9,360</u>	<u>9,230</u>
	<u>9,360</u>	<u>9,230</u>

The land assets held for sale are non-current assets surplus to Council's requirements. These assets, classified as held for sale, include two land parcels which are currently subject to contracts of sale, with the sale expected to be finalised by 30 June 2012. Efforts to sell a third parcel of land are currently in process and this sale is also expected to be finalised by 30 June 2012.

Note 9 Investments Accounted for using the Equity Method

	Note	2011 \$000	2010 \$000
Interests in joint venture	10	<u>29,342</u>	<u>27,559</u>
		<u>29,342</u>	<u>27,559</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.

At the time of preparation of this report, the audited financial statements for the period ended 30 June 2011 of the joint venture were not available. The joint venture's last audited financial statements were for the year ended 30 June 2010. The Council's share of the net assets employed in the joint venture is:

	2011 \$000	2010 \$000
CURRENT ASSETS		
Cash and cash equivalents	453	1,238
Trade and other receivables	87	63
Inventories	27	32
Other assets	<u>4</u>	<u>2</u>
Total current assets	<u>571</u>	<u>1,335</u>
NON-CURRENT ASSETS		
Property, plant and equipment	<u>29,317</u>	<u>27,126</u>
Total non-current assets	<u>29,317</u>	<u>27,126</u>
CURRENT LIABILITIES		
Trade and other payables	<u>522</u>	<u>880</u>
Total current liabilities	<u>522</u>	<u>880</u>
NON-CURRENT LIABILITIES		
Provisions	<u>24</u>	<u>22</u>
Total non-current liabilities	<u>24</u>	<u>22</u>
Net interest in joint venture	<u>29,342</u>	<u>27,559</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 11 Property, Plant and Equipment

	2011 \$000	2010 \$000
LAND AND BUILDINGS		
Land		
— At valuation	406,299	405,605
	<u>406,299</u>	<u>405,605</u>
Buildings		
— At valuation	216,099	192,697
Less accumulated depreciation	(36,221)	(32,240)
Less accumulated impairment losses	(217)	-
	<u>179,661</u>	<u>160,457</u>
PLANT AND EQUIPMENT		
Plant and equipment		
— At cost	94,500	85,563
Less accumulated depreciation	(37,071)	(37,071)
Less accumulated impairment losses	-	(98)
	<u>57,429</u>	<u>48,394</u>
INFRASTRUCTURE ASSETS		
Landfill		
— At valuation	24,632	9,423
Less accumulated depreciation	(17,370)	(5,122)
	<u>7,262</u>	<u>4,301</u>
Land improvements		
— At valuation	269,382	253,320
Less accumulated depreciation	(133,492)	(129,501)
Less accumulated impairment losses	(4,792)	(1,532)
	<u>131,098</u>	<u>122,287</u>
Road and bridge network assets		
— At valuation	1,183,611	1,100,096
Less accumulated depreciation	(369,276)	(343,251)
Less accumulated impairment losses	(1,448)	(971)
	<u>812,887</u>	<u>755,874</u>
Water assets		
— At valuation	763,321	770,358
Less accumulated depreciation	(188,135)	(205,924)
Less accumulated impairment losses	(1,604)	(1,347)
	<u>573,582</u>	<u>563,087</u>
Pipe network assets		
— At valuation	2,021,467	1,806,764
Less accumulated depreciation	(757,591)	(683,816)
	<u>1,263,876</u>	<u>1,122,948</u>
Sewerage assets		
— At valuation	322,270	277,812
Less accumulated depreciation	(90,241)	(82,696)
Less accumulated impairment losses	-	(383)
	<u>232,029</u>	<u>194,733</u>
Drainage assets		
— At valuation	16,829	8,797
Less accumulated depreciation	(1,203)	(1,050)
	<u>15,626</u>	<u>7,747</u>
OTHER ASSETS		
Other assets		
— At valuation	5,923	5,285
Less accumulated depreciation	(528)	-
Less accumulated impairment losses	(52)	-
	<u>5,343</u>	<u>5,285</u>
Total Property, Plant and Equipment	<u><u>3,685,092</u></u>	<u><u>3,390,718</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 every 5 years via independent valuation. Refer to Note 1(n). Assets under construction included in the above balances are assessed at balance date to ensure their cost approximates fair value.

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(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	Landfill \$000	Land Improvements \$000	Road and bridge network \$000
Balance at 1 July 2009	408,095	143,437	50,648	807	120,365	698,708
Additions	9,240	22,434	7,887	3,868	15,761	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)	(374)	(12,307)	(20,480)
Impairment loss - revaluation surplus (charged)	-	-	-	-	(1,532)	-
Impairment loss - net result (charged)	-	-	(98)	-	-	(971)
Impairment loss - revaluation surplus (reversed)	-	-	-	-	-	-
Impairment loss - net result (reversed)	-	-	-	-	-	-
Capitalised finance costs	-	-	-	-	-	366
Balance at 30 June 2010	405,605	160,457	48,394	4,301	122,287	755,874
Additions	768	24,807	21,910	3,654	28,544	76,505
Disposals	-	(1,155)	(3,682)	(8)	(1,463)	(491)
Assets classified as held for sale	(130)	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-
Depreciation expense	-	(4,839)	(9,291)	(685)	(15,088)	(20,594)
Impairment loss - revaluation surplus	-	-	-	-	(4,792)	-
Impairment loss - net result	-	(217)	-	-	-	(1,448)
Impairment loss - revaluation surplus (reversed)	-	-	-	-	1,532	-
Impairment loss - net result (reversed)	-	-	98	-	-	971
Capitalised finance costs	56	608	-	-	78	2,070
Balance at 30 June 2011	406,299	179,661	57,429	7,262	131,098	812,887

	Water assets \$000	Pipe network assets \$000	Sewerage assets \$000	Drainage \$000	Other assets \$000	Total \$000
Balance at 1 July 2009	557,229	1,022,242	161,646	6,888	5,912	3,175,977
Additions	13,060	125,488	41,707	1,105	111	319,451
Disposals	(40)	-	(487)	-	(832)	(6,685)
Assets classified as held for sale	-	-	-	-	-	(9,230)
Revaluation increments/(decrements)	-	(1,611)	-	-	173	(1,438)
Depreciation expense	(6,357)	(23,171)	(8,092)	(246)	(79)	(84,276)
Impairment loss - revaluation surplus	(1,347)	-	(383)	-	-	(3,262)
Impairment loss - net result	-	-	-	-	-	(1,069)
Impairment loss - revaluation surplus (reversed)	-	-	-	-	-	-
Impairment loss - net result (reversed)	-	-	-	-	-	-
Capitalised finance costs	542	-	342	-	-	1,250
Balance at 30 June 2010	563,087	1,122,948	194,733	7,747	5,285	3,390,718
Additions	14,291	98,219	45,636	7,775	114	322,223
Disposals	(1,463)	-	(5)	(37)	-	(8,304)
Assets classified as held for sale	-	-	-	-	-	(130)
Revaluation increments/(decrements)	-	65,382	-	-	-	65,382
Depreciation expense	(6,848)	(24,718)	(8,718)	(66)	(4)	(90,851)
Impairment loss - revaluation surplus	-	-	-	-	(52)	(4,844)
Impairment loss - net result	(1,605)	-	-	-	-	(3,270)
Impairment loss - revaluation surplus (reversed)	1,347	-	383	-	-	3,262
Impairment loss - net result (reversed)	-	-	-	-	-	1,069
Capitalised finance costs	4,773	2,045	-	207	-	9,837
Balance at 30 June 2011	573,582	1,263,876	232,029	15,626	5,343	3,685,092

(c) Capitalised Finance Costs

	2011 \$000	2010 \$000
Finance costs incurred on qualifying assets	10,657	1,294
Less: Investment revenue earned on borrowed funds	(820)	(44)
Finance costs capitalised	9,837	1,250
Capitalisation rate used in the allocation of finance costs	6.30%	6.48%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

2011	Opening Balance 1 July 2010	Assets constructed during the period	Assets placed in service during the period	Closing Balance 30 June 2011
Class of assets in the Course of Construction	\$000	\$000	\$000	\$000
Land	186	812	(548)	450
Buildings	19,997	19,113	(16,921)	22,188
Plant and equipment	1,841	19,290	(17,833)	3,298
Landfills	492	1,729	(517)	1,703
Land Improvements	7,590	12,697	(13,760)	6,528
Drainage assets	2,236	3,837	(2,683)	3,390
Water assets	65,762	6,747	(66,393)	6,115
Pipe network assets	60,092	68,562	(36,825)	91,829
Sewerage assets	52,731	41,367	(3,302)	90,796
Road and bridge network	62,268	100,205	(128,686)	33,787
Other assets	14	19	(33)	-
	273,209	274,378	(287,502)	260,084

2010	Opening Balance 1 July 2009	Assets constructed during the period	Assets placed in service during the period	Closing Balance 30 June 2010
Class of assets in the Course of Construction	\$000	\$000	\$000	\$000
Land	101	163	(78)	186
Buildings	10,797	17,493	(8,293)	19,997
Plant and equipment	994	1,610	(763)	1,841
Landfills	266	430	(204)	492
Land Improvements	4,098	6,640	(3,148)	7,590
Drainage assets	1,207	1,956	(927)	2,236
Water assets	35,508	57,529	(27,275)	65,762
Pipe network assets	32,446	52,569	(24,923)	60,092
Sewerage assets	28,472	46,129	(21,870)	52,731
Road and bridge network	33,621	54,473	(25,826)	62,268
Other assets	7	13	(6)	14
	147,517	239,005	(113,313)	273,209

(e) Impairment losses

The total impairment loss recognised in the statement of comprehensive income during the period amounted to \$3,782,571 and is separately presented in the net result of the year as impairment of property, plant and equipment and in other comprehensive income as part of the net gain on revaluation of property, plant and equipment. The total impairment loss includes a reversal of impairment losses charged to the net result in the prior year of (\$1,068,872) and to other comprehensive income of (\$3,261,353).

During the year, the Townsville region was affected by an extreme weather event in the form of a tropical cyclone. The event resulted in damage to certain infrastructure assets, in particular land improvements, water and road and bridge network assets. The recoverable amount of these assets, at balance date, was determined to be less than the carrying value of the assets. This resulted in a total impairment loss of \$8,112,796, being a charge to the net result for the year of \$3,268,887 and other comprehensive income of \$4,843,909 for impaired assets that had previously been revalued.

Note 12 Intangible Assets

	2011 \$000	2010 \$000
Software assets		
Cost	14,515	13,833
Accumulated amortisation	(8,931)	(8,428)
Total software assets	<u>5,584</u>	<u>5,405</u>
		Software assets \$000
Year ended 30 June 2011		
Balance at the beginning of year		5,405
Additions		777
Disposals		(17)
Amortisation charge		(581)
Closing value at 30 June 2011		<u>5,584</u>
Year ended 30 June 2010		
Balance at the beginning of year		4,882
Additions		641
Disposals		-
Amortisation charge		(118)
Closing value at 30 June 2010		<u>5,405</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Note 13 Other Assets

	2011 \$000	2010 \$000
CURRENT		
Prepayments	1,833	1,639
	<u>1,833</u>	<u>1,639</u>
NON-CURRENT		
Prepayments	20	392
	<u>20</u>	<u>392</u>

Note 14 Trade and Other Payables

	2011 \$000	2010 \$000
CURRENT		
Unsecured liabilities		
Trade payables	27,405	27,893
Sundry payables and accrued expenses	38,960	26,804
	<u>66,365</u>	<u>54,697</u>
NON-CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	4,000	6,000
	<u>4,000</u>	<u>6,000</u>
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total Current	66,365	54,697
— Total Non-Current	4,000	6,000
	<u>70,365</u>	<u>60,697</u>
Less annual leave entitlements	(8,092)	(6,956)
Financial liabilities as trade and other payables	<u>62,273</u>	<u>53,741</u>

Note

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Note 15 Other Current Liabilities

	2011 \$000	2010 \$000
Unearned revenue	2,242	1,958
	<u>2,242</u>	<u>1,958</u>

Note 16 Borrowings

	2011 \$000	2010 \$000
CURRENT		
Unsecured liabilities		
Loans	17,769	17,793
Total current borrowings	<u>17,769</u>	<u>17,793</u>
NON-CURRENT		
Unsecured liabilities		
Loans	372,649	353,817
Total non-current borrowings	<u>372,649</u>	<u>353,817</u>
Total borrowings	<u>390,418</u>	<u>371,610</u>

Note

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(a) Loans

The total loan facility has been provided to a limit of \$400,417,743. The amount unused at the reporting date was \$10,000,000. 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 2011 at their carrying value.

The fair value of \$403,702,933 represents the value of the loan if Council repaid the loan as at 30 June 2011. 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 5.89% to 7.44% 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 3 to 20 years.

(b) Undrawn borrowing facilities

	2011 \$000	2010 \$000
Unrestricted access was available at balance date to undrawn facilities listed below:		
Bank overdraft facility	500	500
Credit card facility	1,401	1,970
Loan facility	10,000	-
	<u>11,901</u>	<u>2,470</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 17 Provisions

	2011 \$000	2010 \$000
CURRENT		
Self Insurance		
Opening balance at beginning of year	1,104	1,246
Additional provisions raised during year	1,090	710
Amounts used	(1,596)	(909)
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	52	57
Balance at end of the year	<u>650</u>	<u>1,104</u>
Landfill Restorations		
Opening balance at beginning of year	-	-
Additional provisions raised during year	250	-
Amounts used	-	-
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-
Balance at end of the year	<u>250</u>	<u>-</u>
Long-term Employee Benefits		
Opening balance at beginning of year	1,182	1,341
Additional provisions raised during year	1,750	1,137
Amounts used	(1,822)	(1,357)
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	56	61
Balance at end of the year	<u>1,166</u>	<u>1,182</u>
Other		
Opening balance at beginning of year	1,037	-
Additional provisions raised during year	645	1,037
Amounts used	(257)	-
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-
Balance at end of the year	<u>1,425</u>	<u>1,037</u>
NON-CURRENT		
Self Insurance		
Opening balance at beginning of year	2,589	3,104
Additional provisions raised during year	-	-
Amounts used	-	-
Unused amounts reversed	(216)	(657)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	122	142
Balance at end of the year	<u>2,495</u>	<u>2,589</u>
Landfill Restorations		
Opening balance at beginning of year	23,103	21,982
Additional provisions raised during year	-	-
Amounts used	(900)	-
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	469	1,121
Balance at end of the year	<u>22,672</u>	<u>23,103</u>
Long-term Employee Benefits		
Opening balance at beginning of year	18,773	18,049
Additional provisions raised during year	(87)	192
Amounts used	-	-
Unused amounts reversed	-	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	574	532
Balance at end of the year	<u>19,260</u>	<u>18,773</u>
Other		
Opening balance at beginning of year	2,732	-
Additional provisions raised during year	-	2,732
Amounts used	-	-
Unused amounts reversed	(682)	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	66	-
Balance at end of the year	<u>2,116</u>	<u>2,732</u>
Analysis of Total Provisions		
Current	3,491	3,323
Non-current	<u>46,543</u>	<u>47,197</u>
	<u>50,034</u>	<u>50,520</u>

Provision for Self Insurance

A provision of \$3,145,000 has been recognised, for self-insured risks relating to workers compensation claims, based on independent actuarial advice of the estimated liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Provision for Landfill Restoration

A provision of \$22,921,710 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 \$25,474,000 for the landfill sites. These costs are expected to be incurred between 2012 to 2030.

Provision for Long-term Employee Benefits

A provision of \$20,425,880 has been recognised for employee entitlements relating to long service leave and annual leave, where the Council does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. In calculating the present value of future cash flows in respect of these leave entitlements, the probability of leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(t) to this report.

Provision for Other Long-term Liabilities

A provision of \$3,541,000 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

	2011 \$000	2010 \$000
Reserves		
Revaluation surplus		
- property, plant and equipment	175,343	111,543
- joint venture	2,394	-
General reserves		
- constrained works reserve	10,201	23,710
- asset replacement reserve	2,780	4,322
- constrained recurrent reserve	3,952	6,381
- other reserves	13,430	13,430
	<u>208,100</u>	<u>159,386</u>
Movements:		
(a) Revaluation surplus		
Movements in the revaluation surplus were as follows:		
At the beginning of reporting period	111,543	114,513
Revaluation - property, plant and equipment	65,382	(1,611)
Net impairment loss - property, plant and equipment	(1,582)	(1,359)
Revaluation - joint venture	2,394	-
At the end of the reporting period	<u>177,737</u>	<u>111,543</u>
(b) General reserves		
Movements in the general reserves were as follows:		
(i) Constrained works reserve		
At the beginning of the reporting period	23,710	24,068
Transfers to retained earnings for capital expenditure during the period	(15,824)	(33,142)
Transfers from retained earnings for future capital expenditure	2,315	32,784
At the end of the reporting period	<u>10,201</u>	<u>23,710</u>
(ii) Asset replacement reserve		
At the beginning of the reporting period	4,322	5,304
Transfers to retained earnings for capital expenditure during the period	(1,906)	(4,211)
Transfers from retained earnings for future capital expenditure	364	3,229
At the end of the reporting period	<u>2,780</u>	<u>4,322</u>
(iii) Constrained recurrent reserve		
At the beginning of the reporting period	6,381	10,375
Transfers to retained earnings for specific expenditure during the period	(7,141)	(15,809)
Transfers from retained earnings for future operating expenditure	4,712	11,815
At the end of the reporting period	<u>3,952</u>	<u>6,381</u>
(iv) Other reserves		
At the beginning of the reporting period	13,430	13,430
Transfers to retained earnings for specific expenditure during the period	-	-
Transfers from retained earnings for future operating expenditure	-	-
At the end of the reporting period	<u>13,430</u>	<u>13,430</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 19 Commitments for Expenditure

	2011 \$000	2010 \$000
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements	4,210	4,003
Payable — minimum lease payments		
— not later than 12 months	643	874
— between 12 months and 5 years	2,419	2,516
— greater than 5 years	1,148	613
	4,210	4,003
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Water Treatment Plant Refurbishment	43,023	-
Waste Water Upgrade Program	13,229	54,998
Mt Low Parkway Improvement	10,499	-
Flinders Mall Redevelopment	9,272	23,382
RURCH Project	2,294	498
Magnetic Island Distribution Mains	1,479	-
Gulliver Fulham	1,049	-
Mt Louisa Reservoir	1,016	-
Sewer Pipe Rehabilitation	1,000	-
Townsville International Sports Centre	903	11,053
North Shore Boulevard	835	10,732
Water Supply Upgrade Program	385	349
Campbell St Flood Diversion Pump Station	368	1,849
Western Outfall Pressure Main	291	2,358
Civic Theatre Extension	280	1,310
Kalynda Chase Tennis Centre	196	2,385
Black River Road	155	2,135
Kokoda Pool	50	4,399
Tobruk Pool	49	2,096
Long Tan Pool	12	1,017
Angus Smith Drive	-	2,213
Other	5,344	2,070
	91,729	122,844
Payable:		
— not later than 12 months	51,190	122,844
— between 12 months and 5 years	10,135	-
— greater than 5 years	30,404	-
	91,729	122,844
(c) Other Expenditure Commitments		
Other expenditure commitments contracted for:		
Water Treatment Plant Maintenance Services	123,719	-
Road Network Maintenance Services	14,374	-
Environmental Services	9,019	275
Maintenance Services	6,414	4,450
Cleaning Services	5,843	2,142
Sponsorships and Community Contributions	2,041	3,630
Lifeguard Services	1,975	3,111
Security Services	1,375	-
	164,760	13,608
Payable:		
— not later than 12 months	28,036	8,155
— between 12 months and 5 years	49,258	5,453
— greater than 5 years	87,466	-
	164,760	13,608

Note 20 Contingencies

(a) Contingent Assets

Estimates of the potential financial effect of contingent assets that may become receivable:

Claims

The Queensland Government provides financial assistance to disaster affected communities in Queensland through the Natural Disaster and Recovery Activities program (NDRRA), jointly funded by the Australian Government. The claims for available funding are subject to strict guidelines and only for declared disaster events.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Council is currently still assessing the full impact of the 2010 and 2011 declared disaster events on local infrastructure and significant expenditure relating to disaster relief and recovery activities will continue well beyond 30 June 2011. As a result, the recovery of this future expenditure, via claims for NDRRA funding, have not been recognised as a receivable as at 30 June 2011, due to the fact the receipt of the funding is dependent on Council incurring the expenditure related to disaster relief and recovery activities and the outcome of the NDRRA claim process. The Council estimates that funding received in future years, under the NDRRA program, for the 2010 and 2011 disaster events could be between \$70 million and \$170 million.

(b) Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2011 \$000	2010 \$000
Guarantees		
Bank guarantees associated with sponsorship	1,000	2,000
Workers compensation self-insurance guarantees	<u>5,802</u>	<u>7,032</u>
	<u>6,802</u>	<u>9,032</u>

The Council provides bank guarantees in relation to sponsorship agreements with local sporting entities, in favor of their respective governing bodies.

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 20 July 2011 has estimated the required self-insurance guarantee to be decreased to \$5,000,000. As at the date of this report, Council is in the process of arranging the required decrease in the bank guarantee. A provision of \$3,145,000 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 2011 of LGM Queensland were not available. As at 30 June 2010 the financial statements reported an accumulated surplus of \$16,218,220 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

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

- (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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(i) 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 2011							
REVENUE							
Grant revenue	45,629	33	30,322	47,681	96	5,781	129,542
Other revenue	162,566	22,688	8,523	39,102	7,183	126,436	366,498
Total function revenue	208,195	22,721	38,845	86,783	7,279	132,217	496,040
Total expenditure	79,545	16,941	139,870	76,439	19,081	37,545	369,421
Function net result	128,650	5,780	(101,025)	10,343	(11,801)	94,672	126,619
Total function assets	1,643,065	14,520	260,281	1,797,660	2,477	156,664	3,874,667

	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	56,664	8	6,501	39,888	10	5,148	108,219
Other revenue	160,206	21,340	11,339	38,182	7,352	111,151	349,570
Total function revenue	216,870	21,348	17,840	78,070	7,362	116,299	457,789
Total expenditure	74,949	15,044	93,944	84,405	14,117	41,216	323,675
Function net result	141,921	6,304	(76,104)	(6,335)	(6,755)	75,083	134,114
Total function assets	1,527,284	15,013	251,625	1,594,748	1,575	263,335	3,653,580

Note 22 Cash Flow Information

	2011 \$000	2010 \$000
Reconciliation of Cash Flows from Operating activities with Net result for the year		
Net result for the year	126,619	134,114
Non-cash flows in net result		
Depreciation	90,851	84,276
Amortisation	581	118
Net loss on disposal of property, plant and equipment	2,368	2,861
Fair value gain on infrastructure assets contributed by external parties	(46,221)	(45,727)
Impairment loss on property, plant and equipment	2,201	1,069
Share of joint venture entity net profit after income tax and dividends	610	599
Loss on forgiveness of loan receivable	-	125
Capitalisation of finance costs	(9,837)	(1,250)
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(28,827)	(10,496)
(Increase)/decrease in inventories	(76)	(229)
(Increase)/decrease in other assets	176	(1,616)
Increase/(decrease) in trade payables and accruals	9,668	16,670
Increase/(decrease) in provisions	(305)	4,636
Increase/(decrease) in other liabilities	284	(213)
Cash flows from operating activities	<u>148,092</u>	<u>184,937</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 financial institutions, 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	2011 \$000	2010 \$000
Financial Assets			
Cash and cash equivalents	5	79,284	183,379
Loans and receivables	6(b)	61,821	33,003
Total Financial Assets		<u>141,105</u>	<u>216,382</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14	62,273	53,741
— Borrowings	16	390,418	371,610
Total Financial Liabilities		<u>452,691</u>	<u>425,351</u>

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 rates 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 a floating interest rate of 5.44% as at 30 June 2011.

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	2011 \$000	2010 \$000
Cash and cash equivalents			
- AA Rated		78,728	182,834
- Non Rated		556	545
	5	<u>79,284</u>	<u>183,379</u>
Receivables			
- Trade receivables - rates		17,846	13,643
- Trade receivables - fees and charges		18,519	9,963
- Term receivables		91	100
- Other receivables		<u>25,365</u>	<u>9,297</u>
		<u>61,821</u>	<u>33,003</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 QTC 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	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial Assets - cash flows realisable								
Cash and cash equivalents	79,284	183,379	-	-	-	-	79,284	183,379
Trade, term and other receivables	56,055	26,818	5,766	6,185	-	-	61,821	33,003
Total anticipated inflows	<u>135,339</u>	<u>210,197</u>	<u>5,766</u>	<u>6,185</u>	<u>-</u>	<u>-</u>	<u>141,105</u>	<u>216,382</u>
	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial Liabilities - due for payment								
Bank overdrafts and loans	42,417	41,362	163,111	154,509	424,278	409,180	629,806	605,051
Trade and other payables (excluding annual leave)	58,273	47,741	4,000	6,000	-	-	62,273	53,741
Total contractual outflows	<u>100,690</u>	<u>89,103</u>	<u>167,111</u>	<u>160,509</u>	<u>424,278</u>	<u>409,180</u>	<u>692,079</u>	<u>658,792</u>
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	<u>100,690</u>	<u>89,103</u>	<u>167,111</u>	<u>160,509</u>	<u>424,278</u>	<u>409,180</u>	<u>692,079</u>	<u>658,792</u>
Net (outflow) / inflow on financial	<u>34,649</u>	<u>121,094</u>	<u>(161,345)</u>	<u>(154,324)</u>	<u>(424,278)</u>	<u>(409,180)</u>	<u>(550,974)</u>	<u>(442,410)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(c) Market Risk

i. 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.

Sensitivity Analysis

The following table illustrates sensitivities to Council's exposure to changes in interest rates. The table indicates the impact on how net result 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.

	Net result \$000	Equity \$000
Year ended 30 June 2011		
+ 1% in interest rates	(3,092)	(3,092)
Year ended 30 June 2010		
+ 1% in interest rates	(1,880)	(1,880)

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	Total \$000
Statement of comprehensive income								
Revenue	-	-	-	-	-	-	635	635
Finance costs	-	(650)	-	-	-	-	-	(650)
Depreciation and amortisation expense	-	(412)	-	-	-	-	-	(412)
Net result for the year	-	(1,062)	-	-	-	-	635	(427)
Statement of financial position								
Property, plant and equipment	(69,427)	2,736	(128,801)	(3,722)	(1,226)	2,931	635	(196,874)
Provisions	-	8,608	-	-	-	-	-	8,608
Net assets	(69,427)	(5,872)	(128,801)	(3,722)	(1,226)	2,931	635	(205,482)
Reserves	-	-	(128,801)	(3,722)	(432)	-	-	(132,955)
Retained earnings	(69,427)	(5,872)	-	-	(794)	2,931	635	(72,527)
Equity	(69,427)	(5,872)	(128,801)	(3,722)	(1,226)	2,931	635	(205,482)

(i) Correction of the value allocated to certain roads during the amalgamation process.

Internal review of asset values attributed to roads revealed that certain roads had not been treated in the financial statements in a manner that is consistent with Council's accounting policies. These inconsistencies arose during the amalgamation process; the correction is a partial reversal of the accounting entries made upon amalgamation.

(ii) Correction of the amounts held in provisions for Landfill Restoration

Reviews have been performed of the amounts held in reserve for Landfill Restoration by internal and external resources. It was determined by the reviews that the amounts shown in previous years did not align with the status, at that time, of the Landfills and the remaining periods of their expected lives.

(iii) Corrections to the value ascribed to the pipeline networks in previous valuations in 2009 and 2010

During the revaluation process for this financial year, errors were identified relating to two of the pipe network assets that were revalued during 2009 and 2010. Adjustments have been made to the carrying value of those two assets to their correct valuations.

(iv) Corrections to the value of Jezzine Barracks land held in the Fixed Assets Register

Council acquired the land at Jezzine Barracks as trustee for the Queensland Government. The land was originally valued in 2009 as though Council was the owner and not the trustee for the owner; this has now been corrected.

(v) Project work in progress not transferred to a commissioned asset where the asset has subsequently been revalued

A review of project work in progress amounts revealed that there were values held from prior years in the project ledger that related to commissioned assets and that had not been capitalised. The assets had subsequently been revalued to their depreciated current replacement value, thus the work in progress amounts could not be added to the asset book value in the fixed assets register. The adjusting amounts have been charged against either the asset revaluation surplus credit balances for the appropriate asset classes or retained earnings.

(vi) Correction of value of assets at amalgamation either not recorded or recorded at nominal values

On amalgamation council brought to account in the financial statements the value of the fixed assets of the contributing entities. An ongoing stocktake process of fixed assets has identified assets where the carrying value is either incorrect or the asset was not recorded at all. These have now been adjusted and the value has been credited to retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(vii) Surplus on amalgamation of Cemetery Trust assets into the Council's financial statements

Recognition of the correct valuation of the assets of the former Townsville Cemetery Trust in 2009 when they were acquired by the Council has resulted in a surplus which has been recorded as a gain to retained earnings.

(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. This revision was based on discernible evidence that the pattern of consumption of the future economic benefit embodied in the asset was not reflecting the expected pattern of consumption. 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 revisions will result in a change in the depreciation expense for current and future years by the following amounts:

Year ending 30 June	\$000
2011	(896)
2012-2015	1,377
2016-2020	3,156
2021 +	(2,492)

(c) Change in accounting policy

The Council has elected to change its accounting policy relating to the grouping of property, plant and equipment assets into classes. This change in policy was adopted as Council considered that some of the existing classes of property, plant and equipment assets did not accurately reflect the assets' nature and use in Council's operations. It is Council's assessment that the application of this new accounting policy will provide reliable and more relevant information to the users of the financial statements. A review of the assets within the existing classes of Land improvements, Water assets, Sewerage assets and Drainage assets was conducted resulting in the following changes:

Assets	Previous Class	New Class	2010 \$000
Wastewater supply pipe assets	Sewerage assets	Pipe network assets	311,286
Water supply pipe assets	Water assets	Pipe network assets	413,324
Stormwater pipe assets	Drainage assets	Pipe network assets	398,338
Landfill sites	Land Improvements	Landfill	4,301

The change in accounting policy on the classes of property, plant and equipment has not resulted in any changes to balances disclosed in the statement of financial position or statement of financial performance.

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NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2011

The following additional information is required by the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*, in respect of local government entities only.

Note 26 Superannuation

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The DBF is a defined benefit plan as defined 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 audited general purpose financial report of the scheme as at 30 June 2010 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 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".

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

The next actuarial assessment will be made as at 1 July 2012.

	2011 \$000	2010 \$000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	12,417	11,233

Note 27 Trust funds

	2011 \$'000	2010 \$'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	2,953	3,707
Townsville City Council Mayor's Christmas Tree Appeal	15	21
Townsville City Council V8 Supercars - Cash Fund	2	2
	<u>2,970</u>	<u>3,730</u>

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2011

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

Note 28 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 2011 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 |

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

Type 1 - Water and Sewerage Services (Townsville Water)

Type 2 - Cleansing Services (Townsville Waste)

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 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
Townsville Water	Code of Competitive Conduct (CCC)
Townsville Waste Services	Code of Competitive Conduct (CCC)
Performing Arts	Code of Competitive Conduct (CCC)
Fleet & Property Services	Code of Competitive Conduct (CCC)
Nursery	Code of Competitive Conduct (CCC)
Off Street Parking	Code of Competitive Conduct (CCC)
Construction & Maintenance	Code of Competitive Conduct (CCC)

TOWNSVILLE CITY COUNCIL ABN: 44 741 992 072
NOTE DISCLOSURES FOR LOCAL GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2011

Functions	Revenue for services provided to:		Community Service	Total Revenue	Less: Expenses	Net result for the year
	Council	External	Obligations			
	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000
Townsville Water	10,229	206,730	13,834	230,792	100,423	130,369
Townsville Waste Services	1,587	22,461	2,076	26,124	20,301	5,823
Performing Arts	42	1,768	0	1,810	5,931	(4,121)
Fleet & Property Services	40,828	(802)	0	40,026	37,853	2,174
Nursery	315	520	0	835	1,123	(288)
Off Street Parking	152	1,320	0	1,472	2,691	(1,219)
Construction & Maintenance	18,230	71,803	0	90,033	86,335	3,698
Total	71,383	303,801	15,909	391,094	254,658	136,437

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.

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.

Activities	CSO Description	2011
Type 1 and 2 activities		\$000
Water & Sewerage	Pensioner Remissions & Other Community Services	13,834
Solid Waste	Cleansing Charge - Pensioner Remission & Other Community	2,076

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

Activities	2011
Type 1 and 2 activities	\$000
Water & Sewerage	(717)
Type 3 activities	
Roads & Drainage	(386)

INDEPENDENT AUDITOR'S REPORT

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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

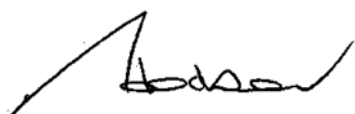
In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Townsville City Council for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Townsville City Council for the year ended 30 June 2011. Where the financial report is included on the Townsville City Council's website the Council is responsible for the integrity of the Townsville City Council's website and 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 subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



R W HODSON CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

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 below or online at www.townsville.qld.gov.au.

TOWNSVILLE CITY COUNCIL ANNUAL REPORT 2010/11

Please return the completed survey by post to:

Townsville City Council
Reply Paid 1268
Townsville QLD 4810
Or fax (07) 4727 9050
Or email enquiries@townsville.qld.gov.au

Why did you obtain a copy of council's 2010/11 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.

CONTACT THE COUNCIL

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 (07) 4727 9050

 enquiries@townsville.qld.gov.au

 www.townsville.qld.gov.au

